



# Responsible Investment Policy Statement

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## Our investment mandate

Sole Shipping Group is a signatory of the UN PRI and is committed to incorporating the initiative's six principles into its investment decision-making and active ownership, when consistent with its fiduciary responsibilities. Sole Shipping Group intends to further mature its responsible investment policy in collaboration with the UN PRI secretariat and other signatories.

Sole's responsible investment policy covers key identified ESG risks its investments might be exposed to and ESG opportunities. These risks relate to potential negative impacts Sole's investments might have on people or the planet with respect to Environmental, Social or Governance matters. The policy's three key pillars are due diligence, contractual obligations and ESG reporting (compliance with laws and regulations and actions taken above minimum requirements).

The ESG Committee oversees the development and implementation of the ESG policies and procedures. In addition, the members of the ESG Committee forms part of the Investment Committee.

## Our principles

Sole Shipping Group incorporates the six Principles of the United Nations – supported Principles for Responsible Investment ("PRI"), with the aim to integrate environmental, social and governance factors into investment practices for the delivery of sustainable long-term values and returns to its stakeholders.

## Our responsible investment approach

### Investment Due diligence:

The ESG Committee, which is part of the investment team, assess the main ESG risks a prospective investment might generate and include this information in an ESG Assessment Report presented to the Board, to be considered in the investment decision-making process. ESG risks are assessed at the level of the vessel (including the charterer). Further, we conduct KYC/AML checks on guarantor and UBOs before entering into agreement.

ESG assessment reports, incorporated into the decision-making process include:

- Pre-purchase condition assessment report performed by Sole Marine Services AS.
- Vessel's Flag State (consider risks associated according to of Paris MoU Annual Report – acceptable flags only under the "white-list"), Classification Society (acceptable only members of IACS), ensures that the vessel complies with classification rules and regulations.
- Internal systems and controls of the charterer to monitor compliance and risks with respect to matters such as Ethics, Compliance & Code of conduct, Safe Navigation, Health Safety Environmental, Anti-corruption and other ESG factors.

- The technical/commercial manager's certifications.
- IMO regulation, the EEXI / EEDI, and CII of the vessel.
- The Vessel's fuel type and compliance with IMO environmental regulations and requirements of International Management Code of Safe Operations of Ships (ISM Code)
- HSE certifications (e.g. Marine Labour Convention which sets out seafarers' rights at work, including employment terms, health and safety, living and working conditions, access to medical care and social security), and results of inspection are conducted by Sole Marine Services AS (accommodation, hygiene conditions, condition of lifesaving/fire/safety equipment and procedures to service and inspect equipment)
- The sustainability reporting and affiliation with sustainability organisations (e.g. UN Global Compact) of charterers and operating company.

#### KYC/AML Procedures:

With the assistance of the funds Risk Consultants, the fund conducts KYC checks on all new investment opportunities (both to the guarantor company and its UBOs). The checks and reports provided include risk screenings related to identifying negative media, political exposed persons, fraud, litigation, sanctions and watch lists and any links to sanctioned jurisdictions.

#### Contractual Arrangement:

Our contractual agreements include strict covenants that all our counterparties need to consider ESG related factors and to also incorporate these into their contractual arrangements. The ESG related factors include:

- Compliance with relevant applicable national (Flag state) and international health, safety and environmental laws and regulations.
- Our FD&D insurance provider and legal counsel reviews all our contractual arrangements and confirm that sanction clauses have been incorporated to ensure proper compliance with the relevant rules and regulations,
- Compliance with relevant IMO Regulations and relevant international laws,
- Compliance with Anti-corruption, Anti-trust, and Sanctions Rules and Regulations,
- Social Responsibility for Crew,
- Green Scrapping, (In the event that the Vessel is delivered to the charterers, the charterers undertake that they will ensure that any subsequent recycling of the Vessel will be made in accordance with the provisions of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of ships (2009) as well as any regulations that are applicable in relation to sale of recycling and that the Vessel is free from chemicals and hazardous materials,
- Trading Limits excluding sanctioned and high-risk areas (always within navigation limits of the Nordic Marine Insurance Plan, always safely afloat and always accessible via safe ports).



## ESG monitoring of the shipping portfolio:

### Quarterly ESG Review

ESG Team reviews on a quarterly basis the Compliance of its counterparties with sanctions lists, international and national regulations, and laws by requesting quarterly reports for relevant ESG related compliance matters.

For changes in sanctions rules that affect our counterparties, we follow up with our clients in advance, and we monitor compliance on a regular basis.

Sole Shipping requests the following information above minimum requirements as part of our ESG review:

- If the charterer has taken any action to align its activities with environmentally responsible behaviour and/ or taken action to promote international shipping decarbonisation, above minimum requirements. These results will be integrated in the quarterly management reports of the Group.
- For our counterparties to incorporate (and monitor accordingly) the various ESG considerations into their contractual arrangements.

### Annual Inspections and quarterly supervision by Sole Marine Services AS

Sole Marine Services AS incorporates ESG considerations during their annual inspection, assessment, and supervision of the vessels.

### Poseidon Principles

Sole Shipping is supporting Poseidon Principles by collecting from its counterparties the information required for Poseidon Principles Framework and submitting the relevant information to the banks and insurance companies on an annual basis.

## Responsibilities and reporting

The ESG Committee assists the Board of Directors of the General Partner (“the Board”) in developing and reviewing the strategies, policies and performance of the Funds in relation to environmental, social and governance (ESG) matters and suggesting ways to drive improvement in these areas.

The ESG Committee is authorised by the Board:

- To investigate any activity as detailed in the Terms of Reference,
- To obtain, at the Group’s expense, such legal or other independent professional advice on ESG matters as it deems necessary to fulfil its responsibilities,
- To advise, encourage and influence the Investment Manager in relation to ESG matters.