

The EU Sustainable Finance Disclosure Regulation | Article 3, 4 and 5 Disclosures

NRP Maritime Asset Management AS

Background

Legal Framework

This document has been prepared for the purpose of meeting the specific disclosure requirements set out in Articles 3, 4 and 5 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (**SFDR**).

This document may be further updated to consider the Regulatory Technical Standards supplementing the SFDR, and the Regulation on the Establishment of a Framework to Facilitate Sustainable Investment (Regulation EU/2020/852) (the "Taxonomy Regulation") once it comes into effect.

NRP Maritime Asset Management AS ("NRP MAM")

The shipping industry accounts for 90% of global trade and has a fundamental role and impact on social development and welfare. The sector is responsible for 3% of global greenhouse gas (GHG) emissions. However, according to the UN, it is by far the most efficient mode of transport. In general, the industry also sometimes faces other challenges such as human rights issues, social inequality, bribery and corruption. As a result, the industry is working hard to improve in line with the integration of ESG practices. A driving force that has a major impact on the industry is the increasing awareness of climate issues. Both the industry and authorities are uniting to achieve the ambitious goal set by the International Maritime Organization (IMO) of reducing GHG emissions by 50% by 2050. In summary, the awareness and sense of responsibility are deemed generally high in the sector.

NRP MAM believes that there are mainly two types of sustainability risks associated with investments in the shipping industry. Firstly, there is a risk that the investor contributes to the company's negative impact on sustainability. Secondly, there is a risk that the return on investments may be negatively affected as a result of the companies' possible shortcomings regarding all aspects of the industry's sustainability issues. Any shortcomings may lead to difficulties in attracting investors. Additionally, sustainability issues may also negatively impact ship values.

ESG Governance

The responsibility for integration of ESG practices in our investment decisions rests with the Investment teams and ultimately the Portfolio Managers. ESG considerations are fully embedded in the investment process at NRP MAM.

On an overall level, NRP MAM has adapted the guidelines described in the NRP Group document "Ness, Risan and partners AS – ESG and Responsible Investment Policy".¹

Ness, Risan & Partners AS is a signatory to the UN Principles for Responsible Investment (UNPRI). NRP MAM is committed to the six principles of the UNPRI and a supporter of the UN's Sustainable Development Goals.

Integration of sustainability risks into the investment decision-making process

Sustainability risk is defined as "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment". Sustainability risks may arise in NRP MAM's portfolio during the investment management process and may affect future projected returns.

¹ The documents can be found on www.nrp.no

NRP MAM strives to mitigate the potential negative impacts on the returns for our investors caused by sustainability risks by applying risk mitigating measures throughout the investment process. Assessment of sustainability risks and opportunities are considered continuously, and sustainability is a fully integrated part of the investment process.

NRP MAM’s policies and internal procedures govern the investment process and ensure that all relevant ESG factors are analyzed and taken into consideration in the investment process. The internal due diligence process aims to uncover all relevant risks and adverse impacts related to an investment, and follows a standard format developed for the types of investments that NRP MAM is involved in.

NRP MAM believes that the mitigation of climate related risk is done by improving and optimizing the investments in terms of environmental factors found relevant to reduce the Funds carbon footprint. By reaching these targets, NRP MAM believes that the financial risk is reduced, as this is a way of adapting to investor demands and also increasing the value of the investment.

Principal adverse impacts of investment decisions on sustainability factors

NRP MAM is consciously aware that our investment decisions can have a negative impact on sustainability factors. One of NRP MAM’s overall goals is to enhance ESG performance in our portfolio by using our ownership to influence the companies in the right direction.

NRP MAM does not currently consider principal adverse impacts of investment decisions on sustainability factors within the meaning of SFDR. This is due to, inter alia, the regulatory uncertainty related to the regulatory technical standards supplementing SFDR which are not yet finally adopted or published. It is expected that consideration of principal adverse impacts within the meaning of SFDR will require collecting, measuring, validating and reporting correct and precise data on a number of mandatory sustainability indicators, whereas this information may not be readily available. NRP MAM will on an ongoing basis reassess its position on whether to consider principal adverse impacts on sustainability factors within the meaning of SFDR, based on the availability of relevant data from the portfolio investments.

Remuneration policy

NRP MAM has adopted a remuneration policy which states that certain employees of NRP MAM may receive variable remuneration. Whether to award variable remuneration, and the amount of the remuneration, shall be determined by the general manager of NRP MAM based on an assessment of several factors. The employee’s contribution towards reaching NRP MAM’s defined ESG targets is part of the remuneration criteria.

Version history of this document

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