

Tufton Investment Management Ltd.

Responsible Investment Policy

June 2024

Background

Tufton Investment Management Ltd. (“Tufton”) emphasises the principles of Responsible Investment (“RI”) in the management of our clients’ assets through awareness and integration of environmental, social and governmental (“ESG”) factors into our investment process in the belief that these factors can have a positive impact on long term financial performance. We believe a greater emphasis on ESG factors serves as a forward-looking risk mitigation tool and can help contribute to our aim of superior, long-term value for our clients. As managers of our clients’ assets, we place emphasis on good stewardship of their investments as part of our commitment to protect and grow their wealth.

Purpose and Scope

This document sets out our policy on and approach to integrating RI principles and our stewardship responsibilities on behalf of our clients. This policy applies to all our assets under management. We recognise that in working with a diverse range of investors, the level of engagement on ESG issues must be appropriate for the nature of their investment process. Tufton supports the ethos and aims of the United Nations-supported Principles for Responsible Investment (“UN PRI”) as the most widely recognised global standard in this area and made the conscious decision to become a PRI signatory as of 12 December 2018.

This policy statement is intended to be a live document that will be updated at least annually as our RI processes are developed and implemented. The policy document has been prepared by Raphael Savidis, Kashyap Swamy; and reviewed by Nikos Petrakakos and Nicolas Tirogalas. These individuals shall also be responsible for the integration of ESG factors into our investment management processes.

Investing Responsibly

We will seek to gather and analyse data on the ESG performance of the assets that we seek to invest in. We will ensure that the assets are compliant with the relevant regulations and will endeavour to prioritize investment in assets that display superior results on ESG metrics. We believe additional returns are available to investors who take a long-term view and can identify where the market is overlooking the role played by material ESG issues with a financial bearing on corporate and asset price performance. Systematic mishandling of ESG issues can be an early indicator of wider management or financial problems. By integrating material ESG considerations with a financial bearing into our investment methodology, we seek to identify mispriced assets, continually improve operations, and make better investment decisions to enhance long-term performance.

We will seek to gather and analyse ESG data from the ships that are already owned or controlled by us and integrate ESG considerations into the asset life cycle. Through regular reviews, we will endeavour to identify and improve the performance of our fleet on ESG metrics.

Key areas of focus on ESG implementation shall include:

1. Assessment of the fuel efficiency and environmental impact of potential acquisitions
2. Regular review of our fleet to identify opportunities for improving fuel efficiency and reducing environmental impact across the asset life cycle
3. Responsible vessel recycling
4. Health and safety of the crew on our vessels
5. Enhanced security to lower the risk of contraband
6. Compliance with all international sanctions imposed by the US, UK, EU, and the UN
7. Promoting acceptance and implementation of ESG principles with our business partners

Progress and Reporting

We recognise that the integration of ESG considerations into investment management and ownership practices is an ongoing process. As a signatory to the UN PRI, Tufton is committed to continually improving our investment decision-making and evolving our management of ESG considerations. We will continually seek to understand and evolve our processes to deliver best-practice application and reporting.

Long-Term Commitments and Investment Restrictions

Tufton commits to align its funds to the temperature goals of the Paris Agreement by:

- fully transitioning to zero-carbon energy sources by 2050; and
- investing in zero-carbon capable vessels before 2030

In the medium term, Tufton aims to achieve greenhouse gas emission reduction and participate in the energy transition by:

- investing in energy saving devices;
- deploying digital tools to measure and optimise fuel consumption;
- increasing the use of zero-emission fuels in commercial operations by 2030; and
- favouring long-term charters that minimise coal carriage without negative financial impact.

As part of its ESG integration strategy, Tufton commits not to do business with:

- a. Companies involved in the manufacture, sale, trade, broking, service or stockpiling of Highly Controversial Weapons banned under International Agreements ratified by the United Kingdom (Cluster Munitions, Anti-Personnel Landmines, Biological and Toxin Weapons, Chemical Weapons and Blinding Laser Weapons), or the manufacture or sale of Bespoke Components of such weapons; or
- b. Companies involved in the manufacture, sale, trade, broking, servicing or stockpiling of nuclear weapons in jurisdictions outside NATO countries and that are not officially involved in and accredited to the national nuclear weapons programmes of UK, US or France; or
- c. Companies that derive more than 50% of revenues from thermal coal extraction

Tufton recognises the need to support the global energy transition and supports the long-term reduction of thermal coal in the global energy mix. Tufton aims to minimise thermal coal carriage on our vessels without negative financial impact. Specifically on vessels owned in Tufton Oceanic Assets Limited (“SHIP”), Tufton is committed to limiting revenues from the transportation of thermal coal to less than 5% of total consolidated revenues.

Governance

This Responsible Investment Policy statement has been reviewed by and has the full commitment of the senior management of Tufton (the “Management”). The Management commit to:

- Review this policy statement at least annually
- Monitor and align management processes to this policy statement on an ongoing basis
- Endeavor to engage with investors as well as all industry stakeholders including government / regulatory bodies, technical managers, shipyards and other suppliers - in accordance with this policy statement
- Place investor interests and the objectives of this policy statement at the forefront when resolving conflicts between opposing business interests

APPENDIX

Responsible investment policy implementation

<p>Assessment of the fuel efficiency and environmental impact of potential acquisitions</p>
<ul style="list-style-type: none"> • All acquisition candidates shall be assessed compared to their peer group using available data • Vessels that are not fuel-efficient shall either be rejected or shall be assessed for potential to improve via installation of Energy Saving Devices (“ESDs”) in collaboration with prospective charterers • Fuel-efficient acquisition candidates shall also be assessed for potential improvements including ESDs
<p>Regular review of our fleet to identify opportunities for improving fuel efficiency and reducing environmental impact across the asset life cycle</p>
<p>All vessels in the fleet shall be regularly assessed for potential improvements including ESDs</p>
<p>Responsible vessel recycling</p>
<p>Tufton shall adopt best practices of industry leaders like Maersk in following the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (“Hong Kong Convention”), including contractually prohibiting buyers of any of our vessels from onward resale of the vessels for recycling purposes without following the Hong Kong Convention. As per the Hong Kong Convention, vessels can be recycled at compliant yards provided they carry an Inventory of Hazardous Materials (“IHM”). All Tufton vessels shall have an IHM onboard.</p>
<p>Health and safety of the crew on our vessels</p>
<ul style="list-style-type: none"> • We consider crew health and safety to be a priority and work closely with our technical managers to promote best practices and establish a strong safety culture, exceeding regulatory standards. • The Master of each vessel will always have the last say on the safety of the vessel and crew and we will always support the position of the Master in a dispute with charterers or other interested parties.

<p>Enhanced security</p>
<ul style="list-style-type: none"> • Tufton prioritises vessel safety and security. We shall undertake measures to improve the security of our crew, cargo, and vessels exceeding regulatory standards. • Voyages between high-risk ports are allowed only on a case-to-case basis after a careful risk assessment.
<p>Compliance with all international sanctions imposed by the US, UK, EU, and the UN</p>
<p>Our vessels shall remain compliant with all international sanctions imposed by the US, UK, EU and the UN. The employment contracts for our vessels shall be structured to exclude sanctioned trade. Additionally, we shall monitor compliance through regular inspection of vessel logs and satellite data to monitor the movements of all our vessels. Through regular contact with our charterers, legal counsel, and insurers, we are ensuring that all vessels continue to trade in full compliance with all relevant sanctions laws.</p>
<p>Promoting acceptance and implementation of ESG principles with our business partners</p>
<p>Tufton shall track vessel and technical manager performance using Key Performance Indicators (“KPIs”) within the following categories: health & safety, security, environmental, operations, maintenance, and inspections in order to rank technical managers and feedback on their performance</p> <p>Tufton shall employ a third party to conduct independent inspections of our vessels on a regular basis to assist in evaluating the performance of the technical managers. These independent inspections include assessment of key aspects of vessel condition as well as regulatory compliance and crew health and safety.</p>