

On www.torm.com/csr you can read about

- OUR BULK BUSINESS AND THE ROLE WE PLAY IN THE OIL VALUE CHAIN
- TRAINING, AUDITS, PORT STATE CONTROLS, VETTINGS AND ISO 14001 CERTIFICATION
- OUR ENVIRONMENTAL POLICIES AND DATA ON:
 - NO_x AND SO_x EMISSIONS
 - BOTTOM PAINT
 - BALLAST WATER
 - SLOP DISPOSAL
 - WASTE
 - CHEMICALS
- OUR POLICIES ON HEALTH AND SAFETY
- LIFE ONBOARD OUR VESSELS
- BUSINESS ETHICS
- PIRACY

Contact information:
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For more information see
www.torm.com/csr



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TORM's overall policy on CSR

- TO COMPLY WITH STATUTORY RULES AND REGULATIONS IN ORDER TO ENSURE THAT ALL EMPLOYEES ARE ABLE TO EXECUTE THEIR WORK UNDER SAFE, HEALTHY AND PROPER WORKING CONDITIONS.
- TO ELIMINATE ALL KNOWN RISKS THAT MAY RESULT IN ACCIDENTS, INJURIES, ILLNESS, DAMAGE TO PROPERTY OR TO THE ENVIRONMENT.
- TO INTEGRATE SUSTAINABILITY INTO ALL OUR BUSINESS OPERATIONS.
- TO AVOID ANY FORM OF CORRUPTION AND BRIBERY.
- TO MAKE OUR CSR PERFORMANCE TRANSPARENT TO OUR STAKEHOLDERS.

The UN Global Compact principles

- 1** BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS.
- 2** BUSINESSES SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.
- 3** BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING.
- 4** BUSINESSES SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR.
- 5** BUSINESSES SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR.
- 6** BUSINESSES SHOULD ELIMINATE DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.
- 7** BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES.
- 8** BUSINESSES SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY.
- 9** BUSINESSES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.
- 10** BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.

www.unglobalcompact.org



TORM

CSR REPORT
2010

ABOUT THE REPORT

DATA IS STATED FOR THE YEARS 2008, 2009 AND 2010. THE REPORTING YEAR IS THE FINANCIAL YEAR OF 1 JANUARY - 31 DECEMBER 2010.

REPORT SCOPE

Environmental and social data concerning vessels is based on all vessels under TORM's technical management. Having the technical management of a vessel implies having control over the vessel in terms of environmental performance and crew.

As of 1 January 2010, we had 70 vessels under management. We operated a similar number of vessels in 2010 over which we did not have technical management. These are not included in the report.

The report includes emissions from all TORM's offices in Copenhagen, Mumbai, Singapore, Manila and Stamford (covering 318 employees). Emissions from air travel are included for all office staff and all crews.

Data from vessels are collected according to a specific reporting routine, mainly on a monthly basis but for certain data at a lower frequency. Other environmental data are collected on an annual basis.

Lost time accident frequency (LTAF) is based on reporting made to TORM's Safety, Quality and Environmental Department whenever an incident occurs.

CONTACT PERSON: RIKKE KOLBECH ANDERSEN, CSR SPECIALIST (RKA@TORM.COM).

COLOPHON

CSR REPORT 2010 IS PUBLISHED BY TORM **EDITOR:** RIKKE KOLBECH ANDERSEN **EDITORIAL TEAM:** RIKKE KOLBECH ANDERSEN, CSR SPECIALIST & TROELS JØRGENSEN, SAFETY OFFICER **PHOTOS:** THOMAS TOLSTRUP, PICTURES FROM TORM ARCHIVE **DESIGN:** BYSTED A/S **CIRCULATION:** 500 **PRINT:** ARCO GRAFISK

AUDITORS REPORT

INDEPENDENT AUDITOR'S REPORT ON A/S DAMPSKIBSSELSKABET TORM CSR REPORT 2010

TO THE MANAGEMENT OF TORM A/S ("TORM")

We have reviewed the TORM CSR Report 2010 ("the Report"). The Report is the responsibility of and has been approved by the Management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our approach on emerging best practice and standards for independent assurance on sustainability reporting, including ISAE 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the Management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matter. We have interviewed members of the Management responsible for material CSR aspects.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

CONCLUSIONS

In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

1. TORM has established systems at corporate level to identify and manage material CSR aspects, as stated in the Report; and the current status of implementation of the CSR policy and strategy is fairly stated in the Report.
2. TORM has applied detailed procedures to identify, collect, compile and validate the data and information about material CSR aspects to be included in the Report as described on pages 4 and 13. The data for 2010 as presented in the Report are consistent with the data accumulated as a result of these procedures and are appropriately reflected in the Report.
3. TORM applies a reporting practice in accordance with its objectives and principles for reporting as described on pages 4 and 13.

Copenhagen, 3 March 2011

Deloitte Statsautoriseret Revisionsaktieselskab

Henrik Kjeldgaard
State Authorised Public Accountant

Preben J. Sørensen
State Authorised Public Accountant
(Corporate Responsibility)

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BASIC INFORMATION

NAME AND ADDRESS: TORM A/S · TUBORG HAVNEVEJ 18 · DK-2900 HELLERUP · DENMARK · TEL.: +45 3917 9200 · WWW.TORM.COM · FOUNDED: 1889 · CVR: 22460218
 BOARD OF DIRECTORS: N. E. NIELSEN (CHAIRMAN) · CHRISTIAN FRIGAST (DEPUTY CHAIRMAN) · PETER ABILDGAARD (ELECTED BY THE EMPLOYEES)
 LENNART ARRIAS (ELECTED BY THE EMPLOYEES) · MARGRETHE BLIGAARD THOMASEN (ELECTED BY THE EMPLOYEES) · BO JAGD · JESPER JARLBÆK
 GABRIEL PANAYOTIDES · ANGELOS PAPOULIAS · STEFANOS-NIKO ZOUVELOU · EXECUTIVE MANAGEMENT: JACOB MELDGAARD, CEO · ROLAND M. ANDERSEN, CFO.



Senior Management Team, from left to right: **JAN N. LAURIDSEN** Regional Managing Director, Asia-Pacific, **ALEX CHRISTIANSEN** Senior Vice President, Bulk Division, **TINA REVSBECH** Senior Vice President, Tanker Division, **JACOB MELDGAARD** Chief Executive Officer, **CHRISTIAN RIBER** Senior Vice President, Human Resources, **JESPER BO HANSEN** Regional Managing Director, Americas, **ROLAND M. ANDERSEN** Chief Financial Officer and **CLAUS U. JENSEN** Executive Vice President, Technical Division.

Our annual CSR report will focus on our significant CSR progress, and additional information on our CSR performance can be found on our website www.torm.com

INTRODUCTION BY THE SENIOR MANAGEMENT TEAM

Responsible behaviour is central to TORM's business and culture and we expect that our customers will be paying increasing attention to CSR.

In 2010, we reviewed TORM's business model and developed a new strategic platform named 'Changing Trim' which has focus on customers, leadership, resilience and sophistication*. In this process, we made the decision to integrate CSR in the strategy because we believe CSR is a prerequisite for long-term value creation in our industry. CSR supports the cornerstones of the 'Changing Trim' strategy in the following ways:

- CUSTOMERS - bringing the customer in focus: engaging our customers in dialogue about CSR to make sure we perform beyond their expectations
- SOPHISTICATION – an accelerated approach to structure and processes: defining CSR Key Performance Indicators, and following up through performance dialogue, is a sophistication of our CSR work

Responsible behaviour is central to TORM's business and culture. We bring value to our customers by taking their cargo safely to its destination in a responsible manner. Toward our employees we have a great sense of responsibility for their health and safety, not least due to their unique working and living conditions on board a vessel at sea. As for the environment, we seek to limit the impact of our operations.

We have been monitoring our performance on quality and health, safety, security and the environment (HSSE) for many years. More recently we have enhanced our focus on business ethics and responsibility in the supply chain, which will be new focus areas in 2011.

One of the targets for the year was to systematise the use of Key Performance Indicators (KPIs) on CSR. We are pleased to say that we have defined KPIs for our CSR performance, which will be reported to Management monthly to ensure focus and progress.

TORM was the first Danish shipping company to sign the UN Global Compact in 2009, and we continue the support of the 10 principles, which remain an important vehicle to document and communicate our CSR efforts.

In 2011, we aim to engage more systematically in dialogue with our stakeholders, and we would like to invite you to take part in that process.

* See TORM's Annual Report 2010 for more information about our strategy

ABOUT TORM

TORM runs a fleet of approximately 140 modern vessels, of which 70 are technically managed by TORM, transporting primarily refined oil products and various bulk products globally.



The majority of our business is run in cooperation with other respected shipping companies that share TORM's commitment to safety, social and environmental responsibility and customer service. TORM is headquartered in Copenhagen, Denmark and has offices in Singapore, the Philippines, India and the USA.

The Tanker Division accounts for approximately 90% of our business volume. Our product tankers transport different types of refined oil products to consumers around the world. The refined oil products are used for various types of fuel, and naphtha is used in the petrochemical industry for plastic products, e.g. for laptops. We also transport crude oil from the point of oil extraction to refineries around the world.

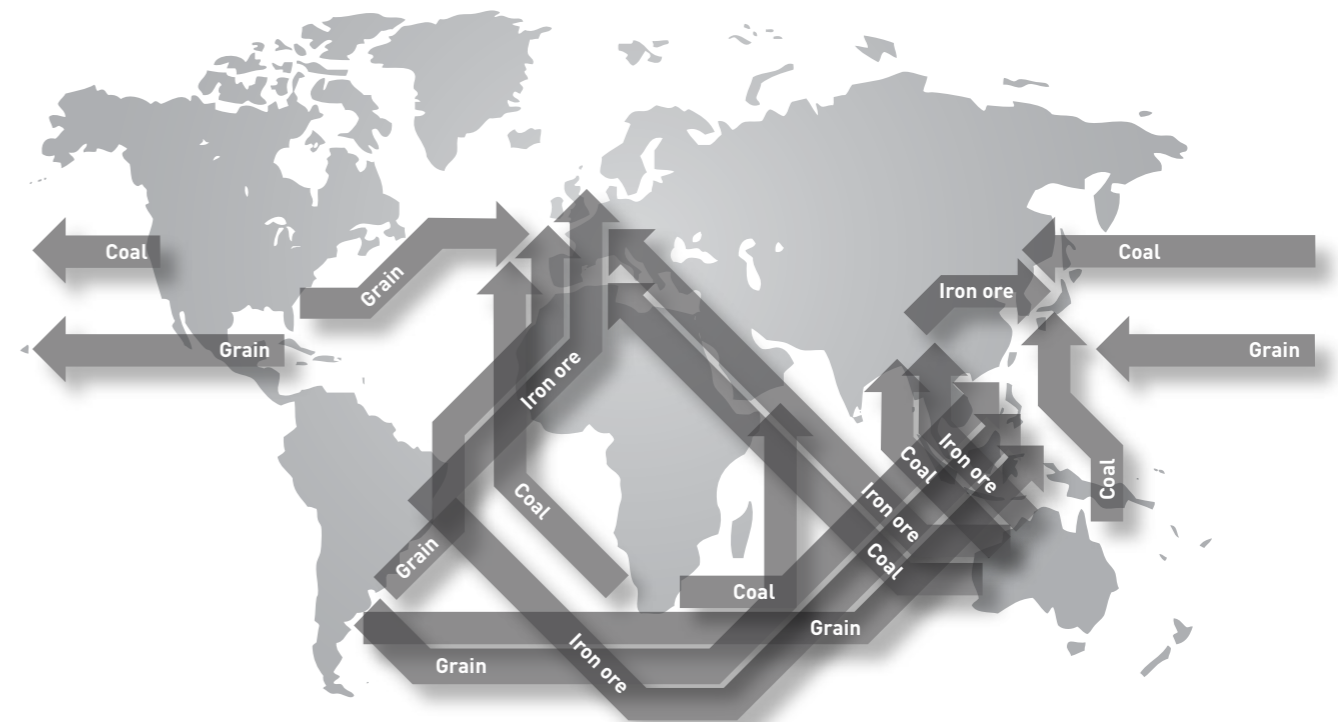
The Bulk Division accounts for approximately 10% of our business volume. Our bulk vessels transport e.g. grain out of South America and the USA, coal out of South Africa and Australia and iron ore out of India to China.

KEY FIGURES

Turnover, USD: 856 million
 Net profit, USD: -135 million
 Number of employees:
 2,895 seafarers and 318 land-based

TORM TRANSPORTS OIL AND BULK PRODUCTS GLOBALLY
 MAJOR TRADING ROUTES 2010

Read more about TORM's role in the oil value chain in our corporate magazine's issue on 'Oil' (December 2010): www.torm.com/csr



HIGHLIGHTS 2010

TORM sets the goal of making CSR an integrated part of the way we conduct our business, sharpening our competitive edge and highlighting CSR as part of our company culture.

- ➔ The Executive Management and the Board of Directors decided to integrate CSR in TORM's business strategy
- ➔ We have identified large potential for more efficient vessel operation to limit fuel spent, and consequently reduce CO₂ emissions
- ➔ A new occupational health and safety training programme for our seafarers has had a positive effect on our safety performance
- ➔ Three of our vessels were attacked by pirates during the last year. In all instances the Captain and his crew handled the situation professionally. We monitor the high risk areas closely and cooperate with stakeholders to find solutions

OUTLOOK 2011

TORM will enhance the focus on CSR in 2011 and will specifically address the following CSR-related initiatives.

- ➔ Invest in identifying technologies with 5% CO₂ reduction potential for swift implementation on vessels
- ➔ Explore R & D partnership opportunities in technologies that help TORM reduce its environmental impact
- ➔ Revise and improve TORM's Code of Conduct and develop guidelines for our employees
- ➔ Develop methods to engage and response to our stakeholders' concerns through dialogue
- ➔ Continue our work to map and reduce facilitation payments in the shipping industry in cooperation with industry partners
- ➔ Implement pilot project on CSR dialogue with suppliers

GOVERNANCE

The integration of CSR into the business strategy entails that all general principles, strategic guidelines and policies are decided by the Senior Management Team.

To ensure the integration of CSR in TORM, the CSR unit has been made part of a new Strategy & Corporate Support function. This function is responsible for the implementation of 'Changing Trim', a new strategic platform which has focus on customers, leadership, resilience and sophistication.

The integration of the CSR effort in the organisation is secured through corporate Key Performance Indicators (KPIs) which are reported to Management monthly, in combination with personal objectives on CSR for selected employees.

In our 2009 CSR report, we stated our aim to report according to the Global Reporting Initiative (GRI) in 2011. However, in the light of the recent strategic decision on CSR we will instead focus our resources in 2011 on internal development and integration of CSR structures in the organisation, as well as the development of methods for stakeholder dialogue.

TRAINING AND AUDITS

90% of our approx. 3,200 employees work at sea. This raises particular demands in terms of training of our people and monitoring performance to make sure policies and procedures regarding safety, quality and environment are followed. This work is planned and monitored by the Safety Department.

In addition to TORM's internal audits, TORM is subject to external audits as part of our ISO 14001 certification. Ships are audited every five years, while our main offices are audited annually. An additional number of external audits are carried out as required by legislation. Finally, our quality and safety performance is evaluated in a vetting process conducted twice annually by the major oil companies.

The audit results are evaluated by Senior Management on a frequent basis and necessary measures are taken when needed.

INVOLVING OUR SEAFARERS IN THE STRATEGY PROCESS

Our seafarers are TORM's most important asset, and they play a crucial role in securing TORM's position as a high quality shipping company. This was clearly emphasised when seafarers participated in workshops in the Philippines, India and Denmark to share ideas and provide input to the 'Changing Trim' strategy.

The workshops brought together Management and employees from land and sea and provided a unique opportunity to learn from each other to improve performance.

"Participating in a workshop like this makes me feel part of the TORM family. I believe it's a good idea to involve us seafarers in how to fulfil the strategy. I don't think other companies would do so," said Captain Nelson D. Miranda after the strategy workshop in the Philippines.



Read more on
www.torm.com/csr:
 ISO 14001
 Training
 Internal audits and audit teams
 Vetting and Port State Control



CLIMATE & ENVIRONMENT

The largest environmental impact of shipping is CO₂ emissions from vessels. That is why more effective vessel performance is a focus area for us.

In order to rightfully disclose the environmental records for which TORM has specific targets, we have decided to simplify the list of records in comparison with previous reports, and focus on the environmental records for which we have set targets, i.e. greenhouse gas (GHG) emissions from vessels, offices and travel.

All other data are available at www.torm.com/csr.

Through 2010, we have identified a number of initiatives aimed at reducing fuel oil consumption and consequently CO₂ emissions.

Specifically, we have had increased focus on:

- Engine performance - to minimise fuel consumption
- Optimising cylinder lubrication oil dosage - to minimise oil consumption
- Hull and propeller cleaning intervals - which impacts on vessels' water resistance, hence consumption of fuel

We have sourced two vessel performance management systems, which will be tested during 2011 for later implementation on all TORM vessels. By doing so, we will be able to track

VIRTUAL ARRIVAL – THE CHALLENGES

In our 2009 reports, we described Virtual Arrival, an industry initiative aimed at reducing CO₂. More specifically, it is a mutually agreed reduction in a vessel's speed on passage in order to reduce fuel spent and achieve an agreed arrival time at a port. Since speed has an enormous impact on the amount of fuel consumed, reducing speed has a profound impact on CO₂ emissions. In the past, TORM vessels have typically sailed full speed ahead to get to their destination as quickly as possible, only to wait for days, sometimes weeks, to discharge due to poor logistic planning by the receivers. Over the last few years, some oil majors have expressed interest in ways to reduce the carbon footprint in their value chain. As the Virtual Arrival process is of mutual benefit to vessel owners and charterers, it sounds like an obvious solution. Why do we not have great results to report in regard to Virtual Arrival?

The concept of Virtual Arrival was developed at a time when the market was booming and there was every reason to sail full speed ahead from a commercial perspective. Today, the market is the opposite. The rates are poor, and fuel cost is high in comparison to earlier. So we currently have to slow steam to make a voyage worth its while – Virtual Arrival or not. These days the whole sector is slow steaming. That benefits the climate because it reduces CO₂ emissions. However, the central question is, what the industry will do when the market turns? Will we go full speed again on all voyages, or will we explore the opportunity for Virtual Arrival on some routes as part of reaching our emission target? Virtual Arrival still has certain challenges, which the industry needs to solve for the model to become viable. Mainly in regard to standardisation of weather forecasting methods and route planning.

In TORM, we start a new project in 2011 aimed at giving our customers information about what different speeds mean in terms of emissions on their particular voyage. We consider this a first step in our customer dialogue on CO₂ reductions.



the individual vessel's performance and key performance indicators, calculate energy efficiency indices, benchmark with sister vessels and predict the optimum time of hull and propeller cleaning.

CO₂ EMISSIONS

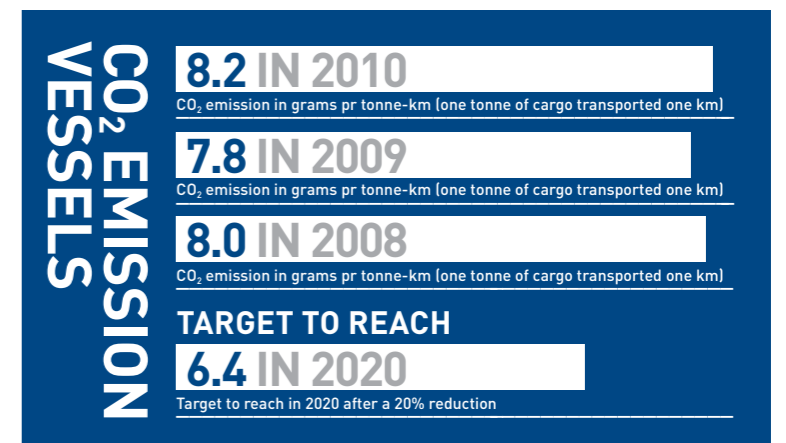
2009 and 2010 have been challenging years for TORM, and we have not made any major investments in environmental technology on vessels. Hence, we have no progress to report in regard to our CO₂ emission target from vessels. However, we still expect that it is possible to reach our reduction target through future technological investments.

The target for CO₂ emissions in 2020 is related to the utilisation of the vessels defined in tonne-km. A tonne-km is one tonne of cargo transported one km, so ballast voyages which have no cargo onboard do not count in terms of tonne-km, but still count in terms of our consumption of fuel.

Overall TORM's total CO₂ emissions have decreased from 1.8 million tons CO₂ in 2009 to 1.7 million tons in 2010, corresponding to a reduction of 8.2% with an activity level quite similar to 2009, both in terms of the number of vessels operating and the utilisation of the vessels. The reasons for the decrease of CO₂ emissions from vessels are the weak market

conditions and the utilisation of vessels as floating storage, which has produced little or no CO₂.

However, when looking at CO₂ emissions relative to the cargo transported TORM saw an increase from 7.8 to 8.2 g/tonne-km equivalent to 4.3%. The increase on this relative measure was driven primarily by average transport distances being down 9.9% and the capacity utilisation decreasing by 2.3%. This was only partly offset by factors such as average fuel consumption per nautical mile decreasing by 1.9% driven by lower vessel speed. This was a continuation of the trend from 2009 where the consumption decreased by 5.2% from 2008.





The development in office emissions shows that we are close to reaching our target. Reductions have been made through closing of servers which consumed a lot of electricity and better control of energy consumption in the main office in Copenhagen. Our office buildings in Singapore and the USA have been given green building awards in 2010. Towards the end of 2010, a number of energy saving measures have been taken as part of moving to a new office location in Mumbai. We expect to see the impact of this in the figures for the coming year.

The flight emissions in 2008 were very high. This was mainly due to the integration of the part of a new company bought in 2007 which required increased travel to the USA and India. Overall, flight emissions have been decreasing since we started measuring it in 2006. This can be explained by the focus on cost and minimisation of air travels between offices and better utilisation of local offices. In addition, the access in the organisation to video conferences has been improved radically, which has cut the need for meetings face to face at remote locations.

TARGET

- An average 20% reduction in CO₂ emissions per vessel by 2020 compared with 2008
- An average 25% reduction in CO₂ emissions per employee at the Company's offices by 2020 compared with 2008

PERFORMANCE

- We have not made progress on reduction of CO₂ emissions from vessels in 2010 but we have improved emissions from offices significantly

ACTIONS 2011

- To identify technologies with 5% CO₂ reduction potential for swift implementation on vessels
- Testing of vessel performance management systems and roll-out initiated

REPORTING GUIDELINES

The 2010 greenhouse gas emissions reporting covers scope 1 (direct emissions from own production) and scope 2 (emissions from own production but others' emissions) of the Greenhouse Gas Protocol except for the activities listed below, as well as selected scope 3 (other's production and emissions - services) activities. TORM will continue to align reporting structure and content to the requirements of the Carbon Disclosure Project.

Scope 1 - vessels

- Consumption of bunker oil has been calculated to greenhouse gas emissions by using the Danish Ministry of Transport's research in emissions related to transportation (TEMA 2000). Emissions are calculated for each single vessel and consolidated.
- Emissions from company cars are based on number of cars, where all cars at each office are made

equal in distance and consumption. (Copenhagen 25,000 km, Singapore 7,800km and Manila 8,000 km, distances are estimated based on an average expected usage per country, efficiency is set to 12 km/litre.)

- Numbers under scope 1 data sheet have been collected on board the vessels or at the offices. The collection is based on actual usage or disposals.

Scope 2 - offices

- Emissions from electricity consumption in offices are calculated by using local authority information from Denmark, the USA and Singapore, and for India and the Philippines, the World Resources Institute (www.wri.org).
- Emissions from heating (district heating) in the Copenhagen offices are calculated by using Danish emissions factors (www.key2green.dk).

Scope 3 - flight emissions

- Emissions from plane travel are calculated by factoring actual travel mileage with Lufthansa emission data.
- 2010 greenhouse gas emissions are calculated for vessels in technical management in TORM, amounting to a total of 827 vessel months of operation.

Tonne-km is calculated by use of actual cargo times the distance with actual cargo, thus a ballast voyage will give 0 (zero) in tonne-km.

CO₂ emission pr tonne-km is the full CO₂ emissions on board all vessels divided by the tonne-km for all voyages, thus it includes emissions from ballast voyages, electricity production, inerting, cargo operations, etc.

CO₂ EMISSIONS DATA

VESSELS (SCOPE 1)	2010	2009	2008
Number of vessels in operation at the end of the year (in technical management)	70	70	65
No. of vessel months (one vessel one year equals 12 vessel months)	827	822	759
Usage of oil and the generated CO₂ emissions			
Used heavy fuel oil (tonne)	434.729	454.456	486.222
Used low sulphur heavy fuel oil (tonne)	73.314	108.913	91.440
Used marine gas oil (tonne)	20.488	13.957	16.376
Used lubricating oil (tonne)	3.967	4.592	4.899
Generated CO ₂ emission from vessels (tonne)	1.669.632	1.818.927	1.876.567
Distance and cargo			
Distance sailed in kilometres	3.909.999	4.341.222	4.279.008
Average cargo onboard	28.244	28.912	29.498
Tonne-km	204.522.438.135	232.447.000.346	233.766.293.535
CO₂ emission in grams pr tonne-km (one tonne of cargo transported one km)	8,2 g/tonne-km	7,8 g/tonne-km	8,0 g/tonne-km
OFFICE (SCOPE 2)	2010	2009	2008
Electricity and heating and other office-related activity			
Electricity used in kWh all office locations	891.866	979.827	1.242.354
District heating in GJ	2.798	4.417	1.616
Use of company cars - kilometres driven (estimated)	531.552	651.771	672.126
Generated CO ₂ emission in tonne from office locations	762	894	901
Employees			
No. of office employees at the end of the year	318	314	315
CO ₂ emission pr employee (tonne)	2,4	2,8	2,9
FLIGHT EMISSIONS (SCOPE 3)	2010	2009	2008
Air travels			
Air mileage in kilometre	58.434.308	62.912.571	104.848.069
No. of travels	9.647	12.247	14.249
CO ₂ emissions in tonne	6.452	6.847	11.412

The data are available at
www.torm.com/csr
 The website also contains
 descriptions of our environmental
 policies and procedures.



ENVIRONMENTAL IMPACT

We monitor and report on a number of environmental issues related to our vessels other than CO₂, e.g. the emission of nitrogen oxides (NOx) and sulphur oxides (SOx), the release of substances from bottom paint, discharge of ballast water, solid waste and use of chemicals. There were no major changes in these figures in 2010 compared to 2009.

OIL SPILLS

In 2010, we had one significant oil spill. During a tank cleaning, 49 m³ naphtha and gasoil spilled overboard. The subsequent investigation showed that the material of the valve seat was not suitable for the carried cargo. All valve seats on similar vessels have been replaced and new training courses have been developed.

Additionally, we had five spills where oil spilled into the sea. Two spills were caused by a busted cargo hose causing 500 litres and 200 litres of oil to be spilled during ship-to-ship transfer operations. Another spill was caused by a loading arm leaking during a discharge, causing a 50 litres spill.

At another incident a barge receiving slops suddenly cast off due to broken mooring line, and the last 10 litres of oil in the hose was spilled into the water. The last incident was a spill of an estimated one litre where oil was spilled during a safety training seminar due to a leaking cargo hose.

All spills have been investigated internally and corrective actions applied.



HEALTH & SAFETY

A new training programme for our seafarers introduced in 2010 has had a positive effect on our safety performance.

Safe and healthy working conditions are a key priority for TORM and ensured through our policy on safety and quality. The rules and regulations issued by the Danish Maritime Occupational Health Service covering safe and healthy work environments are part of this policy.

A new occupational health and safety training programme for our seafarers introduced in 2010 has had a positive effect, as reflected in the decrease in Lost Time Accident Frequency (LTAF). LTAF is an industry standard, which indicates the level of work-related personal injuries on board vessels. The training is focused on raising safety awareness on board vessels and creating a stronger sense of responsibility among our employees. In light of the fine results, we will continue this training in 2011.

In 2010, we improved our communication with the vessels on safety issues. We raised the awareness of the importance of near-miss reporting as part of maintaining a safety culture and preventing accidents, and we managed to double the number of reports by the end of the year. The number of near-miss reports indicates the safety level on board vessels because they help the crew learn from incidents that could potentially have led to an accident, contributing to the general level of safety awareness on board.



TARGET

- **Lost Time Accident Frequency (LTAF)**
For 2010 the target was 2
For 2011 the target is 1.5
LTAF indicates the level of work-related personal injuries happening on board our vessels
- **Near-miss reports per vessel per month**
For 2010 the target was 4
For 2011 the target is 6

PERFORMANCE

- LTAF decreased from 2.9 in 2009 to 2.3 in 2010
- Near-miss reporting doubled from an average of 1 report from each vessel per month in 2009 to 2 in 2010 (4 by the 4th quarter of 2010)

ACTIONS 2011

- Each vessel will receive an extra visit by our Safety, Quality and Environment (SQE) team to conduct additional training and ensure we reach our targets
- We will find ways to share best safety practice among vessels in order to raise safety awareness and motivate our crew



LABOUR PRACTICES

A satisfaction survey carried out among our seafarers in 2010 underscored the need for better communication between offices and vessels.

It is important for TORM to meet our seafarers' needs in the best possible way in order to retain the best employees and to maintain a high level of quality and safety onboard our vessels.

Good labour practices are particularly important in our industry as the seafarers' working place also serves as their home during the months they are at sea.

Based on the results of a satisfaction survey made among our seafarers in 2010, local training managers have held three workshops to learn more about our employees' expectations towards development, appraisals, training opportunities and career paths. We will continue our focus on career and development planning in 2011 and introduce new leadership training programmes.

Improving communication with seafarers will be another focus area in 2011. In response to the survey, and based on input from our seafarers we have developed a best practice for communication with vessels.

In 2011, we will also start a project on improving welfare among our seafarers, specifically aimed at upgrading the training facilities on board our vessels.

We revised the food budget for vessels in 2010 after a benchmarking with other shipping companies. One catering company now administers all the vessels' purchases in order to optimise the overall catering.

This change has caused strong reactions from some seafarers. Lack of flexibility and inferior food quality have been some of the concerns raised.

TORM is of the opinion that the nutrition onboard should be of high quality. We have therefore started a project to evaluate the new set-up to make sure we meet the standards we aim for.

PERFORMANCE

- A satisfaction survey made among our seafarers in 2010 showed an overall high level of satisfaction, engagement and loyalty among our seafarers, also compared to other companies. We also learned that the communication between offices and vessels needs improvement

ACTIONS 2011

- Provide access to TORM's intranet for all seafarers from the 3rd quarter of 2011
- Improve communication between vessels and offices by increasing frequency of officer seminars globally
- Leadership training programmes for seafarers



BUSINESS ETHICS

TORM is determined to avoid any form of corruption and bribery. No TORM employee may ever offer, give, accept or receive a bribe in any form.

TORM fully supports the 10th principle of the UN Global Compact, which states that business should work against corruption in all its forms. We are confident that responsible business conduct is more profitable in the long term and offers additional benefits that underpin our business.

In 2010, our efforts on anti-corruption took the form of dialogue on the challenge of facilitation payments with various stakeholders inside and outside the company. In cooperation with industry partners, we are exploring ways to minimise the use of facilitation payments.

TORM did not make significant progress against the commitments made in last year's report. These will be a priority in 2011. We will be revising our business principles and guidelines and these will be communicated to our employees through training programmes. The revised business principles will be communicated to other stakeholders as well, including our suppliers.

TARGET

- Training of employees in TORM's business principles in 2011 and 2012
- To identify ways to reduce facilitation payment

PERFORMANCE

- We have revised our reporting procedures with the aim to make a mapping of facilitation payments in 2011

ACTIONS 2011

- Facilitation payment project including mapping of payments made and development of guidelines for employees as part of communicating our business principles
- Work with industry partners to develop a common approach to anti-corruption and to share best practice
- Make action plan for our approach to supplier dialogue, based on a risk assessment of supplier base and develop and implement pilot project on improving CSR dialogue with suppliers



PIRACY

Piracy remains a major threat to the safety and peace of mind of seafarers travelling through the Gulf of Aden and off the coast of Somalia and Kenya. The intensity of piracy attacks has increased.



The safety and security of our seafarers is the highest priority for us, and TORM has a comprehensive set of emergency procedures and maintains a high level of vigilance for each planned transit. Nevertheless, two TORM vessels experienced piracy attacks in 2010 and one in early 2011.

TORM Ragnhild was attacked in April as she was passing through the Gulf of Aden. This was the first attack TORM has ever experienced. In November, TORM Kansas came under attack by pirates off Mombasa. In January 2011, TORM Kristina came under attack in the Indian Ocean. In all instances, the pirates gave up the attacks, not least due to the professional handling of the situation by the Captains and crews.

The Captains and crew members were unharmed, apart from a crew member on board TORM Kristina who was hurt in connection with the attack. In all instances, representatives from TORM immediately went to meet the vessel to offer our seafarers the support needed.

As the Danish authorities agreed that we had an extraordinary critical situation in the case of TORM Kansas, we received permission to have armed, civil guards on board TORM Kansas and another TORM vessel in the area, TORM Kristina, on their voyage from Mombasa/Zanzibar to Muscat in Oman.

TORM has revised its trading restrictions in response to the attacks, and in light of the general increase in piracy. TORM monitors the high risk areas, and the trading restrictions are revised on an on-going basis.



PERFORMANCE

- TORM has implemented the Best Management Practice, developed by the shipping industry in consultation with naval forces, to assist vessels in avoiding attacks and handling possible attacks

ACTIONS 2011

- Continue our work with industry partners and authorities to explore ways to limit piracy attacks