



Corporate *Responsibility* 2015

www.j-lauritzen.com





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About this report

This report has been prepared in accordance with the Danish Financial Statements Act (Sec. 99a) and the UN Global Compact's annual requirements for communication on progress. The scope of our reporting is determined by our commitment to the UN Global Compact and an assessment of materiality. The main aim of this report is to give our internal and external stakeholders an overview of our corporate responsibility policies, actions and performance.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

CEO Statement

Four years ago, we embarked on a journey to align our corporate responsibility efforts throughout the Group; a journey that was amplified by our commitment to the United Nations Global Compact, which we signed in 2011.

Since then, our business has undergone a considerable transformation that has changed our business platform and operations. Nevertheless, our commitment to the ten principles of the Global Compact remains unchanged as they continue to guide our corporate responsibility efforts and identify our business impacts.

We believe that part of a quality service is to conduct business in a responsible manner creating benefits broadly, while being open, honest and fair. Consequently, corporate responsibility continues to be of strategic importance to our business. However, we are equally driven by good corporate citizenship, which is part of our DNA and ingrained in our values.

Even though maritime transportation is the most environmentally friendly mode of transportation, there are still ample opportunities for improvement. When operating in one of the most globalised industries, global regulative initiatives are needed, also in the field of environmental protection. It was therefore disappointing to learn that shipping was not included in the COP21's global climate change agreement in 2015.

J. Lauritzen will continue to work for global regulation as the absence of this increases the risk of regional regulation and requirements which will not only lead to unfair competition but will also be of limited benefit to the environment.

Humanitarian issues, impacts on the environment, corruption and transparency in the highly global and extensive supply chains are key social challenges facing our business as well as

the shipping industry in general. Such challenges cannot be solved by companies acting individually and strong coordinated global initiatives therefore need to take the lead here.

We support such global initiatives and always strive to seek industry collaboration where deemed appropriate as a means to share challenges, mobilise resources and create combined leverage to ensure sustainable progress. This continues to be the basic philosophy behind our participation in industry partnerships such as the Maritime Anti-Corruption Network, Trident Alliance and IMPA ACT.

In 2015, we were especially honoured when we received an award for our efforts within responsible supply chain management and our commitment to the IMPA ACT programme from the International Marine Purchasing Association. This is an honour that we will take with us into 2016 as we continue to work for increased transparency and sustainability in the supply chain and for closer collaboration within the industry with the purpose of joining forces to respond to social challenges.

We look forward to continuing our journey towards more responsible business practices within J. Lauritzen and the shipping community in general, and we are confident that the principles of the Global Compact will continue to steer us in the right direction.

I hope that you find the reading interesting.

Jan Kastrup-Nielsen

President & CEO, J. Lauritzen A/S



Highlights and *Outlook*

Our corporate responsibility efforts build on our core values and are aligned with our commitment to the ten principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

We consider corporate responsibility an integral part of our business and we continuously strive to implement our efforts in our day-to-day business operations.

HIGHLIGHTS 2015

In 2015, our main corporate responsibility efforts were focused on developing a new corporate responsibility strategy and on conducting human rights due diligence.

Additionally, we continued the implementation of our energy-efficiency project, our anti-corruption compliance programme and the IMPA ACT programme on responsible supply chain management.

Corporate responsibility strategy

During 2015, a new corporate responsibility strategy was developed to guide and shape our future efforts.

The strategy rests on our [corporate responsibility policy](#) and is designed to support our business objective of being considered always approachable, always accountable and always looking towards shared value creation.

The core element of our corporate responsibility strategy is an action plan mapping and setting goals for our efforts within human resources (people), environment and business conduct.

Human rights due diligence

We have conducted due diligence of our potential and actual human rights impacts at our offices in Copenhagen and Singapore, which is aligned with the expectations of the UN Guiding Principles on Business and Human Rights.

Even if no severe human rights impacts were identified, some gaps were found in a few of our corporate policies and procedures. These have all been updated or are in the process of being evaluated to ensure that we do not cause or contribute to adverse impacts on our employees' human rights.

Through our human rights due diligence we identified a gap in our diversity policy as it only addresses gender diversity. In 2016, an assessment of the Group's diversity profile and goals will commence to identify how working actively with other diversity parameters may add value to our business.

Our human rights due diligence has been quality assured by external experts on business and human rights.

OUTLOOK 2016

In 2016, we will take our corporate responsibility efforts to a new phase of integration with our business strategy and thus our overall value creation. Focus will be on the further implementation of our corporate responsibility programmes as well as human rights due diligence for our remaining offices and our vessels.

ACHIEVEMENTS IN 2015

Relative cut in CO₂ emissions of **19.5%** from operated fleet since 2012



Anti-corruption training of **75%** of our shore-based personnel and **ALL** senior officers

5 suppliers have been engaged in dialogue



Recipient of an IMPA award for our efforts within responsible supply chain management



J. Lauritzen *Overview*



J. Lauritzen has been serving the maritime trade since 1884 and during our more than 130 years of existence, we have been engaged in a range of different segments of the shipping industry.

Today, J. Lauritzen is a global provider of seaborne transportation of dry bulk cargoes as well as petrochemical and liquefied petroleum gases.

We offer our services through our operational business units Lauritzen Bulkers and Lauritzen Kosan.

Lauritzen Bulkers operates bulk carriers in the handysize and supramax segments of dry bulk shipping with main presence in the handysize segment.

Lauritzen Kosan specialises in transportation of petrochemical and liquefied petroleum gases (LPG) - a segment of the shipping industry characterised by complex technical and operational requirements.

Offices worldwide

Headquarter in Copenhagen, Denmark and overseas offices in Singapore, China, the Philippines, the United States, Switzerland and Spain.

J. LAURITZEN FACTS 2015

Owned by the
Lauritzen Foundation

100%

206
employees
ashore



678 seafarers onboard
owned vessels



Average controlled
fleet of **136** vessels

Invested capital
year-end

USD **531m**

Revenue

USD **349m**



Human and *Labour Rights*

We consider respect for human and labour rights as part of our heritage and our commitment to the UN Global Compact.

As shipowner and operator, we face human rights challenges ashore as well as at sea, and in this regard, we use the UN Guiding Principles on Business and Human Rights as a blueprint to respect the human rights.

Managing human rights risks

We perform human rights due diligence aligned with the expectations of the UN Guiding Principles to help us identify how we impact our employees' enjoyment of their human rights and how actual and potential human rights risks can affect our business operations.

In addition to human rights due diligence ashore and at sea, we manage our human rights risks as part of our health and safety and risk management systems anchored in our two business units along with the Group's anti-corruption compliance programme and responsible supply chain management programme.

Human rights due diligence ashore

In 2015, we conducted human rights assessments of our human rights risks and impacts at our offices in Copenhagen and Singapore, which included assessments of our corporate policies and procedures.

We assessed all human rights outlined in the International Bill of Human Rights, including the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, equally to decide which ones are salient to our company given our geographical and business context.

Findings in 2015

Even if no severe impacts were found in our human rights assessments, we identified some gaps in our corporate policies and procedures, including our Guidelines on Maternity and Paternity Leave which did not take same-sex parents into consideration. The policy was promptly updated to ensure that entitlement to parental leave is gender-neutral.

In our assessment of our two largest offices, Right to Non-discrimination was identified as a salient human right, and we identified a gap in our diversity policy as it only addresses the matter of gender diversity. Consequently, an assessment of the Group's diversity profile and goals will commence in 2016.

Our human rights due diligence has been quality assured by external experts on business and human rights, and in 2016, we will conduct human rights due diligence of our remaining overseas offices which are equally covered by our corporate policies but operating in other geographical contexts that may pose different human rights challenges.

Human rights at sea

At sea, our human rights efforts are closely linked to our health, safety and security policies and procedures, which are managed within each business unit in accordance with legislation, regulations and the nature of the operations.

We apply the Maritime Labour Convention 2006 (MLC) when assessing our impacts on board our vessels, and in 2016 we will establish human rights due diligence for our vessels aligned with the UNGPs and the MLC. We will conduct two human rights assessments; one for our bulk carriers and one for our gas carriers as the two different business operations pose different human rights risks.

DUE DILIGENCE

Our human rights due diligence is an ongoing process designed to help us address actual and potential adverse human rights risks and impacts that are linked to our business activities.



Aligned with the UN Guiding Principles, our due diligence process covers human rights assessment, including **identification** and assessment of our adverse human rights impacts, **actions** to prevent and mitigate identified impacts and to address relevant policies and procedures, a system for **tracking** milestones and following up on action plans, and a mechanism for **communicating** how we address identified adverse impacts to relevant stakeholders.



Environment and *Climate*

We acknowledge the environmental impacts of our operations and assume our responsibility to always work towards minimising our environmental footprint. Through our **environmental policy**, we are committed to mitigating emissions by establishing relevant operational procedures, to follow the development of new technologies relevant to our business and to disclose our environmental performance.

Working systematically with performance monitoring

We work in a structured manner with systems to monitor the performance of our vessels and depend on systematic and reliable data to identify opportunities for optimisation and to document our progress.

By constantly logging and analysing data related to the technical, commercial and operational aspects of our vessel operations, we endeavour to increase transparency by providing clients and other stakeholders with greater and more open insights into the actual energy-efficiency improvements of our fleet.

Essential for succeeding with our energy-efficiency efforts and performance monitoring is training of land and sea based personnel, enabling them to make faster decisions and react more rapidly than previously and thereby move towards more energy-efficient operations. Part of the training includes improved communication between land and sea to achieve a more structured data flow between vessel and office and thereby increase reliability and transparency of our disclosed emission figures.

Technical and operational optimisation

Since the launch of our Group energy-efficiency project in 2011, we have undertaken various initiatives to increase efficiency and reduce emissions of our fleet. Over the past three

years, we have realised a 19.5% cut in our relative CO₂ emissions from our operated fleet of dry bulk and gas carriers.

Whereas the installation of various technical aids, i.e. to optimise main and auxiliary engines, has improved our baseline for conducting energy-efficient operations, we also work with voyage optimisation, weather routing, bunker management and other operational aspects to continuously improve our operational performance.

In the coming years, we will continue to monitor the performance of each vessel while striving to reduce our environmental footprint further by focusing our efforts on newbuildings, chartered and pool vessels to ensure that the vessels entering our fleet have a high energy-efficiency rating.

Changing approach to emissions reporting

Following a change of our business strategy over the past years, we have chosen to change our approach to emissions reporting, and we will from 2015 onwards disclose emissions from vessels under our operational control, whereas we have previously disclosed emissions from vessels under our financial control.

This change of scope will not only ensure a continuous strong correlation between our business, our bottom line and our environmental responsibility following our strategy change, it also ensures that we report emissions that we are able to influence directly in the day-to-day operation, which increases the materiality and transparency of our corporate responsibility reporting.

Emission figures are disclosed in the environmental statements of **Lauritzen Bulk**ers and **Lauritzen Kosan** respectively, see p. 10 and 12.

PARTNERING FOR INNOVATIVE SOLUTIONS

We support the development of green and energy-efficient solutions for the Danish maritime industry, and in 2015, we became part of the **Blue INNOship** partnership, which is the industry's contribution to the Danish government's innovation strategy.

Through the partnership, we actively engage in a work group seeking to develop an industry standard for performance monitoring to promote more energy-efficient operations and thereby reduce emissions. Along with other shipowners, consultants and universities, we partner on a project to develop a performance management platform that can provide decision support for ship managers, ship owners and ship operators in relation to optimising energy-efficiency in technical and operational components.

A core element of the project is to examine how we can optimise the flow of data between land and sea to achieve more real-time indications of how vessels are performing and thus how much they emit. Through the development of analysis tools enabling automated analysis of vessel data, the platform can help improve reporting and expedite the decision making processes.

The project was launched in April 2015, and will run for a period of three years.



Anti-Corruption

We work against corruption in all its forms, and our Anti-Corruption Policy provides strict guidance for all managers and employees within the Group. The policy is in line with the principles of the United Nation's Convention against Corruption along with various national laws and is anchored in our compliance programme.

Training and awareness

We conduct training seminars for both shore based and sea-going personnel through face-to-face seminars focusing on compliance and anti-corruption, and in 2015, we completed training of all officers in both business units. At year-end 2015, 75 % of our shore based personnel had received training that also included fraud, anti-trust and other related topics.

In 2016, our remaining shore based employees will receive training, while an online training tool will be implemented to ensure that employees who have already received formal training remain updated on the Group's anti-corruption policies and practices.

We are receiving positive feedback on our Gift and Hospitality Policy, which has been implemented as part of our compliance seminars. We consider that the implementation has increased transparency in relation to the gifts and hospitality received by our employees.

A core element of our anti-corruption policy and our compliance training is a commitment to work proactively to eliminate facilitation payments. During 2015, the amount of demands for facilitation payments being reported by our crews was still scarce and in the future we will work actively with the communication between vessel and operations to encourage crews to report such demands in order to increase transparency.

Update on our whistleblower scheme

Since the implementation of our whistleblower scheme in 2014, the scheme has been introduced to all employees as part of our compliance programme. To date, no concerns of compliance violations have been reported through our [whistleblower portal](#), and in 2016, we will strive to increase the internal and external awareness of the whistleblower scheme through increased communication.

Partnering on industry challenges

During 2015, we continued our active participation in the [Maritime Anti-Corruption Network \(MACN\)](#), the global business network working towards a maritime industry free of corruption enabling fair trade to the benefit of the society at large. Through MACN, we meet with other representatives from the industry to discuss and share best practice. In 2015, we further participated in two working groups, of which one was responsible for drafting an anti-corruption clause for charter parties, launched by BIMCO in November 2015.

Collective action in Argentina

In 2015, we took active part in the development of new regulation for cargo hold inspections in Argentina.

Shipping companies have previously experienced frequent incidents of wrongfully failed cargo hold inspections in Argentinean ports due to lack of regulation. Through our agent in Argentina we have provided assistance in the development of new regulation, which sets forth strict guidelines for cargo hold inspections and further ensures access to quick remediation if a vessel is wrongfully rejected.

MACN also took part in developing the new regulation, which is expected to come into force in early 2016.

FOCUS AREA IN 2016

We are committed to complying with all applicable trade sanctions, and we consider it essential to responsible business conduct to ensure that we do not conduct business in violation of same.

Due to the international nature of our business, we are subject to increasingly complex and changeable sanctions regulation, which means that we need to intensify our efforts for complying with various sanctions regimes to ensure that we continue to conduct business in a responsible manner.

Sanctions Compliance Programme

In 2016, we will further develop a Sanctions Compliance Programme focusing on our specific operations to prevent and mitigate the risk of sanction breaches.

The objective of the programme will be to set forth policies and procedures for screening potential clients, business partners and suppliers, and to provide strict guidance for all employees when trading globally.

The programme will include compliance training for all relevant managers and employees to enable them to identify risks presented by clients, transactions and trades, and thereby prevent infringements of trade sanctions.



Responsible *Supply Chain Management*

Responsible supply chain management continues to be a core element of the Group's corporate responsibility efforts focusing on cooperating and engaging in dialogue with suppliers to ensure decent social and environmental conditions in our supply chain.

By engaging in close dialogue with selected suppliers, we work towards aligning expectations within human and labour rights, environmental performance and anti-corruption.

Focus on first tier suppliers

We continue to support the IMPA ACT programme when working with suppliers as we wish to contribute to uniformity in the industry and avoid suppliers having to comply with different expectations from different buyers.

The focus of our responsible supply chain management programme is on first tier suppliers with whom we have a contractual relationship as these are within our direct sphere of influence. All contracts include a clause requesting suppliers to comply with our Supplier Code of Conduct, which sets forth a set of social, environmental and economic principles aligned with the ten principles of the UN Global Compact along with the UN Guiding Principles on Business and Human Rights.

Each year we select a number of suppliers to engage in further dialogue, and in 2015, we engaged in dialogue with five new suppliers, selected from our largest suppliers based on spend, dependency and frequency as well as known risk.

In 2016, we will engage in dialogue with another five first-tier suppliers.

Supplier dialogue

The centre of the dialogue between J. Lauritzen and our suppliers is a Supplier Code of Conduct, which outlines our minimum expectations to suppliers regarding establishing policies and procedures to help them identify, prevent and mitigate potential impacts on human rights, labour rights, protection of the environment and anti-corruption.

We believe that engaging in dialogue with suppliers on establishing internal processes rather than setting forth specific requirements to their performance, provides suppliers with greater flexibility to implement systems adjusted to their specific organisation which will ultimately lead to more sustainable solutions to challenges related to the principles covered in the supplier code of conduct.

Additionally, the approach increases the level of best practice sharing as it enables us to better understand and relate to the specific challenges facing our suppliers while also learning from their experiences.

Through closer dialogue and stronger relations with suppliers, we aim at increasing transparency throughout our supply chain.

Recipient of prestigious award

In 2015, we were honoured by the International Marine Purchasing Association (IMPA) with an **award for our efforts within responsible supply chain**. The award was presented to us by Her Royal Highness Princess Anne at the annual IMPA conference in London.

A JOINED APPROACH

J. Lauritzen works with responsible supply chain management through implementation of the IMPA ACT programme, an international standard that brings together buyers and suppliers in their efforts to achieve responsible supply chains.

This joint approach provides leverage for ensuring that suppliers make actual improvements in the fields of human rights including labour rights, protection of the environment and anti-corruption issues. As actual and sustainable solutions require time and resources, IMPA ACT is a long-term commitment for both buyers and suppliers.

We are founding members of IMPA ACT, which is run by the International Marine Purchasing Association (IMPA). We also serve on the programme's Advisory Board.

See www.impa-act.org for more information and for a list of the participating companies.





Lauritzen *Bulkers*

Lauritzen Bulkers operates bulk carriers in the handysize and supramax segments of dry bulk shipping. With main presence in the handysize segment, our operations are based on a large homogeneous fleet of owned, part-owned and long-term time-chartered vessels, vessels committed by partners as well as a substantial number of short-term time-chartered vessels.

Fleet management

Technical management, including crewing, of our owned fleet is performed by New Century Overseas Management Inc., Manila, and Synergy Maritime Pte., Singapore who provide safe, reliable and cost-effective operations in close collaboration with our in-house technical department.

With ship management outsourced to external service providers, our in-house technical department specifies requirements, aligns expectations and monitors performance on achieving safe, reliable and efficient operations.

Disaster relief

In 2014, we established the Lauritzen Bulkers Major Disaster Assistance Fund to provide our seafarers with financial aid should they experience property damage as a result of a natural disaster. The fund was set up in the wake of Typhoon Yolanda that hit the Philippines in 2013, after which a total of 83 seafarers received donations in 2014.

In 2015, the Philippines experienced a new natural disaster when Typhoon Lando struck in October. Only few of our seafarers were affected by the typhoon, and, fortunately, no one was injured. The affected seafarers received donations from the fund to help repair the property damage caused by Lando.

Health and safety

Building open and strong relations with our external managers and crews is at the centre of our health and safety strategy as it contributes to operational transparency.

We benchmark our two external ship managers' safety performance through KPIs, vessel visits, office audits and other initiatives to facilitate best practice sharing and to increase the safety performance of our owned fleet. We also use RightShip's vetting scale as part of the performance assessments. In 2015, our owned fleet had an average risk rating of 4.9 (with 5.0 as the best rating).

As part of our health and safety efforts, we communicate strategically with crews and external managers through regular crew letters and biannual officer seminars, which both seek to share best practice in terms of energy-efficiency, operational excellence and safety. We find that these initiatives support our overall strategy to increase efficiency and reduce risk in our entire value chain.

Both Lauritzen Bulkers and our technical managers annually visit all of our owned vessels during which time we follow up on our strategic communication to always ensure the highest level of best practice and knowledge sharing.

In the future, we will continue to strive for operational transparency through ongoing and open dialogue between the parties involved in the operation of our vessels to ensure continued high safety performance.

HIGHLIGHTS IN 2015

Average age of vessels



Operated fleet

6 years



Industry average

8.3 years

Average risk ranking of owned fleet at **4.9** on the 5 star RightShip Vetting Scale



12% cut in CO₂ emissions since 2012

90 transits in high-risk areas with **NO** incidents



Security

When entering high-risk areas, we follow the Group's overall security guidelines. The guidelines state that before scheduling a voyage into a high-risk area, a risk assessment must be sourced from an independent external party, and the necessary precautions must be taken.

In 2015, Lauritzen Bulkers had approximately 90 transits in high-risk areas compared to 50 in 2014. There were no incidents related to these transits. It is mainly increased business in the Persian Gulf that resulted in more transits in high-risk areas.

Environment

We own and operate a modern and energy-efficient fleet with an average age of 6 years, which is considerably below the global industry average of 8.3.

A continued focus on fuel-savings, operational excellence and energy-efficiency has enabled reductions of the total environmental footprint of our dry cargo operations over the years, and since 2013, we have managed to cut the CO₂ emissions related to our transport work by 12% across our operated fleet, cf. Table 1.

During 2015, we continued our efforts to stimulate a performance-oriented culture, and with support from our performance desk we endeavoured to work more structured with day-to-day performance analysis of both our technical and operational activities with the objective to reduce emissions.

Our technical department completed the implementation of the scheduled Vessel Energy Renovation Plans (VERP). VERP is a fleet performance catalogue that covers the optimisation of auxiliary machine consumption, including pumps, fans and air conditioning, plus additional initiatives for technical and operational optimisation.

VERPs have been implemented on a total of ten vessels over the last three years and has improved the vessels' fuel-efficiency by 7% and realised an equivalent reduction in CO₂ emissions.

Whereas technical improvements can only be applied to our owned vessels, we continuously work to optimise the operational performance of our total operated fleet of bulk carriers to improve efficiency. In 2015, voyage optimisation, day-to-day operations and voyage routing remained strong priorities for our operations department, and weather routing alone contributed to fuel savings in the excess of 2,600 metric tonnes and thus a significant cut in our CO₂ emissions.

Table 1: Emissions pr segment g/ton-miles

Segment	Emission	2015	2014	2013
Total fleet				
	CO ₂	11.07	11.84	12.13
	SO _x	0.18	0.20	0.21
	NO _x	0.28	0.30	0.31
Handymax				
	CO ₂	8.28	9.34	9.76
	SO _x	0.14	0.16	0.17
	NO _x	0.21	0.24	0.25
Handysize				
	CO ₂	11.90	12.41	12.84
	SO _x	0.20	0.21	0.22
	NO _x	0.30	0.32	0.33

EMISSIONS NOTE

Emission figures are reported per segment and based on actual consumption, oil quality and engine emission factors and are calculated in accordance with IMO's guidelines, MEPC.1/Circ. 684. The Greenhouse Gas Protocol (GHGP) is used as the overall Greenhouse Gas accounting system. We have applied the operational control approach as defined in the GHGP, because we seek to create a direct link between our business, our economic bottom-line and our environmental responsibility. The reported emissions are scope 1 emissions and include all operated vessels.



Lauritzen *Kosan*

Lauritzen Kosan specialises in transportation of petrochemical and liquefied petroleum gases - a segment of the shipping industry characterised by complex technical and operational requirements from regulators and clients.

Fleet management

Technical management of our owned fleet is conducted in-house or by associated companies who devote top priority to the health and safety of our seafarers and to protection of the environment and our clients' cargo.

With strong focus on competitive ship management, we work proactively with regulators to ensure that we are always at the forefront of regulatory framework, which is becoming increasingly demanding in terms of cost and complexity.

Health and safety

Health and safety continues to be a top priority for us and our stakeholders, and we always work to strengthen our safety culture in an environment often characterised by demanding circumstances.

We continued to focus on leadership and management training of senior officers as well as increased safety awareness for all crews. While we consider the human element to be key in our safety culture, we also work with IT and business intelligence to help identify trends and patterns to improve our safety performance. With a Lost Time Injury Frequency of 0.6 in 2015, we exceeded our target of maximum 0.9.

During the year, land based and seagoing personnel have contributed to identifying focus areas for the coming years to help improve our safety performance. As a result, the following headlines have been formulated to provide the setting for our future work: Behaviour & attitude; Maturing of competencies;

Learning & sharing; Customer reassurance; Continual improvement; and Management of change.

We will continue to focus on strengthening our culture of embracing safety until we reach our goal of incident-free operations and ultimately operational excellence.

Our seafarers

Our seafarers are amongst our most valuable assets, and skilled seagoing personnel are essential for safe and efficient operations of the highest quality. Therefore, we strive to map the specific competences of our seafarers to support a more strategic approach to competence development and enable best practice sharing.

A fair and reasonable relationship between hours of rest and hours of work on board our vessels is vital for the safety and well-being of our crews. Alternative watch routines were developed in 2014 and further embedded in our daily operations during 2015. This has enabled us to eliminate avoidable rest hour violations, and we managed to reach an all time low.

In 2015, we completed implementation of internet access on board all owned vessels, which has not only increased efficiency in our day-to-day operations, but has also enabled our crews to stay connected to their families when at sea. We believe that initiatives to improve crew welfare are key to attracting and retaining skilled crew. In 2015, our seafarer retention rate was 95.7% for officers and 100% for ratings.

To avoid fatigue and maintain a healthy work-life balance, we have focused on ensuring that contracts are only prolonged under special circumstances. In 2015, less than 5% of contracts were prolonged.

HIGHLIGHTS IN 2015



20% cut in CO₂ emissions since 2012

Frequency of accidents lower than target

LTIF of
0.6

2015

LTIF of
0.9

Target

The seafarer retention rate was **95.7%** for officers and **100%** for ratings



11 transits in high-risk areas with **NO** incidents



Recognition for disaster relief efforts

In 2015, we were nominated by the NGO Nordic Business Council of the Philippines for the Nordic-Philippine CSR Activity of the Year-award. We became runner-up for the disaster relief fund, jointly established in 2014 by Lauritzen Kosan and Lauritzen Fonden to help our seafarers recover from the massive devastation caused by Typhoon Yolanda in late 2013.

Security

A significant part of the liquefied and petrochemical gases carried onboard our vessels is transported through some of the high-risk regions of the world. The risk to our crews and clients' cargo due to piracy or violent crime-related activity in certain parts of the world has our strictest attention.

To mitigate exposure to this type of risk, our anti-piracy counter-measures include close internal dialogue, monitoring risk patterns, using external experts' risk assessments and the employment of professional armed guards when transiting high-risk areas.

In 2015, Lauritzen Kosan had 11 transits in high-risk areas and there were no incidents relating to these transits.

Environment

We continued our commitment to minimise our environmental footprint through further development of our REJUICE programme. Our performance management department continues to refine the monitoring programme and has now included most of our energy-efficiency initiatives in the ship specific Ship Energy Efficiency Management Plan (SEEMP)

Since 2012, we have managed to cut the CO₂ emissions related to our transport work by more than 20% across our operated fleet, and we continue to scrutinise our operations to fur-

ther limit our environmental footprint, cf. Table 2.

In 2015, we focused on improving our operational efficiency through intensified weather routing efforts and increased communication between land and sea to increase crew awareness of energy-efficiency. Both initiatives were implemented via SEEMP and will undergo further implementation and integration in 2016.

Further developments were made to our data platform, increasingly creating a base line for benchmarking. Most of the monitoring is now generated automatically, minimising the risks of human errors when recording, reading, and logging data manually and lessening the work load onboard. In 2016 we will continue these efforts to help us identify opportunities for further improvements.

To further improve energy efficiency, a KPI structure has been implemented to help motivate energy-efficiency efforts of land-based and sea going personnel, also with the aim of improving operational transparency.

During 2015 we carried out pilot projects related to ballast water treatment efforts to help us identify and select the right system for ballast water treatment in order to be ready for the rectification of IMO's Ballast Water Management Convention. The project will continue in 2016 where decisions will be made regarding the further implementation.

Increased focus on biofouling has also been central to our energy efficiency efforts in 2015, and ship specific Biofouling Management Plans have been implemented on board our vessels. This will contribute to further reductions of our fuel consumption and emissions, and will thus have a positive influence on our environmental profile in the coming years.

Table 2: Emissions pr segment g/ton-miles

Segment	Emission	2015	2014	2013
Total fleet				
	CO ₂	92.2	92.5	108.1
	SO _x	1.2	1.4	1.6
	NO _x	2.3	2.4	2.8
Ethylene				
	CO ₂	83.0	77.4	91.3
	SO _x	1.2	1.3	1.5
	NO _x	2.1	2.0	2.3
F/P				
	CO ₂	145.3	150.1	162.2
	SO _x	2.0	2.0	2.2
	NO _x	3.7	3.8	4.1
S/R				
	CO ₂	93.4	104.9	121.7
	SO _x	0.9	1.4	1.7
	NO _x	2.4	2.7	3.1

EMISSIONS NOTE

Emission figures are reported per segment and based on actual consumption, oil quality and engine emission factors and are calculated in accordance with IMO's guidelines, MEPC.1/Circ. 684. The Greenhouse Gas Protocol (GHGP) is used as the overall Greenhouse Gas accounting system. We have applied the operational control approach as defined in the GHGP, because we seek to create a direct link between our business, our economic bottom-line and our environmental responsibility. The reported emissions are scope 1 emissions and include all operated vessels.



FINANCIAL YEAR

1 January - 31 December

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