



# Corporate *Responsibility* 2017

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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

Publication of this Corporate Responsibility (CR) report has happened soon after our recent launch of a new purpose and revised values for J. Lauritzen. Our new values are based on in depth research and discussion with staff and stakeholders. This gave us a solid foundation from which we worked hard to distil who we are, how we work and how we succeed into a short form of words.

Our purpose is a condensed expression of why we exist, and it was developed with clear inspiration from the UN Sustainable Development goals:

“We enable global trade through intelligent seaborne solutions – creating growth for local communities around the world.”

Our values are expressions of our core principles and behaviour encompassing accountability, resoluteness, empathy and adaptability.

In 2017, we revised our overall business strategy toward the goal of becoming the leading small vessel operator within the dry bulk vessel and gas carrier segments. As part of this, we also aim to be a leader in the use and application of analytics in decision-making and thus build and utilise superior data-driven market information.

We remain committed to the United Nations Global Compact as the foundation of our corporate responsibility. J. Lauritzen became a signatory to the Global Compact in 2011 and since then, the ten principles of the Global Compact have guided our corporate responsibility and helped us identify any impact our business creates that we must be aware of.

In early 2018, we became signatory to the Global Compact Network Denmark, which was founded in late 2017.

We believe that responsible business conduct is an essential part of delivering quality maritime transportation services. Accordingly, corporate responsibility is strategically important to us.

Humanitarian issues, corruption and transparency are key challenges facing our industry and they cannot be solved by companies individually. Global initiatives and strong coordination are what is needed to achieve sustainable results.

Even though marine transportation is the most environmentally friendly mode of transportation, the shipping industry has a responsibility to reduce emissions in line with other sectors of the global economy. We continuously strive to reduce emissions, and actively participate in relevant partnerships with different stakeholders to identify the most effective ways of doing so.

Reducing emissions is a complex task, as it can be affected by multiple factors, not only by the technology onboard ships. In 2017, our bulk fleet had a slightly higher ballast/laden ratio, causing the relative emissions per ton mile to increase slightly compared to last year.

For our gas fleet, however, it was a different story, with a slightly lower ballast/laden ratio and a decrease in relative emissions per ton mile. Multiple factors can influence efficiency, such as service speed and weather, which is why year-on-year comparisons can be misleading. We consider ourselves accountable for our performance and believe it is important to be transparent on emissions – as we are also on our efforts to decrease them.

We support global initiatives and are proactive in seeking and joining new partnerships that we believe will make a positive contribution to the impact shipping may have on people or the environment. We joined the Blue INNOship and ECOPRODIGI projects in recent years, with the goal of improving ship efficiency, and so reducing emissions. We firmly believe that sharing challenges, mobilising resources within our industry partnerships can create combined leverage and drive progress.

We apply this philosophy to new and more experimental initiatives, as well as those which are well-established. With this approach, we also participate in industry partnerships such as the Maritime Anti-Corruption Network, Trident Alliance and IMPA Act.

We look forward to continuing our efforts towards more responsible business practices within J. Lauritzen and the shipping industry in general, and we are confident that the ten principles UN Global Compact will continue to guide us in the right direction.

I hope that you find this report interesting.

Mads P. Zacho  
CEO, J. Lauritzen A/S



## Highlights and *Outlook*

Our corporate responsibility efforts are based 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 continuously work for increased integration of our corporate responsibility efforts into our business strategy and day-to-day operations.

### HIGHLIGHTS 2017

In 2017, we continued our efforts in the ongoing implementation of energy-efficiency projects and our anti-corruption compliance programme. We also began work with the UN Sustainable Development Goals (SDG), which became an important source of inspiration in our work to define our overall purpose and values.

### Environmental policy

During 2017, we updated our policy on environmental responsibility. It confirms our commitment to working toward a greener environment whilst at the same time creating value for our owners, clients and other stakeholders.

### Energy efficiency initiatives

JL's involvement in the Blue INNOship project is in its final phase, and the benefits have already been substantial. Several improvements have been implemented to the decision support and processes around efficient ship operation with respect to energy efficiency and environmental performance.

ECOPRODIGI is a new project founded by the Interreg Baltic Sea Region Programme. As part of this, we teamed up with some of the partners from the Blue INNOship project to continue the development of digital solutions which focus on increasing the eco-efficiency of ships.

We have been an active partner in Green Ship of the Future for several years and we continue to support and participate in the promotion of both new and existing energy efficient technologies. Recently, we have been involved in a pilot project investigating the possibilities for the use of 3D printers onboard our vessels.

### Sulphur cap

As founding member of the Trident Alliance, we continued the efforts for the robust enforcement of sulphur regulations in view of the upcoming global 0.5 sulphur cap scheduled to come into force in 1 January 2020.

### Responsible ship recycling

Our policy on responsible ship recycling (approved in 2016) acknowledges the severe environmental and human impact of some recycling practices. The policy commits J. Lauritzen to ensure recycling of owned vessels in compliance with the requirements of the 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships and in respect for human rights.

Recognising a responsibility that often goes beyond owned vessels, the policy further commits us to take action to prevent and mitigate severe impacts when we sell vessels for further trade.

In early 2017, a 1992-built gas carrier was recycled in compliance with our policy on responsible recycling.

### Security policy

Due to the instability in many countries and regions and the risk of piracy-related activities against ships, our security policy for owned and operated vessels in high-risk areas was updated.

### Global Compact Network Denmark

In early 2018, we became signatory to the Global Compact Network Denmark, which was founded in late 2017.

### OUTLOOK 2018

In 2018, we will continue our corporate responsibility efforts and commitments. Our focus will always be on the integration of our CR with our business strategy and thus our overall value creation.



## J. Lauritzen Overview



J. Lauritzen office location

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

Today, J. Lauritzen is a global provider of the 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, primarily in the handysize segment of dry bulk shipping.

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

We are headquartered in Hellerup, north of Copenhagen, Denmark, and we have overseas offices in Singapore, the Philippines and the United States.

## J. LAURITZEN FACTS 2017

Owned by the Lauritzen Foundation

100%

165 employees ashore  
year-end



522 seafarers onboard owned vessels  
year-end



Average controlled fleet of 118 vessels

Invested capital  
year-end

USD 396m

Revenue

USD 555m



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

### Managing human rights risks

We perform due diligence on human rights in alignment with the UN Guiding Principles to help us identify how our business may impact people's enjoyment of their human rights and how any potential or actual impact could pose a risk to our business.

In addition to due diligence on human rights 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

We have conducted human rights assessments in order to understand our potential risk and impact both at our offices in Copenhagen and Singapore. This work included assessments of our corporate policies and procedures.

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, were assessed to decide which ones are salient to our company given our geographical and business context.

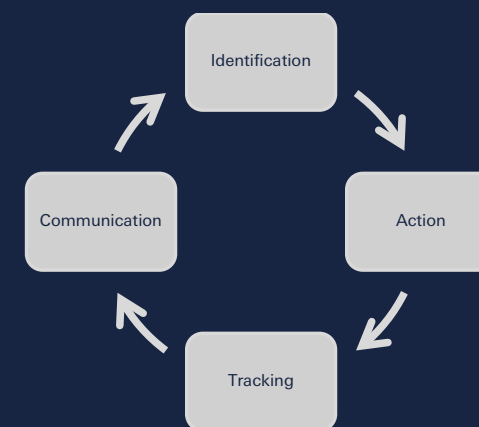
Our due diligence on human rights has been quality assured by relevant external experts.

### 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 impact on board our vessels.

## Human Rights *Due diligence*

Our human rights due diligence is an ongoing process designed to help us address actual and potential adverse human rights risks and impact 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 impact, **actions** to prevent and mitigate identified impact 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 impact to relevant stakeholders.



## Environment and *Climate*

We acknowledge the environmental impact of our operations and the related risks to the environment, which mainly relate to emissions to air and spill to sea. We take responsibility for minimising our environmental footprint and are always working toward this.

We are committed to reducing emissions both through our operational procedures and the development and use of new technologies both onboard and ashore. Part of this commitment is our ongoing reporting on the environmental performance of our ships.

From early 2017, a joint performance management department was established within J. Lauritzen, combining the two performance departments from Lauritzen Bulkera and Lauritzen Kosan into one.

The purpose of the joint performance management department is to streamline the processes and data flow around performance management across J. Lauritzen. It will increase opportunities for knowledge sharing with the aim of identifying more opportunities for improving our fleet's energy efficiency and reducing our environmental impact.

We updated our environmental policy in 2017 to confirm our commitment to reducing emissions and protecting our seas, whilst at the same time creating value for our owners, clients and other stakeholders.

### **Focus on reducing emissions**

During the year, we continued our energy efficiency efforts to reduce fuel consumption and emissions through technical and operational initiatives.

In terms of environmental performance, we actively promote a performance-oriented culture both at sea and ashore.

Due to the nature of our business, many of the environmental challenges we meet are industry-related. We prioritise building partnerships with relevant stakeholders to identify the most effective solutions for environmental issues.

J. Lauritzen is part of the Blue INNOship project, which focuses on creating growth and employment in Denmark through development of green and energy-efficient solutions. We are now in the final phase of the three-year project, and the benefits have already been substantial. Several improvements have been implemented for more efficient ship operation with respect to energy efficiency and environmental performance. This benefits our own vessels and those we have on time-charter.

ECOPRODIGI is a new project founded by the Interreg Baltic Sea Region Programme with a duration of three years. In line with this, we have teamed up with some of the partners from the Blue INNOship project to continue the work on optimising and improving the daily work on operating our fleet with respect to eco-efficiency. We particularly expect our participation in ECOPRODIGI to improve our utilisation of available data even further and for greater benefit.

We have been an active partner in Green Ship of the Future for several years. Our owner, Lauritzen Fonden, has granted donations to the project and we have participated actively in the work on exploring the use of new energy efficiency technologies and promoting the use of those already in existence. Currently, we are involved in a pilot project investigating and testing the possibilities for use of 3D printing onboard our fleet.

We expect that the project will enable us to benefit from the digitalisation of our industry.

As a founding member of the Trident Alliance, we continued the efforts for robust enforcement of sulphur regulations in view of the upcoming global 0.5 sulphur cap scheduled to come into force on 1 January 2020.

You can read more about our environmental efforts and results in the environmental statements of Lauritzen Bulkera and Lauritzen Kosan respectively. See p. 8-9 and 10-11, in which emission figures are also disclosed.

### **Ballast water**

Although the implementation of the International Maritime Organisation (IMO) ballast water management convention has been postponed until September 2019, we installed our first ballast water treatment system on one of our gas carriers in late 2017. The next installation is scheduled to be completed in early 2018.

Operational and project experience, alongside continuous monitoring of technological development, will secure fleet compliance with the IMO convention and national regulation.



## Anti-Corruption

Corrupt practices, especially in the form of demands for facilitation payments, continue to pose a serious risk to the shipping industry and to the economic and social development in several countries.

We work against corruption in all its forms, and our Anti-Corruption Policy provides guidance for our shore-based as well as sea-going personnel. The policy is in line with the principles of the United Nation's Convention against Corruption along with national law. The policy is anchored in our compliance programme, which is rooted with our Board of Directors and Executive Management.

Since 2014, internal and external stakeholders have been able to anonymously report concerns of compliance violations through our whistleblower portal. However, no reports have been made to date despite efforts to increase awareness of the whistle-blower portal.

### Training and awareness

As part of our compliance programme, we provide continuous training for both shore-based and sea-going personnel. This involves face-to-face seminars focusing on compliance and anti-corruption.

During 2017, both officers and shore-based employees received training on fraud prevention, anti-trust, rules for gifts and hospitality and other related compliance topics. We have therefore completed training of all relevant employees both on shore and at sea. Follow-up training for new employees will be conducted in 2018 and onwards.

We are working on the implementation of an online training programme to ensure that employees can keep their training up to date on our anti-corruption policy and practices and on mitigating risk. In 2018, we aim to embed the training tool within our existing HR software to increase efficiency.

Working proactively to eliminate facilitation payments is still a core element of our anti-corruption policy and our compliance training. We strongly encourage our crews to report any demands for facilitation payments. Despite increased efforts to improve communication between vessel and operations, the amount of demands for facilitation payments being reported remains scarce. We will continue to work actively to encourage crews to report demands for facilitation payments as it is the only way to gain insight into whether we are successful in reducing them.

### Partnering on industry challenges

In 2017, we continued our active participation in the Maritime Anti-Corruption Network (MACN), a global business network working towards a maritime industry free of corruption and to enable 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 2017, we also took part in a MACN working group that focuses on challenges in the dry cargo sector, such as clearance of dry cargo holds by port officials.

## Continued focus on *trade sanctions in 2017*

Operating in an international business environment, we are subject to increasingly complex and changeable sanctions regulation.

Compliance with applicable trade sanctions is essential to responsible business conduct. We have intensified our efforts to increase trade sanction transparency and ensure continuous compliance with the various sanctions.

Our efforts include face-to-face training on sanctions compliance, procedures for vetting of counterparties and online country and cargo compliance checks.





## Value Chain Responsibility

As part of our commitment to the UN Global Compact, we recognise our role in the long and sometimes complex value chains that we are part of. We strive to live by the principles of the Global Compact to avoid having any negative impact on human rights, including labour rights and the environment anywhere within our influence in the value chains. Furthermore, we apply anti-corruption measures to minimise risk, cf. page 8.

### Updated Corporate Responsibility Policy

We amended our Corporate Responsibility Policy in late 2016 to state that we will always strive to include a standard corporate responsibility clause when negotiating contracts and agreements on behalf of J. Lauritzen or one of our business units.

The scope of our standard corporate responsibility clause reflects our commitment to the UN Global Compact. We use it to communicate our ethical and corporate responsibility standards to our business partners and to encourage them to follow internationally recognised standards for responsible business conduct.

### Ship recycling

Our policy on responsible ship recycling, approved in 2016, acknowledges the severe impact of some recycling practices. Our policy commits J. Lauritzen to recycling its owned vessels in compliance with the requirements of the 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships and with respect for human rights.

Recognising a responsibility that often goes beyond owned vessels, the policy further commits us to take action to prevent and mitigate impact when we sell vessels for further trade.

In early 2017, a 1992-built gas carrier was recycled in compliance with our policy on responsible recycling.

### Responsible procurement

Responsible procurement is still a core element of the Group's corporate responsibility efforts. We focus on cooperating and engaging in dialogue with suppliers to ensure decent social and environmental conditions in our supply chain.

As a founding member, we continue to support the IMPA ACT programme, which seeks to improve the economic, social and environmental compliance of its purchaser and supplier members. When working with suppliers we aim to contribute to uniformity in the industry to avoid suppliers having to comply with different expectations from different owners.

We keep close dialogue with selected suppliers to align expectations on human and labour rights, environmental performance and anti-corruption.

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

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

We have in recent years prioritised dialogue with some of our largest suppliers based on spend, dependency and frequency. In 2018, we expect to further widen our dialogue to more of our suppliers.



## Lauritzen *Bulkers*

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

### Fleet management

Technical management, including crewing for our owned fleet, is performed by New Century Overseas Management Inc., Manila and Synergy Maritime Pte., Chennai 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.

### Health and safety

Operational transparency is essential to the safety of our people, our vessels and our clients' cargoes. Building and maintaining open and strong relations with our external managers and crews alongside continuous development and training are the essential elements in our health and safety strategy.

We measure our safety performance through various parameters including the Lost Time Injury Frequency (LTIF) rate, which for the owned fleet amounted to zero in 2017.

In 2017, an average of 1.0 deficiencies were reported during Port State Controls. This is a decrease of 23% compared to 2016. At the same time, we had zero detentions in 2017.

During the year, we carried out 11 routine inspections of our own fleet and attended dry dockings.

The average RightShip rating for our own fleet was 3.8 star on the RightShip five-star scale.

### Security

When entering high-risk areas, we follow the BMP4 guidelines for protection against piracy as well as our internal security guidelines. The guidelines state that before scheduling a voyage into a high-risk area, a risk assessment must be conducted, and necessary precautions must be taken.

During 2017, we updated and amended our security policy.

In 2017, Lauritzen Bulkers' owned fleet had nine transits in high-risk areas compared to 11 in 2016. No incidents were reported related to the high-risk area transits.

### Our seafarers

Within Lauritzen Bulkers, considerable efforts are put into strengthening communication between our office staff, sea-going personnel and technical managers to ensure crew development and satisfaction and so continue a high retention rate amongst our seafarers.

In 2017, these efforts again included our annual officer seminar attended by 73 officers as well as bimonthly newsletters distributed to both our owned and time-chartered fleet, through which topics related to health & safety, energy efficiency and the day-to-day work with technical and operational challenges were discussed.

In 2017, VSAT (Very Small Aperture Terminal) satellite communication systems were installed on four vessels, providing internet access for seafarers. Installation of VSAT on the remaining owned vessels is scheduled to be completed before Q2 2018.

## HIGHLIGHTS IN 2017

### Average age of vessels



Operated fleet

**4.1** years



Industry average

**9.0** years

On average **230**  
seafarers onboard  
our owned fleet



**22%** cut in CO<sub>2</sub>  
emissions since 2012

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



We also consider Lauritzen Bulkers' Major Disaster Assistance Fund important to our seafarers' job satisfaction and commitment to J. Lauritzen. The fund was set up in the wake of Typhoon Yolanda which hit the Philippines in 2013. The fund provides Filipino seafarers with financial assistance to recover any property damage caused by natural disasters.

During 2017, an average of 230 seafarers were working onboard our owned fleet, and again this year, our technical managers upheld a high retention rate of 97% and 98% respectively for officers and ratings.

Additionally, we see that the average officer sails with Lauritzen Bulkers for approximately 2.4 years, which indicates success in our efforts to ensure crew satisfaction and build a solid and loyal workforce at sea.

### Environment

At year-end 2017, our core fleet consisted of 39 owned and long-term time charters with an average age of 4.1 years, which is considerably below the global industry average.

We work intensively with day-to-day performance analysis of both our technical and operational activities with the objective of reducing emissions. We continuously seek to strengthen our performance culture and increase awareness of energy efficiency onboard our vessels and amongst our staff ashore.

During 2017, efforts have been focused on data - and its level of quality - as a means to identify and address lower performing and less energy efficient vessels in our core fleet. These efforts have included a more structured approach to collecting and monitoring data from vessels, as well as increased collaboration with the owners of chartered vessels.

Although our efforts to make technical improvements can only be applied to our owned vessels, we also strive to optimise the operational performance of our total operated fleet of bulk carriers to improve energy efficiency. Optimisation is achieved through continued focus on voyage optimisation, day-to-day operations and weather routing.

An ongoing focus on fuel-savings and energy efficiency has enabled reductions of the total environmental footprint of our dry cargo operations over the years, and compared to 2012, we have managed to cut the relative CO<sub>2</sub> emissions related to our transport work by 22% across our operated fleet. Regrettably, due to changed employment pattern of the fleet, 2017 saw a 3% increase in CO<sub>2</sub> emissions from 2016, as shown in table 1.

**Table 1: Emissions pr segment g/ton-miles**

Segment	Emission	2017	2016	2015
<b>Handysize</b>				
	CO <sub>2</sub>	11.1	11.0	11.6
	No <sub>x</sub>	0.3	0.3	0.3
	So <sub>x</sub>	0.2	0.2	0.2
<b>Supramax</b>				
	CO <sub>2</sub>	8.3	7.3	8.3
	No <sub>x</sub>	0.2	0.2	0.2
	So <sub>x</sub>	0.1	0.1	0.1
<b>Total fleet</b>				
	CO <sub>2</sub>	10.0	9.7	10.8
	NO <sub>x</sub>	0.3	0.3	0.3
	So <sub>x</sub>	0.2	0.2	0.2

### 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 primarily conducted in-house, and our top priority is still on the health and safety of our seafarers, protection of the environment, our assets and our clients' cargoes. We have continued to work strategically on our value proposition "Chasing Operational Excellence" amongst shore and sea personnel to ensure alignment throughout the organisation. We work proactively with regulators and representatives from the tanker industry to ensure that we are always at the forefront of the regulatory framework, which is increasingly demanding in terms of safety, complexity and cost.

### Health and safety

Health and safety is a top priority for us and our stakeholders, and we always work to strengthen our safety culture in an environment that often present demanding circumstances.

As part of our ambition to always provide safe and reliable operations, we launched several campaigns during 2017 to increase safety awareness of different risk areas. This included a Port State Control campaign to improve the overall standard of our fleet and to train seafarers to look for potential dangers that could lead to hazard situations onboard.

During 2017, we further developed our focus towards the "Partners in Safety Programme", which is propelled by SHELL. We carried out quarterly Learning Engagement Training (LET) on selected safety topics, e.g. "Falling into the water", "Per-

sonal Injury", "Lifeboat Operation" and "Slips and Falls", which require active participation from staff onboard our vessels.

Additionally, we have further developed our resilience programme with exercises both onboard our vessels and during our Crewing Seminars. We believe that helping our seafarers to develop their resilience – during and after challenging situations - will make a difference towards safety onboard. We aim to help our seafarers focus on the real hazards and to provide support after any difficult experiences.

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

Regrettably, the Lost Time Injury Frequency (LTIF) came to 1.5 in 2017 versus 0.3 in 2016. The LTI's in 2017 were all related to hand injuries. During the second half of 2017, we consequently launched a hand injury campaign, which will be running into 2018. We will of course not be satisfied before we reach 0.0 LTIF.

### 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 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 and the use of external expert risk assessments.

## HIGHLIGHTS IN 2017



**7%** cut in CO<sub>2</sub> emissions since 2012

### Lost Time Injury Frequency (LTIF)

LTIF of  
**1.5**

2017

LTIF of  
**0.3**

2016

The seafarer retention rate was **98%** for officers and **96%** for ratings



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



During 2017, we updated and amended our security policy.

In 2017, Lauritzen Kosan had 60 transits in high-risk areas compared to 63 in 2016. No related incidents were reported.

### Our seafarers

Our seafarers are our most valuable assets at sea, and without skilled seagoing personnel we would not be able to deliver a safe and efficient service of the highest quality.

We recognise the challenges of working at sea over longer periods of time, and so have a strong focus on continuously improving welfare on board. We undertake various initiatives to ensure well-being both on and off the job.

During 2017, we implemented a revised crewing strategy for our gas carrier fleet to ensure the most up-to-date, professionalised crew management to meet ever-growing regulatory and customer demands. As part of this process, OSM Maritime Group was appointed as our new crew manager.

Internet control systems were installed in 2017 on all vessels to block access to websites with malicious files, virus and illegal software downloads. New and strict password policies for all vessels were implemented and we focused on cyber security training to increase awareness among crew members.

### Environment

Our commitment to minimise our environmental footprint through our performance programmes remains strong. During 2017, our performance management department made improvements to the decision support and processes around efficient ship operation with respect to energy efficiency and environmental performance. This was based on the outcome from our participation in the Blue INNOship project.

We monitor our emissions closely, and strive to keep them at a minimum, with respect for both energy used for propulsion and cargo conditioning, for example by optimising the speed of each voyage. In 2017, our fleet's relative emissions decreased by 1% compared to 2016. This brings the total decrease in emissions to 7% since 2012, as shown in table 2.

To keep motivation for energy efficiency efforts among land-based and sea going personnel high and to improve operational transparency, we work with an elaborate KPI structure that clearly outlines decision support and progress. These initiatives are also based on the work in the Blue INNOship project.

The IMO Ship Energy Efficiency Management Plan continues to be an important tool for implementing the various energy-efficiency initiatives among our onboard personnel. Among the latest initiatives is a procedure for our seafarers to capture underwater photos for monitoring hull and propeller conditions to detect fouling at an early stage.

Our data platform is under continuous development and utilises as many automated sources as possible, e.g. satellite-based positions and weather. Also, we strive to limit the work load on our seafarers by sharing data reported from the vessel with relevant stakeholders, e.g. operations, weather routing service and agents.

During 2017, we installed our first ballast water treatment system on one of our gas carriers. The next installation is scheduled to be completed in early 2018.

**Table 2: Emissions pr segment g/ton-miles**

Segment	Emission	2017	2016	2015
<b>Ethylene</b>				
	CO <sub>2</sub>	94.6	87.5	77.9
	Nox	2.4	2.2	2.0
	Sox	1.4	1.3	1.1
<b>F/P</b>				
	CO <sub>2</sub>	159.1	164.1	134.7
	NOx	4.1	4.2	3.4
	Sox	2.1	2.1	1.8
<b>S/R</b>				
	CO <sub>2</sub>	95.7	109.0	94.7
	NOx	2.4	2.8	2.4
	Sox	1.0	1.2	1.0
<b>Total Fleet</b>				
	CO <sub>2</sub>	97.5	98.1	88.3
	Nox	2.5	2.5	2.2
	Sox	1.3	1.3	1.1

### 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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