



# CSR HIGHLIGHTS 2018



# CSR AT A GLANCE

*“We are pleased to reaffirm our commitment to the United Nations Sustainable Development Goals by focusing our efforts on Quality Education and Climate Action. As a responsible shipping company, it is important for us to take an active role in combating the global challenges our world faces.”*

Jacob Meldgaard,  
Executive Director



## SUSTAINABLE DEVELOPMENT GOALS



**51** SCHOLARS SUPPORTED  
BY THE TORM PHILIPPINES EDUCATION FOUNDATION

**0.47**

LOST TIME ACCIDENT FREQUENCY IN 2018

## FUEL EFFICIENCY IMPROVEMENT



RESULT

**6.9%\***

\*compared to 2015 baseline



TARGET

**1%**

additional savings



# TORM'S FOCUSED COMMITMENT TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

TORM regards responsible behavior as a central part of the Company, how we do business and of the mindset of our people. TORM is committed to the UN Global Compact and Sustainable Development Goals, which are linked to our current CSR activities and company values.

In addition, as preparation for the IMO 2020 Sulfur Directive, TORM has joined the Clean Shipping Alliance 2020.

While reviewing how our company's business is interlinked with the different elements of the 17 Sustainable Development Goals,

we see TORM can make a focused and concentrated impact to Quality Education and Climate Action.

We believe TORM can provide concentrated support to these two SDGs and how they are rooted in our CSR activities and are material to the Company and its stakeholders. As such, TORM sees its commitment to and reporting on the SDGs as a natural progression of its commitment to the UN Global Compact.



Jacob Meldgaard, Executive Director

## SUSTAINABLE DEVELOPMENT GOALS





# ENVIRONMENT

Within the shipping industry, marine pollution constitutes the largest environmental risk. Thus, it is a key priority for TORM to avoid pollution of the seas, the marine environment and the atmosphere.

TORM supports SDG no. 13 Climate Action, as marine pollution constitutes the largest environmental risk within the shipping industry. It is therefore a key priority for TORM to avoid pollution of the seas and the atmosphere.

## INSPECTIONS AND AUDITS

In order to maintain Company standards and exceed the targets set by its customers, TORM has increased the number of internal audits on its vessels carried out by Safety Quality and Environment (SQE) officers. On average, each vessel is subject to ten inspections per year. Inspections are carried out by customers, terminals, internal auditors, ports and classification societies. TORM is committed to meeting the ever-increasing standards set both internally and by its customers. In 2018, TORM increased its focus on on-board training conducted by the SQE officers.

## FUEL CONSUMPTION AND ENERGY EFFICIENCY

Throughout 2018, TORM continued to have a strong and dedicated focus on reducing fuel consumption. The efforts made within this area generated a positive result.

In 2018, TORM joined the Clean Shipping Alliance 2020 (CSA 2020) as one of its founding members along with other industry leaders to support the scheduled implementation and enforcement of the IMO requirement for a 0.5% global sulfur limit in fuel oil as of 1 January 2020. The purpose of this alliance is to support information and knowledge sharing about exhaust gas cleaning systems.

CSA 2020 members believe that exhaust gas cleaning systems will make a substantial difference to the ports and ocean environments in which they operate. This will also promote global environmental progress, especially the goal of reducing the health impact of

airborne sources, which is at the heart of the IMO 2020 sulfur regulation.

In 2018, TORM continued and further expanded an initiative introduced in 2017 to engage the vessels on a daily basis to encourage best practice behavior with regard to power and fuel consumption. The efforts in this area ensure that corrective actions can be taken swiftly, when needed.

TORM also implemented a new system used for generating emission data from vessels taking carried cargo into account. This is part of the Company's continued efforts to improve data quality and transparency in order to minimize CO<sub>2</sub> emissions. The new reporting scheme is in line with regulatory requirements for EU Monitoring, Reporting, Verification (MRV) reporting and for IMO Data Collection System (DCS).

In addition to the tasks initially in scope, fuel consumption for cargo operations has become a focus area that will be further developed during 2019.





In 2019, TORM will put additional focus on energy-efficient voyage execution by including weather conditions and timing of arrival in a more holistic evaluation.

Investing in and implementing well-proven technologies will allow TORM to concentrate its efforts on achieving the potential that lies outside the boundaries of behavioral activities, such as frequency-controlled cooling water pumps and automating energy-heavy equipment.

TORM continues to focus on continuously improving the hull condition of its vessels. During 2018, seven vessels were taken out of service between scheduled dry-dockings for short four-to-six-day dockings. During these dockings, the hull coatings were renewed, resulting in significant fuel consumption reductions.

TORM maintains a constant focus on fuel efficiency across the fleet. This serves the dual purpose of minimizing environmental impact and making good business sense. By maintaining the strong focus on fuel consumption reductions in 2018, TORM achieved fuel efficiency improvements of 6.9% compared to the 2015 baseline. The target for 2019 is to improve fuel efficiency by another 1.0%.

Efforts to reduce the Company's carbon footprint also cover emissions from air travel by the shore organization. TORM strives to minimize this by using available technologies such as video conferencing to the extent possible, e.g. in connection with meetings across the Company's eight offices.

#### BALLAST WATER

Ballast Water is taken on by the vessel to stabilize trim and optimizing operational efficiency. The discharge of ballast water may introduce non-native species into the recipient marine ecosystem, whereby disturbing the local maritime ecosystem and endangering indigenous species.

To alleviate this threat and preventing the invasion of non-indigenous species in alien waters, TORM complies with the stipulations of the IMO Ballast Water Management Convention.





# GREEN HOUSE GAS EMISSION DATA

## GREEN HOUSE GAS EMISSIONS DATA

	2018	2017	2016
<b>VESSEL EMISSIONS AND INDICATORS*</b>			
Number of vessels in operation at the end of the year (in technical management)	76	74	76
Number of vessel months (one vessel one year equals 12 vessel months)	931	914	910
Usage of oil and the generated CO <sub>2</sub> emissions			
Used heavy fuel oil (ton)	359,357	236,505	308,467
Used low-sulfur heavy fuel oil (ton)	152	0	0
Used marine gas oil (ton)	58,453	45,470	56,549
Generated CO <sub>2</sub> emissions from vessels (ton)	1,306,909	882,253	1,141,862
NO <sub>x</sub> (ton)	31,091	20,800	26,992
SO <sub>x</sub> (ton)	17,799	11,728	15,289
Distance sailed (nautical miles)	4,101,929	3,207,147	3,279,977
Average cargo on board (ton)	36,613	34,721	37,433
Cargo transport work (ton-km)	204,801,864,788	207,597,070,516	251,946,149,526
CO <sub>2</sub> emissions in grams per ton-km (one ton of cargo transported one km)	6.4 g/ton-km	4.3 g/ton-km	4.5 g/ton-km
<b>OFFICE EMISSIONS AND INDICATORS (ELECTRICITY AND HEATING)</b>			
Electricity used in office locations (kWh)	823,844	849,644	924,951
District heating (Gj)	1,326	1,293	1,619
Generated CO <sub>2</sub> emissions from office locations (ton)	525	524	562
Number of office employees at the end of the year	309	296	277
CO <sub>2</sub> emissions per employee (ton)	1.7	1.8	2.0
<b>FLIGHT EMISSIONS AND INDICATORS</b>			
Air mileage (km)	80,192,490	76,832,985	77,284,100
Number of travels	13,401	12,354	13,056
CO <sub>2</sub> emissions (ton)	6,486	6,650	6,750

\* Vessel emissions data for 2018 reflect that TORM has changed its data collection system to be in line with EU MRV and IMO DCS specifications.



# ENVIRONMENT – REPORTING SCOPE

## REPORTING SCOPE

Environmental data is based on all vessels under TORM's technical management (vessels for which TORM holds the Document of Compliance). Having the technical management of a vessel among other things implies having control over the vessel in terms of environmental performance and crew. As of 1 January 2019, TORM had 76 vessels under technical management compared to 74 vessels as of 1 January 2018.

Office emissions are included from TORM's offices in Copenhagen, Mumbai, New Delhi, Singapore, Manila, Cebu and Houston. Emissions from TORM's office in London are not included as data is currently unavailable. Emissions from air travel are included for all office staff and crew. Data from vessels is collected according to a specific reporting routine, mainly on a monthly basis but for certain data with less frequency. Other environmental data is collected on an annual basis. Safety data is based on reporting made to TORM's Safety, Quality and Environmental Department whenever an incident occurs.

## REPORTING GUIDELINES

The 2018 greenhouse gas emissions (GHG) reporting covers scope 1 (direct emissions from own production), scope 2 (emissions from own production but others' emissions) of the Greenhouse Gas Protocol except for the activities listed below and selected aspects of scope 3 (others' production and emissions services) activities.

- Scope 1  
Consumption of bunker oil has been calculated to CO<sub>2</sub> emissions using IMO's factors for heavy fuel oil and marine gas oil. SO<sub>x</sub> and NO<sub>x</sub> emissions are calculated using the third IMO GHG Study from 2014. Emissions are calculated for each single vessel and then consolidated. Numbers under the 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  
Emissions from heating (district heating) in the Copenhagen and US offices are calculated using Danish and World Resources Institute emission factors.
- Scope 3  
Emissions from air travel are provided by TORM's travel agent.

## OTHER PRINCIPLES

2018 greenhouse gas emissions are calculated for vessels in technical management in TORM, amounting to a total of 931 vessel months of operation.

Cargo transport work (ton-km) is calculated using the actual cargo multiplied by the distance with actual cargo; thus, a ballast voyage will give 0 (zero) in ton-km. CO<sub>2</sub> emission per ton-km is the full CO<sub>2</sub> emissions on board all vessels divided by the ton-km for all voyages; thus, it includes emissions from ballast voyages, electricity production, inerting, cargo operations, etc.





# SAFETY

Approximately 90% of TORM's personnel works at sea, and providing healthy, safe and secure working conditions for them, is an essential part of the business.

The Company's safety policy is rooted in the rules and regulations issued by the Danish Maritime Occupational Health Service.

## LOST TIME ACCIDENT FREQUENCY (LTAF) AND NEAR-MISS

Lost Time Accident Frequency (LTAF) is an indicator of serious work-related personal injuries that result in more than one day off work per million hours of work. The definition of LTAF follows standard practice among shipping companies. During 2018, TORM had an improvement LTAF of 0.47 (2017: 0.67), which is a decrease compared to 2017.

Each injury has been investigated and corrective measures have been taken as required.

Near-miss reports provide TORM with an opportunity to analyze conditions that might lead to accidents and ultimately prevent potential future accidents. A high number of near-miss reports indicate that the organization is proactively monitoring and responding to risks. Learnings from Near-miss reports are circulated to the fleet for knowledge sharing. In 2018, TORM exceeded the target of 6.0 near-miss reports per month per vessel on average by reaching 7.1 (2017: 6.7) due to continued focus on this area. TORM is participating in the HILO project, where predictive modelling is used to analyze risks and improve safety across the industry. TORM was one of the founding members to HILO when it was initiated.

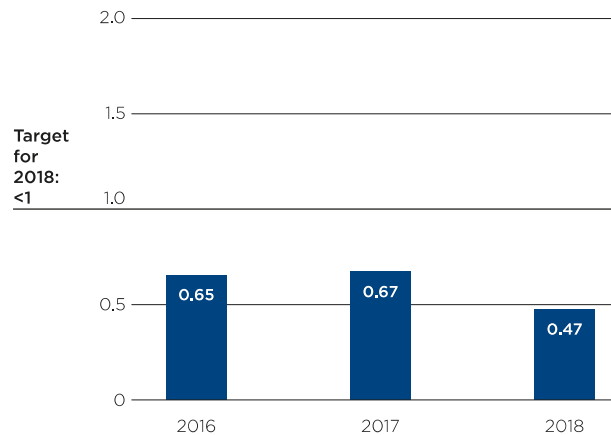
## SECURITY

TORM's response to piracy is founded on the Best Management Practice, which is the industry guideline for companies and vessels sailing in areas with increased risk. In 2018, TORM experienced four situations where thieves came on board and two cases of stowaways found on board the Company's vessels.

Throughout the year, the security situation and developments in the various risk areas have been monitored closely, and actions have been taken to safeguard TORM's seafarers and vessels. The Company will continue to monitor the risk situation and pre-empt hijacking and robbery attempts by following security procedures and industry guidelines.

## LOST TIME ACCIDENT FREQUENCY (LTAF)

Source: TORM







### ONE TORM SAFETY CULTURE

In line with the Company's strategic focus on safety performance, TORM continued the safety culture program *One TORM Safety Culture – driving resilience* in 2018. The purpose of the program is to continuously strengthen TORM's safety culture beyond compliance.

In 2018, TORM continued conducting *Safety Leadership* courses for Senior Officers on board the Company's vessels. A total of 14 courses were conducted, including five in India, five in the Philippines, two in Denmark and two in Croatia with a total of 274 officers attending in 2018. In total, 464 officers have completed the course since it was introduced in 2017. *Safety Leadership* courses are mandatory, two-and-a-half-day workshops for all Senior Officers and key marine shore staff. The focus of these courses is on how to be a good leader when it comes to safety and how to positively influence and support colleagues on TORM's journey to be the Reference Company in the product tanker market.

### SAFETY DELTA

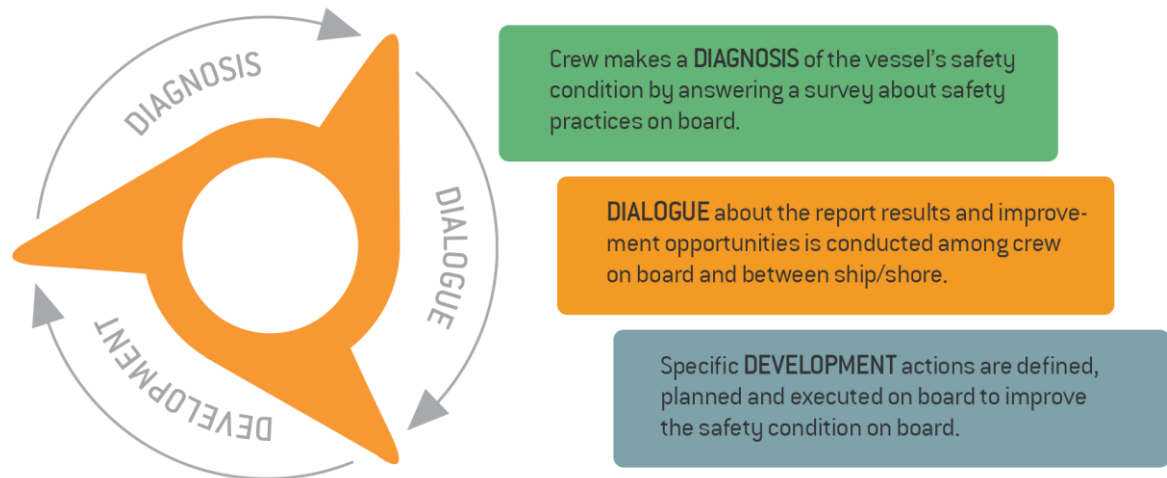
In June 2018, TORM launched the *Safety Delta*, which is a tool used across the fleet to track and monitor the safety culture on board the individual vessels. The Safety Delta concept supports processes and activities and helps to build and maintain a proactive safety culture based on continuous crew evaluation, dialogue, reflection and development.

### PERFORMANCE EVALUATION

In 2018, TORM launched a revised performance development concept for its seafarers. The new concept is TORM's way of systematically enhancing work behavior and leadership to ensure excellent performance. Through the *One TORM Safety Culture – driving resilience* program, TORM has defined standards and expectations for excellent performance. A key element in leadership is to evaluate employees' performance with a view to manage development and motivate employees to develop. TORM believes this will facilitate the best possible means for developing performance as an individual and as a company.

TORM will continue promoting the *One TORM Safety Culture – driving resilience* program in 2019. Focus will be on supporting and ensuring that TORM's safety culture is anchored and kept alive across the organization, ashore as well as on board the vessels.

In 2019, TORM will introduce a new induction framework for its seafarers. The purpose is to ensure that new employees at sea are introduced to the safety culture in TORM as soon as possible when joining the Company.





# LABOR

Labor conditions are particularly important for our seafarers because the vessel serves both as their workplace and their home.

The employees constitute the true quality of TORM and are the Company's most valuable assets. TORM continues to grow and thrive due to the efforts and dedication of its staff both at sea and ashore.

TORM respects employees' right to associate freely, to join – or not join – unions and to bargain collectively. TORM offers equal opportunities for our employees as stated in TORM's Business Principles. TORM has an obligation to its customers, shareholders, employees and other stakeholders to develop the Company's talent pool irrespective of attributes such as gender, religion, sexuality, nationality, ethnicity or disabilities. As stated in TORM's Business Principles under 'Respecting People', the Company does not accept any kind of discrimination. TORM works towards a diverse workplace, in which everyone is included and respected, and in which well-being at work is regarded as a shared responsibility. For more information on TORM's Business Principles, please visit <http://csr.torm.com/torm-s-way-of-doing-business>.

## EMPLOYEES AT SEA

In 2018, TORM continued its strategy to employ seafarers with different nationalities, as the Company believes that diversity on board is an important foundation for cooperation, high performance and a safe working environment.

Throughout the year, TORM continued its efforts to relieve seafarers on time and to build strong teams that rotate back to the same vessels whenever possible. This will reinforce vessel-specific knowledge and the foundation for a safe working environment.

TORM also continued its efforts to strengthen the relations between seafarers and the shore-based organization. This included seminars and other opportunities where colleagues can share best practices regarding the operation of TORM's vessels.

As part of TORM's continued focus on the promotion process for its employees, seafarers completed the so-called 'promotion assessment training' prior to being promoted to the highest ranks on board the Company's vessels in 2018. As part of this training, officers visit one of TORM's offices for an introduction and training with key stakeholders.

TORM maintains an ongoing focus on seafarer commitment and engagement. At year-end 2018, the retention rate for Senior Officers was above 90%, and TORM demonstrated 100% compliance with customer requirements when it comes to ensuring the right level of experience among Senior Officers per vessel across the fleet (the so-called officer matrix compliance).

In 2019, TORM will continue its focus on a safe working environment for its seagoing employees. In recognition that life at sea can be challenging, TORM has introduced a support line available for seafarers and their relatives ashore 24 hours a day/365 days a year.

At the end of 2018, TORM employed a total of 3,118 seafarers of which 138 were permanently employed, with the remaining seafarers on time-bound contracts.

## EMPLOYEES ASHORE

The TORM employee motivation and satisfaction survey is conducted after the third quarter every year and is important to

the Company. In 2018, 93% of all shore-based employees responded to the annual survey.

During 2018, an additional short employee engagement survey was launched following each of the first and second quarters with a view to identify focus areas on a more frequent basis.

The outcome of all 2018 surveys repeated the high-level result of the 2017 engagement survey with regard to all measured categories, ranging from employee motivation and loyalty to satisfaction with immediate superior, welfare, safety and work environment. The continued high scores were evenly spread across countries and divisions, which is a testament to the strength of the unified One TORM approach. By the end of 2018, the retention rate for shore-based employees was above 90%.

TORM aims to attract and retain the best employees by exemplifying the four values in the TORM Leadership Philosophy and by ensuring that the Company's leaders motivate their employees. Through the One TORM platform, the Company strives to continuously develop the employees' abilities to do what they do best. For our seafarers we have launched the

At the end of 2018, the shore-based organization had 309 employees: 129 in Hellerup, 116 in Mumbai, 3 in New Delhi, 37 in Manila, 2 in Cebu, 14 in Singapore, 7 in Houston and 1 at the Company's office in London.

## GENDER DIVERSITY

TORM has an obligation to its customers, shareholders, employees and other stakeholders to develop the Company's talent pool irrespective of attributes such as gender, religion, sexuality,



nationality, ethnicity or disabilities. As stated in TORM's Business Principles under "Respecting People", the Company does not accept discrimination with respect to any of the above. TORM works towards a diverse workplace, in which everyone is included and respected, and in which well-being at work is regarded as a shared responsibility.

For further information on TORM's Business Principles, please visit: [http://www.torm.com/uploads/media\\_items/torm-business-principles.original.pdf](http://www.torm.com/uploads/media_items/torm-business-principles.original.pdf).

TORM aims at a gender diverse workforce and an inclusive environment that respects and supports all of our people and helps improve our business performance.

TORM's gender diversity approach focuses on talent attraction, promotion and retention. The Company's leaders aim at assuming accountability for continuous progress. TORM believes that gender diverse teams, led by gender diverse leaders, deliver better business performance. The Company provides equal opportunity in recruitment, career development, promotion, training and rewards for all employees.

TORM actively monitors the representation of women in the workforce and in leadership positions. At the end of 2018, the proportion of women in the shore-based workforce was 32%, while females in leadership positions, defined as having one or more direct reports, constituted 19%.

By 2020, the Company aims at having 35% women in the shore-based workforce in line with industry average, and with 25% women in leadership positions.

At the end of 2018, the Board of Directors consisted of five male members elected at the Annual General Meeting.

In 2020, the Board of Directors has set a target of 20% female board members elected at the Annual General Meeting (1 out of 5) or 17% provided that the Board of Directors is extended with one additional member (1 out of 6).





# ANTI-CORRUPTION AND ANTI-BRIBERY

TORM does not accept corrupt business practices. The Company has co-founded the Maritime Anti-Corruption Network (MACN) to take a joint stand in the industry towards the request for facilitation payments, which exist in many parts of the world.

Corruption and bribery impede global trade and can restrict non-corrupt companies' access to international markets. In this way, corruption and bribery have a negative impact on economic and social development. For TORM, the risk of corruption does not mean increased costs alone. Corruption also exposes TORM's seafarers to safety and security risks and poses a potential risk to the Company's legal standing and reputation.

TORM does not accept corrupt business practices and as part of its compliance program, TORM has a policy on anti-bribery and anti-corruption, which supports the Company's Business Principles.

It is TORM's policy to conduct all business in an honest and ethical manner. TORM has a "zero tolerance" approach to bribery and corruption, and the Company is committed to acting professionally, fairly and with integrity in all business dealings and relationships, wherever the Company operates. TORM will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which the Company operates.

To continue a high level of transparency and accountability, due diligence, monitoring and control as well as training of TORM's staff are central parts of implementing the anti-corruption and anti-bribery policy.

In 2011, TORM co-founded the Maritime Anti-Corruption Network (MACN) to take a joint stand within the industry towards the request for facilitation payments that exists in many parts of the world where TORM conducts business. Best practices are shared between members of the network, and members align their approach to minimizing facilitation payments.

The MACN seeks support from government bodies and international organizations to eliminate the root causes of corruption. TORM is committed to addressing corrupt business practices among stakeholders by supporting this cross-sector approach.

In addition to its efforts within MACN, TORM continued to strengthen its companywide anti-corruption policies in 2018 to mitigate the risk of bribery and corruption. TORM has continued its anti-corruption training program, which includes mandatory anti-corruption courses for all shore-based staff and all officers on board TORM's vessels. The training targets new hires as well as existing employees and must be repeated annually. TORM will continue these efforts in 2019.

Since 2006, TORM's Board of Directors has provided a whistleblower facility with an independent lawyer as part of the internal control system. In 2018, the whistleblower facility received three notifications, which were investigated and closed without any critique or requirements for new measures.



**MACN**  
Maritime Anti-Corruption Network



# HUMAN RIGHTS

TORM revised our Business Principles to better reflect TORM's Leadership Philosophy and our commitment to the UN Global Compact, particularly regarding human rights.

## HUMAN RIGHTS

With the TORM Leadership Philosophy, TORM's Business Principles and commitment to the UN Global Compact, TORM is committed to respecting internationally recognized human rights as outlined in the United Nations Guiding Principles on Business and Human Rights.

TORM recognizes that implementing the necessary policies and respective processes to be in line with the requirements of the UN Global Principles is part of an ongoing effort. Going forward, TORM will continue to promote its human rights-related policies and processes.

TORM complies with the International Labor Organization's Maritime Labor Convention, an international set of standards on labor conditions at sea, which was ratified by 30 countries in 2012. All vessels under TORM's technical management were audited and certified as required under the Maritime Labor Convention of 2006 when it took effect in August 2013.

No claims or offenses have been reported regarding human rights in 2018.

This section constitutes TORM's CSR reporting according to the requirements of UK law. Read more about TORM and the CSR efforts at <http://www.torm.com/csr-at-torm>.

As part of the Company's commitment to the UN Global Compact, TORM submits its communication on progress every year. Please visit [www.unglobalcompact.org](http://www.unglobalcompact.org) to see the reports.





# SUPPORTING QUALITY EDUCATION

TORM is a long-standing supporter of education in India and the Philippines.

TORM is dedicated to supporting SDG no. 4 Quality Education and cooperates with several educational institutions and universities internationally. Efforts include offering trainee positions and internships in TORM's offices to students from e.g. Copenhagen Business School, the Copenhagen School of Marine Engineering & Technology Management, the Nanyang Technological University Singapore and the University of Petroleum and Energy Studies, India.

As such, TORM is a long-standing supporter of education. This commitment reflects the Company's ties to local communities and has a positive effect on the needs of the societies in which TORM operates. In addition, TORM believes that supporting education has positive effects on its core business in terms of



developing the pipeline of competences in the industry and in terms of higher employee retention and a positive brand recognition.

The majority of TORM's seafaring staff are of Indian or Filipino nationality, and the Company's activities in this area are thus supporting potential future TORM employees and strengthening the overall competence level among seafarers in these regions.

In 2018, 21 students supported by the TORM Philippines Education Foundation graduated. For the school year 2018/2019, the Foundation supports 51 scholars across the Philippines. Apart from maritime and general education, the program includes training courses for teachers and a four-year training program for scholars. In addition, the program encompasses the distribution of IT equipment and school kits for students in rural schools. TORM has supported the building of the ZP Prathmik School in Zadgewadi near Kurkumbh, Pune, in India. The school was constructed, and the facilities furnished with donations from the Company. In 2018, TORM continued its support for the school and is currently sponsoring 36 students attending the school.

In 2018, TORM joined hands with the 'Akshaya Shakti Welfare Association', a non-governmental organization, working to promote education across 350 schools in the Wada district in India. As part of TORM's support to the Wada district, the Company funded the construction of an additional toilet and bathing block for the female students of 'Swami Vivekananda School Girls' hostel'.

The school has a total of about 1,200 students and only one toilet block. The addition of eight extra toilets will greatly improve the

infrastructure and encourage more girls to attend school. In addition, TORM supported the 'V Promote Education' project with the distribution of 100,000 notebooks to nearly 350 schools in 2018.





# MANAGEMENT SIGNATORIES

TORM's management is committed to responsible behavior and continues its support of the principles of the UNGC. Our CSR performance is important to our stakeholders and our company. We confirm the performance illustrated by the above-stated material key performance indicators.

Jacob Meldgaard    Jesper S. Jensen  
Executive Director    Head of Technical Division