



# Corporate *Responsibility* 2019

[www.j-lauritzen.com](http://www.j-lauritzen.com)





## Table of *contents*

CEO statement	3
Highlights 2019	4
J. Lauritzen overview	5
Our business	6
Human and labour rights	7
Environment and climate	8
Social and employee relations	9
Anti-corruption	10
Value chain responsibility	11
Lauritzen Bulkers	12
Lauritzen Kosan	13

### *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** and supporting broader UN goals.

We welcome feedback on its contents.



## CEO *statement*

This corporate responsibility (CR) report covers social, ethical and environmental topics related to our business for the financial year ending 31 December 2019. It provides our stakeholders with an overview of our performance and our initiatives in these areas, complementing the review of our financial performance included in our Annual Report 2019.

This report also serves as our annual communication on progress in relation to the UN Global Compact.

Shipping markets were in general challenged by declining seaborne trade growth in 2019 due to the weakening of the world economy, ongoing global trade policy disputes and geopolitical tensions.

Our CR commitment remains unchanged, and we continue to be committed to the United Nations Global Compact as the foundation for our corporate responsibility endeavours. We became a signatory to the Global Compact in 2011, and since then, the ten principles of the Global Compact have guided our corporate responsibility efforts and helped us identify any impact our business creates that we must be aware of.

During the past couple of years, we have also increasingly been guided by the UN Sustainable Development Goals (SDGs).

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

We support relevant 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 apply this philosophy to new and more experimental initiatives, as well as those that are well established. With this approach, we also participate in industry partnerships such as the Maritime Anti-Corruption Network, the Trident Alliance and IMPA ACT as well as initiatives under Danish Shipping, the trade and employers' organisation for Danish shipping and offshore companies.

In November 2019, the Danish government presented its ambitions to drastically reduce greenhouse gas emissions across sectors and industries. The Danish Shipping Climate Change Advisory Board was accordingly set up to advise and inform the Danish government on climate-change-related matters associated with international shipping. We are honoured to have a seat on this advisory board and to therefore be part of fulfilling Denmark's ambitions to drastically reduce emissions that are harmful to the environment.

Reducing emissions in the maritime transport industry is a multifaceted task, as it can be affected not only by the technology onboard our ships, but also by changing trade

patterns, speed requirements and cargo cooling requirements in the spot and COA markets in which we operate. This can make year-to-year comparisons of our emissions difficult.

We consider ourselves accountable for our performance and believe it is important to be transparent on emissions – and we are also making efforts to decrease them.

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

I hope that you find this report interesting.

**Mads P. Zachø**

CEO, J. Lauritzen A/S



# Highlights 2019

Our corporate responsibility efforts build on our core values. They are aligned with our commitment to the ten principles of the UN Global Compact, the UN Sustainable Development Goals (SDGs) and the UN Guiding Principles on Business and Human Rights.

We work continuously to increase the integration of our corporate responsibility efforts into our business strategy and day-to-day business operations.

## Highlights 2019

In 2019, we continued our efforts to improve energy efficiency and to eliminate corrupt practices as a founding member of the Maritime Anti-Corruption Network (MACN). We also continued our work in shipping industry partnerships and initiatives supporting the sustainability agenda.

## Environmental policy

During 2019, we reviewed our environment and climate policy, confirming our commitment and responsibility towards a greener environment. We constantly seek to minimise the environmental and climatic impact of our operations.

## Energy-efficiency initiatives

In 2019 J. Lauritzen joined the Getting to Zero Coalition – the industry-led platform with a goal to make zero-emission vessels (ZEVs) commercially viable from 2030. This is in line with the IMO's goal to reduce emissions from shipping by 50% by 2050. The Coalition is organised in partnership with the Global Maritime Forum, the World Economic Forum and Friends of Ocean Action. The organisation brings together leading stakeholders from the maritime, energy, infrastructure and financial sectors and is supported by key governments and intergovernmental organisations. The Coalition's work is aligned with the goals set out in the IMO's Initial GHG Strategy.

In early 2020, we took a seat at the Danish Shipping Climate Change Advisory Board, which is tasked to advise the Board of Directors of Danish Shipping on climate-change-related matters associated with international shipping. This is part of the Danish government's ambitions to drastically reduce greenhouse gas emissions.

The ECOPRODIGI project, founded by the Interreg Baltic Sea Region Programme, continued in 2019. Its tools and methodologies were further improved, and new technologies are being adapted to automate and optimise the daily work of operating our fleet to improve eco-efficiency. A general focus point of the ECOPRODIGI project is digitalisation and we work with our partners to gain further benefits from AIS (automatic identification system) and autologous data from our fleet.

## Sulphur cap

As a founding member of the Trident Alliance, we worked towards the robust enforcement of the sulphur regulations – specifically the global 0.5% sulphur cap – that came into force on 1 January 2020.

## Responsible ship recycling

Our policy on responsible ship recycling was last reviewed by the Board of Directors in December 2019 and acknowledges the severe impact of some recycling practices. The policy commits J. Lauritzen to ensuring the recycling of our owned vessels is in compliance with the requirements of both the 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships and the EU regulation on ship recycling – as well as being carried out 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 severe impacts when selling vessels for further trade.

We did not recycle any ships in 2019.

## Security policy

Instability and the risk of piracy-related activities against ships remains in many countries and regions. Our security policy for owned and operated vessels in high-risk areas therefore remains paramount. The policy was reviewed and amended in 2019.

## Anti-corruption

In 2019, we continued our active participation in the Maritime Anti-Corruption Network (MACN), the global business network working to free the maritime industry of corruption and to enable fair trade to the benefit of society at large. Through the MACN, we discuss and share best practice with other representatives from the industry.

In 2019, we took a seat on the MACN's Steering Committee. That way, we will contribute to setting the way forward for the network and for the maritime industry as a whole.

## Outlook 2020

In 2020, we will continue our corporate responsibility efforts and commitments with a constant focus on integration with our business strategy and thus our overall value creation.

## Additional information

This report serves as our Communication on Progress to the UN Global Compact.



## J. Lauritzen *overview*



**J. Lauritzen office location worldwide**  
Headquarters in Copenhagen, Denmark. Overseas offices in Singapore, The Philippines, The United States and Dubai.

J. Lauritzen has served the maritime trade worldwide for more than 135 years, with involvement in a wide range of shipping industry segments. Today, we provide the marine transportation of dry bulk cargoes as well as petrochemical and liquefied petroleum gases on a global scale.

Lauritzen Bulkera is an owner and operator of bulk carriers engaged in the marine transportation of dry bulk cargoes worldwide. Our main presence is in the handysize segment, where we maintain a leading position.

Lauritzen Kosan is a global provider of safe and reliable ocean transport solutions for liquefied gases comprising petrochemical and energy gases. Our main presence is in the 3-12,000 cbm gas carrier segment.

J. Lauritzen's purpose is to enable global trade through intelligent seaborne solutions – creating growth for local communities around the world. We are committed to our clients and live by our four J. Lauritzen values: resoluteness, accountability, empathy and adaptability.

Together, we use our in-depth experience with the latest technology to provide efficient, reliable and safe seaborne transport solutions.

J. Lauritzen is wholly owned by Lauritzen Fonden (The Lauritzen Foundation).

## J. LAURITZEN FACTS 2019

Owned by  
Lauritzen Fonden **100%**

**168**  
employees  
ashore  
Year-end



**21** nationalities

**333** seafarers onboard  
owned vessels  
Year-end



Average controlled  
fleet of **104** vessels  
in 2019

Invested capital

USD **423 m**  
Year-end 2019

Revenue

USD **502 m**  
in 2019



## Our *business*

J. Lauritzen operates in excess of 100 bulk and gas carriers, which undertake worldwide ocean transportation of dry bulk cargoes and liquefied gases.

Our purpose is to enable global trade through intelligent seaborne solutions – creating growth for local communities around the world. We are committed to our clients in solving their maritime transportation needs and we live by our four J. Lauritzen values: resoluteness, accountability, empathy and adaptability.

### Business model – bulk carriers

The core element of our bulk carrier strategy is a strong presence in the handysize bulk carrier segment with the objective of delivering competitive and reliable transportation services to our clients.

The dry bulk market is generally characterised by solid demand growth, fragmentation among carriers and strong price competition. This allows ample possibilities to provide dry bulk shipping services by means of a large homogeneous fleet, consisting of a core of owned as well as long-, medium- and short-term time-chartered vessels.

Our strategy to become an asset-light handysize operator was largely completed in 2019, and we are pleased to see the robust results generated from trading activities.

### Business model – gas carriers

Lauritzen Kosan specialises in the safe and efficient carriage of liquefied gases, comprising petrochemical and energy gases, on a global basis.

The strategy is based on our brand and rooted in years of solid operational performance. We strive to remain a

leading, reliable, high-quality provider of safe and flexible transportation to our clients and to generate value for our owner.

We control and operate smaller semi-refrigerated ethylene and fully pressurised gas carriers in the 3-12,000 cbm size segment, serving petrochemical companies, oil majors and traders.

The underlying long-term drivers of demand for smaller gas carriers are the global consumption of plastics and liquefied petroleum gases (for fuel and heating purposes as well as petrochemical feedstock).

In the shorter term, the demand for transportation is fluctuating with production cycles in the refinery and petrochemical industry.

### Managing business risks

Our operations are exposed to a wide range of risk factors, including commercial risk, strategic risk, financial risk, bunker risk, operational risk (safety at sea), risk related to corporate governance and corporate responsibility, insurance and IT. For a detailed review of the different risk factors, please see our Annual Report 2019, pages 15-16.

### Our business and corporate responsibility

As a signatory to the UN Global Compact since 2011, we have been guided by the framework and core principles addressing human and labour rights, the environment and anti-corruption, as you will see in the following pages.

During the past couple of years, we have also increasingly been guided by the UN Sustainable Development Goals (SDGs).

## SUSTAINABLE DEVELOPMENT GOALS

UN SDG GOALS	OUR ACTIONS	
3 GOOD HEALTH AND WELL-BEING	Mitigating risk of accidents	Enforcement of environmental regulation
8 DECENT WORK AND ECONOMIC GROWTH	Commitment to personal safety Security policy onboard ship	Responsible ship recycling Enabling global trade Respect for human rights
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		Enabling global trade
12 RESPONSIBLE CONSUMPTION AND PRODUCTION		Founding member of the IMPA ACT
13 CLIMATE ACTION		Member of the Getting to Zero Coalition
14 LIFE BELOW WATER		Ballast water treatment
16 PEACE, JUSTICE AND STRONG INSTITUTIONS		Fight against corruption
17 PARTNERSHIPS FOR THE GOALS	Enforcement of environmental regulation Member of the Maritime Anti-Corruption Network	Ballast water treatment Founding member of the Trident Alliance



## Human *and* labour rights

We consider respect for human and labour rights as a part of our heritage and our commitment to the UN Global Compact. Our respect for human rights closely correlates with our core values of accountability and empathy and our purpose to “enable global trade through intelligent seaborne solutions – creating growth for local communities around the world”.

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

### Managing human rights risks

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

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. These are 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 risks and impacts 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 Organization’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.

### Human rights at sea

At sea, our human rights efforts are closely linked to our health, safety and security policies and procedures. These 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 onboard our vessels.

### Initiatives in 2019

Towards the end of the year, a Human Rights Policy Statement was approved by the Board of Directors. The policy confirms that we are committed to upholding human rights across our operations and value chain. We are also committed to creating and protecting a work environment in which all individuals are treated with respect and dignity and which prohibits any kind of discrimination and harassment.

During 2019, we actively participated in a working group on human rights under Danish Shipping, which is the trade and employers’ organisation for Danish shipping and offshore companies. Towards the end of 2019, this led to the release of the report “Navigating Human Rights: A Guide to Human Rights Due Diligence and Salient Human Rights Issues in Shipping”.

The report is available at <https://www.danishshipping.dk/en/policy/csr/human-rights/>.

We continued our efforts in the IMPA ACT partnership on responsible procurement in the shipping industry, where one of the core elements is the protection of human rights; see page 10.

## 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 impacts with relevant stakeholders.



## Environment *and climate*

We acknowledge the environmental impact of our operations and the related risks to the climate. These mainly relate to emissions to air and spill to sea. We take responsibility for minimising our environmental and climatic footprint and are always working towards this.

### Managing environmental and climate risks

We constantly seek to minimise the environmental and climatic impact of our operations. We do this through our policies and procedures as well as day-to-day collection, analysis and monitoring of relevant data.

Our environmental and climate policy is annually reviewed by the Board of Directors, most recently in November 2019. It is updated when required to confirm our commitment to reducing emissions and protecting the seas, while 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 addition, we ensured the collection of all relevant data to fulfil the requirement of the EU-MRV (Monitoring, Reporting and Verification) scheme, as well as the IMO-DCS (Data Collection System).

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 face are industry-related. We build partnerships with innovative and relevant stakeholders who can help us to identify the most effective solutions for environmental issues.

In 2019, J. Lauritzen joined the Getting to Zero Coalition – the industry-led platform with a goal to make zero-emission vessels (ZEVs) commercially viable from 2030. This is in line with the IMO's goal to reduce emissions from shipping by 50% by 2050. The coalition is organised in partnership with the Global Maritime Forum, the World Economic Forum and Friends of Ocean Action. It brings together leading stakeholders from the maritime, energy, infrastructure and financial sectors and is supported by key governments and intergovernmental organisations. The coalition's work is aligned with the goals set out in the IMO's Initial GHG Strategy.

In early 2020, we took a seat at the Danish Shipping Climate Change Advisory Board. The board is tasked to advise the Board of Directors of Danish Shipping on climate-change-related matters associated with international shipping. This is part of the Danish government's strategy to drastically reduce greenhouse gas emissions.

The ECOPRODIGI project, founded by the Interreg Baltic Sea Region Programme, continued in 2019. The tools and methodologies were further improved, and new technologies are being adapted to automate and optimise the daily work of operating our fleet with respect to eco-efficiency. A general focus point of the ECOPRODIGI project is digitalisation and we work with our partners to gain further benefits from AIS (automatic identification system) and autologous data from our fleet.

As part of the ShippingLab initiative started in 2019, we are participating in two projects on Vessel Operation and Engine and Equipment Performance Analytics. Both projects focus on the improved usage of available data to enhance digital twinning of the vessels with a goal of improved energy

efficiency, and together with the other ShippingLab projects to pursue the long-term common goal of the initiative to create "Denmark's first autonomous, environmentally friendly ship".

We have been an active partner in the 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.

As a founding member of the [Trident Alliance](#), we continued the efforts for the robust enforcement of sulphur regulations – specifically the global 0.5% sulphur cap – that came 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 pages 11–13 in this report, in which emissions figures are also disclosed.

### Ballast water

Regarding the IMO ballast water management convention, we have started the BWTS (Ballast Water Treatment Systems) installation onboard our gas carrier fleet. The full installation of BWTS is scheduled to be completed in 2024. On our bulk carriers, installation of treatment systems will commence in 2020 with scheduled completion in 2023.

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





## Social *and employee relations*

Our ongoing engagement survey gave significant feedback on the core drivers that make J. Lauritzen an attractive and rewarding place to work in the eyes of our staff.

We are proud that our employees yet again in 2019 ranked us well above our benchmark. They rated highly their perception of peer relationships at J. Lauritzen and our friendly, collaborative atmosphere.

The continuing dialogue with staff on identifying areas for improvement and creating a feedback loop was maintained in 2019 and will be continued in 2020.

### **Managing social and employee relations risks**

The risk of violation of our non-discrimination and anti-harassment policy is mitigated by our whistle-blower portal, which enables both internal and external stakeholders to anonymously report non-compliance.

### **Diversity**

Our diversity policy, previously updated by the Board of Directors in 2018, was again reviewed in 2019. The policy states that we consider diversity to be an important and natural prerequisite for innovation and for the development of the company.

We want to remain an attractive workplace that can attract, recruit and retain the best-qualified employees and continuously develop them in order to realise their potential in an optimal way.

We aim to create a culture in which all employees consistently experience diversity at all levels, including managerial positions, and in which all employees have equal opportunities to build a career, be it as a manager or a specialist.

At year-end 2019, the number of nationalities working for us in our land-based organisation reached 21, a slight decline from 24 nationalities in 2018. However, we expect international diversity to increase again in the coming years to the benefit of our clients, innovation and our overall profile as an attractive company to work for.

We are also committed to working towards a balanced gender composition at all management levels. Our target is that the overall gender distribution of our shore-based workforce should be matched at management levels.

At year-end 2019, the gender distribution of the shore-based organisation was 31% female and 69% male, regrettably down from 34% female and 66% male at year-end 2018.

The distribution of females and males in managerial positions in our shore-based organisation was 12% and 88% (15% and 85% respectively in 2018), which was below our goal of 25% and 75%.

In early 2020, we joined an initiative for more women in shipping at sea as well as ashore led by Danish Shipping, the trade and employers' organisation for Danish shipping companies and offshore companies. By signing the charter of the initiative, we commit ourselves to develop a strategy for increasing the number of women in our company and to launch plans supporting the overall aim of the initiative.

### **Non-discrimination**

Our non-discrimination and anti-harassment policy, reviewed by the Board of Directors in 2019, states that we are committed to creating a work environment in which all individuals are treated with respect and dignity.

Everyone has the right to work without bias, prejudice or harassment in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discrimination.

The policy ensures equal employment opportunity without discrimination or harassment based on, for example, race, colour, religion, gender, sexual orientation, age or origin.

The non-discrimination and anti-harassment policy was created to ensure that all employees can work in an environment free from unlawful harassment, discrimination and retaliation.

We will make every reasonable effort to ensure that all employees are familiar with this policy and know that any reports of policy violations will be investigated and resolved appropriately.

In 2018, we joined the UN Free and Equal initiative, which aims to tackle discrimination against lesbian, gay, bi, trans and intersex people and hereby we signal our commitment to diversity.



## 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 economic and social development in several countries.

### Managing anti-corruption risks

We work against corruption in all its forms, and our [Anti-Corruption Policy](#), which was reviewed by the Board in 2019, provides guidance for our shore-based as well as our seagoing personnel.

The policy is in line with the principles of the United Nation's Convention against Corruption along with applicable national law. The policy is anchored in our compliance programme, the responsibility for which is held by 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 [whistle-blower portal](#). However, no reports have been made to date despite efforts to increase awareness of the portal.

### Training and awareness

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

In 2020, we will conduct new compliance seminars and/or training sessions for the organisation. This is to ensure that everyone is aware and updated on rules, policies and practices related to anti-corruption, gifts, hospitality and related topics.

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 and share such reports with vessel owners, operators, agents and other participants in the [Maritime Anti-Corruption Network \(MACN\)](#) via the network's anonymous reporting database.

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 2019, we continued our active participation in the MACN, the global business network working to free the maritime industry of corruption and to enable fair trade to the benefit of society at large. Through the MACN, we discuss and share best practice with other representatives from the industry.

In 2019, we took a seat on the MACN's Steering Committee and will thereby contribute to setting the way forward for the network and for the maritime industry as a whole.

## Continued focus on *trade sanctions in 2019*

Operating in a highly international business environment, we are subject to increasingly complex and changeable sanctions regulations.

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 we are part of. We strive to live by the principles of the Global Compact to avoid having any negative impact anywhere within our influence in the value chains, on human rights and labour rights, the environment or anti-corruption measures.

### Managing value chain risks

We recognise that our responsibility may go beyond our own operations and extends into the greater value chain. It is therefore part of our commitment to strive to influence our business partners to comply with internationally recognised minimum standards for responsible business conduct. According to our corporate responsibility policy, which was reviewed by the Board of Directors in 2019, we 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 the corporate responsibility clause that we use reflects our commitment to the UN Global Compact and the UN Sustainable Development Goals (SDGs). We use it to clarify 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, which was reviewed by the Board of Directors in November 2019, acknowledges the severe impact of some recycling practices. This policy commits J. Lauritzen to ensuring that the recycling of our owned vessels is in compliance with the requirements of both

the 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships and the EU regulation on ship recycling as well as being carried out with respect for human rights.

In accordance with the Hong Kong Convention and EU ship recycling regulations, we have initiated a process of having our vessels' Inventory of Hazardous Materials (IHM) certified and taking actions for rectification, if needed.

Recognising a responsibility that often goes beyond owned vessels, our ship recycling policy further commits us to take action to prevent and mitigate severe impacts when selling vessels for further trade.

We did not recycle any ships in 2019.

### Responsible procurement

Responsible procurement is a core element of our corporate responsibility efforts. We cooperate and engage 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 responsible supply chain management programme developed by the International Marine Purchasing Association (IMPA). The IMPA ACT 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 maintain close dialogues 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. This code outlines our minimum expectations of 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 prioritise dialogue with some of our largest suppliers based on spend, dependency and frequency.

As a member of the advisory committee for IMPA ACT, we continue working on solutions to engage more IMPA members to join the programme and encourage them to have their sub-suppliers join the initiative.

During 2019, we worked with suppliers already engaged in IMPA ACT and we acted as sparring partner for the IMPA organisation on further development of the IMPA ACT programme. Further, we assisted IMPA in the development of a pocket guide for easier understanding of the programme. We also had a seat at a panel discussion at the IMPA London 2019 conference. For additional information on the IMPA ACT programme, please visit <https://www.impa-act.org/>.

The enrolment of suppliers to the programme, whether existing or new ones, is ongoing, and we will, together with other members, continue promoting this agenda in 2020.



# Lauritzen *Bulkers*

Lauritzen Bulkers serves clients worldwide. Our key market is the handysize segment, where we maintain a leading position. At year-end 2019, the main part of our fleet consisted of time-chartered tonnage together with two owned handysize bulk carriers. During the year, seven bulk carriers were sold as part of our strategy to become more asset-light.

## Fleet management

Technical management, including crewing for our owned fleet, was in 2019 performed by New Century Overseas Management Pte., Manila and Synergy Maritime Pte., Chennai, who provided 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 in terms of 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. Thus, building and maintaining open and strong relations with our external managers is vital for 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 0.7 in 2019 compared to 0.6 in 2018.

An average of 5.1 deficiencies was reported during Port State Controls in 2019, compared to 2.6 on average in 2018. In 2019, we had zero detentions (two in 2018).

In 2019, we conducted 9 routine inspections of our own fleet and the average RightShip rating for our own fleet was 4.0 stars on the five-star scale, up from 3.8 in 2018.

## Security

When entering high-risk areas, we follow the shipping industry's Best Management Practices (BMP) 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 the necessary precautions must be taken. Our security policy was reviewed in November 2019.

Lauritzen Bulkers' owned fleet had zero transits in high-risk areas in 2019, compared to three in 2018.

## Environment

At year-end 2019, our core fleet consisted of 35 owned, medium- and long-term time-chartered vessels with an average age of 4.6 years, which is considerably below the global industry average.

We work intensively with our day-to-day performance analysis, of both our technical and our 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 among our staff ashore. Improvements are achieved through continued focus on voyage optimisation, day-to-day operations and weather routing.

In 2019, relative CO<sub>2</sub> emissions related to our transport work by our handysize fleet were unchanged compared to 2018.

Since 2012, we have cut CO<sub>2</sub> emissions by 17% across our operated fleet of bulk carriers.

## Emissions pr segment g/ton-miles

Segment	Emission	2019	2018	2017
<b>Handysize</b>				
	CO <sub>2</sub>	10.9	10.9	11.5
	So <sub>x</sub>	0.2	0.2	0.2
<b>Supramax</b>				
	CO <sub>2</sub>	7.8	7.6	9.0
	So <sub>x</sub>	0.1	0.1	0.1
<b>Total Fleet</b>				
	CO <sub>2</sub>	10.7	10.2	10.6
	So <sub>x</sub>	0.2	0.2	0.2

## EMISSIONS NOTE

Emissions figures are reported per segment based on actual consumption, and they 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 the transportation of liquefied petroleum gases, comprising petrochemical and energy gases with gas carriers in the 3–12,000 cbm size segment. This is a specialised segment of the shipping industry characterised by complex operational demands.

Based on a fleet of primarily owned but also commercially managed and chartered tonnage, we have earned an enduring and solid brand position and enjoy high customer retention rates.

### Fleet management

Technical management of our owned fleet is primarily conducted in-house. The health and safety of our seafarers, as well as protection of the environment, our assets and our clients' cargoes, is essential for us. In 2019, we continued to work strategically on our value proposition "Chasing Operational Excellence" among 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. We always work to strengthen our safety culture in an environment that often presents demanding conditions.

As part of our ambition to always provide safe and reliable operations, we launched several campaigns during 2019 to increase safety awareness of different risk areas. We also continued our 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 unsafe situations onboard.

During 2019, we continued our focus on the "Partners in Safety" programme, which is propelled by Shell. As part of the

programme, we carried out monthly Learning Engagement Training (LET) and Reflective Learning or Resilience training.

In parallel to the above, we sharpened the content of our crew seminars in 2019 by increasing focus on leadership and safety ownership – and in general by conducting workshops where we find common ground for improving safety and commercial performance.

In 2019, we also launched our "Weak Signals" campaign – as the next step towards further development of our safety mindset to detect an incident or accident before it happens.

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, because we care for our people and we believe that safe business is good business.

Lost Time Injury Frequency (LTIF) came down to 0.6 in 2019 versus 0.9 in 2018. The LTIs in 2019 were fortunately all minor, with no permanent effects for individuals.

We will of course not be satisfied until we reach 0.0 LTIF.

### Security

A significant proportion of the liquefied and petrochemical gases carried onboard our vessels are 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 countermeasures include close internal dialogue, monitoring of risk patterns and the use of external experts' risk assessments.

Our security policy was reviewed in November 2019 and updated from 2018.

## HIGHLIGHTS 2019



**15%** cut in CO<sub>2</sub> emissions since 2012

### Lost Time Injury Frequency (LTIF)

LTIF  
**0.6**  
2019

LTIF of  
**0.9**  
2018

Retention rate  
**93%** for officers and  
**96%** for ratings



Security: **27** transits; **NO** incidents



Lauritzen Kosan had 27 transits in high-risk areas in 2019, compared to 42 in 2018. No incidents were reported in relation to the high-risk-area transits.

### 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 have a strong focus on continuously improving welfare onboard. We undertake various initiatives to ensure well-being both on and off the job.

As mental health is important to be able to perform safely, this has been high on the agenda during 2019: onboard via guided team and/or individual tasks and via a more formalised awareness through the “Partners in Safety” initiative. The awareness will continue in 2020 and it will also be a theme during our crewing seminars.

During 2019, an average of 333 seafarers were working onboard our owned and bareboat chartered vessels with a retention rate of 93% and 96%, respectively, for officers and ratings.

### Environment

The commitment to minimise our environmental footprint through our performance programmes remains strong. During 2019, our performance management department continued to work on projects to improve the decision support and processes around efficient ship operation with special focus on energy efficiency and environmental performance.

We monitor our emissions closely and strive to keep them to a minimum in relation to the energy used for both propulsion and

cargo conditioning, for example by optimising routing and the speed of each voyage as well as the associated resistance implications on the hull.

The IMO Ship Energy Efficiency Management Plan (SEEMP) continues to be an important tool for implementing the various energy-efficiency initiatives among our onboard personnel. The SEEMP is regularly reviewed and updated to ensure compliance with MARPOL Annex VI regulation 22.2 regarding the IMO DCS (Data Collection System).

Our data platform is under continuous development and utilises as many automated sources as possible, such as satellite-based positions and weather and data from the onboard alarm systems. In addition, we strive to limit our seafarers’ workload by sharing data reported from the vessel with relevant stakeholders, e.g. operations, weather routing services and agents.

No additional Ballast Water Treatment Systems (BWTS) were installed during 2019, but three systems are scheduled to be installed in 2020. Finalisation of the installation of BWTS on our entire gas carrier fleet is scheduled to be completed in 2024.

In 2019 as well as in 2018, all our fully pressurised vessels were time-chartered out; therefore, they were not within the operational control of Lauritzen Kosan and were reported with an emission rate of zero. Our semi-refrigerated fleet executed less transport work in terms of ton-miles, which is why the emission rate deteriorated compared to the previous years. However, the ballast/laden ratio for our ethylene carriers improved, resulting in an improved emission rate despite transporting products that required intense cooling, e.g. ethylene.

In 2019, we managed to cut the relative CO<sub>2</sub> emissions related to our transport work by 7.5% compared to 2018.

Since 2012, we have cut CO<sub>2</sub> emissions by 15% across our operated fleet of gas carriers.

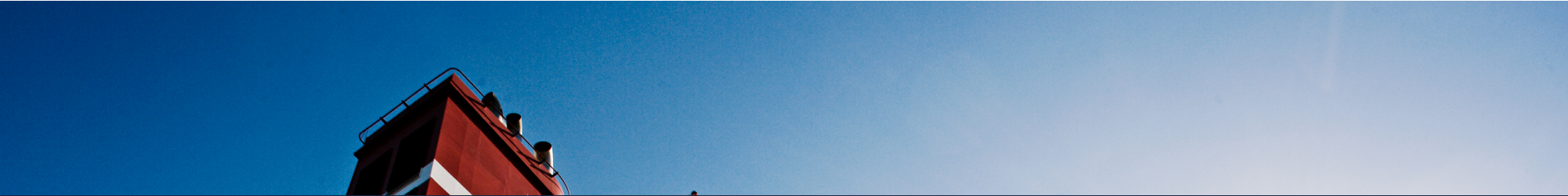
To keep motivation for energy-efficiency efforts among land-based and seagoing personnel high and to improve operational transparency, we work with an elaborate KPI structure that clearly outlines decision support and progress. These initiatives are also based on the work in the ECOPRODIGI and ShippingLab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

### Emissions pr segment g/ton-miles

Segment	Emission	2019	2018	2017
<b>Ethylene</b>				
	CO <sub>2</sub>	88.4	96.8	107.4
	So <sub>x</sub>	1.3	1.4	1.5
<b>F/P</b>				
	CO <sub>2</sub>	0.0	0.0	159.1
	So <sub>x</sub>	0.0	0.0	2.1
<b>S/R</b>				
	CO <sub>2</sub>	124.7	122.3	104.8
	So <sub>x</sub>	1.1	1.1	1.1
<b>Total Fleet</b>				
	CO <sub>2</sub>	95.4	103.2	108.7
	So <sub>x</sub>	1.3	1.4	1.4

### EMISSIONS NOTE

Emissions figures are reported per segment based on actual consumption, and they 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

HEAD OFFICE  
J. Lauritzen A/S  
Tuborg Havnevej 15  
2900 Hellerup  
DENMARK  
Phone: +45 3396 8000  
[www.j-l.com](http://www.j-l.com)  
CVR: 55 70 01 17

OWNER  
Lauritzen Fonden  
Tranegaardsvej 20  
2900 Hellerup  
DENMARK  
Phone: +45 3396 8425  
[www.lauritzenfonden.com](http://www.lauritzenfonden.com)

AUDITORS  
Ernst & Young  
Dirch Passers Allé  
Postboks 250  
2000 Frederiksberg  
DENMARK  
Phone: +45 7323 3000

PHILIPPINES  
Lauritzen Kosan Manila ROHQ  
5th Floor, OSM Building  
479 Pedro Gil Street  
Ermita, 1000 Manila  
PHILIPPINES  
Phone +63 2231 2809/2810

SINGAPORE  
J. Lauritzen Singapore Pte. Ltd.  
1 Harbourfront Avenue  
#16-18 Keppel Bay Tower  
Singapore 098632  
SINGAPORE  
Phone: +65 6275 800

USA  
J. Lauritzen (USA) Inc.  
4 Landmark Square, Suite 150  
Stamford, CT 06901  
USA  
Phone: +1 203 961 8661

DUBAI  
J. Lauritzen A/S (DMCC)  
34th floor Gold Tower  
Jumeirah Lakes Towers  
Dubai  
UAE  
Phone + 971 5093 10588

*Questions regarding this report or J. Lauritzen's  
Corporate Responsibility activities, please  
contact:*

*Dorte Rolff  
Group General Counsel  
Legal, Insurance & Compliance*

*Phone: +45 3396 8418  
Email: [dor@j-l.com](mailto:dor@j-l.com)*

