

CLIPPER

Clipper Group

CSR Report 2019



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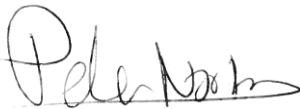
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CEO STATEMENT

In this report, we describe Clippers Group's CSR policies, activities in 2019, and goals for 2020. In recent years, our business has undergone several changes and today, Clipper Group is focusing on Roll on – Roll off (RoRo) activities carried out by our UK based subsidiary Seatruck Ferries as well as bulk activities as a specialized operator through Clipper Bulk. Changing business models have implications for our CSR efforts and we have thus in 2019 abandoned some irrelevant goals and set new ones to reflect our activities going forward.

Irrespective of the various changes and challenging market conditions, we continue to recognize our social responsibility. Sustainability is an integral part of our daily operations, business strategy and organizational culture, and we are committed to support UN Global Compact and its ten principles, which form the basis for our CSR activities. Thus, this report serves as both our statutory reporting on CSR, cf. §99a and §99b of the Danish Financial Statements Act, and our communication of progress for 2019 to UN Global Compact.

We are looking forward to continuously raising our standards for sustainable business practices.



Peter Norborg
Group CEO
Clipper Group

CSR POLICY AND SCOPE

Our CSR activities and reporting are structured according to the UN Global Compact with special emphasis on the topics covered by our CSR policy, namely the safety of our employees and our environmental footprint.

The information in this report mainly relates to Clipper Dry Bulk and only covers Seatruck Ferries where it is specifically mentioned. Following the restructuring of Clipper Group during 2018, Seatruck Ferries will be more integrated in future CSR Reports

CLIPPER CSR POLICY

As a significant player in the maritime industry with a global presence at sea and on shore, we recognize our social, environmental, and ethical responsibility. Our prime focus areas are:

- We never compromise the safety of our employees at sea or ashore
- We endeavor to constantly reduce our environmental footprint

SUSTAINABLE DEVELOPMENT GOALS

Shipping is an international industry with a large impact on the environment and societies around the world. We acknowledge our impact and strive to contribute to the UN Sustainable Development Goals (SDGs). We believe that the following goals are particularly relevant to us.



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Agriculture products, such as grain, are among our most important cargo types, and we actively participate in facilitating world trade and global development.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

As a shipping company dealing with raw materials and global trade, this goal is highly relevant to us. Firstly, due to our contributions to building the world's infrastructure at sea. Secondly, we transport products like steel and cement used in the building and production industries needed to build infrastructure and drive industrialization.



Take urgent action to combat climate change and its impacts

Although shipping is the mean of mass transportation with the lowest environmental impact when it comes to CO2 emissions per transported ton, our industry stands for about 2-3% of global CO2 emissions.

Clipper supports the climate policy developed by the Danish Shipping industry organization reflecting the greenhouse gas reduction strategy adopted by UN's International Maritime Organization (IMO) in 2018. As a result, international shipping must be 40% more efficient in 2030 and the absolute emissions must be halved by 2050, compared to 2008.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

This is a highly relevant goal to a shipping company and closely related to our general climate approach as well as our policies for ballast water, spills, plastics consumption, and SOx and NOx emissions.

CLIPPER GROUP BUSINESS MODEL

Our core business areas are ro-ro and dry bulk. At our headquarter in Denmark we have people employed in Executive Management, Finance & Accounting, Group Treasury, HR & Communication, IT and Legal who support the two business areas which are described in more details in the following.

CLIPPER BULK

Clipper Group operates around 75 handysize and supramax vessels. We have long-term partnerships with clients, investors, technical and commercial managers and we take pride in the fact that many of our partnerships go back more than 20 years.

Clipper Group's customer base spans from large commodity houses to single commodity producers and end-users. We transport alumina, cement, coal, grain,

logs and steel and our customers benefit from our strong focus on risk management and cost-effective coverage. With an increased focus on short term contracts and spot fixtures, we monitor the market closely and use analytics to support our decision making. Governed by our strong values, our talented people focus on relationships and data to make the best market calls and deliver reliable and dedicated services.



RO-RO

Seatruck Ferries is a vital part of the Irish Sea supply chain and operates high quality freight-only ferry services, with three routes. Seatruck specializes in the movement of unaccompanied trailers, which allows their owners to make more efficient use of their

equipment and drivers. Using Seatruck saves customers significant road mileage and provides environmental benefits compared to the more traditional road transit through Scotland or Wales.



KEY CSR RISKS AT CLIPPER

The following table provides an overview of the most significant CSR risks facing our business and how we mitigate them. It is not an exhaustive risk overview.

CSR TOPIC	RISK	MITIGATION
Working conditions onboard vessels	There is a general safety risk on board sea vessels due to the very nature of shipping. During roll on – roll off procedures, crew members and vehicles may be present on ramps and dock at the same time. Thus, there is a risk of collisions and injuries.	Clipper has implemented a safety management system on all vessels and ensured crew safety training. Following two fatal injuries in 2018- 2019, Seatruck has appointed a Safety Officer and initiated several steps to further strengthen safety. Read more on page 10.
Corruption at ports	The Captain and/or our agents may have difficulties dealing with local authorities and may be asked for bribes or other small payments for the vessel to be allowed through.	Clipper Group has implemented an anti-corruption policy and conducts anti-corruption training of staff. Clipper is also an active member of the Maritime Anti-Corruption Network (MACN), taking part in several anti-corruption initiatives as we realise, that corruption is only fought efficiently in partnerships. Read more on page 14.
Seafarers' human rights on vessels	As operator, Clipper Dry Bulk may not be aware of potential human rights violations or poor working conditions for the crews onboard our operated vessels as these are not owned by us.	We have included a clause in our Charter Party agreements stipulating fair working conditions and respecting the seafarers' human rights in accordance with IMEC (International Maritime Employers' Council), ITF (International Transport Workers' Federation) and similar organizations.
Human rights in conflict areas	When sailing to destinations all around the world there is a risk that we will be asked to call conflict areas and unknowingly become involved in human rights violations	We are monitoring the situation carefully when transporting goods to conflict areas to ensure that we are not actively or indirectly participating in violation of international sanctions or human rights. This areas will have special focus in our coming human rights risk assessment process.

HUMAN RIGHTS & LABOR STANDARDS

Clipper Group respects the protection of human rights on board our vessels, in our offices and in society in general. This is especially relevant in the shipping industry when it comes to safety, the right to join trade unions, reasonable limitation of working hours, holidays with pay, and protection against discrimination. Human rights are an integrated part of our decision making and it is vital for us that our employees' human rights are protected.

WORKING ON SHORE

It is important for Clipper Group to be an attractive workplace. During 2019, Clipper Dry Bulk employed 149 people in average and Seatruck 70. The retention rate provides an indication of employee satisfaction and engagement. Only 14 employees chose to leave Clipper Dry Bulk during 2019, which brought the retention rate for Clipper Dry Bulk up to 93.5% from 86.4% in 2018.

Clipper Group's working culture is characterized by empowerment and responsibility from day one. We focus on continuous professional development and are pleased to see the long seniority of our employees. We do our utmost to secure fair working conditions in all our locations and benchmark this regularly .

As mentioned in the CEO statement, we have made some organizational changes in 2019. This involved that we had to lay off some of our competent colleagues. In this situation it is equally important to us to treat our employees fair. We offered various mitigating measures, such as severance payment and individual guidance on job seeking and career planning. Our employees appreciate that Clipper acts responsibly – also in difficult times.

Group guideline and local working conditions
Clipper has a global guideline for working conditions that applies to all employees in Clipper Group supported by local guidelines for several offices around the world. In totality, these documents serve as a code of conduct for all Clipper employees with the purpose of ensuring that human rights and fundamental working conditions are observed by all. The principles in the guidelines are aligned to Clipper Group's way of doing business, also expressed in our four values: Dynamic, Dependable, Innovative, and Hands-on. It is important for us that all our employees adopt the same responsible mindset and are involved in our sustainability efforts.

Data privacy

We take our employees' right to privacy seriously and it is important to us that our employees, no matter where they are located, know that we take every measure possible to protect their personal data from being misused. Thus, our group policy on data protection and privacy also applies to employees located in countries where there are no prevailing data protection rules or regulations like GDPR. Our policy includes specific instructions on the processing of personal data, and provides information on basic rights, such as the right to information on stored data and its deletion.

DIVERSITY

As a global shipping company, we especially pride ourselves in our international mindset when it comes to talent engagement and attraction. We encourage candidates with different backgrounds and of different nationalities to join Clipper, as we recognize that in our current globalized world, talent is no longer confined by physical borders.

We provide equal opportunities for everyone and ensure that a position is always filled with the best candidate, based on her or his capabilities.

CLIPPER DIVERSITY POLICY

We believe that diversity at all levels of the organization gives us the largest possible recruitment base

Diversity creates an innovative and inclusive work environment

We always take diversity into account when recruiting and promoting employees

Women in management

Female underrepresentation is a challenge not only for Clipper, but for the entire shipping industry. We have participated in various working groups with other players in the industry to discuss how to address this challenge and we have joined the charter for more women in shipping established by the Danish Shipping industry organisation.

We have ensured, that in all recruitment processes, we select relevant female and male candidates for interviews. We also strive to ensure that there are no barriers within Clipper that hinder women from joining or being promoted due to their gender.

We have set the ambitious goal that 25% of people managers by the end of 2019 shall be female. We have not met that goal. The current share of female people managers in Clipper was 11% by the end 2019, which is unchanged from 2018. This result is not satisfactory as the total share of female employees in Clipper was 31% by the end of 2019. We are, however, pleased that in 2019, we had female representation in all departments including traditionally male dominated departments such as operations, chartering, and tonnage procurement.

We will continue to focus on increasing the number of female employees at entry level positions, including trainees.

Female board members

Clipper Group A/S adopted a recruitment policy for board members in 2016. In accordance with Danish legislation, the policy includes a goal for female board representation. According to the policy, Clipper Group's board of directors should have at least one female board member elected by the shareholders. The board currently consists of 4 male board members. The policy also stipulates that the chairman of the board shall propose at least one female candidate for vacant board positions.

Due to recent years' challenging conditions and restructurings, it has been a priority for the board to maintain continuity as well as current knowledge and expertise and thus, no board positions have become vacant in the period 2015 to 2019. The target of one female board member has therefore not yet been met. Clipper Dry Bulk participates in the shipping trainee education managed by the Danish Shipping Academy under the Danish Shipping association, and we are represented on the steering committee of the Academy. We have during 2019 not employed any new shipping trainees but have continued the education program for four second year shipping trainees.

DIVERSITY GOALS 2020-2022

Clipper Dry Bulk

- Percentage of female employees shall be 33% at the end of 2022
- Number of female managers with people responsibility shall increase each year
- One female member shall be nominated to the board of Clipper Group A/S by the end of 2022
- Number of nationalities shall be above 10 each year

Seatruck Ferries

- Percentage of female employees working on shore shall be 30% at the end of 2022
- Percentage of female crew members working ashore shall be 5 % at the end of 2022
- Percentage of female managers with people responsibility shall increase each year
- Number of nationalities shall be above 5 each year

The chairman of the board has, however, throughout the target period had meetings with potential female candidates in order to be better able to propose a female candidate for the shareholders once a board position becomes vacant.

The shareholders and the board of Clipper Group A/S have decided that the target period for appointing one female board member shall be extended to the end of 2021. The board of Clipper Group's subsidiary Seatruck Ferries Holding Ltd. consists of six board members of which one is female.

Trainee education

In 2019, we also employed an intern from the Bachelor in International Shipping & Trade at Copenhagen Business School doing his internship at Clipper and one IT trainee.

HUMAN RIGHTS AND LABOR STANDARDS GOALS 2020-2022

Clipper Dry Bulk

- Retention rate shall be above 90% each year

Seatruck Ferries

- Number of fatalities for Seatruck employees shall be zero
- Number of fatalities for Contractors' employees working in connection with Seatruck vessels shall be zero
- Number of near miss reports in average per vessel shall increase each year
- Retention rate shall each year be above 90 % for both on shore and off shore employees

WORKING ON VESSELS

Clipper's fleet consists of vessels that are either owned, chartered or managed by Clipper Group.

Today Clipper Dry Bulk mainly acts as a specialized operator with only limited ownership of Bulk vessels. Technical management is handled externally. We are, however, committed to the safety and rights of the crew onboard Clipper operated vessels. We continue to follow international regulations concerning human rights and expect the same from our partners.

Seatruck Ferries owns 8 vessels and handles the technical management of its vessels internally. Following a serious, fatal incident in connection with the unloading of a Seatruck vessel in 2019, the company has led the way to highlight certain safety aspects in the industry, including the issue of mobile

phone distraction, due to its impact on the incident. The very serious safety implications of mobile phone distractions have not been talked about in the industry, with no real mentioning in the recently updated Code of Safe Working Practice for merchant seafarers, by the UK Maritime Coastguard Agency. Through the UK Chamber of Shipping, Seatruck has lobbied for changes in procedures and regulations to ban the possession of a mobile device while in critical working areas such as car decks. The more common ban on the use of such devices is not sufficient. Through the UK Port Skills and Safety group, Seatruck has been actively developing 10 Golden Rule of ro-ro safety. Alongside this, Seatruck has extended mandatory random drug and alcohol testing from ship crews to all shore side workers, including stevedores and office staff.

ENVIRONMENT AND CLIMATE

Although shipping is the form of mass long-distance transportation with the lowest environmental impact, we acknowledge our impacts and recognize, that the global challenge of climate management and CO2 emissions for the shipping industry requires a global approach.

Clipper fully supports the measures and efforts of the United Nations International Maritime Organization, IMO. We strive to constantly increase energy and fuel efficiency for our fleet and follow the international environmental regulations closely.

Our previous environmental and climate goals, as provided most recently in our CSR Report for 2018, have been linked to technical performance on Bulk vessels technically managed by Clipper Dry Bulk. Due to the recent focus on operator business with chartered vessels, these goals are no longer applicable.

In the following, we provide a few highlights from our efforts to reduce our environmental impact.

SULPHUR CAP 2020

In order to reduce sulphur emissions on a global scale, it has been a requirement of the International Maritime Organisation since 1 January 2020 that vessel fuel only emits a maximum of 0.5% Sulphur, down from a previous limit of 3.5%. This can be complied with by using vessel fuel with low Sulphur content or by installing scrubbers on vessels. A scrubber is a device that removes damaging particles from the exhaust. These regulations also apply for Seatruck Ferries. The company has decided not to install scrubbers and now uses low Sulphur fuel oil in all vessels and thus complies with the new IMO regulation. We believe this is also the more environmental friendly choice between the two options.

RESPONSIBLE SHIP RECYCLING

Clipper adopted a recycling policy in 2015 committing us to ensure that fully owned vessels are recycled, as a minimum. according to the principles laid down in the

CLIPPER GROUP ENVIRONMENTAL POLICY

Clipper Group maintains a precautionary approach to the environment and will continue to invest in smarter shipping technology to further improve environmental and financial performance

We always strive to keep abreast of new regulation and aim to comply with national and international regulations at all times

Work continuously work to promote environmentally conscious local initiatives in Clipper offices.

Hong Kong Convention, even though this convention is not yet ratified and in form. We will be actively involved in the recycling process and approve the recycling facility. We will inspect the recycling facility in order to ensure that the facility is able to carry out the recycling in a safe and environmentally sound manners hand have adequate procedures in place.

No Clipper Group vessels have been recycled during 2019.

COACH SOLUTIONS

Clipper Dry Bulk has, via its recently divested subsidiary, COACH Solutions, developed a commercial performance monitoring system with the purpose of improving fuel consumption of vessels. COACH has been accepted into ShippingLab, a non-profit innovation and project collaboration in the Danish shipping industry with the vision that Denmark will be the driver of the smart shipping of the future. COACH facilitates optimal voyage planning and can result in fuel savings of 5 to 15%.



ENVIRONMENTAL PROTECTION GOALS 2020-2022

Clipper Dry Bulk

- The average GHG rating as defined by RightShip shall for vessels chartered in by Clipper Bulk be rated 3.5 or lower for year 2020 and 3.0 or lower for year 2021 (Category A equals 1, Category B 2 etc.)

Seatruck Ferries

- Oil spill (>1 barrel) shall be zero each year
- Co2 emissions measured as CO2 per ton-mile shall decrease each year

ANTI-CORRUPTION

As an international shipping company, Clipper Dry Bulk is exposed to requests for facility payments and other corrupt practices in countries where our vessels call.

Our anti-corruption policy adopted in 2012 stipulates a zero tolerance towards traditional bribery such as kickbacks.

Facility payments (small payments for services that the company is already entitled to) are a separate challenge, and given some of the areas we operate in, we are not yet able to implement a zero-tolerance policy in this regard. In some areas of the world, facility payments are an integrated part of the social structure and a zero-tolerance policy would create several irresolvable deadlock situations and potentially threatening conditions for the local crew onboard.

ANTI-CORRUPTION TRAINING PROGRAM

We have chosen to actively fight facility payments in what-ever form or shape and have for some years had a global anti-corruption training program for all our employees. The training material and an online test were developed by the Maritime Anti-Corruption Network (MACN), of which Clipper continues to be an active member. Today, 66% of Clipper Dry Bulk's employees have received anti-corruption training, up from 41% in 2018. Our goal is that all employees in the Clipper Group shall be trained.

ANTI-CORRUPTION GOALS 2020-2022

Clipper Dry Bulk

- All employees shall have been trained
- Continue active membership of MACN

Seatruck Ferries

- All employees working on shore and ashore shall have received training

MARITIME ANTI-CORRUPTION NETWORK

Tackling corruption and facilitation payments is a difficult task as an individual company. Clipper Dry Bulk continues to be an active member of the Maritime Anti-Corruption Network (MACN). Clipper Dry Bulk is also a member of a special dry-bulk working group within the MACN focusing on eliminating corruptive behavior in relation to inspections of vessel holds and tanks when calling certain ports in Argentina. This work has materialized into a new regulatory framework now permanently in force in Argentina, and corruptive incidents have consequently decreased by more than 90 percent. Argentinian authorities have throughout this process supported the initiative, which has also been covered widely in Argentinian media. MACN now train public officials, private surveyors, and agents in Argentina on the new legislation.



MACN

Maritime Anti-Corruption Network

The Maritime Anti-Corruption Network is a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large.

Established in 2011 by a small group of committed maritime companies, MACN has grown to include over 130 companies globally, and has become one of the pre-eminent examples of collective action to tackle corruption.

Through the nature of its operations, MACN is a good example of SDG 17 (Partnerships for the Goals)



Tackling corruption has a strong alignment to SDG 16 (Peace, Justice and Strong Institutions).



