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J. Lauritzen A/S  
**Corporate *Responsibility* 2020**



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## About this report

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



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

## J. Lauritzen *overview*



### J. Lauritzen office location worldwide

Headquarters in Copenhagen, Denmark.

Overseas offices in Singapore, the Philippines, Dubai and the United States. Office in Hong Kong to open April 2021.

### J. LAURITZEN FACTS 2020

Owned by  
J. Lauritzen

**100%**

Headquarters in Copenhagen, Denmark. Overseas offices in Singapore, the Philippines, Dubai and the United States. Office in Hong Kong to open April 2021.

**155**  
employees  
ashore  
year-end



**22** nationalities

**436**  
seafarers onboard owned  
vessels year-end



Average controlled fleet  
of **107** vessels in 2020



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

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

The subsidiary Lauritzen Kosan is a global provider of safe and reliable ocean transport solutions for liquefied gases comprising petrochemical and energy gases. We are present 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.

On 1 July 2020, Lauritzen Bulkera and Lauritzen Kosan were established as independent legal entities with economic effect retrospectively from 1 January 2020.

In addition to being the owner of Lauritzen Bulkera and Lauritzen Kosan, J. Lauritzen provides corporate services such as IT, human resource management, corporate communications and legal and insurance services for the two subsidiaries.



Towards the end of 2020, Epic Gas Ltd and Lauritzen Kosan agreed to merge their activities into BW Epic Kosan Ltd. The transaction is subject to customary closing conditions.

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

LauritzenFonden 



# Our *business*

J. Lauritzen operates a combined fleet of more than 100 bulk and gas carriers, which undertake worldwide ocean transportation of dry bulk cargoes and liquefied gases.

## 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 owned and time-chartered vessels.

In 2020, we further refined our business model and continued the transformation of becoming an asset-light handysize freight trader. We are pleased to see the robustness of the results generated from the 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 review of the different risk factors, please see our Annual Report 2020, page 12.

## 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).

## Outlook 2021

In 2021, 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.

## 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 Member of the Getting to Zero Coalition



## 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 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 on board our vessels.

### Human Rights Policy Statement

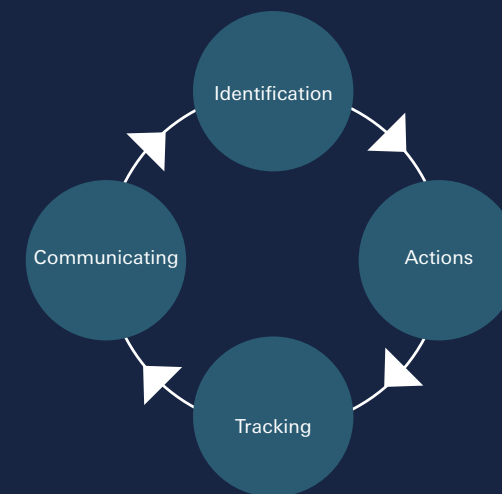
A Human Rights Policy Statement approved by our Boards confirms that we are committed to upholding human rights across our operations and value chain. We are also committed to creating and protecting a work environment in which all individuals are treated with respect and dignity and which prohibits any kind of discrimination and harassment.

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 in this report.

In early 2021, Lauritzen Bulk, Lauritzen Kosan and the Lauritzen Foundation signed the Neptune Declaration on Seafarer Wellbeing and Crew Change in a worldwide call to action to end the unprecedented crew change crisis caused by COVID-19. The action comes as hundreds of thousands of seafarers from across the globe have been left stranded working aboard ships beyond the expiry of their initial contracts and are unable to be relieved due to the coronavirus pandemic.

## 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 spills at 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. 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 EU through the Interreg Baltic Sea Region Programme, was successfully finalised in 2020. It aimed to automate and optimise the daily work of operating our fleet to become eco-efficient. In 2021, a short extension project, EXOPRODIGI, will be carried out to further improve and adapt the tools and methodologies developed in ECOPRODIGI. A general focus point of the ECOPRODIGI project has been digitalisation, and we work with our partners to gain further benefits from 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.

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 on board our gas carrier. At year-end 2020, five of our gas carriers were equipped with BWTS. The full installation of BWTS on our gas carriers is scheduled to be completed in 2024.

On our owned bulk carriers, installation of treatment systems will commence in 2021 with scheduled completion in early 2022.

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 and our subsidiaries attractive and rewarding places to work in the eyes of our staff. Our engagement participation remained very high with 95% participation on average throughout 2020.

We use an anonymised benchmarking tool to track our employee engagement and are proud that in 2020 our employees again ranked us well above our benchmark, placing us in the top 25 percent of participating companies. Our employees highly rated 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 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 is reviewed annually by the boards. 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 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 2020, the number of nationalities working for us in our land-based organisation reached 22, a slight increase from 21 nationalities in 2019. We expect international diversity to further increase 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 2020, the gender distribution of the shore-based organisation was 31% female and 69% male, which is unchanged from year-end 2019.

The distribution of females and males in managerial positions in our shore-based organisation was 17% and 83% (12% and 88% respectively in 2019), 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. We have identified partners to help us with this journey, but the launch of parts of this initiative was delayed by COVID-19.

In 2020, we began measuring staff's perception of diversity and inclusion. This data allows us to document our progress and how well we are doing. While our staff (both female and male) found us to be doing well on inclusion, we have identified areas for improvement to focus on in the coming years. However, it also showed us that we have a great starting point compared to other companies in the industry.

### Non-discrimination

Our non-discrimination and anti-harassment policy, reviewed annually by our boards, 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.





## 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 is annually reviewed by the boards of Lauritzen Bulkers and Lauritzen Kosan, 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.

In 2021, we will conduct new compliance training 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 2020, 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 in 2020 we continued contributing to setting the way forward for the network and for the maritime industry as a whole.

## CONTINUED FOCUS ON TRADE SANCTIONS

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 training on sanctions compliance, procedures for vetting our 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 is reviewed annually by the boards of Lauritzen Bulkera and Lauritzen Kosan, we always strive to include a standard corporate responsibility clause when negotiating contracts and agreements.

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 is reviewed annually by the boards of Lauritzen Bulkera and Lauritzen Kosan, acknowledges the severe impact of some recycling practices. This policy commits us 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, we have mapped our gas and bulk carriers' Inventory of Hazardous Materials (IHM) and the vessels are now certified in accordance with the convention, enabling us to take proper action 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 2020.

### 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 us 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 continued working on upgrading the programme in 2020 on such topics as database development and communication progress. The improvements of the programme contribute to maintaining suppliers' certification as preferred suppliers, to engage more IMPA members to join the programme and incentivise their sub-suppliers to join the initiative.

We continued our work with suppliers already engaged in IMPA ACT in 2020. We also supported an initiative aiming at reducing the amount of plastic used on board ships by joining the IMPA SAVE, and the first steps were taken to reduce the consumption of plastic on our gas carriers.

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 2021.

For additional information on the IMPA ACT programme, please visit [www.impa-act.org](http://www.impa-act.org).



# Lauritzen *Bulkers*

Lauritzen Bulkers serves clients worldwide. Our key market is the handysize segment, where we maintain a leading global position. At year-end 2020, the main part of our fleet consisted of time-chartered tonnage together with two owned and two part-owned handysize bulk carriers.

In 2020, we further refined our business model and continued the transformation of becoming an asset-light handysize freight trader. We are pleased to see the robustness of the results generated from the trading activities.

## Fleet management

Technical management in 2020, including crewing for our owned fleet, was performed by New Century Overseas Management Pte., Manila; Synergy Maritime Pte., Chennai; and Sincere Industrial Corporation, Taipei, who provided safe, reliable and cost-effective 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 and part-owned fleet amounted to zero in 2020 compared to 0.7 in 2019.

An average of 0.3 deficiencies were reported during Port State Controls in 2020, compared to 5.1 on average in 2019. In 2020, we had zero detentions (zero in 2019).

\* LTIF is calculated by dividing number of lost time injuries for the year by the total hours worked by all staff in the same period.

In 2020, we conducted no routine inspections of our own fleet due to the COVID-19 pandemic compared to nine in 2019. Average RightShip rating for our own and part-owned fleet was 4.0 stars on the five-star scale, unchanged from 2019.

## 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 is annually reviewed by our Board.

Lauritzen Bulkers' owned and part-owned fleet had zero transits in high-risk areas in 2020 (zero in 2019).

## Environment

At year-end 2020, our core fleet consisted of 32 owned, part-owned, medium- and long-term time-chartered handysize bulk carriers with an average age of 5.4 years, which is considerably below the global industry average age of 12.5 years.

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 on board our vessels and among our staff ashore. Improvements are achieved through continued focus on voyage optimisation, day-to-day operations and weather routing.

On our owned and part-owned bulk carriers, installation of treatment systems will commence in 2021 with scheduled completion in early 2022.

In 2020, the relative CO<sub>2</sub> emissions by our handysize fleet improved compared to 2019 due to increased transport work. Unfortunately, the opposite was the case for our remaining supramaxes, where the transport work decreased and CO<sub>2</sub> emissions deteriorated. However, SO<sub>x</sub> emissions from both segments improved drastically due to the change to low sulphur fuel in early 2020.

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	2020	2019	2018
<b>Handysize</b>				
	CO <sub>2</sub>	9.6	10.9	10.9
	So <sub>x</sub>	0.3	0.2	0.2
<b>Supramax</b>				
	CO <sub>2</sub>	10.3	7.8	7.6
	So <sub>x</sub>	0.03	0.1	0.1
<b>Total Fleet</b>				
	CO <sub>2</sub>	9.6	10.7	10.2
	So <sub>x</sub>	0.03	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 2020, 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.

In 2020, average SIRE (Ship Inspection Report Programme) observations amounted to 3.44, below our target of 4.0. Our Port State Control (PSC) status was 0.9 in 2020, slightly above our target of 0.8.

### Health and safety

Health and safety are top priorities for us and our stakeholders. We always work to strengthen our safety culture in an environment that often presents demanding conditions.

During 2020, the COVID-19 pandemic presented enormous challenges for the entire shipping industry, as it did for us.

Due to the pandemic, crew changes on board gas carriers were a substantial challenge and, despite huge efforts, we were unfortunately not able to avoid overdue contracts.

Throughout the pandemic, we have emphasised providing staff at sea and ashore with all available information to provide transparency and align expectations.

The overall tool to ensure safe operation on board during the pandemic was increased communication between shore and sea. This meant increased communication from all levels in the office. This was not only to provide information, but simply to demonstrate we care for each other.

Again in 2020 we actively participated in the "Partners in Maritime Safety" programme initiated by Shell with an ambition to work systematically towards a zero-incident industry. We believe that the active involvement in this programme on board, including increased verbal shore-side communication, supported us getting through the pandemic without any physical or mental issues for our crews.

This has resulted in more than a year without any lost time injuries (LTIs) on board our vessels.

### Security

A significant proportion of the liquefied and petrochemical gases carried on board 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 utmost 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.

We had nine transits in high-risk areas in 2020, compared to 29 in 2019. No incidents were reported in relation to the high-risk-area transits.

Our security policy is reviewed annually.

## HIGHLIGHTS 2020

### Lost Time Injury Frequency (LTIF)

LTIF	LTIF of
0.0	0.6
2020	2019

Retention rate  
**95%** for officers and  
**96%** for ratings



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



## 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 on board. We undertake various initiatives to ensure well-being both on and off the job.

As good mental health is important to be able to perform safely, this was obviously high on the agenda during 2020 due to COVID-19. In addition to our participation in the “Partners in Maritime Safety” programme, we developed our own “Reflective Learning” programme, where seafarers were asked to perform special tasks together to open up communication about COVID-19 issues.

During 2020, an average of 354 seafarers were working on board our owned and bareboat chartered vessels with a retention rate of 95% and 96% respectively for officers and ratings.

## Environment

The commitment to minimise our environmental footprint through our performance programmes remains strong. During 2020, our performance management department continued to work on projects to improve the decision-making 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.

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.

In accordance with the IMO ballast water management system, we have initiated installation of Ballast Water Treatment Systems (BWTS) on our gas carriers, and at year-end 2020 five of our vessels were equipped with BWTS. The full installation of BWTS on our gas carriers is scheduled to be completed in 2024.

In 2020, as well as in 2019 and 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. On a general note, the change to low sulphur fuel in 2020 decreased the SO<sub>x</sub> emissions significantly for all vessels in the fleet. The CO<sub>2</sub> emission rate, however, weakened for both our semi-refrigerated fleet, due to execution of less transport work in terms of ton-miles, and for our ethylene carriers, due to more ethylene cargos requiring intense cooling.

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-making support and progress. These initiatives are also based on the work in the EXOPRODIGI and ShippingLab projects.

## Emissions pr segment g/ton-miles

Segment	Emission	2020	2019	2018
<b>Ethylene</b>				
	CO <sub>2</sub>	96.0	88.4	96.8
	So <sub>x</sub>	0.3	1.3	1.4
<b>F/P</b>				
	CO <sub>2</sub>	0.0	0.0	0.0
	So <sub>x</sub>	0.0	0.0	0.0
<b>S/R</b>				
	CO <sub>2</sub>	132.5	124.7	122.3
	So <sub>x</sub>	0.3	1.1	1.1
<b>Total Fleet</b>				
	CO <sub>2</sub>	102.2	95.4	103.2
	So <sub>x</sub>	0.3	1.3	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.



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1 January - 31 December

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