



# Celsius Group 2020 ESG report

# Chairman's Statement



Jeppe Jensen, Founder and Chairman

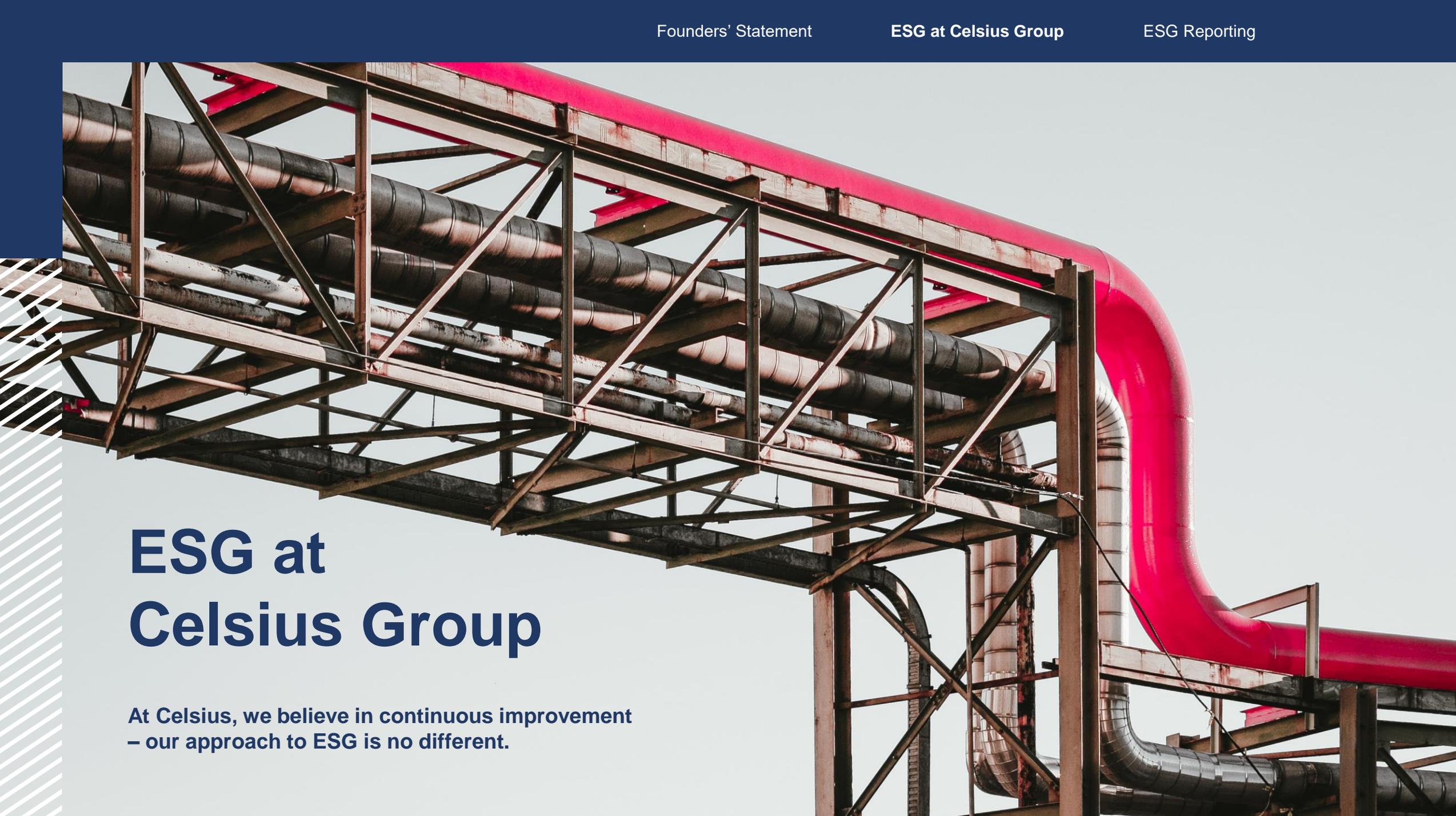
In many ways, 2020 was a challenging year due to the outbreak of Covid-19 causing operational and logistical issues for our globally trading maritime fleet of 50 vessels. We owe a big thanks to our staff, especially the crew at sea, who have had to make extra efforts and personal sacrifices to keep our fleet efficiently and safely afloat.

2020 was also the year where Celsius Tankers took delivery of its first 180,000 CBM LNG carrier "Celsius Copenhagen". She is the first in a series of 4 vessels, all being constructed to the highest specifications with industry low fuel consumption and emissions.

Celsius' entry into LNG shipping is a key part of our strategy and allows for major global emission reductions in power generation and the industrial sector. Gas is a more efficient and cleaner fuel compared to coal and oil. Additionally, LNG carriers can use LNG as fuel, which reduces emissions.

Despite all the challenges that we, as a global shipping company, have faced in 2020, our group has remained focused on prioritizing the ESG agenda and implementing it into our core company strategy. We remain committed to support the United Nations Sustainable Development Goals (SDGs).

This year, for the first time, the group's ESG reporting framework is prepared in accordance with the Marine Transportation framework established by the Sustainable Accounting Standards Board (SASB), which is widely used and accepted within the industry. The framework allows us to continuously identify, measure, monitor and report performance on ESG matters.

A photograph of an industrial facility featuring a complex network of pipes and metal scaffolding. A prominent feature is a large, bright red pipe that curves through the structure. The background is a clear, light sky. The image is partially overlaid by a dark blue header at the top and a white diagonal pattern on the left side.

# ESG at Celsius Group

At Celsius, we believe in continuous improvement  
– our approach to ESG is no different.

# About Our Business

Founded in 2012, Celsius is a private management, and investment firm focused on the maritime industry. Our goal is to deliver strong returns to our investors through long-term predictable cash flows with low correlation to the business cycle.

## Who we are

Since inception, Celsius has raised, invested and managed in excess of \$1.7 billion of capital in the maritime industry.

We provide proprietary investment solutions tailored to investors' needs through our fully integrated platform of management services and day-to-day operations.

## Our philosophy

Innovation and creativity are fundamental tenets, which shape the culture that we promote – with our investors, business partners, and within our own organization.

We are strong advocates of fresh ideas, which we believe enable us to always be at the forefront of the industry.

## Our Offices



## Highlights

**+\$1.7bn**

Invested since inception

**50**

Vessels

**6**

Active Segments

**50**

Onshore employees

**+1,000**

Seafarers

# Our Approach to ESG

**As one of the most experienced private investment firms within the industry, Celsius recognizes the ever-increasing importance of ESG and has made the proactive implementation of ESG initiatives - one of our highest priorities.**

The integration of ESG processes throughout the entire investment lifecycle enables us to diligently make decisions that are consistent with our fiduciary duties to our investors and the surrounding stakeholders.

We take our responsibility very seriously and have devoted substantial internal and external resources towards ESG matters and have developed clear processes while taking into account the leading industry standards.

We believe that our efforts helps us to make sustainable, ethical and socially responsible decisions over the long run.

## **Monitoring and reporting**

Our ESG reporting framework is prepared in accordance with the Marine Transportation framework established by the Sustainable Accounting Standards Board (SASB).

This framework allows us to continuously identify, measure, monitor and report our performance on ESG matters.

## **Future improvements**

It is our goal and strategy to continuously improve our ESG reporting, and matters related to ESG.

Consequently, we work in close collaboration with our investors, financiers and industrial partners to share information and knowledge.



# Our Policies

**Our ambitious set of policies govern our overall way of working. Celsius' Management reviews the effectiveness and implementation of the policies on an ongoing basis.**

## **ESG policy**

Celsius' ESG Policy sets out our approach to how we handle key ESG factors, such as health and safety, community and stakeholder impact, climate change, greenhouse gas emissions and governance, among many others.

Our ESG policy helps inform the considerations that are relevant to the management of our portfolio, from initial due diligence all the way through to an exit and the operation of our own business at Celsius.

## **Recycling policy**

Celsius supports and commits to comply with the Hong Kong International Convention for safe and environmentally sound recycling of ships (HKC).

During the potential recycling of vessels, Celsius may appoint an auditor or independent body to monitor the health and safety, environmental, labor conditions and human rights, anti-corruption, selected sub-contractors and downstream facilities for waste handling.

## **Anti-bribery & anti-corruption**

Celsius is committed to acting in full compliance with all applicable laws, regulations and rules regarding bribery and corruption and recognizes that such practices undermines legitimate business activities, ruin reputations and can expose the group, its employees and its business partners to unacceptable risks and losses.

The objective of our Anti-bribery and Anti-corruption policy is to state Celsius' requirements towards its business practices and personal conduct of its employees as it pertains to bribery and corruption.

## **HSE policy**

Our HSE policy seeks to promote a safe and healthy workspace for our daily shore- and offshore based operations. The policy describes, in detail, how we control and mitigate the risks associated with our business activities.

# ESG in Our Operations

Celsius Group is proud to announce **1,000,000 consecutive incident-free manhours during the construction of our new LNG vessels.**

## Safety

In the Celsius Group, the health and safety of our people is our first priority.

In collaboration with our partners, we make sure that our seafarers undergo necessary training and ongoing courses.

The training ensures safe and efficient operations of the highest standard.

Since inception, Celsius has continuously maintained low injury rates and with the number of injuries per million-man hours decreasing to 0.69 in 2020 (0.98 in 2019).

Celsius Group will continue our efforts to provide a safe and reliable workplace for all employees – on shore or at sea.

## Optimization of our vessels

In Celsius, we have applied high quality anti-fouling paint to all our vessels.

Anti-fouling paint prevents the growth of subaquatic organisms and decreases the friction of the hull, when moving through water.

This also reduces the fuel consumed to power the vessel's movement through water.

Furthermore, the anti-fouling paint limits the movement of invasive species across biosystems.

## Installation of BWTS

The Celsius Group is complying with all relevant legislations and is currently in the process of implementing Ballast Water Treatment Systems across our fleet.

The entire fleet will have installed Ballast Water Treatment Systems latest by 2024.

**LTIF\* 2020**

**0.69**

\*LTIF is Lost Time Injury Frequency, which is measured as number of injuries per million man-hours.

# Local community engagement

The Celsius Group is committed to continuously support our local society and charity organizations, helping those in need in various parts of the world. In 2020, we proudly donated some of our proceeds to the following organizations.

## SDG Alignment



Save the Children is a worldwide organization bringing communities, civil society, governments and businesses together to achieve lasting change for children.

Their ambition for 2030 is to create a world in which all children; Survive, Learn and are protected.



Through counseling, advocacy work and voluntary work, Mødrehjælpen supports the rights of children and pregnant women.

The organization support their activities and aid for vulnerable families through the profits made in their secondhand stores.



The Salvation Army is an international charitable organization.

The organization run charity shops, operate shelters for the homeless, disaster reliefs and humanitarian aid to developing countries.

Furthermore, The Salvation Army organizes summer camps for children, refuge centers, food pantries and Children's homes.



BROEN Danmark is an association which helps vulnerable children get an active life.

The project focuses on the UN sustainable development goals 1, 3 and 10: No poverty, Good health and Well-being and Reduced Inequalities.

BROEN contributes to annual fees and equipment for sports and afternoon activities such as music lessons, theater and outdoor sports. The mission is to socialize the children in positive communities and give them adult role models.

# Climate change

**Celsius Group is committed to supporting and engaging in efforts that protects against the impacts of climate change, while recognizing the complexities of operating in the shipping industry.**

Climate change is real, and we are acutely aware of the need to meet the growing energy consumption demand while managing and reducing climate change risks.

We also believe that the energy transition will be increasingly important as the world seeks to move to a lower-carbon global economy, increasing the energy-mix exposure to liquid natural gas (LNG).

Recognizing these dynamics, we have set out an ambitious strategy to invest in assets that have a positive impact on the environment.

## Our involvement

We have a strong focus on the environmental aspects of our operations, and it is our strategy to take an active role in the transformation of our industry.

We are proud members of the 'Getting to zero coalition' aiming at bringing down emissions for our industry.

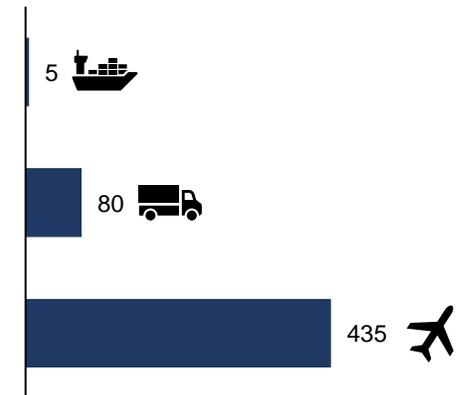
Moreover, as we are operating in the maritime transportation industry, we have identified SDG 13, and 14 as our primary current focus, as these goals are closely linked to our industry.

## SDG Alignment



**Getting to Zero Coalition**

## Grams of CO2 per tonne-km



Source: Company information, IMO GHG study



# ESG Reporting

# Activity

	2019	2020
<b>Activity metrics</b>		
Number of shipboard employees	1,001	1,042
Total distance traveled by vessels (in nautical miles)	2,399,538	2,883,112
Operating days	8,722	10,168
Deadweight tonnage	2,178,202	2,314,902
Number of vessels in the fleet	48	50 <sup>1</sup>

1. The number of vessels in total shipping fleet only include one LNG carrier, Celsius Copenhagen, which was delivered in Q4, 2020.

# Environmental

	2019	2020
<b>Greenhouse gas emissions</b>		
Gross Global Scope 1 emissions (in metric tons) <sup>1</sup>	812,776	996,218
Total Energy consumed (in Gigajoules (GJ)) <sup>2</sup>	9,455,839 GJ	13,452,837 GJ
Percentage Heavy Fuel Oil (in percentage) <sup>3</sup>	0%	0%
Average grams of CO2 emitted per transport work <sup>4</sup>		
(1) Container Feeders	(1) 22.7	(1) 18.4
(2) Dry Bulk Carriers	(2) 7.9	(2) 4.6
(3) Product Tankers	(3) 11.5	(3) 13.0
(4) Chemical Tankers	(4) 19.3	(4) 18.3
(5) LNG Carriers	(5) N/A	(5) 2.4
<b>(6) Total average</b>	<b>(6) 12.7</b>	<b>(6) 9.8</b>
<b>Air quality</b>		
Air emissions of the following pollutants:		
(1) NOx (excluding N <sub>2</sub> O)	(1) 15,147	(1) 16,918
(2) SOx	(2) 7,341	(2) 2,357
(3) Particulate matter (PM <sub>10</sub> ) (in Metric Tons )	(3) 6,130	(3) 10,115
<b>Air quality</b>		
Number of travel days in marine protected areas or areas of protected conservation status <sup>5</sup>	0 days	14 days
Percentage of fleet with installed ballast water treatment system	51%	68%
(1) Number and	(1) 0	(1) 2
(2) Aggregate volume of spills and releases to the environment (in <b>Cubic meters</b> )	(2) 0	(2) 0.2 cubic meters

# Environmental

1. "Scope 1 emissions" refers to all direct emissions resulting from the activities of our organization, including the consumption of bunker fuel.
2. Total energy consumed is the total consumption of Low Sulphur Fuel Oil, Marine Gas Oil, LNG and Renewable Energy, measured in Gigajoules.
3. Our total consumption of Heavy Fuel Oil (HFO) is 0 as consumption of HFO under the IMO's 2020 Sulphur Cap requires installation of scrubbers, which the Celsius Group has deselected. Our fuel consumption is instead made up of low-sulphur fuel oil (LSFO) and Marine Gas Oil (MGO).
4. Average grams of emitted CO<sub>2</sub> per transport work is calculated as  $\frac{\text{Total CO}_2 \text{ emissions}}{\text{Total transport work}}$  per segment. The LNG segment is not included as the first vessel delivered in 2020. Transport work is defined as tons transported \* nautical miles travelled (nm).
5. "A marine protected area is defined according to the International Union for Conservation of Nature (IUCN) as any area of the intertidal or subtidal terrain, together with its overlying water and associated flora, fauna, and historical and cultural features, which has been reserved by law or other effective means to protect part or all of the enclosed environment" (Sustainability Accounting Standards Board, Marine Transportation)

# Social

	2019	2020
<b>Employee health and safety</b>		
Lost Time Incident Frequency <sup>1</sup>	0.98	0.69
<b>Accident and safety management</b>		
(1) Number of Marine casualties <sup>2</sup>	(1) 13	(1) 10
(2) Percentage classified as very serious <sup>3</sup>	(2) 0%	(2) 0%
Number of Conditions of Class or Recommendations	6	18
Number of Port State Control Inspections	102	98
(1) Average Deficiency per PSC	(1) 0.75	(1) 0.55
(2) Detentions	(2) 0 detentions	(2) 0 detentions

# Social

1. Lost Time Incident Rate is calculated as  $\frac{\text{Number of incidents} \times 1,000,000}{\text{Employee labor hours}}$  using aggregate numbers for the fleet.

2. A Marine Casualty is defined "based on the United Nations International Maritime Organization (IMO)'s Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident Resolution MSC 255(84), paragraph 2.9, chapter 2 of the General provisions, as an event, or sequence of events, that occurs directly in connection with the operations of a ship and results in one or more of the following:

- The death of, or serious injury to, a person
- The loss of a person from a ship
- The loss, presumed loss, or abandonment of a ship
- Material damage to a ship
- The stranding or disabling of a ship, or the involvement of a ship in a collision
- Material damage to marine infrastructure external to a ship, that could seriously endanger the safety of the ship, another ship or an individual
- Severe damage to the environment, or the potential for severe damage to the environment, brought about by the damage of a ship or ships "

(Sustainability Accounting Standards Board, Marine Transportation)

3. A very serious marine casualty is defined as "A very serious marine casualty is defined as a marine casualty involving the total loss of the ship, a death, or severe damage to the environment. " (Sustainability Accounting Standards Board, Marine Transportation)

4. A deficiency is defined "as a condition found not to be in compliance with the requirements of one or more of the following conventions:

- International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocols of 1978 and 1997 relating thereto, as amended (MARPOL)
- International Convention for the Safety of Life at Sea (SOLAS)
- International Convention on Load Lines
- International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended (STCW)
- International Convention on the Control of Harmful Anti-Fouling Systems on Ships (AFS)
- International Convention on Tonnage Measurement of Ships, 1969 (Tonnage)
- International Labour Organization (ILO) Maritime Labour Convention, 2006

# Governance

	2019	2020
<b>Business ethics</b>		
Number of port calls in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index <sup>1</sup>	12 port calls	3 port calls
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption <sup>2</sup>	USD 0	USD 0

1. The 20 lowest ranking countries in the index are: Eritrea, Nicaragua, Iraq, Chad, Cambodia, Turkmenistan, Congo, Burundi, Libya, Haiti, Guinea Bissau, Dem. Rep. of Congo, North Korea, Venezuela, Sudan, Equatorial Guinea, Afghanistan, Yemen, Syria, South Sudan, Somalia

2. Monetary losses are reported in USD.

# Disclaimer

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The content of this report represents information to the best of our knowledge, prepared in accordance with the Sustainability Accounting Standards Board's accounting standards for the marine transportation sector.

The Celsius Group maintain the right to amend or replace this report and any information contained herein at any given time. In such a situation, Celsius Group will be under no obligation to provide any additional information, update the information contained in this report or to correct any inaccuracies, which may become apparent.



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