



Celsius Group 2021 ESG report

Chairman's Statement



Jeppe Jensen
Founder and Chairman

Introduction

Health & safety, the environment, compliance, community support as well as employee welfare are all key focus areas for the Celsius Group. Focus areas that enables Celsius to be a trusted ally to our capital, commercial and technical partners as well as other industry stakeholders, enhancing risk management and value creation.

2021 in Review

2021 proved to be a challenging, yet exciting year for Celsius. We focused on different ESG themes throughout 2021, which are highlighted in this report:

- Strengthened, and expanded our ESG Group policies
- Improved investment portfolio monitoring

- Implemented responses related to the Covid-19 pandemic
- Continued our engagement with the local community

Focus on the Energy Transition and Sustainability

In 2021, 86% of our invested capital was allocated to newbuilding projects. Going forward, we intend to continue growing our business in sectors supporting broader decarbonization, from ancient power generation to technology-enabled solutions reducing the impacts of climate change.

In 2021, we have invested in line with this strategy and ordered eight state-of-the-art LNG carriers with industry low emissions. The World seeks to accelerate the low-carbon energy transition, and these

vessels are among the most energy efficient vessels in the world and will be a crucial part of unlocking this transition. We believe that, with our experience and knowhow, we are well-positioned to take an active role with our partners.

Emissions Reduction Target

Celsius has focused on emissions reduction for many years but, this year, our company has defined a specific emissions reduction target.

With 2020 as the baseline, Celsius will work towards lowering CO2 emissions per deadweight tonne-nautical mile with 10% by 2025 and 25% by 2030. To achieve this ambition, the group will continue to make significant investments in fleet renewal as well as technological upgrades to our existing tonnage.



Celsius Group at a glance

Celsius is a private management and investment firm within the maritime industry. Celsius has solidified its position in the industry by delivering attractive risk-adjusted returns through investments within maritime transportation with high barriers to entry

At a glance

Celsius' goal is to deliver strong returns to our investors through long-term, predictable cash flows with low correlation to the business cycle. Celsius' mission is to provide safe and reliable transportation globally with respect for the environment, our employees, our partners and international law.

Who we are

Since inception, Celsius has raised in excess of \$3.1 billion of capital, which has been invested in the maritime industry.

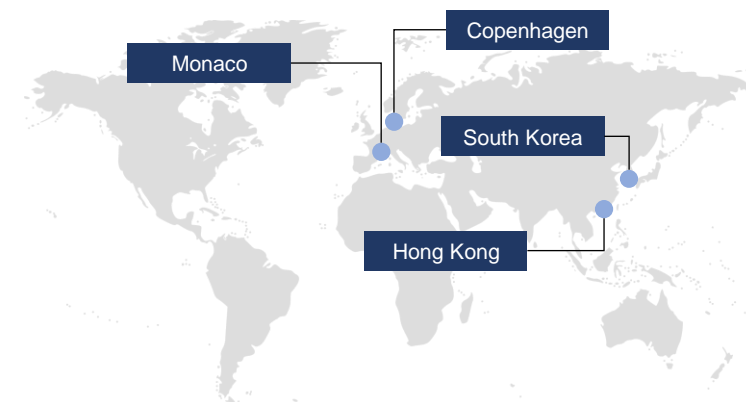
We provide proprietary investment solutions tailored to investors' needs through our fully integrated platform of management services and day-to-day operations.

Our philosophy

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

We are advocates of innovation and focus on new technology to always be at the forefront of the industry and contribute to a cleaner world.

Our Offices



Highlights*

+\$3.1bn

Invested since inception

36

Vessels on the water

8

Vessels on order

50

Onshore employees

+1,000

Seafarers

*Snapshot from 31st of December 2021



ESG at Celsius Group

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

ESG: 2021 in Review

In early 2021, we defined several ambitious ESG objectives

ESG at Celsius Group

- Established an internal working group to identify and drive ESG initiatives
- Continued our collaboration on ESG matters with our partners and external advisors

Group Policies

- Introduced several new ESG related policies to strengthen our governance

Portfolio Monitoring

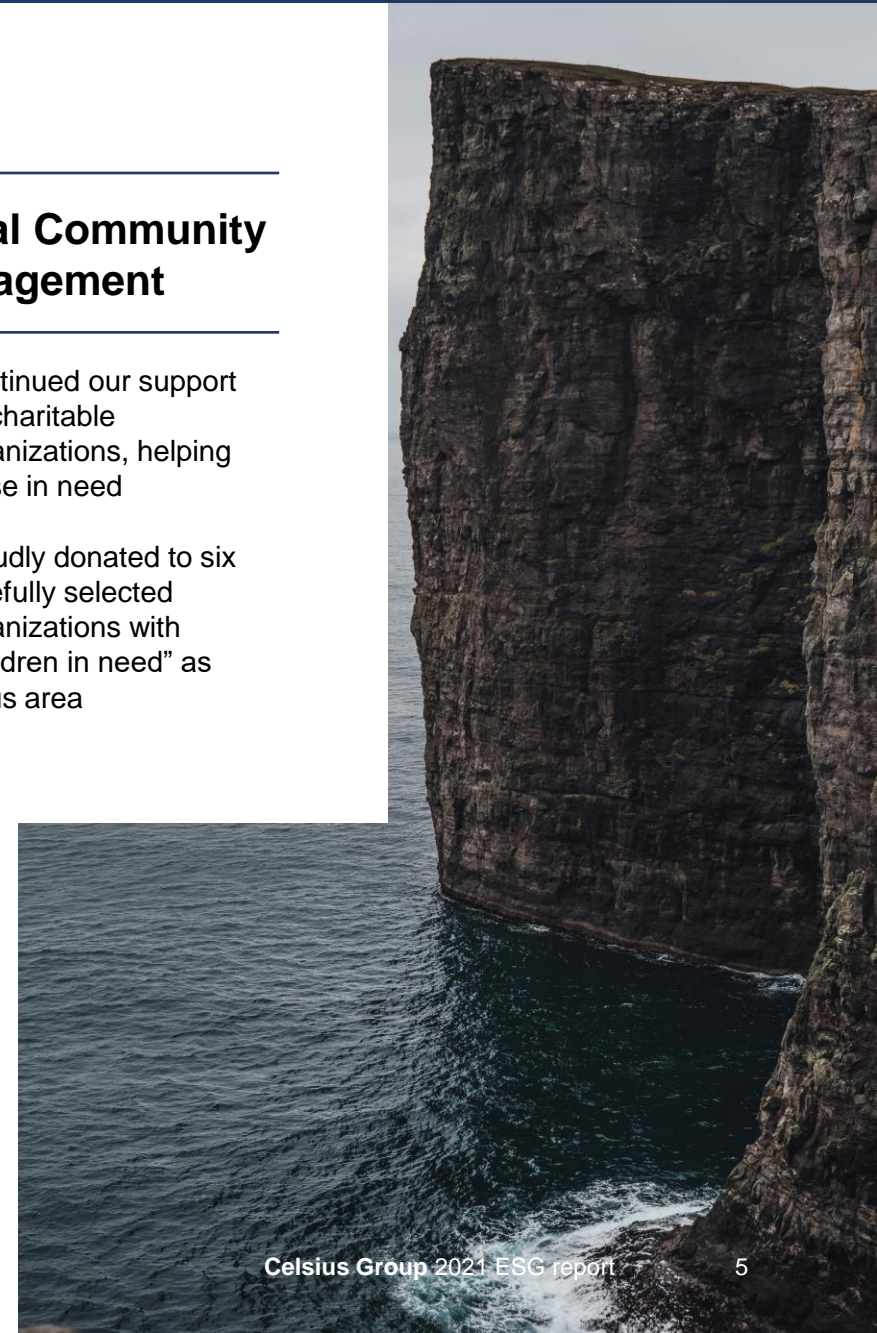
- Introduced framework to our technical management partners to increase the quality and consistency of reporting

Covid-19 Response

- Prioritized the safety and welfare of our seafarers and onshore employees
- Implemented remote working and safety measures in line with government and public health guidelines

Local Community Engagement

- Continued our support for charitable organizations, helping those in need
- Proudly donated to six carefully selected organizations with "children in need" as focus area



ESG at Celsius Group

As an experienced private investment firm within the maritime industry, Celsius recognizes the ever-increasing importance of ESG and has made proactive implementation of ESG initiatives one of our highest priorities

The integration of ESG processes throughout the investment lifecycle enables us to diligently make decisions consistent with fiduciary duties to our partners and the surrounding environment.

We take our responsibility seriously. We have devoted substantial internal and external resources towards ESG matters and developed clear processes in accordance with leading industry standards.

We believe our efforts help us make long term, sustainable, ethical and socially responsible decisions.

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 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.

Group Policies

Our ambitious policies govern our overall way of working, and Celsius' management will review the effectiveness of these 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

Our ESG policies serve as a key element in all management decision processes from initial due diligence to business operations all the way to investment exit

Recycling policy

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

During a potential vessel recycling, Celsius may appoint an auditor or independent body to monitor

health and safety, environmental impact, labor conditions and human rights and anti-corruption

Anti-bribery- & 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 define Celsius' requirements towards its business practices and the personal conduct of its employees

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 risks associated with our business activities.

Our Suite of Group Policies

- ESG Policy
- Anti-bribery & Corruption Policy
- HSE Policy
- Responsible Recycling Policy
- Modern Slavery Policy
- Responsible sourcing and procurement Policy

Portfolio Monitoring

We continue to work in close collaboration with our partners, as well as external advisors to improve on our portfolio monitoring

We constantly monitor our business activities as well as vessels on the water.

In our 2020 report, we introduced quantitative targets to measure of our portfolio. In 2021, we stay committed to widely adopted industry framework, SASB.

Technical Management

The nature of our business means that we use different technical management partners across various segments and with various capital partners.

Once a year, we send out a questionnaire based on SASB to our technical management partners, and vet the reported numbers internally in the ESG working group.

Future objectives

We are in the process of developing a framework where, the ESG working group once a year will review our current fleet for potential ESG issues and improvements. A comprehensive ESG analysis, summary of the findings and a potential ESG action plan for the coming year is drafted and shared with our respective partners.

In addition, due to the nature of our business, we are in the process of including a third party to validate our ESG data.



Covid-19 Response

Due to the Covid-19 breakout, shipping organizations have found themselves in unchartered waters. Celsius has stayed agile and adaptable to the fast-paced changing environment and focused on building effective response plans and strategies

Seafarers

2021 was a challenging year for our seafarers, and we have faced the new challenges head-on, in collaboration with our partners.

Issues surrounding crew and crew change have been a major challenge during 2021. Due to travel restrictions in some areas of the world, crew has been unable to join some of our vessels, and some have even been unable to travel home following the completion of their contracts.

To mitigate this, we have managed to deviate some of our vessels from their intended and optimal route to perform crew repatriation.

We had limited Covid-19 infection cases among our crew, indication that our risk mitigation measures have worked as intended. We have constantly encouraged and supported crew to get vaccinated whenever possible.

Head office functions

Balancing head office operations and support critical operations globally, with ever changing restrictions has been a major challenge. Voyage planning and avoidance of quarantine of seafarers and vessels, while maintaining safety of the workforce and complying with local regional guidelines is still very critical.

With maximum attention to health and safety of our employees, and to reduce operational risk, remote working was implemented throughout most of 2021 where increased digitalization and solid IT-infrastructure have been key enablers to successful implementation

Local community engagement

The Celsius Group is committed to continuously supporting our local society and charity organizations, with a focus on helping children and those in need in various parts of the world. In 2021, we proudly donated some of our proceeds to six organizations

SDG Alignment



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



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, operates homeless shelters, provides disaster reliefs and humanitarian aid to developing countries.



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

BROEN contributes to annual fees and equipment for sports and afternoon activities such as music lessons, theater and outdoor sports.



Kirkens Korshær is a Danish charity with an aim to help vulnerable citizens.

The organization provides shelters, day and night centers, as well as other services to highly vulnerable citizens; the homeless, the poor and the ill and those who suffer from addiction, and extreme loneliness.

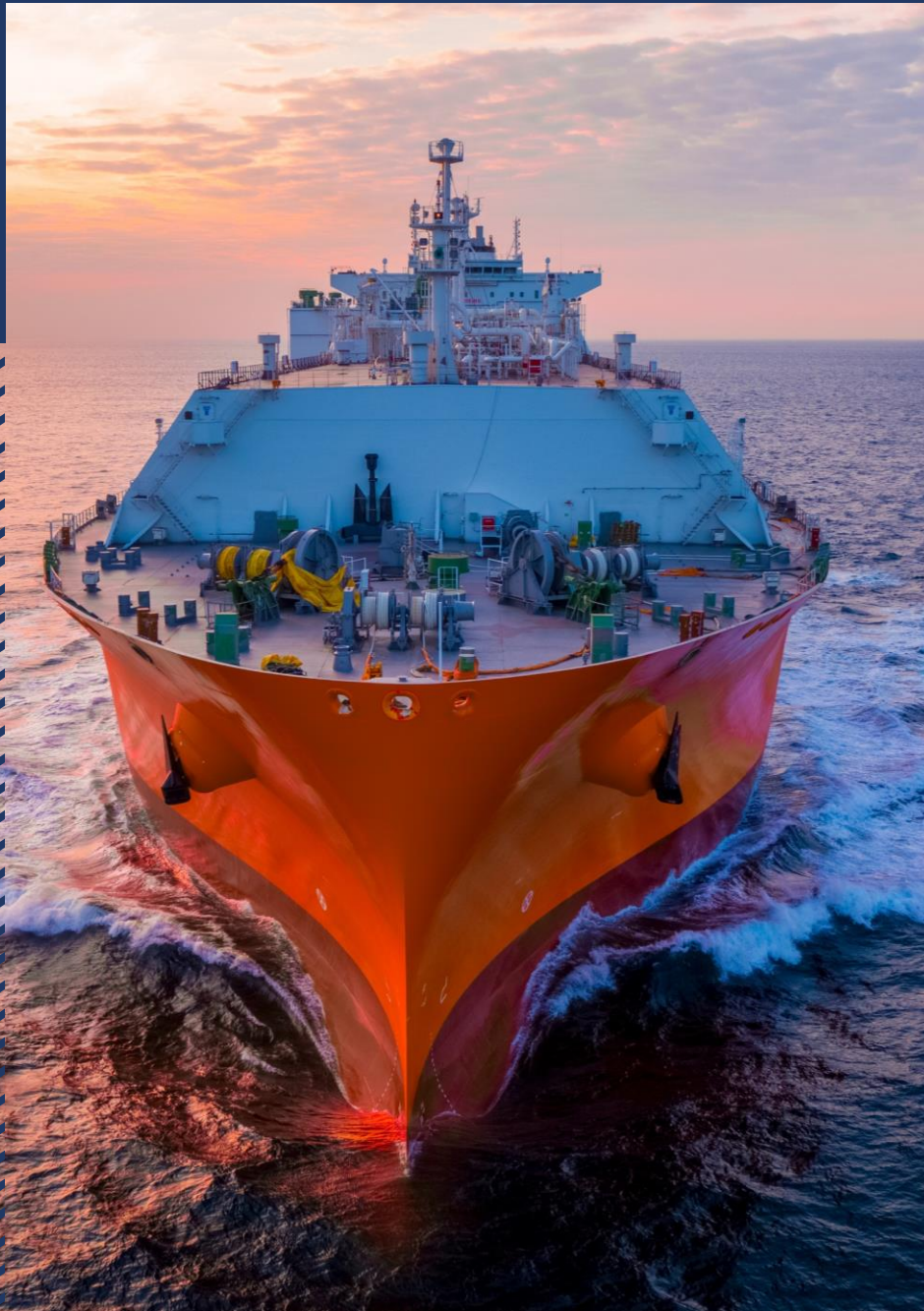


Børnenes Jord is a local, voluntarily driven organization that builds and offers free-of-charge playgrounds and other activities for children.



ESG in Action

**From Covid safety measures to reducing emissions.
2 case studies highlighting some of the challenges
that Celsius has had to solve during 2021**



ENERGY TRANSITION CASE STUDY

Liquefied Natural Gas (LNG)

Celsius' current fleet of 4 LNG carriers was tripled during 2021 as we ordered an additional 8 vessels, to be delivered from 2023-2025. This enables us to play an active role in the energy transition and support our ambitious strategy of lowering our fleet's CO2 emissions per deadweight tonne-nautical mile with 10% by 2025 and 25% by 2030.

Celsius is committed to operate in a transparent and ethical way, and to make a significant effort to support the ongoing, global energy transition. We believe it is our responsibility as corporate citizens to take an active role.

Key ESG improvements to the vessel design:

- For our batch of 8 newbuildings ordered in 2021, we have invested in the newest, most energy efficient engines available

- Our vessels are fitted with the newest, most advanced fuel management software systems, LED lightning and air lubrication. All to keep the vessels as energy-efficient as technologically possible.
- Our experienced in-house technical team has worked closely with the shipyard to further strengthen the vessel-design with the ambition to improve crew welfare. Consequently, our LNG carriers have all been fitted with advanced work out facilities to enhance crew welfare, and in particular noise reduction measures and improved air quality in the crew quarters to enhance quality of life onboard.
- Crew welfare and crew wellbeing onboard our vessels will remain a primary part of the Celsius Group values.

**18,000 to 24,000 tonnes
Annual CO₂ savings***



* Celsius 180K ME-GA EGR vs Alternative Specifications – USG to Far East trade at 19 knots



COVID-19 RESPONSE CASE STUDY

Crewing

We strive to keep our seafarers safe and healthy and are focused on mitigating the risk of infection on our vessels.

In line with our commitment to a safe work environment, our first-priority throughout the Covid-19 pandemic has been to ensure the health, safety and well-being of all our staff. It was a tough year for our seafarers, yet our staff at sea have shown incredible resilience to cope with the fast pace of changing regulation and best practices.

In collaboration with our partners, we have established Covid-19 safety protocols for crew changes, which includes regular, mandatory Covid-19 testing, in order to ensure that all embarking crew are free of Covid. As a part of this initiative, we have done our utmost to restrict the access of shore personnel onboard our vessels, even though this is contradictory with port operations under pre-pandemic conditions.

The roll-out of vaccination programs globally has had noticeable effects on the peaks of the pandemic. We continuously encourage and facilitate the vaccination of crew, in line with authority guidelines.

Celsius supports the Neptune Declaration, which recognizes seafarers as key workers, who shall be prioritized for vaccines. In line with the declaration, Celsius recognizes the need for an industry-wide adoption of health protocols and a collaboration between ship operators and charters to facilitate crew changes.

We will continue our ongoing focus on the challenges that the Covid-19 pandemic keeps posing to our daily operations and the well-being of our crew.



ESG Reporting

Reporting on ESG measures, we are devoted to follow the widely adapted framework in our industry:

Sustainability Accounting Standards Board (SASB)

Activity

	2020	2021
Activity metrics		
Number of shipboard employees	1,042	796
Total distance traveled by vessels (in nautical miles)	2,883,112	1,829,589
Operating days	10,168	6,319
Deadweight tonnage	2,314,902	1,764,826
Number of vessels in the fleet ¹	50	36

1. The activity metrics for 2021 are reported based on our fleet as of December 31st, 2021.

Environmental

	2020	2021
Greenhouse gas emissions		
Gross Global Scope 1 emissions (in metric tonnes) ¹	996,218	998,207
Total Energy consumed (in Gigajoules (GJ)) ²	13,452,837 GJ	14,360,343 GJ
Percentage Heavy Fuel Oil (in percentage) ³	0%	0%
Average grams of CO2 emitted per deadweight tonne-nautical mile ⁴		
(1) Container feeders	(1) 12.3	(1) 13.2
(2) Dry bulk	(2) 5.0	(2) 5.2
(3) Product Tanker	(3) 5.8	(3) 5.4
(4) Chemical Tanker	(4) 9.6	(4) 9.4
(5) LNG	(5) 5.1	(5) 5.2
(6) Total average	(6) 7.8	(6) 7.7
Air quality		
Air emissions of the following pollutants:		
(1) NOx (excluding N ₂ O)	(1) 24,097	(1) 24,467
(2) SOx	(2) 2,357	(2) 2,255
(3) Particulate matter (PM ₁₀) (in Metric Tonnes)	(3) 16,307	(3) 12,852
Ecological impacts		
Number of travel days in marine protected areas or areas of protected conservation status ⁵	14 days	144 days
Percentage of fleet with installed ballast water treatment system	68%	78%
(1) Number and	(1) 2	(1) 0
(2) Aggregate volume of spills and releases to the environment (in Cubic meters)	(2) 0.2 cubic meters	(2) 0 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, Liquefied Natural Gas 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 bunker fuel consumption is instead made up of low-sulphur fuel oil (LSFO) and Marine Gas Oil (MGO).
4. In 2021, we have decided to start calculating our average CO2 emissions, relative to deadweight-nautical miles, in line with industry standards. We will be using this measure going forward. Average grams of emitted CO2 per deadweight tonne-nautical mile is calculated as $\frac{\text{Total CO2 emissions (grams)}}{\text{Vessel deadweight tonnage} * \text{nautical miles}}$ per segment.
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

	2020	2021
Employee health and safety		
Lost Time Incident Frequency ¹	0.69	0.55
Accident and safety management		
(1) Number of Marine casualties ²	(1) 10	(1) 0
(2) Percentage classified as very serious ³	(2) 0%	(2) 0%
Number of Conditions of Class or Recommendations	18	14
Number of Port State Control Inspections	98	116
(1) Average Deficiency per PSC	(1) 0.55	(1) 0.46
(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

	2020	2021
Business ethics		
Number of port calls in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index ¹	3 port calls	7 port calls
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption ²	USD 0	USD 1,637

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

2. Monetary losses are reported in USD.



Future ESG Objectives

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

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Due Diligence & Investment

- Improve our ESG due diligence process

ESG Monitoring

- Rollout of ESG monitoring on Group level and across our investment portfolio

ESG at Celsius Group

- Continue roll-out of ESG initiatives and investments in energy efficiency
- Strengthen the ESG knowledge within our organization through education and increased (xxx) communication

CO₂ Reduction

- Continue implementing and investing in energy efficiency
- We will work towards lowering CO₂ emissions per deadweight tonne-nautical mile with 10% by 2025 and 25% by 2030



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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