

Celsius Group ESG Report 2022

Contents

ESG highlights	4
Statement from our Chairman	5
Celsius Group at a glance	6
ESG progress in 2022	7
Key ESG priorities at Celsius Group	9
Celsius and the UN SDGs	10
Environment	12
Social	13
Governance	14
Future objectives	15
ESG reporting	17



Introduction & highlights

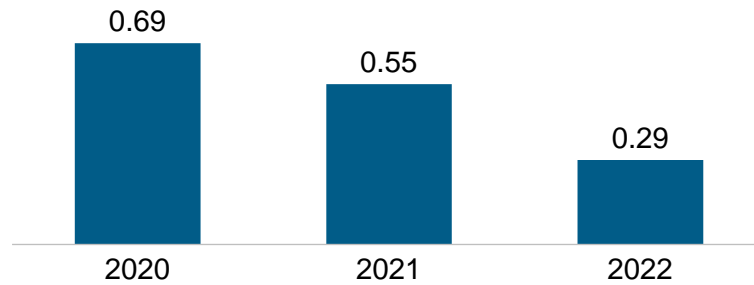


ESG highlights

Celsius Group is committed to continuously improving on the ESG agenda. Together with our partners we will share information and work to progress on key ESG priorities

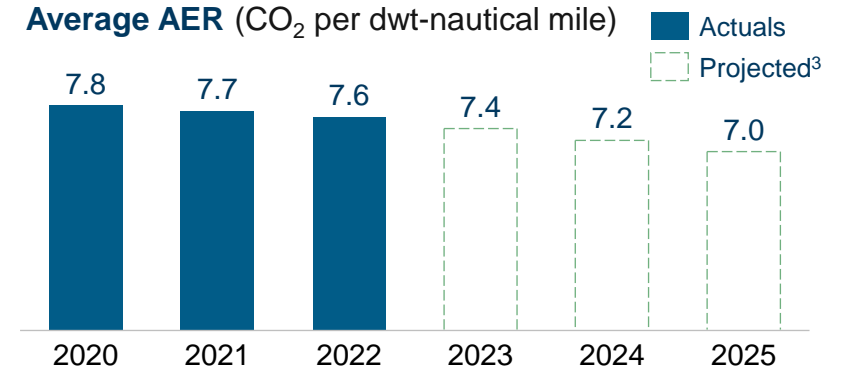
EMPLOYEE SAFETY & WELL-BEING

Lost time incident (LTI) frequency¹



ENVIRONMENTAL FACTORS

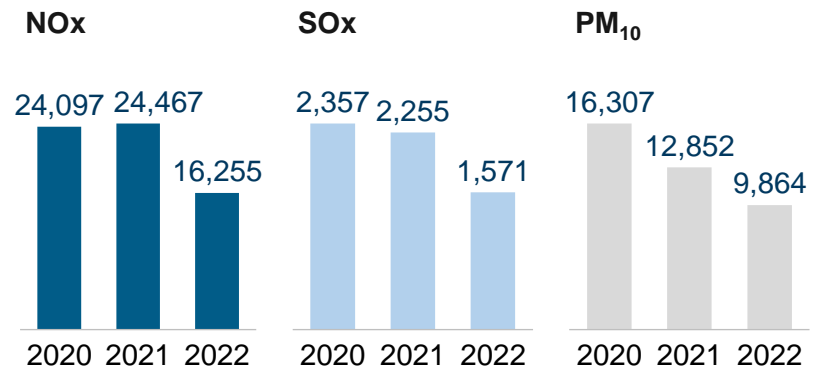
Average AER (CO₂ per dwt-nautical mile)



0 MARINE CASUALTIES

82 ENGAGEMENT SCORE ON EMPLOYEE ENGAGEMENT SURVEY²

Air quality (In metric tons)



1. LTI = (# incidents *1,000,000)/employee labor hours; 2. Average engagement score among 25,000+ respondents = 71
 3. AER needed to reach Celsius Group's targeted 10% reduction in 2025 (vs. 2020)

Statement from our Chairman

A year of disruptions

2022 has been yet another turbulent year. While some regions were returning to normal following Covid-19, the pandemic continued to prevail in other parts of the world to the great torment of seafarers and global shipping operations. Multiple new crises have emerged: the war in Ukraine, the global energy crisis and soaring inflation levels have challenged businesses and individuals across the globe.

A strong commitment to ESG

The multiple crises have further highlighted the importance of ESG and the need to act now. The pandemic has ignited a much-needed discussion around crew welfare, while the global energy crisis illustrates the need for securing future energy supply and accelerating the low-carbon transition.

These issues are also core elements of Celsius' ESG strategy. In 2022 we defined 3 focus areas, which are central issues for the shipping industry, and where we believe Celsius can make the greatest impact: (1) Decarbonization, (2) Employee Well-Being and (3) Health & Safety.

Continued focus on the Energy Transition

Celsius remains committed to supporting the decarbonization of shipping. At the core of our strategy is a strong focus on LNG, and we have continued to invest in this segment adding 2 ultra-Eco LNG carriers to our orderbook in 2022.

Through our newbuilding program we are continuously looking into how we can reduce the emissions of our vessels through technical

and operational improvements as well as innovative strategic partnerships.

We are also staying true to our agile business model with exposure to multiple segments but now with particular focus on opportunities where innovative technologies and new fuel solutions are emerging. We have thus ordered 4 methanol-ready 3,000 TEU container feeders during 2022.

Looking ahead

In 2023 we will continue our work with special focus on our three key issues. We will strive towards reaching the targets we have set, while also evaluating if we can increase our ambition levels even further. We are committed to reporting on our progress in line with industry standards using the widely adopted SASB framework.



Jeppe Jensen
Founder and Chairman

A handwritten signature in blue ink that reads "Jeppe Jensen". The signature is fluid and cursive, matching the name in the caption above it.

Celsius at a glance

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 and managed in excess of \$4.3 billion of capital which has been invested within the maritime industry.

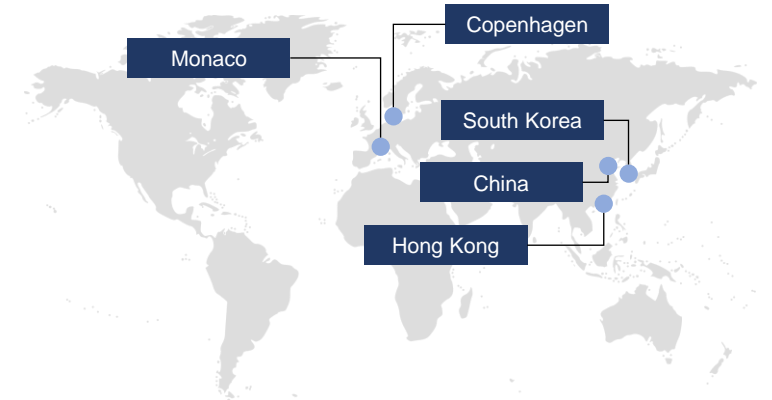
We provide proprietary investment solutions tailored to investors' needs through our fully integrated platform of management services and day-to-day operations.

Our philosophy

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

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

Our Offices



Key figures*

+\$4.3bn

Invested since inception

30

Vessels on the water

14

Vessels on order

+50

Onshore employees

+1,000

Seafarers

*Snapshot from 31st of December 2022

Progress made during 2022 – highlights

- In September 2022 we appointed our first Head of Strategy and Sustainability whose work is dedicated to building, refining and executing on Celsius Group's ESG strategy.
- We held the first meeting of the newly established ESG committee in Celsius with the ambition of doing this as a minimum on a quarterly basis. ESG is a broad and evolving concept, and it was agreed that further defining our priorities within ESG would help create a more impactful strategy in a constantly changing landscape. We therefore defined three key priorities and three UN Sustainable Development Goals to emphasize in our ESG strategy.
- We have continued our fleet renewal program with the ambition to invest in highly energy-efficient vessels going forward. This year the following vessels were added to our orderbook:
 - 4 x methanol ready 3,000 TEU container feeders
 - 2 x ultra-Eco 180,000 CBM LNG carriers
- In November 2022 we launched an engagement survey for all employees in our Monaco and Copenhagen Offices to further understand the well-being of our employees and identify areas where we can become even better.
- We have launched several new initiatives in Celsius to increase employee happiness and motivation including the establishment of a social committee, a formalized feedback and personal development process as well as more frequent and formalized communication across our organization.
- During 2022 we started a partnership with Vessel Performance Solutions to track and optimize the performance and efficiency of our vessels. The system was installed on our 4 LNG vessels on the water. We have also installed Zero North's performance management program on two of our vessels.
- Celsius has applied silicon paint on 6 vessels during 2022, which is a key enabler of limiting hull friction and thereby reducing the fuel consumption of our vessels. Celsius aims to paint all our vessels with silicone paint which only contains 5% of the biocide level found in other top tier antifouling. In addition, as this is not a polishing paint, we do not release any paint to the sea thus leaving a significantly smaller impact on the marine environments our vessels pass through.

”

ESG has for years been an implicit part of Celsius Group's strategy and is embedded in the way we invest and conduct our business. Our ambition is to become a central player in the decarbonization of shipping and to offer our employees across borders the best conditions to thrive and succeed

Caroline Baier Jensen,
Head of Strategy & Sustainability

Celsius Group's ESG strategy



Our 3 ESG priorities

Celsius has defined 3 key priorities to increase the impact and focus of our ESG efforts. These are issues at the center of the industry we operate in and where we believe we can make the greatest impact

1. Carbon Emissions



To accelerate the transition to low-carbon and green fuels

Key initiatives

- LNG newbuild program with focus on building state of the art vessels with industry low emissions
- Technological and operational improvements to existing fleet
- Innovative partnerships with technologically enabled solutions

2. Employee Well-Being



To give our employees the best conditions to thrive and succeed

Key initiatives

- Annual employee engagement survey
- Social events to boost the Celsius culture and cohesion
- Focus on personal development and mentorship
- Enhanced conditions for crew members on our vessels

3. Health & Safety



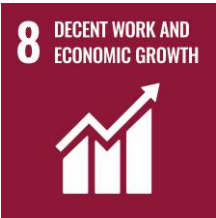


To build a safe workplace on- and offshore

Key initiatives

- Continuous safety training for all crew members
- Mental health training and awareness programs
- Support and guidance for crew members and their families

Celsius Group and the UN SDGs

Celsius supports all 17 sustainable development goals defined by the UN. In 2022 we chose to prioritize three areas, which we believe central to the shipping industry, and where Celsius can make the greatest contribution. Further details about our progress on these areas will be explored in the next chapter.

Goal	Description	Comment from Celsius
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Celsius employs +1000 seafarers on board our vessels and providing a safe workplace with focus on mental and physical health is a key priority for us. We are continuously working towards evaluating how to be a better employer for all our employees, on- and offshore</p>
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impact</p>	<p>Maritime transport plays an essential role in the global economy and is one of the most energy-efficient modes of transport, but it is also a large source of emissions. Celsius has set concrete targets to reduce the emissions of our vessels, and we continuously monitor our progress and ambition levels together with our partners</p>
 <p>14 LIFE BELOW WATER</p>	<p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>The shipping industry has a key responsibility in supporting the conservation of our oceans. Celsius has multiple measures in place to protect the marine areas we operate in, including ballast water treatment systems on all our vessels to protect the oceans from invasive species</p>

Progress on ESG

Environment

Carbon emissions is a central element in Celsius Group's ESG strategy, and we aim to play an active role in the energy transition towards zero- and low carbon fuels

Targets

2025

10% reduction in CO₂ emissions per dwt-nautical mile

2030

25% reduction in CO₂ emissions per dwt-nautical mile

Celsius Group's environmental strategy

Reducing emissions and limiting negative effects on the environment from our operations has long been an integrated part of our business and the way we work at Celsius Group. Our strategy is focused on investments in sectors supporting broader decarbonization and on building state-of-the-art vessels with industry low emissions.

We are continuously evaluating how to optimize the energy efficiency of our newbuilds and existing fleet through both operational and technical measures. Our focus areas include tracking and optimization of vessel performance using various computer-based programs as well as solutions aimed at reducing hull friction.

We have started exploring partnerships with innovative players to help realize our decarbonization ambitions. Through our newbuild program and large fleet of vessels we possess a great platform for testing new innovative technologies in various pilot projects in areas such as emissions reduction, carbon capture and fuel cells. This is something we will explore further in the future in close collaboration with our financial, technical and commercial partners.

Themes in our vessel decarbonization strategy and examples (non-exhaustive)



Logistics & digitalization

- Live data transmission
- Above industry standard vessel size
- Computer based performance monitoring system



Hydrodynamics

- Top tier anti-fouling (e.g. silicone paint)
- Performance based hull cleaning
- Air lubrication



Machinery

- Various computer-based engine optimization programs
- Economizers on auxiliary engines
- Variable frequency drives on pumps



Fuel

- LNG newbuild program (4 vessels on the water and 10 under construction)
- 4 container vessels under construction with methanol design approval

Social

Ensuring the well-being of our employees is deeply rooted in our culture and values. Celsius Group is committed to providing a safe and inspiring work environment for all our employees, on and offshore

Employee well-being and engagement

In 2022 Celsius launched its first engagement survey for all employees at our HQ, which was an important step in getting deeper insights into the job satisfaction of our people.

“Overall engagement survey score of 82 corresponding to 15% above benchmark

The results of the survey highlighted that we are a company that people are proud and happy to be working for with an overall engagement score of 82 corresponding to 15% (11%-points) above benchmark¹

In spite of the great results, the survey is also a tool to identify areas where we can do even better, and it has helped shape several initiatives to boost employee motivation going forward. Examples include greater focus on employee learning and development and more formalized communication across the Celsius Group. We will continue monitoring employee engagement annually.

Coming up: engagement survey for our seafarers

During 2023 we will launch an engagement survey for all crew members on board our LNG vessels to further understand the well-being of our seafarers and identify areas where we can create even better crew conditions.

Seafarer well-being

At Celsius Group we believe that seafarer welfare is a combination of physical, mental and social well-being.

“Celsius has gone to great lengths to support our seafarers through the Covid-19 crisis

The past years have proved challenging for seafarers across the globe as the global pandemic hit and hindered many from disembarking ships while others were stranded ashore unemployed. Celsius has gone to great lengths to support our seafarers through the Covid-19 crisis working closely with our partners e.g. to deviate routes to enable

embarkation and disembarkation. Our seafarers must go through a broad range of programs and trainings on mental and physical health to prevent accidents and ensure that everyone on board is happy and healthy. We have dedicated clinical psychologist support, psychological first aid, counselling sessions and awareness campaigns. Our support does not end with the seafarer; we also have programs and communities in place to support the families of those onboard our ships.

“Advanced workout facilities, noise reduction, air quality improvements and enhanced ceiling height

Seafarer conditions has been a great focus in the design phase of our newbuilding program. We have invested in measures such as advanced workout facilities, noise reduction, air quality improvements and enhanced ceiling height – all aimed at improving the physical, mental and social well-being of our crew.

1) Benchmark is comprised of +25,0000 responses from individuals working at firms across various industries

Governance

Celsius Group has a broad range of policies in place governing our ways of working and ensuring compliance with regulations. These are reviewed on an ongoing basis to ensure that they are relevant, adhered to and up to date

ESG policy

Celsius' ESG Policy defines how we handle key ESG issues, 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 is committed to complying 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 independent body to monitor factors including health and safety, environmental, labor conditions and human rights, anti-corruption, sub-contractors and downstream facilities for waste handling.

Anti-bribery- & corruption

Celsius is committed to acting in full compliance with all applicable laws, regulations and rules regarding bribery and corruption. We recognize that such practices undermine 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 outline Celsius' requirements towards its business practices, partners and to the 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.

Our Suite of Group Policies

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

Future objectives

Celsius is intent on continuously improving on our ESG reporting and matters related to ESG. We will work in close collaboration with all partners in our ecosystem to push for progress and increase transparency

Review our emissions targets



Review our current emissions targets and explore potential for introducing ESG KPIs on- and offshore

Continue fleet renewal program



Continue our fleet renewal strategy with focus on ordering more ECO vessels with low emissions and dual fuel newbuildings

Launch crew engagement survey



Further understand the well-being of the seafarers on board our LNG vessels and identify potential initiatives to improve conditions for our crew members

Explore innovative partnerships



Explore potential for new partnerships and solutions with innovative players who can help Celsius improve on efficiency, costs and emissions

Boost community involvement



Broaden our partnerships with local communities through support of educational and job training programs

Continue safety optimization



Continue implementing safety best practices on our vessels to preserve the positive development in employee safety

ESG reporting

Activity

Activity metrics	2021	2022
Number of shipboard employees	796	890
Total distance traveled by vessels (in nautical miles)	1,829,589	2,218,565
Operating days	6,319	7,642
Deadweight tonnage	1,764,826	1,886,223
Number of vessels in the fleet ¹	36	40

1. Vessels under Celsius ownership during the reporting year

Environmental

Environmental metrics

	2021	2022
Greenhouse gas emissions		
Gross Global Scope 1 emissions (in metric tonnes) ¹	998,207	865,050
Total Energy consumed (in Gigajoules (GJ)) ²	14,360,343	11,945,573
Percentage Heavy Fuel Oil (in percentage) ³	0%	0%
Average grams of CO2 emitted per deadweight tonne-nautical mile ⁴		
(1) Container feeders	(1) 13.2	(1) 11.2
(2) Dry bulk	(2) 5.2	(2) 0
(3) Product Tanker	(3) 5.4	(3) 5.3
(4) Chemical Tanker	(4) 9.4	(4) 10.1
(5) LNG	(5) 5.2	(5) 5.6
(6) Total average	(6) 7.7	(6) 7.6
Air quality		
Air emissions of the following pollutants:		
(1) NOx (excluding N ₂ O)	(1) 24,467	(1) 16,255
(2) SOx	(2) 2,255	(2) 1,571
(3) Particulate matter (PM ₁₀) (in Metric Tonnes)	(3) 12,852	(3) 9,864
Ecological impacts		
Number of travel days in marine protected areas or areas of protected conservation status ⁵	144 days	12 days
Percentage of fleet with installed ballast water treatment system	78%	98%
(1) Number and	(1) 0	(1) 0
(2) Aggregate volume of spills and releases to the environment (in Cubic meters)	(2) 0 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, Liquified 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. Celsius Group has since 2021 followed industry standards and thus measures our average CO2 emissions, relative to deadweight-nautical miles. Average grams of emitted CO2 per deadweight tonne-nautical mile is calculated as $\frac{\text{Total CO2 emissions}}{\text{Vessel deadweight tonnage} * \text{nautical miles}}$ 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

Activity metrics

	2021	2022
Employee health and safety		
Lost Time Incident Frequency ¹	0.55	0.29
Accident and safety management		
(1) Number of Marine casualties ²	(1) 0	(1) 0
(2) Percentage classified as very serious ³	(2) 0%	(2) 0%
Number of Conditions of Class or Recommendations	14	57
Number of Port State Control Inspections	116	80
(1) Average Deficiency per PSC	(1) 0.46	(1) 0.69
(2) Detentions	(2) 0 detentions	(2) 1 detention

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

Governance metrics

2021**2022**

Business ethics

Number of port calls in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index¹

7 port calls

1 port call

Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption²

USD 1,637

0

Disclaimer

This report has been prepared by the Celsius Group and includes data received from our partners. The report is intended for company use only and all information and/or data contained in it may not be copied, reproduced or used for any other purpose than the intended.

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 maintains 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.