
CSR HIGHLIGHTS 2011

Responsible behavior is central to TORM's business. Due to the risks associated with shipping, we maintain high standards in terms of safety and the environment. In recent years, we have increased focus on anti-corruption and supplier dialogue on CSR. In these areas, we find industry collaboration important to create sustainable progress.



■ ■ Social and environmental accountability is an important part of being a preferred carrier in our industry. ■ ■

ENVIRONMENT

We have set a target to reduce our emissions by optimizing the way our vessels operate. We made significant progress on three planned investments in vessel technology.

Target for 2020:

- 20% reduction of CO₂ emissions per vessel compared with 2008
- 25% reduction of CO₂ emissions per employee at company offices compared with 2008

In 2011, we saw a 4,3% reduction in CO₂ emissions per vessel per ton/km. The reduction was primarily driven by better cargo utilization and low speed. We saw a slight increase in CO₂ emissions from offices between 2010 and 2011. However, target for 2020 is nearly met.

Marine pollution constitutes the largest environmental risk for TORM. We exercise constant care in our operations to minimize our environmental impact. In 2011, we had two significant oil spills: 30 m³ waste-water contaminated by engine room oil was spilled due to a leakage on the suction line. Another occurred when 3.9 m³ oil was spilled due to equipment failure when decanting washing water after a tank cleaning operation. We had six smaller oil spills coming to less than a barrel of oil in total. In response to the incidents our procedures have been revised, and training has been provided to increase awareness among our crew.

SAFETY

Safe, healthy and secure working conditions are key priorities to us. The positive trend in our safety performance continued in 2011.

90% of our employees work at sea and this places exceptional demands on us to ensure safe working environments on board our vessels. We measure our performance on several parameters to ensure

continued focus on safety. Lost Time Accident Frequency (LTAF) is an indicator of work-related personal injuries. We saw a decrease in LTAF from 2.3 in 2010 to 1.7 in 2011.

We also saw a positive trend of near-miss reports in 2011 with an increase from two reports per vessel per month in 2010 to five reports per vessel

■ ■ We maintain our focus on safety through training and by sharing best safety practices among vessels. ■ ■

per month in 2011 due to raised awareness and increased training. Near-miss reports provide an opportunity to analyze incidents that may have led to accidents, which ultimately contributes to the prevention of accidents.

In 2011, we made the decision to place armed guards onboard all vessels trading in the Gulf of Aden.

The decision was first and foremost made to ensure the safety of seafarers and to address concerns raised by crew members and their families. The decision followed three unsuccessful attacks on TORM vessels in 2010 and 2011 and was based on intelligence showing that to date no guarded vessel has been hijacked. The response from our seafarers and their families has been highly positive.

■ ■ We are very comfortable having armed guards on board. TORM is a company which understands its responsibility of caring about the psychology of seafarers in such hostile conditions. ■ ■

Capt. Ajit Narain

LABOR

Labor conditions are particularly important for our seafarers because the vessel serves both as their work place and their home.

We are in compliance with the ILO's Maritime Labour Convention, an international set of standards pertaining to labor conditions at sea. The convention is expected to come into force in 2012.

We respect employees' right to associate freely, to join – or not join – unions and to bargain collectively.

We offer equal opportunities for our employees as stated in TORM's Code of Conduct and Ethics.

In 2011, TORM was one of the drivers behind a proposal for cooperation among major Danish ship owners with regard to CSR audits of repair yards.

We want to promote responsible practices within our sphere of influence and have revised our tender procedure to include a CSR assessment of suppliers based on the principles of the UN Global Compact.

ANTI-CORRUPTION

We do not accept corrupt business practices. In 2010, we co-founded the Maritime Anti-Corruption Network (MACN) to take a joint stand in the industry towards the request for facilitation payments, which we face in many parts of the world.

In the network we share best practices and align our approach to bring down payments. The network seeks support among government bodies and international organizations to eliminate the

root causes for corruption. We are committed to address corrupt business practices among stakeholders.

As part of our anti-corruption efforts we implemented a new procedure in Tanker Operation to deal with requests for facilitation payments. The aim is to reduce payments.

■ ■ We cooperate with other shipping companies and business partners to improve our own performance and contribute to sustainable business practices in the shipping industry. ■ ■

HUMAN RIGHTS

We have revised our business principles to better reflect TORM's leadership philosophy and our commitment to the UN Global Compact, particularly in regards to human rights.

The principles will be rolled out throughout the organization in 2012.

TORM has signed Charter for more women on boards, along with other major Danish ship owners. In 2012, we will carry out a pilot project on diversity at HQ. Based on experiences and knowledge derived from this, a plan will be made for roll-out across offices.

A pilot study on repair yards in 2012 will explore the implications of the UN Guiding Principles on Business and Human Rights.

We enforce a work environment free of harassment and discrimination, as stated in TORM's Code of Conduct and Ethics.

No claims or offenses have been reported in regards to human rights in 2011.

Read more about TORM and our CSR at www.torm.com/csr

MANAGEMENT SIGNATORIES

TORM management is committed to responsible behavior and continues its supports of the principles of the UNGC. Our CSR performance is important to our stakeholders and our company. We confirm the performance illustrated by the above stated material key performance indicators.



Jacob Meldgaard, CEO



Claus Usen Jensen, Executive VP, Technical Division

EMISSION AND SAFETY DATA

EMISSION DATA	2011	2010	2009	2008
Vessel emissions and indicator				
Number of vessels in operation at the end of the year (in technical management)	71.0	70.0	70.0	65.0
No of vessel months (one vessel, one year equals 12 vessel months)	854.6	827.4	822.3	759.0
Oil usage, and the generated CO ₂ emissions				
Heavy fuel oil (ton)	450,650	434,729	454,456	486,222
Low sulphur heavy fuel oil (ton)	63099.0	73314.0	108913.4	91440.0
Marine gas oil (ton)	23,558	20,488	13,957	16,376
Lubricating oil (ton)	3929.0	3967.0	4592.3	4970.0
Generated CO ₂ emission from vessels (ton)	1,697,352	1,669,632	1,818,927	1,876,567
Nox (ton)	36872.0	36811.0	41055.0	43088.0
Sox (ton)	25,485	24,945	28,523	32,541
Distance and cargo				
Distance sailed (km)	3,986,524	3,909,999	4,341,222	4,279,008
Average cargo onboard	29196.4	28244.0	28912.0	29498.0
Ton-km	215,558,291,066	204,522,438,135	232,447,000,346	233,766,293,535
CO₂ emission in grams per ton-km (one ton of cargo transported one km)	7.87 g/ton-km	8.16 g/ton-km	7.83 g/ton-km	8.03 g/ton-km
Target to reach in 2020 after a 20% reduction, cf. 2008	6.4 g/ton-km			
Office emissions and indicator				
Electricity, heating and other office related activity				
Electricity used in all office locations (kWh)	1,036,581.0	891,866.0	979,827.0	1,242,354.0
District heating (Gj)	3,168.0	2,798.0	4,417.0	1,616.0
Use of company cars - km driven (est.)	414,740.0	531,552.0	651,771.0	672,126.0
Generated CO ₂ emissions from offices (ton)	834.5	760.6	893.6	901.1
Employees				
No of office employees at the end of the year	316.0	318.0	314.0	315.0
CO₂ emission per employee (ton)	2.6	2.4	2.8	2.9
Target to reach in 2020 after a 25% reduction, cf. 2008	2.0 ton CO ₂ per employee			
Flight emissions and indicator				
Air travels				
Air mileage in kilometre	78,278,401.0	58,434,308.0	62,912,571.0	104,848,069.0
No of travels	12,553	9,647	12,247	14,249
CO ₂ emissions (ton)	7,222.0	6,452.0	6,847.0	11,412.0
CO₂ emissions in ton per vessel month	8.5	7.7	8.3	15

SAFETY DATA

Safety indicators

Lost Time Accident Frequency (LTAF) - indicates number of workrelated injuries that result in more than 1 day off work per million hours of work	1.7	2.3	2.9
Near-miss reports (number of reports per vessel per month)	5	2	1

REPORTING SCOPE

Environmental and social data is based on all vessels under TORM's technical management. Having the technical management of a vessel implies having control over the vessel in terms of environmental performance and crew.

As of 1 January 2011, we had 71 vessels under management. We operated a similar number of vessels in 2011 over which we did not have technical management. These are not included in this report.

The report includes emissions from all TORM's offices in Copenhagen, Mumbai, Singapore, Manila, Brazil and Stamford (covering 318 employees). Emissions from air travel are included for all office staff and all crews. Data from vessels are collected according to a specific reporting routine, mainly on a monthly basis but for certain data at a lower frequency. Other environmental data are collected on an annual basis. Safety data is based on reporting made to TORM's Safety, Quality and Environmental Department whenever an incident occurs.

REPORTING GUIDELINES

The 2011 greenhouse gas emissions reporting covers scope 1 (direct emissions from own production) and scope 2 (emissions from own production but others' emissions) of the Greenhouse Gas Protocol except for the activities listed below, as well as selected scope 3 (other's production and emissions– services) activities. TORM will continue to align reporting structure and content to the requirements of the Carbon Disclosure Project.

Scope 1 - vessels

- Consumption of bunker oil has been calculated to greenhouse gas emissions by using the Danish Ministry of Transport's research in emissions related to transportation (TEMA 2000). Emissions are calculated for each single vessel and consolidated.
- Emissions from company cars are based on number of cars, where all cars at each office are made equal in distance and consumption. (Copenhagen 25,000 km, Singapore 7,800km and Manila 6,900 km, distances are estimated based on an average expected usage per country, efficiency is set to 12 km/litre.)
- Numbers under scope 1 data sheet have been collected on board the vessels or at the offices. The collection is based on actual usage or disposals.

Scope 2 - offices

- Emissions from electricity consumption in offices are calculated by using local authority information from Denmark, the USA and Singapore, and for India and the Philippines, the World Resources Institut (www.wri.org) and Environmental Protection Agency (epa.gov).
- Emissions from heating (district heating) in the Copenhagen offices are calculated by using Danish emissions factors (www.energinet.dk).

Scope 3 - flight emissions

- Emissions from plane travel are provided by travel agent Instone.
- 2011 greenhouse gas emissions are calculated for vessels in technical management in TORM, amounting to a total of 855 vessel months of operation.

Ton-km is calculated by use of actual cargo times the distance with actual cargo, thus a ballast voyage will give 0 (zero) in ton-km.

CO₂ emission pr ton-km is the full CO₂ emissions on board all vessels divided by the ton-km for all voyages, thus it includes emissions from ballast voyages, electricity production, inerting, cargo operations, etc.

INDEPENDENT AUDITOR'S REPORT ON DAMPSKIBSSELSKABET TORM HSE DATA 2011

To the Management of TORM A/S (TORM)

We have reviewed material Emission and Safety Data, page 4 ("the report") selected by TORM. The Report is the responsibility of and has been approved by the Management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our approach on emerging best practice and standards for independent assurance on sustainability reporting, including ISAE 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the Management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matter.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusions

In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

1. TORM has applied detailed procedures to identify, collect, compile and validate the data and information about those HSE aspects to be included in the Report. The data for 2011 as presented in the Report are consistent with the data accumulated as a result of these procedures and are appropriately reflected in the Report.
2. TORM applies a reporting practice in accordance with its objectives and principles for reporting as described on page 5.

Copenhagen, 1. March 2012

Deloitte Statsautoriseret Revisionsaktieselskab



Preben U. Sørensen

Authorised Public State Accountant
(Corporate Responsibility)



TORM is one of the world's leading carriers of refined oil products as well as a significant player in the dry bulk market. We run a fleet of approximately 165 modern vessels in cooperation with other respected shipping companies sharing TORM's commitment to safety, environmental responsibility and customer service.

TORM was founded in 1889. We conduct business worldwide and are headquartered in Copenhagen, Denmark.