
CSR HIGHLIGHTS 2014

Responsible behavior has always been central to TORM's business and to the mindset of our employees. TORM's approach to CSR is rooted in the values of the Company and is based on our commitment to the UN Global Compact. In the past year, TORM has invested in a retrofit program to reduce oil consumption and CO₂ emissions. The Company has retained armed guards while the number of piracy attacks in the High Risk Area off the African Horn fortunately is reduced.



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

ENVIRONMENT

TORM has set targets to reduce emissions by optimizing the way our vessels operate and our employees act. Significant progress was made due to technology, training, and performance monitoring initiatives.

Target for 2020

- 20% reduction of CO₂ emissions per vessel compared to 2008 (target is 6.4 g/ton-km)
- 25% reduction of CO₂ emissions per employee at company offices compared to 2008 (target is 2.2 ton-employee)

In 2014, TORM has reduced the year-on-year CO₂ emissions from vessels from 7.1 to 7.0 g/ton-km, or by 12.6% since 2008.

The CO₂ emissions from offices were reduced from 2.6 to 2.3 g/ton-km. Since 2008, TORM has improved performance on this measure by approx. 19%.

Marine pollution constitutes the largest environmental risk for TORM. Consequently, the Company seeks to minimize its environmental impact. In 2014, TORM experienced zero oil spills equivalent to one barrel of oil or more. However, TORM did experience four smaller oil spills amounting to less than one barrel in total. All incidents were investigated and the procedures have been revised accordingly.

SAFETY

Approximately 90% of TORM's personnel work at sea and providing healthy, safe and secure working conditions for them is an essential part of the business.

Respecting employees' human rights is pivotal to the Company, and policies are outlined in TORM's Business Principles and the commitment to the UN Global Compact. The Company's safety policy is rooted in the rules and regulations issued by the Danish Maritime Occupational Health Service.

In July 2014, one of TORM's product tankers, TORM Lotte, performed a Search and Rescue operation in the Mediterranean Sea and rescued

the lives of more than 560 boat refugees. This is part of a refugee trend in the Mediterranean Sea that has manifested itself especially in 2014.

A strong safety culture is central to TORM, and the Company has not experienced any work-related fatalities in 2014.

Lost Time Accident Frequency (LTAF) is an indicator of serious work-related personal injuries that result in more than one day off work. The definition of LTAF follows standard practice among shipping companies. During 2014, TORM had a LTAF of 1.49.

Near-miss reports indicate that the Company is aware of risks and is responding to them. A higher number of near-miss reports thereby implies a higher level of safety awareness. In 2014, TORM surpassed the target of 6.0 near-miss reports per month per vessel on average by reaching 6.8 due to continued focus on this area.

Near-miss reports provide an opportunity to analyze incidents that may have led to accidents, and this ultimately contributes to the prevention of accidents.

Since 2011, TORM has placed armed guards on vessels trading in High Risk Areas. During 2014, TORM made 175 voyages with armed guards compared to 302 the year before. The decrease is primarily due to changes in the boundaries of the High Risk Area. During 2014, the Company experienced four robberies and seven suspicious approaches.

TORM will continue to monitor the risk situation and preempt hijacking by following Company security procedures. The response from our seafarers and their families has been highly positive.

LABOR

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

TORM is in compliance with the ILO's Maritime Labour Convention, an international set of standards pertaining to labor conditions at sea. The convention was ratified by 30 countries in 2012. All vessels under TORM's technical management were audited and certified as required under the

Maritime Labour Convention of 2006 when it came into effect in August 2013.

TORM respects employees' right to associate freely, to join – or not join – unions and to bargain collectively. TORM offers equal opportunities for our employees as stated in TORM's Code of Conduct and Ethics and the newly introduced Business Principles.

ANTI-CORRUPTION

TORM does not accept corrupt business practices. The Company has co-founded the Maritime Anti-Corruption Network (MACN) to take a joint stand in the industry towards the request for facilitation payments, which exists in many parts of the world.

In the network, best practices are shared and members align their approach to bringing down payments.

The network seeks support among government bodies and international organizations to eliminate the root causes for corruption. TORM is committed to address corrupt business practices among stakeholders.

HUMAN RIGHTS

TORM has revised our Business Principles to better reflect TORM's Leadership Philosophy and our commitment to the UN Global Compact, particularly regarding human rights.

TORM has implemented a revised set of business principles at sea as part of the Officer seminars.

No claims or offenses have been reported regarding human rights in 2014.

Read more about TORM and our CSR at <http://csr.torm.com/>

EMISSION AND SAFETY DATA

EMISSION DATA	2014	2013	2008 (baseline year)
Vessel emissions and indicators			
Number of vessels in operation at the end of the year (in technical management)	67.0	67.0	65.0
No. of vessel months (one vessel one year equals 12 vessel months)	804	814.5	759.0
Usage of oil and the generated CO ₂ emissions			
Used heavy fuel oil (ton)	320,063	372,519	486,222
Used low sulphur heavy fuel oil (ton)	83,352	73,946	91,440
Used marine gas oil (ton)	21,993	22,335	16,376
Used lubricating oil (ton)	3,693	4,026	4,970
Generated CO ₂ emission from vessels (ton)	1,338,847	1,475,292	1,868,680
Nox (ton)	29,066	32,347	43,088
Sox (ton)	19,871	22,664	32,541
Distance and cargo			
Distance sailed in nautical miles	3,503,214	3,788,058	4,279,008
Average cargo on board (ton)	29,539	29,568	29,498
Ton-km	191,648,442,731	208,789,844,393	233,766,293,535
CO₂ emission in grams per ton-km (one ton of cargo trans- ported one km)	7.0 g/ton-km	7.1 g/ton-km	8.0 g/ton-km
Target to reach in 2020 after a 20% reduction	6.4 g/ton-km		

Office emissions and indicators

Electricity and heating and other office related activity			
Electricity used in kWh all office locations	959,749	1,024,565	1,242,354
District heating in Gj	1,315	2,124	1,616
Use of company cars - kilometres driven (estimated)	370,000	435,000	672,126
Generated CO ₂ emission in ton from office location	646	710	901
Employees			
No. of office employees at the end of the year	278	276	315
CO₂ emission per employee (ton)	2.3	2.6	2.9
Target to reach in 2020 after a 25% reduction	2.2 ton CO ₂ per employee		

Flight emissions and indicators

Air travels			
Air mileage in kilometres	71,770,179	70,898,025	104,848,069
No. of travels	12,163	20,696	14,249
CO ₂ emissions in ton	6,188	6,224	11,412

SAFETY DATA

Safety Indicators	2014	2013	2010
Lost Time Accident Frequency (LTAF) (number of work-related injuries that result in more than one day off work per million hours of work)*	1.49	1.26	1.01
Near-miss reports (number of reports per vessel per month)	6.8	6.5	2.0

* The definition of LTAF was changed during 2012 to follow industry standard. Data from previous years have been recalculated following this definition.

REPORTING SCOPE

Environmental and social data is based on all vessels under TORM A/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 2015, TORM had 67 vessels under management. TORM operated a similar number of vessels in 2014.

The report includes emissions from all TORM's offices in Copenhagen, Mumbai, Singapore,

Manila, Stamford and Houston. Emissions from air travel are included for all office staff and all crew.

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 2013 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

- Consumption of bunker oil has been calculated to CO₂ emissions using IMO's factors for Heavy Fuel Oil and Marine Gas Oil. SO_x and NO_x emissions is calculated using the Danish ministry of Transport's research in emissions (TEMA 200). 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 15,000 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

- 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 Institute (www.wri.org) and Environmental Protection Agency (epa.gov).
- Emissions from heating (district heating) in the Copenhagen office are calculated by using Danish emissions factors (www.energinet.dk).

Scope 3

- Emissions from plane travel are provided by travel agent Instone.

Other Principles

2013 greenhouse gas emissions are calculated for vessels in technical management in TORM, amounting to a total of 804 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 per 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.

LTAF: Number of work-related injuries that result in more than one day off work per million hours of work.

Note: From 2012, TORM has changed the method for calculating CO₂ emissions from vessels. The methods now used are the IMO CO₂ factors for Heavy Fuel oil (HFO) and Diesel/Gas oil, as described in MEPC.1/ Circ.684.

Figures covering years before 2012, in reports from 2012 and on our CSR website, have been recalculated following this new method in order to show comparable figures for our CO₂ emissions. CO₂ emissions have in general changed less than 0.5% due to this.

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

Jesper S. Jensen, Head of Technical Division



TORM is one of the world's leading carries of refined oil products as well as a player in the dry bulk market. We run a fleet of approximately 80 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.