

ENVIRONMENT

2007

 **TORM**

TABLE OF CONTENTS

3	TORM and the Environment
3	Shipping and Environment
4	Global Climate Solutions
4	Global Warming
5	Opportunities and Risks
6	Environmental Management
7	Environmental Impacts
7	Construction
7	Operation
11	Recycling
12	Onshore Environment
13	Emissions Accounts
13	Reporting Guidelines
14	Emissions Data
15	About the Report

TORM AND THE ENVIRONMENT

Acting as a responsible corporate citizen is an integral part of TORM's business, also when it comes to the environment. TORM takes active responsibility for contributing to a global sustainable development because we believe that we have a moral responsibility to do so, and because it makes good business sense. In TORM, a strong financial performance goes hand in hand with the wish to be accountable to our shareholders, customers, employees, business partners and others who are affected by TORM's activities. It is TORM's vision to be the most eco-conscious tanker shipping company by 2015. We know that this is an ambitious vision but we are determined to get there. That's what shipping with pride is about.

SHIPPING AND ENVIRONMENT

Globalization and environmental issues, especially climate changes, are high on the international agenda. TORM's business is at the centre of both issues. Shipping is truly a global activity. Global trade is constantly increasing and shipping accounts for about 90% of all transportation of goods – from sneakers and shirts to coal and crude oil. Shipping has a number of environmental impacts of which the most significant ones stem from the vessels' consumption of fossil fuels (heavy fuel oil, gas oil and diesel oil) for propulsion, electricity and heating. In general, the most important environmental aspects of shipping are:

- Emissions from combustion of fossil fuels causing global warming, acidification, smog and depletion of natural fossil resources.
- Release of substances from bottom paint that may have a toxic effect on human beings and ecosystems.
- Discharge of ballast water, which may affect bio-diversity of the local marine-environments.
- Waste handling.
- Use of chemicals.
- Spills and loss of cargo.

The climate is even more boundless than trade and shipping, and most scientists agree that global warming is largely attributable to the man-made emission of CO₂ and other greenhouse gases. Therefore, among the environmental aspects of shipping, consumption of fuel is currently the primary area of concern for TORM and our stakeholders.

Although shipping by far is the most energy-efficient form of transport when compared to plane, train or truck, the global shipping industry alone accounts for 2.7% of global CO₂ emissions, due to the substantial share of transportation. This implies great responsibility on the shipping industry to contribute to the protection of the environment and climate.

On a typical route from Rotterdam to New York, a distance of approximately 6,000 km, a vessel emits about 39 kilos of CO₂ per ton of transported goods. With the same CO₂ emission, the other means of transportation would only bring the same ton of transported goods to nearby European destinations, as the figure below illustrates.



GLOBAL CLIMATE SOLUTIONS

Shipping and climate change are global issues, and TORM is convinced that solutions must be global as well. We are committed to contribute to global initiatives to reduce emissions and harmful impact on the marine ecosystem from the shipping industry. TORM therefore acknowledges the need to introduce stricter international environmental regulations.

International shipping is not covered by the Kyoto Protocol, which aims at reducing global greenhouse gas emissions. Instead, international shipping is regulated by the United Nations' International Maritime Organization (IMO). Under IMO, the Maritime Pollution Convention (MARPOL) with the Marine Environment Protection Committee (MEPC) has set out certain targets to reduce harmful emissions of air pollutants from ships; targets which must be met by all shipping companies around the world. IMO is working on further reducing emissions from ships and improving other environmental aspects of shipping, and TORM fully supports this work as an individual company and through the Danish Shipowners' Association. Furthermore, ships under the Danish flag are in certain areas subject to even tighter environmental rules according to Danish legislation. In fact, TORM applies these rules to all our vessels regardless of the flag they are flying.

In December 2009, Denmark will be hosting the United Nations' Climate Change Conference (COP15), which is set to conclude a global climate agreement after 2012, when the current Kyoto Protocol expires. The summit is likely to increase focus on shipping's role in global warming, as Denmark is one of the world's leading shipping nations. This means that climate initiatives taken by TORM and other Danish shipping companies may have a large international impact.

GLOBAL WARMING

Greenhouse gases are a natural phenomenon and make up about 1% of the atmosphere. They act like a blanket around the planet, or like the glass roof of a greenhouse, and trap heat and keep the earth some 30 degrees C warmer than it would be otherwise.

But human activities are making the blanket 'thicker' by emission of CO₂ from the burning of coal, oil and natural gas. Farming activities add to that by producing additional methane and nitrous oxide, and so do some long-lived industrial gases that do not occur naturally.

The finely balanced and age-old carbon cycle, in which CO₂ is absorbed naturally from the atmosphere by plants and seas through photosynthesis, can no longer follow suit. The enhanced greenhouse effect is therefore warming the earth's surface and lower atmosphere, and the changes are happening at unprecedented speed.

CO₂ is responsible for over 60% of the enhanced greenhouse effect, according to the UN's Framework Convention on Climate Change (UNFCCC). The higher temperature, known as global warming, brings changes to the climate, most of which have detrimental effects on the way we live today:

- More storms, tropical cyclones and heavy precipitation.
- More heat waves and increasing drought problems.
- Increased risk of flooding due to rising sea levels caused by melting glaciers and ice caps.
- Reduced quality and quantity of freshwater supplies due to salt water intrusion from rising sea levels.

For TORM, changes in weather conditions affect our business in different ways:

- Storms and bad weather at sea can create more damage to ships, which will increase maintenance and insurance expenses in addition to more days spent in dock leading to fewer vessel days.
- Bad weather may lead to delayed arrival of ships as well as late discharge and loading of cargo due to port congestion on days with good weather, reducing the overall tonnage carried by a ship during a given period.

TORM addresses these issues through careful route planning which include weather forecasts for up to seven days, and the primary option is to avoid the bad weather altogether. If vessels are positioned near a port, they will proceed to open sea.

Day-to-day maintenance also plays an important role because a well-kept vessel with running machinery is a prerequisite for coming unscathed through a storm.

OPPORTUNITIES AND RISKS

TORM operates one of the largest, most modern and technologically advanced shipping fleets in the world, which in itself is a key element in our efforts to reduce emissions. However, we still invest in a number of activities to become more energy efficient and decrease emissions further, as we believe this will become an increasingly important factor to our customers in the future.

The vast majority of CO₂ emission from ships originates from fossil fuels from the vessels' engines. Correspondingly, fuel is the biggest single cost for TORM. So, the less fuel we use, the less CO₂ we emit, and the more we save.

Initiatives to limit the environmental impact of our business is therefore not only a question of being a good corporate citizen and a wish to be accountable to our shareholders, customers, employees and others who are affected by TORM's activities. It goes hand in hand with business performance.

The volume of shipping and the ensuing environmental effects involve a risk of attracting negative public attention. TORM is determined to continue to communicate openly with the surrounding society and other stakeholders to inform about the benefits of shipping compared to other means of transportation and about the number of activities to limit the environmental burden of our business.



ENVIRONMENTAL MANAGEMENT

Through a systematic approach, TORM aims to minimise our impact on the environment. We base our environmental management systems on the ISO 14001 standard, and adhere to the Green Award, Green Passport and other similar programmes to ensure that our environmental efforts meet the long-term expectations of all our stakeholders. We go further than legal requirements in our environmental protection initiatives. In connection with the ISO 14001 certification in 2007, we committed ourselves to continuously reducing the environmental impact from our business. Our efforts to do so are controlled by external auditors, and we also perform internal audits as part of our management system.

Protecting crew, the environment, cargo and vessels is essential to TORM, and the management system therefore integrates the handling of safety, quality and environmental concerns on all vessels owned by TORM and at all office facilities.

In 2007, TORM acquired OMI Shipping Company. At the takeover, OMI had certified management systems covering quality (ISO 9000:2000), environmental management (ISO 14001), occupational health and safety (OHSAS 18001) and human and employee rights (SA 8000). The OMI ISO 14001 system has been replaced by the TORM ISO 14001 system from January 2008. The integration of OMI also means combining the two companies' management systems, but the certifications cannot be transferred directly to TORM, and we will assess to what extent certification should be obtained for the areas currently not certified.

RESPONSIBILITIES

It is the responsibility of every employee to care for the environment, but ultimately, the responsibility rests with Senior Management, who has designated the operational responsibility to the Safety and Quality Department. Apart from maintaining and developing the environmental policy and management system, this department is responsible for the auditing and onboard training of seafarers in environmental awareness, reporting, procedures and compliance with rules and regulations.

"It has impressed me to see how TORM works with environmental management down to the smallest detail. The employees I have spoken to have shown enthusiasm and insight, and that proves that TORM takes the environment seriously," - Robert Cragg, Lead Auditor of Lloyd's Register Quality Assessment

ENVIRONMENTAL DATA

Environmental data, e.g. fuel consumption, waste amounts, chemicals use, electricity and heating, is collected on a quarterly basis, unless special circumstances require more frequent updating. A number of key performance indicators have been set and progress is reported to Senior Management on a monthly basis.

INTERNAL AUDIT

An internal audit plan ensures that all activities are carried through in accordance with the environmental policy. Under this system, each ship will be visited approximately once a year and whenever required. The vessel audits include an evaluation of the ship's environmental practices and procedures and inspection of pertinent equipment, such as oily water separators, oil content meters, bilge tanks, sewage treatment plant, garbage compactors, garbage storage, tanks and incinerators, interviews with officers and crew members, inspection of record books etc. Audit findings are included in the reporting of key performance indicators to Senior Management.

ENVIRONMENTAL IMPACTS

The environmental impacts from shipping can be split into three phases: Construction, Operation and Recycling.

CONSTRUCTION

The design of the vessel and choice of engine have a significant effect on its resource consumption and environmental impact during operation. Innovation in machinery and hull-design is constantly reducing the environmental footprint of the shipping industry. As a customer to the shipyards, the shipping industry can therefore have a profound influence on the vessel's life-time environmental impact through the technical requirements to the shipyards.

What we do:

TORM-owned vessels are constructed at large, recognized and internationally-oriented shipyards such as Guangzhou and Dalian in China. At each of the shipyards, TORM has appointed a team to supervise that our high new-building standards are met. Avoiding errors and defects during the construction phase reduces the use of resources and minimises the risk of subsequent accidents.

TORM wishes to maintain a modern fleet, and we therefore continually renew the fleet, allowing it to improve the engines for the benefit of the environment as well as the business.

In 2007, TORM signed an agreement for delivery of seven main engines for a series of product tankers from the Guangzhou shipyard in China. The engines, of model 6550ME -B, are supplied by MAN Diesel and are the most fuel economic in their engine class. The improved fuel economy is expected to lead to a 4.5% reduction of CO₂ emissions.

All TORM's Tankers are double hulled and TORM was among the first to use this new generation of double-hull vessels.

OPERATION

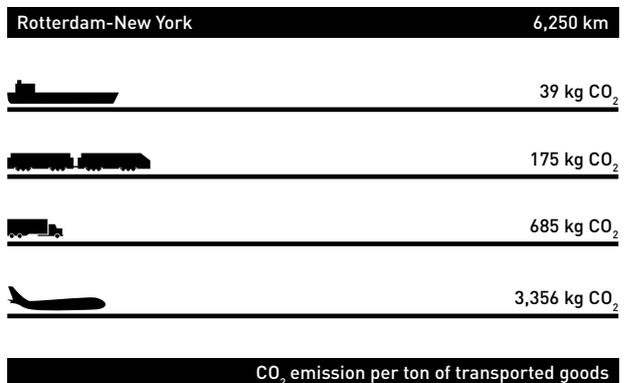
EMISSIONS TO AIR

The most significant environmental aspect of shipping is the emissions, especially CO₂, from the consumption of fossil fuels for propulsion, electricity and heating. Consumption and emissions depend on factors such as speed, draught and trim, propeller slip, the condition of the hull and propeller, optimization of the engine and the type and quality of the fuel oil.

Shipping is by far the form of transport that emits the least amount of CO₂ per ton of goods transported. Due to the sheer volume of transported goods though, the shipping industry is subject to increased public scrutiny. An IMO-study from 2007 estimated that CO₂ emissions from international shipping amounted to 843 million tones in 2007, or 2.7% of global CO₂ emission.

If the goods currently handled by the international shipping industry were to be transported by air-freight, the amount of CO₂ emissions would be up to 85 times higher. If trucks were to transport the goods, emissions would be 18 times higher than when handled by vessels. But as global trade is expected to continue its rise, and because 90% of the transportation is by ships, the shipping industry must do all it can to minimize CO₂ emissions and to protect the environment in general.

The illustration compares average CO₂ emission from different means of transportation when travelling approximately 6,000 km. The distance corresponds to the shipping route from Rotterdam to New York - a route that is often travelled by TORM ships.



THE MAIN AIR EMISSIONS FROM SHIPPING ARE:

- CO₂ (carbon dioxide).
The emission of CO₂ is a factor of the amount of consumed fuel. Emission of CO₂ contributes to global warming. IMO is working on measures to reduce the industry's CO₂ emissions and aims at presenting an action plan at the Climate Change Conference in Copenhagen in 2009.
- NO_x (nitrogen oxide).
NO_x is produced during combustion at high temperatures in the main engine. NO_x is one of the main ingredients in smog. IMO has set limits on NO_x emissions depending on the type of engine.
- SO_x (sulphur oxide).
The emission of SO_x depends on the amount of sulphur in the fuel oil (bunker oil). Emission of SO_x causes acid rain, and the lower rate of sulphur in the fuel, the better. IMO has set a limit at 4.5% on the sulphur content of fuel oil. In certain areas, the so-called Sulphur Emission Control Areas (SECA), such as the The Baltic Sea, The North Sea and the British Channel, the sulphur content of fuel oil used on board ships must not exceed 1.5%.

The 4.5% cap will be reduced to 3.5% from January 2012, then progressively to 0.50% by 2020, while the SECA limit will be cut to 1.0% from July, 2010, and then further reduced to 0.10% by 2015.

What we do:

In 2007, TORM carried out a number of activities expected to further improve the efficiency of the vessels and thus reduce emissions of greenhouse gases, nitrogen oxides and sulphur oxides. The most important activities are:

- The fitting of torsion meters on 12 vessels. Torsion meters measure the force used to run the propellers and the installation makes it easier to optimize the efficiency of the engine and thus reduce fuel consumption and emissions. The plan is for all of TORM's vessels to have torsion meters fitted by the end of 2010.
 - Electronic cylinder lubrication has been fitted on ten vessels. This is expected to reduce cylinder oil consumption by up to 40%. This, in turn, means a reduced release of particle-rich materials. The system will gradually be fitted on all vessels as they dock.
 - Testing of new fuel additives, which can reduce the amount of generated sludge, leading to both a reduction in fuel consumption and sludge-waste for incineration.
 - Investigation of main engine efficiency on current fleet to define clear performance requirements for new engines.
 - Optimization of route planning and vessel speed to strike the most cost- and environment-efficient balance between tonnage supply and demand.
 - Implementation of a major maintenance programme to ensure that the fleet's hulls and propellers are in optimal condition.
 - Employment of a superintendent with primary responsibility for improving fuel efficiency on TORM's vessels.
 - Fuel slide valves have been installed on all main engines.
 - Polishing propeller and hull at regular intervals in order to minimise the resistance from the hull when moving through the water.
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BOTTOM PAINT

A clean hull free of sea-life such as algae blooms and mollusc reduces the friction and thus fuel consumption. To secure a clean hull, ships are coated with anti-fouling bottom paint. An IMO convention banning the use of harmful organotin compounds in anti-fouling paints entered into force in September 2008 after studies showed that certain compounds such as TBT (tributyltin) persist in the water, killing sealife, harming the environment and possibly entering the food chain.

What we do:

- TORM's fleet has been TBT free since 2004.
- In 2007, TORM started the testing of silicone-based bottom paint on two vessels. With silicone-based paint, it is unnecessary to apply any anti-fouling biocides. Furthermore, silicone-based bottom paint has shown to reduce water-resistance and thus improve fuel-efficiency. The effect is most apparent on relatively high speed vessels, however, and tests on our slow speed vessel types have not yet demonstrated any clear effect. Nonetheless, the experiment will continue in 2008-2010. Targeted fuel saving was 1-2%.

HANDLING OF BALLAST WATER

Ballast water is carried in unladen ships to improve stability and propulsion. It is seawater taken on board at the port before the voyage begins, and various marine organisms can be taken on board with it. When the cargo is loaded at the ship's destination, the ballast water is pumped out. When these marine organisms are pumped out in a different marine ecosystem, e.g. on a different continent, it may be harmful to biodiversity and fisheries.

What we do:

- There is strict international control of ballast water management, and TORM is adhering to and closely monitoring all local and international regulations such as IMO's ballast water management guidelines.

TORM has investigated the possibility to change ballast water on all inter-continental voyages. However, ballast water exchange requires energy and during one year more frequent exchange will lead to an additional emission of greenhouse gases corresponding to approximately 2% of current emission from auxiliary engines. TORM will continuously monitor procedures for ballast water exchange, but currently we are convinced that the existing procedure is the most optimal.

WASTE HANDLING

Operating vessels produce various waste types such as chemicals, garbage and wastewater. Handling of waste is regulated under MARPOL Convention Annex V to prevent pollution of the sea by dumping of operational wastes among others. Waste must be sorted in accordance with both IMO regulation and local legislation in the ports we are visiting.

What we do:

As we do not always know where to discharge garbage, we have applied strict waste handling requirements on board TORM's vessels. These include sorting, disposal and recycling.

Waste handling on ships is performed according to all legal requirements but varies from ship to ship. The primary reasons for this are travel patterns, different local collection systems and consideration of protected sea environments.

- TORM constantly works to reduce waste by minimizing use of packaging and optimizing sorting of reusable waste. Therefore, all suppliers are asked to minimize packaging.
 - TORM's waste handling systems are often more sophisticated than the sorting systems in many harbors. We constantly monitor improvements to ensure that we dispose of our waste in as many fractions as practical possible.
 - In 2007, sorting of special waste, such as batteries, sensors, light tubes and aluminium cans, was further improved on all ships.
 - Oily waste water is filtered before discharged. In 2007, all vessels were equipped with 5 ppm filters compared to the legally required 15 ppm. This means that the filters remove far more oil residue from the waste water than required by the IMO.
 - To ensure that material that can be recycled with a benefit for the environment is used, we sort waste and garbage in several categories and recycle as much as possible.
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USE OF CHEMICALS

Operation of ships requires use of chemical agents for lubrication, maintenance, cleaning and painting. Chemicals require careful handling, can lead to toxic evaporations and disposal requires special sorting.

What we do:

In 2007, TORM had special focus on chemical handling on board ships for the support of safety and protection of the environment:

- More detailed registration of types and amounts of chemical substances on all ships with the aim to reduce consumption and ensure correct handling.
 - Limit the number of suppliers in order to ensure that only chemicals with a correct safety data sheet are used.
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SAFETY AND PREVENTION OF OIL SPILL

Oil spills potentially have major impacts on local marine and shore environments. As one of the world's leading carriers of refined oil products, it is of outmost concern to TORM to avoid oil spills. Continuous maintenance of ships, careful route planning to avoid bad weather and thorough training of staff are essential elements in careful risk management.

What we do:

TORM is committed to meet the most stringent safety requirements.

Through systematic safety reviews ashore and at sea, we assess all aspects of operations and thus minimise risk. The vessels' operating procedures are regularly evaluated and improved in order to ensure that the vessels are operated as safely as possible.

TORM's own risk assessments and experience play a key role in connection with reviews and development of the operating instructions. Moreover, there are a large number of external parties who contribute to setting operating standards. In addition to the statutory requirements set out by IMO, the various flag states, TORM's customers and the oil companies play a major role in that they all make specific safety demands.

TORM considers the oil companies as its business partners and therefore shares all relevant safety information with them in order to continuously expand knowledge and awareness of safety in the industry.

- TORM has adopted a "Zero Oil Spill at Sea" policy.
 - TORM's management system incorporates quality, safety and environment to ensure that all risk aspects are dealt with in an integrated way.
 - All TORM's tankers are equipped with double-hull cargo tanks, and TORM was among the first to use double-hull tanks.
 - TORM conducts regularly emergency response exercises both in environmental response and emergency response.
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RECYCLING OF SHIPS

Ship recycling can be an economically and environmentally sound activity that contributes to sustainable development by providing jobs for workers, raw materials for construction, and economic incentives to recycle. Virtually every part of a ship, the hull, machinery, equipment, fittings and even furniture can normally be reused.

Recycling massive ships that weigh tens of thousands of tons can create dangerous working conditions and threats to the environment. Recycling must be done properly to avoid exposing workers and the local marine environment to the hazardous materials such as asbestos, lead, residual fuels and various chemicals that are commonly encountered in ship recycling.

IMO has guidelines on ship recycling, including a Green Passport, but is working on a new legally-binding convention of ship recycling.

What we do:

The average life of a TORM vessel is 25 years. TORM operates in the top segment of shipping, in which customers make high quality demands. TORM therefore typically sells its vessels after 10-12 years of operation. This means that the vessels have a number of years left to operate before being recycled.

At the end of a vessel's life, the majority of its weight will be recycled for the benefit of the environment, but all too often the handling of hazardous substances is inadequate in the places where the vessels are prepared for recycling, but this happens long after TORM has left control of the vessel.

Consequently, TORM has introduced a scheme demanding that all new-buildings must be provided with the Green Passport, which is a detailed, class-approved list of the vessel's hazardous substances. The green passport follows the vessel throughout its life and will contribute to ensure that it is recycled in an environmentally responsible and safe manner.



ONSHORE ENVIRONMENT

TORM's environmental responsibility is not limited to onboard activities. We are committed to reduce the environmental footprint from our office facilities as well. Offices only employ 170 of TORMS's more than 3,000 employees and the environmental impacts are even smaller compared to onboard. For example, CO₂ emissions from offices are only 0.025% of total CO₂ emissions. Our primary concerns in offices are paper and energy use, which are monitored to continuously bring down consumption.

Environmental awareness onshore is very important because many office employees have significant impact on the environmental impact onboard, for example route planners, staff trainers as well as engineers and technicians who research in innovative technologies.

TORM has bought a green cow to symbolize in a visible and entertaining way our environmental efforts. The cow is designed by the Icelandic artist Thora Pia Finnsdottir, and the money paid for the cow was donated to the Danish Save The Children organization.



EMISSION ACCOUNTS

TORM has an ISO14001 environmental certification, which emphasises our environmental commitment. TORM also supports the Carbon Disclosure Project and our response can be found on their website (<http://www.cdproject.net/responding-companies.asp>).

For 2009, TORM will report according to the Greenhouse Gas Protocol, which means we will disclose emissions of all six greenhouse gasses (CO₂, SF₆, CH₄, N₂O, HFCs, PFCs), sulphur oxides (SO_x) and nitrogen oxides (NO_x) as well as an overall climate strategy.

REPORTING GUIDELINES

The 2007 greenhouse gas emissions reporting covers scope 1 and scope 2 of the Greenhouse Gas Protocol except for the activities listed below, as well as selected scope 3 activities. TORM will continue to align reporting structure and content to the requirements of the Carbon Disclosure Project.

The reporting year is the financial year 1 January – 31 December 2007 and it covers group companies over which financial control is exercised as per consolidated audited financial statements.

Apart from CO₂ emissions, emissions of SO_x and NO_x are reported, and the following methodologies are applied:

Scope 1

- 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 are made equal in distance and consumption.

Scope 2

- Emissions from heating and electricity consumption in offices are calculated by using Danish emissions factors (www.key2green.dk).

Scope 3

- Emissions from plane travel are calculated by factoring actual travel mileage with Lufthansa emission data.

2007 greenhouse gas emissions are calculated for vessels owned or chartered by TORM, amounting to a total of 547 vessel months of operation of which 115 months are attributable to the vessels acquired by OMI Shipping Company in August 2007.

The number of vessel months is based on:

- 34 vessels under management by 1 January 2007. During the year, one was sold, while five new-buildings and one second-hand vessel were acquired.
- 23 vessels acquired by 1 August 2007 with the acquisition of OMI Shipping Company.
- Eight vessels owned by TORM are not included in the accounts. Two of them are in Bare Boat Charter and six vessels are in technical management by L.G.R. de Navigazione in Naples, Italy.

Greenhouse gas emissions related to the offices in Mumbai and Stamford, i.e. energy consumption, company cars and plane travel, are not included in the accounts. Among our activities, shipping contributes with more than 99% of greenhouse gas emissions.

Deloitte has verified the greenhouse gas emissions data for 2007, and as data collection has been thoroughly improved in 2007 up to the ISO 14001 certification, 2007 is considered our baseline year for reporting.

EMISSIONS DATA**2007****DATASHEET**

Turnover	mUSD	819
Ship months	no.	547

SCOPE 1 (SHIPPING AND COMPANY CARS)

Fuel consumption (Heavy Fuel Oil)	1000 ton	406
Fuel consumption (Low Sulphur Heavy Fuel Oil)	1000 ton	59
Engine Oil	1000 ton	13
Lubrication Oil	1000 ton	3
Company car travel - Estimated	1000 km	750

SCOPE 2 (OFFICE ELECTRICITY AND HEATING)

Electricity consumption in offices	MWh	767
District heating	GJ	1,226

SCOPE 3 (EMPLOYEE AIRPLANE TRAVEL)

Airplane travel by employees	1000 km	25,902
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EMISSIONS**Scope 1 (shipping)**

CO ₂	1000 ton	1,504
SO _x	1000 ton	24
NO _x	1000 ton	44

Scope 1 (company cars)

CO ₂	1000 ton	Less than 0.2
SO _x		Less than 2 kg
NO _x on Cars according to Key2Green.dk		Not Applicable

Scope 2 (Office electricity and heating)

CO ₂	1000 ton	0.4
SO _x	1000 ton	Less than 1 ton
NO _x	1000 ton	Less than 1 ton

Scope 3 (Employee airplane travel)

CO ₂	1000 ton	3
SO _x		Less than 30 kg
NO _x 1000 ton		Less than 0.02

RATIOS

Total CO ₂ emission	1000 ton	1,508
CO ₂ emission per USD turnover	Kg	1.84
CO ₂ emission per vessel month	Ton	2,755
Vessel transport CO ₂ contribution of total		99.76%

ABOUT THE REPORT

In addition to TORM's financial reporting, we wish to give our stakeholders a deeper insight into the Group's activities and thus a broader foundation for the stakeholders' approach to and cooperation with the company. By this report we want to openly account for TORM's impact on the environment and the measures taken to reduce the harmful effects on the environment from our activities.

This section describes the methodologies in our environmental reporting. Key definitions are based on existing programmes and activities. Data are stated for the year 2007.

THE SCOPE OF THE REPORT

The report includes all vessels technically operated by TORM with the following exemptions:

- Vessels taken over in connection with the acquisition of OMI are included as regards to consumption of and emissions from heavy fuel oil, low sulphur fuel oil and engine gas oil but not other environmental aspects such as waste handling, cleaning of tanks etc.
- OMI vessels are included as of 1 August, 2007. The 23 vessels amount to a total of 115 ship months in 2007.

TORM owns eight vessels, which are not in technical management by the company. These vessels are not included in the report.

This report includes emissions from TORM's offices in Copenhagen, Singapore and Manila (covering about 170 employees). Data for offices in Mumbai, Stamford and Kristianssand are not included in the report. The offices in Stamford and Mumbai are originally OMI units, and have until December 31, 2007 not been included in TORM's process of collecting environmental data. Data from the office in Kristianssand, with only two employees, have not been available.

Emissions from air travel are included for office staff based in Copenhagen, Singapore, Manila and Kristianssand and air travel related to shift of Danish and Philippine offshore crew members. Air travel emissions from Croatian and Indian employees are not included as the Indian staff members have not been covered by the process of collecting environmental data, and because data from the Croatian employees were not available in 2007.

Key data are calculated as stated below. Definitions and methodologies are similar to the previous year unless stated. Although it is of great importance to TORM that all data in this report are as complete and precise as possible, there may be an element of uncertainty to some data.

All data are collected and processed by TORM's Safety, Quality and Environmental Department. Data from vessels are collected according to a specific reporting routing, mainly on a monthly basis but for certain data with a lower frequency. Other environmental data are collected on an annual basis.

CONSUMPTION AND EMISSION FROM VESSELS

Consumption of bunker oil is based on regular meter reading on the vessels. Emissions of CO₂, SO_x and NO_x from the ships are calculated by multiplying bunker oil consumption by a conversion factor set out in the Danish Ministry of Transport's research in emissions related to transportation (TEMA 2000).

WASTE HANDLING

Operational waste is measured in m³ and is regulated under the MARPOL 73/78 Convention Annex V. Measuring waste in m³ is complex as waste compacting can reduce the volume significantly without reducing the quantity. Data in this account are based on monthly estimates and are subject to a considerable risk of error.

OPERATIONAL ASPECTS

Data for the cleaning of tanks, handling and exchange of ballast water and anchoring operations are continuously registered. Use of chemicals is calculated on the basis of the quantity purchased.

AIRPLANE TRAVEL

Emissions from plane travel are calculated by factoring actual travel mileage with standard Lufthansa emission data from the "Lufthansa Environmental data report 2006".

OFFICES

Environmental data from offices are collected by the use of questionnaires and meter readings or data from suppliers.

VESSELS UNDER TECHNICAL MANAGEMENT

NAME OF THE SHIP	ACTIVE MONTHS IN 2007	NAME OF THE SHIP	ACTIVE MONTHS IN 2007
DS Power	1.5 months	Torm Anne	12 months
Torm Ann-Marie	12 months	Torm Freya	12 months
Torm Gudrun	12 months	Torm Gerd	12 months
Torm Helene	12 months	Torm Gertrud	12 months
Torm Ingeborg	12 months	Torm Gotland	12 months
Torm Kristina	12 months	Torm Gunhild	12 months
Torm Margrethe	12 months	Torm Helvig	12 months
Torm Valborg	12 months	Torm Mary	12 months
Torm Marie	12 months	Torm Ragnhild	12 months
Torm Margit	8.5 months	Torm Thyra	12 months
Torm Mette	6.2 months	Torm Vita	12 months
Torm Marina	1.3 months	Gotland Carolina	12 months
Torm Anna	12 months	Gotland Sofia	9.5 months
Torm Estrid	12 months	Torm Anholt	6 months
Bel Taylor	12 months	Torm Baltic	12 months
Torm Ismini	12 months	Torm Marlene	12 months
Nordic Lisbeth	12 months	Torm Marta	12 months
Torm Sara	12 months	Torm Rotna	12 months
Torm Signe	12 months	Torm Tina	12 months
Torm Sofia	12 months	Ottawa	5 months
Torm Venture	6.3 months	Tamar	5 months
Amazon	5 months	Torm Charente	5 months
Horizon	5 months	Fox	5 months
Kansas	5 months	Torm Garonne	5 months
Moselle	5 months	Torm Loire	5 months
Neches	5 months	Madison	5 months
Platte	5 months	Ohio	5 months
Republican	5 months	Rohne	5 months
Rosetta	5 months	Torm Saone	5 months
San Jacinto	5 months	Tevere	5 months
Thames	5 months	Trinity	5 months
Wabash	5 months		

Members of the crew on TORM's vessels include around 60 Croatians, 270 Danes, 1,100 Philippines and 1,700 Indians.

AUDITOR'S REPORT

TO THE SENIOR MANAGEMENT OF A/S DAMPSKIBSSELSKABET TORM

We have performed a review of the TORM Environmental Report 2007 ("the Report"). The purpose of our review was to submit a statement on the environmental data in the Report. The management of the company is responsible for the Report. Our responsibility is to provide a conclusion based on our review of the Report.

THE PERFORMED REVIEW

We have performed our review in accordance with the Danish auditing standard on assurance engagements RS 3000 ("Assurance engagements other than audits or reviews of historical financial information"). It has been our purpose to obtain limited assurance that the environmental data at Group level in the Report are in accordance with the described reporting practice and information reported by vessels and offices. In addition, we have analysed on a sample basis the environmental data reported by vessels and offices.

Our review is based on an evaluation of risk of material errors. We have evaluated the reporting practice and analysed correlations with the company's audited annual accounts, and we have performed spot check comparisons with documentation. The review is limited to first of all include inquiries from management and employees as well as analytical procedures and a limited level of assurance is thus lower than the assurance which would have been obtained if we had performed an audit.

CONCLUSION

During our review, nothing came to our attention that caused us not to believe that the environmental data for the Group overall are in accordance with the described reporting practice and information reported by vessels and offices, and environmental data from vessels and offices, have been documented, collected and calculated in accordance with Group instructions.

Copenhagen, 10 December 2008

DELOITTE

Statsautoriseret Revisionsaktieselskab

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State Authorized
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