

ENVIRONMENT  
2008





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# TORM AND THE ENVIRONMENT

TORM has a responsibility to contribute to global sustainable development - financially, socially and environmentally. This responsibility forms an integral part of TORM's values and the Company has a long-standing tradition of ensuring sustainability in its business.

In 2008, TORM defined a CSR strategy for the purpose of setting the course for its work on corporate social responsibility through to 2012. The CSR strategy was prepared on the basis of a comprehensive stakeholder analysis mapping out the demands and wishes of the Company's large customers, suppliers, collaboration partners, NGOs and investors. TORM will initiate implementation of the new CSR strategy in 2009.

The analysis showed that requirements to TORM's performance in CSR are becoming increasingly important to the Company's large stakeholders and hence also to its ability to deliver satisfactory business results:

- TORM's environmental and safety work is an increasingly important selection criterion to several large customers, including the oil companies.
- Negotiable quotas for the emission of CO<sub>2</sub> are possible within the next few years, and if passed it could have large economic implications for the industry.
- Potential and current employees are attaching increasing importance to TORM's CSR work when considering how attractive the Company is as a workplace.
- An increasing number of investors acknowledge the relevance of CSR to ensure long-term shareholder return.

While this strategy covers all CSR issues identified by the stakeholders, and pinpoints the ones that are most important to TORM, including a safe and attractive workplace, human and employee rights and business ethics, it is evident, that environmental and climate-related issues continue to be a very important focus area for both TORM and the Company's customers.

TORM's environmental achievements were recently acknowledged by one of the Company's major customers, BP, from whom TORM received the BP Shipping CEO's HSSE (Health Safety Security Environment) Award 2008 in the category 'Outstanding Environmental Achievement'.



In its motivation, BP states that especially TORM's proactive environmental protection, integration with business strategy and commitment from top management will serve as inspiration for BP Shipping in their future HSSE efforts.

For TORM it confirms that doing well and doing good is inseparable.

In the beginning of 2009, TORM became the first Danish shipping company to adopt the UN's Global Compact. Participating in the UN Global Compact, the Company commits itself to observe and promote the ten principles of the Global Compact and to report annually on improvement efforts and the results of this work. TORM's new CSR strategy will enable the Company to observe the UN's Global Compact and set the course for its future CSR work as an integral part of the Company's operations.

# SHIPPING AND ENVIRONMENT

Globalisation 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 more than 90% of all transportation of goods (IMO, 2008) – 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 biodiversity of the local marine environments.
- Waste handling.
- Use of chemicals.
- Spills and loss of cargo.

The significant resource streams to and from an average TORM vessel during a calendar year are illustrated on page eight.

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 CO<sub>2</sub> and other greenhouse gases. Therefore, among the environmental aspects of shipping, consumption of fuel and end-of-pipe emission reductions are currently the primary areas of concern for TORM and the Company's stakeholders.

On a typical route from Rotterdam to New York, a distance of approximately 6,000 km, a vessel emits around 39 kilos of CO<sub>2</sub> per ton of transported goods. With the same CO<sub>2</sub> emission, other means of transportation would only bring the same ton of transported goods to nearby European destinations, as the figure illustrates.

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 843 million tonnes, or 2.7% of global CO<sub>2</sub> emissions, due to the substantial share of transportation (IMO, 2008). This implies great responsibility on the shipping industry to contribute to the protection of the environment and climate.



**MARTIN HOULBERG, GENERAL MANAGER, MR OPERATIONS, TORM**

*We are making a huge effort to operate in an environmental sustainable way. We not only comply with rules and regulations - we often go one step further. For instance, we introduced a Californian coast line 'speed limit' before it was made an official requirement. To be at the forefront like that can be a competitive advantage to TORM as such restrictions are already implemented into our procedures when they become official. This way of working has simply become an integral part of our culture. For that reason, it was encouraging to receive the BP Shipping Award for Outstanding Environmental Achievement.*



# CLIMATE STRATEGY 2020

TORM has a responsibility to contribute to global sustainable development - financially, socially and environmentally. This responsibility forms an integral part of TORM's values and the Company has a long-standing tradition of ensuring sustainability in its business.

Shipping has a number of environmental impacts of which the most significant ones stem from the vessels' consumption of fossil fuels leading to emissions of CO<sub>2</sub> which contributes to global warming.

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

TORM has defined a climate strategy, which outlines the Company's level of ambition towards 2020. The climate strategy has been set as part of the corporate strategy "Greater Earning Power 2.0", and will minimise TORM's impact on the climate to the benefit of the external environment, business targets and company reputation. Additionally, the climate strategy incorporates expected future environmental legislation and thus facilitates that TORM will be compliant with upcoming regulation.

The Danish shipping industry has set a general target of a 15% CO<sub>2</sub> reduction by 2020. However, as one of the major shipowners in Denmark, TORM has an obligation to be a role model within this area and consequently, we aim to reach a higher target.

TORM's strategic climate targets for 2020 are:

**A reduction of CO<sub>2</sub> air emissions pr. vessel by 20% compared to 2008, corresponding to a reduction from 8.0 g/tonkm in 2008 to 6.4 g/tonkm in 2020.**

- The target includes all SR, MR, LR1, LR2 and Bulk vessels that are in technical management as well as owned by TORM.
- To meet this target, TORM will deploy a wide range of activities covering attitude among employees, alternative means of propulsion, technical optimisation, cargo heating, tank cleanings, customer requirements, voyage orders, and procedures in general.

**A reduction of CO<sub>2</sub> air emissions at the office locations by 25% pr. employee based on consumption in 2008, corresponding to a reduction from 2.8 ton CO<sub>2</sub>/employee in 2008 to 2.1 ton CO<sub>2</sub>/employee in 2020.**

- The target includes all of the Company's office facilities.
- To meet this target, the Company will deploy a wide range of activities covering attitude among employees, technical optimisation and influencing landlords.

Transparency and accountability are key elements in TORM's climate strategy. The Company will therefore work together with business partners and relevant stakeholders to optimise the activities throughout the value chain and report on progress to meet the targets.

A significant reduction of emissions can be obtained from optimising the handling of existing equipment and training of employees on board and ashore therefore constitutes another key element in the strategy.

While reducing CO<sub>2</sub> emissions is an important element in TORM's environmental efforts, the Company will continue to address the other environmental aspects both on board and ashore, such as bottom paint, discharge of ballast water, waste handling and use of chemicals.

This report describes current and near-term environmental targets and activities. To fulfill the ambitious long-term target of a 20% reduction of CO<sub>2</sub> emissions from 2008 to 2020, TORM needs to constantly search for resource-conserving solutions, and therefore, monitors closely the development of improved equipment and new innovative technologies.

Based on this monitoring, TORM maintains a catalogue of ideas that have not yet entered the project phase. For each of the ideas listed below, the Company will perform additional research and if the analysis shows that an idea is sustainable, it will be further substantiated and eventually set as an environmental target.

To support the long-term target of a 20% CO<sub>2</sub> emission reduction, TORM will investigate the following ideas:

#### **VESSEL PERFORMANCE**

- Installation of electronic engines on new vessels to reduce oil consumption and optimise engine performance.
- Testing of scrubber pollution control devices to allow for use of heavy fuel oil while maintaining low emission levels of NO<sub>x</sub> and SO<sub>x</sub> gasses.
- Installation of propulsion technology, such as skysail or other equipment, which utilises alternative power sources.
- Optimisation of cleaning of hull and propeller.
- Optimisation of equipment on new vessels to maximise engine efficiency, e.g. hulls and propellers, flow guides, water flows.
- Form freight agreements with variable arrival times for optimisation of vessels speed.
- Definition of best practice in relation to energy consumption, such as cargo heating, tank cleaning, electricity usage.
- Application of better tools to monitor the performance of engines to ensure that crews have adequate information to optimise vessel performance.

#### **ONSHORE ENVIRONMENT**

- Optimisation of cooling, IT and lightning to reduce energy consumption.
- Targeted training of key onshore operational and technical staff with significant impact on vessel performance, e.g. route planning, tank cleanings, arrival time and speed setting, hull cleanings etc.



## SIGNIFICANT RESOURCE STREAMS FOR TORM MR TANKER, AVERAGE FIGURES PER YEAR

**TORM MR Tanker** · Length: 183 metres · Breath: 32 metres · Draft: 12 metres loaded · Cargo capacity: 47,200 tons · Staff: 22 persons

**Voyage information** · Distance: 64,804 Nm · Tonkm: 2,756,751,372 (cargo in tons \* distance) · Speed: 13,7 knot (sea voyage average)



### Terminology and explanations

<b>HFO:</b>	Heavy fuel oil, typically what remains of the crude oil after gasoline and the distillate fuel oils have been extracted
<b>LS HFO:</b>	Heavy fuel oil with a relatively low content of sulphur oxide and thus less polluting than regular HFO
<b>MDO/MGO:</b>	Marine diesel oil or marine gasoline oil, which are refined oil products used for inert gas, minor engines and in main engines where special requirements must be observed, such as in California, U.S.
<b>Special garbage:</b>	Batteries, sensors, light tubes, aluminium, ink cartridges, cobber and other metals
<b>Other garbage to shore:</b>	Mainly plastics, packaging, containers, cloths
<b>Garbage to sea:</b>	Uncontained household waste such as kitchen garbage, wood, glas, crockery, no plastics
<b>Grey sewage:</b>	Sewage from sinks, not treated
<b>Black sewage:</b>	Sewage from toilets, typically treated on board before discharge
<b>Chemicals for tank cleanings:</b>	IMO compliant detergents
<b>Slop:</b>	Residue from tank cleanings, which is discharged ashore in appropriate facility

# GLOBAL CLIMATE SOLUTIONS



Shipping and climate change are global issues, and TORM is convinced that solutions must be global as well. TORM is committed to contribute to global initiatives to reduce emissions and harmful impact on the marine ecosystem from the shipping industry, and 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.

There is currently no specific international regulation of the CO<sub>2</sub> emissions from shipping. As a globalised industry, it is important that future regulation is set internationally, and in TORM's view this is best secured through IMO. Regional or national environmental regulation would distort international competition and could lead to out-flagging of ships to the harm of the environment.

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.

# GLOBAL WARMING

Greenhouse gases are a natural phenomenon and make up about one percent 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 Celsius warmer than it would be otherwise.

But human activities are making the blanket 'thicker' by emission of CO<sub>2</sub> 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 CO<sub>2</sub> 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.

CO<sub>2</sub> 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 the 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 earning 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



In 2008, TORM operated 65 ships with an average of 5.4 years of operation. It is thus one of the largest, most modern and technologically advanced shipping fleets in the world, which in itself is a key element in the efforts to reduce air emissions. However, the Company still invests in a number of activities to become more energy efficient and decrease emissions further, as customers consider this an increasingly important factor in their supplier selection.

The vast majority of CO<sub>2</sub> emissions from ships originate from fossil fuels from the vessels' engines. Correspondingly, fuel makes up more than half of TORM's operating costs. In 2008, a one percent reduction in fuel consumption would constitute an annual cost saving of around USD 3 million if all vessels under management were included.

Initiatives to limit the environmental impact of TORM's business are therefore not only a question of being a good corporate citizen. It goes hand in hand with business performance, both in terms of cost savings and as a means to attract and retain customers, skilled employees and show leadership towards political decision-makers.

The volume of shipping and the ensuing environmental effects involve a risk of attracting negative public attention. TORM plays a proactive role in working with energy, climate and environmental impacts of the shipping industry. The Company will continue to communicate openly with the surrounding society and other stakeholders about the environmental aspects of shipping compared to other means of transportation.



**MAIKEN ØDEGAARD, VP  
STRATEGIC COORDINATION,  
TANKER DIVISION, TORM**

*Environment and safety are top of mind in all of our activities both on land and at sea. The beauty of being conscious about the environment is that it at the same time makes good sense in terms of business.*

*As consumption of bunkers for propulsion by far is the biggest environmental impact of TORM's activities - and the biggest cost - it is obvious that reducing consumption of bunkers is a main concern that permeates the operation of our vessels.*

*The speed of our vessels is a key factor to limit the consumption of bunkers, which means we strive to reduce the speed as much as possible without compromising contracts. We are also increasingly focusing on avoiding sailing unnecessary miles between different voyages. We are therefore trying to get as much information from clients about routes and destination as soon as possible in order to avoid redirecting our vessels. The same thinking goes for the cleaning of the tanks, which also has a negative impact on the environment. The more information we get about the type of cargo, and the sooner we get it, the more it makes us able to plan and optimise tank cleanings. In other words, protecting the environment is not only a matter for TORM, we must also involve our clients and partners in the process, as combined efforts will lead to the best results for the environment.*

# ENVIRONMENTAL MANAGEMENT

Through a systematic approach, TORM aims to minimise the impact on the environment. The Company's environmental management system is based on the ISO 14001 standard, and TORM adheres to the Green Award and other similar programmes to ensure that environmental efforts meet the long-term expectations of all stakeholders.

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.

Ships under the Danish flag are in certain areas subject to tight environmental rules according to Danish legislation. In fact, TORM applies these rules to all vessels regardless of the flag they are flying.

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## Green Award

The Green Award is a certificate that can be awarded to vessels that comply with higher safety, environmental and quality standards than required in international laws and regulations, especially IMO requirements. A vessel with a Green Award pays reduced port fees or receives other service benefits in those ports that are registered with the Green Award Foundation ([www.greenaward.org](http://www.greenaward.org)). Eight of TORM's ships are equipped with a Green Award.



## RESPONSIBILITIES

It is the responsibility of every employee to care for the environment. However, ultimately the responsibility rests with Senior Management, who has designated the operational responsibility to the Safety, Quality and Environmental (SQE) Department under the Executive Vice President of TORM's Technical Division. 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. Monitoring of rules and regulations is done by TORM employees assisted by updates from shipping organisations and IMO newsletters. The SQE Department integrates new requirements in the management procedures and operational instructions.

## TRAINING

With a global organisation of more than 3,000 employees of which 90% are located on the Company's vessels, the application of policies and procedures requires substantial local training. The environment is no exception. Therefore, training in safety, quality and environmental issues is carefully planned and monitored by the SQE Department. Training includes annual seminars for sea officers and specially assigned SQE teams train employees on all ships in connection with internal audits. Each year, a concurrent Environmental Day is celebrated on the vessels to raise awareness around selected topics.

In 2009, the Company will emphasise organisational anchoring of environmental activities through an 'attitude campaign'. This involves:

- Global training of office employees on department meetings and via special courses.
- Training at officer seminars.
- Training sessions for SQE teams.
- Special training by SQE teams on board four vessels with the aim to cover all ships by the end of 2011 as an SQE team visits them.
- Starting up environmental teams in all offices with more than 20 employees.

### 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 to Senior Management.

### EXTERNAL AUDIT

As an ISO 14001 certified company, TORM is subject to independent audits performed by certified external auditors. At TORM, Lloyd's Register Quality Assurance (LRQA) carries out these audits. They involve continuous monitoring of TORM's environmental systems, progress and performance. The headquarters in Copenhagen are visited once yearly while local branch offices are visited once every third year and all vessels are visited once in a five-year period.

In 2008, LRQA conducted external audits in the Copenhagen, Singapore and Manila offices and on eight vessels with a total of six observations. There were no major deviations (non-conformities) from the ISO 14001 requirements.

### ENVIRONMENTAL DATA

Environmental data, e.g. fuel consumption, waste amounts, chemical 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 quarterly basis. For further details on data management, please refer to the accounts section in the end of the report.



# 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 significant effect on resource consumption and environmental impact during operation of the ship. 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.

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## Accomplishments and Targets

TORM wishes to maintain a modern fleet, and the Company therefore continually renews the fleet, allowing it to improve the design and technical installations for the benefit of the environment as well as the business.

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

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

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 6S50ME-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 2.3% reduction of CO2 emissions compared to previous engine models.

In 2008, TORM initiated a training programme for key technical personnel at the shipyards where TORM's vessels are built. The key objectives of the programme are to facilitate that vessels are timely delivered to TORM in agreed quality and to raise general awareness around safety, quality and environmental issues. The course involves visits at other TORM suppliers such as testing facility, paint and engine providers.

The first group of people attended a five-day seminar in Denmark in November 2008 and in 2009 the programme continues with four groups receiving intensive training in new technologies, vessel operation, environment and safety.

TORM regularly assess the cooperation with suppliers and in 2010 the Company will implement a substantive CSR supplier management program, covering suppliers of vessels, bunker and consumables.

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## OPERATION

### EMISSIONS TO AIR

The most significant environmental aspect of shipping is the emissions, especially carbon dioxide (CO<sub>2</sub>), nitrogen oxide (NO<sub>x</sub>) and sulphur oxide (SO<sub>x</sub>), from the consumption of fossil fuels for propulsion, electricity and heating. On average, 76% of vessel fuel consumption is used on propulsion.

Consumption and emissions depend on factors such as speed, draught and trim, propeller slip, the condition of the hull and propeller, optimisation of the engine and the type and quality of the fuel oil.

The main air emissions from shipping are:

- **CO<sub>2</sub> (carbon dioxide)**  
The emission of CO<sub>2</sub> is a factor of the amount of consumed fuel. Emission of CO<sub>2</sub> contributes to global warming. IMO is working on measures to reduce the industry's CO<sub>2</sub> emissions and aims at presenting an action plan at the Climate Change Conference in Copenhagen in 2009.
- **NO<sub>x</sub> (nitrogen oxide)**  
NO<sub>x</sub> is produced during combustion at high temperatures in the main engine. NO<sub>x</sub> is one of the main ingredients in smog. IMO has set limits on NO<sub>x</sub> emissions depending on the type of engine.
- **SO<sub>x</sub> (sulphur oxide)**  
The emission of SO<sub>x</sub> depends on the amount of sulphur in the fuel oil. Emission of SO<sub>x</sub> 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.

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### Accomplishments and Targets

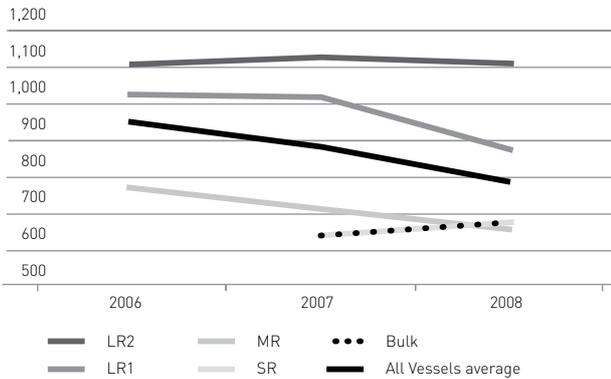
In 2008, TORM carried out a number of activities expected to further improve the efficiency of the vessels and thus reduce emissions of greenhouse gases, nitrogen oxides and sulphur oxides. The most important activities are:

- Installed Wartsila 7RT-flex58 electronic main engines on three LR2 tankers. TORM now has eight vessels with this type of engine. Installed 7RT-flex50 electronic main engines on two MR tankers. Four more MR tankers with the new main engines are to be delivered in 2009.
- Continued fitting of torsion meters on vessels. Torsion meters measure the force used to run the propellers and the installation makes it easier to optimise the efficiency of the engine and thus reduce fuel consumption and emissions. By the end of 2008, torsion meters were installed on 16 vessels. The plan is for all of TORM's vessels to have torsion meters fitted by the end of 2009.
- Electronic cylinder lubrication has been fitted on a further 24 vessels, now installed on 32 vessels in total. This is expected to reduce cylinder oil consumption by up to 25% and thus substantially reduce the release of particle-rich materials. The system will gradually be fitted on all vessels as they dock.
- A testing of new fuel additives to reduce the amount of sludge for incineration was stopped during 2008 due to limited success with reusing the sludge as fuel and thus reducing final sludge amounts. Following further research it has been decided to resume the project in 2009.
- An online system for fuel analysis has been selected and in 2009 the system will be tested on one vessel to assess whether fuel consumption can be reduced through tighter control of combustion temperature.
- A number of software tools to select the optimal voyage speed through analysis of fuel price, charter demand and laytime were installed in 2008. The optimisation of route planning and vessel speed to strike the most cost and environment-efficient balance between tonnage supply and demand is an on-going process, and will thus continue with unabated strength in 2009.
- TORM decided in 2008 to initiate a SkySails project during 2009. SkySails is an internationally patented wind propulsion system based on large towing kites. According to SkySails, a ship's average annual fuel costs can be reduced by 10% to 35% by using the SkySails-system, depending on the prevailing wind conditions. The SkySails-system consists of three main components: A towing kite with rope, a launch and recovery system, and a control system for automatic operation. The SkySails project has been put on hold until further notice due to the overall financial crisis.

From 2008, TORM is collecting environmental data on a voyage basis. This means that, on request, customers will receive a precise statement of e.g. the CO<sub>2</sub> emissions allocated to their cargo, enabling customers to establish their carbon footprint.

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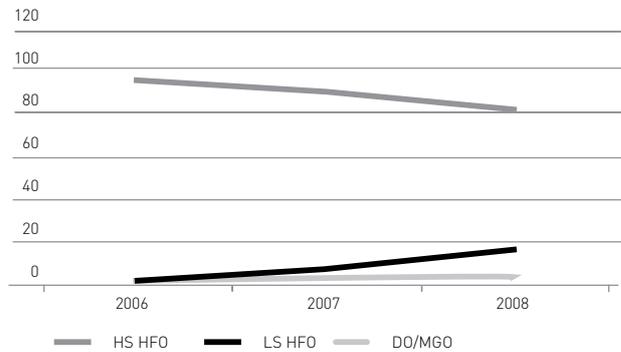
**CONSUMPTION OF FUEL OIL IN TON PER VESSEL MONTH. 2006-2008**



In 2008, oil consumption was reduced by 14% per vessel month. When adjusted for waiting-time in ports, the estimated reduction was 3-5% compared to 2006. Technological improvements contributed, but a main factor was the slower speed applied in 2008 compared to both 2006 and 2007.

The oil consumption per vessel month also changes with the fleet's mix of vessel types. Larger vessels use significantly more oil than smaller vessels, but they also transport more cargo. As an example, an LR2 tanker requires approximately 1.5 times the fuel of an MR tanker but carries more than twice as much cargo and is thus more fuel-efficient.

**MIX OF FUEL OIL TYPES IN % PER VESSEL MONTH. 2006-2008**



The mix of oil types is changing with more geographical areas restricting the use of heavy fuel oil to avoid acid rain and other environmental effects from sulphur oxide (SO<sub>x</sub>). This development is expected to continue. In 2010/11 for example, the Emission Control Areas in North America and Japan will be expanded to cover 200Nm off the coast.

The heavy fuel oil (HFO) consumed by TORM in 2008 had an average sulphur content of 2.95% (2.77% in 2007) and the low sulphur heavy fuel oil (LS HFO) had an average of 1.17% sulphur (1.20% in 2007).



## 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.

Silicone-based bottom paint has shown to reduce water-resistance and thus improve fuel-efficiency. The effect is greatest on relatively high-speed vessels. With silicone-based paint, it is unnecessary to apply any antifouling biocides.

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### Accomplishments and Targets

- TORM's fleet has been TBT free since 2004.
- In 2007, TORM started the testing of silicone-based bottom paint on two vessels. The project was stopped in 2008 after the test showed only limited effect on TORM's slow speed vessel types.
- TORM will continuously monitor bottom paint and anti-fouling innovations and consider changing current technology if more environmentally friendly possibilities arise. The Company only applies anti-fouling paints that comply with the IMO Convention on Control of Harmful Anti-fouling Systems on Ships.

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## 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.

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### Accomplishments and targets

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.

In 2008, TORM performed 256 ballast water changes while that number was 114 in 2007. The increase can be ascribed to TORM's decision to follow new recommendations from the European Commission stating that ballast water changes should be performed during voyage from North America to Europe.

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## 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 hosting ports.

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### Accomplishments and Targets

As the vessel crew not always knows where to discharge garbage, TORM has applied strict requirements on board the vessels for sorting, disposal and recycling of waste. 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 in ports and considerations of certain protected sea environments.

The Company constantly works to ensure optimal discharge method for the individual fractions and that waste is disposed in as many fractions as practically possible to facilitate recycling.

TORM's waste handling systems are more sophisticated than the sorting systems in many harbors, and the Company works together with the U.S. Coast Guard to facilitate improvements of waste reception in U.S. ports.

- In 2008, sorting of special waste was further improved. Now, company policy prescribes that batteries, sensors, light tubes, aluminium, cobber and other metals as well as ink cartridges are sorted in separate fractions and are only discharged in ports with adequate handling systems, such as in the European Union, U.S., Japan and Singapore.
  - A comprehensive mapping of waste streams on a large number of vessels was introduced in 2008 to further optimise waste handling. Depending on the vessel's existing collection systems, possible new equipment include soot collection, bilge-processing and sewage tank. The mapping continues in 2009.
  - In 2009, the Company will introduce colour coding of garbage to be sent ashore thus help port waste facilities to sort the received garbage.
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**WASTE FROM TORM'S VESSELS. 2007-2008**

WASTE TYPE	Unit	2008	2007
Special garbage, recycled, ashore	kg	9,500	1,000
- pr. vessel month	kg	13	2
Special garbage, hazardous, ashore	kg	6,700	3,200
- pr. vessel month	kg	9	7
MARPOL waste, ashore	m3	3,000	1,900
- pr. vessel month	m3	4	4
MARPOL waste, to sea	m3	1,400	1,100
- pr. vessel month	m3	2	2
Waste incinerated on board	m3	700	1,200
- pr. vessel month	m3	1	3
Water discharged from engine room	m3	21,400	16,400
- pr. vessel month	m3	28	38
Sludge water from engine room, ashore	m3	2,000	Included below
- pr. vessel month	m3	3	
Residues from tank cleanings, ashore	m3	45,000	47,200
- pr. vessel month	m3	59	109
Water from tank cleanings, to sea	m3	96,800	n.a.
- pr. vessel month	m3	128	

## 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.

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### Accomplishments and Targets

Handling chemicals is an integrated part of TORM's efforts to ensure high levels of safety and environmental protection. A focused project to further improve detailed registration of types and amounts of chemical substances on all ships has been postponed from 2008 to 2009. The aim of the project is to reduce consumption, ensure correct handling and limit the number of suppliers.

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## TANK CLEANINGS

Tank cleanings are performed at change of cargo, e.g. before transporting clean petroleum products on tankers or when changing dry cargo from e.g. coal to corn on bulk carriers. Cleanings require energy, water and detergents. Water from cleanings is disposed to sea after sufficient settling time.

In 2008, TORM performed 376 tank cleanings or 6.5 in average per tanker and 27 cargo hold cleanings on bulk carriers, corresponding to 4.7 in average. The cleaning operations required a total of 102,019 litres of detergents, which is an average of 253 litres.

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### Accomplishments and Targets

TORM has hired a tank cleaning specialist to optimise tank cleaning operations with the aim to reduce consumption of detergents, water consumption and ensure that tank cleanings are performed exactly when necessary. All detergents are IMO compliant.

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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, adequate route planning to avoid bad weather and thorough training of staff are essential elements in careful risk management.

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### Accomplishments and Targets

TORM is committed to meet the most stringent safety requirements. Through systematic safety reviews ashore and at sea, the Company assesses 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.

In 2008, four oil spills were registered:

- An estimated five m<sup>3</sup> of palm oil was spilled during a tank cleaning in the North Sea due to a mistakenly open manifold.
- One litre of oil was spilled to sea at the Dortyol (Turkey) terminal during a cargo discharge operation.
- A leakage in a main engine lube oil tube on a bulk carrier caused that approximately 1,000 litres of lubricating oil trickled to sea during a few days.
- During an oil-transfer in Antwerp a tank was filled without being stopped in due time. Three litres of motorgas oil went overboard while 3,500 litres was spilled on the aft deck, but appropriately collected to a tank on board.

An oil spill always entails an investigation report, review of current procedures and corrective action if necessary.

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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, which can be issued to each ship.

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### Accomplishments and Targets

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 in operation 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 facilitate that the vessel is recycled in an environmentally responsible and safe manner.

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### Green Passport

The Green Passport for ships is a document that is aimed at facilitating the application of the IMO Guidelines on Ship Recycling. The guidelines have been developed to give guidance to all stakeholders in the ship recycling process, and the Green Passport provides information about the materials known to be potentially hazardous utilised in the construction of the ship, its equipment and systems. This document should accompany the ship throughout its operating life to ensure adequate recycling. Successive owners of the ship should maintain the accuracy of the Green Passport and incorporate into it all relevant design and equipment changes, with the final owner delivering the document, with the ship, to the recycling facility.

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# ONSHORE ENVIRONMENT

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

TORM's environmental responsibility is not limited to onboard activities though. The Company is committed to reduce the environmental footprint from office facilities as well. By the end of 2008, offices only employed 315 of TORM's approximately 3,500 employees and the environmental impacts are even smaller compared to onboard. For example, CO<sub>2</sub> emissions from offices are only 0.05% of total CO<sub>2</sub> emissions. The primary concerns in offices are paper and energy use, which are monitored to continuously bring down consumption. Waste from offices is sorted according to local legislation.

## RESOURCE CONSUMPTION AND WASTE FROM TORM'S OFFICES, 2007-2008

WASTE TYPE	Unit	2008	2007
Plastics, recycled	m3	16	3
Paper, recycled	m3	52	19
Cardboard, recycled	m3	6	5
Electronic waste, recycled	m3	0.1	0.0
Batteries	kg	4	2
Electricity consumption	kWh	1,362,800	766,800
Electricity pr. office employee	kWh	4,330	4,330
CO <sub>2</sub> emission from offices	tons	880	430
CO <sub>2</sub> emission pr. office employee	tons	2,8	2,4
Water consumption (CPH/Singapore)	m3	1,850	1,540

Resource consumption and waste from TORM's offices increased substantially in absolute figures from 2007 to 2008, which is mainly a factor of the number of employees and offices included in the figures. 2007 only included the offices in Copenhagen, Singapore and Manila with a total of 177 employees. In 2008, the offices in Copenhagen, Mumbai, Singapore, Manila and Stamford with a total of 315 employees were included, corresponding to an absolute increase of 78%.



# EMISSION ACCOUNTS

TORM has an ISO 14001 environmental certification, which emphasises the Company's environmental commitment. TORM also supports the Carbon Disclosure Project (CDP) and the Company's response can be found on the website <http://www.cdproject.net/responding-companies.asp>.

For 2009, TORM will report according to the Greenhouse Gas Protocol, which means that the Company will disclose emissions of all six greenhouse gasses (CO<sub>2</sub>, SF<sub>6</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs), sulphur oxides (SO<sub>x</sub>) and nitrogen oxides (NO<sub>x</sub>) as well as an overall climate strategy.

## REPORTING GUIDELINES

The 2008 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.

Apart from CO<sub>2</sub> emissions, emissions of SO<sub>x</sub> and NO<sub>x</sub> 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 at each office are made equal in distance and consumption. (Copenhagen 20,000 km, Singapore 7,200 km and Manila 7,326 km, distances are estimated based on an average expected usage per country, efficiency is set to 12 km/liter.)
- Numbers under scope one datasheet have been collected on board the vessels or at the offices. The collection is based on actual usage or disposals as described in "About the Report".

## Scope 2

- Emissions from electricity consumption in offices are calculated by using GHG emissions factors version 3.0 2006.
- Emissions from heating (district heating) in Copenhagen offices are calculated by using Danish emissions factors ([www.key2green.dk](http://www.key2green.dk)).

## Scope 3

- Emissions from plane travel are calculated by factoring actual travel mileage with Lufthansa emission data (Technical crew in Copenhagen, Singapore, Manila and Stamford).
- Emissions from plane travel are calculated by factoring estimated travel mileage with Lufthansa emission data for (Non-technical crew in Copenhagen and Mumbai – estimates are based on number of employees and costs).
- Emissions in the 2007 report did not include certain data which were not discovered until 2009. Therefore, the 2007 emissions have been updated accordingly.

2008 greenhouse gas emissions are calculated for vessels in technical management in TORM, amounting to a total of 759 vessel months of operation. The number of vessel months is based on:

- 65 vessels under management by 1 January 2008. During the year, four was sold, while six new-buildings and one second-hand vessel were acquired.
- 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.

## ENVIRONMENTAL DATA

### Emissions

DATASHEET	Unit	2008	2007
Revenue	mUSD	1,184	774
Ship months	no.	759	547
<b>Scope 1 related data (shipping and company cars)</b>			
Fuel consumption (Heavy Fuel Oil)	1000 tons	486	406
Fuel consumption (Low Sulphur Heavy Fuel Oil)	1000 tons	91	59
Engine Oil	1000 tons	16	13
Lubrication Oil	1000 tons	5	3
Incinerated sludge	M3	5,685	3,694
Engine slop disposed ashore	M3	1,970	-
Engine waste water disposed at sea	M3	21,377	16,391
Water from tank cleanings disposed at sea	M3	96,837	-
Slop from tank cleanings disposed ashore	M3	45,025	47,242
Ballast water exchanges at sea	No.	256	114
Total distance travelled	1000 Nm	4,279	-
Tonkm (Cargo times distance)	1,000,000 tonkm	233,766	194,374
Average speed	Knot	13.7	-
Consumption of main engine pr Nm	Kg	105	-
Consumption of all oil onboard pr Nm	Kg	139	-
Company car travel – estimated	1000 km	672	750
<b>Scope 2 (Office electricity and heating)</b>			
Electricity consumption in offices	mWh	1,363	767
District heating	GJ	1,616	1,226
<b>Scope 3 (Employee airplane travel)</b>			
Airplane travel by employees	1000 km	104,848	41,157
<b>EMISSIONS</b>			
<b>Scope 1 (shipping)</b>			
CO <sub>2</sub>	1000 tons	1,876	1,504
SO <sub>x</sub>	1000 tons	33	24
NO <sub>x</sub>	1000 tons	43	44
<b>Scope 1 (company cars)</b>			
CO <sub>2</sub>	tons	129	144
SO <sub>x</sub>	Kg	1	1
No NO <sub>x</sub> on cars acc. To Key2Green.dk			
<b>Scope 2 (Office electricity and heating)</b>			
CO <sub>2</sub>	tons	747	443
SO <sub>x</sub>	kg	317	190
NO <sub>x</sub>	kg	1,077	640
<b>Scope 3 (Employee airplane travel)</b>			
CO <sub>2</sub>	1000 tons	11	5
SO <sub>x</sub>	kg	91	36
NO <sub>x</sub>	tons	52	21
<b>RATIOS</b>			
Total CO <sub>2</sub> emission	1000 tons	1,889	1,508
CO <sub>2</sub> emission per USD revenue	kg	1.60	1.95
CO <sub>2</sub> emission per vessel month	tons	2,472	2,755
CO <sub>2</sub> emission per tonkm	g/tonkm	8,0	-
Vessel transport CO <sub>2</sub> contribution of total	%	99.35	99.66
Plane travel CO <sub>2</sub> contribution of total	%	0.60	0.30
Office CO <sub>2</sub> contribution of total	%	0.05	0.04

# ABOUT THE REPORT

In addition to financial reporting, TORM wishes to give its stakeholders a deeper insight into the Company's activities and thus a broader foundation for the stakeholders' approach to and cooperation with the Company. By this report TORM openly accounts for its impact on the environment and the measures taken to reduce the harmful effects on the environment from shipping activities.

This section describes the methodologies in the environmental reporting. Key definitions are based on existing programmes and activities. Data are stated for the years 2008 and 2007.

## REPORT SCOPE

The reporting year is the financial year 1 January - 31 December 2008.

Environmental data is based on all vessels technically operated by TORM amounting to a total of 759 vessel months of operation. The number of vessel months is based on:

- 65 vessels under management by 1 January 2008. During the year, four was sold, while six new-buildings and one second-hand vessel were acquired.
- 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.

This report includes emissions from TORM's offices in Copenhagen, Mumbai, Singapore, Manila and Stamford (covering 315 employees). Data for offices in Tokyo (one employee) is not included in the report.

Emissions from air travel are included for office staff based in Copenhagen, Singapore, Manila and Stamford and air travel related to shift of Danish and Philippine offshore crew members. Air travel emissions from Croatian and Indian crews have been estimated based on number of employees compared to Danish and/or Philippine crews.

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 EMISSIONS FROM VESSELS

See emissions account page 22.

## WASTE HANDLING

Operational waste is measured in m<sup>3</sup> and is regulated under the MARPOL 73/78 Convention Annex V. Measuring waste in m<sup>3</sup> 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.

## AIRPLANE TRAVEL

See emissions account page 22.

## OFFICES

Environmental data from offices are collected by the use of questionnaires and meter readings or data from suppliers; some data's are calculated/estimated basis square meter comparsion to a whole office building.

Company cars – see emissions account page 22.

Data in this report have been enhanced compared to the 2007 report. Comparison between the report from 2007 and 2008 can give a wrong picture, wherefore, the numbers in this report covering 2007 should be used instead.

# VESSELS UNDER MANAGEMENT

Name of Vessel	Months active in 2008	Name of Vessel	Months active in 2008
Bel Taylor	12 months	TORM MARGRETHE	12 months
Gotland Aliya	5.8 months	TORM MARIANNE	7 months
Gotland Carolina	12 months	TORM MARIE	12 months
Gotland Sofia	12 months	TORM MARINA	12 months
Nordic Lisbeth	10 months	TORM MARLENE	3.0 months
TORM AMAZON	12 months	TORM MARTA	12 months
TORM ANHOLT	12 months	TORM MARY	12 months
TORM ANNA	12 months	TORM MATHILDE	1.9 month
TORM ANNE	12 months	TORM METTE	12 months
TORM ANN-MARIE	12 months	TORM MOSELLE	12 months
TORM BALTIC	12 months	TORM NÉCHES	12 months
TORM BORNHOLM	6.0 months	TORM OHIO	12 months
TORM CHARENTE	12 months	TORM OTTAWA	12 months
TORM ESTRID	12 months	TORM PLATTE	12 months
TORM FOX	12 months	TORM RAGNHILD	12 months
TORM FREYA	12 months	TORM REPUBLICAN	12 months
TORM GARONNE	12 months	TORM RHONE	12 months
TORM GERD	12 months	TORM ROSETTA	12 months
TORM GERTRUD	12 months	TORM ROTNA	12 months
TORM GOTLAND	9.7 months	TORM SAN JACINTO	12 months
TORM GUDRUN	12 months	TORM SAONE	12 months
TORM GUNHILD	12 months	TORM SARA	12 months
TORM HELENE	12 months	TORM SIGNE	12 months
TORM HELVIG	12 months	TORM SOFIA	12 months
TORM HORIZON	12 months	TORM TAMAR	12 months
TORM INGEBORG	12 months	TORM TEVERE	12 months
TORM ISMINI	12 months	TORM THAMES	12 months
TORM KANSAS	12 months	TORM THYRA	12 months
TORM KRISTINA	12 months	TORM TINA	12 months
TORM LAURA	7.7 months	TORM TRINITY	12 months
TORM LENE	1.8 month	TORM VALBORG	12 months
TORM LOIRE	12 months	TORM VENTURE	12 months
TORM Madison	12 months	TORM VITA	12 months
TORM Maren	4.4 months	TORM WABASH	5.9 months
TORM Margit	12 months		

Members of the crew on TORM's vessels include around 101 Croatians, 342 Danes, 1,183 Philippines and 1,513 Indians.

# AUDITOR'S REPORT

## TO THE SENIOR MANAGEMENT OF TORM A/S

We have performed a review of the TORM Environmental Report 2008 ("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, 27 May 2009

### DELOITTE

Statsautoriseret Revisionsaktieselskab



Preben J. Sørensen,  
State-authorized Public Accountant



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