

Corporate Social Responsibility

JL recognises its responsibilities to society. With growing business activities in coming years, JL is dedicated to ensuring that expansion is achieved in a socially and environmentally responsible way.

Part of our heritage is to practise responsibility for our employees and society as well as support for humanitarian causes and involvement in philanthropic activities.

Lauritzen Fonden (Lauritzen Foundation) is the sole owner of JL. In addition to its commercial activities, it has an explicit charitable aim and is engaged in a broad range of social, cultural, humanitarian, educational and research related activities in Denmark and internationally.

Sustainability

JL's mission is to create added value for customers, partners and owners and this can best be achieved by managing operations and the use of resources with respect and accountability.

Human and employee rights

JL supports and respects the protection of human and employee rights and refrains from any actions that may directly or indirectly encourage or contribute to infringement of these rights. In compliance with our core value of respect, we regard diversity as an important element in building a global business.

JL employees are the company's most important assets. The key to success is our

commitment to attracting, training, developing and retaining capable and committed employees, whose professionalism and personal qualifications and competencies can continue the drive towards our world-class vision, by living and leading our core values, at sea and ashore.

JL respects and treats employees equally and fairly and does not accept any form of harassment or discrimination. We seek to protect our employees from acts of abuse or threats in the workplace, whether committed by managers or fellow employees, and also when determining and implementing disciplinary measures.

JL will not knowingly participate in or benefit from any forms of forced labour or child labour, nor will we interfere with our employees' rights to form and join unions and to bargain collectively.

Security

JL recognizes the importance of international requirements for maintaining high security standards at sea and ashore in order to prevent acts of terrorism, piracy, armed robbery and other criminal acts which could threaten the security of crews, personnel, assets, the public and the environment.

Health, safety and environmental responsibility

JL aims to actively promote a culture of safety and environmental excellence at all levels of the organisation. JL seeks to provide a safe, healthy work environment for







FIG 18: ENERGY CONSUMPTION KWh/TONKILOMETER 2005-09

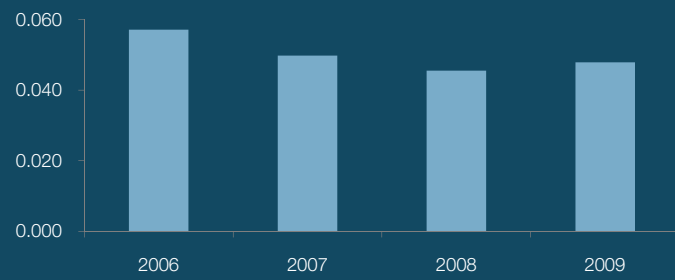


FIG 19: CO₂ ENERGY EMISSIONS G/TONKILOMETER 2005-09

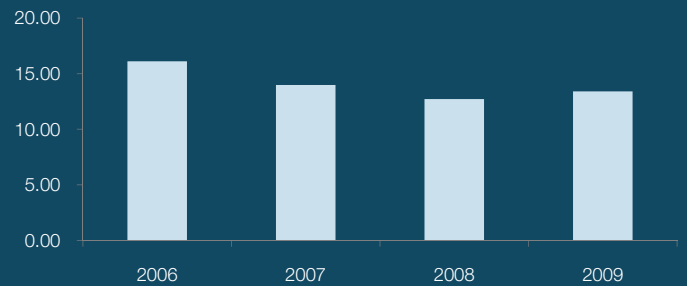
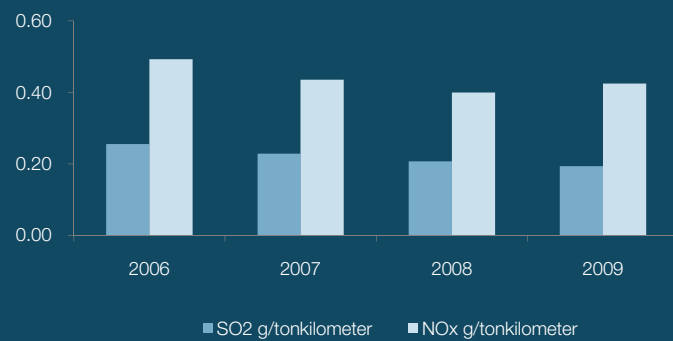


FIG 20: SO_x AND NO_x EMISSIONS 2005-09





all employees and to promote a no-blame culture in order to ensure open and timely communication throughout the organization.

JL's policy is for all employees, whatever their capacity, to be able to perform their duties properly in healthy, safe conditions. JL aims to identify risks and eliminate possible hazards which could result in personal injury, illness or accidents caused by substandard conditions or acts.

JL gives priority to health and safety and environmental management and we emphasise that our standards can only be met with the total commitment of every individual in the organisation. Throughout the organisation, at sea and ashore, management must lead by example.

Health and safety and environmental efforts must be aimed at preventing hazardous situations, accidents and environmental damage. Should these occur, every employee is required to participate in determining and eliminating possible causes in order to prevent repetition.

Lost Time Injury Frequency (LTIF) statistics developed unsatisfactorily from 1.13 in 2008 to 2.64 in 2009. The injuries, often involving third party contractors, have been analysed and the lessons learnt are being incorporated into our HSE procedures.

In our continuous efforts to manage our working and operational environment we are aware that uncontrolled deviations from our business processes remain the

real target and challenge for continuous improvement.

JL's performance trends for observations during port state controls, vetting inspections, etc., were again satisfactory.

With respect to safeguarding the environment, we manage our activities in compliance with all applicable national and international laws and regulations. Executive management and the management of each business division and segment aim to ensure that all individual employees work to:

- Endeavour to prevent pollution through operational procedures and to ensure compliance by means of audits and inspections, and by providing the means for their review and revision.
- Endeavour to use environmentally responsible practices in our activities, to set targets and monitor improvements.
- Endeavour to reduce the environmental impact of our activities by efficient use of resources employing responsible disposal practices.
- Demonstrate accountability by disclosing our environmental performance figures.
- Follow technological developments for environmental improvements that are relevant to the business.
- Support and participate in R&D initiatives.
- Ensure that awareness, enthusiasm and respect for the environment is an integral part of the company's daily routines through education/training and continuous improvement of the competencies of employees, both at sea and ashore.

Energy consumption and emissions

In 2009, vessels technically managed by JL and JL's external ship managers consumed a total of 218,406 tonnes of fuel oil to produce 2.5m MWh of energy.

Average energy efficiency was 0.048 KWh/tonkilometer compared to 0.045 in 2008, cf. Figure 18. The decrease in efficiency was due to an increased number of waiting days and ballast miles due to the constrained trading conditions.

Total CO₂ emissions declined by 4.5% from 720,608 tonnes in 2008 to 688,471 tonnes in 2009. However, CO₂ emissions per tonkilometer saw a slight increase from 12.73 in 2008 to 13.40 in 2009, cf. Figure 19, attributable to the reduction of tonkilometers caused by the increased number of waiting days and ballast miles.

NOx emissions were slightly up on 2008 due to the reduction in tonkilometres, whereas emissions of SOx per tonkilometres slightly decreased in 2009 due to greater use of low sulphur oil, cf. Figure 20.

Emissions figures are based on actual consumption, oil quality and engine emission factors and are calculated in accordance with IMO MEPC.1/Circ.684.

Copenhagen climate summit

It is imperative that legally binding global rules should apply to CO₂ reductions for the carriage of world trade, 90% of which is carried by ships, the form of commercial transport that is acknowledged as the most carbon efficient.

The UN Climate Change Conference (UN-FCCC) in Copenhagen in December 2009 did not give a clear mandate for the IMO to build on the combination of technical, operational and economical measures developed by IMO for reducing shipping's global CO₂ emissions. JL will use its membership of the Danish Shipowners' Association to continuously support the work of the IMO and other international bodies in this respect.

Anti-corruption

In compliance with our core value of accountability, JL firmly distances itself from any actions that unjustly or unlawfully influence officials and/or the judiciary.

Innovation

JL encourages entrepreneurship, creativity and innovation as illustrated by the development and the construction of the series of ten identical gas carriers completed in 2009. The vessels' environmental credentials were built to Bureau Veritas' Clean Ship notation and to the requirements of IMO Green Passport. In 2008, Lauritzen Kosan received the "Ship of the Year" award at the Lloyd's List London Awards for Isabella Kosan, the first vessel of this series.

Creativity and technological innovation are also a driving force behind the development of JL's new business activities in dynamically positioned support vessels for the offshore industry. The recent delivery of Dan Swift is an example of a unique, technologically advanced accommodation vessel specifically designed for servicing the demanding offshore market.





ENVIRONMENTAL INITIATIVES

In 2009, Lauritzen Kosan became ISO14001 certified as part of the continuous commitment to optimize environmental performance. During 2009 Lauritzen Kosan worked on various environmental programs aimed at reducing its environmental impact that will continue into 2010 together with additional programs that are under development.

One of the programs has involved the development of a benchmarking tool for vessel performance and environmental data allowing Lauritzen Kosan to develop vessel specific environmental targets based on KPI's as well as providing important performance data which enable early intervention in case of performance deterioration resulting in increased fuel usage. Another program initiated in 2009 is the development of a catalogue of Ship Energy Efficiency Improvement Areas. This catalogue will form base for further specific projects and ideas aimed at reducing our environmental impacts

Lauritzen Bulkera has initiated a number of projects aiming at minimizing the environmental impact of its fleet of owned vessels and at increasing their fuel efficiency.

Lauritzen Bulkera is working with NanoNord A/S and Lloyd's Register to test the Lab-On-A-Ship (LOAS) system which aims to reduce emissions through enhanced control of engine combustion, lubrication and exhaust gases.

In applying modern technology and improved methods on its newbuildings, Lauritzen Bulkera is seeking to achieve a rise in fuel efficiency via propeller design and main engine cylinder lube oil control mechanisms, and has also undertaken a project involving biodegradable cleaning products for hold washing.





In addition to development and innovation conducted by JL, Lauritzen Fonden (Lauritzen Foundation) supports initiatives and contributes to identifying new technical solutions that could benefit the entire shipping industry.

Through its majority holding in NanoNord A/S, Lauritzen Fonden is working together with Lloyd's Register and Lauritzen Bulk-ers to support development of the Lab-On-A-Ship (LOAS) system with the aim of enhancing combustion and fuel efficiency. The collaboration is part of the trans-industry Danish "Green Ship of the Future" project.

The recent development of complex software aiming at reducing emissions has been supported at the Danish Technical University (DTU). This software is also able to determine impact on the so-called Energy Efficiency Design Index (EEDI) which the IMO – with strong Danish input headed up by the Danish Maritime Authority – is working to implement as a requirement aimed at making new vessels more energy efficient.

Community

The Lauritzen Fonden supports and sponsors a broad range of community initiatives directly or through collaboration with NGOs.

During 2009, the Foundation intensified its assistance to disaster centres. Typhoon victims in the Philippines were among those who received support.

For several years, including 2009, the Foundation has been contributing to the Danish charity "Danmarks Indsamling" which raises funds to support 12 of Denmark's largest humanitarian organisations.

In early 2010, the Foundation also contributed to fund-raising to support women in Africa and the victims of the devastating earthquake in Haiti.

Outlook

JL strives to enhance its CSR goals and to establish a CSR governance structure to ensure guidance from the Executive Management as well as decentralised involvement and responsibility and our aim is sign up to the United Nations Global Compact.