ESL Shipping

SUSTAINABILITY REPORT 2020

QUICK FACTS

NET SALES
million EUR
148.4

NET PROFIT
million EUR
7.6

VESSELS
units
50

PERSONNEL
sea and shore
355

DISTANCE SAILED
million nautical miles
1.8

TONNAGE
deadweight tons
465K

HIGHLIGHTS

11.6.2020
Viikki was fueled for the first time with renewable liquiefied biogas.

1.7.2020
New brand identity launched for Norra Skeppningsgruppen.

5.11.2020
ESL Shipping joins City of Helsinki Climate Partners.

27.11.2020
Mikki Koskinen elected as Chairman of Finnish Shipowners' Association.

12.12.2020
First 6,000-tonner Mirjam entered to time-charter for AtoB@C Shipping.

MANAGEMENT TEAM

Mikki Koskinen
Managing Director

Janne Eklöf
Technical Director

Ari Hurula
Regional Director
AtoB@C Shipping

Mikko Rausti
Director, Sea Personnel &
External Ship Management

Frida Rowland
Business Unit Director
AtoB@C Shipping

Petter Ruda
Chief Financial Officer

Toni Rönnberg
Commercial Director

Kirsi Ylärinne
Operations Director

ESL Shipping Ltd is the parent company of the group and is referred to as "group" in this report. Business unit ESL Shipping ("ESL Shipping") comprises of handysize fleet from 9,000 to 56,000 dwt. Business unit AtoB@C Shipping ("AtoB@C Shipping") consists of 3,000-6,000 dwt vessels.

At the end of 2020, ESL Shipping group owns 24 vessels and two vessels with minority share. Other vessels are operated by the group under time charter contracts. Time chartered vessels are managed by their respective owners. Therefore, this report concentrates on our owned fleet for which we have full control over. For TC-vessels we mainly control aspects such as the emissions, bunkering and commercial decisions.

FOREWORD

SAVED AT SEA, WASTED IN PORT

A key area for development together with our clients is having a port ecosystem that supports energy efficiency, high capacity utilisation and smart operations.

Our industry has ambitious targets to reduce emissions during this and coming decades. In recent years, ESL Shipping and AtoB@C Shipping have done numerous improvements and investments into their fleets and to the way the fleets are operated at sea to increase energy efficiency. We have been successful in cutting fuel consumption at sea, however one major challenge remains. Energy consumption in ports remains largely unchanged, and as a result, the proportional share of energy consumed in ports is increasing. In 2020, more than one-fifth of our total energy consumption and emissions took place either in ports or while lying in anchorage waiting for a free berth. This is nothing but huge waste.

Onboard our ships we are introducing new processes and equipment that help us to reduce emissions in port. A prime example of this is the shore electrical connection onboard our LNG-fuelled ships Viikki and Haaga. Regrettably, this equipment can for the time being only be utilized in one port within our trading area. We are grateful to Port of Luleå who has taken a leading position here and made it possible.

Our roadmap towards fossil-free shipping consists of three main development areas: Investment into best available ship technology capable of shifting from fossil to non-fossil fuels, customer commitment and sharing of the same vision for low-emission shipping and last but not least, building an industrial-scale supply of non-fossil fuels in partnership with the energy industry.

One key area for development together with our clients must be a port ecosystem supporting energy efficiency, high capacity utilization and smart operations. Part of this work is also an alignment of existing contract forms in such a way, that they will start supporting energy efficiency and no longer reward high consumption at sea and long waiting time in ports. This is why we have started introducing and testing a so-called virtual arrival concept together with our partners SSAB. In this approach, savings are shared and waste of energy is minimized. This is what I would call truly advanced green shipping.

Sincerely,
Mikki Koskinen
Managing Director

ABOUT THE COMPANY

We are the leading carrier of dry bulk and product cargoes in the Baltic Sea region. We mainly operate in contract traffic securing product and raw material transports to several industries around the year.

ESL Shipping Ltd is the leading carrier of dry bulk and product cargoes in the Baltic region. The group's competitive edge is based on its ability to secure products and raw material transportation for industries and energy production all year around, even in difficult weather conditions.

Our vessels mainly operate in contract traffic in the Baltic Sea and in Northern Europe and also perform loading and unloading operations at sea as a special service. Transportation operations in the Baltic Sea and the North Sea are mainly based on long-term customer agreements and established customer relationships.

The group operates under three brands: the parent company ESL Shipping operates the fleet of 9,000-56,000 dwt vessels while Swedish subsidiary AtoB@C Shipping operates 3,000-6,000 dwt vessels and offers port towing and related services at the Port of Raahe with tugboat Charlie.

The third brand is NSG Norra Skeppningsgruppen, port agency and logistics service provider located in Oxelösund and Norrköping, Sweden. The latter was fully acquired by ESL Shipping in October 2019. ESL Shipping Ltd has been in business for more than 70 years and is a subsidiary of Aspo plc.

By the end of 2020, the group's fleet consisted of 50 vessels with a total capacity of 465,000 dwt. Of the vessels, 24 are wholly-owned (75% of the fleet), two are minority-owned (2%) and the remaining 24 are time-chartered (23%).

ESL Shipping is actively investigating different opportunities to have a broader presence in the growing markets in the Russian Arctic.

The shipping company will also continue its development activities to offer the most effective and environmentally friendly future transportation solutions on the market.

WE SUPPORT

UN GLOBAL COMPACT

We acknowledge that our parent company Aspo Plc participates in the UN Global Compact, and we support the Ten Principles and advancement of the Sustainable Development Goals as well as broader UN goals. We consolidate our support for this initiative fully under our parent's commitment. Therefore, we do not participate in UN Global Compact activities nor do we participate in activities of a Global Compact Local Network.

PERSONNEL	OFFICES	FOUNDED
355	5	1949


REYMAR

SERVICES & FLEET

ESL Shipping's vessels are especially designed to operate in the demanding conditions of the Baltic Sea. Our fleet is interchangeable as we operate several vessels of similar sizes and types.

VESSELS	OWNED	TOTAL DWT
50	24	465K

BULK AND BREAK BULK CARGOES

We carry bulk commodities such as iron ore, fertilizers, grain and dry biofuels as well as break bulk cargoes such as steel products and woodpulp. Our large fleet of vessels between 3,000 and 56,000 dwt provides customers with the possibility to choose the most suitable vessel size for each shipment.

PROJECT CARGOES

With the support of our own supercargo personnel, our vessels are the perfect fit for project shipments. Handy and supramax vessels are all equipped with cranes enabling independent cargo handling regardless of the port facilities available. Our vessels are also capable to take cargo on deck.

LOADING AND UNLOADING AT SEA

ESL Shipping's vessels of 13,000–56,000 dwt are equipped with their own cranes and have been designed so that they can work besides another ship, even in challenging conditions. They are all equipped with sufficiently tall and long-armed cranes to operate effectively and safely.

SHIPMENTS IN ARCTIC AREAS

The whole group fleet is ice-strengthened, enabling smooth operations even in difficult icy conditions in the Baltic Sea. Our handy and supramax vessels are able to trade in the Russian Arctic and Canadian Arctic as well. Only a small number of all the world's shipping companies are capable of working in the Arctic areas.

AGENCY SERVICE IN SWEDEN

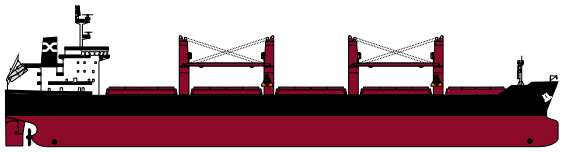
NSG Norra Skeppningsgruppen provides agency services as well as logistics and chartering services to a wide range of industrial customers. From its offices in Norrköping, Oxelösund and Ystad, NSG Agency offers agency services in most of the ports on the South East coast of Sweden.

LINER SERVICE FROM RAAHE

From Raahe, AtoB@C Shipping offers year-round liner services with 3,000–6,000 dwt vessels to several ports in the southern Baltic Sea and to Antwerp, Hull and Pasajes.

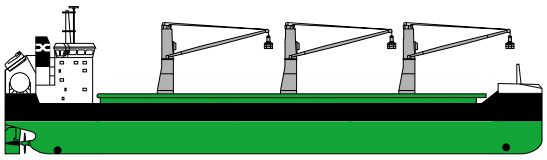
ARKADIA CLASS

2 x 56,000 dwt / Ice class 1A



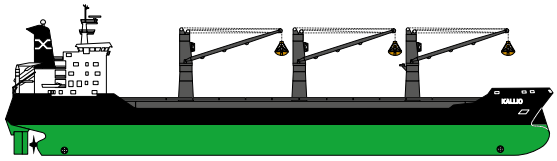
VIIKKI CLASS

2 x 25,600 dwt / Ice class 1A



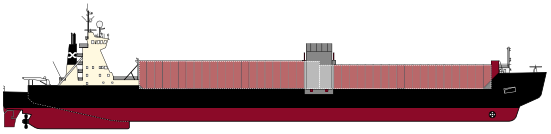
EIRA CLASS

3 x 20,000 dwt / Ice class 1A Super



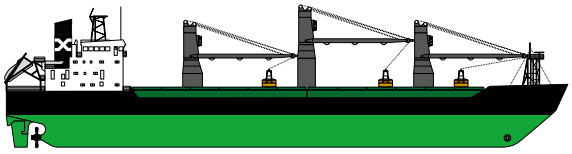
PUSHERS & BARGES

2 x pusher, 4 x 13,500 dwt barge, 1 x 9,000 dwt barge
Ice class 1A Super



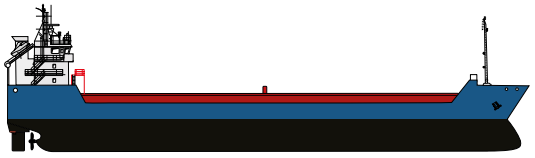
PASILA CLASS

2 x 13,000 dwt / Ice class 1A Super



6000 DWT CLASS

1 x 6,000 dwt / Ice class 1A

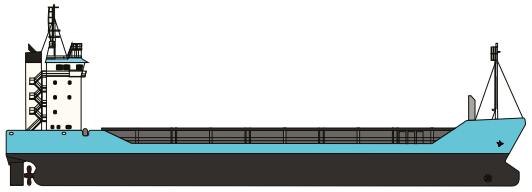


5000 DWT CLASS

10 x 5,000 dwt / Ice class 1A

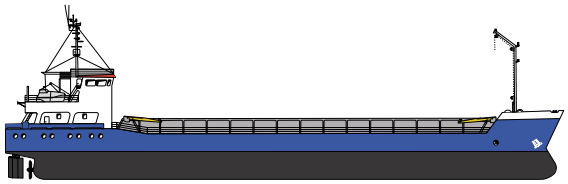
4000 DWT CLASS

17 x 4,000 dwt / Ice class 1A



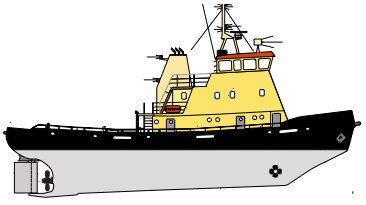
3000 DWT CLASS

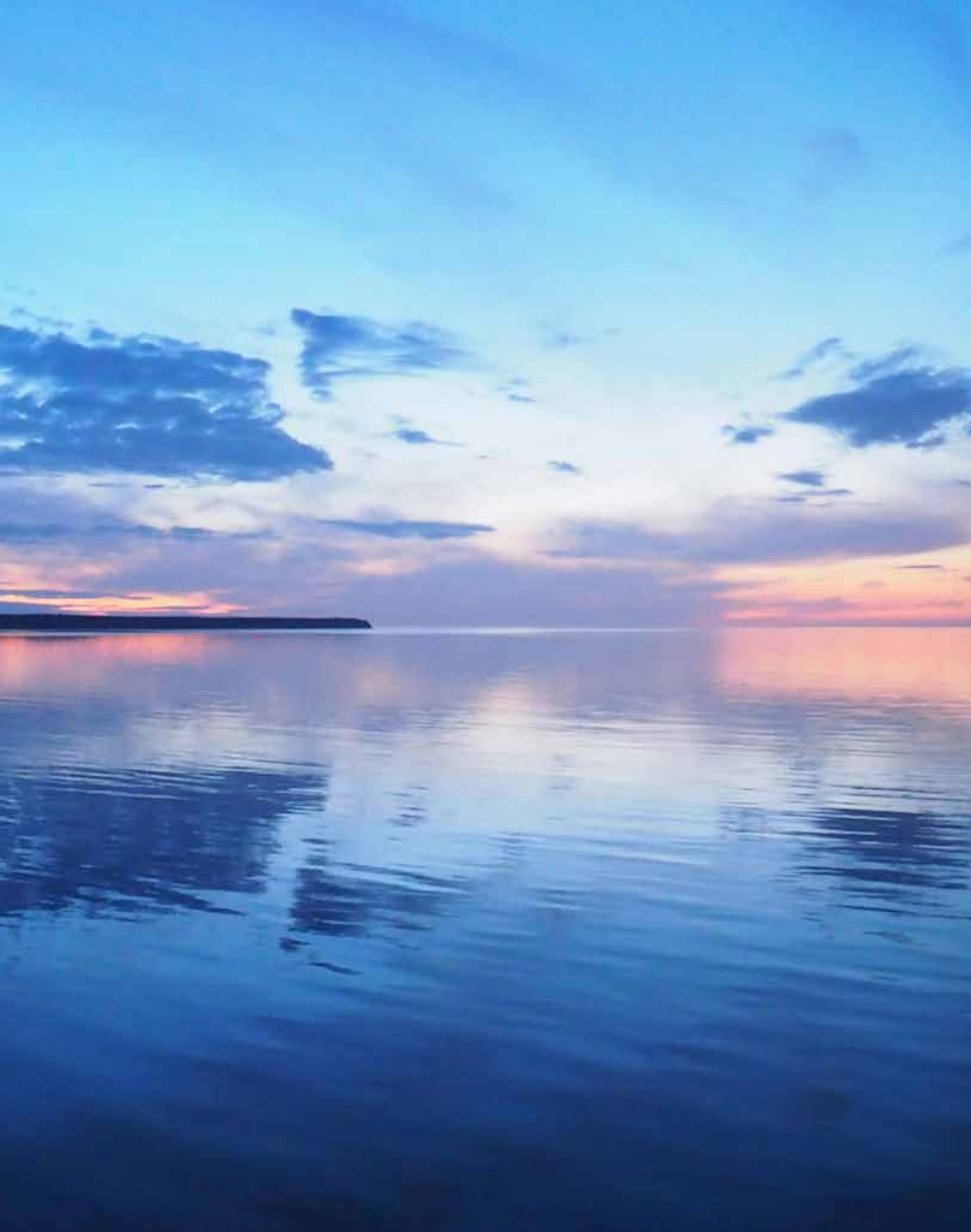
5 x 3,000 dwt / Ice class 1A/1B



TUG BOAT Charlie

Provides harbour towage in the port of Raahe





REPORTING AS A BASE FOR EMISSION REDUCTION TARGETS

New operating system enables better reporting of emissions to the customers. Difference in reporting requirements from EU and IMO results in challenges when comparing emissions of a certain vessel.

A ship is the most environmentally friendly alternative for transporting large quantities of cargo. For instance, one Eira-class vessel is the equivalent of around 1,100 trucks with cargo capacity of 18 tons. Over 90% of the world's trade is carried for sea and international vessel traffic which accounts for 2.6% of global emissions. Sea transportation is vital for Finland and Sweden which are the group's crucial market areas. Around 90% of the imports and exports from both countries is carried by sea.

As a result of the acquisition of AtoB@C Shipping we now have a large number of smaller vessels in our fleet. The smaller vessels consume more energy for the same transport work. The consumption per cargo ton transported with a coaster is on average three times higher than on our LNG-powered vessels Viikki and Haaga.

At the moment, the vessels' emissions are reported to two different systems: EU-led MRV and international, IMO-led DCS. The main difference is that MRV takes into account the voyages to and from EU-ports regardless of the vessel's flag while IMO DCS takes into account all voyages of the vessel. In MRV-reporting, consumption at anchorage and at the port are excluded while IMO DCS takes into account those as well. ESL Shipping is responsible for reporting these figures for our own vessels. In 2020, emissions were reduced significantly due to two reasons. Firstly, the global limit for sulphur was decreased to 0.5%, which had a clear impact on sulphur emissions of the supramax vessels. In the group's main trading area in Northern Europe and the Baltic Sea, the sulphur limit was previously 0.1% since 2015 and therefore, the effect on the other vessel classes was small. The second factor contributing to lower emissions was the lay-up of a couple of vessels at ESL Shipping during the spring and summer. As a result, the CO_2-emissions were reduced by 7.2% and SO_x-emissions by 68.5%.

Emissions of 3,000-6,000 dwt vessels are not reported to MRV or DCS. In order to achieve a comprehensive picture of the group's environmental footprint, we have calculated the emissions of these vessels as well and they are included in the figures presented in this report. Given the new operations system, we are now able to provide more detailed emissions reporting to our customers.

It is noteworthy that MRV figures take into account the weight of the cargo which results in poor figures when lightweight cargoes which fill up the hold are carried. These cargoes include for example project cargoes, wood pellets and some steel products such as pipes.

One of the easiest ways to decrease carbon footprint is the use of bigger ships and to slow down their speed. However, it must be recognized that this is not possible for all of our clients and industries due to lot sizes and restrictions in harbours. Smaller parcels will be shipped and small vessels will be trading also in the future. Therefore, it is important that we try to implement more efficient environmental technologies for the future generations of coaster vessels.

USE OF FUEL	CO_2-EMISSIONS	SO_x-EMISSIONS
−6.1%	−7.2%	−68.5%

ALTERNATIVE FUELS

We are actively developing the most effective and environmentally friendly future transportation solutions. Choosing the correct fuel for the vessels in an era of stricter environmental regulations is one of the most important topics we are working on.

There are many areas to consider when we think of environmentally superior vessel design. Part of this work is to find optimal dimensions and hydrodynamic solutions to minimise the resistance in the water. Another key area we are actively looking into is the fuel options we have at the moment and what we could have in the coming years. A vessel will easily trade around 30 years and therefore the choices we make today we have to live with quite a while.

So far we have introduced two liquefied natural gas powered bulk carriers, 25,500 dwt Viikki and Haaga. The use of LNG as a main fuel in main and auxiliary engines reduces carbon dioxide emissions by over 50% compared to the previous generation of vessels. The benefit of LNG machinery is that it is possible to use liquefied biogas (LBG) which will reduce the vessel's emissions even more. The availability of LNG has increased significantly in our operating region and the additional storage space needed onboard is bearable.

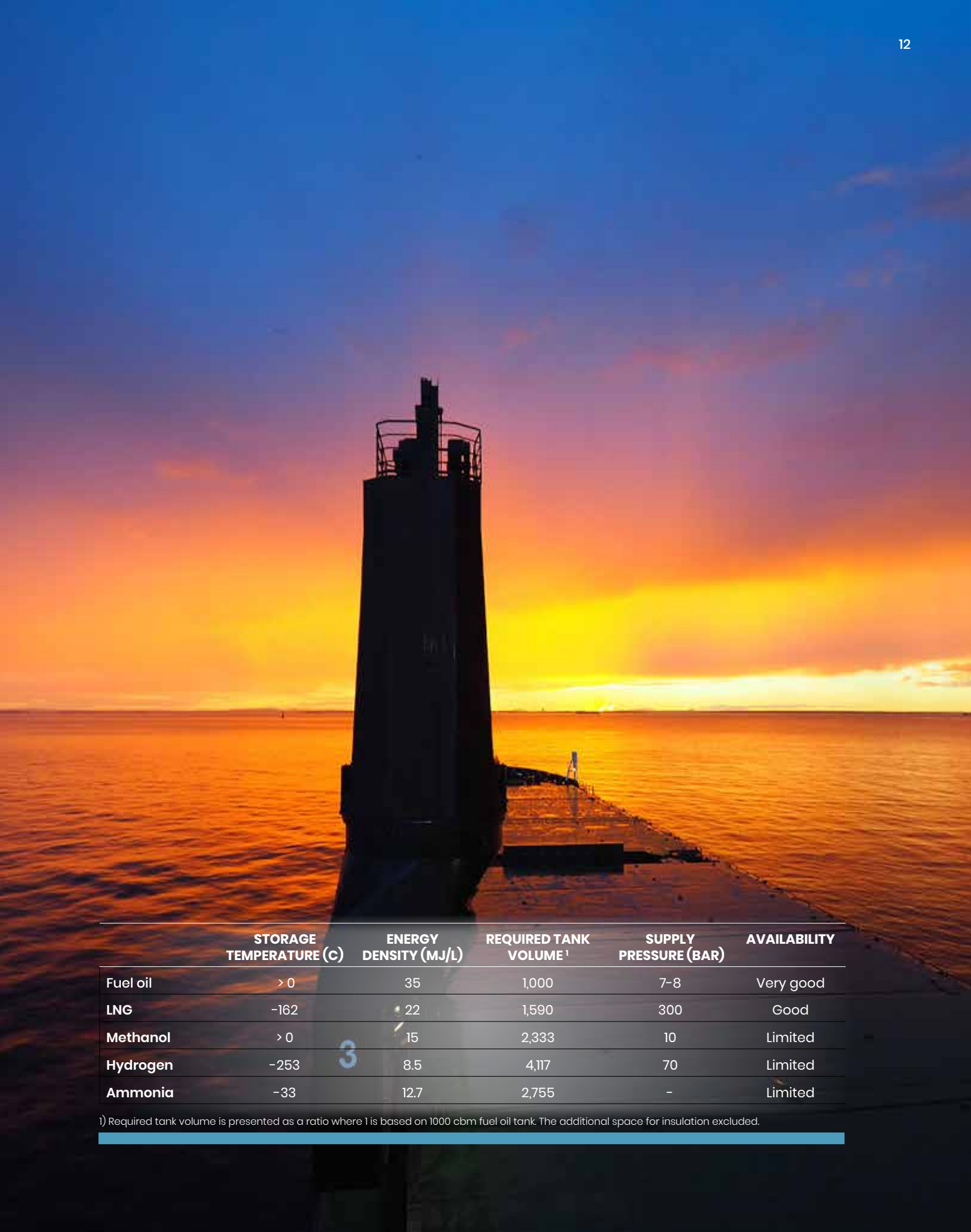
Another promising alternative fuel is methanol provided it is produced from renewable sources. At the moment methanol is mainly produced from natural gas, but it is also possible to use renewable sources for production such as biomass and recycled carbon dioxide. Compared to conventional fuels, methanol requires over twice as much storage space onboard due to the low density of energy but on the other hand, storage is easy and existing tank space can be converted to methanol tanks. Certain engines can be converted to use methanol but extensive modifications are needed. Methanol is also biodegradable.

Yet to be seen alternatives are hydrogen and ammonia. The main challenge with ammonia is that it is highly toxic and together with hydrogen has low energy density. Both hydrogen and ammonia are produced today from fossil fuels but there are several initiatives for so-called power-to-x technologies where hydrogen is produced from water and carbon dioxide by using electricity produced from renewable sources such as wind and solar power.

At the same time, we should not forget that it is possible to provide fossil free transports to customers already today by using biodiesel or LBG in the existing fleet. The main limitation for wider use in shipping is the low availability of such fuels due to the high demand in other sectors as well.

Besides, there are options to reduce the energy consumption onboard by various measures which are yet to be tested in our fleet. These solutions include battery packs onboard which could be used to optimise engine loads and to shave peak consumption like in hybrid cars. Battery packs could also provide an emission-free stay in port when auxiliary engines are turned off.

There are also several commercial solutions for the use of wind to cut consumption. The solutions vary from rotor sails to metal sails and kites. Some studies show that rotor sail can reduce fuel consumption up to 20% when the trading pattern is favourable.



	STORAGE TEMPERATURE (C)	ENERGY DENSITY (MJ/L)	REQUIRED TANK VOLUME [1]	SUPPLY PRESSURE (BAR)	AVAILABILITY
Fuel oil	> 0	35	1,000	7-8	Very good
LNG	-162	22	1,590	300	Good
Methanol	> 0	15	2,333	10	Limited
Hydrogen	-253	8.5	4,117	70	Limited
Ammonia	-33	12.7	2,755	-	Limited

1) Required tank volume is presented as a ratio where 1 is based on 1000 cbm fuel oil tank. The additional space for insulation excluded.

MORE EFFICIENT PILOTAGE

In most cases, a vessel is required to use a pilot for arrival and departure from a port. At the moment the main exemption has been for the Masters with pilot exemption certificates for a certain fairway.

Currently, in both Finland and Sweden, initiatives have been launched to investigate the possibilities of remote pilotage which means that instead of boarding a vessel, pilots would advise the vessel's from land. In 2020, ESL Shipping actively participated in two remote pilotage projects by providing a platform to test and develop technical systems and human procedures for safe and efficient passages through the archipelago and approaches for Helsinki, Finland and Oxelösund, Sweden.

The Finnish project had a wide range of stakeholders and the remote pilotage was part of the Sea4Value program where Future Fairway Navigation includes also many instruments and data delivered by Smart Fairway Solutions.

The project in Sweden is managed by the Swedish Maritime Administration, where several test pilotages have been conducted on ESL Shipping group vessels. The Swedish system is based on a synchronized passage plan in and outbound to and from the Port of Oxelosund by providing and entering pre-defined list of waypoints on the ships navigation system and testing the procedures, interfaces and communication between the ships navigation team and the control center ashore under the surveillance of the pilot onboard.

PECS: OWN PILOT ON BOARD

Both in Finland and Sweden it is also possible for the Master to get a pilot exemption certificate (PEC) for a specific fairway with a certain vessel. However, this process is not easy, and requires a lot of self-studying from the applicant. We spoke with Captain Juuso Karjalainen about what it takes to get a PEC in Finland and Sweden. Karjalainen, 31, works as the Master of pusher Rautaruukki and has previously worked as the Chief Officer and Master on pushers and as the Chief Officer on m/s Pasila.

In Finland, applicants need to first complete ten voyages for each direction in the fairway before a written exam. The applicant has to also complete a simulator voyage before one can apply for a real-life exam, where the applicant navigates through the fairway under supervision of the inspector. After a successful test voyage, the pilot exemption certificate is granted.

In Sweden, three trips and the information voyage with the pilot is required. In the exam, the applicant has to draw the fairway in question to the blank sea chart including all relevant terms and aspects for safe navigation such as buoys, fairway depths and shallow areas.

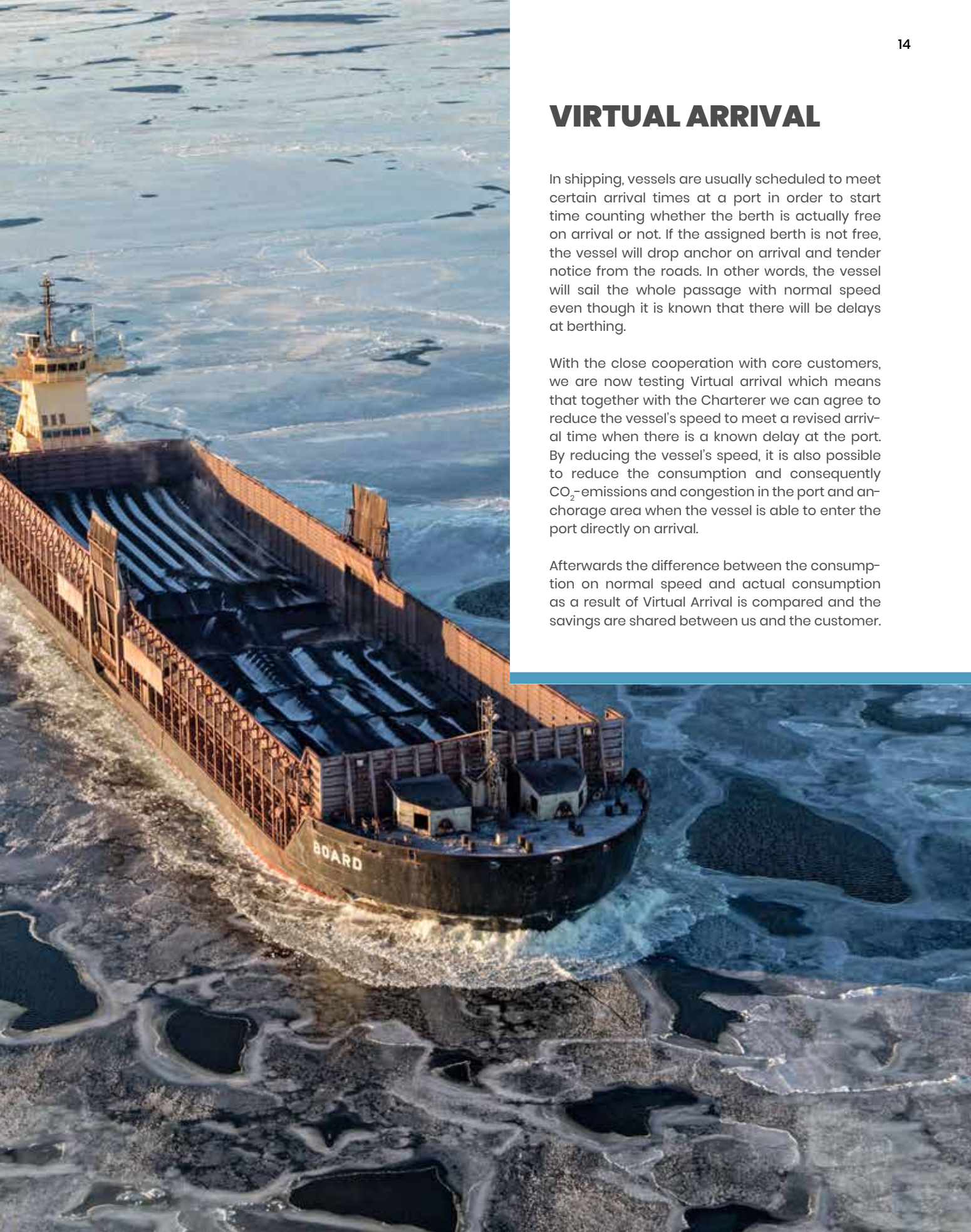
Having captains with PEC is beneficial for all parties, explains Karjalainen: "Usually the pilot needs to be ordered and confirmed two hours before departure or arrival. With PEC, we are not restricted to the availability of pilots or the order windows. Sometimes, the hour or two we can save with PEC can make a big difference for the vessel's schedule".

VIRTUAL ARRIVAL

In shipping, vessels are usually scheduled to meet certain arrival times at a port in order to start time counting whether the berth is actually free on arrival or not. If the assigned berth is not free, the vessel will drop anchor on arrival and tender notice from the roads. In other words, the vessel will sail the whole passage with normal speed even though it is known that there will be delays at berthing.

With the close cooperation with core customers, we are now testing Virtual arrival which means that together with the Charterer we can agree to reduce the vessel's speed to meet a revised arrival time when there is a known delay at the port. By reducing the vessel's speed, it is also possible to reduce the consumption and consequently CO_2-emissions and congestion in the port and anchorage area when the vessel is able to enter the port directly on arrival.

Afterwards the difference between the consumption on normal speed and actual consumption as a result of Virtual Arrival is compared and the savings are shared between us and the customer.



SUCCESSFUL DOCKINGS IN CHALLENGING CONDITIONS

This autumn four out of seven AtoB@C Shipping's owned vessels were drydocked for in a period of three months. Despite the ongoing pandemic, everything went smoothly.

Intensive docking period began in August when 4,000-tonner Sonoro entered drydock in Tallinn. She was followed by 5,000-tonners Reymar and Miramar in August and September, respectively. The latest vessel, Optimar, left drydock in Tallinn on 14th November.

Our own vessels are under the management of our long-term partner GoTa Ship Management. We discussed with the Technical Manager, Leif Holmberg about the challenges of dockings during these unprecedented times.

Holmberg says that the major difference in this year's dockings was that none of their employees from Sweden were able to travel to supervise the dockings. "Luckily a part of our technical department is located in Estonia and Latvia, which meant that we were able to have good daily supervision during all dockings", notes Holmberg. Teams in Sweden and the local team in Tallinn had a video conference every day to discuss the topics and progress of docking. Dockings are not a resting time for crew onboard either, as they are working with jobs that normally cannot be done when the vessel is in traffic such as the painting of cargo holds and maintenance of equipment.

Ships are usually docked twice within a five-year period. One of the dockings is for the special survey and the other is the intermediate docking. This time all four vessels were docked for special survey, which is performed by the vessel's classification society. Everything must go through the survey, including things such as the bottom valves, tanks, rudders, propellers and engine. After successful survey, new certificates are issued for the next five-year period.

During the dockings, ballast water treatment systems (BWTS) were installed to Reymar and Miramar. According to Holmberg, the biggest challenge was to fit the equipment into the engine room due to the size of the vessels. "Prior to the docking, the engine rooms were 3D-scanned and the installation was planned after accurate evaluation of these", illustrates Holmberg.

LEIF HOLMBERG

Leif Holmberg is the Technical Director and Deputy Managing Director of GoTa Ship Management. He has had a long career in shipping, first as a sailor and then as a head of the riding crew responsible for maintenance, repairs and dockings of ships of a shipping company. Later on, he worked as the Superintendent and Technical Manager before joining GoTa Ship Management as one of the founding members and is responsible for the technical management.


32
5M
48
36
34
32

BIOGAS REDUCES EMISSIONS OF VIIKKI

Fully compatible with vessel's LNG-system, 100% renewable liquefied biogas cuts greenhouse gas emissions up to 85%.

June 11th 2020 marked an important milestone for us when m/s Viikki was successfully fuelled in Raahe, Finland with 100% renewable liquefied biogas (LBG) to transport iron ore for the Swedish steel company SSAB. This occasion marked the first time when 100% renewable LBG was used in maritime transport in Finland. LBG reduces greenhouse gas emissions by up to 85% compared to using fossil fuels. The biogas was supplied by Nordic gas sector and energy market expert Gasum.

"This marks another milestone in our long continuum of sustainability-related investments and actions in recent years. ESL Shipping is committed to reducing emissions, and we believe that the ambitious targets set by our industry, 50% reduction in CO_2-emissions by 2050, can only be reached by using a wide range of alternative fuels. We have been doing long-term environmental work together with SSAB for years and now we are taking a new, significant step towards fossil-free maritime transport" commented our Managing Director Mikki Koskinen.

The wider deployment of biogas has been delayed by the relatively limited availability of biogas on an industrial scale. To make biogas a viable option for shipping, delivery has to be possible in full truck loads meaning about 40-50 tons per delivery. What makes liquefied biogas a good alternative for a fossil-free fuel is that it is fully compatible with LNG and therefore it can be used without problems in LNG-engines. There is also the cost factor to consider but nowadays more and more companies are seeing the value of reducing emissions throughout their supply chains.

One of the forerunners is SSAB who aims to bring fossil-free steel to the market as the world's first steel company as early as 2026. The entire company's operations are scheduled to be fossil-free by 2045. "Completely fossil-free operations require that fossil fuels have also been removed from transportation" notes Harri Leppänen, Director, Environment and Safety at SSAB.

ESL Shipping has made significant investments to improve the energy efficiency and eco-friendliness of its fleet. The LNG-fuelled newbuilding m/s Viikki and its sister vessel Haaga, both delivered in 2018, are the eco-friendliest dry bulk cargo vessels in the world. The group will continue its development activities to offer the most effective and environmentally friendly future transportation solutions on the market.

RENEWABLE

100%

EMISSIONS

-85%


ESL Shipping
VIIKKI
HELSINKI
IMO 9797620
Gasum
Cleaner energy


333 B
P4

SOCIAL RESPONSIBILITY

ENSURING HEALTH AND SAFETY – BOTH ON LAND AND AT SEA

The Coronavirus pandemic has had a significant effect on the whole company but especially on our employees.

In 2020, the conventional ways of working were disrupted by the Covid-19 pandemic. ESL Shipping's office personnel in Sweden and Finland started working remotely in mid-March. Even though the offices were later partially opened, the majority of the personnel were still working remotely at the end of the year. The pandemic, however, had an even more significant impact on ESL Shipping's sea personnel.

In the spring, it was nearly impossible to conduct a crew change abroad due to the various restrictions caused by the pandemic. This resulted in longer than usual working periods onboard. In addition, in many ports seafarers were not allowed to leave the vessel which considerably limited their possibilities for recreation. In several ports, these restrictions are still in place.

The situation was even more problematic for ESL Shipping's non-EU crew members. After hard work and careful planning, new processes were implemented where non-EU crew members were first flown to Finland for testing and quarantine. Accommodation was arranged at ESL Shipping's pusher Rautaruukki which was laid off in Helsinki. In close cooperation with the Finnish authorities, the scarce positive cases were successfully screened and isolated before boarding a vessel, and the crew changes have been running since May.

As a result of the improved testing capacity in Finland, every seafarer regardless of nationality has been tested before going on board since the end of November to ensure the safety and well-being of the person in question and those onboard. In addition, we have arranged tests for apprentices and required service engineers.

ESL Shipping's vessels are an important part of the national education system providing opportunities for mandatory training for future seafarers. In 2020, 89 students were on board ESL Shipping's Finnish-flagged vessels in mandatory training. On average, each student spent 36 days on-board, which is almost a week longer than last year. This is mainly due to the COVID-19 situation and travel restrictions in place which made crew changes challenging. One of the students spent nearly 4.5 months onboard compared to the average of four to six weeks.

RETENTION RATE

95.1

TRAINING DAYS

168

GENDER RATIO (%)

89/11

MALE/FEMALE

SOCIAL RESPONSIBILITY

DEVELOPMENT OF OCCUPATIONAL SAFETY CONTINUES

In the end of 2019 we launched a new system for non-conformity reporting with an aim to identify and eliminate potential safety hazards across the fleet.

After the first year in use, the system has fulfilled the expectations. The goal of the reporting is to identify potential safety issues and to find ways to mitigate them across the fleet. The system is now in use in all vessels owned and managed by ESL Shipping. The new system has increased reporting activity by 46% and follow up of the cases and actions is now more transparent. The new system has also proved useful to clarify and clear any issues found in port state controls.

ESL Shipping's alcohol and drug policy is enforced through random testing and focused on testing of suspected breaches. During 2020, ESL Shipping discovered two incidents (four incidents in 2019) where the shipping company's substance abuse policy was violated. Neither of these incidents endangered maritime safety, and the company reacted to these violations by taking appropriate action as required by the company's safety policy and collective agreements. To ensure safety, ESL Shipping monitors any substance abuse by its employees through unannounced control tests. In 2020, these tests showed no violations.

Total Reported Incident Rate (TIR) 2020 was 21.3. All of the incidents required only First Aid and medical treatment cases. No working time was lost due to these minor incidents. ESL Shipping continues to focus on the development of preventive actions to decrease the risks and minimise the consequences of any incidents or accidents. A good safety attitude, active identification of hazards and effective mitigation of the identified risks are the cornerstones to a comprehensive safety culture.

ESL Shipping's operations and all of its vessels are certified in accordance with the requirements of the International Maritime Organization's International Safety Management (ISM) code which provides an international standard for the safe management and operation of ships and for pollution prevention. This certificate is re-validated annually. In addition, ESL Shipping holds the document of compliance issued by DNV GL on behalf of the Finnish Transport and Communications Agency Traficom. The document indicates the compliance with the provisions of the International Convention of the Safety of Life at Sea (SOLAS) 1974.

INCIDENT AND NEAR MISS REPORTS

+46%

TOTAL INCIDENT RATE (TIR)

21.3

25.9 in 2019

HUMAN RIGHTS AND GOVERNANCE

When sailing around the world, crew members may face actions and behaviour that fulfil the criteria of bribery or corruption. ESL Shipping and its parent company Aspo has a strict zero policy when it comes to corruption and bribery and to enforce this policy, all employees onboard the vessels and ashore are required to complete our parent company, Aspo's Code of Conduct -training. It provides knowledge on how to recognize suspicious situations and which actions may be considered as bribery or corruption.

Compliance often means the observance of requirements, laws, rules and regulations. At ESL Shipping group, compliance also means ensuring that we act in accordance with requirements that are derived from laws and regulations, our compliance manual, our internal guidelines, Aspo's Code of Conduct and the UN Global Compact principles.

The development of the compliance program started in 2019. During 2020 we developed business processes, internal guidelines, as well as documentation, reporting and control catalogues. The ultimate goal was to raise the bar in compliance-related matters which now will be audited on a regular basis.

As a part of the further development of Aspo Group's compliance work, a new whistleblowing system was introduced. The system is managed by an external company which ensures the full anonymity for a person who wishes to report behaviour against our compliance requirements. The link to the whistleblowing system is available on the websites of all three group companies.

WHISTLEBLOWING SYSTEM LAUNCHED

Whistleblowing provides an opportunity to report suspicions of misconduct. Individuals have an important role in raising concerns if there is suspicion of serious misconduct, that should be prevented or corrected. There is no need for proof of suspicions, but all messages and reports must be made in good faith.

Individuals can raise their concerns anonymously by using our reporting channel, managed by a third-party company. The service is separate from our IT environment. The system does not track IP addresses or other data that could identify a person sending a message. Messages are encrypted and can only be decrypted by designated individuals. The system provider cannot decrypt and read messages.

CODE OF CONDUCT TRAINING COMPLETED*

94%

AWARENESS OF WHISTLEBLOWING PROCEDURE*

96%

* Includes whole Aspo Group

PERFORMANCE INDICATORS

Reported figures are based on the calendar year 2020 or the situation on December 31, 2020, if not stated otherwise.

More financial information can be found in Annual Report of Aspo Plc, the parent company of ESL Shipping Ltd.

See www.aspo.com for more details.

SOCIAL PERFORMANCE	2020	2019	2018	2017
Personnel	355	337	333	236
Crew members	298	287	286	202
Office staff	57	50	47	33
Gender breakdown				
Female	40	36	35	21
Male	315	301	297	215
Average employee age	45	45	44	43
Retention rate[1]	95.1%	94.3%	93.3%	95.3%
Training days[4]	168	326	332	264
Total incident rate (TIR)[2]	21.3	25.9	21.1	8.9
Incident and near miss reports[4]	86	59	43	44

ENVIRONMENTAL PERFORMANCE[3]				
Number of vessels	50	51	49	18
Distance sailed (nm)	1 801 326	1 924 140	1 042 595	368 741
Fuel oil consumption (t)	70 359	74 905	50 824	29 073
Total use of fuel (MWh)	838 743	892 250	597 300	347 830
Consumption per cargo ton (kg/t)	5.25	4.71	3.74	2.64
CO_2-emissions (t)	220 122	237 296	160 988	93 223
CO_2-emissions per ton-mile (g)	15.48	15.5	13.1	10.8
SO_x-emissions (t)	56.44	179.3	128.9	95.3
SO_x-emissions per ton-mile (mg)	3.97	11.69	10.49	10.99

ECONOMIC PERFORMANCE				
Net sales (MEUR)	148.4	175.0	120.1	79.3
Operating profit (MEUR)	7.6	14.6	15.1	13.5
Investments (MEUR)	4.2	18.6	41.9	16.8
Cargo volume (Mt)	13.4	15.9	13.4	11.4

Figures include AtoB@C Shipping from 1st September 2018. Viikki and Haaga were delivered in August and September 2018 and are included from 1st voyage from Japan. Therefore figures are not comparable.

[1] Based on two-year average (2020/2019, 2019/2018, 2018/2017 and 2017/2016). Based on terminations of employment during contract period based on employee's own will, excluding pension. ESL Shipping Ltd sea personnel only.
[2] Loss-time injuries per 1 000 000 working hours. ESL Shipping Ltd sea personnel only.
[3] Excluding vessels on voyage charter
[4] ESL Shipping Ltd sea personnel only.

ESL SHIPPING LTD

Lintulahdenkuja 10
00500 Helsinki
Finland

+358 9 5211
www.eslshipping.com

ATOB@C SHIPPING

Hamntorget 2A
27139 Ystad
Sweden

+46 411 55 88 66
www.atobatc.se

NORRA SKEPPNINGSGRUPPEN

Skeppargatan 28
61330 Oxelösund
Sweden

+46 411 63 43 83
www.nordicshipping.com