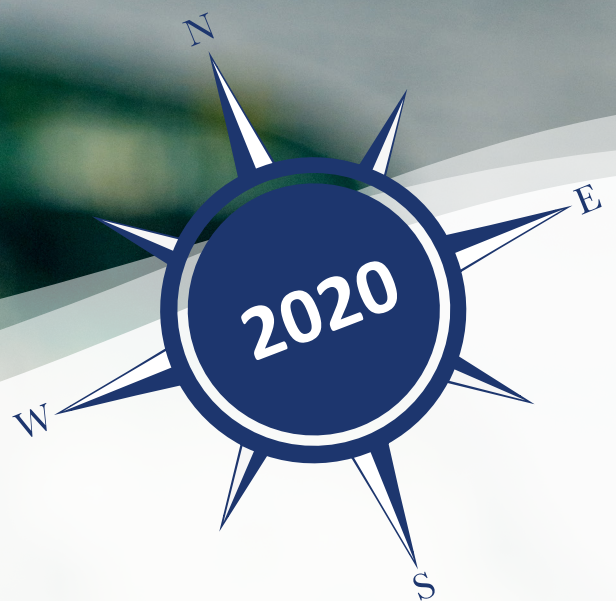




THUNBOLAGEN
— ERIK THUN AB —



SUSTAINABILITY REPORT

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UN GLOBAL GOALS

In a unique process, the 193 member states of the UN produced the Global Goals for Sustainable Development –the most ambitious agreement on sustainable development that global leaders have ever committed to.

It is not the UN itself but rather each member state – from governments down to individuals – that is responsible for achieving the 17 Global Goals, and everyone must play their part if we are to succeed.

In our Sustainability Report we connect to the Global Goals that we are striving towards and which are central to us and our business, such as the environment, safety and employees.

We have decided to focus our Sustainability Report for the Group on the shipping business, and therefore the meat processing subsidiary Direkt Chark AB as well as Täby Air Maintenance AB (TAM) have been excluded.

INTRODUCTION

Erik Thun AB is focusing on sustainability and our vision is to be a sustainable Swedish partner over generations. Being in the shipping industry, we believe we can actually make a difference in the global perspective by being responsible and do our part.

From “top to bottom” involving our Board of directors, the management, our employees as well as our partners and customers, we are committed to combine our daily operations and business projects with a long-term aim to minimise our environmental footprint.

Finding sustainable alternatives and moving to carbon neutral fuels is a challenge, but we are determined to keep building, maintaining and operating vessels with the latest designs and according to new regulations. Always with a high level of safety, the lowest possible environmental impact and what is best for the customer as our focal points. We also believe that gender equality, diversity and inclusiveness are important parts of our sustainability work and will be a focus ahead, both for us and for the global maritime industry.

This past year has been a harsh reminder of how precious our living conditions are. I would like to express my gratitude to our crews on board and our offices ashore. You have shown great patience and commitment through both physical and mental challenges due to the pandemic; thank you!

Lidköping, April 2021

Johan Källsson
Managing Director, Erik Thun AB



ERIK THUN AB IN BRIEF

Erik Thun AB was established in Lidköping in 1938 by Helge Källsson and is still owned by the same family today. Our core business is shipping and our fleet of close to 50 vessels is mainly employed in short sea shipping in Northern Europe.

We are at the forefront of the development of new ships built to our own designs for transport solutions that are adapted to our customers. Since 2015, we have taken delivery of three dry bulk vessels (transporting cement) and three liquid bulk vessels (product tankers), all six fuelled by LNG (Liquified Natural Gas) or LBG (Liquified Bio Gas).

During 2021, we will take delivery of another two vessels powered by gas. We have a long tradition of environmental and quality work, and our quality management system is certified to ISO 9001:2015. Our net sales amount to around SEK 1.8 billion and we are making investments of around SEK 2 billion over a four-year period.

BUSINESS AREAS



Our shipping operations are divided into the following segments:

- 14 general cargo ships from 4,000 to 6,500 tons dead-weight (dwt) sailing between Lake Vänern, North Sea, Baltic Sea and Mediterranean ports.
- 5 self-unloading ships, from 6,000 to 10,000 dwt, mainly employed in the North Sea, the Baltic and the Mediterranean.
- 21 product tankers/liquid bulkers from 6,500 to 18,000 dwt, which are operated by Thun Tankers.
- 8 cement carriers from 4,000 to 8,050 dwt, which are employed in Northern Europe and are owned and operated by JT Cement AS – a joint venture between KGJ Cement AS, NovaAlgoma Cement Carriers and Erik Thun AB.
- 1 vessel for inland waterway transports operated by the joint venture Avatar Logistics AB.

The Group also includes the shipbroker and port agency OP Ship AB, based in Gothenburg and Kalmar, Citadel Shipping AB, based in Helsingborg, Malmö and Landskrona and Forestwood Agencies based in Halmstad. In addition, we are engaged in aircraft leasing and the company currently owns 11 aircrafts. We also have a meat-processing factory in Gothenburg, Direkt Chark, employing 57 people and Täby Air Maintenance AB in Örebro, specialised in aircraft maintenance and support, employing 44 people.



Johan Källsson, Managing Director
& Henrik Källsson, Deputy Managing Director

BUSINESS MODEL

Our vision is:

A sustainable Swedish partner over generations

Together with our customers, our aim is to tailor-make services within shipping so that:

- Customers experience a high level of customer benefit and regard us as a stable, value-for-money, responsive partner within shipping.
- We want to create a workplace where our employees

develop and take pride in their work, feeling passionate for the shipping industry.

- Our business continues to be characterised by relatively low risk with reasonable returns.
- We create a sustainable business through generations and in all fields, business wise as well as in society.

CORE VALUES

What defines us as a company? What are the basic principles of how we treat each other and our customers? We are...

...Long-term. Our investments are done to last over generations. We order vessels to last a life span. Our customers and co-workers feel confident in us, look forward to new challenges with us and want to stay true to us. We are a family business looking beyond interim reports.

...Responsible. We take responsibility for our co-workers, our customers and the surrounding environment. Sustainability in every aspect is important to us. This approach

is reflected at all levels in our family business, and we take good care of one another.

...Committed. We have a profound interest in shipping and in our company. Our co-workers are empowered and dedicated, thus creating customer benefit. We want to contribute with our best effort in order to solve the task at hand the best way possible.



RISK ASSESSMENT

We operate in a global market with significant risks. Risk Assessment is always a part of our organisation and our daily business, to control the following risks:

Accidents



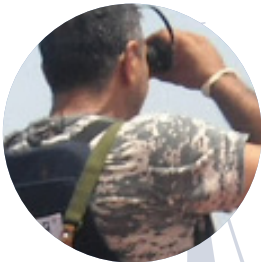
Emissions/Pollution



Terrorism



Piracy



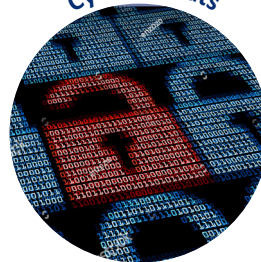
Fire



Corruption



Cyber threats



These risks are prevented and managed by:

- Audits
- Training and exercises
- Manuals (SMS¹/SSP²) including Cyber Security
- Oil pollution equipment
- Design of the vessels
 - Qualified crew
 - Bunker samples
 - Maintenance
 - MRM/GRM³

Results are measured and followed up by tracking these statistics:

- Accidents and near-misses
- Number of LTI⁴
- Port State Control (PSC⁵): Our goal is to have less than 0.65 deficiencies per inspection during a period of 36 months, current average is 1.57.
- Fuel consumption
- We are using EEOI⁶ to measure the energy efficiency.

¹The SMS (Safety Management System) manual relates to the ISM Code (International Safety Management Code), a standard issued by the IMO (International Maritime Organization). ²The SSP (Ship Security Plan) manual relates to the ISPS Code (International Ship and Port Facility Security Code), likewise issued by the IMO. ³LTI = Lost Time due to Injuries ⁴PSC (Port State Control) refers to the inspection of foreign vessels in national ports in order to check and ensure that international rules are being complied with.

⁵EEOI = Energy Efficiency Operational Indicator ⁶Maritime Resource Management/Global Resource Management

OUR ENVIRONMENTAL RESPONSIBILITY



Erik Thun's fundamental concept has always been to build and operate ships with a focus on the environment, sustainability and energy efficiency – long before these matters made it onto the global agenda. The objective is continual improvement and awareness.

Shipping is a regulated industry with a long history of working on quality and safety aspects, and there are clear manuals and instructions for compliance with the stringent requirements. We as Swedish ship-owners are also highly committed which sets the bar high and creates an innovative environment in which everyone strives to be at the forefront. As a shipping company in a global market, we have clear regulations controlling how we work. All our ships are operated and approved in accordance with the requirements in force, taking into account the various conventions and regulations that exist including:

- SOLAS (Safety of Life at Sea)
- MARPOL (Prevention of Pollution from Ships)
- STCW (Standards of Training, Certification & Watchkeeping)
- MLC (Maritime Labour Convention)
- Ballast Water Management Convention
- Monitoring Reporting Verification (MRV)
- Ship Energy Efficiency Management Plan (SEEMP I & II)

The mentioned examples contain clear guidelines and constantly point the direction in our daily work. Our customers and national authorities also set very high requirements through the processes of vetting (auditing) and Port State Control – regular inspections of the ship at which they come on board and carry out rigorous checks to ensure that laws and regulations are being complied with and that there are no deficiencies in safety routines. If we were to have too many deficiencies, it could result in our customers not wanting to use the ship for their cargo and we would lose competitiveness, business and our good reputation. Our goal is to have less than 0.65 deficiencies per inspection during a period of 36 months. The average for inspections carried out worldwide, is currently 2.65. Our current average is 1.57, which is good, but we will continue to strive towards an average below 0.65 deficiencies per inspection.



ENVIRONMENTAL WORK

Our long experience within shipping provides us with a good basis for environmentally smart thinking and innovative design. We are highly involved in the design and construction of our ships, from the initial drawings and testing right through to the launch, in order to meet our customers' needs.

Our E-class series is a proof of that and a further evolution of our existing fleet. Two out of four of the dual fuelled product tankers in the E-class have been delivered so far: Thun Eos and Thun Evolve. Focus on efficiency, environmental care and customers' needs has been essential when developing the new vessels, which are powered by LNG or LBG (Liquified Natural Gas or Liquified Bio Gas).

Combined with a modern design of hull and propeller, and engines that are more efficient, it is clear that both fuel consumption and emissions are significantly lower when compared with the older generation. It proves that our strategy and commitment is working, and it has also rendered a 5-star rating in the Clean Ship Index (CSI) for the E-class.

In order to optimise our existing fleet, several ships have been equipped with a 50/60 Hertz system that allows the ship to run the main engine in reduced rpm, thereby operating much more energy-efficiently. This has proven to reduce the carbon footprint with up to 30% on some of our older tonnage, compared with 2008. The 50/60 Hertz system also allows us to connect directly to shore power without a frequency converter.

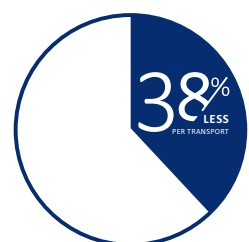
We have worked closely with the shipyards for many years, striving to improve every new generation of ships in order to be as environmentally efficient as possible.

We sat down with **Anders Källsson, former Managing Director and part of the second generation of the owner family**, to learn more about how the vessels have evolved until now:

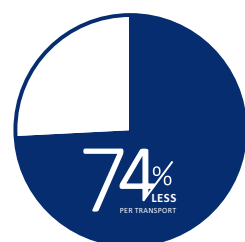
Beginning already in 1966, when building Thun Tank 4, we always aim to maximize the cargo intake to load more cargo than our competitors' do, to reduce transport work and emissions per transported ton. To reduce the impact on the environment, in case of an accident, our first vessel with a double hull was launched in 1980. Since then, perfecting the hull has been one of our trademarks, using the latest design to reduce fuel consumption. Reducing the engine power of the main engine is another measure we have used for 30 years now, to be more fuel-efficient.

As early as the 1990s we began using box coolers to cool the engines, and analysed and optimised systems on board to reduce electricity consumption. Cooling water from the main and auxiliary engines is used to heat the ship, thereby dispensing the need for an oil-fired boiler.

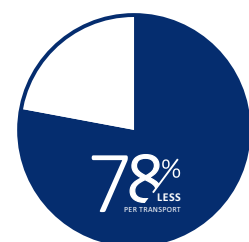
E-CLASS VS G-CLASS — ACTUAL AVERAGE PERFORMANCE IN 2020



CO₂ REDUCTION



NO_x REDUCTION



SO_x REDUCTION



ENVIRONMENTAL SHIP INDEX

The progress of our environmental efforts can be shown by using the Environmental Ship Index (ESI) score. The ESI is voluntary and evaluates the amount of nitrogen oxide (NO_x), sulphur oxide (SO_x) and CO₂ (GHG) that is emitted by a ship. The ESI score is an indicator of the environmental performance of ocean going vessels and identifies cleaner ships. The database currently exists of 8426 vessels. 50% of the reporting vessels has a score of 20 or below, with 100 being the highest score. Our vessels (so far reporting to the database) has an average of 41.62. Our new vessels powered by gas are receiving high scores, for example Thun Venern has a score of 93.58 and our E-class vessels Thun Eos and Thun Evolve have both scored 89.03.

CARBON FOOTPRINT

The EEOI (Energy Efficiency Operational Indicator) value is used to express the carbon footprint in terms of CO₂ emissions related to the transport work done (gCO₂/mT-nm). Improving the EEOI value can be achieved by reducing CO₂ emissions, increasing the amount of cargo

carried or the loaded miles. Our average CO₂ performance according to EEOI, has improved significantly.

Since 2018, the emissions from our liquid bulk fleet has been reduced with 30% less CO₂ per transport work done and the emissions from our general cargo vessels has improved with 9% less CO₂ per transport work done. These encouraging results indicates that our efforts are paying off, and that we are well on our way to both reach and exceed the goals to reduce greenhouse gases set by the EU Climate Target Plan and the IMO Initial Strategy for 2030 and 2050.

POLLUTION AND SAFETY ONBOARD

In 2020, we had one small oil spill when a hydraulic hose broke. The spill was detected and stopped immediately.

LTIF (Lost Time Injury Frequency) is another factor that we keep statistics on. This shows time lost due to injuries on board, and through preventive work we have a downward trend in recent years. For 2020, the LTIF was 0.58 which is a low score but the aim is still a rate of zero.

OUR SOCIAL RESPONSIBILITY



Erik Thun AB shall be a workplace characterised by a good and safe working environment. Employees, customers and partners should feel secure with how we manage the working environment.

WORK ENVIRONMENT

We have statutory insurance and we work according to policies and regulations in the area of human resources. We were 45 employees at our offices in Lidköping and Gothenburg in 2020. Our shore-based employees have an average age of 46 years. We carry out annual pay surveys to monitor that pay differentials are not discriminatory. We have 120 employees on board the ships that we manage. With shore-based employees in our offices and ship crew working at sea, we have two different types of

workplace. In many ways, these have different conditions and types of risk in their daily work – but we aim to treat all equally.

Due to the pandemic, we could not gather for our annual Company Days during 2020. Instead, we were fortunate to launch our most extensive effort ever in the history of Erik Thun; providing maritime training for all our personnel by implementing Seably, a new state-of-the-art training system for mobile, tablet and desktop. Through Seably we have access to a library of courses including flag state-approved STCW-training.

Our partners MF Shipping Group has offered webinars to the officers on our liquid bulk fleet and on our cement carriers, and they are planning for online Company Days.

On the ships, we work according to the convention in force, which is the Maritime Labour Convention 2006 (MLC). This specifies living standards on board and states that as a shipping company, we must comply with the rules and requirements that relate to seafarers.

The MLC also helps provide assurance that seafarers will always be able to report to their home country, direct to the company management or to the ship's flag administration if they feel they have been badly treated or do not feel safe on the ship or as part of the crew on board. We have a feedback portal where all staff anonymously can report any issues or harassments.

GENDER EQUALITY

One of our objectives is to promote gender equality, and we are quite successful when looking at the structure at our shore-based offices: 42% women and 58% men were working in our offices in 2020. We have still a long way to go though, to reach that level for our seafarers on board.

We met, digitally, with **Evelina Hammar, a Second Officer on our dry cargo vessel Naven** and one of few women currently on our vessels. Two things are obvious when talking to Evelina; first of all, she loves being at sea and especially on the bridge. Secondly, she is well aware that she is going against the flow and breaking a lot of norms. Some norms are easy to detect. For example the fact that for a lot of her colleagues, she is the first woman they have ever worked with on a ship: *Some of them wonder why I am not at home, taking care of my family, she says, but after getting used to me being here, they really have made me feel at home.*

Evelina's experience is that both men and women benefit from gender equality: *Mixing genders in a work environment broadens the perspective and have positive effects on the social climate among the crew.*

She emphasizes the fact that all on board, regardless of gender, bring different strengths and skills into the work. And she repeats: *Each and every one is a seafarer, both women and men. We have the same job, the same challenges, the same wage and a joint duty to sail the ship safely from one port to another.*

There are norms to break ashore as well; she has two children back at home, and some of her friends find it difficult to understand how she can manage without her children for several weeks in a row. Evelina's answer to that: *The father of my children loves them as much as I do, and we are both responsible for taking care of them. When I am at home, I have so much more time to spend with my children than I would, if I had a regular job.*



In order for Erik Thun to employ other women, she suggests that the length of the work periods could be more flexible: *It would be appreciated if the time away from the children could be shorter when the children are really young.* She also thinks that we need to promote the dry bulk and liquid bulk segments to the students at the marine master programmes, if we want them to realize that working on our vessels is a real option.

HEALTH

Good health is the best pension investment. We support and encourage our personnel to keep in good health, which improves wellbeing. We actively promote exercise and other ways to stay fit among our staff. Corporate healthcare is available, and the standard we aim for is a good work environment that minimises the risk of accidents. Erik Thun AB also offers extended accident insurance at no cost.

Sickness absence in 2020 stood at 0,7%, which is an improvement compared to 2019 and well below our goal of 3%. During 2020, our employees at the offices in Gothenburg and Lidköping were offered the opportunity to have a health profile assessment with the company's corporate healthcare service. The aim is to avoid ill-health by highlighting any issues as early as possible, and if possible prevent any further deterioration where problems have already arisen.

The outcome of the review in 2020 was very positive. We are aware that certain work environments can be stressful and that sitting stationary in front of a computer all day long, is a health risk for certain. All of our office workers have sit-to-stand desks, making it possible to break the habit of sitting down. We also offer an annual fitness benefit and participation in sports events such as Göteborgsvarvet (the Gothenburg half-marathon), Spin of Hope, padel, skiing, etc. is encouraged.

This year has meant a special focus on health with the pandemic setting its mark on all work aspects. Protecting our vessels and offices from the virus has been very important. Measures have been taken using protocols for hygiene and health, social distancing, remote work and testing, to keep us all safe and well.

CORPORATE SOCIAL RESPONSIBILITY

We support community engagement both within and outside of our industry. For example, during 2020 we supported the local skateboard club in order to help them promote their activities among girls in our neighborhood.



Erik Thun administrates the Alice & Helge Källsson Foundation for Education and Research, the purpose of which is to provide grants and scholarships to support education within shipping and to support research aimed at environmentally safer coastal transport. For 40 years now, the Foundation has given grants to students taking master mariner or maritime engineering degrees, in connection with the writing of dissertations and master's theses. They have dealt with a variety of different areas such as marine environments, reduction of emissions, navigation in narrow waters etc.

The Erik Thun Group also sponsors various projects such as Mercy Ships (an international hospital ship, offering health care in developing countries), ShelterBox (international disaster relief efforts) and ÖRN-72 (preservation of eagles in Scandinavia).

During this very special year of the pandemic, we have also supported local projects trying to make the situation easier for the elderly people, and for other groups in our community, that have been more isolated and/or exposed to challenging circumstances due to the effects of the Corona virus.

OUR BUSINESS ETHICS

We work in an international market with customers from large global oil companies to small-scale local companies.

Customer relations is our strength and our daily bread, and many of our business relationships go far back in time and are built on mutual respect. It goes without saying that we have zero tolerance of corruption, bribery and money laundering.

We had one violation reported in 2020, but we are satisfied that we had the means in place to detect it, and that appropriate actions have been taken to avoid this in the future. To further clarify our position, a Code of Conduct will be published during 2021.

ANTI-CORRUPTION AND ANTI-BRIBERY

All our employees are required to abide by all applicable laws and provisions relating to corruption, bribery and money laundering. Our employees are not permitted to pay bribes or make other improper payments in order to obtain or retain contracts or to encourage favourable decisions or services. All shore-based and ship-based employees have been informed of the course of action they are to take should they come under pressure to pay bribes or make other improper payments, and that this must be reported both internally and to the relevant external persons/companies/customers. This applies likewise in the event that they were to be offered bribes or similar in the course of their duties.

The company shall under no circumstances participate in or support money laundering. To stay clear of any traces of money laundering we have to show a direct link between the party to the contract and the end-recipient of payment for services performed, and that no company in the "chain" is on any international or national sanctions list.

In parallel with our own guidelines, in order to continue providing our services to our customers we are required to sign and approve a number of specific anti-trust, anti-corruption, anti-bribery and anti-money laundering clauses in our commercial agreements.

GIFTS, ENTERTAINMENT AND HOSPITALITY

We shall not offer our customers overly lavish or excessive gifts, entertainment or invitations. All kinds of gifts, entertainment and/or hospitality must be reasonable and appropriate and must be in line with local legislation and business practice. Our personnel are not permitted to offer or accept monetary gifts or equivalent, whether directly or indirectly.

COMPLIANCE WITH LAWS AND REGULATIONS

Erik Thun AB shall comply with all applicable national and international laws and regulations and shall conform to generally accepted practice. The company shall also act as a responsible company in every part of its business, including corporate governance, the work environment and safety, labour rights, the management of environmental work, financial reporting and taxes. As regards fair competition and compliance with competition legislation, the company shall comply with the competition legislation in the countries in which we operate.

