



**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.**

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 stay sustainable in our environmental, social and ethical performance.

Finding sustainable alternatives and moving to carbon neutral fuels is still a challenge, but we are determined to keep building, maintaining and operating vessels with the latest designs and the lowest possible environmental impact.

The pandemic has been present also this past year and it has put a strain on our operations, but strategically, we have had a lot of focus on finding the best way ahead in order to reach our environmental commitments. In respect of the new regulations from both EU and IMO coming into force from 2023, we aim to be in the forefront and already today build vessels fit for the future.

Another challenge is the devastating situation emerging in Ukraine, which tells us that we should never take democratic values such as freedom of speech, equality and independence for granted. I would like to express my gratitude to our crews on board and our offices ashore. You keep showing great patience and commitment through both physical and mental challenges; thank you!

Lidköping, April 2022

**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. We strive to improve every new generation of ships to be as environmentally efficient as possible. Reduced fuel consumption, an increased cargo intake, less exhaust emissions and lowered noise levels are a few examples of our trademarks.

During 2022, we will take delivery of our next generation of dry cargo vessels. 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 2.5 billion over a 5-year period in new vessels.

# BUSINESS AREAS



## Our shipping operations are divided into the following segments:

- 12 general cargo ships from 4,000 to 6,500 tons dead-weight (dwt) sailing between Lake Vänern, North Sea, Baltic Sea and Mediterranean ports.
- 4 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 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 10 aircrafts. We also have a meat-processing factory in Gothenburg, Direkt Chark, employing 54 people and Täby Air Maintenance AB in Örebro, specialised in aircraft maintenance and support, employing 46 people.*





## 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.





# CORPORATE RISK MANAGEMENT

**We operate in a global market with significant risks. Risk assessment and risk management is always a part of our organisation and our daily business.**

In order to identify, assess and monitor potential risks to our business and organisation, the management reviews the risks together with the board continuously during workshops and board meetings. The information gathered is used to plan ahead, and as a context for making strategic decisions.

There are of course a variety of risks – from mild to wild – but when assessing the risks we also look into the level of control that we have. Certain risks are a part of our own organisation, such as the level of competence and skilled personnel; it can be controlled by recruiting, planning and by setting up internal education programs, for example.

On the other end of the scale, we have the pandemic or the global threats of climate changes; we need to act on and react to the effects of these types of risk and, together with many others, we have to contribute to the preventive actions that needs to be taken to limit and control these threats.

In the middle of the scale, we find risks like volatile currencies or interest rates; we cannot control which way they will go but we can take precautionary measures using financial instruments and thereby monitor the effects over time.

Sustainability and environmental care, both on short term and long term, has been on our agenda for many years, but obviously the urge to deal with these questions is increasing rapidly. New regulations for us as well as for our customers and the need to find alternative fuels and minimize greenhouse gas emissions, is a challenging quest for our business as well as for the global community. Our goal has always been to be long-term and to build vessels that last for a lifetime and over generations. Using the designs and technical knowledge of today to build vessels for the future is our way of doing the best we can with the tools at hand. We are proud to say that our efforts to be a sustainable Swedish partner over generations rendered us an Award for Sustainable Development from the Municipality of Lidköping in December 2021.

# OUR COMMITMENTS



*We promote a healthy lifestyle among our employees and we offer health profile assessments regularly. We provide a wellness allowance for office employees and arrange different activities to promote an active lifestyle for all employees. We sponsor the Mercy Ships organization in their work to bring good healthcare to more people.*



*We see gender equality as a big part of our sustainability work. We are operating in a very male dominated business, but we only see benefits with diversity and inclusiveness and therefore, we will be more active promoting opportunities for all genders on board our vessels. We are proud to be a part of Orange Day and the local campaign Enough is enough. We have a whistleblowing function implemented.*



*We follow the rules and regulations as set by the Maritime Labor Convention (MLC) and the Safety Of Lives At Seas (SOLAS). These conventions form a uniform standard towards all international vessels and ensure that the working and living conditions on board vessels are humane and decent and prevent ship owners from exploiting the seafarers. Via our partners we also supply our seafarers with insurance for medical treatment through Cocolife.*



*We have a proud history of designing and developing energy efficient vessels. Our goal is that every new vessel shall be more efficient than the last one. We will continue to build energy efficient vessels and by adding new technology and fuels, we aim to improve ourselves every year and do our part to develop the shipping industry.*



*It is in our DNA to be resource efficient and we will continue to build and maintain vessels to last their lifetime. Reduced fuel consumption, optimized cargo intake and measures taken to reduce electrical consumption are a few of our trademarks. Based on our Code of Conduct, we examine our potential partners before moving forward in business decisions.*



*We choose to use new and smart technology for measuring and to even further optimise already efficient ship design. We are using fuels with a mix of bio products when available and we are closely following the progress with new fuels in order to reach zero emissions in the future. Vessels ready for shore power have been standard for several years in our fleet.*



*We believe that the surface below water is equally important as above. Water lubricated stern tubes have been standard on our new buildings for the last five years. On our existing vessels we are installing new ballast water treatment systems. We have started to replace plastic bottles with water dispensers on board, to reduce plastics and waste. On the new buildings we also focus on reducing the underwater noise.*



# RISK ASSESSMENT

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

Accidents



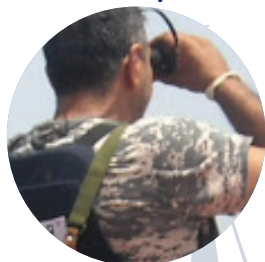
Emissions/Pollution



Terrorism



Piracy



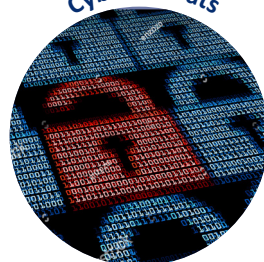
Fire



Corruption



Cyber threats



These risks are prevented and managed by:

- Audits
- Training and exercises
- Manuals (SMS<sup>1</sup>/SSP<sup>2</sup>) including Cyber Security
- Oil pollution equipment
- Design of the vessels
  - Qualified crew
  - Bunker samples
  - Maintenance
  - MRM/GRM<sup>3</sup>

Results are measured and followed up by tracking these statistics:

- Accidents and near-misses
- Number of LTI<sup>4</sup>
- Port State Control (PSC<sup>5</sup>): Our goal is to have less than 0.61 deficiencies per inspection during a period of 36 months, current average is 1.58.
- Fuel consumption
- We are using EEOI<sup>6</sup> to measure the energy efficiency.

<sup>1</sup>The SMS (Safety Management System) manual relates to the ISM Code (International Safety Management Code), a standard issued by the IMO (International Maritime Organization). <sup>2</sup>The SSP (Ship Security Plan) manual relates to the ISPS Code (International Ship and Port Facility Security Code), likewise issued by the IMO. <sup>3</sup>Maritime Resource Management/Global Resource Management <sup>4</sup>LTI = Lost Time due to Injuries <sup>5</sup>PSC (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. <sup>6</sup>EEOI = Energy Efficiency Operational Indicator.

# REGULATIONS AND COMPLIANCE

Our first priority is always the safety of life, secondly the environment and thirdly our and our clients assets. To ensure that we work to protect these things, we have our daily routines and work procedures outlined in our SMS/ISO. 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** is a regular inspection of a ship to verify that the condition of the ship and its equipment comply with international laws and regulations and that the ship is manned and operated in compliance with these instruments to ensure maritime safety and security and to prevent pollution. Our goal is to have less than 0.61 deficiencies per inspection during a period of 36 months. The average for inspections carried out worldwide is currently 2.61. Our current average is 1.58. The majority of the vessels are high performers, and for the last few years we have focused even more on our core

YEAR	ERIK THUN	GOAL
2019	1.79	0.77
2020	1.56	0.65
2021	1.58	0.61

values, evaluation of performance and attitudes as well as teambuilding. An Owners guideline has also been issued to clarify the level of work that we expect from our seafarers.





# 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.

With the Greenhouse Gas Strategy towards 2050, the IMO has decided to introduce a combination of technical and operational measures in order to reduce carbon intensity and to reduce the annual total greenhouse gas emissions.

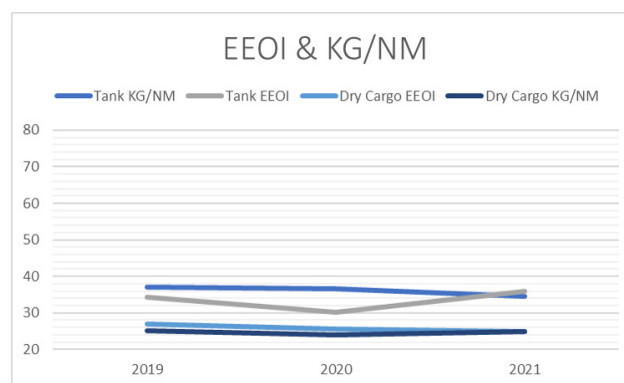
## TECHNICAL MEASURES

Looking at new regulations coming into force during 2023, the Energy Efficiency Index for Existing vessels (EEXI) with requirements of how efficient a vessel should be to be able to operate after 2023, all vessels designed by Erik Thun AB since the early 80's already fulfil the requirements. They are "good to go" and can continue to operate without any measures needed to be taken to improve the efficiency. This is of course a good thing but also a proof that effectiveness and limiting our environmental footprint has always been our priority when building vessels.

## OPERATIONAL MEASURES

The EEOI (Energy Efficiency Operational Indicator) value is used to express the carbon footprint in terms of CO<sup>2</sup> emissions related to the transport work done (gCO<sub>2</sub>/mT-nm). Improving the EEOI value can be achieved by reducing CO<sup>2</sup> emissions, increasing the amount of cargo carried or the loaded miles. The KPI used to measure the vessels fuel efficiency, is the fuel oil consumption per nautical mile (kg/nm). For our **dry cargo ships**, the fuel consumption has increased slightly with 3.6% in 2021. This increase of fuel consumption is a result of the increa-

se in anchorage time in 2021 compared to 2020 (partly due to Covid-19) and consequently, the average EEOI also has increased slightly with 2% as a result.



For our **product tankers**, there was a strong focus in 2021 striving to improve the vessels energy efficiency. For example, on all five intermediate L-class tankers, fuel monitoring systems have been installed. The focus on energy efficiency has resulted in a 6% reduction of the average fuel consumption compared to 2020.

However, after a reduction in 2020 of the EEOI, the total average EEOI value of the tankers (small and intermediate) has increased by 19%. The main reason for this is an increase in CO<sup>2</sup> emissions against less transport work. This indicates that, although the tankers carried more cargo overall in 2021, the tankers were not always loaded to their full capacity. There is room for improvement by further optimising the flow together with the cargo owners.



During 2021 we started to examine the energy consumption even closer on our L-class vessels, by connecting KW meters to the fuel monitoring equipment onboard. This way we can receive accurate data and follow variations in the energy consumption in detail when operating different equipment in port and at sea. When enough data is collected, we will start to analyse to find measures that can increase the energy efficiency.

## CLEAN SHIPPING INDEX

The E-class tankers obtained the highest rating of 5 stars in the Clean Shipping Index. The vessels are scored based on parameters such as emissions, AF system and chemicals, and verified by a third party, Bureau Veritas. With the CSI 5-star ranking, the vessels receive a 90% deduction on Swedish fairway dues.

## POLLUTION AND SAFETY ON BOARD

In 2021, we had no oil spill. 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 2021, the LTIF was 0 compared to 0.58 in 2020.

## MOVING FORWARD

We will continue to optimise existing tonnage and new buildings, by installing advanced fuel measurements on existing tonnage and also increase the focus on the operational part in daily work, using one system for reporting for all vessels, to monitor even better and to find additional scope for optimising.

Targets for moving forward is to be an A & B performer in the new CII reporting scheme that will be entering into force during 2023. As it stands, it will only be obligated for vessels above 5000 GT, but we will implement this fleet wide and include our vessels below 5000 GT as well. Based on our initial calculations, we can see that the major part of the vessels are A or B performers already. To continue being an A or B performer, you have to have a continued decrease in fuel consumption each coming year, in line with the targets set for the final goal of the year 2050.



# 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 47 employees at our offices in Lidköping and Gothenburg in 2021. Our shore-based employees have an average age of 47 years. We carry out annual pay surveys to monitor that pay differentials are not discriminatory. We have 90 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

and all of them are covered by applicable collective agreement.

Due to the pandemic, we could not gather for our annual Company Days during 2021. For the time being, we are providing maritime training for all our personnel through the platform Seably, which provides a library of courses including flag state-approved STCW-training accessible via a mobile, tablet and desktop.

On the ships, we work according to the convention in force from ILO (International Labour Organization), which is the Maritime Labour Convention 2006 (MLC), also known as the "seafarers' bill of rights". 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. That we actually follow the convention is controlled by external audits from organizations such as flag state, classification societies and the union (International Transport Workers' Federation). We have no current remarks in this area, which goes to show that we are following the regulations in a correct way. 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.

## CREWING INSIGHTS ON CORONA

Staying healthy and sound a long way from home, for a long period of time, is a challenge even under normal circumstances. But keeping your spirits up and persevere when isolated and confined for an unknown amount of time, is surely tougher. We sat down with our crewing department to hear what insights they may have gained through almost two years of manning our vessels while handling a pandemic at the same time.

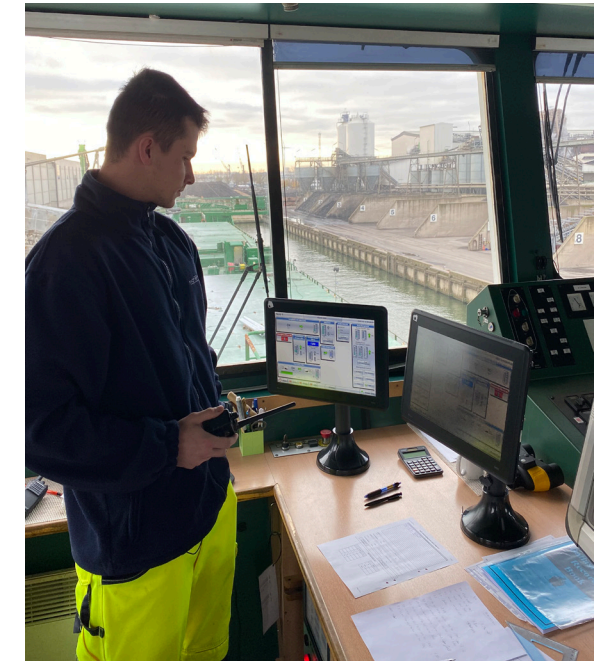
*We cannot praise and acknowledge our seafarers enough, says Petra Sandsjö at the office in Lidköping. We've been having a difficult time too, but they stayed patient and focused on getting the job done no matter how many times we had to reschedule or change the plans, adds Moa Wallin, also at the crewing department.*

Initially, the management and the crewing department agreed to pause all crew changes for two months. Moa elaborates: *We figured this would soon pass and we thought that it would be safer to keep the healthy crew on board without adding new elements, so to speak.* But as the weeks turned into months, it became clear that we had to use another strategy.

However, there were hardly any flights to book, once booked they were cancelled or rescheduled. Different countries applied different rules: *The rules and protocols changed almost by the minute and it was really frustrating and difficult to plan for a crew change when all the bits and pieces kept moving around, Petra remembers.*

It became clear that a global industry like shipping cannot be organised using national laws. *We were fortunate to have several vessels calling on Swedish ports regularly, where citizens from within EU were allowed to relieve their fellow mates, she says.*

Eventually, general rules came into play, tests were made available and some sort of daily routine and standard procedure emerged. But still, every crew change takes a lot more time and effort to complete and just about anything can occur at any time, and turn a solid schedule upside down.



We can only agree with the IMO in saying that seafarers have been the unsung heroes of this pandemic, as the world relies on them to transport more than 80% of trade by volume, including vital food and medical goods, energy and raw materials. They have also been collateral victims of the crisis, as travel restrictions have left them stranded on ships, or unable to join ships.



## 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 Erik Thun AB also offers extended accident insurance at no cost.

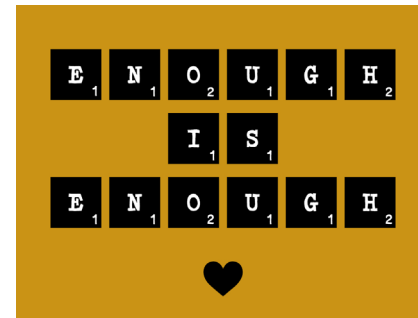
Sickness absence in 2021 stood at 0.4% for our offices, which is an improvement compared to 2020 (0.7%) and well below our goal of 3%. Every third year our employees at the offices in Gothenburg and Lidköping are offered the opportunity to have a health profile assessment with the company's corporate 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.

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.

The pandemic kept setting its mark on all aspects even during 2021. Even though the vaccine was made available, the access varied widely. Continued protection and safekeeping of our seafarers, vessels and offices has been very important using protocols for hygiene and health, social distancing, remote work and testing, in order to stay safe.

## CORPORATE SOCIAL RESPONSIBILITY

We support community engagement both within and outside of our industry. On November 25, we joined the local initiative **Enough is Enough** aiming to end (domestic) violence against women. By contributing we wish to make a stand and raise awareness as well as funds to Kvinnojouren Linnéan (our local women's shelter).



The Erik Thun Group sponsors various other local projects in our neighboring community. We were proud to be a part of the jury in this years First Lego League Challenge Cargo Connect at Balthazar Science Center. In our global community, we support Mercy Ships annually on Cargo Day. Mercy Ships is an international hospital ship, offering safe medical care in developing countries. In May 2021 we also took part in the Mercy Ships Race when a majority of the office personnel took on the challenge and walked or ran 5 or 10 km, and the race fee directly supports Mercy Ships. This coming year, we aim to involve our seafarers as well in the challenge.

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 safe coastal transport. For over 40 years, the Foundation has given grants to students taking master mariner or maritime engineering degrees. Their dissertations and master's theses have dealt with a variety of topics such as marine environments, reduction of emissions and future marine fuels.

# 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. A Code of Conduct was implemented during 2021. We had 0 incidents reported in 2021 (1 incident reported in 2020). To further consolidate our environmental, social and ethical performance, we were evaluated by EcoVadis giving us a silver medal in the score card.

## 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. We have a whistleblower function implemented ([feedback.thun.se](mailto:feedback.thun.se)) to ensure that anyone can report suspected misconduct of any kind, in total confidence.



