

Sustainability Report 2023

Clipper Group



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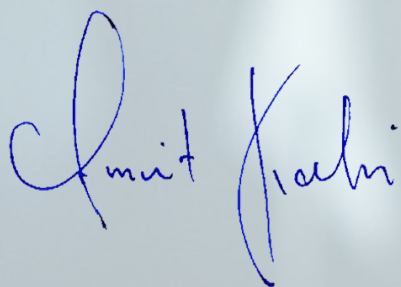
CEO STATEMENT

This report provides an overview of the progress we have made in promoting responsible business practices during 2023.

To demonstrate our commitment to sustainable business, we have voluntarily chosen to adopt the upcoming CSRD and EU taxonomy reporting requirements for the Clipper Group. A key focus in 2023 has been the preparation for these new reporting requirements. We have, with valuable assistance from our dedicated stakeholders, conducted a double materiality assessment and now have a clear understanding of where our efforts should be directed in the coming years. We will begin to include some of the relevant data points in this report and will establish targets in the near future.

We recognize that our most valuable asset is our people and ensuring that we remain an attractive workplace is a top priority. Through a hands-on approach, we have carried out a number of activities to achieve this, which we are happy to share in this report.

I am delighted to acknowledge the strong support for our commitment to sustainability and responsible business practices within our organization, and we have, throughout the year, witnessed dedicated work across our organization.



Amrit Peter Kalsi
Group CEO,
Clipper Group



CLIPPER GROUP CSR POLICY

We strive to make a positive impact.

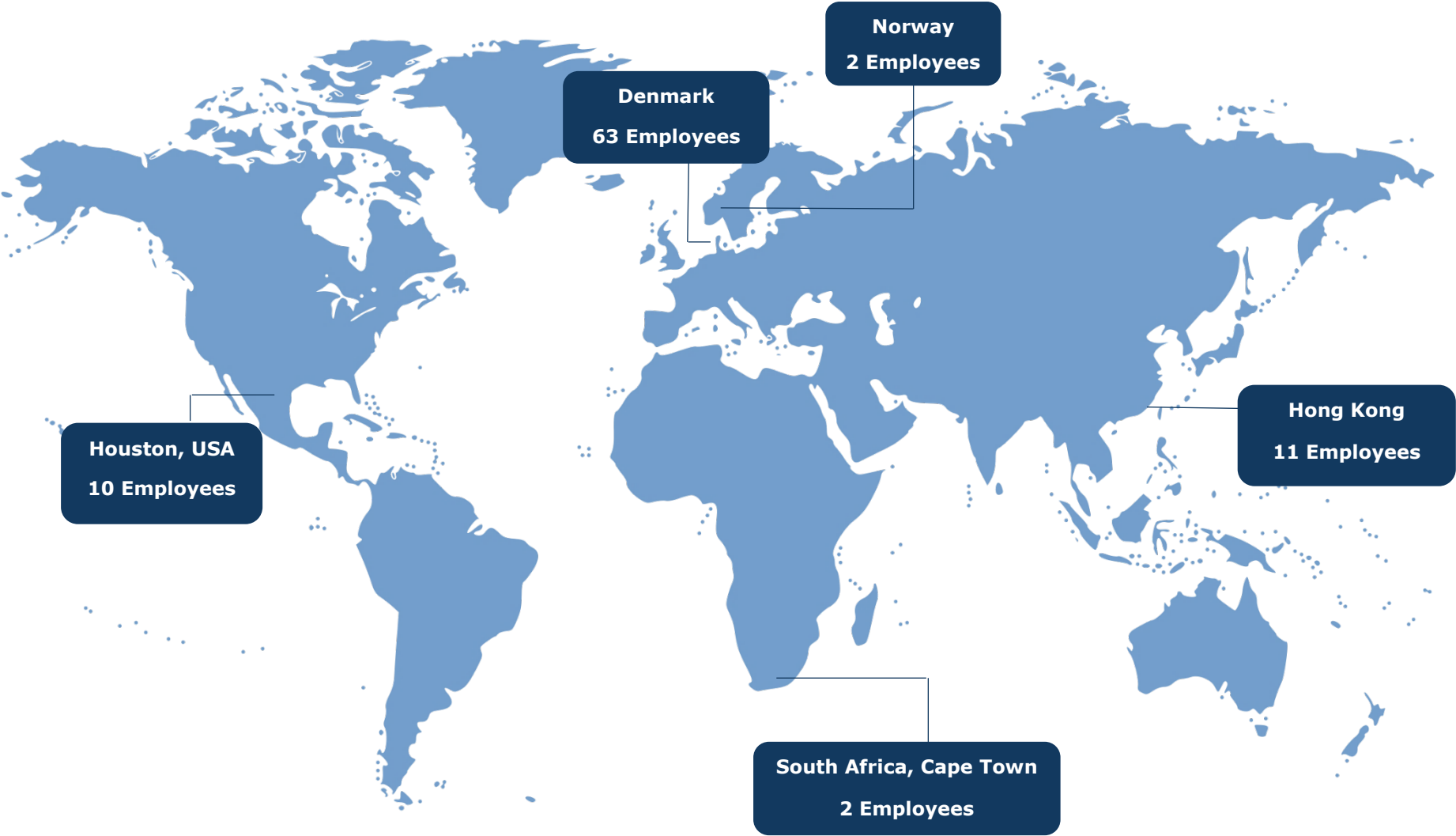
As a maritime player with a global presence at sea and on shore, we recognize our social, environmental, and ethical responsibility. We wish to push for a positive development by running our business in a responsible manner and by promoting sustainable business behavior in our network. We are committed to and do build our efforts on the 10 principles of UN Global Compact. We are setting measurable goals within the areas where we believe our efforts may have the greatest impact and are under our current goals focusing on diversity, safety, reducing emissions, and fighting corruption.

CLIPPER AT A GLANCE

Clipper is a family-owned international shipping group dedicated to global dry bulk shipping. It has always been an integrated part of Clipper's DNA to pursue a positive impact on its surroundings. Structured processes and reporting have increasingly professionalized these efforts. Clipper is currently preparing itself to be ready to comply with the EU Taxonomy and Corporate Sustainability Reporting Directive (CSRD) from the year 2025. As also described in this report, we have been through a double materiality assessment and will, over the coming period, start setting targets within relevant areas. During the transition period, we will continue to report on the goals established for 2020-2022, and this report refers to these goals. However, we have also started to include data that will be relevant under future CSRD reporting in this report.

This report also serves as our communication of progress for 2023 to the UN Global Compact for Clipper Group Ltd.

CLIPPER'S MAIN OFFICES



CLIPPER BUSINESS MODEL

During 2023, Clipper operated around 85 handysize and supramax vessels on average.

Clipper’s customer base spans large commodity houses to single commodity producers and end-users. We transport alumina, cement, coal, grain, logs, steel, and wood pellets, and our customers benefit from our strong focus on risk management and cost-effective coverage. We focus on short-term contracts and spot fixtures, monitor the market closely, and use analytics to support our decision-making. Governed by our strong values, our talented people focus on relationships and data to make the best market calls and deliver reliable and dedicated services.

Clipper excels in partnerships with market players, and it is an integrated part of our business model to provide enhanced commercial management to close business partners.

VALUE CHAIN



COMMODITIES





CLIPPER



KEY CSR RISKS AT CLIPPER

The following table provides an overview of the most significant CSR risks facing Clipper and how we mitigate them. It is not an exhaustive risk overview.

CSR TOPIC	RISK	MITIGATION
Diversity & Inclusion	If Clipper does not maintain a diverse and inclusive workplace, there is a risk that it will become homogeneous, resulting in group thinking and limited innovation. If Clipper does not include certain groups or individuals, we risk the feeling of isolation and lack of motivation, which can result in a reduced retention rate.	Clipper sets diversity goals each year and participates in various networks focusing on diversity, equity, and inclusion. We actively seek out candidates from underrepresented groups and implement techniques to mitigate unconscious biases. We promote an inclusive culture and provide unconscious bias training to foster understanding among employees.
Corruption	Clipper trades worldwide, which increases the risk of encountering corruption and illegal behavior.	<p>Clipper has implemented an anti-corruption policy and conducts anti-corruption training for our employees.</p> <p>Clipper is also an active member of the Maritime Anti-Corruption Network, taking part in several anti-corruption initiatives as we realize that corruption is only fought efficiently in partnerships.</p>
Sanctions	Sanctions, in general, are a high-risk topic concerning the conduct of global trade.	Clipper is conducting sanctions checks and other due diligence measures to mitigate risks for conducting any business with sanctioned parties and countries. Furthermore, Clipper has established a training program on this topic to ensure a high degree of awareness in the organization. Finally, Clipper has taken a clear stand not to call Russian ports or enter contracts with Russian companies.

Seafarers' Human Rights & Labor Standards	As an operator, Clipper may not be aware of potential human rights violations or poor working conditions for the crews working onboard vessels that are chartered in.	Clipper strives to include a clause in our Charter Party agreements stipulating clear expectations for reasonable working conditions and respect of the seafarers' human and labor rights following ITF (International Transport Workers' Federation), the Maritime Labor Convention, or similar organizations. Clipper has, furthermore, made a whistleblower scheme on its webpage, which also can be used by Seafarers.
Human rights conflict areas and throughout the value chain	Clipper employs vessels worldwide, which may also include trading in conflict areas. There is a risk that Clipper indirectly participates in infringing human rights in conflict areas.	We are monitoring the situation carefully when transporting goods to conflict areas to ensure that we are not actively or indirectly participating in violation of international sanctions or human rights.
Decarbonization	The decarbonization of the maritime industry is in a significantly evolving decade, which may also include the risk of not being competitive and not meeting the demand/appetite in the market.	Clipper continuously focuses on the transition to decarbonization of the maritime industry. We have a decarbonization workgroup within Clipper that engages with stakeholders, participates in various seminars, and develops initiatives. Clipper is also looking into possibilities to engage further in partnerships and other solutions.
Stress amongst employees	It is recognized that the shipping industry can, at times, be a stressful environment with a fast pace, many responsibilities, and difficult decision-making for stakeholders, and there is a risk that the employees could develop stress.	Clipper recognizes employees as the most valuable asset and is of the opinion that well-being amongst employees is crucial for the business. Clipper has initiated various training initiatives to create awareness of stress amongst managers and employees on a global level. Stress continues to have the management's focus, and it is a risk that requires continuous monitoring and action.

CSR WORKING GROUP

Introduction: In the spirit of our ongoing commitment to sustainable and responsible business practices, the CSR Working Group at Clipper has continued to play an active role in steering Clipper towards a cleaner and brighter future. As we navigate the challenges and opportunities, the CSR workgroup remains dedicated to promoting positive impacts on the environment, society, and the economy.

Mission: The mission of the CSR Working Group remains unchanged, with a focus on promoting sustainability and responsibility in all facets of Clipper's operations. Through hands-on collaboration, innovation, and continuous improvement, the CSR working group strives to minimize Clipper's environmental footprint and support local communities.

Why: We want to drive Clipper and the shipping industry towards a better future and put actions behind words. We want to promote sustainable business behavior in our network and maintain and attract new talent.

How: The CSR Working Group continues to be the driving force behind managing the social, environmental, and upright effects of Clipper's operations. While the group plays a coordinating role in formulating sustainability strategies, it encourages all employees to actively participate by contributing innovative ideas and projects that align with our business strategy.

Responsibility is part of Clipper's DNA as a company, driving initiatives that foster responsible behavior both within the offices and through external endeavors where we can make a meaningful impact.

Highlights of 2023: The group has continued to address a wide range of topics in 2023

No More Plastic Water Bottles in Houston

At our Houston office, we decided to take steps to significantly reduce our plastic usage. After thoroughly researching a solution that would fit the office's needs, we procured a water machine that dispenses cold, sparkling, ambient, and hot water. This solution allowed us to eliminate all plastic bottles in the office.



Paddling for Cleaner Oceans on World Cleanup Day

Clipper initiated a corporate tour with GreenKayak, engaging in a two-hour trash cleanup, where more than 50 kg was collected, along Copenhagen's canals near our Head office. A team-building opportunity that reinforced our commitment to environmental responsibility and hands-on initiatives.



Making a difference through partnership

At Clipper, our partnership with Junkfood goes beyond words – It's about impact and action. We have donated an amount and are continuing to carry out hands-on initiatives for Junkfood, an organization dedicated to providing daily meals to those in need on the streets of Copenhagen.

In 2023, our employees participated in voluntary activities, including serving meaningful dinners and assisting with set-up and clean-up. We organized a Christmas fundraiser, gathered clothing donations for the winter, and distributed knitted beanies, warm socks, and underwear.

This partnership is about ongoing collaboration and making a lasting difference in our community.



Empowering Green Innovation

In our ongoing dedication to sustainable business practices, we have collaborated with a talented student from the Technical University of Denmark in an effort to transform our dunnage usage on our vessel to 100% green alternatives.



Cycling for Cancer

Clipper has participated in Cycling for Cancer for several years in order to collect money for the "KnækCancer" fundraiser in Denmark, and 2023 was no exception.



HUMAN RIGHTS & LABOR STANDARDS

Human rights are fundamental entitlements that belong to every individual, regardless of their nationality, race, gender, religion, or any other characteristic. It is crucial for Clipper to respect Human Rights.

CLIPPER GROUP HUMAN RIGHTS POLICY

Clipper Group has a firm commitment to respecting Human Rights.

Clipper Group is conscious about avoiding any infringements on Human Rights and will address issues concerning infringement on Human Rights. We recognize our responsibility as a company with a global presence and are aware that our business impacts a large number of people both directly and indirectly. It is of utmost importance that all employees within Clipper are aware of the company's role, are strong ambassadors, and act on and for the respect of Human Rights.

Clipper's role and responsibility

Clipper wants to engage in a supportive manner and communicate a respectful approach toward Human Rights. Clipper recognizes that we are in a position in the value chain where it can be difficult to spot potential infringements of rights holders throughout the value chain. Thus, communication with stakeholders is important. Clipper respects Human Rights and truly believes that this topic is important to keep the focus on and help to develop in a positive direction. As a company with a global presence, Clipper is carrying a responsibility, especially in vulnerable countries and areas of the World where the risk for infringement of Human Rights is substantial.

Salient Human Rights Risks for Clipper

We have during the human rights risk assessment carried out in 2022 identified the following two salient human rights issues, where the risks for negative impact from Clipper and its activities and business relationships are most severe:

- Risk of stress amongst employees affecting well-being and health.
- Risk of infringements of seafarers' rights concerning their working conditions, safety, and health.

Risk of Stress Amongst Employees

Clipper's key assets are our employees. This is the reason why Clipper, during the past years, has initiated procedures to ensure the employees' well-being and promote resilience against stress, including:

- Different workgroups have been formed,
- Team building,
- Facilitation of different training programs,
- Specific stress support and training,
- Specialized personal- and professional development tools,
- Available personal flexibility solutions, and
- Regular one-to-one meetings with leaders.

Going forward, we will

- Continue facilitating training for employees and managers in stress support,
- Prioritize both personal- and professional development, and
- Continue to focus on dialogue between managers and employees.

Risk of infringements of seafarer's rights

Clipper's commercial role as an operator entails that we do not employ seafarers directly. However, we focus on the mental and physical health of the seafarer's onboard vessels operated by Clipper. It lies within the Clipper DNA that we want to facilitate a good working environment for all stakeholders we engage with, including the seafarers. We believe the work of Unions and organizations, such as ILO, has positively influenced the focus and the conditions for individuals at sea and in ports over the past decades.

Going forward, we will

- Communicate and engage with stakeholders involved in our business,
- Ensure that crew onboard vessels are familiar with the whistleblower scheme,
- Clear communication to technical managers about Clipper's policy on Human Rights, and
- Consider joining initiatives that support and work with seafarers' rights and working conditions.

DOUBLE MATERIALITY ASSESSMENT

In 2023 we achieved a major milestone on our journey towards compliance with the CSRD, which Clipper will be voluntarily reporting on from 2026 (for a 2025-year end). In the year we conducted our first double materiality assessment to understand our key ESG topics from both an impact and financial materiality perspective.

We began the process through stakeholder engagement. We engaged with internal and external stakeholders to identify the ESG topics of most importance to them. Engagement took place through interviews, questionnaires, and desktop research.

Once we had obtained a list of ESG topics from stakeholders, we assessed the topics and scored them for both their impact and financial materiality to Clipper (definitions presented on the next page). This allowed us to rank them in terms of importance and clearly identify our material topics.

The listing of material topics went through numerous cycles of review, with consideration given to stakeholder engagement and industry expectations.

We obtained formal sign-off from the board of directors in November 2023.

ESG TOPIC	SUB-TOPIC	IMPACT MATERIALITY	FINANCIAL MATERIALITY
Environmental	Climate Change Mitigation	●●●	●●●
	Pollution of Air	●●●	●●○
	Pollution of Water	●●○	●○○
	Energy Use	●●○	●○○
Social	Training & Skills Development	●○○	●●○
	Health & Safety (Own Workforce & Value Chain)	●●○	●●●
	Diversity & Inclusion	●●●	●○○
Governance	Corruption & Bribery	●●○	●●○
	Corporate Culture	●●●	●●○

HOW TO ESTABLISH MATERIALITY

ESG TOPIC		IMPACT MATERIALITY		
		●○○	●●○	●●●
Environmental	Medium scale impact	Medium-large scale impact	Large scale impact with high damage and complete destruction	
Social	Tangible human right infringement of access to basic life necessities and/or life quality	Significant human right infringement of access to basic life necessities and/or life quality	Will severely breach human rights, cause death or adverse health effects that would lead to a significant reduction in quality of life and/or longevity	
Governance	Tangible impact on governance / corporate culture / compliance	Significant deterioration of governance / corporate culture / compliance	Total breakdown of governance / corporate culture / compliance	

FINANCIAL MATERIALITY		
●○○	●●○	●●●
Moderate (\$1m - \$10m)	Major (\$10m - \$75m)	Catastrophic (above \$75m)



OUR PEOPLE

OUR PEOPLE

At Clipper we value trust, responsibility, and collaboration.

Our people are our most valuable asset, and we firmly believe that engaged employees are the driving force behind our success.

Clipper employed 88 people by the end of the year 2023 and aspires to become the preferred workplace in the shipping industry. We consider the retention rate as an important metric reflecting employee satisfaction and commitment. In 2023, Clipper achieved a retention rate of 95%, and thereby surpassing our goal of maintaining a rate above 90% for the fourth year in a row.

Retention Rate

Employee retention >90%

2020: 93%

2021: 95%

2022: 92%

End 2023:

95%



LEARNING AND DEVELOPMENT

At Clipper, we are committed to continuous learning and development among our employees. It's in our strategy to ensure ongoing growth and skill enhancement which aligns with Clipper's overall strategy and focus areas. We achieve this through a multifaceted approach by:

- **Knowledge Sharing:** Our "Clipper Seminars" facilitate in-house learning by utilizing the expertise and experiences of our employees, promoting a culture of knowledge sharing and collaboration.
- **Blended learning:** We combine diverse learning methods, such as e-learning and on-the-job training, to provide comprehensive and flexible learning opportunities that accommodate varied preferences and needs.
- **Career Concept:** We want to show the different career paths and possibilities Clipper offers by providing guidance for employees to explore and pursue their professional aspirations within our organization.
- **Performance development Appraisals:** Biannual performance development appraisals allow employees to set goals, clarify expectations, and support professional growth with their direct leader.
- **Professional in-house lecture:** Our in-house lectures are designed to inspire work motivation and facilitate ongoing knowledge about global trends and challenges.

- **External educational institutions:** We encourage our employees to participate in a variety of schools and courses offered by external educational institutions, providing employees with opportunities to further their education and acquire new skills relevant to their roles and the Company's need.
- **Comprehensive onboarding program:** Through a structured and personalized approach, we facilitate a smooth transition into the company, providing a pre-boarding lunch and introduction to each department and office worldwide, together with training tailored to their specific roles as well as anti-corruption training.
- **Learning & Development workgroup:** An in-house learning and development workgroup continuously explores new and creative ways of learning.

Clipper's commitment to the development of employees remains a top priority.

Professional in-house lectures in 2023:

- A riveting talk by journalist Leif Davidsen dissecting the pulse of the current global situation.
- Exploring avenues of workplace happiness and satisfaction.
- Raising awareness on unconscious bias and workshop.
- Sharpening a robust feedback culture through targeted training.



Interns and Trainees:

Clipper actively participates in the Shipping Trainee Education program arranged by Danish Shipping Academy.

In 2023, we welcomed a new shipping trainee in our Houston office, engaged in a rotational program, and hosted two interns from Copenhagen Business School and an economics trainee from Niels Brock. We also employed one intern from the following year, while another continued as a student assistant while completing her master's degree. As part of our commitment to education, we provide assistance and data to our students with their school assignments.

We maintain close ties with all three educational institutions and are represented on their advisory boards. Additionally, we typically arrange company visits and are an active sponsor of CBS Shipping Union IST.

Marlene Johansen, Intern at Clipper

"Being an intern at Clipper gives you the opportunity for hands-on experience in a growing international shipping company. You will have the opportunity to work in both operations and chartering, making it possible to experience how teamwork across different departments is the key to dream work."

EMPLOYEE ENGAGEMENT

We are focusing on ensuring our employees' well-being and engagement. To maintain our commitment to ongoing improvement, Clipper conducts annual surveys aimed at gathering valuable insights into employee satisfaction, engagement, loyalty, and the company's reputation. We recognize that creating an appealing and valued workplace environment is paramount for Clipper, and we take the feedback gathered from these Organizational surveys very seriously.

In 2023, a comprehensive assessment was conducted globally. The results of this endeavor were exceptionally positive, mirroring the high standards set in 2021. Key scores exceeded our ambitious target of 8.0, validating our ability to maintain a highly motivated and dedicated workforce.

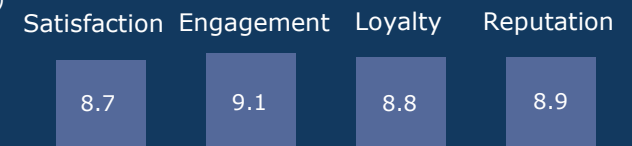
We are deeply committed to using these insights to continually enhance the employee experience at Clipper, ensuring that our workplace remains not only productive but also fulfilling and rewarding for all members of our team.

Global Annual Survey - Response Rate **100%**

Ensuring an accurate reflection of well-being in Clipper, with mainly positive results.

Global Annual Survey Results

(on a scale from 1 to 10)





Clipper's hands-on leaders represent a commitment to dynamic leadership, recognizing that a one-size-fits-all approach isn't conducive to fostering great leadership within our diverse teams. Our leadership philosophy is deeply rooted in understanding each employee's strengths and aspirations.

We believe in leading by example, which is why our leadership team is actively engaged in our company's day-to-day operations. We take pride in having a flat hierarchy, frontline decision-making, and a high level of responsibility to the individual employee. In turn, we expect everybody to take charge of their own tasks and cooperate across the company.

In 2024, Clipper will

- Continue our hands-on approach, offering leaders personal coaching sessions with a professional coach. These sessions aim to improve leadership skills and tackle any team issues.
- Further develop our internal culture and high-performing teams.
- Maintain focus on the feedback culture to ensure all employees receive regular and timely feedback. We'll develop initiatives to raise awareness of constructive feedback and encourage using feedback for personal growth.

DIVERSITY, EQUITY & INCLUSION

As a global shipping company, we especially pride ourselves in our international mindset and we recognize that fostering a diverse and inclusive working environment is crucial to our sustainability as a business.

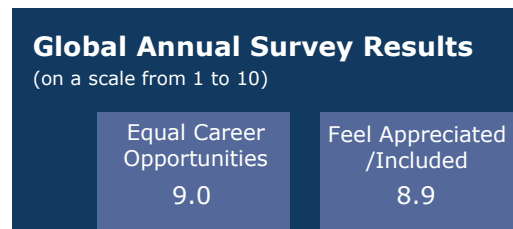
We believe that diversity is any dimension that differentiates people and enables a diverse line of thought - for example, background, education, age, nationality, ethnicity, race, experience, sexual orientation, or health status.

As part of our CSR target, we set a goal to employ a minimum of 14 different nationalities within Clipper. We are delighted to announce that in 2023, we exceeded this goal by employing a total of 18 different nationalities. This achievement reflects our ongoing commitment to diversity within our workforce.

However, we understand that real progress goes beyond diversity.

This means making sure everyone feels **included** and valued as an important part of our company and here is how we actively ensure inclusion:

- **Unconscious Bias Training:** In 2023, we conducted an in-house workshop with a professor in diversity and leadership to raise awareness and mitigate unconscious biases among employees and managers.
- **Buddy program:** In 2023, we started and will continue our buddy program, pairing a new employee with a volunteer “Buddie” to ensure a welcoming environment.
- **Language Accessibility:** We offer in-house language lessons for non-native speakers to facilitate communication and integration.
- **Diverse sports events:** These include, amongst others, a Padel-Club in Copenhagen, a Golf Club in Houston, and soccer tournaments in Hong Kong. These sports activities promote healthy competition and physical activity and also give our employees a chance to connect and have fun after working hours.
- **Family-Oriented Events:** We organize events and Christmas parties for employees' families, reinforcing our commitment to inclusivity.
- **Flex-Life Benefits:** We recognize the importance of maintaining a healthy work-life balance, and to support this, we offer various flexible work arrangements, including remote work, flexible hours, reduced hours, different leave options, and retirement transition support.
- **Empowering Non-Shipping Staff:** We provide training opportunities for administrative employees to understand the shipping industry.
- **Dialogue-Based Employee Meetings:** In 2023, we tested a new appraisal method emphasizing personalized dialogue in job satisfaction. This approach encourages open communication on motivation and well-being by using visual aids like images and pictograms, which foster honest conversations and enhance trust.
- **Workgroups:** We cultivate an environment that fosters collaboration and innovative thinking through workgroups, encouraging employees with different perspectives to collaborate across teams and offices.
- **Team-building Trips:** We organize global team-building trips and social activities to strengthen bonds and foster inclusivity. During 2023, Clipper organized various team-building events, including a seminar in Kitzbühel, Austria, attended by employees worldwide.
- **Inclusive Language:** We prioritize gender-neutral language in all written communications and job advertisements to ensure inclusivity.



Female Employees and Female Managers

Clipper, along with the entire shipping industry, faces the challenge of female underrepresentation. Clipper is part of the charter for more women in shipping, established by the Danish Shipping industry organization. As part of this commitment, specific goals are stated to increase the percentage of female employees and the number of female managers with people responsibilities. These goals have been incorporated into a policy on inclusion and diversity that was adopted by the Board in 2023.

In All recruitment processes, we ensure the selection of relevant candidates, both female and male, for interviews. We are committed to ensuring an inclusive workplace where women face no barriers to entering or being promoted within Clipper based on their gender. To achieve this, we set a goal that by the end of 2023, aiming at 40 percent female representation in all Clipper employees; however, as of that time, we achieved 35 percent, including four female managers with people responsibilities.

Female Board Members

Clipper Group A/S has a recruitment policy for board members, including a goal of achieving 20% female representation by the end of 2025. The current board is comprised of four male members. We recognize the importance of gender diversity at the board level, and the chairman actively engages with potential female candidates to achieve the diversity target for future openings.

POLICIES

Clipper has a global policy guideline applicable to all employees, supported by local working conditions across our offices worldwide. Further, we have policies covering: Anti-Harassment, CSR, Diversity and Inclusion, Anti-corruption, competition law compliance policy, Export control, international sanctions, data ethics, ship recycling, social media, and human rights.

Together, these documents form a comprehensive code of conduct for all Clipper employees, aimed at upholding human rights and fundamental working conditions. This framework ensures that rules are in place to foster a positive and healthy work environment, allowing everyone the opportunity to thrive. If an employee believes that health and safety policy has been violated or inadequately handled, there are multiple avenues available, such as a whistleblower scheme.

DATA PRIVACY, DATA ETHICS & IT

We take our employees' right to privacy seriously, and it is important to us that our employees, no matter where they are located, know that we take every measure possible to protect their personal data from being misused. Thus, our group policy on data protection and privacy also applies to employees located in countries where there are no prevailing data protection rules or regulations like GDPR. Our policy includes specific instructions on the processing of personal data and provides information on basic rights, such as the right to information on stored data and its deletion. This is further elaborated in our policy on Data Ethics, which is centered around four data ethics principles that we are committed to following: 1. Transparency and openness – to ensure that our data ethics principles are clear and easily understandable, 2. Use of data and privacy – to uphold high standards in where and how we collect and use data, 3. Accountability and security – to ensure that data is secured and protected, and 4. Processes and policies – to maintain coherence with our IT Security and HR Personal Data Handling policies. The policy has been implemented throughout the Group and integrated into the relevant processes. We acknowledge that strong Data Ethics requires high awareness about relevant procedures within the organization and have, during 2023, initiated a mandatory e-learning program focusing on IT- and Data security.

ENVIRONMENT & CLIMATE





CLIPPER GROUP ENVIRONMENTAL POLICY

Clipper Group maintains a precautionary approach to the environment and will continue investing in smarter shipping technology to further improve environmental and financial performance.

We always strive to keep abreast of new regulations and aim to comply with national and international regulations at all times.

We continuously work to promote environmentally conscious local initiatives in Clipper offices.

DECARBONIZATION WORKGROUP

We want to meet the environmental challenges with collaboration and bright ideas for the future, which is one of the reasons that Clipper has formed a committed workgroup of different stakeholders within the company, including the CEO, to deal with decarbonization.

The workgroup explores as many aspects relating to decarbonization as possible. We acknowledge that we cannot lift the challenge by ourselves and seek to find partnerships. We are, furthermore, in dialogue with the Danish shipping community, technical forums as well as legal specialists about how we can ensure Clipper's role and how we best possible can contribute to a more sustainable future for the maritime industry.

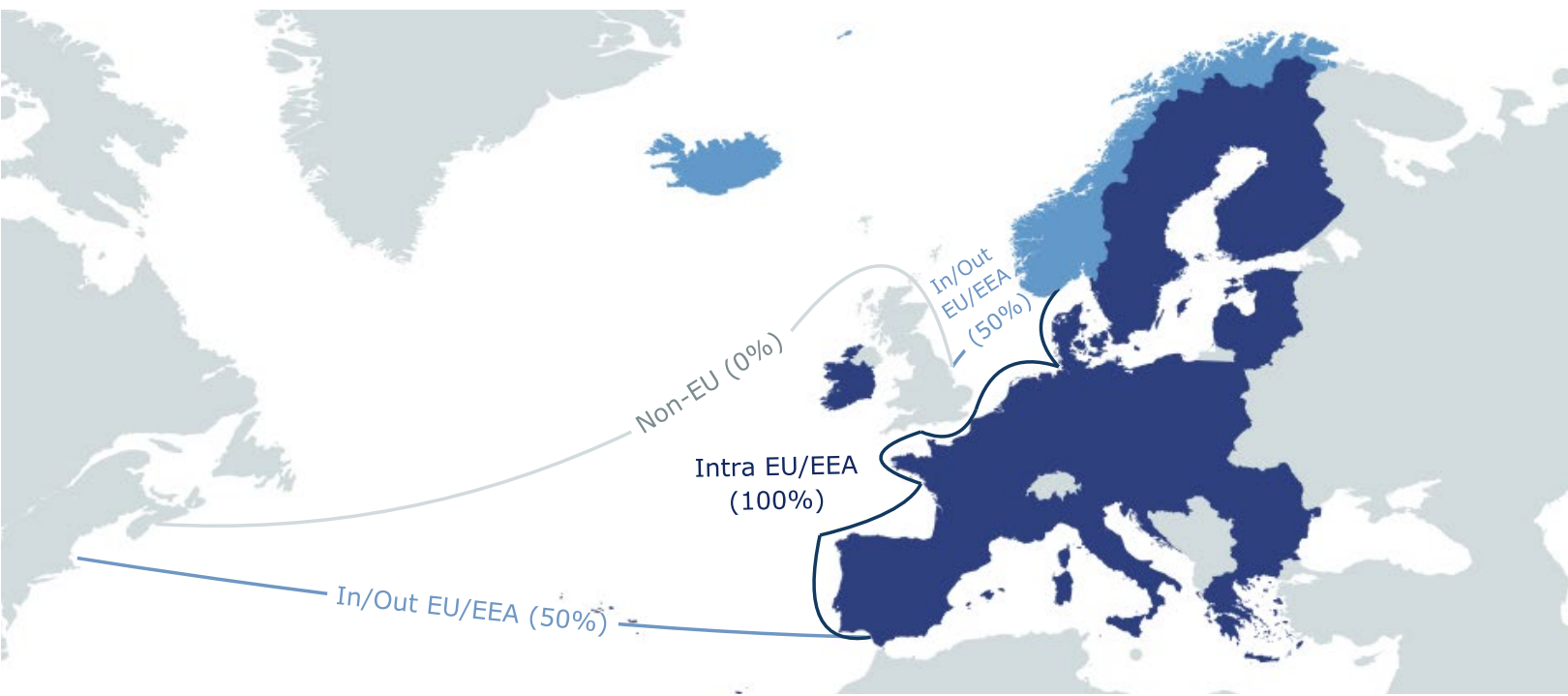
EU EMISSIONS TRADING SYSTEM

From 1st of January 2024 the maritime transport industry is included in the European Regulation concerning emissions, EU Emissions Trading System (EU ETS). From 1st January 2024, the EU ETS is extended to cover CO₂ emissions from vessels' transport to, from, and intra-EU. There is an initial phase-in period to ensure a smoother transition for the industry. This means that all emitted CO₂ is subject to rules about buying and submitting correspondent CO₂ allowances.

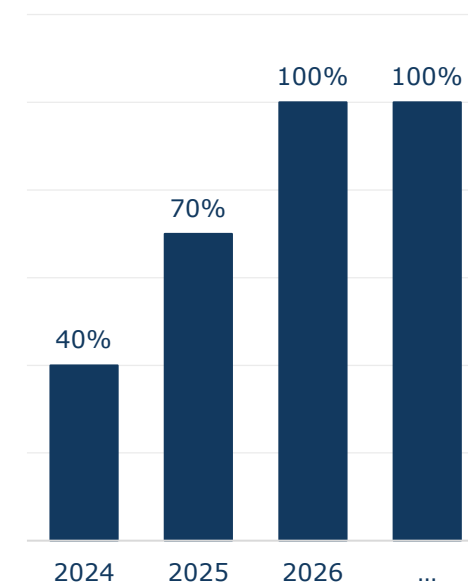
Emissions from maritime transport are included in the overall ETS cap, which defines the maximum amount of greenhouse gases that can be emitted under the system. The cap is reduced over time to ensure that all ETS sectors contribute to the EU's climate objectives.

The emissions will be expanded to include CH₄ and N₂O emissions as well from 2026.

Clipper has been carefully studying the development of the regulations and studied possible implications and is fully prepared to be compliant in 2024. We have adopted a commercial and compliant mindset about this regulation, enabling our customers and business partners to accommodate the new rules, which, amongst others, means that Clipper assists with the understanding of the legislation, drafting clauses for contracts, and having a deep in-house knowledge that can provide assistance in case needed.



Allowance Phase-In



CHARTERED VESSELS

Clipper’s business model includes that we always will have a fleet of chartered-in vessels. We wish to measure and report on the environmental impact these vessels have via their GHG rating with RightShip.

GHG Rating

Clipper has a partnership with one of the world’s leading third-party maritime due diligence organizations, RightShip. The due diligence service provided is a rating on a vessel’s greenhouse gas emission, GHG rating.

The GHG rating compares a vessel’s theoretical CO₂ emission with vessels of similar type and size. This means that vessels are assigned a rating based on how their vessel design index compares to the average score for vessels of a similar type and size.

GHG rating is a dynamic model that allows benchmarking of vessels.

Clipper GHG Rating

Clipper’s goal for 2023 was that the chartered-in fleet should have an average rating of 3.0 or better, where category A represents a value of 1, category B a value of 2, and so forth. The rating for 2023 arrived at: **2.2**
This means that Clipper firmly has met the goal.

RESPONSIBLE SHIP RECYCLING

Clipper has a recycling policy committing us to ensure that fully owned vessels are recycled, as a minimum, according to the principles laid down in the Hong Kong Convention, even though this convention is not yet fully implemented in relevant legislation. This entails that we will be actively involved in the recycling process and approve of any recycling facility. We will ensure that an inventory of hazardous material and a ship recycling plan are prepared and will inspect the recycling facility in order to ensure that the facility is able to carry out the recycling in a safe and environmentally sound manner and has adequate procedures in place.

No Clipper vessels have been recycled during 2023.

ANTI-CORRUPTION



As an international shipping company, Clipper faces the risk of encountering corrupt and illegal practices in various regions. We are acutely aware of the high-risk exposure to bribery and corruption and maintain zero tolerance towards traditional bribery, such as kickbacks. In addition, we recognize the separate challenge posed by facility payments (small payments for services that the company is already entitled to). To address these challenges, we collaborate with the Maritime Anti-Corruption Network (MACN) in our efforts to combat corruption.

About MACN

The Maritime Anti-Corruption Network is a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to benefit society at large. Established in 2011 by a small group of committed maritime companies, MACN has grown to include **over 180 companies** globally and has become one of the pre-eminent examples of collective action to tackle corruption.

The collective action against corruption within the network of MACN has proven its worth and we have participated in contributing to some good practical results with our membership in MACN. Fighting corruption is an ongoing challenge for all stakeholders in the maritime industry and is best dealt with in cooperation between the stakeholders. We must be aware that corrupt behavior will most likely develop with time and may move from the “traditional” trends we have experienced in the past with facility payments, etc., to become more complex and difficult to see through and identify as corruption. This adds to the reason why Clipper is continuously looking into ways to improve our impact in a positive way and increase awareness of the subject not only among our employees but throughout our supply chain.

We are committed to training our employees in how to fight corruption, and 100% of the employees received training in Anti-corruption at the end of 2023. We will continuously train the organization to ensure that everybody is aware of and focused on these challenges.




Our goal to continue being an active membership of MACN is also met.

SUMMARY OF FOCUS AREAS



FOCUS AREA	UN SDGs	Goals 2021-2023	Progress 2021	Progress 2022	Progress 2023
Human Rights & Labor Standards		The retention rate shall be above 90% each year	The retention rate was 95% ultimo 2021	The retention rate was 92 % ultimo 2022	The retention rate was 95 % ultimo 2023
		Carry out a human rights risk assessment of Clipper Bulk before the end of 2022	Human rights risk assessment has not been initiated in 2021	A human rights risk assessment was carried out in 2022	Completed in 2022
People & Diversity	 	The percentage of female employees shall be 40% at the end of 2025*	The total percentage of female employees ultimo 2021 was 35%	The total percentage of female employees ultimo 2022 was 37%	The total percentage of female employees ultimo 2023 was 35%
		The percentage of female managers with people responsibility being part of or referring to the Senior Management Team shall be 30 % before the end of the year 2025*	The percentage of female managers with people responsibility being part of or referring to the Senior Management Team ultimo 2021 was 15%	The percentage of female managers with people responsibility being part of or referring to the Senior Management Team ultimo 2022 was 25%	The percentage of female managers with people responsibility being part of or referring to the Senior Management Team ultimo 2023 was 33%
		The percentage of female members of the board of Clipper Group A/S shall be 20% before the end of 2025*	The percentage of female members of the board of Clipper Group A/S ultimo 2021 was 0%	The percentage of female members of the board of Clipper Group A/S ultimo 2022 was 0%	The percentage of female members of the board of Clipper Group A/S ultimo 2023 was 0%
		The number of nationalities shall be above 10 each year	Clipper employs 13 different nationalities ultimo 2021	Clipper employs 14 different nationalities ultimo 2022	Clipper employs 18 different nationalities ultimo 2023

* The goal was adjusted in 2023

Environment & Climate		The average GHG rating as defined by RightShip shall be for vessels chartered in by Clipper Bulk be rated 3.5 or lower for the year 2020 and 3.0 for years 2021 & 2022 (Category A equals 1, Category B equals 2, etc.)**	Average GHG rating was 3.4 in 2021	Average GHG rating was 2.8 in 2022	Average GHG rating was 2.2 in 2023
					
					
					
Anti-Corruption		Ensure Training of all employees	44% of employees were trained in anti-corruption by 2021	88% of employees were trained in anti-corruption by 2022	100% of employees were trained in anti-corruption by 2023 as part of the onboarding
		Continue active membership of MACN	Active member	Active member	Active member

** Measured for vessels chartered in by Clipper or associated joint ventures for periods exceeding 6 months.

ESG Factbook 2023

Environmental

Energy Consumption & Mix	Measurement Unit	Value
Fuel consumption from crude and petroleum products ¹	MWh *	2,528,234
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources	MWh	171
GHG Emissions		
Gross Scope 1 GHG emissions ¹	tCO2e **	663,128
Gross location-based Scope 2 GHG emissions	tCO2e	55
Gross Scope 3 GHG emissions from upstream transportation and distribution	tCO2e	150,264
Total Measured GHG emissions (location-based)	tCO2e	813,447

¹ Relates to bunker consumption from both owned and chartered vessels

* Megawatt hour

** Tons of carbon dioxide equivalent

Social

Workforce Characteristics	Measurement Unit	Value
Gender		
Male	Headcount	57
Female	Headcount	31
Other	Headcount	0
Not Reported	Headcount	0
Total employees	Headcount	88
Geography		
Country		
Denmark	Headcount	62
Hong Kong	Headcount	12
USA	Headcount	10
Norway	Headcount	2

South Africa	headcount	2
Diversity Indicators		
Gender Distribution in Top Management		
Male	Headcount	3
Female	Headcount	0
Total	Headcount	3
Distribution of permanent employees by age group		
Under 30 years old	Headcount	18
30-50 years old	Headcount	41
Over 50 years old	Headcount	29
Total	Headcount	88

Employees by Type, Broken Down by Gender (headcount)					
	Female	Male	Other *	Not Disclosed	Total
Number of employees (headcount)	31	57	0	0	88
Number of permanent employees (headcount)	30	57	0	0	87
Number of temporary employees (headcount)	1	0	0	0	1
Number of non-guaranteed hours employees (headcount)	0	0	0	0	0
Number of full-time employees (headcount)	24	54	0	0	78
Number of part-time employees (headcount)	7	3	0	0	10

* Gender as specified by the employees themselves.

Employees by Contract Type, Broken Down by Region (headcount)					
	Denmark	Hong Kong	Norway	South Africa	USA
Number of employees (headcount)	63	12	2	2	10
Number of permanent employees (headcount)	62	12	2	2	10
Number of temporary employees (headcount)	1	0	0	0	0
Number of non-guaranteed hours employees (headcount)	0	0	0	0	0
Number of full-time employees (headcount)	57	12	2	2	9
Number of part-time employees (headcount)	6	0	0	0	1

Governance Indicators	Metric
The number of confirmed incidents of corruption or bribery	0
The number of convictions for violations of anti-corruption and anti-bribery laws	0
The amount of fines for violations of anti-corruption and anti-bribery laws	\$0
The number of any public legal cases regarding corruption or bribery brought against us in the year	0
The number of dismissals and/or disciplines of employees relating to corruption or bribery	0
The number of business relationships terminated as a result of corruption or bribery	0
The total whistleblower reports received in our whistleblower system	1
- Total substantiated	0
- Total unsubstantiated	1
Employee training coverage of the whistleblower system	0%

Accounting policies

GHG emissions

GHG emissions are measured and reported in line with the GHG Protocol. Scope 1 emissions cover direct emissions from owned or controlled sources. This represents emissions from the burning of fossil fuels for all owned or leased vessels and is calculated at the tank-to-wave (TTW) emissions. Scope 2 emissions are the indirect emissions from the generation of purchased energy, following the location-based approach. Scope 3 emissions represent the non-owned or controlled emissions generated in Clipper's value chain and represent the well-to-tank (WTT) emissions generated in the fuel extraction and delivery process.

Energy consumption

Energy consumption represents the total energy consumed per activity type, reported in MWh. Energy consumption from office locations is collected from invoices for all locations apart from South Africa, which an estimation has been made based on square-footage of the office, as invoice documentation was unavailable. Energy usage from consumed fuel is calculated by applying an energy factor to fuel consumption in the period.

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