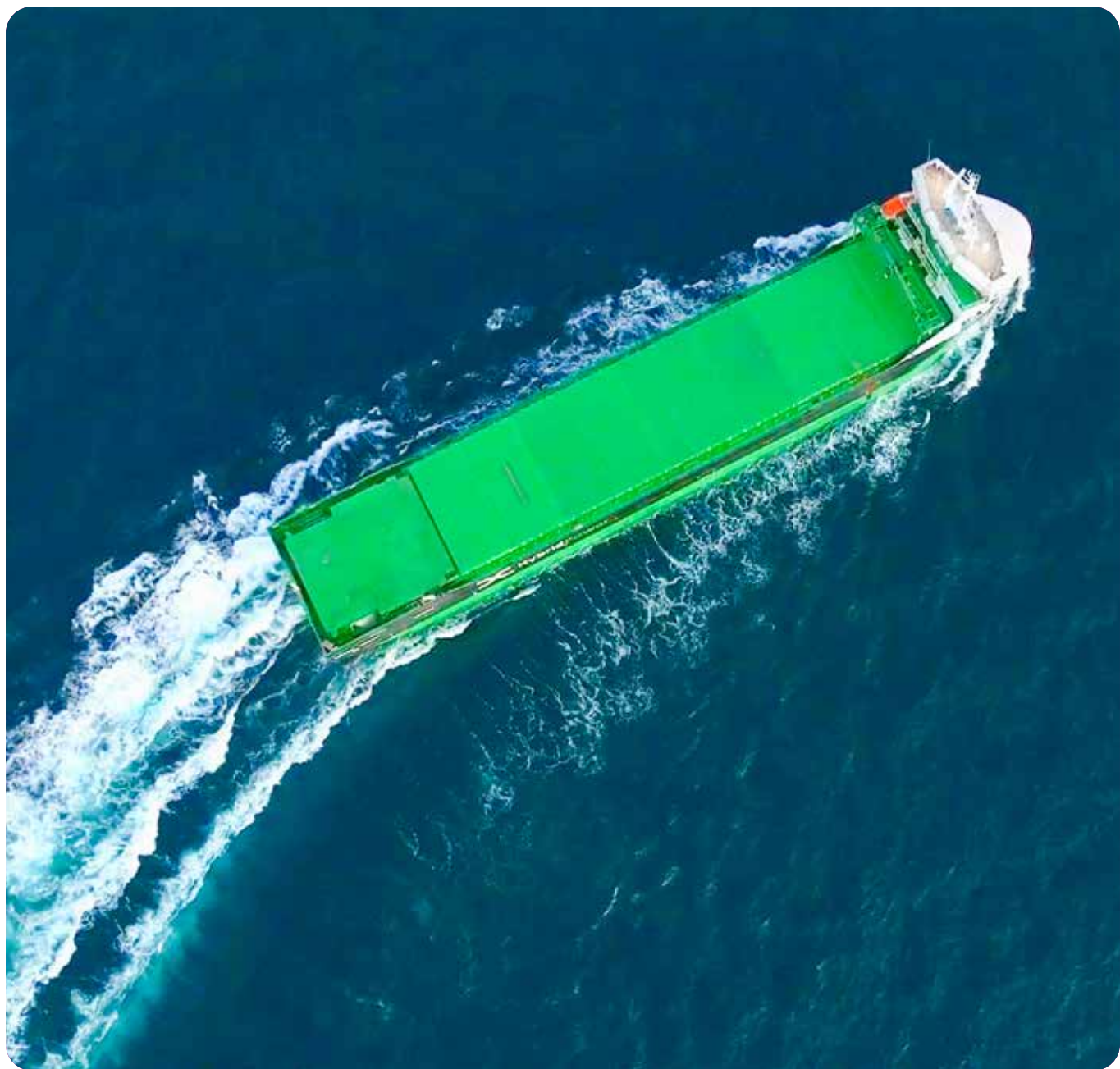


Sustainability Report 2023



Quick facts 2023

NET SALES
million EUR

189.0

-23.0%

NET PROFIT
million EUR

17.7

-53.5%

CARGO VOLUME
million tons

12.8

-12.9%

PERSONNEL
sea and shore

368

+3.7%

DISTANCE SAILED
million nautical miles

1.459

-18.6%

VESSELS
average

43

+7.8%

Sustainability performance

E

204 795

tons CO₂
(scope 1)

-5.9%

14.74

CO₂ per ton-mile

+7.8%

43.5%

cargo hold wash
water to shore

+367.7%

S

9.3

Total Recordable
Incident Rate (TRIR)

-46.6%

42

Net Promoter Score
(NPS)

-26.3%

AA+/AAA

Employee satisfaction
Shore/Sea



G

Gold

Ecovadis score



100%

Code of conduct training
completion rate

100%

Compliance training
completion rate

ESL Shipping Ltd is the parent company of the group and is referred as "group" in this report. Business unit ESL Shipping ("ESL Shipping") comprises handysize fleet from 13,000 to 56,000 dwt. Business unit AtoB@C Shipping ("AtoB@C Shipping") consists of 4,000-6,000 dwt vessels.

Driving green growth in a sustainable way

We have again witnessed amazing developments in our company operations since our last sustainability report was published about one year ago.

Our strategic goal is to create infrastructure to enable the green transition of Nordic industries. For this, we need to be the forerunner in low-carbon technologies, introduce new business models and also new, sustainable financial instruments. All this is needed to create successful long-term industrial partnerships.

Our capability to accelerate our green transition was recently strengthened by an equity injection from investors, who put great value on sustainability and share the same future growth vision with us. All this enabled us to commit to the Science-Based Targets initiative, taking us to net-zero emissions by 2040. Last year we also achieved a gold medal in Ecovadis sustainability assessment underlining that our performance is on a high level in all dimensions of sustainability.

Our latest customer satisfaction survey results clearly proved we are on the right track and that our efforts towards green shipping are recognised by our clients. They place us among sustainability leaders in our field of business.

For us, sustainability is also the commitment to diversity, equity and inclusion. As part of this commitment, we have recently released our Diversity, Equity and Inclusion Policy. Everyone in our organization needs to work hard to be supportive of different groups of individuals, including people of different races, ethnicities, religions, abilities, genders

and sexual orientations. And supporting this is easy, as various research conducted by top institutions shows that companies which are more diverse and pay attention to equity and inclusion, are simply more successful.

I would like to thank all our employees onboard and ashore for your dedication and hard work. You made all this happen!

Sincerely,

Mikki Koskinen
Managing Director



Year 2023 in review

One of the most significant events of the year was the sale of minority stake of ESL Shipping providing an equity injection needed to finance future investments required to enable fossil-free shipments.

In April 2023, parent company Aspo announced that it initiated a program to accelerate ESL Shipping's green transition through a program assessing three alternative measures. This included the launch of a new investment pool of fossil-free vessels, a possible equity injection in ESL Shipping by a minority shareholder and the sale of two supramax vessels. As the first result of this assessment, in November 2023, Aspo signed an agreement with OP Finland Infrastructure LP for an equity investment into ESL Shipping. Soon after in February 2024, Varma decided on a co-investment alongside OP Finland Infrastructure LP. The closing of the transactions took place on the 28th of February 2024 and saw OP and Varma becoming minority owners in ESL Shipping with a 21.4% stake.

The company participated in several projects related to renewable fuel supply and green transport alternatives. BotniaLink H2 aims to establish e-hydrogen production in Luleå, Sweden which would enable the production of different hydrogen-based e-fuels. The SH₂ORE-project investigated the bunkering requirements for new e-fuels in Finnish ports. The GreenConnect project, coordinated by the Turku School of Economics, focuses on developing green transportation concepts to support green transition. In the project, potential emission reduction measures the door-to-door transports, including examining maritime transportation, carbon dioxide emission calculation models and improving accuracy and business potential for green competitive advantage is investigated.

The development of digital solutions continued actively in 2023 with an aim to better utilise the large amount of

data collected. The most significant project has been the new fleet scheduling optimiser software, which has been developed together with Siili Solutions. The software is aimed to primarily help the chartering and operations departments find the most optimal schedule for each vessel and provide opportunities to easily optimise the schedule based on different objectives such as the lowest environmental footprint. In addition, the Vessel Portal was launched, providing vessels with a clear view of various operational and environmental KPIs. The Customer Portal development continued with the launch of a what if-tool, where customers can test the impact on emissions if part of the fuel used was to be replaced with renewable fuels.

In the reporting period, ESL Shipping carried 12.8 (14.7 in 2022) million tons of cargo. The net sales decreased by 23.0% from the comparative period, amounting to EUR 189.0 (245.4) million. The comparable operating profit halved to EUR 18.3 (37.4) million and the comparable operating profit rate was 9.7% (15.2%). Items affecting comparability amounted to EUR -0.6 (0.8) million and included mainly advisor costs related to strategic projects.

The newbuilding project of AtoB@C Shipping at the Chowgule & Company Private Limited Shipyard in India proceeded as planned. The first vessel in the series, Electramar, was delivered in December 2023. The second vessel, Stellamar, was launched on the 1st of October 2023 and was delivered 5 April 2024. Every other vessel in the series will be sold, as announced earlier, to the company established by the pooling investor group. Stellamar is the first vessel to be sold further.

Outlook for 2024

Geopolitical tensions and attacks against commercial shipping in the Red Sea together with natural phenomena has resulted in limitations to the Panama Canal capacity disturbing global supply chains. Therefore, more shipping capacity is needed to perform the same transport tasks due to an increase in distances being travelled.

ESL Shipping's main markets in the Northern Baltic Sea, Scandinavia and Continental Europe are expected to continue a low-cycle level of industrial activity. Notwithstanding this, due to the importance of the steel industry, the demand from long term partnership industries is expected to remain at a good volume level.

The forest industry is expected to slowly recover from the trough and overall volumes are expected to increase modestly.

Full year financial performance is expected to improve from the previous year despite the early part of the year with the most severe winter ice conditions in ten years predicted to affect results negatively. Furthermore, the announced industrial actions in Finland are expected to cause supply chain disruptions. The new green coasters added to the fleet throughout 2024 are expected to support the positive profit development.

About the company

ESL Shipping is the leading carrier of dry bulk cargoes in the Baltic region. ESL Shipping's competitive edge is based on its pioneering role and ability to responsibly secure product and raw material transportation for industries and energy production year-round, despite difficult weather conditions.

Our vessels primarily operate in long-term contract traffic in the Baltic Sea and in Northern Europe and perform loading and unloading operations at sea as a special service. Transportation operations in the Baltic Sea and the North Sea are mainly based on long-term customer agreements and established customer relationships. ESL Shipping Ltd has been in business for more than 70 years and is a subsidiary of Aspo Plc, listed in Nasdaq Helsinki.

The group operates under two brands: parent company ESL Shipping operates a fleet of fully owned 13,000 to 56,000 dwt vessels. AtoB@C Shipping operates a mix of owned and time-chartered vessels in 4,000-6,000 dwt segment. It also offers port towing and related services at the Port of Raahen with tugboat Charlie. The time-chartered vessels are operated in house and managed by their respective owners. For time-chartered vessels we mainly control

emissions and commercial decisions. Therefore, this report and the following statistics and information will concentrate on the owned fleet for which we have absolute control.

At the end of 2023, the group's fleet consisted of 43 vessels with a total capacity of 443,000 dwt. Of the vessels, 24 are wholly owned (77% of the tonnage), two are minority-owned (2%) and the remaining 17 are time-chartered (21%). On average, the group operated 47 vessels in 2022.

About Aspo

Founded in 1929, Aspo creates value by owning and developing its businesses responsibly for the long term. The common goal of the owned businesses is to be market leaders in their respective fields. The subsidiaries are responsible for their own operations, customer relationships and strategic development, aiming to reach a leading position in sustainability in their own respective fields. Currently, Aspo comprises of three segments: ESL Shipping, Leipuri and Telko. In 2023, Aspo had a turnover of 553 MEUR and a comparable operating profit of 26.5 MEUR. It currently has operations in 13 countries and employs approximately 700 professionals.

Management team



MIKKI KOSKINEN
Managing Director



JANNE EKLÖF
Technical Director



TIMO POHJAKALLIO
Development Director &
Head of BU Handies



MIKKO RAUSTI
Sea Personnel,
Quality and Safety Director



FRIDA ROWLAND
Commercial Director &
Head of BU Coasters



PETTER RUDA
Chief Financial Officer



KIRSI YLÄRINNE
Operations and
Environmental Director

Services & Fleet

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

VIRTUAL ARRIVAL

Virtual Arrival provides a completely free way to reduce your transport emissions up to 24% in a single sea leg. After a completed voyage, we provide you a calculation of saved bunker and emissions. The basic idea of Virtual Arrival is to reduce a vessel's speed to meet revised arrival time if it is known that the berth will not be free on arrival. Regardless of the actual arrival time, the vessel still retains its place in the line-up based on the arrival time in normal service speed.



RENEWABLE MARINE FUELS

Our whole fleet is able to use Neste's co-processed marine fuel, sustainable drop-in marine fuel that can reduce GHG emissions by up to 80% over the lifecycle when compared to fossil fuels. The fuel is produced using ISCC PLUS certified raw materials such as used cooking oil, animal fat or vegetable oils, reducing our dependency on fossil resources. In addition, our LNG-powered vessels Viikki and Haaga are able to run on 100% renewable liquefied biogas.



DRY BULK SHIPMENTS

We are specialised in dry bulk shipments such as iron ore, pellets and limestone as well as fertilizers, grain and dry biofuels, such as wood pellets. Our large fleet of vessels between 4,000 and 56,000 dwt gives customers the possibility to choose the most suitable vessel size for each shipment.

PROJECT CARGOES

With the support of our own supercargo personnel, our well-fitted vessels are the perfect fit for project shipments. In addition to hold cargo, some of our vessels are capable to take cargo to the deck.

LOADING AND UNLOADING AT SEA

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

SHIPMENTS IN ARCTIC AREAS

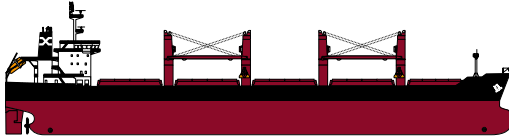
The whole ESL Shipping fleet is ice-strengthened, enabling smooth operations even in difficult icy conditions both in the Baltic Sea and other areas such as the Canadian Arctic.

Operated by ESL Shipping

ARKADIA CLASS

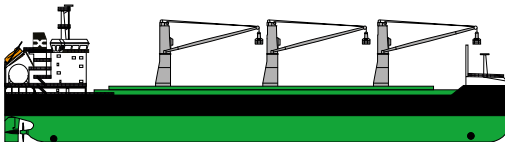
2 x 56,000 dwt / Ice class 1A

The vessels are sold with delivery in Spring 2024



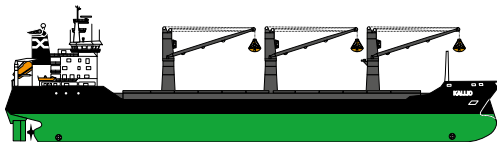
VIIKKI CLASS

2 x 25,600 dwt / Ice class 1A



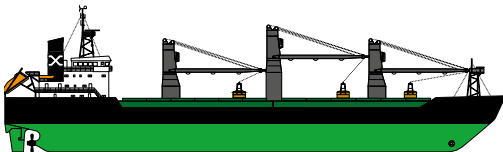
EIRA CLASS

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



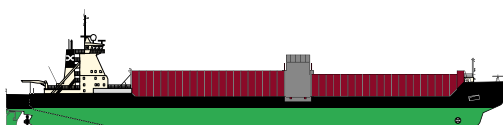
PASILA CLASS

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



PUSHERS & BARGES

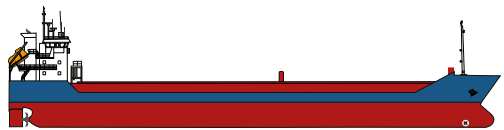
2 x pusher, 4 x 13,500 dwt barge
Ice class 1A Super



Operated by AtoB@C Shipping

6,000 DWT CLASS

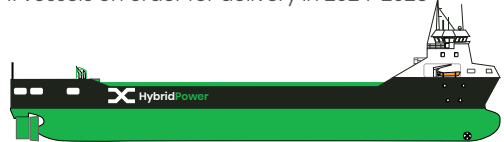
4 x 6,000 dwt / Ice class 1A



5,350 DWT HYBRID CLASS

1 x 5,350 dwt / Ice class 1A

11 vessels on order for delivery in 2024-2026



5,000 DWT CLASS

10 x 5,000 dwt / Ice class 1A



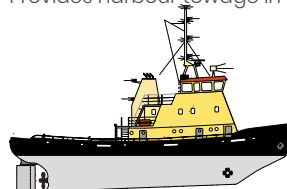
4,000 DWT CLASS

12 x 4,000 dwt / Ice class 1A



TUG BOAT CHARLIE

Provides harbour towage in the port of Raahé



Our ESG strategy






Growing our business while reducing pressure on the environment is our key focus for the coming decades.

Our ESG targets demonstrate our ambition to be the industry forerunner in sustainability. Our goal is to be a pioneer in technological solutions, sustainability and quality of service. Sustainability and reducing our carbon footprint are at the core of our business and we have openly reported our progress in the annual sustainability report which has been published since 2017.

In 2023, we conducted a double materiality analysis and stakeholder survey as a part of the preparations

for the upcoming Corporate Sustainability Reporting Directive (CSRD) and to determine material topics for ESL Shipping. Generally, the results were in line with the previous materiality analysis conducted in 2021.

We are committed to the United Nation's Sustainable Development Goals (SDGs). Based on our strategy work and our targets, we have determined SDGs where we can have a significant impact.

	COMMITMENT	TARGET	INDICATORS
ENVIRONMENT Relevant SDG's  	Growing our business while lowering the pressure to the environment	We target Net zero operations by 2040 We work with ports to minimize the amount of grey water and hold washing water to the sea	Scope 1 CO₂ emissions 2040: Net zero CO₂ efficiency 2030: 50% lower carbon intensity per ton-mile compared to 2008. 2040: Net zero Waste water discharge to shore 2025: 50% 2030: 100%
SOCIAL Relevant SDG's  	Improving the experience for people in our value chain	We provide a safe and healthy place to work We provide first-class service to our customers We treat everyone equally	Total Recordable Incident Rate Target 2024: less than 10 Long-term target: Zero Net Promoter Score Target 2024: 2023 level People Power index Target: AA+
GOVERNANCE Relevant SDG's 	Driving sound governance practices at all levels	We conduct ethically in line with applicable law and standards and expect the same from our counterparts	Percentage of employees who have completed Compliance and Code of Conduct training Target: 100%

Ecovadis result improved from Silver to Gold

In 2023, ESL Shipping improved its rating in Ecovadis sustainability assessment from Silver to Gold, which places the company amongst the top five per cent of companies assessed by Ecovadis.



EcoVadis is the world's largest provider of business sustainability ratings with over 100,000 rated companies. The comprehensive assessment considers environment, labour and human rights, ethics and sustainable procurement thus providing a comprehensive picture of a company's sustainability performance.

In environmental matters, the company ranked among the top six per cent of rated companies in the same industry with a score of 80/100. Over the last year, the company has worked rigorously to improve its performance based on the results of the first Ecovadis assessment completed the year prior.

"Our whole organisation is committed to improving our sustainability performance and this result demonstrates the great work done by our people during the past year. It is also delightful to notice our clients are increasingly interested in our overall sustainability performance", says Operations & Environmental Director Kirsi Ylärinne.

WE SUPPORT



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



Our sustainability work in 2023

Our sustainability work developed in many fronts. We conducted a double materiality analysis as a part of preparations for new EU regulation regarding sustainability reporting and improved our Ecovadis score to Gold. Our long-standing work for occupational safety bears fruit, as statistics improved significantly.

As a shipping company currently operating over 40 vessels, we recognise that the most important area for us is emissions to the air and sea. Consequently, our most important commitments are 50% lower carbon intensity per ton-mile by 2030 and net zero CO₂ emission operations by 2040. To further reinforce our commitment to emission reductions, we have committed to the Science-Based Targets initiative that will set science-based emission reduction targets in line with the Paris agreement and 1.5C directory.

As a sign of positive development in sustainability matters, ESL Shipping improved its score in the Ecovadis assessment and achieved a gold medal rating in 2023. Since Ecovadis is a broad sustainability assessment considering a wide range of topics related to the environment, human rights, ethics and sustainable procurement, it provides a comprehensive view of a company's sustainability performance.

While we continued to develop different initiatives to advance sustainability across the organisation, 2023 was also a year of learning and preparation, as we prepared for the upcoming EU Corporate Sustainability Reporting Directive (CSRD). As a part of preparations, we mapped our current sustainability data against the reporting requirements, conducted stakeholder surveys and prepared a double materiality analysis and began the process to build a greenhouse gas inventory in line with GHG Protocol requirements.

In the autumn, ESL Shipping unveiled a Vessel Portal designed exclusively for the crews of our vessels. This innovative portal utilises the same advanced platform and data that is accessible to our clients in the Customer Portal. The new portal provides crew with the ability to access comprehensive statistics and data pertaining to the performance of their vessels.

Focus on diversity and inclusion

While reducing our environmental footprint remains one of the most significant areas of our ESG work, we are equally committed to improving the experience for people in our value chain. This includes taking care of our

employee's wellbeing and safety as well as maintaining and improving customer experience.

The new Aspo Group Diversity, Equity and Inclusion Policy was launched in November 2023. The purpose of the policy is to communicate to all our stakeholders, including employees, customers, suppliers, shareholders, and the communities we serve, our commitment to promoting and upholding equity, diversity and inclusion throughout all our business activities.

In the autumn, our mobile intranet solution for our seafarers was successfully expanded to cover the seafarers working onboard the vessels owned by AtoB@C Shipping. The mobile intranet makes it possible for them to access important information such as company news, announcements and HR information through an easy to use mobile interface. The reception from the crew has been overwhelmingly positive.

Strong focus on safety

In 2023, the importance of safety and security of shipping was emphasised due to significant changes both internally and externally on a global scale. ESL Shipping's cargo portfolio was expanded to new cargo types such as project and timber cargoes, bringing new challenges related to our crew's occupational safety. Sailing areas expanded more to the Mediterranean and global trade and as a result the company prepared and adapted for the new security issues that may be faced outside of the Baltic Sea.

In April 2023, ESL Shipping joined the international Maritime Anti-Corruption Network to support the fight against corruption and bribery. With the membership in MACN, ESL Shipping joined over 180 shipping companies and other institutions to fight against corruption, which is unfortunately still a reality in certain countries.

During 2023, the company improved the risk assessment process as ships began holding monthly occupational safety meetings with the whole crew. Furthermore, management started doing safety walks onboard vessels.

Our roadmap towards fossil-free shipping

1

Best possible ship design & technology

A critical part of the green transition is access to the best available ship design and power train capable of shifting to drop-in fossil-free fuels when they are available. Prime examples of this approach are the twelve 5,350 dwt plug-in hybrid coasters equipped with battery packs and shore power connection (see pages 17-18) as well as the world's first LNG-powered bulk carriers Viikki and Haaga. Both reduce CO₂ emissions by almost 50% compared to previous vessel generations.

2

Industrial scale availability of renewable fuels

We are working with various partners to build industrial scale availability of renewable fuels in partnership with leading Scandinavian suppliers. For example, we have an agreement with Finnish fuel supplier Neste for the supply of new co-processed marine fuel oil, which enables up to an 80% reduction in lifecycle carbon dioxide emissions (see page 15). The company is involved in the BotniaLink H2 project as the first customer-side stakeholder. The project aims to establish an e-fuel hub in Luleå to produce hydrogen-based marine fuels.

3

Cooperation with customers

An integral part of the roadmap are customers who share a common future vision and interest in low emission shipping. Over time we have worked with many like-minded companies such as SSAB to introduce LNG-powered Viikki and Haaga, which have almost halved emissions between Luleå, Oxelösund and Raahé. Furthermore, SSAB and the Port of Oxelösund have played a pivotal role in the launch of Virtual Arrival, which has enabled a 24% reduction in CO₂ emissions in applied voyages between Luleå and Oxelösund (see page 15).





ENVIRONMENT

204 795
tons CO₂
(scope 1)
-5.9%

14.74
gCO₂ per ton-mile
+7.8%

43.5
cargo hold wash
water to shore
+367.7%

Improvements on many fronts

During the reporting year, we committed to set science-based emission reduction targets and successfully significantly increased the amount of wastewater delivered ashore. Cooperation with ports and other stakeholders has been crucial in improving the statistics further.

At the end of 2023, the company's fleet consisted of 43 vessels of which one was chartered out most of the reporting year. CO₂ emissions and fuel use measured in megawatt hours decreased 5.9% and 7.1% respectively, but CO₂ emissions per ton-mile increased by 7.8% mainly due to increased transport distances.

As virtually all of our annual carbon dioxide emissions derive from vessel operations, utmost attention is paid to optimising the operation of vessels. Our ship operators work closely with vessels to discuss the most optimal speed for each passage and to optimise the amount of cargo loaded onboard. Vessel Portal, launched in the fourth quarter, provides the crew with data for their operational performance and assists in supporting the integration of sustainability into daily decision-making onboard. Read more about Vessel Portal on page 13.

Further reinforcing our commitment towards emission reductions, we committed to the Science-Based Targets initiative and will set science-based emission reduction targets in line with the Paris agreement and 1.5°C directory. ESL Shipping has the ISO 14001 certified Environmental Management System, which was renewed and extended to cover AtoB@C Shipping's operations and the Ystad office in 2023. In 2024, the target is to extend the ISO 14001 certification to cover the warehouse and office in Raahé, Finland. In addition, the group holds Ecovadis Gold rating from its sustainability work (see page 10).

Growth in a ship's underwater hull is a factor that can significantly increase a vessel's fuel consumption. No harmful antifouling or TBT-based paint has been used on our owned vessels for years and instead, divers clean vessel hulls frequently. In 2023, 47 hull cleanings were performed in total. To further help determine the correct timing for hull cleaning, we have acquired an underwater drone for use at our Raahé depot. With the drone, the vessel's crew and our maintenance staff ashore can easily assess the condition of the hull growth.

Waste management

Waste management onboard follows international and national regulations. Each vessel has a garbage management plan, which describes how different types of waste are handled onboard. All waste generated

onboard is sorted and delivered to reception facilities ashore. As our vessels mainly trade in contract traffic, crews have good knowledge about the ports and the recycling facilities available. Garbage statistics are collected from vessels monthly for further analysis. The aim is to reduce the amount of waste generated onboard and to minimise the amount of mixed waste produced.

Each office and the Raahé warehouse have their own instructions for recycling and garbage handling. All our offices are in rented premises, where the landlord is responsible for arranging recycling facilities for the building. In the Raahé warehouse, we have a direct contract with a waste collection and recycling provider.

In 2023, 60% of the waste generated onboard was domestic waste (general waste, glass, metal, paper and cardboard) with plastics and operational wastes both accounting for around 15% of the total waste.

Wastewater management

In addition to ballast water, there are several other waters that are handled onboard. Oily bilge and sludge waters are always discharged ashore. When it comes to grey and black water, present international regulations allow cargo vessels to discharge both treated and untreated water to the sea depending on the vessel's certification.

Grey water, which means water from showers and taps is partly discharged ashore and partly overboard depending on the arrangements onboard a vessel and the reception facilities at ports. On most of the vessels, grey water goes through a sewage treatment unit, but on some older vessels, grey water is discharged directly to the sea via the holding tank. Black water, which is sewage from toilets is either discharged to the shore or discharged to the sea after going through a sewage treatment system.

In 2023, ESL Shipping's vessels delivered 30.1% of the black water and 13.2% of the grey water to shore reception facilities. While we aim to significantly increase the amount of wastewater delivered ashore and eventually discharge all wastewater ashore, we also acknowledge the challenge that many older vessels face with not having separate tanks to store black and grey waters

or with limited tank capacity for wastewater. Another challenge is that many ports do not have established reception facilities or practices for receiving wastewater.

Washing water from cargo holds

Generally, cargo hold washing water containing non-harmful cargo residues can be discharged to the sea whereas hold-washing water containing harmful cargo residues must always be discharged to shore reception facilities. In a special area, such as the Baltic Sea, discharge to the sea is only permitted if both ports in a voyage are in the special area and there are no adequate reception facilities and the residues are non-harmful to the marine environment.

Our target is to discharge 50% of cargo hold wash water to shore by 2025 and achieve 100% by 2030 on all vessels we operate regardless of the ownership status. In 2023, the development was positive and vessels returned around 43.5% of wash waters to shore compared to 9.3% in 2022. The increase was driven by a more proactive approach from operators, increasing the understanding and awareness onboard of the importance of the issue as well as improved data collection. As with the grey and black water, the challenge is that many ports do not have established reception facilities or practices for receiving washing water.

Our 12 new Electramar-class newbuildings as well as 25,000 dwt vessels Viikki and Haaga are equipped with a dedicated collection tank for hold washing water eliminating the need to pump wash water overboard.

Ballast water management

Ballast water is essential for all types of vessels to ensure the stability and correct trim of the vessel. All our owned vessels are equipped with ballast water treatment systems (BWTS) according to the latest regulation. Some of the vessels have the United States Coast Guard – approved system enabling them to sail to and from the United States. The aim of the BWTS is to prevent foreign organisms from transferring into other sea areas in the vessel's ballast water tanks. The last BWTS installations were completed in 2022. In addition, all our vessels have approved ballast water exchange plans.

Oil spills

In 2023, two (2022: 3) minor oil spills from vessels were reported and one spill from a shore crane. As a result of these incidents onboard, about 10 litres of oil or oily water was released into the environment. These were handled according to protocol and resulted in no further consequences from the authorities.

Digital solutions improve efficiency and reduce emissions

ESL Shipping is at the forefront of developing digital solutions striving towards more sustainable shipping. Over the last several years, the company has collected comprehensive emission and operational data from its vessel operations which has been used across the company in different reporting applications.

In 2023, the most significant business intelligence project has been the new fleet scheduling optimiser software. This was developed together with Finnish software development company Siili Solutions. The first version of the software, which is due to enter the testing phase in early 2024 is aimed to help chartering and operations departments find the most optimal schedule for each vessel and identify opportunities to easily optimise the schedule based on different objectives such as the lowest environmental footprint.

Development of the Customer Portal has continued throughout 2023 with the addition of a tool to estimate the impact of using renewable fuels as a part of the fuel mix. This has provided clients with transparent data on the emissions of their shipments which has been even more important now that shipping was included in the EU Emission Trading System as of the beginning of January 2024.

Vessel portal enhances decision-making onboard

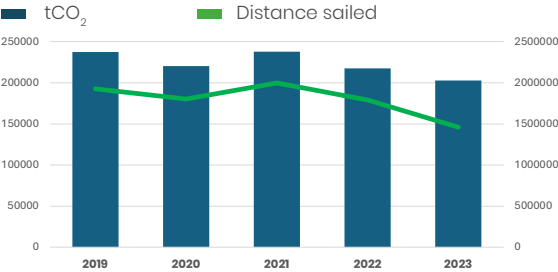
In the autumn, ESL Shipping unveiled the Vessel Portal designed exclusively for the crews of our vessels. This innovative portal utilises the same advanced platform and data that is accessible to our clients in the Customer Portal. The introduction of this portal marks a significant milestone in our ongoing commitment to seamlessly integrate sustainability into daily operations and decision-making processes both onboard and ashore.

"Equipping our Captains and crew members with the necessary tools to comprehend the significance of their decisions made onboard is of utmost importance to us. By doing so, we empower them to make informed choices that align with our sustainability objectives and contribute to the greater success of our operations", says Operations & Environmental Director Kirsi Ylärinne.

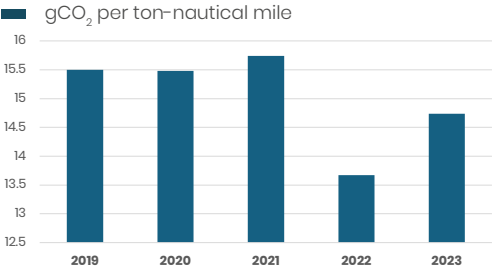
Until now, the officers onboard our vessels have provided us with significant amounts of information, yet they have received little in return. With the implementation of this portal, our dedicated crews can now access comprehensive statistics and data pertaining to the performance of their vessels. Moreover, they can compare their performance with that of sister vessels, allowing for meaningful benchmarking.



Scope 1 emissions



CO₂ efficiency



Virtual arrival reduces emissions by 24%

Virtual Arrival has changed the traditional way of working and provides an opportunity to reduce emissions.

The basic idea of Virtual Arrival is to reduce a vessel's speed to meet revised arrival time if it is known that the berth will not be free on arrival. Regardless of the actual arrival time, the vessel still retains its place in the line-up based on the arrival time in normal service speed.

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

Virtual Arrival has been applied in the traffic between Luleå and Oxelösund together with SSAB and Port of

Oxelösund since 2021 with astonishing results: CO₂ emissions were reduced on average by 24 percent, which is the equivalent to around 4.3 million kilometres with a petrol car.

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

Positive experiences have also contributed to the international attention given to the concept. Finnish traffic management company Fintraffic has chosen Virtual Arrival as one of its key projects in 2023. The concept was also one of the initiatives in the Green Shipping Challenge that was launched in the UN Climate Change Conference (COP27) in Egypt.

Renewable marine fuel available across the fleet

The ISCC PLUS certified marine fuel enables up to 80 percent reduced greenhouse gas emissions over the life cycle compared to fossil fuels.

From mid-2022, our customers have had the possibility to reduce the emissions of their sea transports by opting to use Neste Marine 0.1 Co-processed marine fuel. The fuel is produced at Neste's refinery in Porvoo, Finland, where part of the fossil raw materials have been replaced with renewable raw materials in the conventional refining process.

The drop-in fuel can be taken into use without any fleet modifications as it has a similar composition to conventional bunker fuels. The ISCC PLUS certified marine fuel enables up to 80 percent reduced greenhouse gas emissions over the life cycle compared to fossil fuels and zero tank to wake emissions.

"The co-processed marine fuel is something we have been waiting for a long time. ESL Shipping is committed

to leading the way in reducing greenhouse gas emissions of the maritime industry and we are now fortunate to be able to use this low-emission alternative without having to do any fleet modifications. We believe this is the right thing to do and I am convinced that here in the Nordics we are well-positioned to show the way for the global maritime industry," says Mikki Koskinen, Managing Director of ESL Shipping.

As the lifespan of a vessel can extend from 25-30 years, most of the existing vessels will sail in the company's fleet for many years to come. Neste co-processed marine fuel provides a cost-effective way to extend the lifespan of our fleet and provides our clients a convenient way to reduce the emissions of their shipments regardless of the vessel type.



Next generation plug-in hybrid Electramar has joined the fleet

AtoB@C Shipping took delivery of Electramar, the first vessel in the series of twelve highly energy-efficient plug-in hybrid vessels on December 15.

These vessels reduce CO₂ emissions by up to 50% compared to the present generation of vessels. Shore power connectivity and a large battery installation provide superior fuel efficiency and the possibility to minimise noise and emissions while in port.

"We are proud to be at the forefront of green shipping with these innovative vessels that combine high efficiency, flexibility and sustainability. Electramar is the first of many vessels that will help us achieve our vision of being the most responsible and reliable partner for our customers and stakeholders", says Mikki Koskinen, Managing Director of ESL Shipping and Chairman of the Board of AtoB@C Shipping.

Vessels are optimised for a wide variety of bulk and breakbulk products. Thanks to the crew accommodation and the bridge at the bow, the vessels have a long

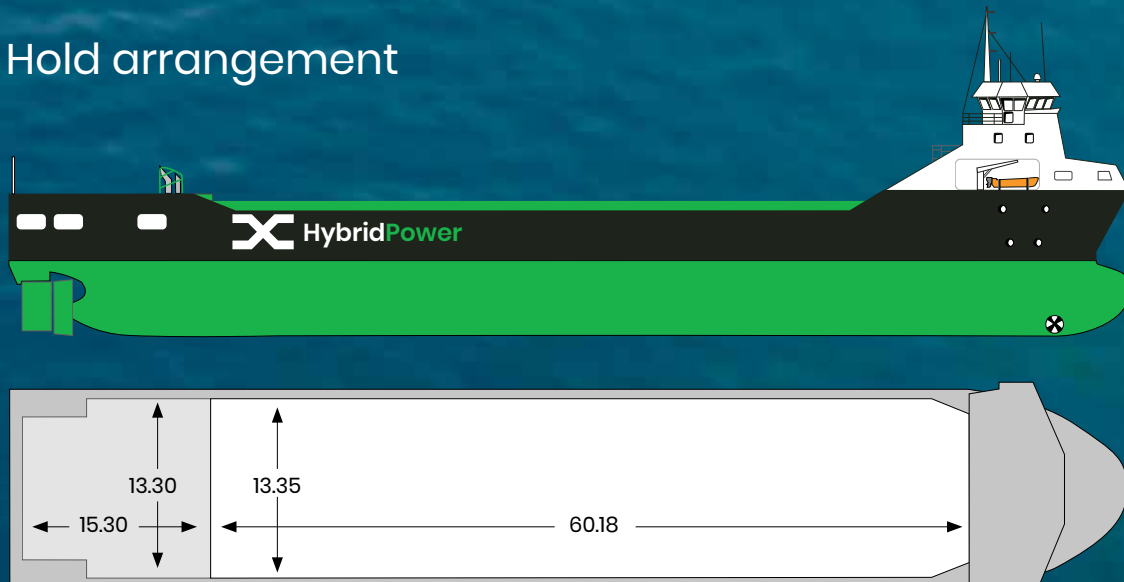
unobstructed deck, which enables loading more deck cargo and longer project cargoes than present vessels in the fleet.

"We have designed vessels that answer to the demand we foresee in our trading areas. Our customers' need for a modern and sustainable fleet is increasing day by day and we are happy to respond to this demand with these vessels", says Commercial Director Frida Rowland.

Second vessel in the series, Stellamar, was delivered to AtoB@C Shipping on April 5th, 2024. At the time of publishing, the shipyard has seven vessels under construction in different stages. The construction of the ninth vessel in the series commenced on March 27th, 2024 with the steel-cutting ceremony.



Hold arrangement



Highlights

Future-proof powertrain

The electric-hybrid powertrain can run on renewable fuels and shore power with an option for wind propulsion

20% more capacity

Special attention has been paid to the arrangement of cargo spaces resulting in significant increase in cubic capacity

50% less emissions

The CO₂ emissions per cargo unit transported will decrease by nearly 50% compared to the present generation of vessels.

Clean and quiet port calls

Vessels can arrive and leave the port in electric mode. Shore power connectivity enables emission-free and quiet port stays.

Hybrid system with 1 MWh battery pack

The battery pack can be used for the main engine peak shaving, power the propulsion and emission-free operation in port

All cargo hold wash water is collected

Vessels are able to re-use the washing water and discharge used washing water to port reception facilities.



SOCIAL

9.3

Total Recordable Incident
Rate (TRIR)

-46.6%

42

Net Promoter Score
(NPS)

-26.3%

AA+/AAA

Employee satisfaction
Shore/Sea



Concrete actions to foster team spirit

As the COVID-pandemic eased, several crew meetings were arranged in 2023 to foster the team spirit and to educate personnel on the latest developments. To the same note, our mobile intranet solution was expanded to cover the sea personnel of AtoB@C Shipping.

In 2023, employee numbers remained largely unchanged. At the end of 2023, the group had 368 employees of which 69 were working onboard AtoB@C Shipping's owned vessels and employed by the external ship management company. Out of our own employees, 16.6% were female and 83.4% male. Safety statistics developed positively, and the Total Recordable Incident rate improved from 17.4 to 9.3. More information about our safety work is available on page 23.

During 2023, we appointed our second female Master, who took command of the largest vessel in our fleet, 56,000 dwt Arkadia in the spring. There is an ongoing generational shift as many long serving employees have and will retire in the coming years, combined with a huge global demand for a competent crew. On the positive side, this provides us with the opportunity to promote younger and hard-working personnel into new positions and ranks within the fleet.

As employee health and safety remains the responsibility of the employer even during remote work, employees can request stand up desks, work chairs and extra screens which are loaned to the employee by the company. Regardless of the transition to more flexible working arrangements, employee satisfaction in the group level

has remained high reaching AA-level (AA in 2022). Among our seafarers, satisfaction was even higher, reaching AAA-level (AA+ in 2022). Benchmarks are defined individually for each department according to the country and personnel group structure of the respondents in the unit.

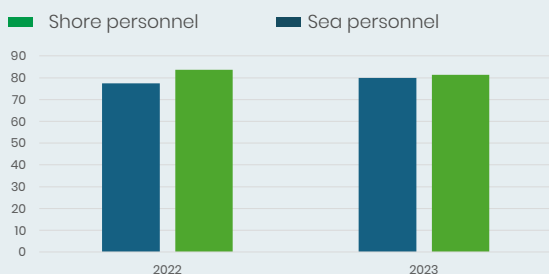
The new Aspo Group Diversity, Equity and Inclusion Policy was launched in November 2023. The purpose of the policy is to communicate to all our stakeholders, including employees, customers, suppliers, shareholders, and the communities we serve, our commitment to promoting and upholding equity, diversity and inclusion throughout all our business activities.

In the autumn, our mobile intranet solution for our seafarers was successfully expanded to cover the seafarers working onboard the vessels owned by AtoB@C Shipping. The mobile intranet makes it possible for them to access important information such as company news, announcements and HR information through an easy to use mobile interface. The reception from the crew has been overwhelmingly positive.

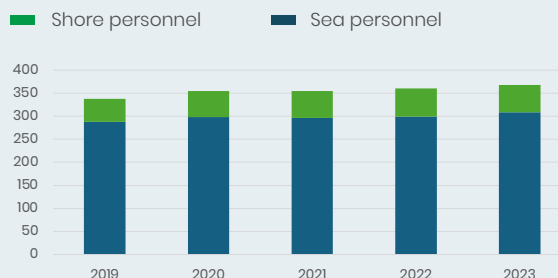
Training for seafarers

After the pandemic, yearly crew meetings have resumed with an aim to build the company culture and provide

Employee satisfaction score



Personnel



sea and shore personnel a forum to meet and discuss current subjects and share information. In 2023, crew meetings were held in Helsinki, Finland; Tallinn, Estonia and Laguna, The Philippines. In addition, a separate training for project and timber cargoes was arranged for officers in Helsinki, Finland.

In addition to mandatory courses to maintain required certificates, our aim is to provide our seafarers additional training that supports their ongoing professional development, such as Deep Lead leadership training, Polar Code and IGF-trainings. Furthermore, we have provided our personnel training on environmental matters and a monthly email update showing the latest emission statistics.

ESL Shipping's vessels are an important part of the national education system providing opportunities for mandatory training for future seafarers. In 2023, 69 (63 in 2022) students were onboard ESL Shipping's Finnish-flagged vessels for mandatory training. On average, each student spent 37 (44) days onboard.

Human rights

The Group is committed to respecting internationally accepted human rights as defined in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Our Code of Conduct defines a common set of rules for the Group's entire personnel. We reject any discrimination based on education, competence, position, personality, way of life, work experience, ethnic origin, religion, gender, sexual orientation, age, nationality, abilities or other qualities.

ESL Shipping and its subsidiaries treat its employees in a just and equal manner in all countries where it operates. The applicable local legislation, collective bargaining agreements and regulations are complied with in all contracts of employment. These concern, among other things, working hours, remuneration, development opportunities, human rights and working conditions. We aim to improve the personnel's engagement and wellbeing at work by promoting employees' professional development at all organisational levels and by building an encouraging atmosphere and safe workspace.

Overtime and non-standard working hours

Although our office staff generally works within normal office hours, there is a need for duty personnel in

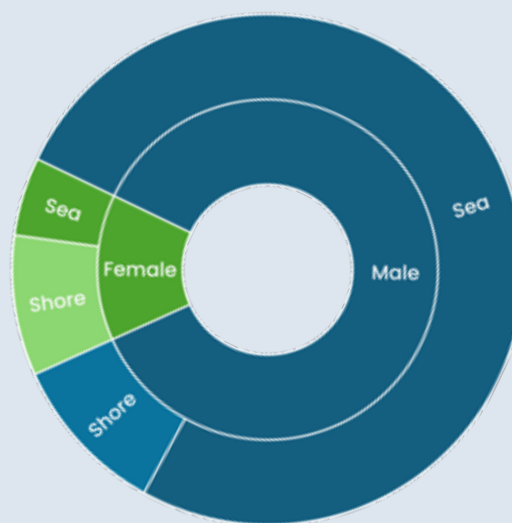
certain functions. Unless otherwise agreed upon, we follow statutory regulations from collective agreements (Finland) or the Working Time Act (Finland, Sweden) when compensating for such hours either financially or via corresponding leave.

In positions where there is a foreseeable and consistent need for regular overtime or standby and if neither the law nor the collective agreement prohibits it, an agreement may be reached between the company and the employee for a fixed monthly compensation.

Performance-Based Bonus Scheme for employees

The annual performance bonus fluctuates based on several factors: the bonus allocation determined by the company board (typically assessed per fiscal year), the position-specific bonus, the length of employment and the attainment of personal performance objectives (if established). In Finland alone, there is an option for personnel funding of individual bonuses, with a limit of 0.5 times the monthly salary.

Gender breakdown



Collective bargaining agreements and employee representation

ESL Shipping has employees in both Finland and Sweden. In the Finnish system, collective bargaining agreements are usually negotiated between the employer and employee unions rather than by a company itself. Our parent company Aspo Plc is a member of the Technology Industry Employers of Finland, which negotiates collective bargaining agreements for shore staff with relevant trade unions.

In Finland, the shore staff has not formally organised itself or elected a representative as stipulated by the Employment Contracts Act or related collective agreements. Although employee organisation is not compulsory, the company follows the terms of the universally binding collective agreements, specifically those concerning the Technology Industry's salaried and senior salaried employees.

In Sweden, the shore staff is covered by the national legislation and individual contracts of employment since the company is not subject to any collective or industry-specific agreements imposed by local labour market entities. Nonetheless, we align with legal requirements concerning matters such as primary employment terms and employee representation and organising workplace cooperation. The company has a systematic work environment management plan, which details the plan to

maintain and provide a safe working environment for all employees.

Collective bargaining agreements and employee representation at sea

All vessels owned by ESL Shipping are flying the Finnish flag and consequently Finnish legislation and collective bargaining agreements apply to all employees working onboard. ESL Shipping is a member of the Finnish Shipowners' Association, which negotiates collective bargaining agreements with the trade unions representing seafarers. The unions negotiate collective bargaining agreements for both Finnish and non-EU seafarers. All three unions have appointed employee representatives.

All AtoB@C Shipping's owned and time-chartered vessels are covered by valid ITF agreements. Our long-term partner GoTa Ship Management is the employer of the seafarers working onboard our owned vessels.

When taking a vessel into time-charter, we ensure that the working conditions and contracts of employment follow international regulations including remuneration.

What is an ITF agreement?

The agreements with the International Transport Workers' Federation are signed by an ITF maritime affiliate union and shipping company, either the beneficial owner, the operator, the manning agent, or the manager of the ship. ITF agreements ensure safe vessels and decent working conditions for seafarers.

The signatory union is normally from the country where the beneficial shipping company of the ship is based. Often, the union(s) of the crew's home nation(s) also takes part in the negotiations. This is to ensure that the agreement considers any relevant national laws and customs and ensures that the seafarers are able to become members of their national union.

Positive development in safety indicators

In 2023, there was a positive trend of workplace safety indicators compared to 2022. The total recordable injury rate decreased and the safety reporting activity increased. As employee safety and wellbeing is paramount to us, the strong focus on the improvement of safety indicators will continue into 2024.

A good safety attitude, active identification of hazards and effective mitigation of the identified risks are the cornerstones to a comprehensive safety culture. Seafarers are encouraged to report potential safety hazards and to send proposals that improve onboard safety. In 2023, the number of improvement suggestions from ships increased by 56% compared to 2022. In addition to receiving proposals, it is paramount to take action. Our reporting system supports the monitoring and implementation of the proposed actions.

Safety meetings

Each ESL Shipping vessel has an occupational safety and health committee which covers the entire crew and meets once per each Master's shift. The meeting is a place to discuss safety reports, risk assessments and other aspects openly with all crew. In 2023 there were 98 safety meetings held onboard. We also hold frequent safety meetings with customers and stakeholders to foster cooperation and safety awareness among shareholders.

Leading and lagging indicators

Lagging indicators were used to measure the occurrence and frequency of worktime injuries, material damage, delays in service and events with environmental impact. Incidents were analysed to learn from them and to prevent re-occurrence.

More focus was put on leading indicators, as they are proactive and preventive measures to decipher potential problems, prevent injuries, improve productivity, optimise safety and increase worker participation. The leading indicators promoted in 2023 included frequent safety meetings onboard, safety observations and improvement proposals.

Worktime incidents

Workplace safety is closely monitored at the group level. Two key metrics followed are the Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR).

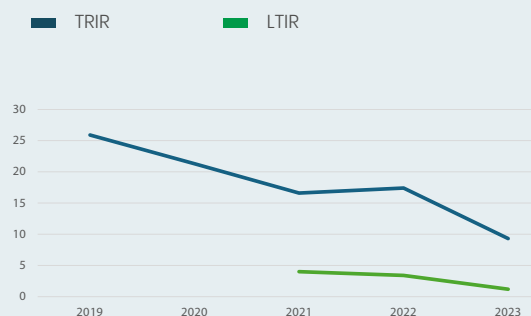
The Total Recordable Incident Rate (TRIR) in 2023 was 9.3 (17.4

in 2022) and the Lost Time Incident Rate (LTIR) 1.2 (3.5). No severe injuries were recorded in 2023. One incident required sick leave whereas the rest required first aid or medical care. Three minor eye injuries were reported during the year.

As preventive measures, the personal protective equipment (PPE) catalogue was revised to ensure appropriate protection gear for everyone, the familiarisation of new personnel was updated and the importance of eye protection was discussed at safety meetings onboard. ESL Shipping continues to focus on the development of preventive actions to decrease the risks and minimise the consequences of any incidents or accidents.

ESL Shipping's alcohol and drug policy is enforced through random testing and focused on testing of suspected breaches. Substance abuse is also controlled by unannounced control tests. During 2023, ESL Shipping discovered four incidents (four incidents in 2022) where the shipping company's substance abuse policy was violated. These incidents did not endanger maritime safety and the company handled these violations by taking appropriate measures as required by the company's safety policy and collective agreements.

Incidents



Focus areas of safety in 2024

In 2024, the key focus of safety is on proactive measures to continuously promote the development of safety culture. Leading indicators of this commitment include practices such as management of change, safety walks and structured safety procedures.

Management of change process is emphasised as we expand our cargo portfolio within the handy fleet. This proactive approach is crucial for ensuring the safety of our crew, ships and the overall quality of our services. Prior to loading new cargo types, accurate risk assessments are conducted, allowing us to identify and mitigate potential hazards efficiently. Additionally, we prioritise communication among all parties involved in the process to manage changes and uphold high safety standards across our operations.

Safety walks was initiated in 2023 and will be fully implemented throughout 2024. This involves the management team actively participating in onboard safety walks to bolster the understanding of safe working practices throughout the organisation.

The development of structured safety procedures will continue in 2024. Safety reports, risk assessments, inspections, safety meetings and master's reviews will be documented and accessible to involved parties in advanced electronic system, IRIS. This platform facilitates the monitoring of action implementation, ensuring transparency and efficiency in our safety protocols.

Compliant with international regulations

ESL Shipping and all of its vessels are certified in accordance with the requirements of the International Maritime Organisation's International Safety Management (ISM) code which provides an international standard for the safe management and operation of ships and for pollution prevention.

ESL Shipping holds the Document of Compliance (DoC) from DNV issued under the authority of the Government of Finland, covering the vessels owned and managed by ESL Shipping. The vessels hold the Safety Management Certificate (SMC). The DoC

is verified annually and the SMC every two and half years. The documents indicate compliance with the provisions of the International Safety Management (ISM) Code (Chapter IX of International Convention of the Safety of Life at Sea (SOLAS) 1974).

Vessels owned by ESL Shipping's subsidiary AtoB@C Shipping sail under the Cyprus flag and are managed by our long-term partner GoTa Ship Management, who holds a DoC from Cypriot authorities.

Regular audits are a key in our quality work

Regular vessel inspections provide tools for safety and quality improvements across the fleet. In total, we conducted 49 audits for owned and time-chartered tonnage in 2023.

The number of external inspections by our clients has increased in the past year as customer requirements for the vessels carrying their cargoes have become more stringent. In order to improve the quality and safety performance, safety and quality resources are shared between ESL Shipping and AtoB@C Shipping. This approach has enhanced the performance on external inspections (vettings) as well as in fleetwide Port State Control (PSC) statistics.

Regular vessel audits

We have a target to visit the vessels of our tonnage providers on yearly basis for a quality inspection. Prior to these visits, a comprehensive review is conducted, encompassing existing statistics such as PSC reports, previous inspection reports, and past corrective and/or preventive actions. To ensure a focused discussion onboard, vessel operators are contacted for insights.

During the inspection, we utilise the Responsible Shipping Initiative (RSI) checklist, aligning with our customer SSAB, who employs the same checklist in their random inspections. Post-inspection, findings are discussed with the crew and a concluding safety meeting is conducted with the available crew. All inspection findings are logged in our reporting system and results are shared and discussed with vessel managers including the corrective action plan for deficiencies noted during the inspections. This not only aligns with our safety, quality and environmental targets but also emphasises the importance of safe practices and accident prevention.

Our owned vessels are also visited at least annually for internal audits and most of them for pre-inspections preparing them for vettings as well. In addition, DPA participates in external audits and inspections onboard or online. These inspections include for example MLC, ISM and ISPS inspections by classification societies and authorities.

In 2023, we carried out 25 internal audits/inspections for ESL Shipping's fleet and 24 audits for time-chartered ton-

nage. Our owned vessels had 24 external audits including 6 vettings by Rightship and 17 Port State Control inspections.

All the remarks and deficiencies from inspections are documented in the reporting system IRIS, where corrective and preventive actions are recorded for future evidence. All external vettings and audits for ESL Shipping-managed vessels concluded without any major findings.

We monitor the performance of the time-chartered vessels in Port State Control inspections in order to compare different shipowners and better focus our inspections and efforts to the owners and vessels where performance can be improved.

Industry benchmarking with DryBMS standard

One of the initiatives to improve safety culture and vessel performance has been benchmarking ESL Shipping's safety, security and environmental management system against the industry best practices.

The Dry Bulk Management System (DryBMS) sets out 30 areas of management practice within four sections: Performance, People, Plant and Processes. Companies that improve in these four sections will deliver more safe, compliant and reliable operations, gaining a sustainable advantage over their competitors.

The latest review through 30 different modules of DryBMS was carried out in December 2023 and a target level for 2024 was set. As a general finding, we are on a good level when it comes to safety culture and environmental measures, but there is still room for improvement in the management of change and critical equipment. Despite advancements since 2022, our systems remain somewhat fragmented, necessitating the integration of manuals and procedures for more streamlined management.



Client satisfaction remained in good level

Client satisfaction of ESL Shipping and AtoB@C Shipping remained on a good level despite the slight decrease in the net promoter score which reached 42 (57 in 2022). Over one third of respondents felt that the cooperation had improved from the previous year.

Most of the positive comments were related to a high level of professionalism and the service attitude of both operations and chartering. We were also pleased that over half of the

respondents rated us in a higher level in environmental matters compared to our competitors.

"Gathering feedback from our customers is crucial for enhancing our service and overall customer experience. Our goal is to achieve exceptional service standards and throughout 2024, we are committed to elevating the customer journey with state-of-the-art vessels and advanced digital resources", says Commercial Director Frida Rowland.





Outokumpu and AtoB@C Shipping collaborate for significant emission reductions

Reliable and sustainable sea transports are crucial for connecting Outokumpu's facilities in the Europe.

Having frequent and reliable connections to Europe is extremely important for Outokumpu, the global leader in sustainable stainless steel. The company's steel mill in Tornio, Finland, is located at the northernmost point of the Bay of Bothnia, where the ice cover can last half a year even in average winters. Therefore, they need a partner with ice-classed vessels and the knowledge of how to operate sustainably around the year in the ever-changing conditions in the Baltic Sea.

"Sea transport plays a crucial role in transporting our raw materials to our mills. In return, we are using the same vessels for our export of semi-finished goods and finished products. Without sea transport, we would not be able to connect our mill in Tornio with the production locations in Terneuzen, The Netherlands and our German plants in Krefeld and Dillenburg", explains Ronald van Dodewaard, Vice President of Logistics Europe at Outokumpu.

Sustainability is a core value for both companies and they share ambitious emission reduction targets for 2030. Outokumpu has set a science-based target to reduce emission intensity from direct, indirect and supply chain by 42% by 2030 from a 2016 base year, and when looking for a partner for their sea transport, the ability to reduce carbon emissions from shortsea shipping was an important consideration.

"We are delighted to continue our cooperation with Outokumpu and develop more sustainable shipping practices together. Outokumpu shares our vision that accelerating the green transition in the supply chain requires collaboration and commitment", says Commercial Director Frida Rowland from AtoB@C Shipping & ESL Shipping.

New vessels reduce emissions

AtoB@C Shipping's new energy-efficient Green Coaster –hybrid vessels will play a key role in reducing emissions.

New plug-in hybrid vessels are equipped with the latest technology, and together with improved efficiency in Outokumpu's supply chain they are estimated to reduce voyage emissions by 40% per transported cargo ton compared to the present vessel generation.

"Using Green Coaster vessels will be a competitive advantage, setting Outokumpu apart in the market as a leader in green transition in the stainless steel industry. This can be particularly important for our customers where concrete climate actions are increasingly influencing their purchasing decisions", says van Dodewaard.

To further rationalise the shipping operations, the aim is to use Virtual Arrival whenever possible. On average, Virtual Arrival has reduced voyage emissions in AtoB@C Shipping's traffic by 10% in the voyages it has been applied for.

Real-time data guides decision-making

In addition to investing heavily in new vessels with the latest technology, ESL Shipping has developed a Customer Portal, which provides real-time emission and voyage data for customers.

According to Sandelin, the requirements from the clients are increasing all the time, and it is therefore crucial to be able to provide real-time emission data and to explain, what the carbon footprint consists of.

"Having real-time emission data from a partner shipping company supports us in assessing our climate impact and developing our work further to reach the ambitious climate target: what you can measure you can manage and improve", concludes van Dodewaard.

REYMAR

GOVERNANCE

Gold

Ecovadis score

Silver

100%

Code of conduct training
completion rate

100%

100%

Compliance training
completion rate

100%

Governance

Ensuring sound governance practices at all levels is a key part of sustainability at ESL Shipping. Our Code of Conduct defines a common set of rules for sustainable business.

ESL Shipping's highest decision-making authority lies with the Board of Directors. Chaired by the CEO of Aspo Group, the members are external to the company and support operative business management. At the beginning of 2023, Mikko Niini's term at the Board of Directors concluded but otherwise the composition of the Board has remained unchanged. At the end of 2023, ESL Shipping's management team consisted of seven members, which are presented on page 4.

During 2023, there were some changes in the responsibilities and composition of the management. Business Development Director Frida Rowland was appointed as the new Commercial Director. In August, Timo Pohjakallio started in a new role as Development Director.

The organisational model of the Group was updated by reinforcing the role of business units Handies (ESL Shipping vessels) and Coasters (AtoB@C Shipping vessels) to prepare the Group for the upcoming growth opportunities and secure sufficient focus on core businesses. Business units oversee setting and executing the strategic priorities for businesses. Frida Rowland was appointed as the Head of Business Unit Coasters and Timo Pohjakallio as the Head of Business Unit Handies.

The Managing Director leads the sustainability work of the Group following the Group's ESG Policy and Aspo Group's Sustainability Policy. The Management team of the Group has shared the specific areas of responsibility in ESG matters between Kirsi Ylärinne (environment), Mikko Rausti (social) and Petter Ruda (governance).

Cooperation with stakeholders

ESL Shipping actively participates in industrial cooperation. Managing Director Mikki Koskinen was appointed as Vice President of the European Community Shipowners' Association in December 2023 for a two-year term 2024-2025. According to the established practice, the Vice-President is elected as President after the two-year term as Vice-President.

In addition, Koskinen is a Member of the Board at the International Chamber of Shipping, the global voice

of the shipping industry and was the Chairman of the Board of the Finnish Shipowners' Association for two years until late 2023. He continues in the association as a Member of the Board. Commercial Director Frida Rowland is a Member of the Board of the Swedish Shipowners' Association.

Compliance at ESL Shipping

Compliance means the observance of requirements, laws, rules and regulations. At ESL Shipping Group, compliance also means ensuring that we act by requirements that are derived from laws and regulations, our compliance manual and internal guidelines, the parent company Aspo's Code of Conduct and the UN Global Compact principles. The company's compliance is the responsibility of the CFO.

Knowing the counterparties we work with is an essential part of our compliance work. ESL Shipping checks possible sanction risks as well as the solvency of all counterparties with modern and efficient tools. No business is allowed to be conducted before sanction risks are checked and evaluated thoroughly. In addition, the Group closely monitors the sanction risks of current counterparties as the sanction schemes evolve constantly and new sanction risks may suddenly emerge.

Our compliance manual sets clear guidelines regarding the monetary acceptance limits of individual employees and management team members. Furthermore, all financial transactions require the approval of two individuals.

All ESL Shipping Group companies have a whistleblowing channel, which is accessible on the websites of all group companies. The system is managed by an external company which ensures full anonymity for a person who wishes to report behaviour or actions that contravenes ESL Shipping's values, Code of Conduct or our compliance requirements.

Anti-corruption and bribery

At ESL Shipping, we have a strict policy of zero tolerance towards bribery and corruption. Our vessels operate in international traffic and occasionally visits countries

where corruption is prevalent. However, we firmly prohibit any form of corruption and bribery through our Code of Conduct. Our comprehensive Code of Conduct training equips our personnel with the knowledge to identify and address any unethical situations or practices and how to act accordingly in those situations. In 2022, all of ESL Shipping's shore personnel successfully completed the Code of Conduct training.

We are proud members of the Maritime Anti-Corruption Network (MACN), a collective of more than 180 shipping companies and institutions dedicated to fighting corruption. Despite our vessels primarily trading in Northern Europe, we recognise that corruption remains a significant issue in certain countries where our vessels occasionally operate.

To mitigate the increased risks of corruption, bribery and security concerns during port calls to these areas, our safety department performs thorough risk assessments using various sources, including the MACN database. We provide our vessels with valuable information and clear instructions on how to effectively manage and minimise potential risks.

Furthermore, we have established a dedicated whistleblowing channel that allows our employees and stakeholders to report any violations of our policies promptly. We believe in the importance of maintaining a transparent and accountable environment for all.

Cybersecurity and IT risk management

As society becomes increasingly reliant on functioning IT systems, it is crucial to protect our critical IT systems from a wide range of threats such as spyware and malware. Our group has made significant investments in modern and efficient tools to safeguard our IT and operational technology environment.

We evaluate IT risks annually based on industry best practice templates, fully integrating them into our corporate risk management program. Our information security roadmap includes a maturity and gap assessment, as well as an investment timeline for cybersecurity matters.

We provide mandatory cybersecurity guidelines on our intranet and have incorporated them into our Safety Management System. Additionally, our staff receives training in cybersecurity matters. In the event of a breach of confidential information, we have established procedures to report these incidents to the relevant authorities following applicable laws and regulations.

To ensure that access to our systems is restricted only to authorised users, we have implemented several measures. We tightly control and monitor third-party service providers' access to our IT systems and require them to sign non-disclosure agreements. As part of our group-wide auditing plan, our IT control procedures undergo annual audits.

ESL Shipping actively participated in the national cybersecurity exercises organised by the Finnish National Emergency Supply Agency in 2022 and 2023.

Supplier management

The key tool in the prevention of corruption and bribery is the responsible management of the supply chain. To ensure appropriate operating methods, ESL Shipping has its own Supplier Code of Conduct. Compliance with the code is required from all suppliers. A significant number of the partners of ESL Shipping are major international companies, with many of these businesses having been engaged in long-term cooperation. Many of the companies also have their own stabilised processes for the responsible management of supply chains.

During 2023, new Sustainable Procurement Policy was launched in order to further emphasise our commitment to sustainable procurement of products and services throughout all our business activities.

Whistleblowing system

Our whistleblowing system is managed by an external company which ensures full anonymity for a person who wishes to report behaviour violating our compliance requirements. The link to the whistleblowing system is available on the websites of all the Group companies.

Whistleblowing provides an opportunity to report suspicions of misconduct. Individuals have an important role in raising concerns if there is suspicion of serious misconduct, that should be prevented or corrected. We do not tolerate retaliation against any person who, in good faith, reports suspected misconduct or participates in an investigation to resolve suspected misconduct.

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

Performance indicators

Reported figures are based on the calendar year 2023 or the situation on the December 31, 2023 if not stated otherwise and cover all ESL Shipping group companies.

The reporting is prepared according to Sustainability Accounting Standards Board (SASB)'s Marine Transportation Standard (version 2023-12).

Some of the metrics required in the standard, marked with (*), are not yet available due to the complex nature of the calcu-

lations and changes needed in the ERP system to deliver the required data. Our aim is to provide the missing information retrospectively in the 2024 report.

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

See www.aspo.com for more details.

FINANCIAL DATA

Metric	Unit of measure	2023	2022	2021	2020	2019
Net sales	MEUR	189.0	245.4	191.4	148.4	175
Operating profit	MEUR	17.7	38.1	26.8	7.6	14.6
Investments	MEUR	20.7	16.5	15.3	4.2	18.6
Cargo volume	Million tons	12.8	14.7	14.8	13.4	15.9

ACTIVITY DATA

Metric	Unit of measure	2023	2022	2021	2020	SASB Code
Number of shipboard employees ¹	Number	309	299	296	298	TR-MT-000.A
Total distance travelled by vessels	Nautical miles	1 459 133	1 792 533	1 996 318	1 801 326	TR-MT-000.B
Operating days ²	Days	13 071	15 383	16 649	16 049	TR-MT-000.C
Deadweight tonnage	Metric tons	443 000	425 000	473 000	465 000	TR-MT-000.D
Number of vessels in total shipping fleet	Number	43	47	51	50	TR-MT-000.E
Number of vessel port calls	Number	*	-	-	-	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity	TEU	n/a	n/a	n/a	n/a	TR-MT-000.G

GOVERNANCE

Metric	Unit of measure	2023	2022	2021	2020	SASB Code
Code of Conduct training completion rate	%	100	100	98.3	-	
Compliance training completion rate	%	100	100	98.3	-	
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	0	0	0	0	TR-MT-510a.1
Confirmed corruption incidents ¹	Number	0	0	0	0	
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	EUR	0	0	0	0	TR-MT-510a.2
Number of confirmed information security incidents ²	Number	0	1	1	0	
Ecovadis score	Number	72 / Gold	66 / Silver	-	-	

ENVIRONMENT

Metric	Unit of measure	2023	2022	2021	2020	SASB CODE
Scope 1						
Fuel consumption	Metric tons	64 147	69 373	75 698	70 359	
Fuel consumption per cargo ton	kg/ton	5.00	4.72	5.1	5.25	
Total use of fuel	MWh	761 985	820 496	898 551	838 743	
Scope 1 emissions	Metric tons CO ₂	204 795	217 539	237 621	220 122	
Scope 1 emissions	Metric tons CO ₂ e	208 505	223 254	240 577	-	TR-MT-110a.1
Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		see pages 7-12				TR-MT-110a.2
Scope 2						
Purchased energy ¹	MWh	391.15	328.4	322.1	243.4	
Market based Scope 2 emissions	Metric tons CO ₂ e	26.86	12.94	30.04	-	
Scope 1 & 2						
Total emissions in Scope 1 & 2	Metric tons CO ₂ e	208 532	223 267	240 607	-	
Total energy consumed in Scope 1 & 2	Gigajoule	2 744 554	2 954 968	3 235 943	3 020 351	TR-MT-110a.3
of which heavy fuel oil (HFO)	Percentage	0.00	0.00	0.00	0.00	TR-MT-110a.3
of which renewable	Percentage	0.05	0.06	0.01	0.03	TR-MT-110a.3
Energy efficiency						
CO ₂ efficiency (EEOI)	gCO ₂ per ton-nautical mile	14.74	13.67	15.74	15.48	
Average Energy Efficiency Design Index (EEDI) for new ships	gCO ₂ per ton-nautical mile	12.74	n/a	n/a	n/a	TR-MT-110a.4
Air quality						
NO _x	Metric tons	*	-	-	-	TR-MT-120a.1
SO _x	Metric tons	137.72	87.7	98.36	56.44	TR-MT-120a.1
SO _x emissions per ton-nautical mile	mg-SO _x per ton-nautical mile	8.58	5.52	5.93	3.97	
Particulate matter (PM10)	Metric tons	*	-	-	-	TR-MT-120a.1
Ecological impacts						
Hold washing water delivered to shore	Percentage	43.50	9.30	5	5	
Grey water delivered to shore	Percentage	13.2	n/a	n/a	n/a	
Black water delivered to shore	Percentage	30.1	n/a	n/a	n/a	
Fleet implementing ballast water						TR-MT-160a.2
exchange	Percentage	100	100	100	100	
treatment	Percentage	100	100	87.5	33.33	
Oil spills	Number	2	3	3	3	TR-MT-160a.3
Aggregate volume of spills and releases to the environment	Cubic metres	0	0	0	0	
Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	*	-	-	-	TR-MT-160a.1

SOCIAL

Metric	Unit of measure	2023	2022	2021	2020	SASB Code
Personnel						
Number of employees	Number	368	355	355	355	
Sea personnel	Number	309	299	296	298	
Shore personnel	Number	59	61	59	57	
Gender breakdown						
Female	Number	43	45	40	40	
Male	Number	325	310	315	315	
Management (male female)	Number	5 2	5 2	6 2	6 2	
Board of Directors (male female)	Number	2 1	3 1	3 1	3 1	
Average age	Number	45	44	44	45	
Retention rate ¹	Percentage	97.4	91	94	90	
Employee satisfaction ²	Number	80.6	78.9	79.8	-	
Training days ³	Number	181	241	265	168	
Employee health and safety						
Total Recordable Incident Rate (TRIR) ⁴	Rate	9.3	17.4	16.6	21.3	
Lost time incident rate (LTIR)	Rate	1.2	3.5	4	-	TR-MT-320a.1
Fatalities	Number	0	0	1	0	
Sick leave absence ratio	Percentage	1.55	1.48	-	-	
Incident and near miss reports ⁵	Number	168	130	84	86	
Number of marine casualties ⁶	Number	0	0	1 ⁸	0	TR-MT-540a.1
Classified as very serious ⁷	Percentage	0	0	100%	n/a	TR-MT-540a.1
Number of Conditions of Class or Recommendations	Number	*	-	-	-	TR-MT-540a.2
Port state control deficiencies ⁹	Number	29	19	40	27	TR-MT-540a.3
Port state control detentions ⁹	Number	0	0	0	0	TR-MT-540a.3
Client satisfaction						
Net promoter score	Number	42	57	-	-	

ACTIVITY DATA

1. Shipboard employees are those employees who work aboard the entity's vessels (including direct and contract employees) during the reporting period.
2. Operating days are calculated as the number of available days in a reporting period minus the aggregate number of days that the vessels are off-hire due to unforeseen circumstances

ENVIRONMENT

Scope 1 emission factors are based on GLEC 2.0 framework figures.

1. Includes electricity, heating and cooling. Consumption mainly measured, otherwise estimated for the whole year. The figures include Raabe depot from 2020 onwards. Tug Charlie's use of shore-side electricity increases energy consumption from 2020 onwards.

SOCIAL

1. Based on terminations of employment during the contract period based on the employee's own will, excluding pension. Figures in 2021-2019 are based on two-year averages (2021/2020, 2020/2019). Includes ESL Shipping Ltd sea personnel only.
2. People Power index has been measured from 2021 onwards and includes shore personnel only.
3. ESL Shipping sea personnel only.

4. All injuries per 1,000,000 working hours. Includes the whole personnel from 2021 onwards, older figures ESL Shipping sea personnel only.
5. Includes AtoB@C Shipping owned vessels from 2022 onwards.
6. As defined in the Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident Resolution MSC 255(84), Chapter 2, Paragraph 2.9.
7. A very serious marine casualty is defined as a marine casualty involving the total loss of the ship, a death or severe damage to the environment.
8. See Sustainability Report 2021 for more details.
9. According to ParisMoU statistics, covers vessels where ESL Shipping is the ISM Manager

GOVERNANCE

1. An incident that has been found to be a substantiated violation of the corruption-related code of conduct, company policies or law. An incident that is still under investigation during the reporting period is not regarded as a confirmed incident.
2. An incident that has been found to be a substantiated violation of the information security-related code of conduct, company policies or law. It includes unauthorized access to company networks, data and/or applications, breaches of customer privacy, etc. An incident that is still under investigation during the reporting period is not regarded as a confirmed incident.



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