

ESG

REPORT

2021



OCEAN YIELD







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# OCEAN YIELD ESG REPORT 2021

## – Introduction from the CEO



I am proud to present Ocean Yield's ESG report for 2021. We offer our stakeholders a comprehensive and transparent picture of our performance and efforts regarding crucial Environmental, Social, and Governance topics.

An essential understanding of our ESG risks, opportunities, and performance are critical to ensure the long-term value creation and success of Ocean Yield. We take these matters seriously and work to meet our stakeholder's expectations in a fast-moving and changing environment.

Ocean Yield has a diverse and young fleet consisting of 64 vessels as of year end 2021, including tankers, container vessels, dry-bulk, car carriers, gas carriers, and oil service vessels. Our investment strategy is focused on investing in

modern vessels or newbuildings to ensure a modern and energy-efficient portfolio of vessels with low emissions and a low carbon footprint.

While ocean-going transportation is the most carbon-efficient means of transport available today, global emissions will have to be reduced to minimize the effects of climate change. Ocean Yield welcomes and supports the IMO 2050 strategy to reduce the CO<sub>2</sub> emissions from the shipping sector in line with the Paris Agreement, and we will do our part to support these global efforts.

For Ocean Yield, 2021 was a year characterized by a gradual recovery from the COVID-19 pandemic with increased investment activity. Through our joint venture, we acquired our first container newbuilding fitted with a dual-fuel engine that will be able to operate on LNG and decrease the carbon footprint compared with running on conventional fuel.

For 2022, we aim to continue investing in fuel-efficient, modern vessels on long-term charter to build an even more diversified fleet and over time continue to reduce our carbon footprint.

**Andreas Røde**  
CEO

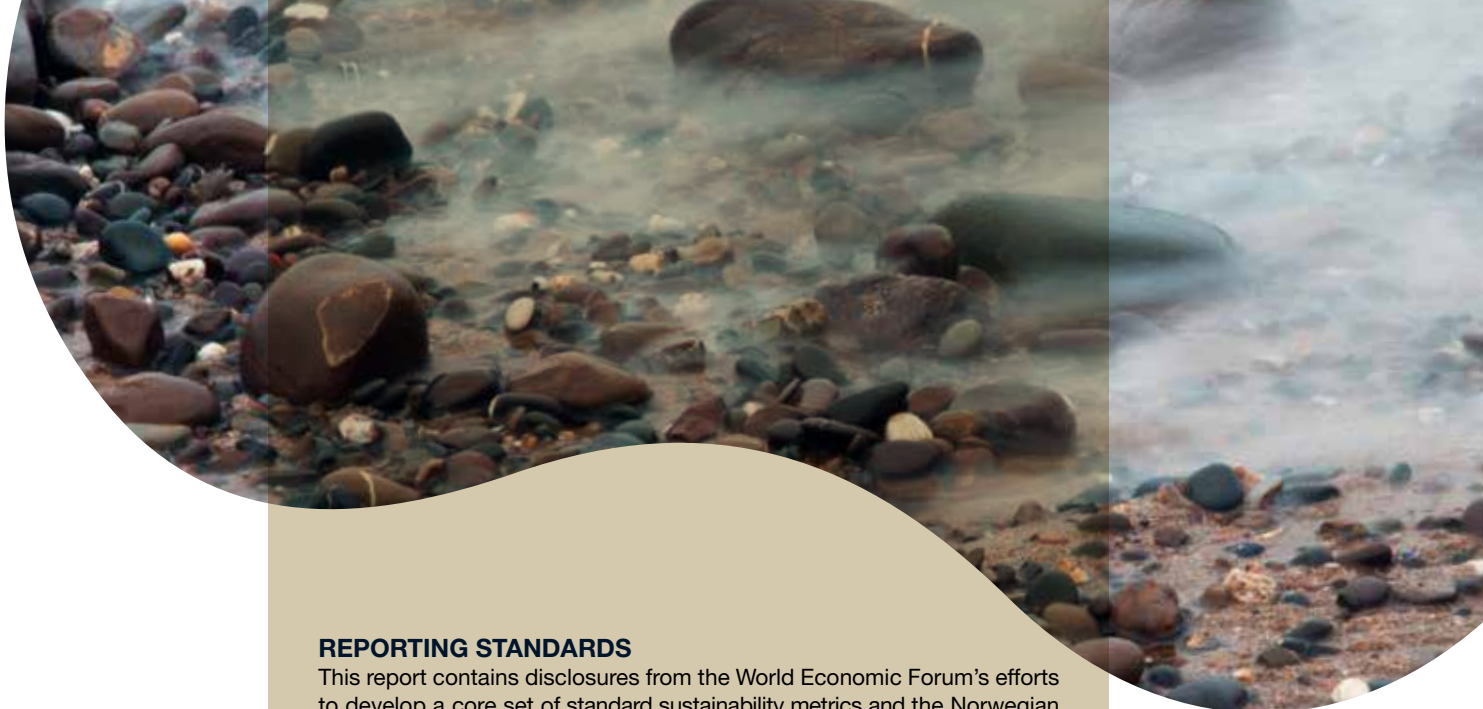




*Our investment strategy is focused on investing in modern vessels or newbuildings to ensure a modern and energy-efficient portfolio of vessels with low emissions and a low carbon footprint.*

# ABOUT THIS REPORT

In this section, we outline the principles, boundaries and scope of our ESG reporting and how we see ESG as a vital part of Ocean Yield's reporting to our stakeholders.



## REPORTING STANDARDS

This report contains disclosures from the World Economic Forum's efforts to develop a core set of standard sustainability metrics and the Norwegian Shipowners' Association Guidelines on ESG reporting for the shipping and offshore industries. We also use reporting guidance from Euronext and selected recommendations from the Task Force on Climate-related Financial Disclosures.

## BOUNDARIES AND SCOPE

Ocean Yield has no operational control of our vessels as they all are on long-term bareboat charters to reputable clients. The clients are responsible for the operations of the vessels, and we, therefore, classify the emissions as indirect emissions (scope 3). We do, however, strive to be transparent concerning the availability of data and reporting boundaries.

- CO<sub>2</sub> emissions from our vessels are included on a 100% basis to the extent our counterparties have provided the data. According to the GHG protocol, these emissions are beyond our operational control and are reported as indirect scope 3 emissions. Emission data for our vessels in this report are for 2020 as 2021 emissions are not available until after our clients submit the data to the IMO data collection system (IMO DCS), expected in Q3 2022.
- Scope 1 emissions relate to direct emissions from the vessel Connector, which was sold in December 2020.
- Scope 2 emissions related to electricity consumption are not included in this report as this is considered immaterial.
- We do not report safety data for our vessels as we do not have access to the data. Our clients are responsible for the operations.
- The FPSO Dhirubhai-1 has been classified as discontinued operations and was sold in Q4 2021. For 2020, the vessel was not in operation and moored in a fixed position with a small crew. Therefore, environmental and safety data from the vessel are not included in this report.
- Our workforce data does not include temporary employees or contractors.

## OUR MATERIAL ESG ASPECTS

We have selected the ESG topics that we consider most significant to us and our stakeholders. These topics have been selected and prioritized through internal interviews, market analysis, relevant ESG standards, the business context of the shipping industry, and financial stakeholder outreach.

Ocean Yield has identified the following material ESG aspects:

- Principles of Governance
- Responsible business conduct
- Climate-Change and Environment
- People and Communities



# PRINCIPLES OF GOVERN- ANCE

Clear and strong corporate governance forms the basis for Ocean Yield's long-term value creation and ensures the public trust in the company.





**O**cean Yield's principles of governance define a framework of rules and procedures by which we govern and control our business and are incorporated into our performance culture through our Board of Directors, executive management, and employees.

Ocean Yield is committed to a credible and robust approach to ESG and this is an integrated part of our investment decision making process and day to day operation. We focus on the integration of sustainability into our daily operations and business decisions and cement our commitment to good governance, a good working environment, environmental and climate responsibility, diversity and inclusion, and ethical business conduct.

#### **COMPLIANCE**

Ocean Yield's corporate governance principles are in accordance with the Norwegian Accounting Act §3-3b and based on the Norwegian Code of Practice for Corporate Governance ("NUES"). Any deviation from the "NUES" principles are explained in the Corporate Governance Statement published with the annual report.

#### **OUR CODE OF CONDUCT**

Ocean Yield's vision and core values are designed to cultivate and refine a corporate culture in which people deliver strong results in a responsible manner, which is reflected in our Code of Conduct that all employees are expected to follow. Our Code of Conduct is available in English and published in full on our website.

The Code of Conduct covers a wide range of essential topics, including, but not limited to:

- Working environment
- Corruption and bribery
- Conflicts of interests
- Insider trading
- Relations to suppliers

All employees are trained in the contents of the Code of Conduct, and the document is signed by all new employees when joining the Company. The Code of Conduct is reviewed annually.

We apply zero-tolerance management to violations of our Code of Conduct. Under our whistleblower procedure, most (potential) violations are reported to and dealt with by line management. If this is not considered appropriate, complaints can be reported directly to our Board of Directors, or through our whistleblower hotline available on the company website. Reports received through the integrity channel are initially received and handled by an independent third party; PwC Law. PwC is dedicated to maintaining high ethical standards and handles all submissions with confidentiality.

### ANTI-CORRUPTION

Ocean Yield does not tolerate any form of corruption and will make active efforts to ensure that this does not occur in the Company's business activities. Ocean Yield's Anti-corruption Policy contains principles on relevant issues such as bribes, gifts, services, and other forms of corruption and is available in full on our company website. Per the date of the publication of this report, Ocean Yield is not aware of any incidents or allegations of corruption in 2021.

The risk of corruption incidents have been considered to be low. Ocean Yield makes investments in vessels and have a low number of suppliers as all vessel operations are managed by our clients.

### BOARD OF DIRECTORS

Following the privatization of Ocean Yield in December 2021, a new board of Directors was elected, consisting of two key individuals from KKR. The CEO and executive management staff report directly to the Board of Directors on a frequent basis.



### RISK AND OPPORTUNITY MANAGEMENT

Ocean Yield's risk management process shall identify potential threats and opportunities to develop a strategy for minimizing or eliminating risks and capturing business opportunities. This process is included in our overall business processes. It includes ESG, particularly regarding climate risks and opportunities, such as stricter climate and environmental regulations, changing stakeholder expectations, EU Taxonomy developments, and new technologies. The risk management process includes:

- Definition of business goals and identification of risks
- Risk assessment and mitigation
- Risk reporting, monitoring, and improvement

The risk assessments and related actions are reported and reviewed by the Board of Directors on an annual basis.

### REPORTING TO STAKEHOLDERS

Ocean Yield will communicate relevant business information on a complete and timely basis to our stakeholders and employees. Ocean Yield is committed to providing the financial markets with quality information on the financial and operational status, enabling investors in our bond loans and analysts to maintain a correct picture of the financial situation, and ESG risks and opportunities/challenges facing us in the future. Ocean Yield will provide accurate disclosure information to the financial markets according to all relevant laws and regulations for companies with listed bonds on the Oslo Stock Exchange.

### MANAGEMENT INCENTIVES

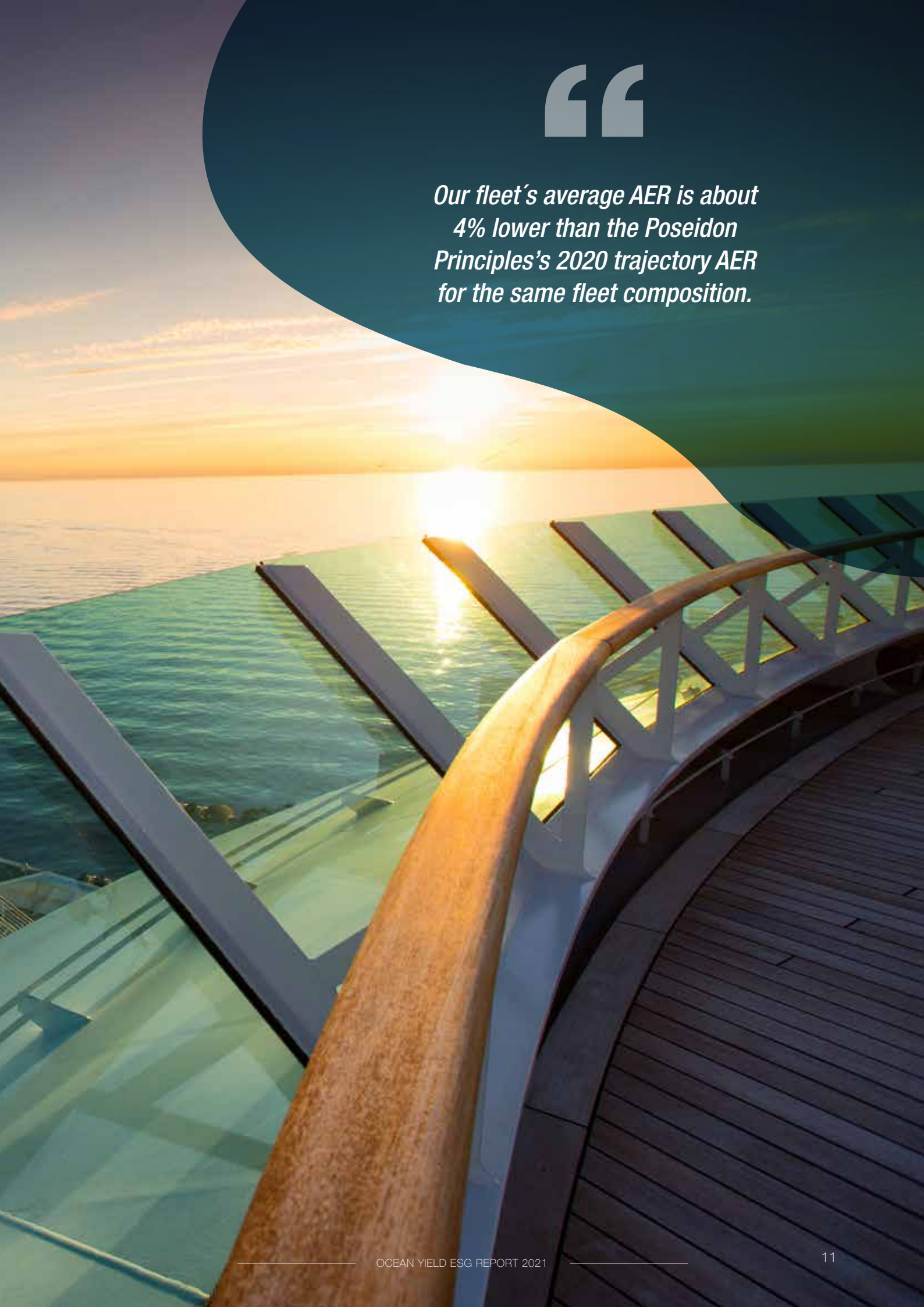
The management incentive system's primary purpose for management remuneration is to stimulate a strong and long-lasting profit-oriented culture leading to an increasing value of the Company over time. The CEO, CFO, and other key employees are entitled to a variable salary where part of this is discretionary based on certain KPIs. In addition, management has invested alongside KKR in a management equity plan, incentivizing management to increase the long-term value of the Company. Remuneration to the Board of Directors and the fixed and variable salary of Ocean Yield's CEO and CFO is presented in note 26 of the Annual report.

More information on our Corporate governance on [www.oceanyield.no](http://www.oceanyield.no)






*Our fleet's average AER is about 4% lower than the Poseidon Principles's 2020 trajectory AER for the same fleet composition.*





# RESPONSIBLE BUSINESS CONDUCT

Ocean Yield is committed to ethical and responsible business conduct, which we regard as a prerequisite to maintaining public trust in the company.



**O**cean Yield chooses our counterparts carefully and strives to work with partners that share our values and have zero tolerance for corruption, bribery, and unethical behavior. Ocean Yield does not tolerate any form of corruption and actively ensures that this does not occur in our business activities. Ocean Yield's Code of Conduct and Anti-corruption Policy contains principles on relevant issues such as bribes, gifts, services, and other forms of corruption. Ocean Yield has strict restrictions against any forms of anti-competitive practices and contractual requirements related to sanctions and restricted parties.

Ocean Yield maintains business processes, training and controls to implement and uphold our Code of Conduct.

Ocean Yield has not incurred any monetary losses due to legal proceedings associated with bribery or corruption in 2021 or any years prior.

#### *INSIDER TRADING*

Ocean Yield is subject to several laws concerning the purchase and sale of publicly traded securities. Our employees and their close family members must refrain from trading securities while possessing material, non-public information relating to the Company or any other company where Ocean Yield directly or indirectly has ownership interests. Directors, officers, and other personnel defined as primary insiders are subject to various reporting and insider trading requirements.

#### *LOBBYING*

Ocean Yield maintains a neutral position on party politics and will not support, financially or otherwise, any party or its candidates. Ocean Yield has not participated in any form of lobbying.

#### *TAX*

According to Norwegian rules and requirements, Ocean Yield pays tax as an ordinary Norwegian company. In addition, Ocean Yield pays taxes related to our operation in Malta to the Maltese government.

#### *WHISTLEBLOWER PROGRAM*

Ocean Yield has established a whistleblower channel where employees and others can raise concerns about improper activities or misconduct and report instances of potential non-compliance with our values without fear of retaliation. Such improper activities or misconduct may include HSE violations, harassment, insider trading, money laundering, fraud, bribery and kickback arrangements, or other breaches of Ocean Yield's Code of Conduct.

Ocean Yield's employees are encouraged to first discuss any compliance matters internally with their immediate supervisor or another member of senior management. If such measures are not appropriate or sufficient, complaints may be reported through the independent whistleblower channel, and an independent third party, PwC Law, will be processing the reports. PwC is dedicated to maintaining high ethical standards and handles all submissions with confidentiality.

In 2021 or prior years, no cases have been reported through the whistleblower channel or line management.

# CLIMATE CHANGE AND ENVIRONMENT

Seaborne transportation remains the most cost- and energy-efficient method to transport large volumes of commodities and finished goods around the world.





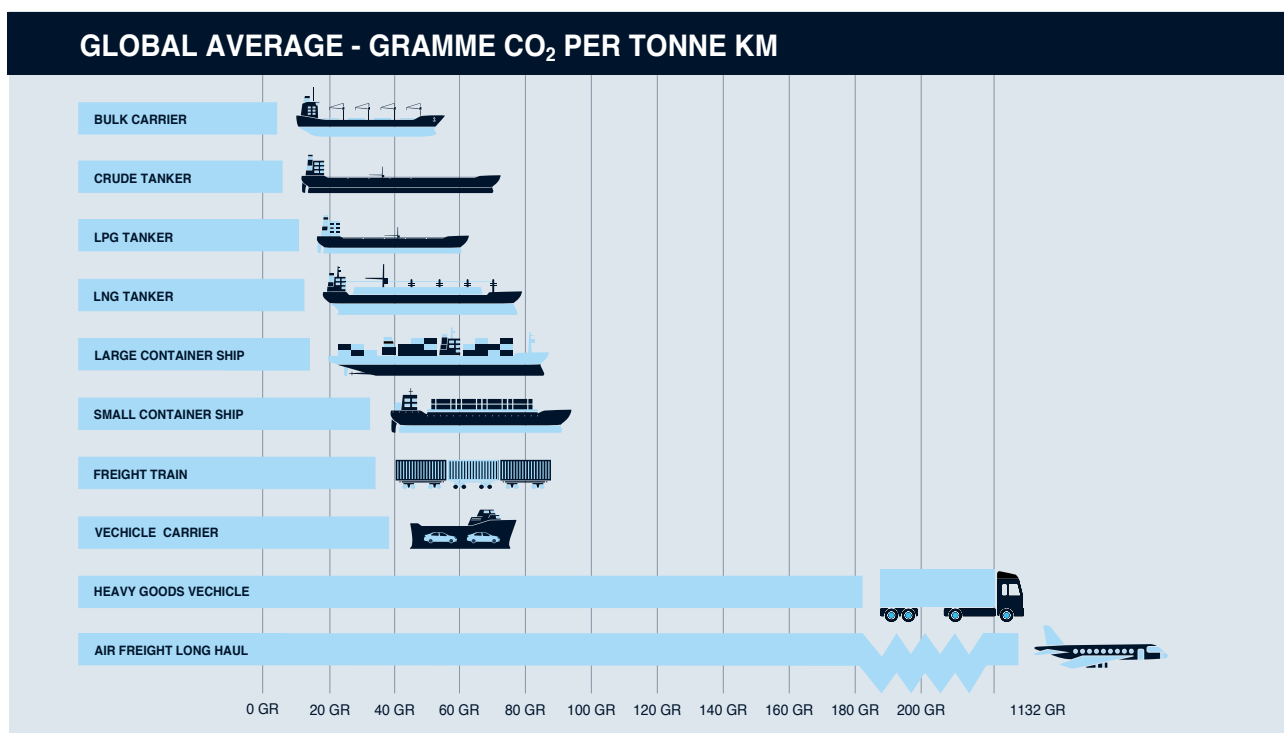
## CLIMATE CHANGE

Today, 85%<sup>1</sup> of the world's goods are transported by sea. As a result, global sea-going transport is responsible for an estimated 2.5%<sup>1</sup> of total global CO<sub>2</sub> emissions, about 940 million tons<sup>1</sup>. According to the IMO, under a "business-as-usual scenario", these emissions are projected to increase between 50% and 250% by 2050, undermining the objectives of the Paris Agreement. However, there is significant untapped potential to reduce emissions relatively effectively by implementing technical and operational measures such as slow-steaming, weather routing, and propulsion efficiency devices.

As a response, IMO launched their initial strategy to reduce Greenhouse gas (GHG) emissions from ships in 2018.

IMO's ambitions include;

- A reduction of CO<sub>2</sub> intensity as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; and,
- Reduction of the total annual GHG emissions from international shipping by at least 50% by 2050 compared to 2008, consistent with the Paris Agreement goals.



Source: DEFRA 2019.

<sup>1</sup>European Commission – Reducing emissions from the shipping sector

**O**cean Yield acknowledges the risks and challenges related to climate change and is a strong supporter of IMO's ambitions and efforts to reduce and eventually eliminate GHG emissions in the maritime sector. We recognize that we have responsibility to do our part to reduce our own contributions to global warming and we therefore support the UN Sustainability Development Goals 13 on Climate Action. We however recognize that some of our vessels are currently involved in transportation of fossil fuels or servicing the oil & gas sector.

At the same time, as a part of EU's Sustainable finance action plan, the EU is developing a taxonomy for sustainable activities (the Taxonomy).



The Taxonomy consists of six objectives, where screening criteria for economic activities for two of the objectives are currently being defined; 'Climate Change mitigation' and 'Climate Change adaptation'. Both of these objectives include technical requirements for the maritime sector.

The taxonomy is expected to greatly influence how financial institutions direct their investments, subsequently making alignment with the taxonomy an advantage for companies when seeking investment or access to capital in the near future.

In line with the ambitious climate targets from the EU, the European Commission has proposed to extend the scope of the EU Emissions Trading System (EU ETS) to also cover emissions from the maritime transportation. The EU ETS is an international emissions trading system that is created on the 'cap and trade' principle. A cap is defined on the total amount of greenhouse gases that can be emitted each year by companies included in the system. Within the cap, entities can buy or receive emissions allowances. The allowances are allocated and traded between entities and the cap is reduced over time, resulting in a reduction of total emissions.

The proposal from the EU is to include the maritime sector in the EU ETS from 2023 and will include:

- 100% of the emissions from intra-EU voyages
- 50% of emissions from voyages starting or ending outside an EU member state
- 100% of emissions from vessels when ships are at berth in EU ports

The inclusion will gradually take place between 2023-2025 to ensure a well-ordered transition.

Ocean Yield is following the developments related to the EU taxonomy and EU ETS closely and is continuously seeking to strengthen and adopt our investment strategy to align with future regulatory and market requirements.

## MAIN CLIMATE AND ENVIRONMENTAL RISKS

For shipping as an industry, we see the main climate risks related to the following:

- Compliance with emerging regulations
- Lock-in to emitting fuels that become less competitive during the ship's lifetime
- Climate change may reduce global GDP growth and thereby negatively affect trade volumes
- Changing consumption patterns may change trade volumes

Ocean Yield is a strong believer that these climate risks related to decarbonization of the shipping sector also will provide investment opportunities in upcoming years. Ocean Yield will be well positioned to provide financing of new vessels with low or zero greenhouse gas emissions, being part of the solution to replace the ageing world fleet.

## INVESTING IN A FUTURE PROOF FLEET

Ocean Yield's strategy since the inception has been to invest in modern fuel-efficient vessels with eco-design where possible.

This strategy has resulted in a young fleet of 64 vessels with average age of only 5.2 years as of Q4 2021, which is considered a young fleet by most listed shipping companies. Looking ahead, Ocean Yield will continue the strategy of investing in modern fuel-efficient vessels, which is our key contribution to reducing the average carbon intensity of our fleet.

Since all vessels are leased out on long-term bareboat charter contracts, Ocean Yield has no operational control of the vessels. Ocean Yield has since the launch of the Poseidon Principles implemented requirements in new bareboat charters, imposing the counterparty to report to Ocean Yield with respect to our vessels in accordance with the principles. The Poseidon Principles were launched in 2019 and serves as a framework for creating common, global baselines that are consistent with and supportive of society's goals, including IMO's 2050 GHG reduction strategy. The principles are relevant for a broad group of financial institutions and will enable them to better align their portfolios with responsible environmental impacts. Relevant and available data is disclosed in this report, however, with one year delay.

The Poseidon Principles utilizes a carbon intensity metric known as the Annual Efficiency Ratio (AER). The metric is calculated using an approximation of the annual transport work performed by a ship, using the parameters of fuel consumption, distance travelled and design deadweight tonnage (DWT). AER is reported in unit grams of CO<sub>2</sub> per tonne-mile<sup>2</sup>. Ocean Yield's fleet has a weighted average AER of 6.15, which is 4% lower than Poseidon Principles trajectory AER for 2020 for the same fleet composition.

In addition, our fleet has a relatively low average Energy Efficiency Design Index (EEDI). EEDI is an important technical measure and aims at promoting the use of more energy efficient equipment and engines and is expressed in grams of CO<sub>2</sub> per ship's capacity-mile. The CO<sub>2</sub> reduction level in the first phase is set to 10% and will be tightened every five years. Reduction rates have been established until the period 2025 and onwards when a 30% reduction is mandated for applicable ship types calculated from a reference line representing the average efficiency for ships built between 2000 and 2010. Ships build after 1 January 2013 are required to meet the

reference EEDI value for their ship type, therefore older ships do not have an EEDI value. We take pride in the energy efficiency of our ships and will continue our strategy on investing in modern and efficient vessels that meet the anticipated new and stricter requirements.

EEDI	AVG EEDI*
Bulk carrier	3,9
Chemical tankers	4.7
Container	10.9
Liquefied gas tankers	3.9
Oli tanker	2.8
Vehicle	10.3
Grand Total	5.5

*\*The EEDI rating includes a total of 55 vessels. Vessels excluded in the statistics are oil-service vessels and certain vessels with no EEDI rating.*

## ENABLING LOW-CARBON SOLUTIONS DUAL FUEL TECHNOLOGY

Since 2016 our two ethylene gas carriers Gaschem Orca and Gaschem Beluga have successfully been powered by the unique Man M-type gas-injection engines (ME-GIE) which enables the vessels to operate on almost any gas type, without reduction in efficiency. This dual-fuel capability has resulted in an AER in 2020 of 10.9, significantly lower than Poseidon's trajectory AER for the same vessel type at 12.9. The vessels are currently on bareboat charter to Hartmann Rederei in Germany and mainly transport ethane derived from US shale gas to Europe.

Ocean Yield's newest ethylene vessel, Navigator Aurora, is designed to use LNG as fuel in addition to conventional fuel. The ship is on a long-term bareboat charter to Navigator Holdings Ltd., transporting ethylene from the east coast of USA to Europe and had an AER of 10.6 in 2020.

## BATTERY POWER

Ocean Yield's two platform supply vessels, NS Frayja and NS Orla, which are on a bareboat charter to AkerBP, was modified in July 2020 with battery packs designed to reduce energy emissions while the vessels are operating on dynamic positioning. It is estimated that this innovative solution can decrease fuel consumption, costs and reduce CO<sub>2</sub> emissions by almost two tons annually for the two vessels combined. The energy storage system container is provided by Rolls-Royce.

## CLIMATE RELATED RISK MANAGEMENT

Climate change related risks, most importantly transitional risk but also physical, can have significant future financial effects for Ocean Yield. We recognize this fact and climate related risks are covered in the Company's Risk Management Process.

The key risks related to climate change are related to potential new regulations to reduce greenhouse gas emissions further

<sup>2</sup>gCO<sub>2</sub>/dwt-nm



and technologies that can make Ocean Yield's vessels less competitive in the market, and as a result lower the economic value of the vessels. Lower economic value of the vessels could increase counterparty risk and lower the residual values. Ocean Yield is currently mitigating key climate risks by requiring pre-paid charter hire from our clients in addition we apply conservative residual value assumptions in lease calculations to account for loss of value due to stricter regulation and technological improvements. We also believe that our strategy of investing in modern fuel-efficient vessels is a key risk mitigator.

## PERFORMANCE DATA

The table below presents the CO<sub>2</sub> emissions of our fleet as reported to us by our counterparties. As part of our commitment to ESG it is important for us to be transparent and disclose the environmental impact of our assets. These emissions are beyond our direct operational control, and as such they represent our indirect scope 3 emissions as defined by the GHG protocol.

We do not report other emissions due to lack of data.

Metric	Unit	Performance 2020	Performance 2019*
Scope 1 emissions	Million Mt CO <sub>2</sub> e	0.02	0.01
Scope 2 emissions	Million Mt CO <sub>2</sub> e		
Scope 3 emissions	Million Mt CO <sub>2</sub> e	1.21	1.21
EEDI	gCO <sub>2</sub> per ton-nm	6.0	4.7
AER	gCO <sub>2</sub> per ton-nm	61	4.7

\* To provide comparable numbers to 2020, the 2019 numbers are restated based on book values as of 31.12.2019.

- 1) Scope 1 emissions includes the operated vessel Connector which was sold in December 2020. The FPSO Dhirubhai-1 is excluded as this vessel is in lay-up and classified as discontinued operations.
- 2) Scope 2 emissions is excluded as indirect emissions from energy related to office is insignificant compared to Scope 1 and Scope 3 emissions.
- 3) Scope 3 emissions includes 60 vessels owned in 2020 representing 92% of vessel book value. 5 vessels that was sold during 2020 has been excluded due to no data, which represents 8% of vessel book values. The 6 container vessels owned in the 49.9% owned joint venture Box Holdings Inc. was also excluded due to no data.
- 4) Weighted average EEDI as per gross vessel values. Calculations based on 55 vessels, including vessels owned in Joint Ventures.
- 5) Weighted average AER per gross asset value of 54 vessels. Vessels excluded are 6 container vessels owned 50% in a joint venture, oil-service vessels and Dhirubhai-1.

## ENVIRONMENT

Ocean Yield supports the UN Sustainability Development Goal 14 to conserve and sustainably use the oceans, seas and marine resources for sustainable development.



Ocean Yield does not operate any vessels as all vessels are chartered out on long-term bareboat contracts to our clients, however, the bareboat charter contracts places a strict set of requirements for the operation, management and how to keep the vessels compliant with environmental regulations.

As the clients operates the vessels, we do not have in place a specific environmental management framework, nor do we report information related to any environmental incidents that is beyond our operational control.

## ENSURING RESPONSIBLE BALLAST WATER MANAGEMENT

The International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of aquatic organisms and pathogens within ballast water and sediments. All ships engaged in international trade are required to manage their ballast water to avoid the introduction of alien species into coastal areas, including exchanging their ballast water or treating it using an approved ballast water management system. The IMO BWM regulation requires that ballast water treatment systems are in place on all new vessels.

Ocean Yield has ballast water management systems in place for all vessels, with the exception of the Aker Wayfarer, as this vessel only conducts operations offshore Brazil.

## A CONTRACTUAL OBLIGATION TO THE ENVIRONMENT

Ocean Yield's long-term charters are documented through bareboat charter contracts, which are based on the internationally recognized standard BIMCO 2001. Our bareboat

charters have precise requirements for how the counterparty operating the vessel shall comply with international environmental regulations. The contracts place a legal responsibility on the counterparty for compliance with international conventions, codes, and regulations.

The charters also regulate that the vessels must be insured against oil spills and environmental incidents. This includes any incident in which environmentally sensitive material is released into the sea through a collision or similar, which would lead to a negative impact on the environment.

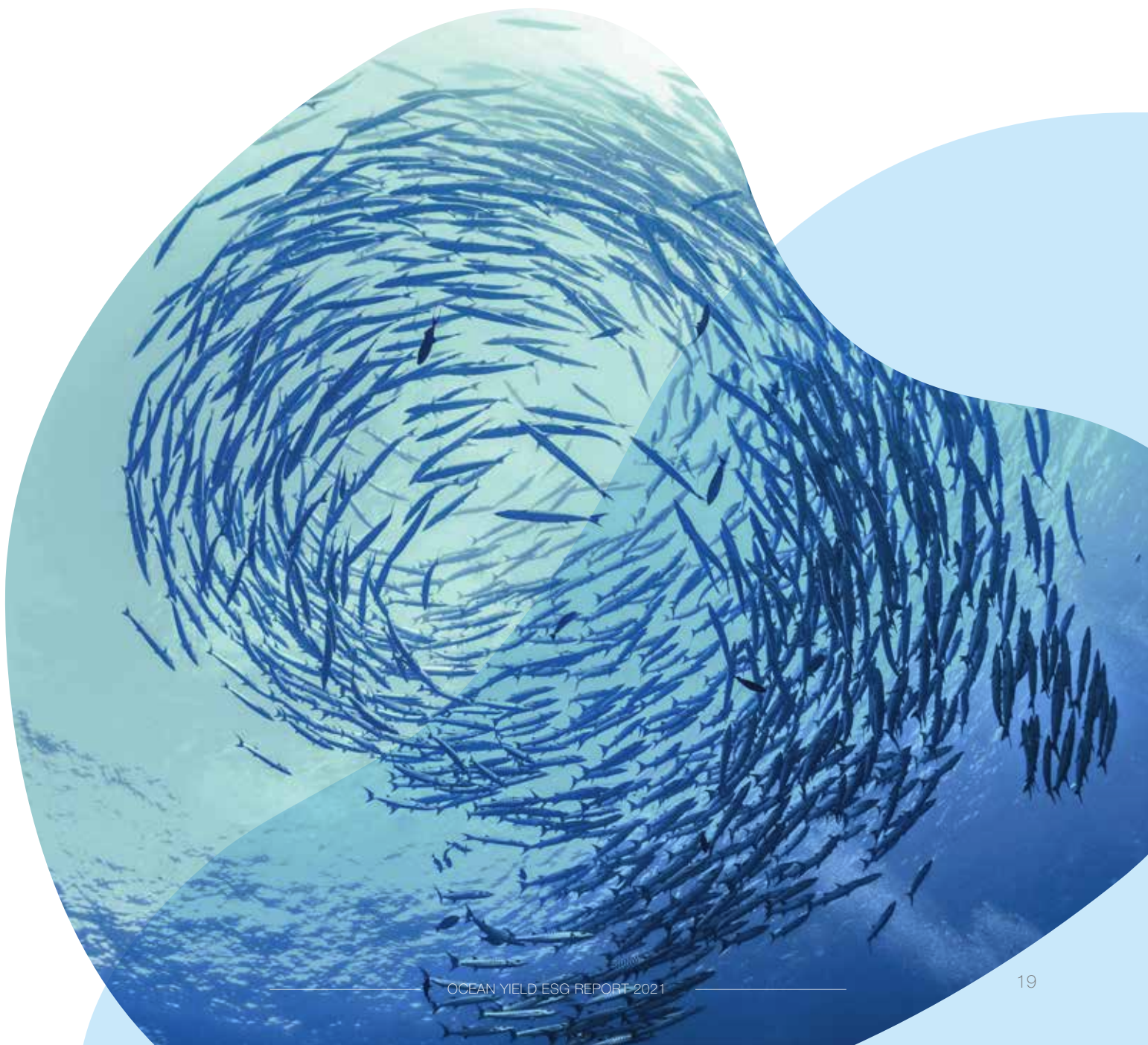
The contracts also regulate that the counterparty operating the vessel must have all relevant environmental permits in place relating to any environmentally sensitive material.

## RECYCLING OF VESSELS

The Company is committed to environmentally and socially responsible recycling of ships. Any vessels that are under Ocean Yield's control will be subject to responsible recycling according to the Hong Kong Convention as a minimum.

Many of our bareboat charters contain requirements towards Green Passports, which is a document prepared in accordance with the guidelines to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, including the Guidelines for the development of the Inventory of the Hazardous Materials, listing all the potentially hazardous materials on board the Vessels.


Following the fire at Hoegh Xiamen on 4 June 2020, the vessel was declared a Total Loss. She was transported to an EU-recognized yard in Turkey for recycling. The recycling contract was entered into by Höegh Autoliners, under the supervision and at the cost of the insurers.



# PEOPLE AND COMMUNITIES

Ocean Yield's employees are our most important resource and the drivers of the company's success.





**O**ur key activities demand a wide range of skills, and the Company relies on the competence and talent of our people to deliver on our strategic ambitions. In line with our Code of Conduct, Ocean Yield's priorities are to maintain an inclusive environment, ensuring collaboration, continuous learning, and productivity. These priorities are supported within every business area to secure the well-being of our people.

### **DIVERSITY**

Ocean Yield strives to achieve and maintain a diverse workforce by encouraging innovation, learning and understanding. As of year-end 2021, the Company is composed of 15 permanent employees located in Norway and Malta.

The Company aims to be an attractive employer for both new and existing employees. Our values are integrated with how we work, and we work to recruit talent that recognizes the same values. Throughout 2021 there was one new hire.

In recent years, Ocean Yield has increased the proportion of women in its workforce. Women account for 46% of the workforce at year-end 2021, compared to 41% the year before. 14.2% of female employees hold leadership positions. As of year-end 2021, the workforce consisted of 7 women and 8 men. We believe that gender balance strengthens the Company and aim to secure an inclusive work environment where our employees can flourish.

We are an equal opportunity employer and work to ensure an environment free of discrimination. All employees are treated equally regardless of gender, sexual orientation, disability, ethnicity, skin color, religion, or political opinions.

Ocean Yield has a zero-tolerance policy for harassment or degrading treatments in any form by or towards employees. According to work, position, and seniority, Ocean Yield has a compensation policy that ensures fair and equal compensation for all employees. Wages are market competitive, and the Company complies with the laws applicable in the countries where we are present. CEO and CFO compensation are disclosed in our annual report to secure transparency regarding wage levels.

We will continue to uphold our values of diversity and equality in all our endeavors and be transparent about our activities.



## COMPETENCE

Continuous workforce development is essential for Ocean Yield's growth and productivity. Given the small size of our employee base, our focus is specifically to increase development training on the job. Employees are encouraged to evolve and seek new knowledge. As part of our training and competency efforts and to keep our employees well informed, industry experts, product specialists, economists and people with other relevant knowhow from banks and other reputable firms are regularly invited to present and educate with the aim to provide our people with opportunities to develop their skillsets and talent.

Ocean Yield thrives on having a flat organizational structure and corporate culture, encouraging open feedback, communication, and cooperation. Annually, employees are subject to a performance review, in which they are also encouraged to voice opinions, concerns and make suggestions for improvements to learn and develop.

New employees are provided with the necessary training, guidance, and supervision. Additionally, all new employees have completed anti-corruption and business ethics training as part of their introduction.

Focus on and awareness on compliance and business integrity as defined in the Code of Conduct is vital to ensure integrity in our work. We had a 100% completion rate of mandatory training related to Code Of Conduct and anti-corruption in 2021. Increasing competency and training on cyber security has been highlighted during this reporting year.

## EMPLOYEE WELL-BEING

The safety and well-being of all our employees are our top priority. Ocean Yield has minimal operational control and responsibility of our assets, and our main activities are related to an office environment. Thus, the health and safety risk is considered to be low. During the past year, we had no fatalities or recordable injuries. Our goal is to have zero injuries, fatalities and environmental incidents.

We work hard to accommodate employees to maintain a healthy work-life balance through flexible work hours, remote work possibilities, and stress management resources, among other initiatives. Sick leave rates remain low and have been reduced since the previous reporting year.

We achieved a sick leave rate of 0.65% in 2021 compared to 0.9% in 2020. A high retention rate provides an additional indication of the well-being of our employees. In 2021, the retention rate was 93%, compared to 88% in 2020.

Ocean Yield is continually working to uphold and adjust people processes to provide our employees with the resources they need to maintain a healthy and productive work environment.

## FREEDOM OF ASSOCIATION

Ocean Yield promotes a responsible employment environment and respects universal principles and norms that protect labor rights. This includes respecting the freedom of association and the freedom to conduct collective negotiations. Ocean Yield is against any form of child labour.

## STIFTELSEN VI

Ocean Yield supports the foundation "Stiftelsen VI". Established in 2018, "Stiftelsen VI" works to ensure that persons with impairments are given the same opportunities to a dignified life as non-disabled persons.

Studies show that many people suffering from a disability experience reduced quality of life, poorer health, and higher isolation levels. The living conditions survey published by Statistics Norway shows a significant gap in the opportunities afforded non-disabled persons and persons living with a disability. "Stiftelsen VI" seeks to address this vital issue. Through motivation, promoting, and providing an arena for fellowship in sports and physical activity, the foundation aims to give persons with impairments an increased sense of achievement and purpose - promoting equality through providing equal opportunities to function and perform.

## SOCIAL AND ENVIRONMENTAL SUPPORT IN MALTA

Ocean Yield supports several non-governmental organisations in Malta with their work to help people in need of social and medical support. Further, Ocean Yield supports the environmental saving organization Zibel. Zibel was established in 2017 with the aim of reducing the overall waste generated in Malta and makes great efforts in cleaning up the seabed and coastline around the Maltese Islands.

# DEFINITIONS AND ASSUMPTIONS

AER	Annual Efficiency Ratio. The metric is calculated using an approximation of the annual transport work performed by a ship, using the parameters of fuel consumption, distance travelled and design deadweight tonnage (DWT). AER is reported in unit grams of CO <sub>2</sub> per tonne-nautical mile.
BIMCO	Baltic and International Maritime Council.
BWM	Ballast Water Management.
CO <sub>2</sub> -e	CO <sub>2</sub> equivalents.
CoC	Code of Conduct.
DWT	Deadweight Tonnage.
EEDI	Energy Efficiency Design Index. A technical measure that aims at promoting the use of more energy efficient (less polluting) equipment and engines. EEDI requires a minimum energy efficiency level per capacity mile (e.g. tonne mile) for different ship type and size segments. Since 1 January 2013, following an initial two year phase zero, new ship design needs to meet the reference level for their ship type.
ESG	Environment Social and Governance.
IMO	International Maritime Organization.
NM	Nautical mile.
NUES	Norwegian Code of Practice for Corporate Governance.
OCY	Ocean Yield.
Poseidon Principles	The Poseidon Principles were launched in 2019 by several financial institutions and serves as a framework for creating common, global baselines that are consistent with and supportive of society's goals, including IMO's 2050 GHG reduction strategy.
SO <sub>2</sub>	Sulfur dioxide.
TCFD	Taskforce for Climate-related Financial Disclosures.
The taxonomy	EU Taxonomy for sustainable activities.
WEF	World Economic Forum.

Except for climate performance data, the information in this report represents the reporting period 01.01.2021 – 31.12.2021. The climate performance data AER and CO<sub>2</sub> represents the reporting period 1.1.2020 – 31.12.2020 for vessels owned by Ocean Yield in that period, but excluding the FPSO Dhirubhai-1, six container vessels owned 50%, and the SBM Installer owned 75%. The EEDI data excludes the oil-service vessels, four chemical tanker vessels and three car carriers. All climate performance data, including AER, represents the reporting period 01.01.2020 – 31.12.2020 for vessels owned

by Ocean Yield in that period, but excluding our FPSO Dhirubhai-1 (in lay-up), six container vessels owned 50% and oil-service vessels. Information used to calculate climate performance, such as distance travelled and fuel use by fuel type are provided by our counterparts and is verified by third parties. Ocean Yield follows the Greenhouse gas protocol definitions for emissions. Ocean Yield use the emissions factors per fuel type provided by IMO in Resolution MEPC.245(66) Climate performance is calculated for 100% of the asset value of our owned vessels unless otherwise stated.





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