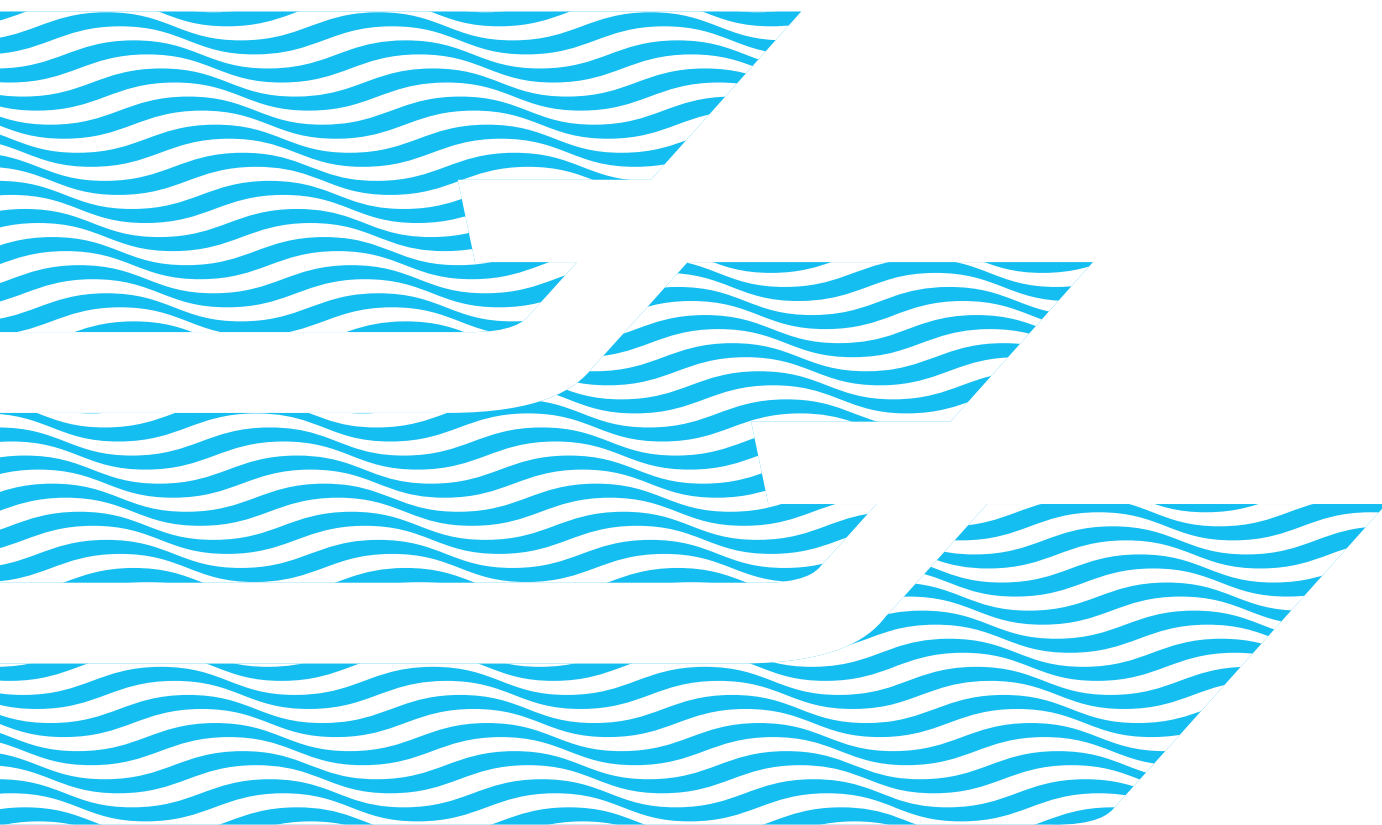


ESG

REPORT



OCEAN YIELD

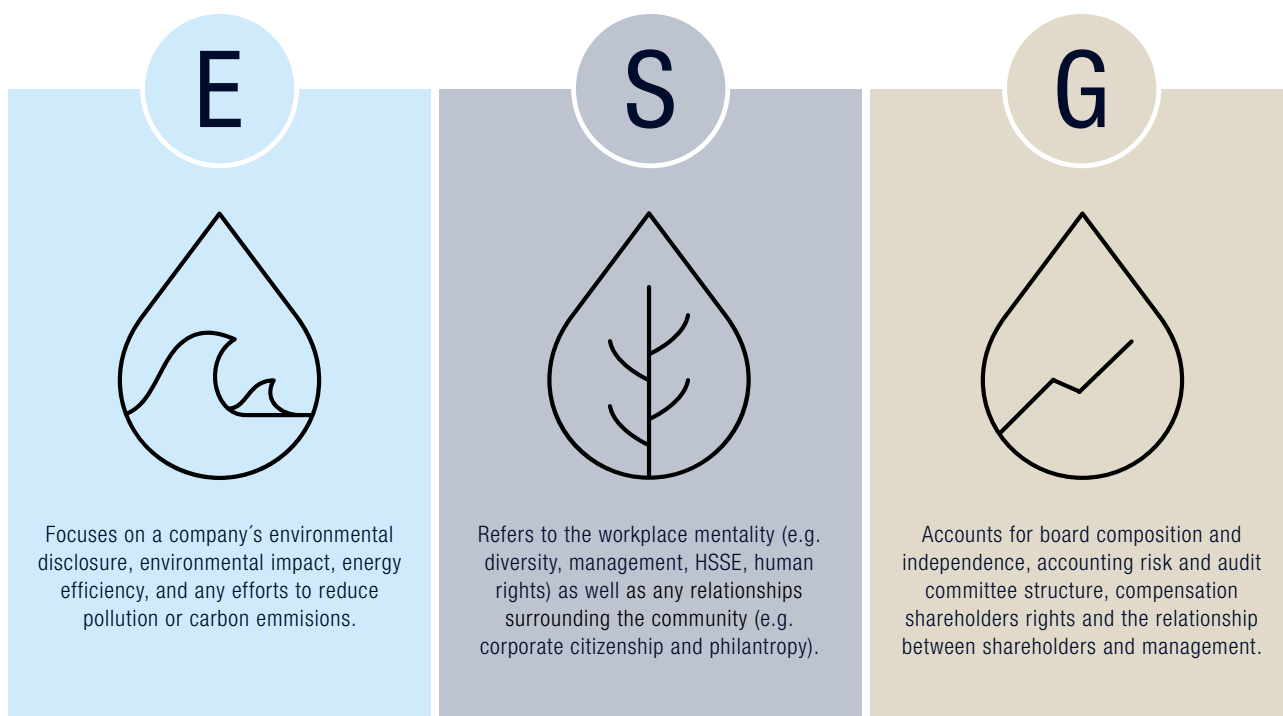


2019

ESG REPORT

ESG is the consideration of environmental, social and governance factors in the day-to-day operations of the Company. ESG is growing in significance among both institutional and retail investors. In Ocean Yield, the consideration of Environmental impact is incorporated into the investment process alongside traditional financial analysis.





ENVIRONMENT

FUEL CONSUMPTION / EMISSIONS

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 69 vessels with average age of only 3.8 years, which is one of the youngest fleets among the listed shipping companies.

65 vessels are chartered out on long-term bareboat charter contracts, where the lessee/counterparty is responsible for the use of the vessel, including operations, crewing and maintenance. As our clients are responsible for operations, Ocean Yield is not reporting on the actual fuel consumption or emissions related to these vessels.

Seaborne transportation remains the most cost- and energy efficient way to transport large volumes of commodities and finished goods around the world. The shipping industry is continuously developing new technologies to reduce and eliminate GHG emissions. However, currently there are no technological solutions available to drastically reduce emissions from current levels.

Ocean Yield believes it is vital to invest in modern vessels that contribute to significant reductions in emissions compared to older vessels. Since 2015, most tier 1 shipyards has started to deliver vessels with ECO-design, where more efficient engine technology, hull- and propeller design contribute to significant reductions in emissions. In addition, these ECO-vessels are typically designed to operate at lower speeds, which is a significant contributor to reduced emissions.

As an illustration, a modern VLCC with ECO-design typically will consume about 40 tons per day of heavy fuel oil during operations at sea, while a VLCC with non-eco design will have fuel consumption of about 60 tons per day. An older VLCC (above ~15 years of age) will have fuel consumption of about 80 tons per day. Thus, an eco-design VLCC reduces fuel-oil

consumption with about 33% compared to a VLCC with non-eco design, and about 50% reduction compared to an older VLCC.

Fearnley's Securities has calculated the theoretical consumption of Ocean Yield's commodity shipping vessels, which shows a significant reduction in fuel consumption vs. the average global fleet.

Average consumption of Ocean Yield's vessels vs. global average

- 20 product / chemical vessels: 9% reduction
- 9 crude tankers: 17% reduction
- 13 dry bulk vessels: 13% reduction
- 10 container vessels: 4% reduction

On average, these 52 vessels have 11% reduction in fuel consumption vs. the respective global average. No comparable data are available for non-commodity vessels.

INVESTMENTS IN DUEL-FUEL GAS VESSELS

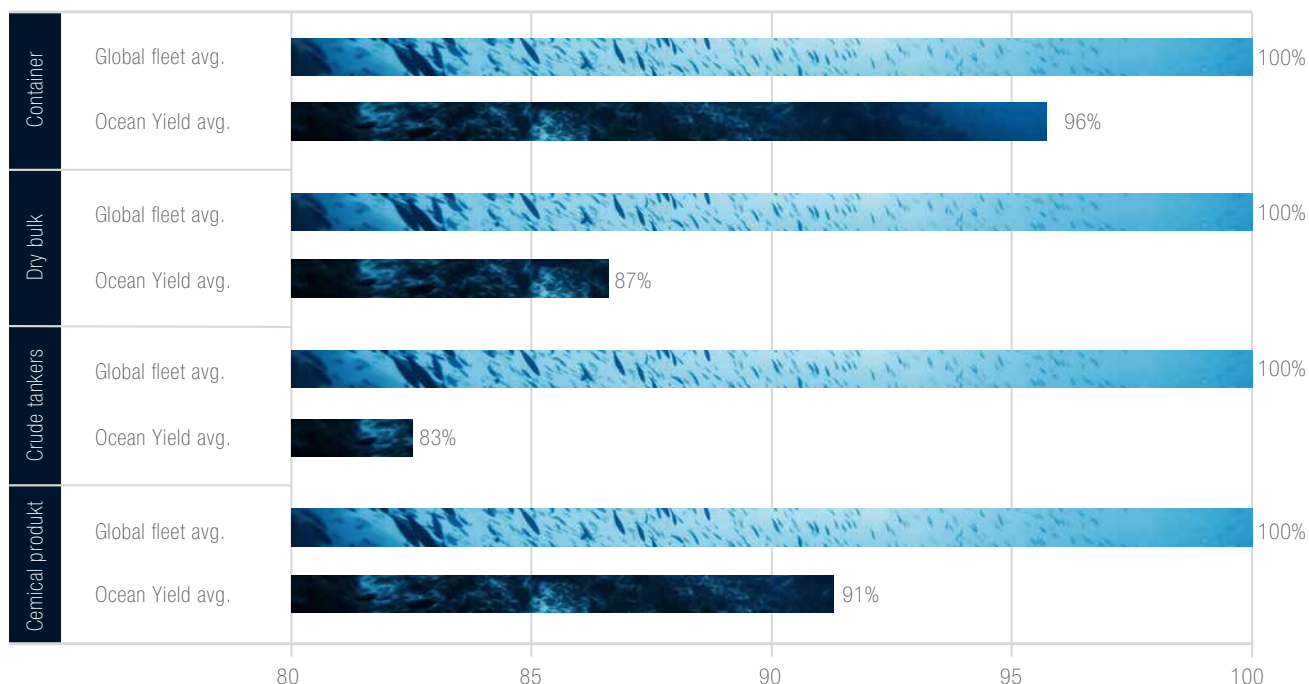
In 2016, Ocean Yield took delivery of two newbuilding ethylene gas carriers with long-term charter to Hartmann Rederee in Germany and 10-year sub-charters to Sabic. The two gas ships were ordered by Hartmann and Ocean Yield at the Sinopacific Offshore & Engineering yard in China for transporting ethane derived from US shale gas to European crackers for the production of ethylene. The vessels are designed to run on Ethane gas. Gaschem Beluga and Gaschem Orca are powered by the world's first M-type, electronically controlled, gas-injection engines (ME-GIE) supplied by MAN Diesel & Turbo. Already in 2018 the vessels successfully logged 10,000 hours running on ethane in their two-stroke, high-pressure, dual-fuel engines.

According to MAN, the combustion performance of the ME-GIE's diesel-cycle engine, enhanced by the relatively high gas-injection pressure, enables it to operate on almost any gas quality, without any reduction in efficiency.



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

Fuel savings on Ocean Yield fleet vs. global average



Source: Fearnley's Securities

The engine can run on a mixture of LPG and methane, or ethane, with an unchanged gas-mode efficiency. Such a mixture may comprise as much as 50% LPG, while MAN Diesel & Turbo's findings thus far indicate that an even greater LPG percentage can be used. MAN Diesel & Turbo contends that the negligible methane/ethane/LPG slip of the ME-GI engine makes it the most environment-friendly, two-stroke technology available.

In 2019, Ocean Yield acquired the ethylene vessel *Navigate Aurora* from Navigator Holdings Ltd. with a bareboat charter back to Navigator Holdings Ltd. for 13 years. The vessel, *Navigate Aurora*, is a 37,300 cbm ethylene gas carrier that was built in 2016. This state-of-the-art vessel is operating on a sub-charter to the European chemical group Borealis for the transportation of ethane from the U.S. East Coast to Europe until December 2026. The propulsion and electrical systems are designed to use LNG as fuel in addition to conventional fuel. Further, the vessel is currently going through a project to also use ethane as fuel.

Including this vessel, Ocean Yield has three vessels that can use ethane as fuel, reducing emissions substantially compared to vessels that utilize conventional fuel.

IMO 2020 - INTERNATIONAL MARITIME ORGANISATION

From 1 January 2020, the International Maritime Organisation (IMO) has implemented a limitation on the amount of sulphur in fuel oil used on board ships operating outside designated emission control areas. The new limit is maximum 0.50% m/m (mass by mass) which is down from 3.5% m/m. This limit is set in Annex VI of IMO's International Convention for the Prevention of Pollution from Ships (MARPOL). According to

IMO, this is expected to reduce SOx emissions from ships with about 8.5 million tons per annum or equivalent to a 77% reduction.

There are several ways shipping companies can comply with the new regulation.

- Use a compliant fuel oil with a Sulphur content that does not exceed 0.50%
- If exceeding 0.50%, use an exhaust gas cleaning system ("scrubber")
- Use an alternative fuel (LNG, ethane or methanol)
- Use onshore power supply when at berth

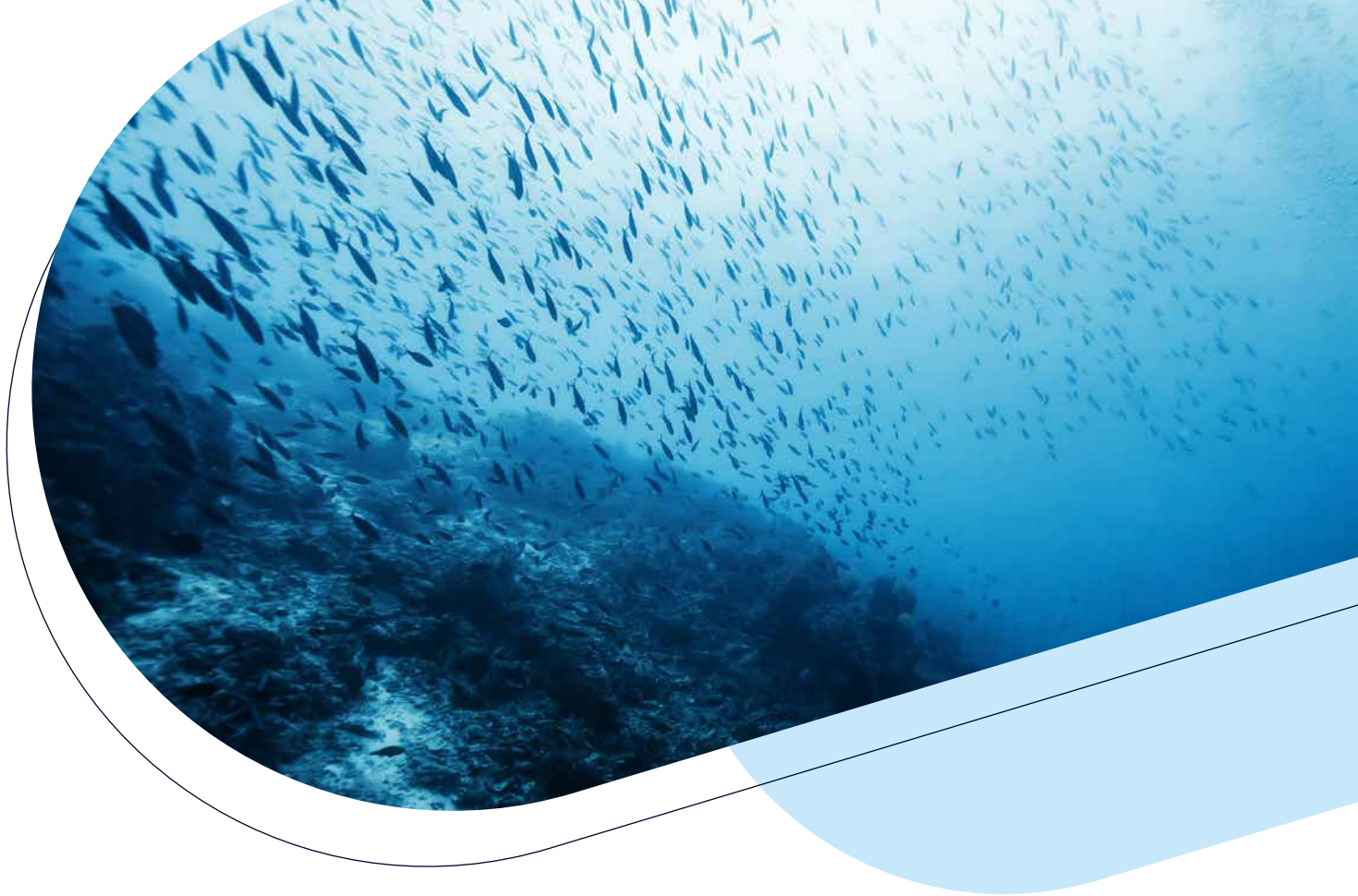
Several of Ocean Yield's vessels have, or will have in 2020, installed exhaust gas cleaning systems while the remaining vessels operate on compliant low sulphur fuel oil.

BALLAST WATER TREATMENT SYSTEMS

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 so as 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.

Ocean Yield makes sure that ballast water treatment systems are in place on all new vessels, complying with the IMO BWM regulation.



ENVIRONMENTAL POLICY & MANAGEMENT SYSTEM

Ocean Yield has very limited operation of own vessels, as most of the fleet is chartered out on long-term bareboat contracts, where the counterparty is responsible for the operation and management of the vessels. However, two vessels are not operating on bareboat contracts; the FPSO Dhirubhai-1 and the subsea construction vessel Connector. Operations of the Connector has been outsourced to a subsidiary of Solstad Offshore ASA, who has long experience in operating subsea vessels. The FPSO has very limited operation as the vessel is currently in lay-up. Operation of the FPSO is mainly conducted through the subsidiaries Aker Floating Productions AS and AFP Operations AS. These companies have a policy to conduct its operations in a manner that is environmentally responsible and in compliance with legal and regulatory requirements.

The companies are committed to:

- *Operate according to the ISO 14001 certification standard, class, flag, industry and any international or local regulatory requirements*
- *Comply in accordance with requirements set by contracts*
- *Evaluate and optimize operations to reduce material consumption, waste and damage to the environment*
- *Monitor and minimize emissions to air and sea*
- *Reduce chemical consumption in our operations to as low as reasonable practicable*
- *Actively promote recycling of waste both internally and amongst our suppliers*
- *Design facilities and services to be energy and natural resources efficient and no undue environmental impact*

We achieve this by

- *Establishing environmental KPIs and targets and monitoring these on a regular basis*
- *Periodically reviewing the environmental policy*
- *Providing training, information and procedures for the prevention of pollution to air and sea.*

The KPIs and targets shall capture the environmental objectives and be an integral part of the company's monitoring system. Environmental achievement are evaluated and reported on a regular basis.

ENVIRONMENTAL REQUIREMENTS ON OUR LESSEES / COUNTERPARTIES

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 clear 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, including the International Convention for Safety of Life at Sea 1974 (SOLAS), MARPOL Convention, the STCW 95, the ISM Code and the ISPS Code. 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.

In addition, the contracts regulate compliance with any class requirements related to the vessels and that the counterparty must comply with any changes in class regulations at all times. Finally, the contracts contain regulations with regards to interaction with sanctioned countries/parties and limitation of trading in war zones

RECYCLING OF VESSELS

Ocean Yield has a very modern fleet and currently no recycling candidates. The Company is committed to environmentally friendly recycling of ships. Any vessels that are under Ocean Yield's control will be subject to environmentally friendly recycling according to the Hong Kong Convention as a minimum.

GREEN PASSPORT

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.

POSEIDON PRINCIPLES

In 2019, a number of international banks took the initiative to the Poseidon Principles, a global framework for responsible ship financing, integrating climate considerations into lending

decisions in order to promote international shipping's de-carbonization.

Ocean Yield has since the launch of the Poseidon Principles implemented requirements in new bareboat charters, imposing requirements on the counterparty to report to Ocean Yield with respect to our vessels in accordance with the Poseidon Principles.

RISKS RELATED TO GREEN HOUSE GASES

The company recognizes the traditional risks related to green house gases and these are covered in the Company's Risk Management Process. The key risks related to Green House Gases are related to potential new regulations and technologies that potentially would make Ocean Yield's vessels less competitive in the market with a corresponding risk of lower economic values. We mitigate these risks by requiring pre-paid charter hire from our clients and use conservative residual value assumptions. We also believe that our focus on modern fuel efficient vessels is key risk mitigator.

SOCIAL

FINANCIAL SUPPORT FOR CHARITY INITIATIVES

Ocean Yield has committed to provide financial support to the foundation "Stiftelsen VI" over a five-year period, together with several other companies in the Aker Group. The foundation "Stiftelsen VI" was established in the autumn of 2018 and works for persons with impairments being given the





same opportunities to perform well as non-disabled persons. Persons with impairments are an important resource. However, it is a fact that many persons suffering from disability suffer from reduced life quality, poorer health and higher levels of isolation than non-disabled persons.

Persons with impairments are also given fewer opportunities to engage in physical activity or other interests. Both the living conditions survey published by Statistics Norway and other studies show that there is a large gap in the opportunities afforded non-disabled persons and persons living with disability. The foundation Stiftelsen VI seeks to address this important issue.

Ocean Yield has also provided financial support to Plastic Mission, an initiative for clean-up of plastic waste on beaches and coastal areas in Norway, started by a group of students on the west coast of Norway.

DEVELOPMENT OF HUMAN CAPITAL / CODE OF CONDUCT

Ocean Yield has since the inception of the Company implemented a Code of Conduct. In its business activities, Ocean Yield will comply with all applicable laws and regulations and act in an ethical and socially responsible manner.

Ocean Yield's Code of Conduct applies to its directors, officers, employees, hired personnel and others acting on behalf of Ocean Yield. The expectation is that each individual shall act as a role model in this respect. All employees shall familiarize themselves with and follow the Code of Conduct.

Further details on the Code of Conduct are available on the company's website www.oceanyield.no

All individuals must refrain from any conduct that can have an adverse effect on the working environment of Ocean Yield. The Company strives for a workplace in which diversity is valued, and in which every employee has the opportunity to develop their individual skills and talents. The Company prohibits discrimination against any employee on the basis of age, gender, sexual orientation, disability, race, nationality, political opinions, religion or ethnic background, or any other basis prohibited by law. The Company does not tolerate harassment or degrading treatments in any form by or towards employees.

We believe in equal opportunity for men and women. Women accounted for 41% of the total number of employees as of year-end 2019 (36% in 2018). The Board of Directors consists of three men and two women.

Human capital development is important to the company's growth and productivity. The Company promotes a corporate culture with open feedback and has a relatively flat organization structure. Retaining and developing human talent is important and has a clear focus within Ocean Yield. All employees are subject to a performance review on an annual basis.

HEALTH & SAFETY

As previously stated, Ocean Yield has today only operating responsibility for two vessels, as the rest of the fleet is chartered out on bareboat contracts. Ocean Yield's subsidiary AFP Operations AS is responsible for technical and commercial management of the FPSO Dhirubhai-1, which is currently in lay-up. Given the status of the vessel, the scope of operations is currently limited. Nevertheless,



ESG is the consideration of environmental, social and governance factors in the day-to-day operations of the Company.

AFP Operations has committed to several sustainability related policies, including a code of conduct, an anti-corruption policy, an environmental policy and an occupational health and safety policy. AFP Operations AS operate according to the International Safety Management (ISM) code, ISO 9001 and ISO 14001 and all international, local and contractual requirements. In addition, Aker Floating Production AS has obtained ISO 37001, anti-corruption certification.

We have a safety standard based on the Incident and Injury Free principle, since we believe that most injuries to personnel can be prevented. During its time of operation in India, the FPSO operated over 10 years without any Lost-Time-Incidents. Aker Floating Production also provides training, information and procedures to its employees. Through continued ISO 14001 compliance with robust KPIs, targets and monitoring, Aker Floating Production strives to have the least negative impact as possible on the environment when operating the FPSO.

In addition, AFP Operations has complete emergency preparedness procedures and regular training exercises on emergency incidents.

We achieved a sick leave rate of 0.55% in 2019 compared to 0.79% in 2018.

FREEDOM OF ASSOCIATION

Ocean Yield promotes a responsible employment environment and respects to universal principles and norms that protect human rights in employment, including the respect to the freedom of association and the freedom to conduct collective negotiations.

GOVERNANCE

Corporate Governance defines a framework of rules and procedures by which Ocean Yield governs and controls its business. Good corporate governance is about establishing a sound platform for such a framework and applying the company's values in order to create value for Ocean Yield's stakeholders. Ocean Yield is of the view that good corporate governance is a prerequisite for value creation, promoting the long-term interests of shareholders, strengthening the Board's and management's accountability and help to build public trust in the company. The corporate governance principles are important to Ocean Yield and shall be incorporated in the company's culture, by its employees and Board of Directors.

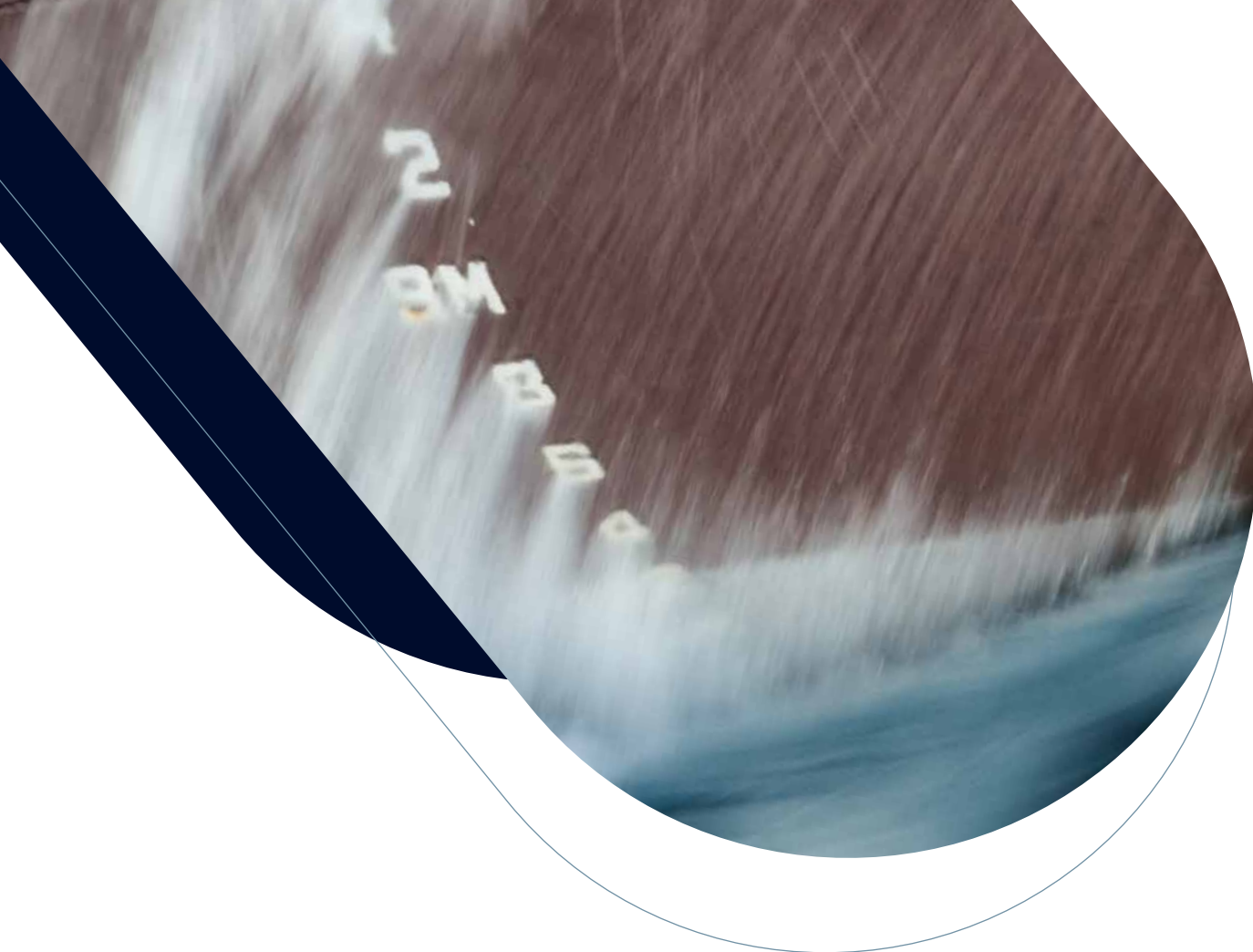
Ocean Yield's corporate governance principles are in accordance with the Norwegian Accounting Act §3-3b and are based on the Norwegian Code of Practice for Corporate Governance ("NUES") available at www.nues.no. Any deviation from the "NUES" principles have been explained in the Corporate Governance Statement published together with the annual report.

WHISTLEBLOWER PROGRAM / INTEGRITY CHANNEL

Ocean Yield ASA's vision and core values are designed to cultivate and refine a corporate culture in which people deliver excellent results in a responsible manner. As an active owner, Ocean Yield aims to do business with reputable counterparties in the maritime industry. Ocean Yield wants to be recognized as a company with high ethical standards.

The Company has a defined Code of Conduct, and we have established an integrity channel to allow employees and





others to 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 kick-back arrangements, or other breaches of Ocean Yield ASA's Code of Conduct. Reviews on business ethics and Code of Conduct are conducted on an annual basis.

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 deemed to be sufficient, incidents may be reported through an independent whistleblower/integrity channel.

Reports received through the integrity channel are initially received and handled by an independent third party; the law firm PricewaterhouseCoopers (PwC). PwC is dedicated to maintaining high ethical standards and handles all submissions with confidentiality. As in 2018, no cases were reported in 2019.

ZERO TOLERANCE FOR 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. Corruption is a serious form of crime which must be combatted. Ocean Yield's Code of Conduct and Anti-corruption Policy contain principles on relevant issues such as bribes, gifts, services and other forms of corruption. Ocean Yield takes this seriously and its fully owned subsidiary Aker Floating Production AS obtained

the ISO 37001 anti-corruption certification by DNV GL as the first Norwegian company with such certification. Aker Floating Production AS has implemented a supplier audit program to review suppliers implementation of business ethics and anti-bribery controls. Ocean Yield's employees are expected to lead by example, exhibiting good ethics and morals. Please refer to the anti-corruption policy for further details, which can be found at www.oceanyield.no.

SUPPLIER STANDARDS

As part of the anti-bribery program in Aker Floating Production, vendors and suppliers to the operations of the FPSO must acknowledge and accept that

- *The anti-bribery requirements and business ethics policy are reviewed and accepted*
- *Channel for reporting of concerns is known*
- *Books and records of transactions will be kept accurate*
- *Client has the right to audit the implementation of anti-bribery controls and records of reimbursable expenses under the supplier contract*

Any deliberate violation of the commitments will lead to a termination of contract.

Furthermore, the terms and conditions in supplier contracts states that the contractor shall comply with all applicable laws and regulations relating to health, safety, welfare and the working environment. The contractor shall further comply



with additional requirements related to these topics if required by us. Failure to maintain a satisfactory standard are deemed to be a material breach of contract.

REPORTING TO STAKEHOLDERS

Ocean Yield will communicate relevant business information in full and on a timely basis to its external stakeholders and employees. Ocean Yield is committed to providing the financial markets with quality information on the financial and operational status, enabling investors and analysts to maintain a correct picture of the financial situation as well as risks and opportunities facing it in the future. Ocean Yield will provide accurate disclosure information to the financial markets in line with all relevant laws and regulations for listed companies on the Oslo Stock Exchange.

BOARD OF DIRECTORS

As defined in the Company's articles of association, the Board of Directors comprises between three and seven members. When the nomination committee is elected, recommendations will normally include a proposal for appointment of board members and Board Chairman, which is subject to approval by the shareholders' meeting.

The Board members are considered independent of the Company's controlling shareholder, executive management and significant business associates except for Kjell Inge Røkke and Frank O. Reite. No Company executives are Board members. The Board consists of two women and three men. Three out of five board members are independent.

Board members represent a combination of know-how, capabilities, and experience from finance and industry. The Board members are encouraged to own shares in the Company. Board members' shareholdings are presented in Note 31 in the annual report.

RISK MANAGEMENT

Ocean Yield's risk management process shall identify potential threats in order to develop a strategy for minimizing or eliminating these risks. The process includes the following:

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

The risks are reported and discussed with both the Audit Committee and Board of Directors.

MANAGEMENT INCENTIVES

The main purpose of the system for management remuneration is to stimulate a strong and lasting profit-oriented culture leading to an increasing value of the Company. The CEO, CFO and other key employees are entitled to a variable salary calculated on the development of the market price of the shares and dividends paid on the shares. There are no fees paid to management companies or other structures. This should align the interest of management and shareholders.





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