

ESG Report

Solstad assesses environmental, social and corporate governance issues in its business decisions, operation and financial reporting.

Solstad's governance and management systems are based on the Company's vision and values. The Company is listed on the Oslo Stock Exchange and comply in accordance with the Norwegian Accounting Act, International Financial Reporting Standards (IFRS) and interpretations by the International Accounting Standards Board (IASB) which is approved by the European Union (EU). The Company adheres to the Norwegian Code of Practice for Corporate Governance dated 17th October 2018. More information on corporate governance is given in the separate chapter regarding Corporate Governance in the annual report and on www.solstad.com.

Sustainable Operations at Solstad is about integrating sustainability into our business activities and product lines within our core areas of operations. Together with employees, clients, suppliers and partners Solstad aims to adapt to a sustainable future. The company is constantly facing global challenges, in relation to our business it means that we need to work with environmental, social and governance (ESG) issues in relevant fields. We also engage with our stakeholders to promote and suggest sustainability initiatives as

part of our day to day operations.

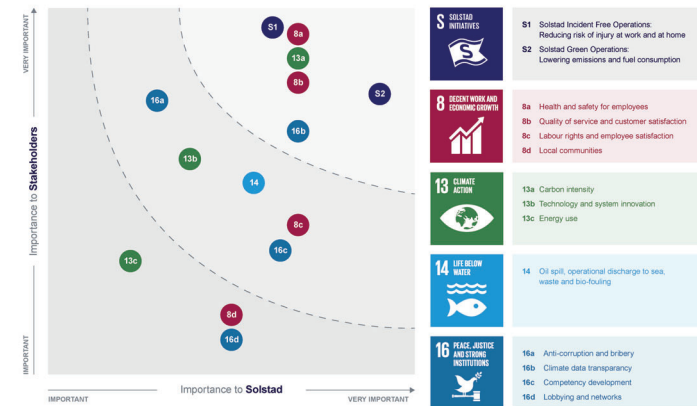
The company acknowledges that sustainability is a vital prerequisite for Solstad to be a profitable and responsible player in the industry and society at large. With an aim to continue increasing transparency, the company therefore issues and publishes environmental and other related reports according to recognized international sustainability guidelines and standards.

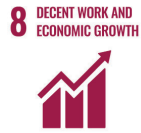
Solstad participates actively in various working groups to identify, promote, finance and develop/ utilize technologies that enables the shipping business to become more sustainable.

Materiality assessment

The company has assessed and identified environmental, social and governance issues and matters that could affect the company's business, and/or stakeholders (Materiality assessment). This is published on the company's website. The UN Sustainable Development Goals (SDG) is now actively used by the company to align Solstad's commitments to these principles throughout its

Importance to Stakeholders & Solstad





operations. The company has evaluated and selected 3 main SDGs that will be important for the company to follow up: SDG number 8 – Decent Work and Economic Growth, number 13 – Climate Action and number 14 – Life below Water. Solstad Solstad is from 2021 also publishing it's ESG

leading indicators openly. We believe in ESG transparency and openness around these issues.

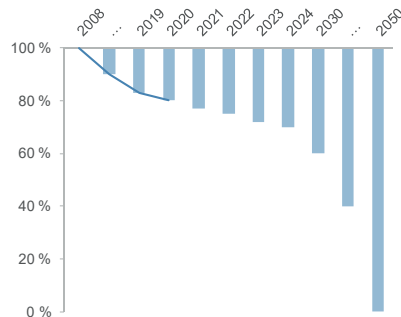
Environmental

The high carbon intensity of shipping applies also to Solstad. The CO2 climate gas emissions for 2020 was 691,511 tons or about 8002 tons operating vessel on average (down from 8007 tons per operatin vessel in 2019).

The long-term goal for Solstad is to reduce emission to zero. We aim to reach the goal by 2050. By 2030 our goal is a 50% reduction compared to 2008.

From 2008 to 2019 a 17% reduction has been achieved through the operational measures (Solstad Green Operations – see below). The goal for 2020 was a further 3% reduction which was achieved. Every year going forward we plan to reduce our emissions through a range of measures. One of these is to install battery-hybrid systems and electrical shore power systems. Solstad is a leader on this area with soon 8 battery systems in place. Several new installations are planned for.

Solstad also recognize that the transformation to a zero emission future can not be achieved alone. Membership in the cluster associations 'MaritimeCleantech' and 'Getting To Zero Coalition'.



**8 VESSELS
INSTALLED BATTERY-
HYBRID SYSTEM**

Getting to Zero Coalition



Solstad Green Operations®

Since 2009, Solstad Green Operations (SGO) has been the Company's environmental program that aims to reduce CO2 emissions through reduced fuel consumption in the fleet. About 18,714 Green Operations were performed in 2020 alone, resulting in 38,384 tons of fuel saved which prevented release of 122,000 tons of CO2 emissions into the atmosphere. This is a little better than 2019 where

we had about 18,000 SGO's and 34,500 tons of fuel saved (108,000 tons of CO2 avoided).

The SGO program's efficiency has been certified by DNV and a ISO 50001 Energy Management certification has been achieved in 2020. This was a major milestone for Solstad's efficiency program. Solstad is one of a few shipping companies in the world to be certified according to this standard.



**1 049 867
CO₂ TONS SAVED**

Energy management certified

Solstad is one of very few shipping companies in the world that is ISO50001 Energy Management certified. This shows our commitment to managing our energy use and thereby reducing emissions and cost. Through the program Solstad Green Operations® we have reduced fleet fuel consumption and emission of about 20% over the last 12 years.



From the fleet we had a total of 349 litres of various oil spills to sea in 2020 which is a little higher than previous year (113 litres in 2019). Even with an increasing fleet size there has been an overall decreasing trend in oils pills over the last 10 years due to targeted projects related to technical maintenance. Our goal is always zero spill to sea.

The Company has a program for sorting and reporting of all waste, and the program covers both ship and onshore organizations. Total amount of waste produced during the year was 2.837 tons.

Social

The working environment, onshore as well as onboard the ships, is considered satisfactory. Sick leave onshore was 1.6% in 2020, down from 2.0% in 2019 (all locations).

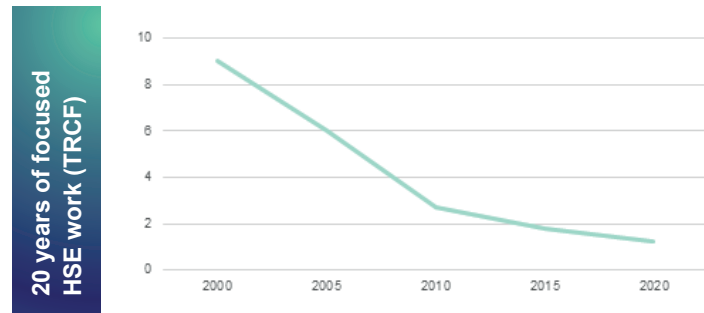
The Group administration consists of 181 men (56%) and 141 women (44%). Out of a total of 2,961 marine crew at year-end, only 147 were women.

This has now put into focus and an internal team consisting of female leaders has now started to work on promoting 'Women at Sea'.

The Group has focus on diversity and strives to create equal opportunities for all employees, regardless of their ethnic background, nationality, descent, colour, language, religion, lifestyle or gender. The Group will select and appoint the most suitable person for a position based on their competence, attitude, skills and qualifications.

The Company takes part in recruitment and training of cadets/trainees and participates in measures towards encouraging young people to involve in maritime education. As SDG number 8 - Decent Work and Economic Growth has become one of our top priorities we need to explore new economic growth models for sustainable development and decent work.

Overall, the Company had three work-related lost-time incidents (LTI) in 2020 and the Total Recordable Frequency Factor (TRCF - recordable injuries per 1 million working hours) was 1.28. It



should be noted that this result is the lowest number in the company's recorded HSE history. The goal to have no lost-time injuries is maintained for 2021, and the Company focuses on the evaluation,

facilitation, planning and preventative work to avoid all kinds of personnel-related injuries and incidents with adverse effect on the environment.

Solstad Incident Free Operations

The safety behaviour and culture program Solstad Incident Free Operations (SIFO) introduced in 2019 is fully implemented and in use throughout the company's operations. This program is fundamental to our operations.



SOLSTAD INCIDENT FREE OPERATIONS
LOOKING OUT FOR EACH OTHER

Governance

The Company operates in accordance with international regulations and standards and is certified to ISM (International Safety Management code), ISO 14001:2015, ISO 9001:2015, ISO 45001:2018, ISO 50001:2018, MLC (Maritime Labour Convention) and ISPS (International Ship and Port Facility Security).

The crews are trained according to the Company's procedures and approved pursuant to the requirements of the STCW 10 (Seafarers Training, Certification and Watchkeeping Code). Over the past year a range of internal digital courses and self-training programmes has been rolled out to all relevant employees. Internal audits are carried out on all ships and offices on an annual basis. The company had a total of 672 audits in 2020 (all offices and vessels / internal and external audits) with just minor findings.

The common Solstad management system (SIMS - Solstad Integrated Management System) includes overall objectives and policies for the Company. Further, it describes the various processes and

activities to be performed and each employee's responsibilities/roles related to these.

A vital part in order to understand and improve safety is to focus on preventative measures to avoid injuries and operational accidents or interruptions. In 2020, 31,710 HSE reports were recorded and processed at different levels in the organization. Conclusions from analysis are used as basis for further preventative measures to avoid future accidents.

In 2020 the company implemented a 'Whistle-blower' arrangement to ensure all employees can be heard if needed. This arrangement is linked to the top management and is intended to assist individuals who believe they have discovered malpractice or impropriety. In addition, cases linked to bribery, corruption and fraud is also handled through same channels. In 2020 the company received one report which was followed up and had no significant effect on the company. Reported cases will be included as part of ESG leading indicators according to recognized standards going forward.

ESG leading indicators

Annual report

	Unit	Target 2021	2020	2019	2018	GRI *****	SDG
Environment							
CO ₂ , scope 1 (own activity)	tCO ₂	-3 %*	696,888	801,578	714,722	305-1	13
CO ₂ , scope 2 (Purchased electricity)**	tCO ₂	-	203	214	156	305-2	13
Energy consumption sum Scope 1 and 2	MWh	-	2,721,186	3,005,373	2,576,754	302-1	13
NO _x emission	tNO _x	-3 %	9,601	11,329	10,089	305-7	13
SO _x emission	tSO _x	-3 %	457	532	512	305-7	13
Number of Oil spills	No.	0	12	14	13	306-3	14
Oil spill litres	Litres	0	349	113	679	306-3	14
Fines for non-compliance of environmental regulations	No.	0	0	0	0	419-1	16
Single use plastic water bottles on board our vessels	No.	0	145,200	184,450	N/A	305-1	14
Social							
Permanent employees	%	-	97 %	96 %	96 %	401-2	8
Gender diversity sea (Target 10% female crew by 2025)	%	6 %	5 %	-	-	102-8	8
Gender diversity office management level (Target 35 % female managers by 2025)	%	25 %	23 %	21 %	15 %	102-8	8
Retention rate offshore crew	%	90 %	97 %	96 %	97 %	401-1	8
Retention rate onshore employees	%	90 %	96 %	90 %	93 %	401-1	8
TRCF (12-months rolling - Total Recordable Case Frequency)***	No.	1.10	1.28	1.65	1.86	403-9	8
Fraction of all employees received sustainability training ****	%	100 %	43 %	-	-	404-2	8
Governance							
Gender diversity Board of Directors	%	50 %	50 %	40 %	50 %	102	8
Incidents related to Corruption and Bribery	No.	0	0	0	0	205-3	8
Share of Revenue from Renewable energy segment (non oil and gas)	%	-	10 %	5 %	7 %	201-2	13

* increased fleet fuel efficiency

** Office locations 2020 (10) - 2019 (11) - 2018 (13)

*** per 1,000,000 hour

**** Training started 21.12.2020

***** GRI (Global Reporting Initiative as guidance only)

SDG: UN Sustainable Development Goals