



# Sustainability Report 2022



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Solstad Offshore (Solstad) is a leading provider of offshore support vessels to the global energy markets. In doing so we are increasingly serving the offshore renewable market, contributing to accelerate the offshore renewable power industry. Solstad builds, owns and operates a fleet of 86 high end offshore vessels around the world. Sustainability is an integral part of our organization and embedded in our business units and across our value chain. We have dedicated sustainability resources at both project and corporate level involved in all project phases for sustained impact.

Building a more sustainable future together is key to us in Solstad!

# The Company

**At Solstad, we believe that only through close cooperation with key clients and strategic suppliers over time, major steps can be taken on a path towards a more sustainable future.**

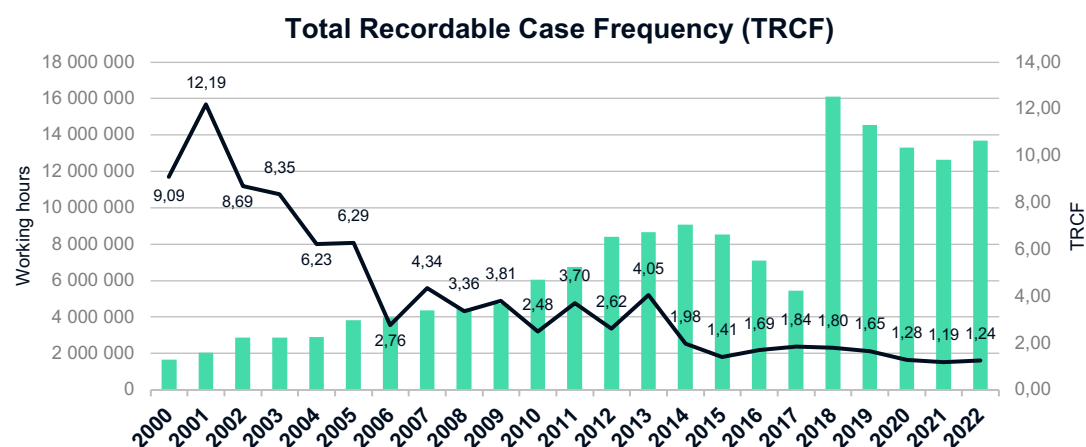
We believe in transparency on matters that affect sustainability. In our sustainability report covering the period from 1 January 2022 to 31 December 2022, we disclose how we work with and interact with other stakeholders and try to answer key risks and opportunities as we see them today.



# Sustainability highlights 2022

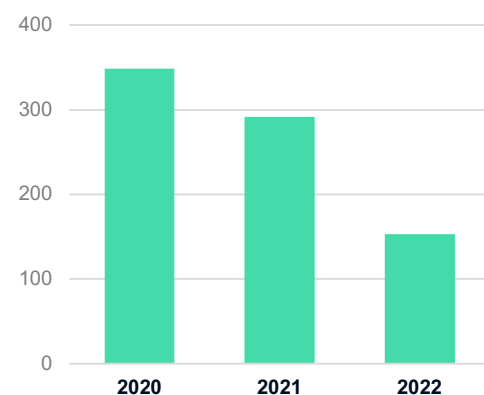
## Safety

At Solstad, our goal is to have zero injuries. In 2022, the Total Recordable Cases Frequency (TRCF) was record low with 1.24, and of four Lost Time Incidents (LTI) were recorded.



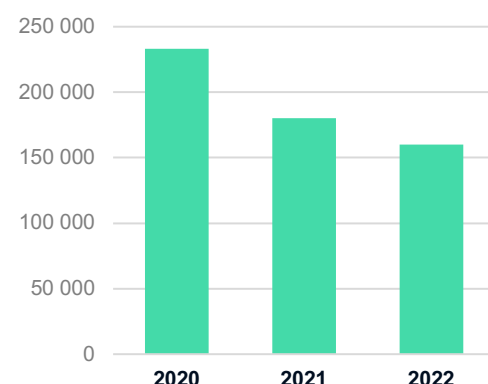
## Oil Spills

In Solstad, our goal is to have zero spills. In 2022, we saw a decrease the numbers and volume on oil spills to the environment despite increased operational activity. We had 153 liters of spills in 2022, compared to 293 liters and 348 liters of spills in 2021 and 2020, respectively.



## Plastic Bottles

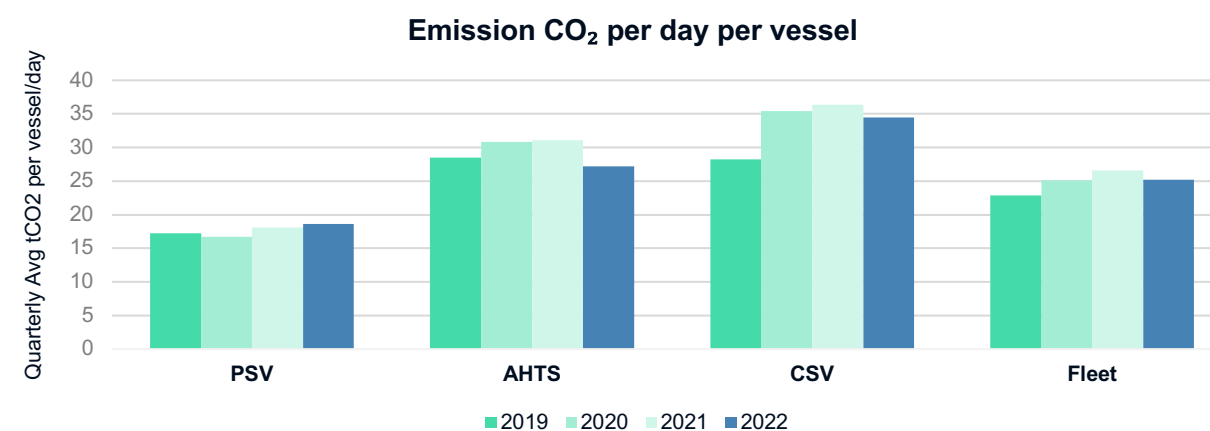
The reduction of single-use water plastic bottles in 2022 ended at 31%, corresponding to 72,000 bottles, which lead to a CO2 reduction of 9.1 tons. From 2023, these items have been removed from the provisions ordering lists and are now only used in special operations.



## Emissions

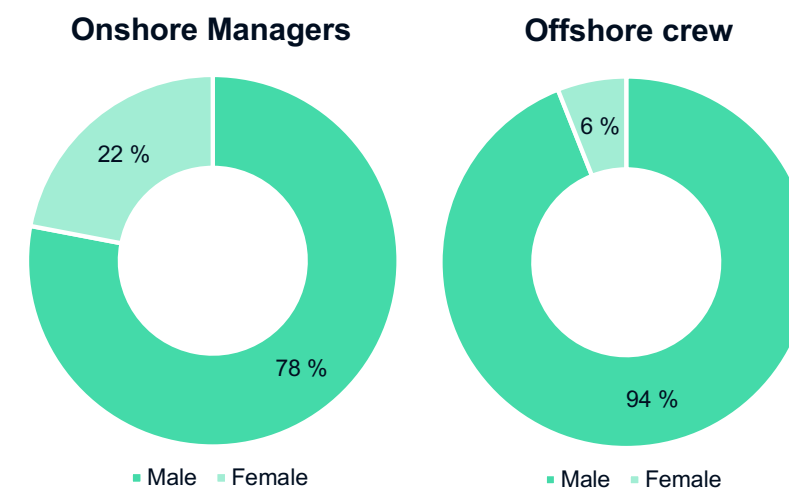
The total fleet CO2 emissions increased by 1% in 2022 to 720,101 tons compared to 711,552 tons in 2021. The increase was mainly due to higher operational activity and more vessels in operation.

The average fleet CO2 emissions per vessel day was on the same level in 2022 as in 2021. Even though higher activity is seen as positive, this often results in longer transits for some vessels between regions, less days idle, and more demanding dynamic positioning (DP) work for the CSV and AHTS vessels. The result is higher total net CO2 emissions, and it is key that our vessels focus on Solstad Green Operations (SGO) to limit fuel consumption. The KPI of 20 SGO's per day per vessels was achieved in 2022.



## Diversity and Inclusion

Currently, 6% of Solstad's seafarers are women, compared to 5% in 2020, and we had a 44% increase in the number of female seafarers during the year. For the onshore organization, the total of female managers is at 22%, with a target to reach 35% by 2030.





# Letter from the CEO

## Ambitious approach towards a low emission future.

Some of the key elements in our “license to operate” are a strong safety culture, targeted ambitions to reduce emissions from our operations and equal opportunities for our people. Furthermore, to enable us to invest in upgrading our present fleet with new technology, and to over time renew our fleet with low-emission vessels, it requires a sound financial performance.

In Solstad we have ambitions to be a key-player in the ongoing energy transition, including reduction of greenhouse gases from our own operations. We already have a significant part of our revenues coming from renewable energy projects.

Our ambition is to reduce emissions from our fleet with 50 percent compared to 2008 level and, further to net zero emissions by 2050. Whereas the energy transition is speeding up, decarbonization of our own operations remain a challenge. While we are impatiently waiting for the technology breakthroughs needed for full decarbonization, we continue to focus on operational efficiency to improve where we can.

One example is the Solstad Green Operations (SGO) program that was implemented in 2009. This is systemized operational excellence – or common sense if you like. By motivating everyone onboard the vessels to take measures to reduce fuel consumption, we have reduced emissions by about 20%, adjusted for activity increase, since 2009.

With operational measures such as SGO as the foundation, new technology is implemented. During the year we upgraded another two vessels with a battery-hybrid system which means that our total hybrid fleet count is now 10. Additional 9 vessels can connect to shore power when in port. These are important measures, based on existing technologies. In parallel, we are working with partners to develop next-generation vessels. We see it as instrumental that the industry has a joint approach to develop vessels that can operate with significant lower emissions than the vessels operating today.

During 2023 we will increase focus on our fleet renewal and upgrade strategy to ensure our fleet is competitive, also in the future.

Safety is the foundation of all companies. Safety must be more than statistics and targets. It must be a culture! Our working culture is defined by Solstad Incident Free Operations where the principles are that all operations are planned and executed in the belief that all incidents, whatever the nature or cause, are preventable. We are all one team and responsible for the safety of ourselves and of each other. We reject the idea that ‘accidents happen’. The principle is: “Look out for each other”.

We have a strong safety culture, and ambitious emission targets. We have an industry-leading team onboard the vessels and in the onshore organization. To be able to constantly improve, we have to make sure that people have equal opportunities. Between nationalities and between gender. Only then, we can secure the right competence to develop the company and to reach our ambitions.

Through 2022 we have extended our reach to suppliers, clients, and other stakeholders to ensure human rights and decent working conditions are in place across our value chain.

When all stakeholders are pulling in the same direction, we can achieve our targets of a more sustainable future.

Enjoy the reading!



**Lars Peder Solstad**

CEO  
Solstad Offshore ASA





# About Solstad

Solstad is a world-leading owner and operator of offshore service vessels (OSVs), offering maritime services to the global energy markets. Our vision is to deliver industry-leading sustainable operations to the global offshore energy markets. Solstad's core values are: Safe, Reliable, Competent and Responsible.

As per December 2022 the company had 3,400 highly skilled employees, nine offices globally and operated a versatile fleet of 86 vessels worldwide, whereof six vessels in layup. The operation is organized in two business areas: the global Platform Supply Vessels (PSV) and Anchor Handling Tug Supply (AHTS) market, and Subsea Construction and Renewable Energy worldwide. The company headquarter is in Skudeneshavn, Norway, with offices in Ålesund, Aberdeen, Rio de Janeiro, Macae, Perth, Singapore, Manila and Odessa.

## About the Report

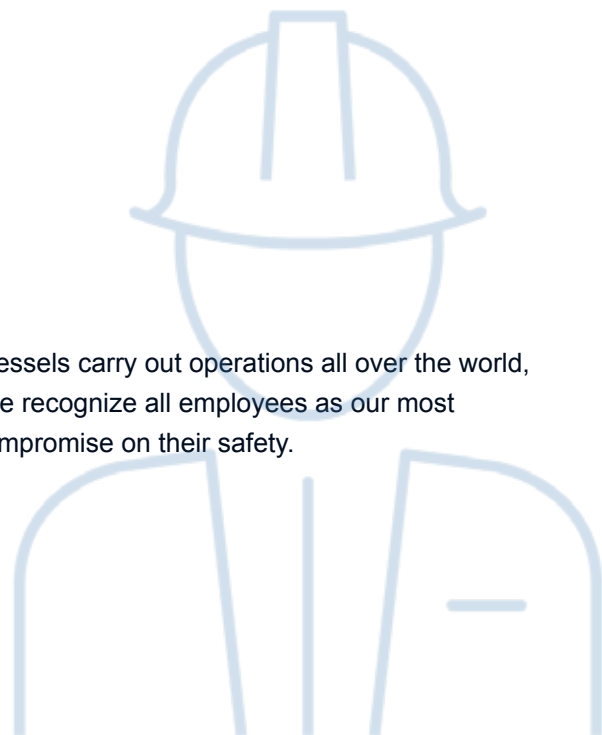
This report has been prepared in accordance with the Norwegian Shipowners' Association Guidelines for ESG reporting in the shipping and offshore industries. The Task Force on Climate-Related Financial Disclosures (TCFD) was used to guide our climate risk reporting. The Global Reporting Initiative (GRI) has also been used as a guide for ESG disclosures. The report presents our material environmental, social, and governance (ESG) performance, along with how we manage material sustainability topics.

The report covers data from all nine offices and vessels operating under the Solstad Shipping AS Document of Compliance. Per December 31, 2022, a total of 80 vessels were in operation, including one vessel owned by a joint venture that is under management of Solstad. Additionally, the company has had six to ten vessels in lay-up throughout 2022.



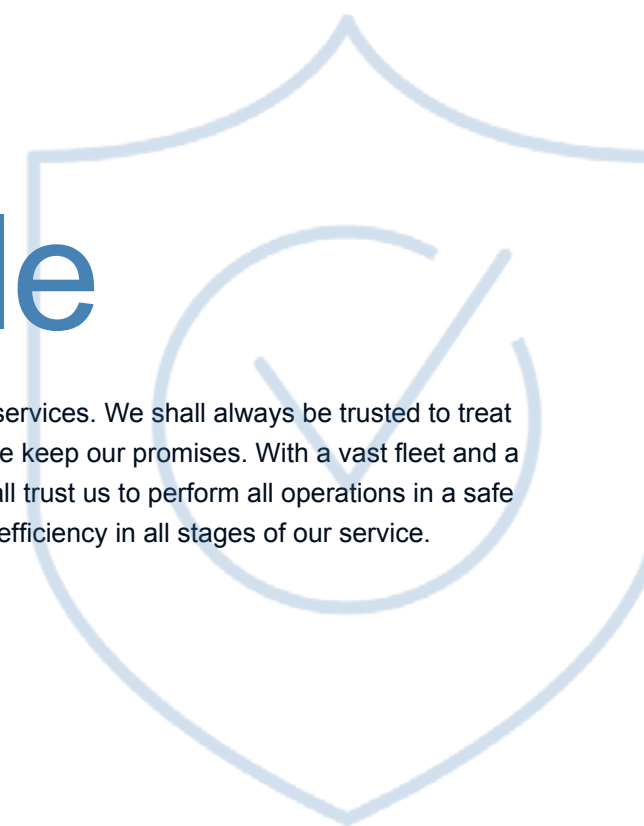
# Safe

Safety is our main priority. Solstad vessels carry out operations all over the world, sometimes in extreme conditions. We recognize all employees as our most valuable asset, and we will never compromise on their safety.



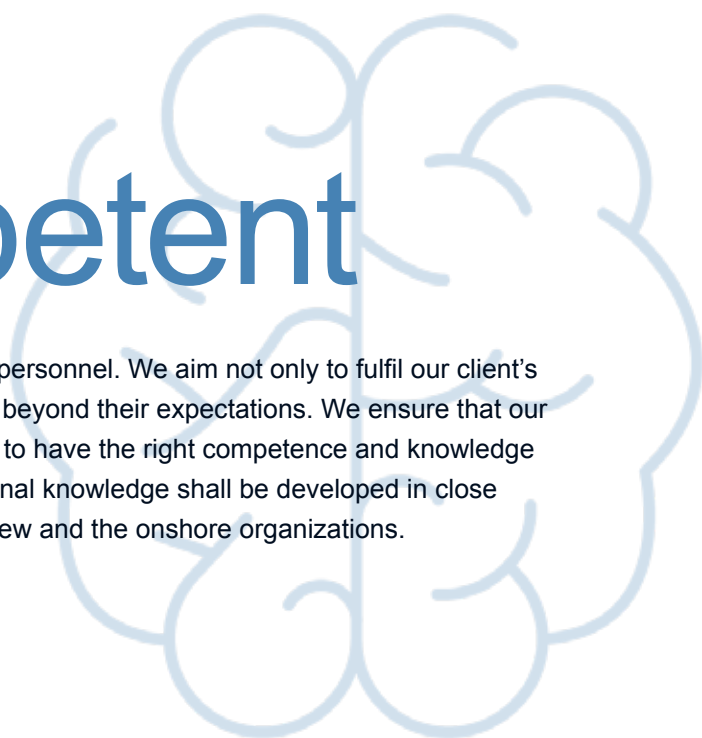
# Reliable

We focus on quality in all parts of our services. We shall always be trusted to treat everyone fairly and respectfully, and we keep our promises. With a vast fleet and a competent organization our clients shall trust us to perform all operations in a safe manner and with focus on quality and efficiency in all stages of our service.



# Competent

All employees in Solstad are key personnel. We aim not only to fulfil our client's demands, but to deliver a service beyond their expectations. We ensure that our personnel are constantly learning to have the right competence and knowledge required at all times. Our operational knowledge shall be developed in close interaction between the marine crew and the onshore organizations.



# Responsible

We care about people, assets and the environment. Our company is global, but also local in the areas we operate. We conduct our business in a responsible manner, respecting the law and universal human rights to benefit the communities where we work. We are aware of our environmental footprint and take measurable steps towards a better environment with the Solstad Green Operations program.





# Governance

## Managing Sustainability in Solstad Offshore

Solstad works proactively to ensure that sustainability is integrated in operations. We have established a range of policies and procedures which set out how we manage sustainability issues. Such policies and procedures form part of our management system called Solstad Integrated Management System (SIMS). These policies and procedures allow us to mitigate our risks and potential negative sustainability impacts.

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

Solstad is a member of the Norwegian Shipowners' Association and contributes to key sub-committees related to sustainability and environmental issues.

The Board of Directors (the Board) of Solstad Offshore ASA is overall responsible for overseeing, assessing and managing climate related risks and opportunities. In its quarterly meetings, the Board's Auditing Committee includes considerations of climate related risk evaluations, plans, targets, results, and opportunities in its agenda, and the Company's Chief Sustainability Officer (CSO) provides an update of relevant climate related issues. The CSO reports to the CEO. Solstad's strategy, plan, and status to meet the long term 2030 and 2050 emission reduction goals is reviewed by the Board at least once a year.

The company has not implemented a performance-based pay system for employees or management linked to sustainability.

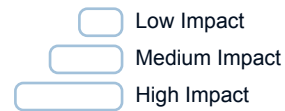
## Main Sustainability Governing Documents

- Sustainability Policy (PMAN-POLI-0489)
- Code of Conduct (PMAN-RESP-0022)
- Sanctions Policy (PMAN-POLI-7956)
- Anti-corruption risk assessment and reporting (PSCT-REPO-8127)
- Anti-Bribery, Corruption, Fraud and Whistle Blower Policy (PMAN-POLI-6630)
- Transparency on Human Rights and Working Conditions (PMAN-RESP-8698)

## Cooperation

At Solstad, we believe that solving the current sustainability challenges requires cooperation. We participate in various working groups to identify, promote, finance and develop technologies that enable the shipping business to become more sustainable. We are therefore a member of initiatives such as:

- The MaritimeCleantech cluster hub (member and represented in the Board)
- Blue Maritime Cluster – New 2022
- The Getting to Zero Coalition
- The Maritime Battery Forum
- MARESS Sustainability Partnership (MSP)
- International Marine Contractors Association (IMCA)
- International Marine Purchasing Association (IMPA)
- Transparency International (TI) – New 2022
- Clean Hull initiative – New 2022



## Material Topics and ESG Priorities

In 2022, we evaluated and decided which sustainability topics were most significant to the company. When assessing materiality, we consider the global sustainability context, transparency, relevant reporting standards, and quality data availability.

Solstad is committed to ongoing engagement with its stakeholders, including clients, suppliers and employees, to identify their expectations and concerns on sustainability. Client interaction is conducted through our operations department with support from the sustainability department when required. We engage daily with suppliers through the purchasing department, and engages with key suppliers through the sustainability department.

Our material topics were slightly revised in 2021, and during 2022 we have built on the same template, working to build an even stronger commitment, engagement and focusing on results. Some of the topics are overlapping, but the totality of our three main material topics represents for Solstad's important sustainability impacts and focus areas.

## Our Material Topics and Impact on the Sustainable Development Goals

We have assessed and identified matters that could affect Solstad's business, and/or stakeholders. The UN Sustainable Development Goals (SDGs) are actively used by to align our commitments to these principles throughout its operations. We have evaluated and selected three SDGs that is important for us to follow up (see below).

	Material topic	Impact	Related quantitative figure 2021	SDGs	Impact on SDGs
Ensuring responsible operations	Health and safety for employees		Total recordable case frequency (TRCF): 1,24	SDG 8 & SDG 14	<ul style="list-style-type: none"> <li>Providing good work places with safety as our priority</li> <li>Potential safety incidents</li> </ul>
	Quality of service and customer satisfaction		<p>A client feedback questionnaire is used to obtain relevant info on our performance from the clients. The questionnaire will be updated to make it more convenient for clients to respond. A total of 32 reports for 2022 was received this is above KPI for 2022. Feedback from clients is in general and mostly very positive</p> <p>95% agree that Solstad is a strong and reliable Offshore partner.</p> <p>95% agree in the quote "Are you satisfied with the quality of work performed by Solstad vessels".</p>	SDG 8	
	Labour rights and employee satisfaction		<p>Digitalization of Appraisal Talk and My Plan (Personal development plan) for all onshore 2022, plan to include offshore.</p> <p>A continuous strong crew union cooperation. Conducted Norwegian Transparency act due-diligence and implemented minimum safeguards. Implementing routines to ensure human rights and decent work conditions for yard workers (part of the Transparency act implementation).</p>	SDG 8	
	Integrity and anti-corruption		Cases reported to public ethics helpline: 2 (both cases not concluded)	SDG 8	<ul style="list-style-type: none"> <li>Supporting initiatives to promote transparency and anti-corruption, e.g. UN Global Compact</li> <li>Transparent reporting of payments to governments</li> <li>Exposure to integrity risks</li> </ul>
	Human rights in the supply chain		<p>Supplier audit verifications conducted: 10</p> <p>Conducted Norwegian Transparency act due-diligence and implemented minimum safeguards.</p>	SDG 8	
Protecting the environment	Biodiversity, oceans & sensitive areas		Biofouling Management applies to ALL Solstad vessels in line with IMO MEPC 207 (62). Developing vessel operational code for transport and handling of hazardous and noxious liquid substances in bulk on offshore support vessels the OSV-CODE. Membership in the "Clean Hull Initiative". New silicone based anti-fouling tested on two vessels. New water fountains installed on a number of vessels to be able to join our "No to plastic water bottles" campaign.	SDG 14	<ul style="list-style-type: none"> <li>Managing environmental impacts and promoting sustainable ocean management</li> <li>Risk of potential spills and pollution of air or water</li> <li>Potential noise impacts on marine life</li> </ul>
	Air emissions		Nitrogen oxides emissions (NOx): 9,956 tonnes		
Creating Shared value	Economic impact (direct and indirect)		Purchase of goods and services: 1.9 billion NOK	SDG 8	<ul style="list-style-type: none"> <li>Economic impact through taxes, jobs, supply chain and local content</li> <li>Promoting diversity and inclusion in our workforce</li> </ul>
	Diversity and inclusion		<p>Diversity and inclusion in Solstad E-learning for all - Solstad Offshore" continued in 2022.</p> <p>Ongoing training and recruitment program for anchor handling.</p> <p>For 2022 the number of female seafarers in the Company is 6% same as in 2021.</p> <p>The number of female Apprentices and Cadets for 2022 was 10%</p>		
Building a low-carbon advantage	Average carbon intensity tCO <sub>2</sub> /day per vessel		<p>AHTS 30,2 tCO<sub>2</sub>e/d</p> <p>PSV 17,7 tCO<sub>2</sub>e/d</p> <p>CSV 33,9 tCO<sub>2</sub>e/d</p>	SDG 13	<ul style="list-style-type: none"> <li>Providing energy with significantly lower operational emissions than the industry average</li> <li>Investing in renewable energy market and low carbon solutions such as hybrid systems, to lower the GHG emissions</li> <li>Working with suppliers to reduce emissions from supply chain</li> <li>Policy engagement to support the goals of the Paris Agreement</li> </ul>
	GHG emissions scope 1 & 2		GHG emissions tCO <sub>2</sub> e) scope 1 & 2 : 719,845 tonnes - 177 tonnes		
	GHG emissions scope 3		66,777 tCO <sub>2</sub> e		
	Energy consumption sum scope 1 & 2		2,826,974 MWh		
	Supply chain emissions		50,565 tCO <sub>2</sub> e		
	Renewable energy		Percentage vessel days of total in Non-oil & gas / renewables marked. 12.6%		
	Technology and system innovation		"Technology & Projects department strengthened. 1 low/zero emission vessel concept developed. Two retrofit green tech pilot projects under development."		
	Climate policy engagement		Number of energy and climate associations, where Solstad holds membership, screened for alignment with Solstad's climate stance: > 6		



# UN Sustainable Development Goals

Solstad is dedicated to contributing to the UNSDGs by focusing on the areas we can have the most significant impact. Based on the materiality assessment, we have chosen to focus on the following three goals:



## Anti-Corruption and Business Ethics

We conduct business to the highest ethical standards in line with Solstad's Code of Conduct and company values. We have zero-tolerance for any forms of bribery, corruption and other criminal or unethical behavior. We are committed to complying with applicable laws and applying the highest ethical standards in all business operations. Solstad is also fully committed to follow the UN Guiding Principles and the ten principles outlined in the UN Global Compact.

Solstad explicitly prohibits engaging in bribery and corruption in any form, and our Code of Conduct and anti-corruption policy is valid for everyone regardless of their role and position. The Code of Conduct and anti-corruption policy has been communicated to all employees and is valid for everyone regardless of their role and position. It covers issues such as anti-bribery, anti-corruption, sanctions, money laundering, whistleblowing and reporting in case of breach. These documents are a mandatory part of the induction to all new employees, and the Executive Management has a responsibility to ensure that our values are known, respected and adhered to maintain an ethical business culture.

A Sanctions e-learning course is mandatory for all employees and in 2022, an internal Anti Corruption e-learning course was developed and rolled out to all employees. This mandatory course is the first stage to ensure that the internal policies and requirements are read and understood by all. It is required that all employees have completed the training by the end of June 2023. The course will need to be repeated annually.

Our Code of Conduct also addresses the requirement to comply with applicable competition and antitrust laws. We contribute to fair and open competition in the market segments in which we operate in, both nationally and internationally. Individuals shall not, under any circumstances, cause or contribute to a breach of the free market-regulations regarding price fixing, illegal market sharing or other behavior in conflict with the law.

With a worldwide presence, Solstad employees may from time to time be exposed to several types of corruption risks, particularly in relation to engagement of contracts, port calls, purchasing processes and crewing. It is therefore key that all employees understand this risk and consequences. To make our stand more visible a poster has been made to be displayed onboard the vessels.

Solstad has a whistleblowing policy that intends to assist external and internal stakeholders who believe they have discovered malpractice, impropriety, bribery, or suspicion of corruption. Reports can be made anonymously and are managed by Solstad's administration and communication director. In the event a disclosure has been made against the administration and communication director, the complaint will be managed by the CFO. The leader of the audit committee is a final reporting channel that may be used for reporting to the mentioned persons or management cannot be done. The Company treats all cases confidentially and has a non-retaliation philosophy. Read more about whistleblowing [here](#).

In 2022 Solstad became member of the Transparency International (TI) organization to support and their global organization in over 100 countries to end the injustice of corruption by promoting transparency, accountability and integrity. The TI world anti-corruption index world map is used as a part of our risk assessment.

Our ethical guidelines outline the expectations to our employees and contribute to secure the values and organizational culture. It is an integral part of forming profitable and secure operations, maintaining a good working environment, and ensuring trust and a solid reputation in society.

Solstad has not been involved in any legal proceedings associated with bribery, corruption, or anti-competition in 2022. Reports have been received through the whistleblowing system, but after thorough investigation none of the cases have materialized so far.



## Anti Corruption

All aspects of our operations have been assessed to identify high risk areas. Areas with highest risk are related to:

- Charter contracts (chartering department).
- Purchase of goods and services (mainly technical and purchase departments).
- Crewing (crewing departments).

These areas of interest are especially addressed by use of specific risk assessments, reviewing and revising processes and the use of awareness training in the relevant departments.

In 2022 there has not been any confirmed incidents of corruption whether externally or internally.

## Training

- In 2022, all<sup>1</sup> onshore employees have received the training course in Anti-Corruption and Bribery
- The crew received access to the training module during the first quarter of 2023 (mandatory to complete by end of June this year).
- All approved suppliers have received our anti-corruption and bribery policy
- All charter parties shall include anti-corruptions clauses during 2023

<sup>1</sup> Excluded Brazil as the translation of the training course is still in process

## Supply Chain Management

During 2022, the Procurement Department updated and developed new company-wide guidelines and directives that frame procedures already in place in a uniform set of rules. The rules were supplemented with new content, thus laying down a more comprehensive basis for implementing corporate social responsibility and sustainability in Solstad's supply chain.

The following documents have been created, updated, and supplemented:

- Solstad Frame Agreement
- Solstad General Terms and Conditions
- Supplier Code of Conduct (SCoC)

Solstad is committed to upholding internationally recognized human rights and social standards throughout the value chain. Our suppliers play a significant role in achieving these goals. We regard a shared appreciation of ethical values and sustainable practices to be a mainstay of these relationships.

The SCoC sets out our expectations, principles, and minimum requirements, when it comes to our suppliers' conduct. The SCoC covers topics such as general compliance, human rights, labour, business ethics and improper business conduct. We expect our suppliers to be transparent and have an open dialogue on any issue related to the SCoC. We expect our suppliers to exercise good judgement, care, and consideration by following these principles, requirements, and expectations, and that the overall intentions of the SCoC are met throughout the relationship.

Solstad has around 1,250 supplier entity registrations that are approved for delivering parts and services. Suppliers are internally evaluated and classified based on criticality, risk, and turnover etc.

All potential new suppliers, at all levels, shall be evaluated prior to approval. Our supplier evaluation program consists of a self-evaluation form, which covers areas such as human rights, labour conditions, the external environment, health and safety, and anti-corruption. Our suppliers must satisfy criteria and deliver on all the below:

- All suppliers shall have a documented, implemented, and auditable Health, Safety, Environment, Quality and Security management system, in accordance with ISO 9001 or equivalent
- All suppliers must strive to avoid using scarce resources in all areas of their business including, but not limited to, administration, production, packaging, transport, to mention a few. This includes implementing procedures to ensure that wood from high-conservation forests is avoided whenever possible
- Suppliers must commit to act correctly, comply with ethical guidelines, actively work with anti-corruption and always minimize the environmental footprint of their activities
- All suppliers are obligated to adhere to the UN Global Compact's ten principles about human rights, workers' rights, environment, and anti-corruption



- Suppliers must act in accordance with sanctions authorities, meaning countries and international organizations or institutions imposing sanctions including, but not limited to: United Nations (UN), European Union (EU), Member States of the EU, Member States of the European Economic Area including Norway, United Kingdom (UK), United States of America (US), Singapore or any authority acting on behalf of the foregoing in connection with sanctions, as well as any other sanctions authority relevant for Solstad's business operations.

After a self-assessment, dedicated personnel in Solstad performs an evaluation and rating of the supplier or sub-contractor. A communication process is initiated if needed. The next steps may include a geographical risk evaluation and/or determining whether a due diligence process is required.

The Planned Maintenance System and Purchasing systems are set up to handle supplier assessments. The system assess the suppliers according to their graded levels or depending on if they are a contracted supplier, where there is a signed frame agreement. The assessment is based on three main areas being pricing, quality, supply chain and production, with four or five weighted questions within each area. The final sum provides the overall score and grading of the supplier.

Solstad also runs a supplier registration and management process, where new suppliers are vetted and checked through different processes and forms. Each supplier must meet specific requirements to receive the internal classification.

Over the last few years, Solstad has been working to reduce the number of approved suppliers and to ensure that the most frequently used have a signed frame agreement in place, and that the parties cooperate to ensure that all transactions, shipments and use of products are according to pre-agreed standards.

## Solstad Catering

Catering is a key activity onboard our vessels to ensure good quality food and accommodation for crew and other workers. We believe that a healthy diet is essential to perform every day. Most of the catering work on Solstad's vessels are done by its own crew.

- Number of meals served in 2022: 348,2000
- Total overnights: 870,480
- Provisions provided to vessels from ports in more than 35 countries around the world



## Subcontractors

In addition to ISO quality assurance topics, the subcontractor questionnaire includes subjects such as cyber security, sanctions and compliance, code of conduct and legislation. For crewing companies, conditions related to wages, legislation, social security, insurance, tariffs, and IMO compliance are checked and followed up if needed.

Qualification and screening of subcontractors and service providers are evaluated against the same requirements as suppliers. These companies are followed up by the department that manages the supplier relationship. If necessary, audits are made. Strengthening subcontractor evaluation is a key focus area in 2023.

## Ship Sales and Recycling

During 2022, we delivered a total of 16 vessels to five different new owners. Two of these were sold for recycling and 14 were sold for further trading. To ensure that we comply with rules and regulations, we use external legal assistance for all sales processes. We have identified three main risk factors: sanction risk, scrapping risk and military grade equipment issues. We have hired Nordisk Defense Club to assess any scrapping and sanction risk for the sales. In addition, we are in close dialogue with the Norwegian Ministry of Foreign Affairs during most of the sales processes, to ensure that we have the correct authorities to transfer any potential military grade equipment and to discuss any potential sanction issues.

Recycling of vessels is conducted according to applicable Norwegian and international regulations, including the EU Ship Recycling Regulation and the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. Our fleet has the Inventory of Hazardous Materials (IHM) certification in place, allowing for efficient ship recycling when needed.

Some of the vessels sold in 2021 and 2022 are still in the process of being recycled at the EU-approved Norwegian yards 'Green Yard Kleven' and 'Green Yard Feda'. Our personnel is monitoring the dismantling process. After the recycling is completed, a full detailed recycling report is produced from the yard and sent to Solstad. The reports received from recycling projects states that about 99% of the materials in these vessels are either re-used or recycled to new materials and products.

It is also very encouraging to see that some parts from our old vessels such as interior, lights, winches and almost complete accommodation modules are re-used in re-building projects for other ship owners. This reduces the total environmental impact and cost for new projects.





# Environment

## Emissions and Air Pollution

As a major player in the offshore energy industry, we are aware of the predicaments that face us as global society and our role in both creating and solving them. We know that the temperature of the earth is increasing, and we aim to take considerable actions to reduce emissions from our operations. Our ambition is still to achieve a 50 % reduction and net zero by 2050\*.

As 2030 gets ever closer and we experience rather limited interest from our customers for zero/low-emission new builds we do recognize that this goal is becoming more difficult to achieve. We may not be able to reach such a target with our existing fleet - even though we are making steady emission improvements with the fleet we are currently operating. In 2022, we emitted 720,000 tons of CO2 emissions, which represents a 1.27 % increase, equivalent to 8,448 tons, from 2021.

Solstad is one of few shipping companies in the world that is ISO50001 Energy Management certified. This confirms our commitment to managing energy use and thereby reducing emissions and pollution.

The fleet emission data has been verified by DNV.

\*) Pending available technology/fuels and available client financing.

The reported CO2 emissions from previous years includes only Scope 1 and 2, which includes direct emissions (emissions from vessel fuel consumption) and electricity used in onshore offices. For the first time we have started to report parts of our Scope 3 emissions, which is downstream emissions and activities not directly controlled by Solstad. This is a major undertaking because of the fragmented global supply chain. For us, the Scope 1 direct CO2 emissions from our fleet represent the highest climate impact. During 2022 we have made great progress in chartering our Scope 3 emissions. The numbers found in the report are covering emissions from transportation and purchase of goods, parts of the vessel provisions and most of the air travels.

To reduce emissions in line with the targets set by Solstad and the industry, technology breakthroughs are needed. Our focus on energy and operational efficiency is part of the solution. In 2017, our first vessels were upgraded with battery hybrid systems. Another two vessels were converted in 2022, and amongst them one of our large Construction Vessels (CSV) Normand Ocean. Considerable fuel savings were seen not long after system was fully operation in July. We now have a total of 10 hybrid vessels which result in an annual fuel reduction of 10-15 %. In addition, nine vessels have shore power systems installed, which is one more compared to last year. However, without access to low-carbon fuels and new vessels with yet-to-be commercialized technology, the emission reduction targets remain out of reach. We also depend on collaboration with our customers to realize the emission targets. As more environmental friendly technologies based on green fuels such as biofuels, hydrogen, ammonia or methanol become available and commercially sustainable, we expect to see exponential growth in our capacity to cut emissions by cooperation with our clients through new build- and retrofit projects..

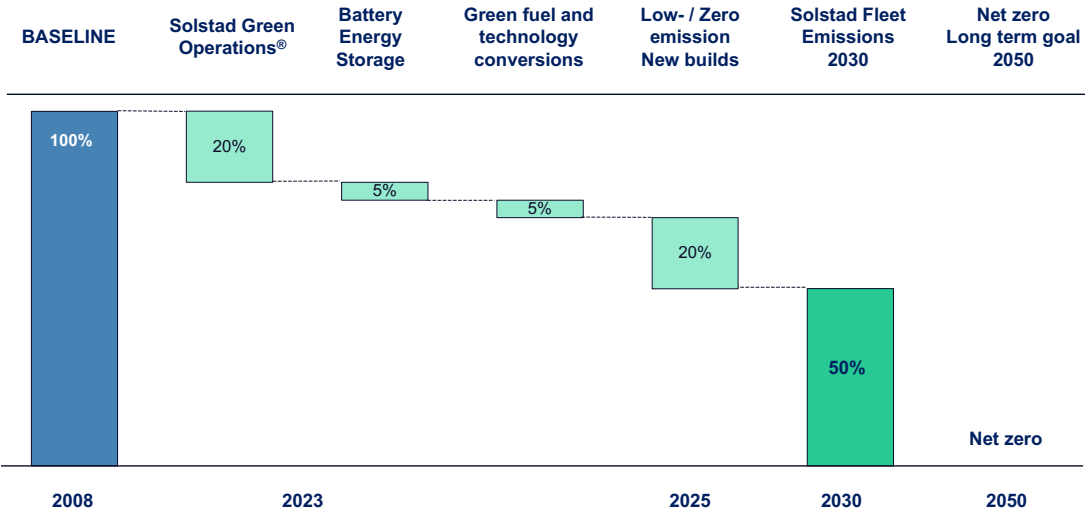
Solstad plans for upgrading a range of vessels with battery hybrid systems within 2025. In December 2021, Solstad received a major government grant of MNOK 87 from Innovation Norway, which will support the financing of up to 11 of these upgrade projects. To further reduce fleet emissions, several ongoing projects cover the use of both hydrogen-based fuels and biogas. Retrofit and newbuild initiatives are also being planned. This program may come with considerable cost. Hence, we are working on a medium and long-term investment plan were also government and client-funding plays and important part.

There is a range of international standards and regulations that aim to measure and regulate emission intensity for ships such as emissions per sailed distance and cargo transported. However, none of these cover the offshore shipping segment. It is difficult to identify a good indicator that accurately considers the nature of offshore operations, where most emissions do not derive from carrying cargo. To track emission intensity over time, Solstad has introduced a new emissions parameter: average tons of CO2 per vessel per day. In 2022, the parameter was 25.2, compared to 25.1 in 2021. This level is higher than previous years due to higher vessel activity caused by an improved market situation.





Carbon Neutral by 2050

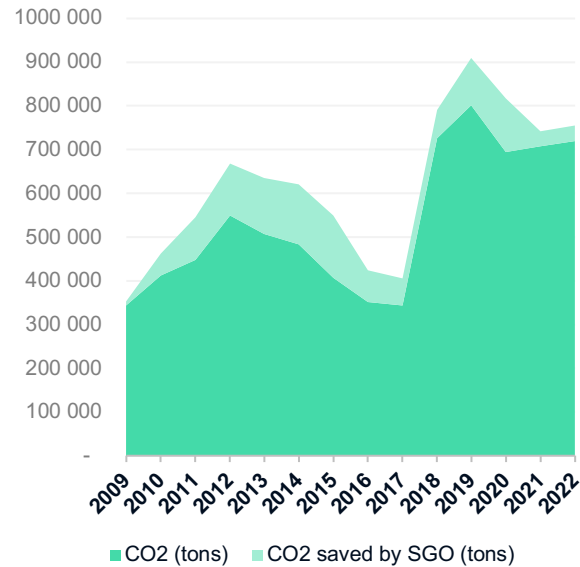


As expected, we see the highest emission levels for the CSV and AHTS vessels. Emissions from the CSV segment was on the same level in 2022 as in 2021, but the AHTS and PSV segment increased by 3% and 4%, respectively, mainly caused by higher activity.

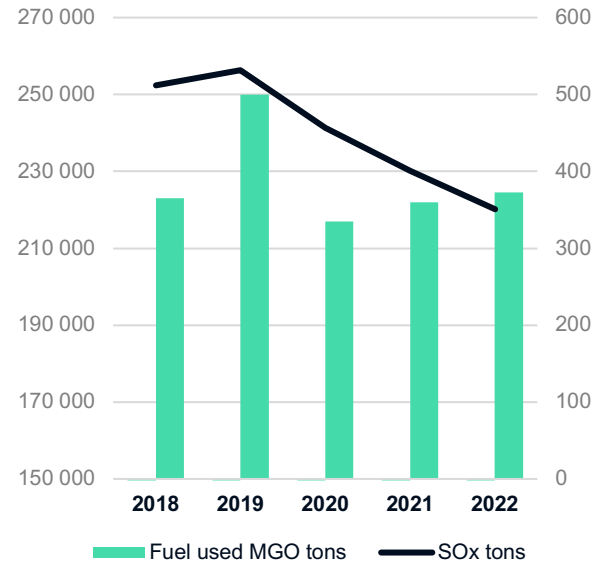
Solstad also aims to reduce other forms of air pollution, including Nitrogen oxides (NOx) and Sulphur oxides (SOx) . Most vessels built after 2005 have Selective Catalytic Reduction (SCR) systems installed for reduction of NOx. In addition, most of these vessels have DNV's Clean Design class notation. Since 2011, the our vessels have not used heavy fuel oil. The only fuel in use is low sulphur MGO and LNG. Hence, there is no need for SOx scrubbers on the vessels.

Adding SOx reduction has been on the agenda in International Maritime Organization (IMO) for many years and we are now beginning to see substantial reductions due to this work. Inside designated emission control areas (ECAS), the cut on SOx content is 0.1% and outside ECAS a reduction from 3.5%-0.5% was effectuated in 2020. In Solstad, we saw a reduction of 35% in SOx emissions from 2019 to 2022. We expect the regulations to continue to have a major impact on our SOx emissions.

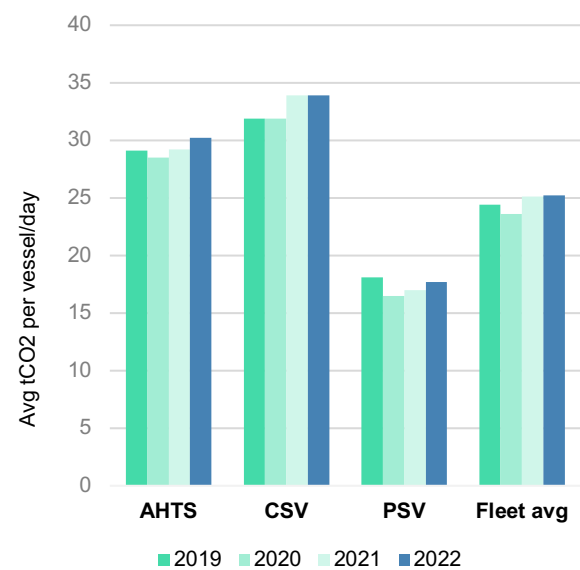
CO<sub>2</sub> (tons) emissions



Sulphur Emissions



CO<sub>2</sub> emissions per day per vessel



NOx & SOx emissions



# About Solstad Green Operations®

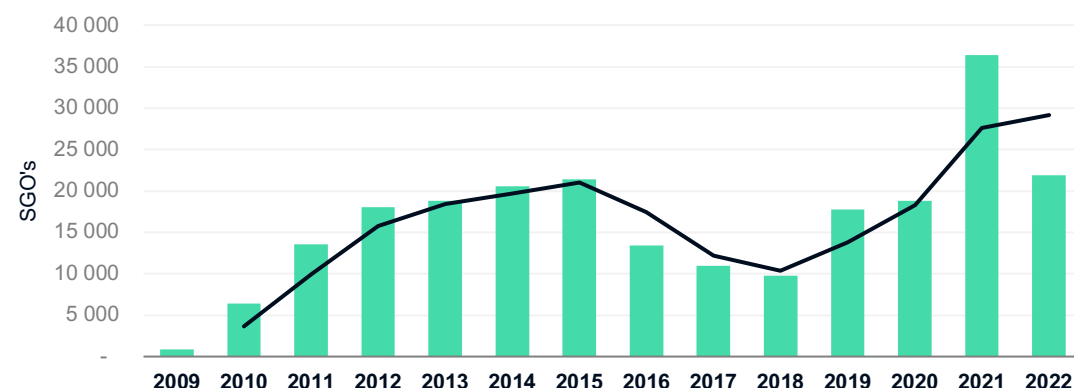


In 2009, the Solstad Green Operations® (SGO) campaign was introduced to reduce fuel consumption and thereby emissions to air. An average of 20 % annual fuel reduction is estimated to result from this work compared to our baseline in 2008. If a vessel executes at least one of our 7 key green operations measures during one day it is recorded as a 'SGO' in our records.

The estimated CO<sub>2</sub> reduction in 2022 due to SGO was about 35,000 tons. The number of SGO's is lower in 2022 compared to 2021 due to a change in the internal reporting system done in 2022 to make it easier for the crew to record the SGO's on a daily basis.

All vessels have a KPI to achieve 20 SGO's each month. It is estimated that the theoretical maximum potential with SGO is around 20%. Hence, it is not realistic to expect or plan for further reductions in energy consumption from SGO's alone. However, we expect all crew onboard our vessels to focus on preventing an increase in energy and emissions every day.

In 2022, we launch the SGO 3.0 campaign to simplify the vessels' reporting. This was a great success, and the vessel support has been on the same level as in 2021 and the KPI goal was reached. The new SGO arrangement will be a better indicator on the level of fuel usage and the KPI of 20 SGO's per vessel per month will remain the same in 2023.



# About Green Fuels

The transition from use of heavy marine fossil fuel, which was common in the past, via low Sulphur fossil fuels to alternatives with no harmful emissions is long. Our fleet has since 2011 used low Sulphur marine gas oil, which is the best and least harmful marine fuel. In addition, a large portion of the fleet has NO<sub>x</sub>-reducing technology to reduce harmful air emissions caused by nitrous gasses. Two vessels in the fleet have a dual-fuel system with LNG.

In the transitional period towards 2030 and beyond fuel trends relevant for offshore vessels includes synthetic fuels, biofuels, methanol, hydrogen and derivatives such as ammonia and LOHC. These fuels may all play a role towards net zero emissions for the offshore industry in the future.

Solstad is currently investigating several concepts for these alternatives to learn, and we seek to establish pilot projects with key suppliers and clients. Some newbuild design and retrofit concepts have been developed over the last two years. It is however still very challenging to get clients onboard on such projects due to cost and lack of international requirements.

At the end of 2022, there were still no satisfactory shipping class rules and regulations for any of the new fuels. For biofuels, there are several available alternatives that may be used as a drop-in fuel. However, these come with a price premium and in limited quantities. As an example, the entire Norwegian production of certified Liquefied Biogas (LBG) is only enough to power a few PSVs. In comparison, there are about 10 LNG and dual-fuel offshore vessels in Norway that may use this gas. On the positive side, several production facilities are being either built or are in planning, but realistically the national and global supply will be limited for a long time.

To achieve net zero in 2050, we basically need to have replaced our entire fleet with zero-emission vessels. This is achievable through gradual fleet renewal program. However, it will require that the market is requiring such vessels from vessel operators such as Solstad.

Solstad's fleet consists of modern diesel-electric vessels that may easily adapt to new technologies to reduce emissions. Shore power, battery-hybrid, engine upgrades and fuel-cells are technologies that can be adapted to considerably reduce emissions from the existing fleet now and towards 2025-2030.



Normand Carioca's underwater hull was painted with silicone based anti fouling



### Normand Solitaire

By the spring of 2022, we installed our ninth battery hybrid system on one of our PSVs. The PSV Normand Solitaire was upgraded with both a battery system and new DP setup which made the project challenging. After some time with active use of this system and the shore power, savings of 15% could be seen in DP mode and 25% on average at port when using shore power. The system was delivered by Seam AS. The considerable fuel savings in combination with improved operational performance is great news for all involved.



### Normand Ocean

By the summer 2022, we installed our tenth battery hybrid system on one of our CVs. The largest battery system in our fleet was installed on the Normand Ocean. In combination with active use of shore power, savings of 15% could be seen. This contributes to a substantial reduction in emissions from the vessel, corresponding to approximately 2,000 tons of CO2 per year. Thanks to the very supportive crew, an excellent cooperation with our long-term client Deep Ocean and our supplier Seam AS, this was a success story. The considerable fuel savings in combination with improved operational performance is great news for all involved.



### NEMOSHIP

Solstad is a partner of the MEUR 11.8 four-year EU funded project NEMOSHIP starting early 2023. This is an international consortium where the goal is to be able to produce cheaper, better, and more customized battery systems for ships by developing improved digital models, electrical standardization and by combining various types of battery types. A 1 MWh prototype battery is going to be made and installed on a Solstad vessel during the project.



### Ocean Charger

Solstad is a partner in the MNOK 105 three-year Norwegian Research Council sponsored project called Ocean Charger starting early 2023. The goal is to develop a system for charging of vessel offshore. Standardization and prototyping of both electrical charging and the mechanical interphases are key aspects of the project.

## Clean Hull Initiative

In 2022, Solstad became a member of the Clean Hull Initiative (CHI). CHI aims to develop and work towards the implementation of an industry-wide recognized and accepted standard for proactive hull cleaning in international shipping. Biofouling on ship's hulls pose a risk to the environment. Not only does biofouling serve as a vector for the spread of aquatic invasive species, but it also increases the hull resistance and decreases the propeller efficiency, leading to higher fuel consumption and increased air emissions. The environmental organization Bellona, together with industry partner Jotun, launched the Clean Hull Initiative in 2021. The objective of the CHI is to work towards the development and implementation of an industry-wide recognized and accepted standard for proactive hull cleaning.

Since we became a member, there has been a much stronger focus on cleaning hulls and propellers in a sustainable way. Several consortium webinars have been arranged throughout the year and learning from others is key in most environmental work. Starting in 2021, all hull or propeller cleaning operations, including cleaning when in dry dock for class renewal, was recorded in the software MARESS so the effect of this operation can be tracked over time. Cleaning a hull in water may be challenging due to risk of washing of foreign biomaterial and/or considerable volumes ant-fouling material at one location, hence why cleaning robots that collect all material and pump to shore are used whenever available. New processes have also been implemented in the management system to ensure that the onshore support organization follow up on this daily.



## Ecological Impact /Nature-related risk and opportunities

### Governance / Strategy / Risk Management / Metrics and Targets

As a part of the offshore energy sector, we acknowledge that we have a negative effect on life below and above water through discharges, spills and emissions to air, land, and water. We also recognize that we are obligated to work constructively to minimize negative impacts on the environment. Since the ISO 14001 certification process in 2007, Solstad has been focusing strongly on continuous improvement of its environmental footprint.

Our fleet's exchange of ballast water is carried out daily, across the globe. Ballast water treatment is therefore an important topic for us. All of our vessels comply with IMO and the Ballast Water Management Convention, and are equipped with a Ballast Water Management Plan according to IMO guidelines. By adhering to the standards that are being developed, we prevent the spread of non-native species, which could ultimately have negative ecological effects.

Another important measure that we have started to implement is the Biofouling Management Plan (BMP) project following the IMO Resolution MEPC 207(62) guidelines. It is not mandatory to implement this on all vessels, however, several regions like Australia, New Zealand and California have started to make mandatory requirements prior to entering domestic waters. In Solstad, the Biofouling Management plan has been prepared and modified during 2022. The plan is in line with recommendations and its purpose is to outline measures for the control and management of our vessels biofouling to minimize the transfer of invasive species.

Our fleet had a total of 153 liters of various oil spills to sea in 2022, which is lower than the 292 liters of spills in 2021. Despite an increase in fleet size, the oil spill trend has developed positively over the last ten years due to targeted technical maintenance projects. Our goal is zero harmful spills to the sea.

Solstad is responsible for large volumes of waste generated both onshore and offshore. It is therefore important to record all waste in our onboard company software. This gives us valuable insight and helps to identify good projects like the "No to single use plastic bottles"-program that was started in 2020, and the Food Waste Project which will start in 2023. In 2022, we targeted a 50% reduction in single-use plastic bottles. However, we still have challenges in the fleet reaching our target, as the result for the year showed a 32% reduction. Even though we did not reach our goal, our numbers show that we have reduced our used with a total of 72,000 bottles each year since the program started in 2020. Our goal for 2023 will be to only use single-use plastic water bottles if a special permit has been given.

Recycling routines are implemented on all of our vessels and offices. Our overall vessel waste recycling rate was high in 2022, with an average of 73%, corresponding to 1,773 tons of produced waste. Our crew is committed to properly managing and, most importantly, recycling waste on board. Our data confirm this commitment. Recycling is an environmentally critical endeavor, and the implementation of the waste management plan in 2021 has increased the recycling rate.



Example: Hull cleaning robot from ECOSubsea

### Biodiversity loss and ecosystem degradation

Solstad will influence biodiversity and ecosystems where we operate. To be able to operate, we need to be in compliance with rules and regulations, covering both sea and land, requirements that will e.g., limit our emissions. However, understanding ecosystems will require an in-depth study that we have not yet conducted. We are aware of the fact that we play a role, an indirect role that may have a significant impact both on human health and on nature, which is why we always conduct risk assessments and have barriers in place before we start working in unknown and known areas.

## Ongoing projects in 2023

### Reduce use of Single-use Cutlery Plastic and Paper

In 2022, we started an initiative to reduce single-use cutlery plastic and paper. During 2023 we will continue focusing on reducing all unnecessary use of single-use cutlery. We are encouraging everyone in Solstad to prevent pollution by not using or ordering these disposable items.

Solstad bought non-durable items for approximately USD 120,000 in 2022. The target for 2023 will be to reduce these items as much as we can. In 2022, we see only marginal changes compared to previous years, but we expect to see reductions during 2023 because of the increased focus and the removal of our stock classified as non-durable plastic and paper made in January 2023.

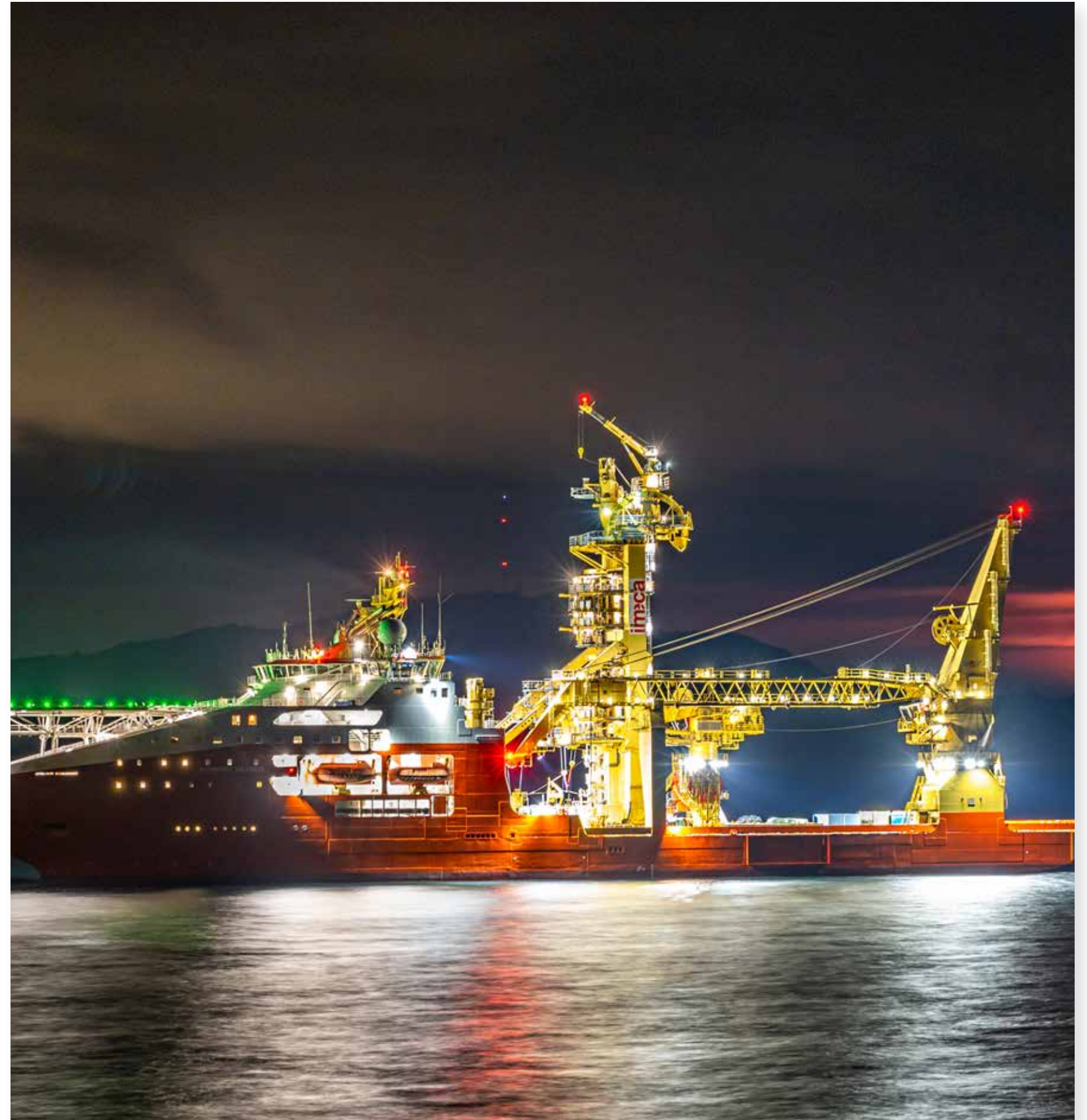
### Food waste project 2023

Originally, we expected to start this work in 2022, but data was lacking and the startup was delayed. However, the actuality and importance remain the same, hence why we will make another attempt in 2023 to set this project in motion. Meals prepared on board and on land represent an environmental impact on nature. Food is a basic human necessity, and we will continue to serve quality food to our crew. However, we will utilize our employee's competence to identify how we can reduce our food waste. In 2022, the people in Solstad consumed an average of approximately 18.9 tons of food, compared to 17.9 tons. On average in 2022 we consumed approximately 18.9 tons of food, in 2021 17.9 tons of food. In 2022, we consumed 1,471 tons (fruit, vegetables, meat, Rice and pasta). Provision is part of our Scope 3 emissions and sorts under Scope 3 in our Carbon Accounting Report for 2022. Our focus in 2023 will be to monitor and inform about progress, challenges, and targets.



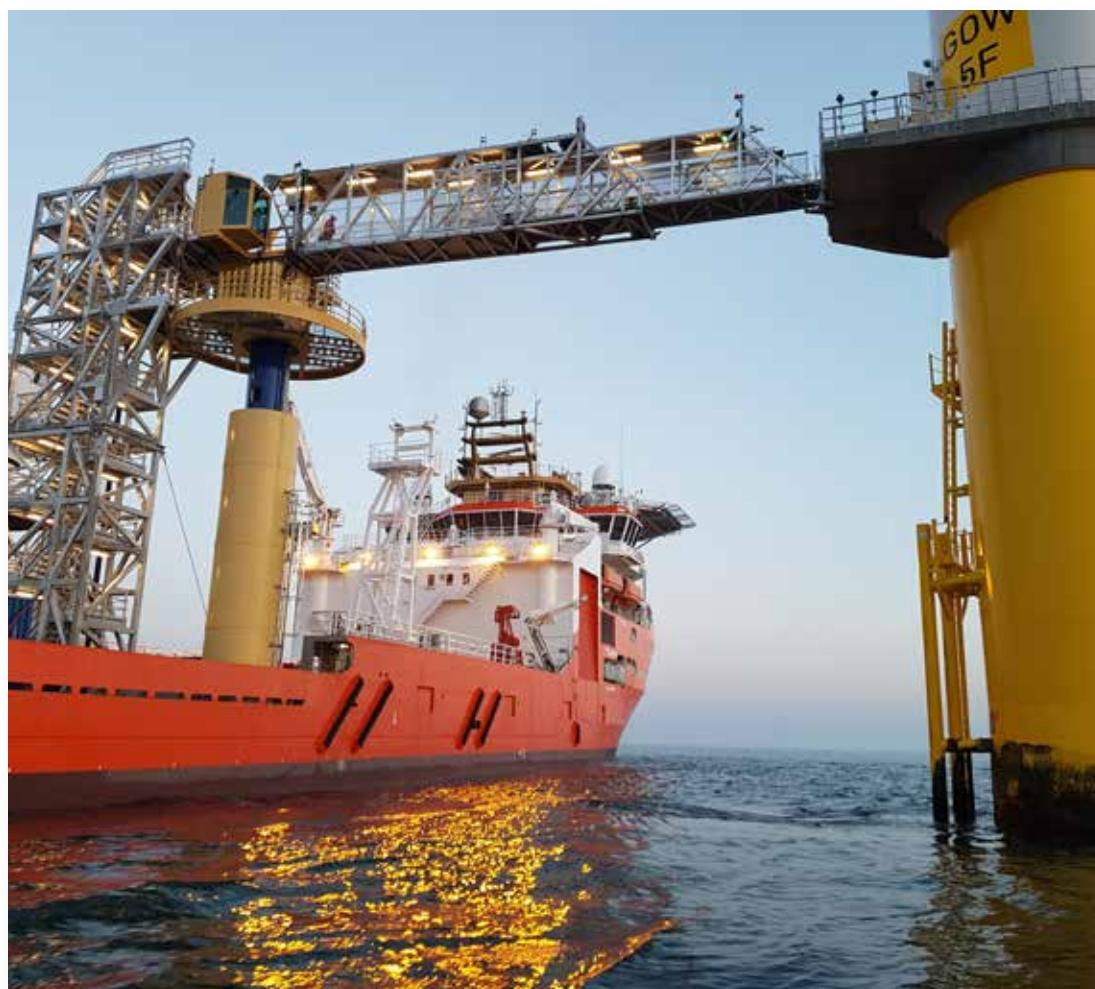
# 5 Facts About Renewables

- Solstad has been working in the offshore accommodation market since 2008 and the renewables business since 2010
- Four to seven vessels are typically working in this market and approximately 11% of the income in 2022 came from the renewables market
- We safely completed 8,000 wind-turbine gangway connections and transferred over 40,000 service personnel in 2022
- Since 2009, we have completed more than 40,000 wind turbine connections and transferred more than 300,000 service personnel



## EU Regulations

EU's initiatives like the 'Fit for 55' program including the ETS (Emission Trading System; cap and trade) and the Taxonomy may have some impact for us in the years to come. EU has now finalized the new regulation also covering offshore shipping. Offshore ships above 5,000 tons will be included in the Monitoring, Reporting, and Verification system (MRV) from 2024. After this initial reporting period, from 2027 the ETS will come into force and CO2 emission quotas will need to be acquired in the open market to cover for Solstad's emissions related to operation in EU waters and transits to and from operations elsewhere. Approximately one third of Solstad's fleet (in 2022) was above 5,000 tons and approximately 50% of the total fleet is operating in the regulated areas, including the UK. We expect that UK will publish similar regulations like the EU at some point. From a financial perspective, Solstad will seek to forward the majority of this cost to our clients, in addition to the fuel cost and other operational taxes, which is why the direct financial exposure for is expected to be limited.



## Voluntary Taxonomy reporting

For the first time, Solstad is reporting voluntary Taxonomy data based current assumptions and interpretation of the coming regulation. There are still uncertainties on how to report all numbers, which is why this reporting is based on a best estimate and an assumption that offshore activities related to construction of renewable energy systems are aligned. For Solstad, this means mainly operations related to walk to work, inspection and repair work, and towing and installation of floating wind turbines.

For an eligible activity to be considered aligned, it must satisfy the following conditions:

1. The activity must make a substantial contribution to one or more of the climate and environmental objectives relevant to that activity
2. The activity should not do significant harm to the other remaining objectives
3. The company should fulfill the minimum social safeguard standards based on OECD and UN guidelines

### Aggregated EU Taxonomy key performance indicators for 2021 and 2022 (company level)

	Revenue		CAPEX		OPEX	
	2021	2022	2021	2022	2021	2022
Total	5.42BNOK	6.49BNOK	325.6MNOK	299MNOK	492.2MNOK	542MNOK
Aligned	5.48%	11.59%	14.31%	8.86%	4.79%	7.53%
Not aligned	94.52%	88.41%	85.69%	91.14%	95.21%	92.47%
Not eligible	94.52%	88.41%	85.69%	91.14%	95.21%	92.47%

### Comments:

- Turnover alignment: Turnover from renewables projects only
- OPEX alignment: Based on an average annual OPEX cost per day multiplied by a number of days in aligned operations. Note that the majority of the OPEX as crew cost and a range of other vessel costs is not included as per EU guidelines
- CAPEX alignment: These numbers are based on a calculated daily average cost for periodic maintenance over a normal five-year vessel class period. The daily average cost is multiplied by the number of aligned days in operation

### General comments

This taxonomy assessment is completed with the best intention, focused on transparency, and provides an explanation for choices made when interpreting the criteria. The interpretation of the criteria is based on both the explicit information available at the time of the assessment and the understanding of the purpose of the requirement.

The taxonomy regulation is in constant development. Solstad seeks to understand and adapt to changes and best practices and will update the assessment accordingly.



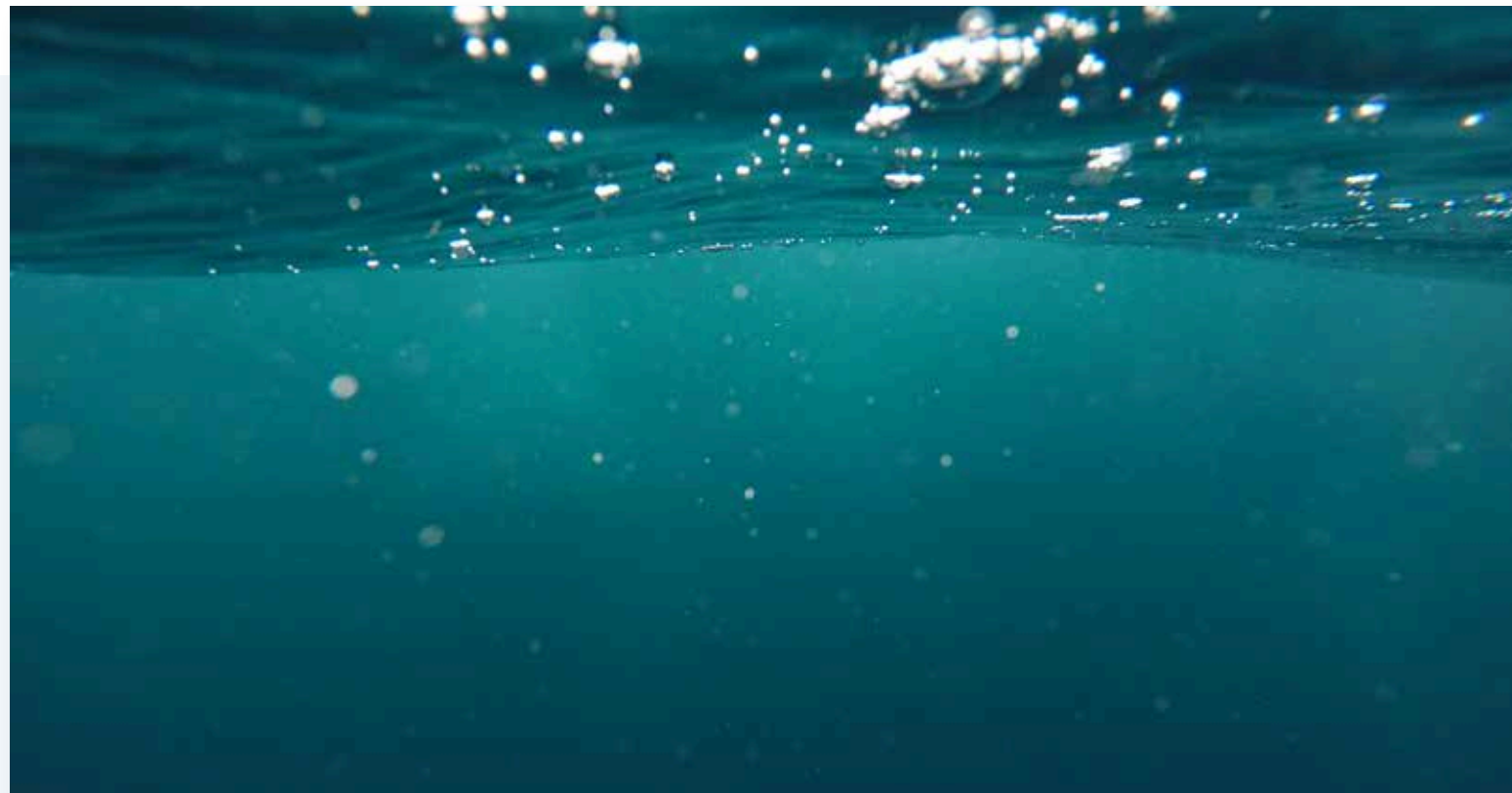


# Climate Risk and Opportunity

Our climate risk reporting is based on the four main disclosure areas of the TCFD.

Managing climate risk is one of our top priorities. Our key risk focus areas are:

- Regulatory ESG Risk
- Physical Risk
- Transitional Risk
- Liability Risk



The ongoing climate change poses a challenge for all of us – including Solstad. At the same time, this also grows new business opportunities. The required and planned reduction of carbon emissions in 2030 from our fleet poses a challenge. However, we believe that by combining new technology that is currently under development with thorough long-term planning, this can be solved in time.

## Climate related risks and opportunities in the short, medium, and long-term

The effects of climate change may affect Solstad on several levels:

- There is an increased global market demand for some vessel types related to construction and associated services to develop offshore wind farms. Solstad has operated in this segment for more than seven years, with a dedicated team working on renewable tenders and projects. This business unit is an integral part of the business, and the team effort is increasing.
- Several existing key clients are moving more business to renewables and long-term relations are in place with these clients
- Our onshore support organization is well positioned geographically to handle growth opportunities within emerging non-oil and gas business areas
- The Norwegian Government's political platform states that offshore supply vessels shall have 'low emission solutions from 2025 and zero emissions from 2030'. It is not yet clear what the baseline is, if this applies to only new vessels, what type of offshore vessels are included or how it can be achieved. We follow this process closely through the Norwegian Shipowners Association



### Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

- The oldest and the least modern vessels in the fleet have already been or are planned to be divested
- The company has focused on implementing novel green emission reduction technologies since before 2010. Through good cooperation with some of our key clients, the company has managed to convert 10 of the 86 vessels to battery hybrid. This is one of the largest battery hybrid offshore fleets in the world. In addition, most of the vessels from around this time also have NOx-reduction systems, SCR plants, installed and a range of vessels have been upgraded with shore power systems
- A fleet renewal program is under development. Our goal is that all newbuild designs will have a low emission solution. The expected reduced emission from these new vessels is a key part of our decarbonization plan
- Rebuilding existing vessels to decarbonize and building new low emission vessels comes at an increased financial cost. We need strong support from our clients including long term commitments to be able to reach our own (and their) goals. If clients do not set requirements for low emission technology our goals will be extremely difficult to reach.
- To be able to successfully implement some of the future green technologies currently under development, infrastructure is needed onshore. Both production facilities, distribution and upgraded bunker terminals are needed world wide. This will realistically take some time to build up and this may affect our own ability to reach our emission goals.
- Short and medium-term climate change issues are not expected to have any significant effect on Solstad's OPEX. Higher fuel price due to CO2 levies or the cost of green fuels will for the most part be forwarded to our clients
- A fast decrease in the market demand for the existing type of vessels may pose a risk to Solstad, but as there are very limited newbuilds or other alternatives available globally over the next five to eight years, the risk this will be limited
- Our vessels are high-end, large offshore vessels, and an increasingly worsened climate and weather are not expected to affect the usability of the existing fleet
- We aim to be transparent in our sustainability reporting and work continuously on public ESG communication to ensure that all stakeholders understands that the ongoing transition is under control and to mitigate the risk for any negative publicity and/or liability issues

### Resilience against different climate-related scenarios

- The Paris Agreement's main ambitions is to keep the global temperature rise this century well below 2°C, however, efforts will be made to limit the temperature increase to 1.5°C
- In a scenario where the climate is changing more than what is described in the main 1.5 °C scenario, the physical risks associated with worsening weather is not considered to have a direct negative effect on our assets. Change in the amount of rain, temperatures, more wind, and rougher seas will not affect the existing vessel's capabilities substantially as the vessels' design and build criteria are well within the worst-case scenarios
- Solstad does not own any office buildings, which is why exposure to weather incidents may potentially be related to operational issues such as temporary local office shutdowns
- Another potential risk is increased public negativity towards the transport sector's progress on reducing emissions. This can be mitigated by increasing the pace of retrofit green technology upgrades, phasing out older tonnage quicker than planned, using carbon neutral fuels and/or offsetting carbon

## Risk Management

Solstad has a history of operating in volatile and to some extent high risk business areas. Handling risk is a natural part of our operations, both on a strategic level and on a day-to-day level. Solstad views climate risk issues as part of the risk universe. We use a risk handling tool to highlight and handle high level company risks, including climate risk. Solstad's high-level risk matrix is included in monthly board reporting.

### Metric and Targets

Solstad has been disclosing its emissions for Scope 1 and 2 for several years. From 2022, also Scope 3 emissions are included in part. Our goal is to achieve a 50% CO2 Scope 1 emission reduction by 2030, compared to a 2008 baseline, and aim for net zero by 2050. We have not set a goal for Scope 3 emissions as these numbers are still highly uncertain and difficult to obtain from our suppliers.

We have an objective of increasing our share in the non-oil and gas segments. Solstad's share of the revenue from its non-oil and gas activities is reported quarterly in our public reports and as an ESG leading indicator, increasing every year and was at 17% in 2022.

In addition, we have now started to disclose voluntary Taxonomy data. Around 11.6 (TBU)% of the activities in 2022 was eligible and aligned. All this work is linked to offshore renewables infrastructure activities.

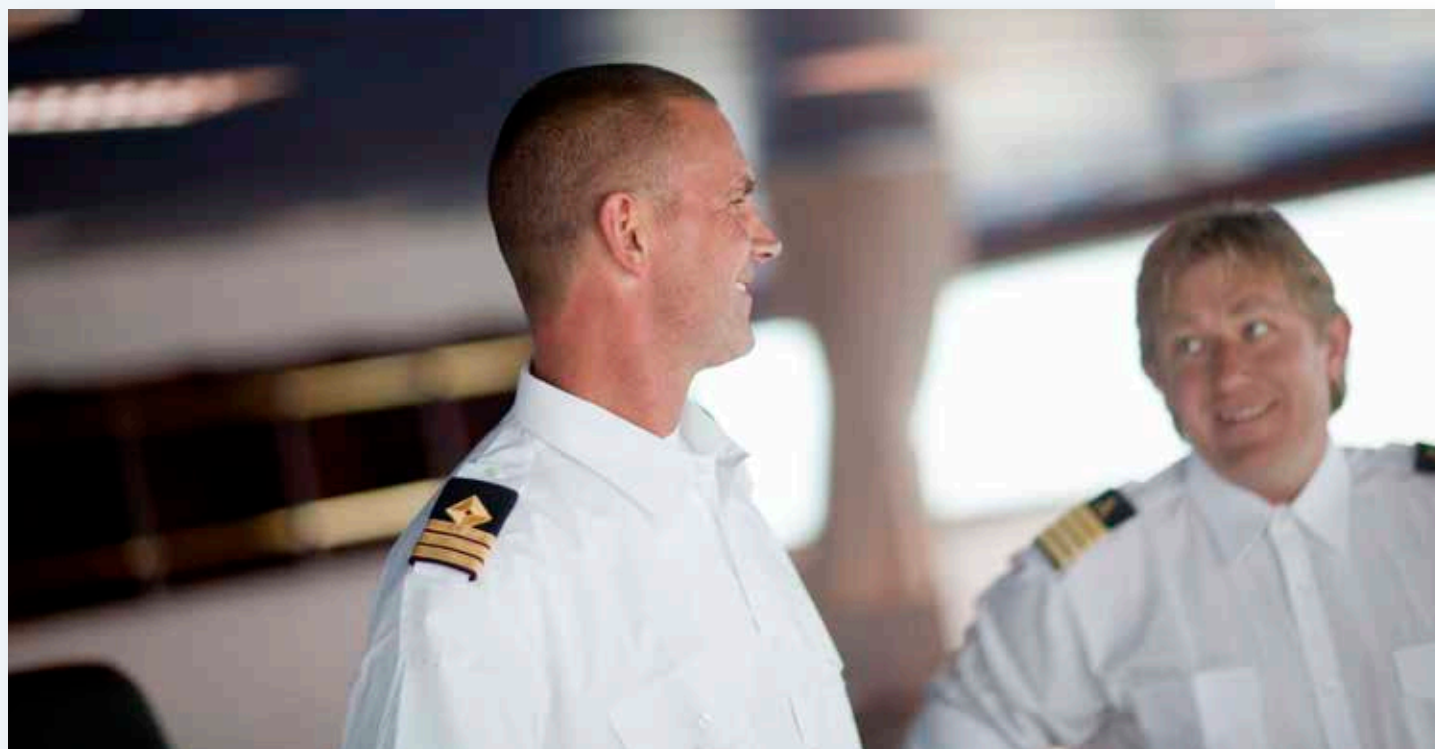


# Social

## Health and Safety

Solstad never compromises on safety. As one of our core values, safety is always front of mind for all employees. We have a robust safety culture onboard all vessels with the aim of delivering incident-free operations. One of the cornerstones of this work is the SIFO program.

There are inherent safety and security risks related to operations at sea. We focus on the evaluation, facilitation, planning and preventive work to avoid all types of personnel-related injuries and incidents that have an adverse effect on the working environment. Solstad has built up an extensive management system over the years that includes a process-based quality system, an extensive HSE reporting system with incident and positive feedback reporting, risk handling, Management of Change, Drills management and audit/investigations portal, in addition to several related systems.



## Solstad Incident Free Operations program

To improve the proactive attitude and continue to build a working culture where safety is a natural part of what we are doing, Solstad has initiated a key safety campaign named “Solstad Incident Free Operations” (SIFO). SIFO is about creating an organizational culture that is committed to eliminating all incidents, and we do not accept injuries or incidents as “part of doing business”. It is a way of thinking that avoids incidents and injuries by making safety the highest priority on both a personal and organizational level. We are determined to foster a working culture where safety is our main priority in everything we do. This program is led by an internal senior HSE advisor.

The system is digital and available to all employees, both onshore and onboard. The management system is certified according to ISO 9001, 45001, 50001 and 45001. In 2022, 786 ACT Cards/HSE reports were recorded and processed at different levels in the organization. Conclusions from analyses are used as basis for further preventive measures to avoid future incidents.

Employee training is also important to understand and improve safety. Familiarizations and basic company training are provided to all employees through our e-learning system and on-the-job training.

Safety meetings are held at least once a month to ensure continuous focus and safety onboard the vessels. One of the topics is to learn from other incidents in the fleet, which are communicated through bulletins and other HSE information shared to vessels and offices. All vessels have their own Protection and Environmental Committee (P&E). The committee members are the Master, Chief Engineer, Chief Officer, Chief Steward, and the P&E Supervisors.

Onshore, meetings start with a ‘SIFO-moment’ where anyone can discuss a relevant safety topic. The objective is to ensure that we have an open and inclusive safety culture.

In 2022, we had 13.6 million working hours and 17 recordable incidents. This gives a TRCF of 1.24, slightly higher than our goal of 1.10. There were four lost LTIs, and the total number of incidents was 17.

Since the beginning of HSE reporting around the year 2000, there has been a continuous positive trend. We therefore still believe that zero incidents are possible, even though is becoming increasingly challenging to lower incident rates further.

## Covid-19

Solstad has been challenged once again by several external forces that include COVID-associated disruption, which has impacted our business plan. As a result of the continuous mutation of the Covid virus that is responsible for the Omicron outbreak and our strategic geographic operational location, we experienced short-term challenges during these peak times. These were primarily localized due to the first wave of infection affecting different countries around the world at different times. Even though the pandemic is still ongoing in some of our operating areas, this is now carefully managed and under control.

We have implemented monitoring and response systems to help reduce risk and continued this practice by refining our processes from the lessons learned from each event. This has resulted in us being able to maintain operations at the highest level of service delivery to our clients, whom we continue to impress with our expertise, skills, and commitment.

## Occupational Health

During 2022, our onshore biannual working environment survey was performed with 74% respondent rate. The working environment survey has been published since 2012, and we use this as a systematic approach for analyzing the long-term trends on our overall working environment. The survey showed general improvement in all areas. After several years with digital effect of Covid on working environment, more team buildings and social activities has been performed to balance the need for social activity in the workplace. Additionally, we performed an “Activity” campaign aimed to create enthusiasm for staying active to strengthen our mental and physical health.

From time-to-time, Solstad conduct a working environment survey amongst the crew. The survey conducted in 2021 addressed the Covid-19 impact on seafarers. Of the respondents, 83% said that the pandemic had a negative impact on their personal life. Crew changes have been the most challenging during the pandemic with quarantine, isolation, testing, restrictions on travel and uncertainty regarding when crew change will take place. 60% admitted impact on their mental health. Several measures were introduced after the survey during 2021 and 2022. Furthermore, the war in Ukraine has required a range of measures to be implemented on the UK fleet that mainly uses Ukrainian, other East European nationalities, and Filipino crew. Especially vessels with a combination of Ukrainian and Russian crew have been under special attention. To reduce the risk for a reduced operational safety level we have during the year ended the use of Russian crew. These have been replaced by Ukrainian or Filipinos.



The Health Safety, Security and Quality (HSSQ) Department is supported by a position called Occupational Health & Biological Risk Advisor. This advisor focuses on formulating formal processes within the management system to ensure they are in line with global regulatory requirements. This includes researching current regulatory policies and analyzing potential impacts on the system and proposing appropriate processes for improvements. Additionally, help facilitate stakeholder communication and coordination to ensure global standards and regulations are adhered to and understood by assessing existing systems and developing risk-mitigation strategies by all stakeholders. As part of this work, the advisor updates and implements proactive mitigation tools to prevent ill health and helping to promote best practices in Occupational Health and Personal Safety by supporting employee health policy, including guidelines around mental and physical well-being.

## Our people drive our successes

Our most valuable asset is not our fleet of vessels, but the competence of our employees. Qualified and dedicated employees at all levels of the organization are the reason behind our success and continuing improvement. Safety and the development of our employees' skills form the basis of all our operations and activities.

We have over the years had a long-term strategy of directly employing most employees. We have therefore managed to build a reliable and dedicated team over the years. About 90% of our seafarers are employed in Solstad, and not hired from crewing agents.





2nd Officer Jânua Oliveira onboard Far Scotsman in Brazil

## Diversity and Inclusion

As part of Solstad’s diversity and inclusion program, we aim to increase the number of female seafarers. The total share of female seafarers has slowly decreased during 2022 and is now at 6%, 187 women, compared to 7% and 210 women. Our long-term goal is to have a 10% share of female seafarers. Including onshore employees, the share is now 9.5% with 325 women, compared to 10% and 348 women in 2021.

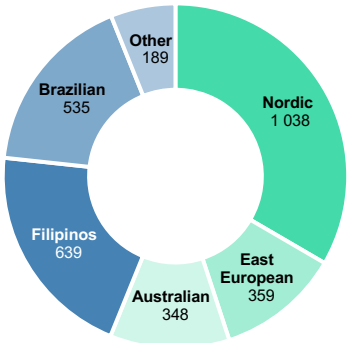
Solstad is committed to the principles of non-discrimination and equal opportunity, regardless of gender, nationality, beliefs, or other factors. Diversity and inclusion are linked to our vision of a sustainable future, where ‘SDG 8 – Decent Work and Economic Growth’ is one of our focus goals. Solstad has a dedicated group of personnel that works toward gender balance and encouraging more women to join the industry. In 2022, the following activities have been performed:

- Signed WISTA 40 by 30 pledge, actively committing to promote diversity in the industry by increasing the share of women in leading positions as one of the measures
- Solstad believes that showcasing successful careers from colleagues with different backgrounds supports the equal opportunities work. Multiple employee stories have been shared internally and externally in 2022, including presentations at schools and other venues
- Higher focus on recruiting women to the company, especially in management positions. 33% of managers recruited onshore in 2022 were females
- Personalized message from high level management sent to all vessels emphasizing the importance of safe and inclusive working environment onboard
- Kick off of procurement’s “Right Fit” Project to make sure there are all kind of sizes of PPE equipment onboard

## Gender pay gap

Seafarers’ remuneration-system is tariff based and the factors impacting salary are: position, seniority in position and vessel type. Onshore personnel are individually evaluated based on position, performance, experience, and formal background. In 2022, the gender pay ratio, average women salary divided on average salary, for the onshore organization is 68% in Norway, compared to 67% in 2021. The ratio is affected by a low percentage of women in senior positions onshore and we experience the same challenges offshore with a low percentage of women in rankings.

Diversity	Female	Male
Board of Directors	50 %	50 %
Onshore Employees	41,7 %	58,5 %
Onshore Managers	21,6 %	78,4 %
Crew	6 %	94 %
Training positions	171 crew / 6% 11 % of our 131 cadets and apprentices are female	
Nationalities crew	37 countries	



## Employee Development and Welfare

Our success is built on the ability, determination, and dedication of our staff, both onshore and shipboard. We recognize the value of our staff and try to promote from within wherever possible. We aim to be an attractive employer where all employees have ownership of their own development. Individual competence development is a part of regular appraisal talks. Appraisal talks were a new functionality introduced for onshore employees in 2022, and our goal is implementation for seafarers 2023. We strive to recruit the best available candidates and develop them, which is beneficial for both the individual employee and Solstad.

Solstad has a diverse and large workforce of more than 3,400 employees from 37 nations around the world.

In 2021, the Training Department changed name to the Training and Development Department, reflecting increased emphasis on competence development. Solstad seeks to motivate everyone to develop their skills and careers.



Solstad is involved with recruitment and training of cadets/trainees and participates in measures towards encouraging young people to get involved in maritime education. We aim to offer trainee positions for young people in all our main recruitment areas and countries. 6% of our seafarers are currently in trainee positions. Trainee positions include cadets, apprentices, extraordinary seamen and extra junior officers. All are in addition to the ordinary vessel crews.

We have a systematic approach to competence development and set our priorities straight. Alongside our core business needs, we make more use of collected data from our employees through surveys and evaluations. This provides insight on what to prioritize regarding competence needs, potential support as well as improvements to our existing course material.

In 2021, an e-learning sustainability course was developed and rolled out to increase awareness and competence on this area for all employees. By year end 2022, 91% of our employees completed this e-learning program. This course contains the following topics:

- I. Introduction to sustainability
- II. Key achievements so far within sustainability
- III. Future goals within sustainability
- IV. How we intend to meet our goals
- V. Sustainability quiz
- VI. Summary

The working environment, onshore and onboard the ships, is considered satisfactory. Sick leave onshore was 1.8% in 2022, up from 1.6% in 2021. Solstad's parental leave guidelines follow local rules and regulations in the regions we operate. Average parental leave in 2022 was 18 weeks. For comparison, we had an average of 12 weeks for paternity leave and an average of 29 weeks for maternity leave. The averages exclude the one to two weeks of birth leave for the partner.

Solstad work towards equal opportunities and recruitment decisions are evaluated based on competence. We do not accept discrimination based on characteristics such as gender, age, sexual orientation, ethnic background, religious beliefs and other. "Women in Solstad" has been established to have special focus on increasing the number of female managers onshore and total numbers offshore.



## Solstad receives prize as Maritime Training Company of 2022

We are honored to win the prize as Årets Maritime Lærebedrift 2022 (Maritime Training Company of 2022) as awarded by Stiftelsen Norsk Maritim Kompetanse!

In Solstad we have a tradition of offering training to young people pursuing a maritime career, with a large number of apprentices and cadets joining us every year. With competence development in focus we started an Ordinary Seaman program targeting adults. In the program we offer 18-month training to people with different backgrounds and ages, and at the end of their practice they are fully qualified to work as an able seaman in our industry. We hope many can experience all the opportunities our industry provides for all ages and genders. Through our project "Women in Solstad" we also work systematically in getting more women to join our Company!

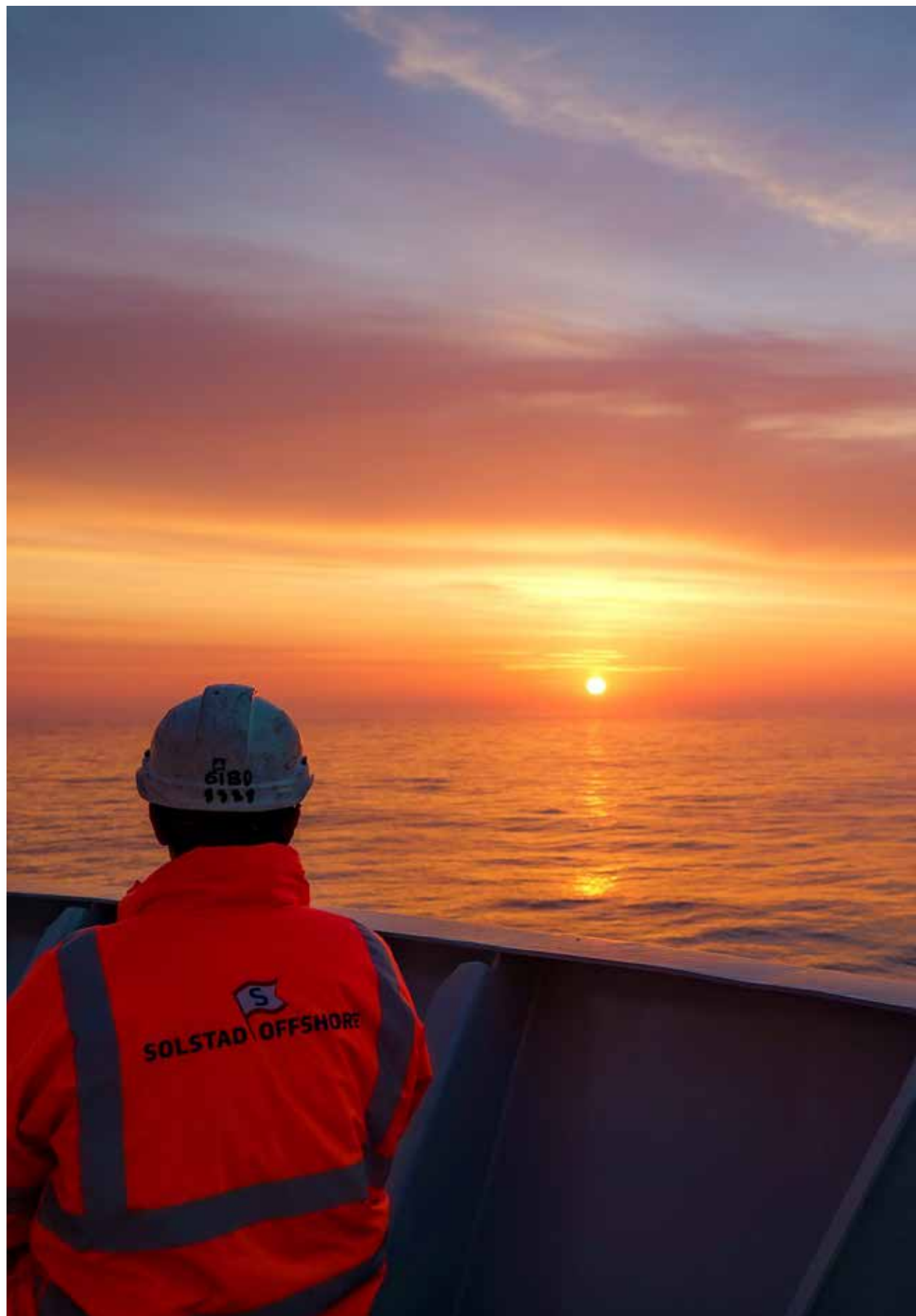
In the picture you can see our HR Director Per Stange and Training Manager Liv Bente Mevik accepting the prize on behalf of Solstad at the 29th National Maritime Summit in Haugesund.

Well done to everyone that made it possible for us to get this nomination and let's continue the good work in the years to come!

We try to ensure there are a variety of welfare activities onboard the vessels, for everyone's use. These are typically gym facilities, access to videogames, films, books and internet access.. Internet access is highly appreciated even though it is a challenge on some vessels to ensure decent download speed over a shared satellite-based internet system that is part of the vessel infrastructure.

In regions such as Norway, both onshore and offshore employees have organized a welfare club that owns and rents out holiday cabins and apartments for all members. Social events for shore employees are typically arranged locally around the holiday.





## Human and Labour Rights

Solstad is committed to respect and protect internationally recognized human and labour rights, such as the UN Guiding Principles on Business and Human Rights (UNGP), International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. In July 2022, the Norwegian Transparency Act came into force. Through the year, Solstad has completed the required due diligence and implemented necessary processes and safeguards related to this new legislation.

As members of the Norwegian Shipowners Association, we are committed to making use of their tariff agreements. These agreements are according to International Chamber of Shipping and International Transport Workers' Federation (ITF). We aim to have a good relationship with the union representatives and regular meetings are arranged with the largest union organizations. We estimate that the majority of our crew are organized in various unions.

Solstad is certified in compliance with Maritime Labour Convention (MLC) which set standards for the employment of maritime personnel. The purpose of the MLC is to provide decent working and living conditions for seafarers.



## Public Statement

# Account of due diligence in accordance with the Norwegian Transparency Act

## Solstad's operations, values, and commitments

Solstad is a major shipping company in the world-wide offshore industry, providing advanced solutions for the energy markets.

Our fleet is designed to meet the specific needs of the energy industry. Solstad takes great pride in ensuring that its operations are conducted in a responsible manner. This is reflected in our strict adherence to international standards.

We care about people, the environment, and assets. Safety is our main priority, and we never compromise on the safety of our employees or business partners. With operations around the world, we focus on conducting our business in a responsible manner, this is reflected in our strict adherence to international standards, the law, and universal human rights.

Our compliance with the Norwegian Transparency Act is demonstrated throughout our Code of Conduct and Corporate Social Responsibility/Corporate Social Governance policies. The policies states that Solstad supports international human rights as laid down in the UN and other international organizations, in addition to promote respect for fundamental human rights and decent working conditions in connection with all our activities.

Our CEO has lead responsibility for ensuring that the employees and operations of Solstad respect human rights, and our CSO has the operational responsibility. The Board is responsible for oversight and ensuring respect for human rights throughout our business activities.

## Equal opportunities

Solstad is an equal opportunity employer, committed to providing a safe workplace promoting incident free operations within environmentally friendly and responsible work practices. It is our 3,500 women and men with 40 nationalities who are the reason behind Solstad's success and continuing improvement. Each individual in our organization is equally important and has the same opportunities within the company. What we see is competence and ambitions – not gender, nationality or age.

We aim to ensure our employees build a meaningful and good career in Solstad. We encourage to bring the drive and vision for their career development. This gives a unique opportunity to make a personal impact on your career, as well as giving you lifelong opportunities that suits all your life situations.

In Solstad you can go from a good career offshore to onshore, or vice versa.

## Our supply chain

We recognize that our operations impacts people in our supply chain and we have clear principles and expectations for our business partners to ensure compliance to human rights and working conditions.

We require all our supplier's adherence to our Supplier Code of Conduct where we set our expectations, principles, and minimum requirements when it comes to suppliers' conduct, specially towards human and labor rights and standards, and expect them to exercise good judgement, care, and consideration by following it.

There is a good overview of the suppliers used throughout the company and close contact and cooperation is maintained. All suppliers are pre-qualified with regards to responsible business conduct, which also is embedded in our frame agreements.

Our supplier audit program is covering the scope of the Norwegian Transparency Act.

## The Transparency Act in Solstad

The Transparency Act was enacted by the Norwegian Parliament in July 2022, and established legal requirements to enterprises related to respect for fundamental human rights and decent working conditions, requiring a report on human rights due diligence and the work to ensure compliance within the company, suppliers and business partners.

## Due Diligence Process

To ensure compliance with fundamental human rights and decent working conditions, Solstad has conducted a comprehensive due diligence process where all departments were involved to collaborate on a corporate level. Our process covered an extensive description of our organization, area of operation and elaboration of risk assessments.

A corporate and local risk assessment were implemented and will be carried out annually. In these risk assessments we assess our potential and inherent risk on human rights impacts and fundamental working conditions, determining the likelihood and severity of the risks, and the identification of mitigating measures to further reduce the residual risks.

The prioritization of risks in the company is based on severity, scope and likelihood of potential adverse impacts or harm. We use multiple sources for this information, focusing on references and global indexes related to risks to human and labor rights but also nature and size of business, and proximity to Solstad.

## Risk of negative consequences for Human and Labor Rights

We believe that a good and safe working environment creates a foundation for building a sustainable business culture. Through close cooperation with key clients and strategic suppliers over time, major steps can be taken on a path towards a more sustainable future.

In Solstad, most of the people we employ are hired directly with limited use of external crewing agencies. We promote a good working relationship and cooperation with unions where this is established. All seafarers are paid according to internationally agreed tariffs also considering any national minimum wages requirements.

In our risk assessment we have identified the inherent risks and evaluated the impacts in our Corporate Risk Assessment. We evaluate the geographical location, nature of business, size of company and proximity to Solstad. We also require that our branch offices located in high-risk countries elaborate their own local risk assessment.

From our risk assessments, we have identified that the use of shipyards needed special attention due to the possible risk for impact on human rights and labor rights. To mitigate the negative impacts, we have elaborated a cooperation with another shipping company where we will join forces in the due diligence process of shipyards we plan to use. In addition to including our requirements for human rights prior to projects starting, we have our project managers present on site during projects and they elaborate a report on human rights and working conditions when the project is completed.

Solstad's operating model use employees including crew that is for the most part directly hired through own companies. This reduces risk for human rights issues. However, with vessels operating worldwide we sometimes need to use external crewing companies. This has also been identified as a potential high-risk area. In such cases, these companies need to go through the same process as other suppliers, as pre-qualification, adherence to our Supplier Code of Conduct and agree to an on-site audit or request of more information if we find it necessary.

## Reporting

If an employee realizes there is a breach of Solstad's ethical guidelines, including breach to human rights and labor right, they shall refer this to their line manager. If this is not possible, the employee should bring this to the direct attention of the management or "designated person".

Claims of Reportable Conduct shall be sent to the Solstad Whistle-blower email address: [whistleblower@solstad.com](mailto:whistleblower@solstad.com). This e-mail can be used by any of our business partners and stakeholders.



# ESG Data Overview

All indicators available on <https://www.solstad.com/sustainability/>

Environment	Unit	Target 2023	2022	Target 2022	2021	2020
CO2e, scope 1 (own activity)	tCO2e		719 845		711 552	696 888
Carbon intensity CSV	tCO2e/d		33,9		33,9	31,9
Carbon intensity AHTS	tCO2e/d		30,2		29,2	28,5
Carbon intensity PSV	tCO2e/d		17,7		17,0	16,5
Carbon intensity Fleet*	tCO2e/d	-1 %	25,2	-1 %	25,1	23,6
CO2e, scope 2 (purchased electricity) **	tCO2e	<	177	<	171	203
Energy consumption sum Scope 1 and 2	MWh		2 826 974		2 786 168	2 721 186
CO2e Scope 3 (Transportation of goods****, Fabrication/Purchase of goods, Food, Air/business travels)	tCO2e		66 777			
Percentage heavy fuel oil	%	0	0	0	0	0
NOx emission	tNOx		9 956		9 900	9 601
SOx emission	tSOx		351		402	457
Number of Oil spills	No.	0	20	0	12	12
Oil spill litres	Litres	0	153	0	292	349
Waste from vessel - Metal	Tons		144		132	
Waste from vessel - Not sorted (Mixed waste)	Tons		252		405	
Waste from vessel - Paper and Cardboard	Tons		196		183	
Waste from vessel - Plastic	Tons		149		126	102
Waste from vessel - Food (estimated condemned value)	USD		63 600		57 400	
Total waste from vessel	Tons		1 773		2 257	
Percentage of waste delivered to onshore waste handling	%		73		70	
Fines for none-compliance of environmental regulations	No.	0	0	0	0	0
Single use plastic water bottles on board our vessels	No.	<	160 132	116 000	167 620	233 219
Ships recycled	No.		2		5	

\* Increased fleet fuel efficiency (Average vessel ton CO2 emission per day -1%)

\*\* Office locations 2022/2021/2020 (10) - 2019 (11) - 2018 (13)

\*\*\* per 1 mill hours

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

\*\*\*\*\* KN responsible for 55 - 60% of all freight, but will be responsible for 90% of the emissions.

SDG: UN Sustainable Development Goals





Social	Unit	Target 2023	2022	Target 2022	2021	2020
Employed in Solstad vs hired by crewing companies	%		95	-	90	97
Gender diversity Board	%	50	50	50	50	50
Gender diversity sea ( Target 10% female crew by 2030)	%	6	6	6	6	5
Gender diversity office management level (Target 35% female managers by 2030)	%	25	20	25	20	23
Gender diversity onshore employees	%		41,7			
Employees in part-time positions (on land)	%		1,5			
Employees working involuntareily in part-time positions	%		0			
Retention rate offshore crew	%	90	94	90	96	97
Retention rate onshore employees	%	90	90	90	94	96
TRCF (12-months rolling - Total Recordable Case Frequency)***	No.	1,10	1,24	1,10	1,19	1,28
Lost time Injury	No.	0	4	0	3	3
Port states deficiencies or detentions	No.		1	0	0	
Fraction of all employees received sustainability training	%	100	94	100	85	43
Anti-corruption training (Onshore)	%	100	40	100		
Governance						
Share of revenue outside oil and gas	%	-	17	-	10	10
Share of Vessel days in segments outside oil and gas.	%		12.6		11.9	
Number of Calls at port in countries with lower than 25 out of 100 Corruption Perceptions Index points	No.		19		12	5
Supply chain - Approved Suppliers (TM registered)	No.		1250			
Suppliers Audits	No.		10		14	
Incidents related to Corruption and Bribery	No.	0	0	0	0	0

\* Increased fleet fuel efficiency (Average vessel ton CO2 emission per day -1%)

\*\* Office locations 2022/2021/2020 (10) - 2019 (11) - 2018 (13)

\*\*\* per 1 mill hours

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

\*\*\*\*\* KN responsible for 55 - 60% of all freight, but will be responsible for 90% of the emissions.

SDG: UN Sustainable Development Goals



# Our Global Footprint

Vessels in operation per 31.12.2022

**Americas**  
(USA, Mexico, Gulf)

**1 CSV**  
Oil & Gas

**South Americas**  
(Brazil & Argentina)

**5 AHTS | 5 PSV | 5 CSV**  
Oil & Gas

**Africa**

**3 CSV | 2 PSV**  
Oil & Gas

**Europe**

**6 AHTS | 26 PSV | 12 CSV**  
Oil & Gas, Renewable Energy

**Asia Pacific**  
(Asia & Australia)

**4 AHTS | 6 PSV | 4 CSV**  
Oil & Gas, Renewable Energy

 Offices

- Alesund  
Norway
- Skudeneshavn  
Norway
- Aberdeen  
United Kingdom
- Odessa  
Ukraine
- Manila  
Philippines
- Singapore  
Singapore
- Perth  
Australia
- Macaé  
Brazil
- Rio de Janeiro  
Brazil



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