Global operations
– Our responsibility

Sustainability in Odfjell
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Every day, around the clock, an Odfjell ship is in motion, connecting producers around the world. Coming to shore, the ship may unload at an Odfjell terminal who safely stores the products as a step on the way to the customer.

All over the world, companies depend on liquids and chemicals to create products we all use, every day. Be it ingredients for life-saving medicines, the paint on your house, the football you play with, the water bottle you drink from or the oil you use for cooking – chances are that these building blocks have been transported and handled by us.

Odfjell’s core business is handling liquids and chemicals, and we are determined to do it safely and more efficiently than anyone else in the industry. Our operations are dependent on the vigilance, expertise and performance of our global team of nearly 3000 employees on board and on shore.

We care for our employees, for the environment, for our customers, for the local communities where we operate – and we don’t compromise on safety.

From the early beginning in 1914, Odfjell’s activities has been built on a long-term perspective – “sustainability” is deeply rooted in our DNA. We believe in doing what we say, and saying what we do, every day, for the long run. Sustainable operations answer to current demands without compromising the health and safety of future generations. No matter where we are on our journey, located at sea or on shore, we can make sustainable decisions for global change.

Odfjell has always been a frontrunner in pursuing industry innovations, and strived for continuous improvement. To make sure that we continue to improve our eco-friendly efficiency and reduce our environmental footprint, we invest in new technology and more energy efficient assets on our vessels and in our organization onshore. Odfjell is a committed member of the UN Global Compact. We embrace to ten defined principles, and we support and actively participate in other industry initiatives.

Our license to operate is dependent on our social responsibility – in our view, profitability and sustainability are interconnected. As a global company, we have a responsibility for our employees, our investors, our customers, the local communities where we operate, and the global environment – and we will only be able to prosper and grow if we act in a sustainable way. We build for the future, and act today for a better tomorrow.

Kristian V. Mørch
CEO

Acting today for a better tomorrow
The impact of our business

Shipping
- Connecting the continents

Shipping is an integral part of the global economy. Throughout history, the oceans have been vital conduits for trade and transportation, for sharing resources and fueling trade in all industries, on all continents.

Careful management of this essential global resource, our oceans, is key to secure a sustainable future.

More than 90% of world trade is carried by the international shipping industry. Without shipping, the import and export of goods on the scale necessary for the modern world would not be possible, and shipping remains the most environmentally friendly mode of transportation.

There are around 50,000 merchant ships trading internationally, transporting every kind of cargo. The world fleet is registered in over 150 nations, and manned by over a million seafarers of virtually every nationality. In Odfjell, nearly 1700 seafarers safely operate and maneuver our 80+ vessels to a multitude of destinations around the globe.

The global business, our dependency of the oceans, the contribution to world trade and economy puts shipping in a strong position to contribute in building a more sustainable industry and to achieve the United Nations’ Sustainable Development Goals (UN SDGs). Odfjell is committed to taking an active part.

Source: http://www.ics-shipping.org/shipping-facts/shipping-and-world-trade

Terminals
- Gateway from ship to shore

Located at strategic ports around the world, terminal operations have an impact on coast line industries, communities and environment.

Odfjell Terminal’s core business is handling and storing chemicals and liquids. These products are stored close to people’s homes and local businesses, and terminal operations could potentially adversely impact the environment through emissions, soil contamination, or water pollution. This gives us an indisputable responsibility to never compromise on safety and be an integrated partner with the communities we operate in.

Safety is the number one guiding principle throughout the Odfjell organization. Our first line of defense is to always be proactive, and establish quality processes and operations that reduce any risk.

We continuously develop and implement global standards in operations and maintenance to assure the integrity of our assets, that we guide our organization to do the right things in the right way, and to ensure that we promote an excellence and safety oriented mindset in the entire Odfjell team.
Our role in the logistic chain

- Raw material production
- Terminal storage
- Shipping
- Chemical production
- Terminal storage
- Final product manufacturing
- Truck / Rail / Piping
- End market
Embracing sustainability for long-term growth

Odfjell’s long-term vision embraces sustainability. Operating in a global industry, we are dependent on a sustainable environment and healthy society. We need to make sure that our people are safe, that we as a business stay profitable and solid, that we act responsible for local communities and for our planet.

We want to be a positive voice, contribute and make a difference. This is part of our heritage and responsibility, and a steady focus on sustainability in all areas of operations is therefore a natural and integrated part of our strategy.

Our responsibility

Odfjell is a global company. Our areas of operation and international activities enable us to make an impact, and we commit to this responsibility.

• We have a responsibility to keep our people safe
• We have a responsibility to contribute to healthy, thriving, local and global societies
• We have a responsibility to take care of the oceans we sail
• We have a responsibility to minimize our environmental footprints
• We have a responsibility to be profitable
Balancing risk and new opportunities

Climate change poses a severe threat to healthy market dynamics. Any business is dependent on a well-functioning society and economic growth. Failing to live up to expectations, failing to comply with regulations and not operating in a sustainable way poses a significant risk to business, locally and globally. The risks can be related to losing customers and employees, implementation of costly regulations, taxation and cost of non-compliance, not to mention loss of trust and reputation among stakeholders.

But sustainable business also creates new and positive opportunities to innovate, improve business models, introduce new technology, reduce emissions, waste and energy consumption, and save cost. The potential negative risks and positive opportunities must be balanced responsibly, and influence our business decisions, practices and operations from beginning to end.
Building for the future: Integrating sustainability in Odfjell

Our strategy: The Odfjell Compass

The ‘Odfjell Compass’ outlines our key targets and ambitions for the coming years. As part of this strategy, we have defined our long-term ambition levels and targets. To achieve these targets, we will need to grow and produce results in a sustainable way.

Vision, Mission and Values

Sustainability in Odfjell starts with our value system and a principled approach to doing business. This means that we shall operate in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, the environment and anti-corruption.

The nature of our values and the definition of our mission, vision and customer commitment have sustainability as a core principle.

Code of Conduct

Conducting business with high ethical standards is important for Odfjell. We have an extensive Code of Conduct, built on our mission, vision and values. The Code of Conduct is issued to enforce correct, professional ethical behavior in our business activities, every day. It applies for all employees, managers and representatives of the company, irrespective of domicile.

To articulate our expectations of our suppliers, we are developing a set of Supplier Conduct Principles. The high ethical standards do not only apply to all Odfjell employees, but also to our business partners.

Our values

Professional
Skilled, dedicated and compliant
Show the right behavior and attitude

Proactive
Assess risk and give highest priority to safety
Take proper precautions and share knowledge

Sustainable
Aim for long-term success
Provide safe and enduring solutions

Innovative
Embrace change
Look for new and improved solutions
Mission
Our core business is handling hazardous liquids safely and more efficiently than anyone else in the industry.

Vision
We shall be a world class and preferred global provider of transportation and storage of speciality bulk liquids.

Customer Commitment
We are committed to generate value for our customers, by offering safe and reliable transportation and storage of their products, at a competitive cost.

Our goal is to deliver on spec, on time and adapt our services to cater for the needs of our customers.

Odfjell is committed to:
- Never compromise on safety
- Always care, have integrity and be reliable
- Be accessible and responsive
- Offer competitive services and products

Guiding Principles

SAFE
We do not compromise on safety

CORE
Chemical tankers and Terminals are our core business

WORLD CLASS
We have world class ambitions in everything we do, every day
Joining forces
to achieve sustainable development goals

United Nation’s Sustainable Development Goals (UN SDGs) provide us with a common plan and agenda to tackle some of the pressing challenges facing our world, such as poverty, climate change and conflict.

As part of our overall Sustainability strategy, Odfjell will focus on selected goals where we can make a difference, and the strategy specifies actions we will take to support each of the relevant Sustainability Development Goals.
Our approach and priorities

Our Sustainability strategy is based on the United Nations Global Compact’s ten principles and the UN SDGs. Sustainability in Odfjell encompasses the way we do business, how we handle our people and external stakeholders, the environment and local communities, our anti-corruption work, and our work to comply with regulations.

About UN’s Sustainable Development Goals

On September 25th 2015, 150 world leaders adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new 2030 Agenda for Sustainable Development. Each goal has specific targets to be achieved over the next 15 years.

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

These 17 Goals build on the successes of the Millennium Development Goals, while also including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another.

The SDGs work in the spirit of partnership and pragmatism to secure that we make the right choices now to improve life, in a sustainable way, for future generations. They provide clear guidelines and targets for all countries to adopt in accordance with their own priorities and the environmental challenges of the world at large. The SDGs are an inclusive agenda. They tackle the root causes of poverty and unite us to create positive change for both people and planet.

For more information, visit unglobalcompact.org.

Global Compact principles

The UN Global Compact’s Ten Principles are derived from:

- the Universal Declaration of Human Rights
- the International Labor Organization’s Declaration on Fundamental Principles and Rights at work
- the Rio Declaration on Environment and Development
- United Nations Convention Against Corruption

By incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

For an overview of the Global Compact principles, see Appendix page 19 or unglobalcompact.org.
Our perspectives of the SDGs

The Sustainable Development Goals and their relevance for the shipping industry can be structured into three interconnected categories related to the biosphere, society and economy.

**BIOSPHERE**
Protecting the biosphere is an essential precondition for social justice and economic development. If we do not achieve the goals related to clean water and sanitation, life below water, life on land, and climate action, the world will fail to achieve the remaining goals.

**How we can make a difference:** The shipping and terminal industries have a direct impact on the biosphere through emissions to air and discharges to sea.

**PEOPLE AND SOCIETY**
The next level of the SDGs addresses societal issues and calls for the eradication of poverty, and the improvement of social justice, peace and good health. Social development depends upon a protected biosphere. The foundation for the goals related to the economy is the specific goals on the following: clean energy, no poverty, zero hunger, peace and justice, sustainable cities, education, gender equality, and good health.

**How we can make a difference:** The shipping and terminal industries’ main contribution to the social goals is related to public health, to operating in local communities and to providing affordable access to global markets for food and other products.

**ECONOMY**
The final layer of goals relates to economic development. Building on the biosphere and society, the economic goals direct attention to industry, innovation and infrastructure; reduced inequalities, responsible consumption and production, and decent work and economic growth that is decoupled from environmental degradation.

**How we can make a difference:** For shipping and terminals, the challenge is twofold: to provide a decent and safe working environment throughout the value chain – and to facilitate economic growth through affordable services, but not at the expense of the biosphere.
<table>
<thead>
<tr>
<th>Goal</th>
<th>Description</th>
<th>Safety of our people</th>
<th>Profitable and sustainable business</th>
<th>Local communities</th>
<th>Good governance and compliance</th>
<th>A planet for the future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1</td>
<td>End poverty in all its forms everywhere</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 2</td>
<td>End hunger, achieve food security and adequate nutrition for all and promote sustainable agriculture</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 3</td>
<td>Attain healthy life for all at all ages</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Goal 4</td>
<td>Provide equitable and inclusive quality education and life-long learning opportunities for all</td>
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<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Goal 5</td>
<td>Attain gender equality, empower women and girls everywhere</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Goal 6</td>
<td>Secure water and sanitation for a sustainable world</td>
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<tr>
<td>Goal 7</td>
<td>Ensure access to affordable, sustainable and reliable modern energy services for all</td>
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<tr>
<td>Goal 8</td>
<td>Promote strong, inclusive and sustainable economic growth and decent work for all</td>
<td>X</td>
<td>X</td>
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<td>Goal 9</td>
<td>Promote sustainable industrialization</td>
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<td>Goal 10</td>
<td>Reduce inequality within and among countries</td>
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<td>X</td>
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<tr>
<td>Goal 11</td>
<td>Build inclusive, safe and sustainable cities and human settlements</td>
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<td>X</td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>Goal 12</td>
<td>Promote sustainable consumption and production patterns</td>
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<td></td>
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<tr>
<td>Goal 13</td>
<td>Promote actions at all levels to address climate change/build climate change goal based on COP 21 of the UNFCCC</td>
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<tr>
<td>Goal 14</td>
<td>Attain conservation and sustainable use of marine resources and seas</td>
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<td>X</td>
<td>X</td>
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<td>X</td>
</tr>
<tr>
<td>Goal 15</td>
<td>Protect and restore terrestrial ecosystems and halt all biodiversity loss</td>
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<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Goal 16</td>
<td>Achieve peaceful and inclusive societies, rule of law, effective and capable institutions</td>
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<td>X</td>
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<tr>
<td>Goal 17</td>
<td>Strengthen and enhance the means of implementation and global partnerships for sustainable development</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
A planet for the future:
Our focus areas and actions

Perspective and priorities
We believe that even small efforts can have major effects – from people to planet. But we also realize that we cannot do everything at the same time. Our efforts and actions are related to our business. Within our business, we focus on areas where we can have real impact.

Our number one priority is, and always will be, the safety of our people.
We also have a responsibility to ensure that Odfjell is sustainable through profitable business in a competitive market. The SDGs go hand in hand with our focus areas, and we will address and take actions related to relevant SDGs [see details on page 13].

We do not compromise on Safety

11,224
Training days for mariners in 2017

LTIF\(^1\) Ships managed by Odfjell

<table>
<thead>
<tr>
<th>Target</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00</td>
<td>0.72</td>
<td>0.88</td>
<td>0.23</td>
</tr>
</tbody>
</table>

LTIF\(^1\) Terminals operated and managed by Odfjell

<table>
<thead>
<tr>
<th>Target</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.30</td>
<td>0.30</td>
<td>0.26</td>
<td>0.10</td>
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</table>

TRCF\(^2\) Ships managed by Odfjell

<table>
<thead>
<tr>
<th>Target</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.50</td>
<td>2.60</td>
<td>1.76</td>
<td>2.42</td>
</tr>
</tbody>
</table>

\(^1\) LTIF = LTIF is the frequency of lost time injuries per 1 million exposure hours. A ‘lost time injury’ is a fatality, permanent total or partial disability, or a lost workday case.

\(^2\) TRCF = Total recordable case frequency (TRCF) is calculated similarly to LTIF, but also includes restricted work cases and medical treatment cases.
**Safety for our people**

**Safety**
- Secure safe working environment for all employees by embracing a proactive QHSSE culture
- Ensure that we are using modern Personal Protection Equipment
- Perform risk assessment prior to hazardous operations
- Secure safe working environment for all employees by HR policies, exercises, training and checking with surveys
- Be updated and comply with safety rules and regulations
- Ensure proper training

**Health**
- Epidemic and disease prevention by regular health checks, solid health coverage and continuous health awareness
- Insurances to secure hospital admission

**Empowerment**
- Enable the organization to reach the overall zero incidents goal by promoting a safe, non-discriminating, open and compliant work environment
- Odfjell leadership program for seafarers
- Odfjell Diploma for Competence for seafarers
- Odfjell Scholarship program Houston
- Stop Work Authority; everyone has the authority and duty to stop unsafe or potentially unsafe work
- ‘Resilience/Care for People’ training (as part of the Partner in Safety program)
- Professional ‘Reporting hotline’ where you can choose to be anonymous

**Profitable and sustainable business – interconnected**

**Growth and profitability**
- Increased energy efficiency of owned vessels by development and use of new technologies and continuous improvement of ship operation management
- Fleet renewal and sustainable growth at a competitive and sustainable cost level
- Innovation of low energy solutions

**Supply chain**
- Conduct efficient procurement to ensure the right goods and services with the right quality at the right price
- Select vendors and providers based on a proper due diligence process
- Suppliers must commit to Odfjell’s Corporate supplier conduct principles

**Collaboration and partnerships**
- Collaborate with our customers to build strong relations and joint commitment to sustainable development
- Collaborate with selected organizations, and support organizations and causes that are relevant for our business and have a shared value

**Average time with Odfjell**
- 21y: Average time with Odfjell for captains
- 15y: Average time with Odfjell for Chief Officers
- 97%: Retention rate for our crew

The high retention rate among our seafarers indicates that Odfjell has a highly experienced crew for handling our ship operations at sea.
Governance and compliance  
- securing healthy business relations

Compliance
- Every employee signs Odfjell's Code of Conduct and Anti-corruption policy
- Provide regular training in relevant and important regulations, policies and procedures
- Comply with regulations applicable for our industry, i.e. safety and MARPOL regulations
- Comply with regulations related to being a responsible employer, i.e. human and labor rights
- Comply with international Codes and Standards, i.e. ISM, ISPS, ISO
- Comply with Local law, i.e. the US Oil Pollution Act

Anti-Corruption
- A dedicated global Anti-Corruption (AC) council
- Conduct annual corruption risk assessments
- Develop annual anti-corruption plans
- Have an anti-corruption program built on UK Bribery act, FCPA and OECD regulation
- Member of Maritime Anti-Corruption Network (MACN)
- Support and participate in MACN Collective actions
- Execute obligatory anti-corruption policy training and signing
- Corporate Supplier Conduct Principles for all suppliers
- Conduct Integrity Due Diligence and new suppliers and agents in accordance with procedure
- Have a global reporting hotline, including policy and procedure for anonymous reporting
- Annual Anti-Corruption training with the Board of Directors

Local communities
- Engage and positively contribute to the communities where Odfjell operates
- Participate in local engagements relevant to our business and footprint
- Attract, recruit, develop and retain local talents
- Purchase products and services locally where appropriate

The environment - reducing our environmental footprints

Land
- Strict and ambitious process safety reduction targets on our terminals
- Take actions to reduce plastic waste on shore and to improve recycling
- Support biodiversity projects in the Philippines
- Recycle ships in accordance with current environmental regulations and conventions (i.e. Hong Kong convention)
- Secure Green Passports for older vessels
- Track and improve energy consumptions in our locations
- Stimulate the use of environmental friendly transportation to/from the workplace

Sea
- Daily follow up of energy consumption through advanced analytics and responses to energy inefficiency alarms, reducing our carbon footprint and saving costs
- Member of Trident Alliance who fight for enforcement of the sulphur regulations
- A dedicated team to ensure optimal routing of our ships for the safety of our people and energy efficiency
- Use of IMO’s Energy Efficiency Operational Indicator (EEOI) since 2008
- Ship Energy Efficiency Management Plans (SEEMP) on all ships
- Energy Efficiency reports are sent to all Odfjell Tankers operated vessels on quarterly basis
- Work for digitalization of the owned fleet within 2018. This will enable further emission savings due to better access, reporting and response of real-time data
- Fitted reversed osmosis system for more efficient fresh water production
- Underwater Operations concept involving regular hull grooming and propeller polishing. This ensures that the resistance through water is kept at a minimum and reduces the total consumption (preventive effect: 14% consumption reduction)
- Gradually implement state of the art anti-fouling systems
- Implement Lights switch-off project (Engine room) on the owned fleet
- Completed Propeller project on Odfjell owned supersegregators, reducing consumption in excess of 20%
- Tank cleaning project: Reducing bunkers consumption, identifying more environmentally friendly cleaning chemicals and reducing cleaning chemicals consumption
- Optimization of wastewater treatment facilities on terminals

Air
- Reduce emission to the air by developing and using new technologies and continuously improving operation management
- Comply with new regulation on CO₂ and Sulphur
- Report our emission to the Carbon Disclosure Project (SDG)
- Volatile Organic Compound (VOC) emissions reduction program at terminals
Appendix
The principles

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses

Labor
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labor;
Principle 5: the effective abolition of child labor; and

Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

The SDGs

Category: UN Global Compact Sustainable Development Goals

Biosphere
Goal 6: Ensure availability and sustainable management of water and sanitation for all.
Goal 13: Take urgent action to combat climate change and its impacts.
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Society
Goal 1: End poverty in all its forms everywhere.
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
Goal 3: Ensure healthy lives and promote well-being for all at all ages.
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
Goal 5: Achieve gender equality and empower all women and girls.
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.
Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Economy
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
Goal 10: Reduce inequality within and among countries.
Goal 12: Ensure sustainable consumption and production patterns.