FOWIC ESG report 2020

Fred. Olsen Windcarrier

FOWIC ESG report 2020

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1 Introduction

1.1 CEO letter

The very core of Fred. Olsen Windcarrier's (FOWIC's) value proposition and business model is to be a critical part of building offshore wind. Offshore wind is one of the core technologies to provide the world with clean energy and enable us a future which is run on renewable energy (UN Sustainable Development Goal, SDG 7 Affordable and clean energy). It is important that our business is performed in a sustainable manner when it comes to energy efficiency (UN SDG 13 Climate action), protecting the environment in which we operate ((UN SDG 14 Life below water), and contribute to a circular economy (UN SDG 12 Responsible consumption and production)).

The purpose of the ESG report is to make sure we track our progress, there is a lot of truth in numbers. It is essential that we look at ourselves in the mirror and see if we are making progress on our ambitions and report on our progress to our stakeholders.

2020 has been an extraordinary year and significant effort has been made to maintain our business-critical activity in the middle of a global pandemic with the safety of our people as our key priority. Safety first is at the core of our business and anyone coming to work on one of the FOWIC's sites shall know that they have the right to say stop whenever safety is an issue, Think first - Act safely.

However, it must be said that combining business continuity and the safety of our people has required an enormous amount of effort, flexibility, and creativity of our team across the organisation, but a particular thanks to our teams on the vessels who have lived with significant uncertainty and changes to their work schedule as international movement of people has been very unpredictable.

In February we signed a contract to upgrade one of our vessels with a new crane. This is a significant investment in the future of FOWIC as well as life extension to one of our vessels. The vessel will be capable of installing all next generation turbines known in the industry and hence is an environmentally and financially sound investment for FOWIC and our clients. The same thinking is applied through our business by re-using as much of the large steel structures i.e., grillages on the vessel as possible, saving on cost, material, and environmental footprint.

The core of our company is the people that work here, anyone can invest in steel, but an organisation and collective experience takes time to build. In 2020, we have had a work environment survey across the company completed for the first time with very high percentage replying. This gives us systematic insight into the organisation which we will use to further enhance our organisation.

Regards,
Alexandra Koefoed,
Chief Executive Officer,
Fred. Olsen Windcarrier

1.2 FOWIC Sustainability performance at a glance

Personnel injuries, lost time incidents:

LTI	1
LTIF	0,6

Diversity:

Female/male share vessels	12% women, 88% men
Female/male share offices	33 % women, 67% men

Fuel consumption and GHG emissions:

Fuel (tonnes)	11 540,5
CO2 (tonnes)	36 466,8

Installed and maintained MW:

Installed MW	68,2
Maintained MW	531,1

1.3 About the report

This report contains disclosures in line with the World Economic Forum's[1] (WEF) efforts to develop a core set of common sustainability metrics, covering the topics of Governance, Planet, People, and Prosperity.

1.3.1 Reporting boundaries

The ESG reporting is based on due regard to the ownership structure as well as the implemented operational arrangements, thus;

- Environmental data, unless otherwise stated, is based on our operational assets; the jack-up vessels
- Health and safety data, unless otherwise stated, is primarily reported for our operational assets, the jack-up vessels, and our FOWIC employees in the offices. In some sections of the report Fred. Olsen Ocean (FOO) employees have been included. Where FOO is included, this is stated
- Human rights and performance data are reported for FOWIC, the operational assets, and FOO

1.3.2 Our material ESG aspects

We have selected the ESG topics that are the most significant to FOWIC and its stakeholders. These topics have been selected and prioritised through processes including internal interviews and market analysis, in addition to considering relevant ESG standards and the business context of our industry. In accordance with the WEF Metrics referenced above we have structured this report in to four main sections:

- Governance
- Planet
- People
- Prosperity

[1] https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation

1.4 About FOWIC

FOWIC provides efficient and cost-effective transport, installation, and service solutions to support its clients across every stage of the wind farm lifecycle. We are committed to the future of offshore wind energy, supplying industry-leading expertise, solutions, and hardware to help our clients establish tomorrow's offshore wind gigaparks.

We are a subsidiary of FOO, continuing a tradition dating back to 1848 when the Fred. Olsen family first entered the shipping business. Together, the Fred. Olsen related companies can provide integrated solutions within offshore wind. FOO is wholly owned by the Norwegian stock listed company Bonheur ASA, which is managed by Fred. Olsen & Co.

FOWIC was established in 2008 to meet the increasing demand for offshore wind installation vessels with the capability to transport and install next-generation wind turbines, as well as superior facilities for crews and teams. With more than 1500 employees and a first-class fleet of jack-up vessels, we can supply you with experienced crews and technical manpower, as well as expert project management, engineering, and HSEQ services.

We have offices in Oslo, Norway; Fredericia, Denmark; Hamburg, Germany and Taipei, Taiwan.

2 Governance, Planet, People, and Prosperity

2.1 Governance

2.1.1 Business context

From a business perspective, good corporate governance is of great importance to FOWIC as it not only sets the "Tone at the Top" from senior management but also provides direction and guidance towards achieving the goals through the management and control of FOWIC. Governance activities within the FOWIC are carried out systematically and effectively aiming to ensuring that any prevailing risks are taken into consideration in the decision-making process and dealt with appropriately. Governance within the FOWIC takes the following points into account:

- Ethical approach - A code of conduct regarding ethical decisions has been established and is applicable to all members of the board and all employees within the FOO group of companies
- Objectives endeavour to be balanced taking into due consideration the interest of all relevant stakeholders
- Clearly defined roles where each party plays its respective part i.e.: owners, directors, personnel
- Accountability and transparency are promoted towards stakeholders
- A decision-making process is in place giving due weight to stakeholders

2.1.2 Our activities

FOWIC indirectly owned vessels were engaged in the following activities in 2020:

- Brave Tern (BRT):
  - Prysmian cable jointing maintenance project
  - Mobilisation and transit to Taiwan for Yunlin 1 project
  - Yunlin I turbine installation project
- Bold Tern (BOT):
  - Blade maintenance projects
  - Mobilisation for Moray East turbine installation project
- Blue Tern (BLT):
  - TWB II (Senvion) turbine installation project
  - Merkur maintenance project (blade exchange)
  - Aberdeen Bay maintenance project (gearbox exchange)
  - DanTysk maintenance project (gearbox exchange)

Performance

Our board of directors

The FOWIC board consists of the following members:

- Hjalmar Krogseth Moe (Chairman)
- Ketil Arvesen

FOWIC is a subsidiary of Fred. Olsen Ocean Ltd. FOO Board of Directors consists of the following members:

- Anette S. Olsen
- Fred. Olsen
- Richard Olav Aa

Stakeholder engagement

A stakeholder is a person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity. Stakeholders are generally subdivided into the following three categories, examples of which are provided as follows for reference:

- External stakeholders: Financial institutions, shareholders, clients for whom FOWIC provides a service, the society, the industry
- Internal Stakeholders: Owners, management companies, employees
- Regulatory, legal, and other interested parties: flag state legislation, national legislation, particular interest groups such as environmental, human rights, etc.

The stakeholder list is primarily used when identifying the risks, and for communication and consultation. Each stakeholder is evaluated regarding its particular interest, involvement, interdependencies, influence, and potential impact by and from FOWIC activities. FOWIC engage with stakeholders on several different platforms. Close cooperation with clients during projects is maintained and feedback received via customer satisfaction surveys, client audits, and lessons learned sessions. Feedback is received from class/flag state and the authorities during external audits. Further, FOWIC communicates information widely via actively using official social media accounts and keeping our website up to date and participating in conventions.

In 2020 we received 39 responses on our customer satisfaction surveys from seven different clients. This is equal to a response rate of approximately 56% and an overall impression score all in the “Very satisfied” (62%) or “Satisfied” (38%) groups.

Policies

The following policies were reviewed with respect to applicability and suitability and deemed to be satisfactory for continued use within FOWIC:

- The HSEQ policy has been reviewed and re-confirmed on the 05.08.2020, by the Company CFO on behalf of FOO and its subsidiaries
- The Code of Conduct has been reviewed and re-signed on the 05.08.2020, by the Company CFO on behalf of FOO and its subsidiaries
- Anti-bribery policy has been reviewed and re-signed on the 05.08.2020, by the Company CFO on behalf of FOO and its subsidiaries

Additionally, FOWIC has the following policies/agreements in place:

- Collective Bargaining Agreement/Special Agreement for the vessel crews which has been agreed between the Norwegian Seafarers Union, the Norwegian Ship Owners Association, and the vessel owners
- Diversity/equality policy that takes full account of the protected characteristics (race, colour, religion, sex, age, disability, etc.) confirming our commitment to ensuring that all employees are treated fairly, are not subject to any form of discrimination or harassment, and are afforded the same opportunities

Ethical behaviour

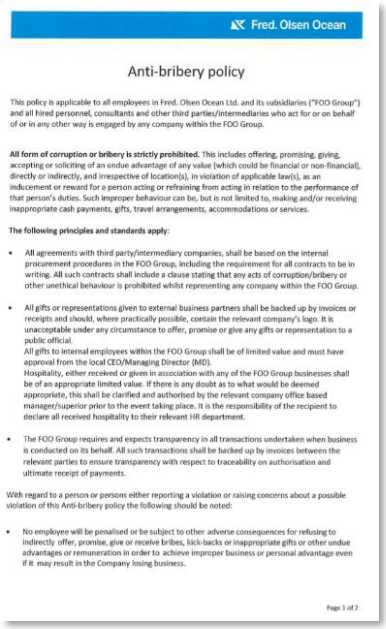
Ensuring good ethical behaviour always, involves everyone within the company. However, FOWIC is mindful that senior managers, department heads, and supervisors shall lead by example and it is most important that they promote a supportive environment in which everybody feels encouraged to:

- Speak up when they see things that are not aligned with our principles, standards, and policies, including but not limited to our HSEQ and Drugs & Alcohol policies
- Raise concerns when required, about our performance, practices, and behaviours
- All employees and service providers should feel that they are unrestrained to raise questions and challenge any unethical, dishonest, unacceptable, or questionable behaviour
- Ensure that no one suffers detrimental treatment as a result of refusing to take part in bribery or corruption, or for reporting their suspicion in good faith, that an actual or potential bribery or other corruption offence has taken place or is likely to take place

In order to promote a greater understanding of the above, the following three e-learning courses were developed and rollout in October 2018 for all employees in Fred. Olsen Ocean and its subsidiaries: Code of Conduct, Corporate Social Responsibility, and Anti-corruption and Anti-bribery. Understanding of the material is determined by means of a test at the end of the course with a pass rate set at 80%. The latter course was delivered as a package and included determining that FOWIC's Anti-bribery policy had been read and understood. Since the introduction of the above three courses a total of 267 FOWIC employees have been enrolled and the following are the percentages and numbers of employees that have completed the respective courses:

- Code of Conduct – 93% (251 out of 267)
- Corporate Social Responsibility – 93% (250 out of 267)
- Anti-corruption/Anti-bribery – 91% (242 out of 267)

As the numbers enrolled are constantly growing, the above figures indicate a very good attitude towards compliance matters from both management and staff.
A revised Code of Conduct and a new Anti-bribery policy (shown below) were issued in May 2019 and July 2018 respectively. They were each reviewed in 2020 with respect to continued suitability and applicability within FOWIC and deemed to be satisfactory.



Fred. Olsen Ocean

Anti-bribery policy

This policy is applicable to all employees in Fred. Olsen Ocean Ltd. and its subsidiaries ("FOO Group") and all hired personnel, consultants and other third parties/intermediaries who act for or on behalf of or in any other way is engaged by any company within the FOO Group.

All form of corruption or bribery is strictly prohibited. This includes offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law(s), as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties. Such improper behaviour can be, but is not limited to, making and/or receiving inappropriate cash payments, gifts, travel arrangements, accommodations or services.

The following principles and standards apply:

- All agreements with third party/intermediary companies, shall be based on the internal procurement procedures in the FOO Group, including the requirement for all contracts to be in writing. All such contracts shall include a clause stating that any acts of corruption/bribery or other unethical behaviour is prohibited whilst representing any company within the FOO Group.
- All gifts or representations given to external business partners shall be backed up by invoices or receipts and should, where practically possible, contain the relevant company's logo. It is unacceptable under any circumstance to offer, promise or give any gifts or representation to a public official.
  All gifts to internal employees within the FOO Group shall be of limited value and must have approval from the local CEO/Managing Director (MD).
  Hospitality, either received or given in association with any of the FOO Group businesses shall be of an appropriate limited value. If there is any doubt as to what would be deemed appropriate, this shall be clarified and authorised by the relevant company office based manager/superior prior to the event taking place. It is the responsibility of the recipient to declare all received hospitality to their relevant HR department.
- The FOO Group requires and expects transparency in all transactions undertaken when business is conducted on its behalf. All such transactions shall be backed up by invoices between the relevant parties to ensure transparency with respect to traceability on authorisation and ultimate receipt of payments.

With regard to a person or persons either reporting a violation or raising concerns about a possible violation of this Anti-bribery policy the following should be noted:

- No employee will be penalised or be subject to other adverse consequences for refusing to indirectly offer, promise, give or receive bribes, kick-backs or inappropriate gifts or other undue advantages or remuneration in order to achieve improper business or personal advantage even if it may result in the Company losing business.

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Fred. Olsen Ocean

- A "Hot line" for addressing complaints is available through the Chief Compliance Officer/Designated Person Ashore (DPA), the name and contact information of which is available on the FOO SharePoint site and also posted at all times on information boards in various public locations around the vessels.

The FOO Group remains committed to managing the risks of corruption and bribery through the systematic use of risk assessments as an integral part of their work. The aim is to consistently have:

- Zero bribery
- Zero incidents of corruption in any form
- Approval of major third parties/intermediaries with respect to anti-corruption
- Continuous improvement through applicable training program(s), the communication of relevant published information and the evaluation of compliance

The FOO Group will strive to continually improve, through achieving or where practically possible exceeding their goals; by implementing applicable training programs; and by conducting all aspects of their work in compliance with the anti-bribery laws that at any time are applicable to the organisation. These currently include, but not limited to the following:

- The European Anti-corruption convention
- The UK Bribery Act 2010
- U.S. Foreign Corrupt Practices Act
- German Anti-Corruption Legislation
- Norwegian Penal Code 2003

It should be noted that any breach of this policy may also result in dismissal with immediate effect.

Oslo, 09.08.2020

For and on behalf of
Fred. Olsen Ocean Ltd.
Hjalmar Krogseth Moe

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No cases of corruption were identified in 2020. Reference is made to the KPIs 4.3.1 – 4.3.3 for details.

Whistle blowing

Whistle blower function: The whistle blower function is handled internally with approachability and transparency being encouraged.

On board the vessels, the process for handling complaints is in accordance with the Maritime Labour Convention (MLC) 2006 and a copy of the on-board Complaint procedure is provided to all crew members as well as being posted in public locations on-board the vessels. The procedure specifies fair and effective handling of any complaint made by the seafarer and any form of victimisation or penalising of the complaining seafarer is prohibited. Amendments to MLC 2006 regarding the protection of seafarers against shipboard harassment and bullying entered into force in January 2019.
A "Hot line" for addressing complaints is available through the Senior Compliance Advisor/Designated Person Ashore (DPA), the name and contact details of which are permanently posted on information boards at various public locations around the vessels.
Reporting routines for office personnel have been implemented in our personal handbook and e-learning courses have been implemented to ensure all employees are aware of the reporting procedures. FOWIC had four documented complaints recorded throughout 2020. Refer to KPIs, sections 4.3.4 for details.

Risk and opportunity oversight

Risk and opportunity management is an integrated part of all FOO and FOWIC activities. Overall risk assessments have been made at the company levels, to be used as baseline for further risk assessment in projects and operations. FOO Monthly risk reports are produced, and applicable details are presented to senior management and the board as part of the decision-making process. The management of strengths, weaknesses, opportunities, and threats (SWOT) is an integral part of the FOWIC's business and regular meetings are held to analyse these. Examples of current SWOT are as follows:

Strengths:

- Efficient vessels for WTG installation
- Strong brand
- Good market and client reputation
- Efficient project and engineering team
- Access to GWS installation crew
- High safety and environmental standards
- +170 years of maritime experience

Opportunities:

- Leverage O&M market experiences
- Double digit growth forecasted for offshore wind worldwide
- Bundling of jack-up vessels and installation crew
- New SoW emerging with investment into new crane and vessel upgrades on Tern vessel
- Well established organisation able to handle more vessels/projects
- Subsidy free PPA regime and scalability enabling offshore wind to compete against all energy sources

Risks (weaknesses and threats):

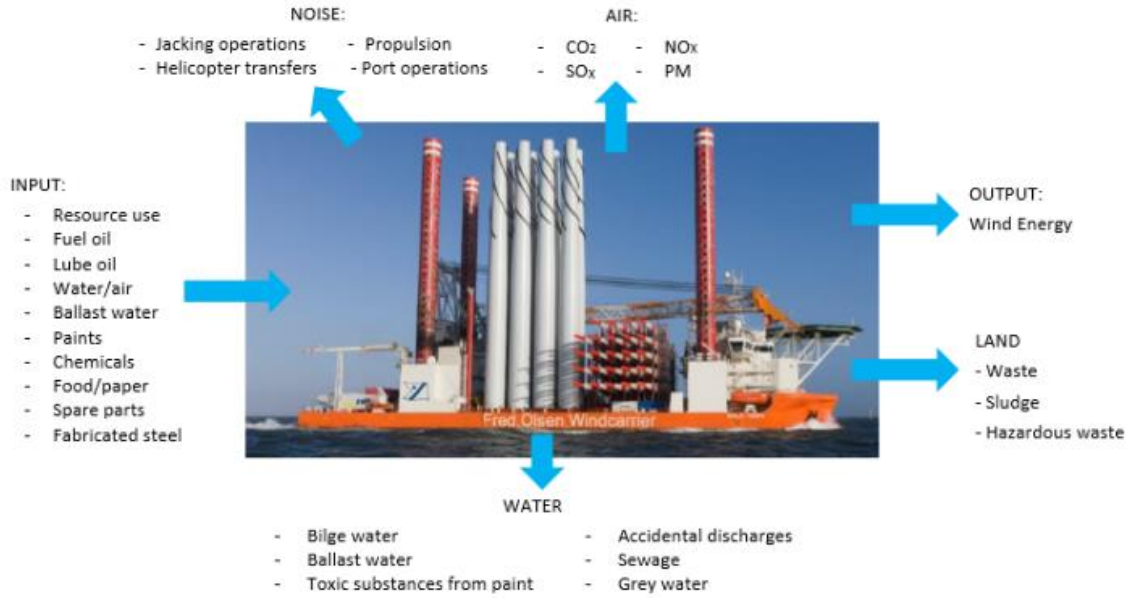
- Lean organisation
- Not EPCI enabled (cabling, foundations, WTG)
- Expensive vessel for O&M work on early generation
- Disruption in world situation due to Covid-19
- Continuous investments into assets required to remain competitive
- Sufficient availability of qualified and experienced employees
- Clients more demanding pushing risk downwards in supply chain
- Continuously increasing risk of cyber related attacks
- Environmental spill to sea
- Personnel injuries

2.2 Planet

2.2.1 Business context

FOWIC's main assets include the three Tern vessels owned through subsidiaries and offices in Norway, Denmark, and Taiwan. In addition, one fourth vessel, Lift Boat Jill, has been chartered. FOWIC's jack-up vessels deliver services to the offshore wind industry and are indirectly contributing to renewable energy productions by installing and maintaining offshore wind turbines. FOWIC's vessels are also used for geotechnical surveys and as accommodation vessel for the offshore wind industry. The operation of FOWIC's vessels involves release of greenhouse gases (GHG) to the atmosphere, water usage, impact of the coastal ecosystems by potentially transferring alien species through ballast water operations.

Vessel environmental aspects:



2.2.2 Our activities

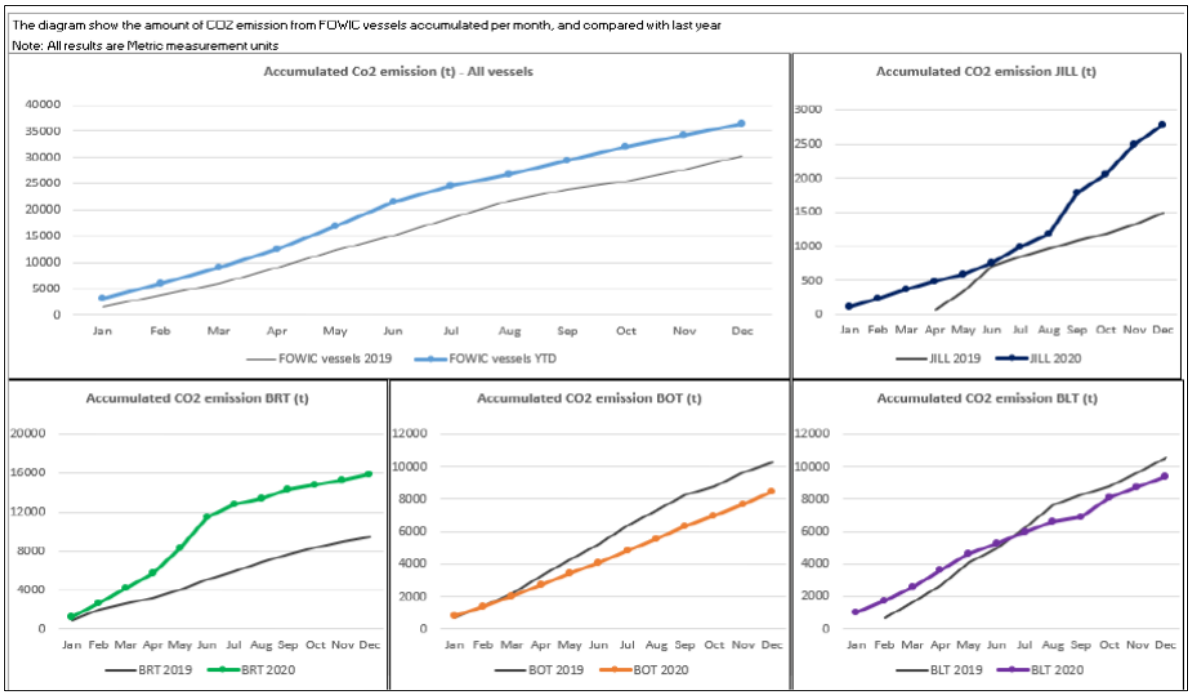
In 2020, FOWIC had four vessels in operation. The vessels were utilised 74% of the year. The transfer of jack-up vessel Brave Tern (BRT) to Taiwan, a total steaming distance of 13 933 nautical miles, has contributed to increased fuel consumption and CO2 emission. In 2020 FOWIC's activities have involved:

- The installation of 11 WTGs with an installed capacity of 68,2 MW and contributing indirectly to a material positive contribution to reduce CO2 emission
- Repair and exchange of 495 wind turbine blades and the exchange of two gearboxes and one transformer, with a total capacity of 532,1 MW maintained and contributing indirectly to a positive contribution to reduce CO2 emission
- Cable jointing works
- Oil and gas decommissioning works
- Geotechnical boreholes sampling
- Providing a vessel for offshore accommodation
- Design and installation of grillage and seafastening for the transport of offshore WTG components

2.2.3 Performance

<u>Climate change</u>

Vessel specific Ship Energy Efficient Plans (SEEMP) are established for the FOWIC vessels. In 2020 the initiative to install variable frequency drives (VFD) on pumps to reduce the fuel consumption and hence reduced CO2 emissions was continued. However, the Brave Tern transit from Denmark to Taiwan have resulted in an overall increase of CO2 emissions.
FOWIC's CO2 emission related to operations of the vessels was 36 466,8 (t) in 2020. Reference is made to KPIs 4.1.1 – 4.1.6 for details.



FOWIC comply with relevant statutory and regulatory requirements for low Sulphur emission, including DNV "Clean design" rules. Sulphur emission limits are achieved on board the vessels through the use of low Sulphur content fuel oil.
Reference is made to KPIs 4.1.10 for details.

Task force on Climate-related Financial Disclosures (TCFD) implementation

FOWIC is measuring GHG emission and spills to sea. In 2021 FOWIC shall complete an initial climate risk management assessment in accordance with the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) and define targets and actions based on this.

Nature loss

FOWIC's environment contribution to nature loss is managed through the following:

- Discharge of ballast water is carried out strictly in accordance with the requirements of the compliance with Ballast Water Management Convention
- Discharge of sewage is through an approved sewage treatment unit
- The discharge of bilge water is controlled via an oily Water Separator (OWS) which is certified to 5 ppm. It is considered that bilge water with <5 ppm has little environmental impact
- The vessels, BRT and BOT, have Voith Schneider thrusters installed which produce lower noise levels than conventional thruster units and hence reduce the impact on marine animals
- FOWIC's land use is limited to the permanent offices. Land use is therefore not considered material to FOWIC

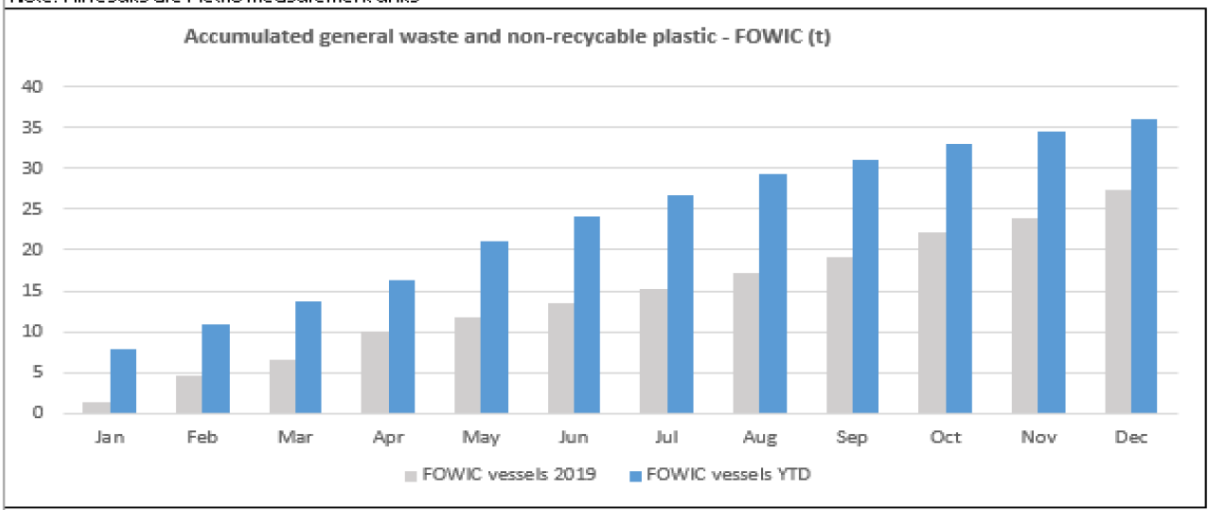
Fresh water availability

Efforts are being put in place to improve water quality during production and for the vessels to be self-sufficient with water.

Solid waste

FOWIC have implemented a system of re-useable water bottles and banned all plastic bottles from our vessels. FOWIC are sorting waste onboard its vessels in accordance with MARPOL Annex V and monitoring and recording all waste generated onboard our vessels. Targets have been established to reduce the waste generations. The accumulated general waste was higher in 2020 compared with 2019. Waste from Jill was not included in the 2019 statistics and waste from Blue Tern (BLT) January 2019 was not included in the 2019 statistics which has contributed to the difference.

The diagram show the amount of general waste and non-recyclable plastic accumulated per month, and compared with last year
Note: All results are Metric measurement units



Spills

FOWIC have requirements and barrier against dropped objects to sea and environmental spill to sea. Vessel specific SOPEP manuals are in place to prevent environmental spills and have prepared mitigating action in case of an incident. Environmental drills are carried out on a regular basis in accordance with drill plan.
FOWIC vessels have had no environmental spills in 2020. However, there was one incident of oil spill to sea from a subcontracted CTV vessel. An estimated 50 litres were unintentionally discharged to sea due to an accidental activation of external fuel transfer pump.

2.3 People

2.3.1 Business context

FOWIC creates jobs both within its own corporate structure and, contributes to facilitate jobs externally and growth within the ocean economy at large. FOWIC has business activities in Norway, Denmark, Taiwan, and in international waters. FOWIC are committed to complying with all national and maritime laws, rules, and regulations wherever FOWIC operate. FOWIC require its subcontractors to do the same. We do not accept any form of discrimination on the basis of gender, age, ethnic origin, disability, sexual orientation, religion, political opinion, or otherwise.

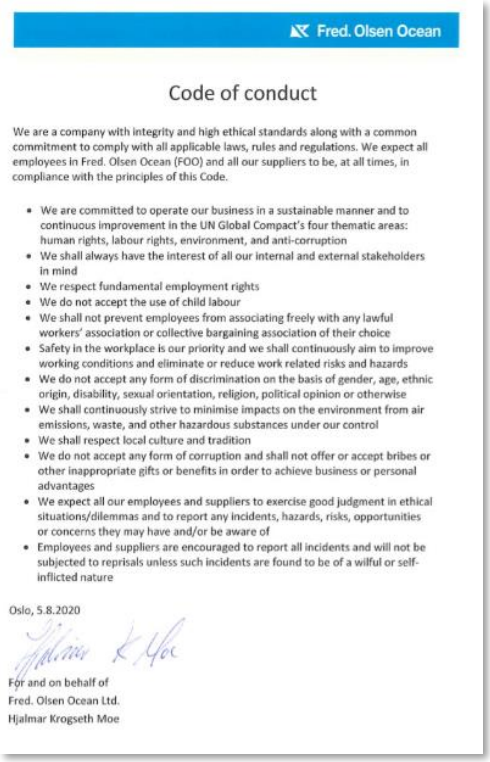
The employees in FOO are under the same quality management system as FOWIC. FOWIC and FOO have an integrated FOWIC's Working environment committee (Norwegian term; Arbeidsmiljøutvalg, AMU). For the sake of this report, FOO employees are included in this section of the report.

Work on FOWIC vessels includes several hazards related to marine activity and the wind industry. Safety for our personnel and in the operations, FOWIC conduct, is therefore very important.

The work environment for the majority of 2020 has been significantly affected by the COVID-19 situation in the world and has a direct impact on our employees. Further FOWIC have conducted downsizing and organisational changes in 2020 which also impact the employees directly.

2.3.2 Our activities

All our employees and subcontractors are required to follow the principles of our HSEQ policy and Code of Conduct:



Fred. Olsen Ocean

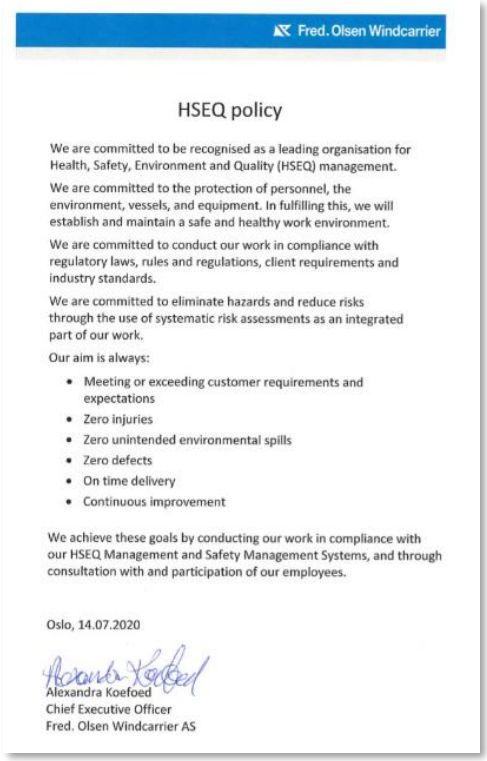
Code of conduct

We are a company with integrity and high ethical standards along with a common commitment to comply with all applicable laws, rules and regulations. We expect all employees in Fred. Olsen Ocean (FOO) and all our suppliers to be, at all times, in compliance with the principles of this Code.

- We are committed to operate our business in a sustainable manner and to continuous improvement in the UN Global Compact's four thematic areas: human rights, labour rights, environment, and anti-corruption
- We shall always have the interest of all our internal and external stakeholders in mind
- We respect fundamental employment rights
- We do not accept the use of child labour
- We shall not prevent employees from associating freely with any lawful workers' association or collective bargaining association of their choice
- Safety in the workplace is our priority and we shall continuously aim to improve working conditions and eliminate or reduce work related risks and hazards
- We do not accept any form of discrimination on the basis of gender, age, ethnic origin, disability, sexual orientation, religion, political opinion or otherwise
- We shall continuously strive to minimise impacts on the environment from air emissions, waste, and other hazardous substances under our control
- We shall respect local culture and tradition
- We do not accept any form of corruption and shall not offer or accept bribes or other inappropriate gifts or benefits in order to achieve business or personal advantages
- We expect all our employees and suppliers to exercise good judgment in ethical situations/dilemmas and to report any incidents, hazards, risks, opportunities or concerns they may have and/or be aware of
- Employees and suppliers are encouraged to report all incidents and will not be subjected to reprisals unless such incidents are found to be of a wilful or self-inflicted nature

Oslo, 5.8.2020

For and on behalf of
Fred. Olsen Ocean Ltd.
Hjalmar Krogseth Moe



Fred. Olsen Windcarrier

HSEQ policy

We are committed to be recognised as a leading organisation for Health, Safety, Environment and Quality (HSEQ) management.

We are committed to the protection of personnel, the environment, vessels, and equipment. In fulfilling this, we will establish and maintain a safe and healthy work environment.

We are committed to conduct our work in compliance with regulatory laws, rules and regulations, client requirements and industry standards.

We are committed to eliminate hazards and reduce risks through the use of systematic risk assessments as an integrated part of our work.

Our aim is always:

- Meeting or exceeding customer requirements and expectations
- Zero injuries
- Zero unintended environmental spills
- Zero defects
- On time delivery
- Continuous improvement

We achieve these goals by conducting our work in compliance with our HSEQ Management and Safety Management Systems, and through consultation with and participation of our employees.

Oslo, 14.07.2020

Alexandra Koefoed
Chief Executive Officer
Fred. Olsen Windcarrier AS

In addition to standard training and familiarisation awareness, training is carried out onboard our vessels to increase risk awareness for our employees. Increased focus on noise and vibration hazards has resulted in new procedures, updated risk assessments, and establishment of 'Noise and vibration' training. In the past year it was necessary to create additional inhouse training for 'COVID-19 Caretakers' which was enrolled to marine crew that potentially could be assigned the task as caretakers for isolated persons.

FOWIC's Working environment committee (Norwegian term; Arbeidsmiljøutvalg, AMU) has previously been shared between all Fred. Olsen related companies working out of the offices in Fred. Olsen's gate in Oslo. In 2020, the AMU was restructured for the purpose of getting FOWIC's employees more actively involved in the AMU work.

A work environment survey was carried out in 2020 and the result was ready in December 2020. Further assessment and actions towards the results will be conducted in 2021.

Ergo therapist assessment of the working environment conditions in the office was carried out in Q1 2020.

FOWIC is satisfied with its balanced distribution of men and female share in the onshore organisation at all levels. FOWIC is a modern company, and as such, is investing in the ongoing movement to highlight and promote higher and sustained presence of women at sea. Although the global portion of women to men among the seafaring community is low, FOWIC has placed emphasis on recruiting appropriate female seafaring colleagues for the future growth of the Company.

2.3.3 Performance

Dignity and equality

The personnel policy is defined in our Personnel Handbook and is reflected in the above Code of Conduct covering fundamental employment rights, human rights, non-acceptance of child labour, acceptance of union memberships, and non-tolerance for discrimination of any kind.
There were no reported cases of nonconformities related to the implementation of the personnel policy in 2020.
Vessel officers are employed by individual contracts. Designated Crewing Agent standard contracts shall be used and signed by both parties. Other crew are employed through contracts with approved crewing agents. Seafarers contracts are in accordance with valid Collective Bargaining Agreements (CBA's) with International transport Federation (ITF) or the Seaman Union of the respective countries.
Onshore personnel are employed by individual contracts in accordance with national and local laws and regulations.

Health and well-being

The 'Fred. Olsen HSE Manual' is the governing document and specifies the performance standards and requirements for safety. A comprehensive Safety Management System (SMS) has been implemented, consisting of procedures, risk assessments, emergency response, and incident reporting system. In 2020, FOWIC had one Lost Time Incident.
Reference is made to 4.2.1 – 4.2.7 for further details around personnel incidents and sick leave.

Skills for the future

Training is an integrated part of FOWIC's SMS. Training programs are determined by national, international, regulatory, and industry requirements and are being consciously reviewed and improved. In addition to external training, we have an internal training program consisting of training modules and computer-based training. In 2020, FOWIC introduced a new training platform for micro courses for FOWIC employees, Motimate.

2.4 Prosperity

2.4.1 Business context

FOWIC provides affordable and sustainable shipping services facilitating economic growth and job creation across industries.

2.4.2 Performance

Employment and wealth creation

As per 31.12.2020 FOWIC employs 267 persons in total.

	Number of employees	Retention rate
FOO	7	58,3 %
FOWIC offices	67	84,5 %
FOWIC vessels	200	99,85 %

Vessel officers are employed by individual contracts. Designated Crewing Agent standard contracts shall be used and signed by both parties. Other crew are employed through contracts with approved crewing agents. Seafarers contracts are in accordance with valid CBA's with ITF or the Seaman Union of the respective countries.

Onshore personnel are employed by individual contracts in accordance with national and local laws and regulations.

In 2016, the Fred. Olsen Social Engagement Group (FOSEG) was established with a view to further strengthen Bonheur ASA's the efforts within social and charitable purposes, in addition to projects and purposes that are considered to be close to the Bonheur's sphere of interest, with more direct engagement from employees across the board of Bonheur-related companies and hence also FOO and FOWIC. The group has continued its work during 2020 and focuses on supporting qualifying sustainable projects, both globally and locally.

Globally, FOSEG has followed up on previous years' support towards the non-profit organisation "Health and Human Rights Info (HHRI)". HHRI's object is to strengthen and develop health and psychosocial work towards people that have been exposed to organised (sexual) violence, war, and serious violation of human rights by establishing and operating a resource database to assist health workers working amongst such people. FOSEG has close relationship to the Development Fund ("Utviklingsfondet") and are actively following their specific water irrigation projects in Ethiopia with a view to improve self-sustainability. Further, to mention some among several others, FOSEG has supported rescue companies in both Norway and the UK contributing to making traffic at sea safer, as well as the World Wildlife Fund for Nature's fight against plastic in the sea.

Locally, FOSEG support various charities with emphasis on stimulating self-sustainability among youth and people in general that have fallen outside the society and/or the labour market. Kirkens Bymisjon (The Church City Mission Oslo) and Tøyen Sportsklubb represent projects that have received support in this respect. During the pandemic, FOSEG has supported multiple local engagement to improve the everyday quality of people that already struggled before the free offers had to close due to governmental restrictions.

Community and social vitality (tax)

The Netherlands	173 988 EUR
Taiwan	670 170 EUR
Germany	1 214 470 EUR

3 The way forward

Environmental:

- Our objectives:
  - Continue to provide shipping services for distributing renewable energy
  - Reduce CO2 emission related to fuel consumption
  - Reduce environmental impact on life below water related to spills to sea and ballast water exchange
  - Reduce the use of hazardous chemicals in our own operations
  - Reduce the CO2 emission related to steel fabrication
  - Reduce vessel non-recyclable plastic, general waste, and food waste per POB with 10%
- How we will achieve this
  - Increase education and awareness-raising by increasing focus and knowledge in the company on how and where we can reduce CO2 emission and implementing climate training modules
  - Review and revise current SEEMP
  - Continue to focus on working towards measures implemented by the Marine Environment Protection Committee (MEPC) of the International Maritime Organisation aimed at supporting the achievement of the objectives set out in the initial IMO strategy on reduction of greenhouse gas (GHG) emissions from ships, in line with the Paris Climate Change Agreement under UNFCCC and the United Nations 2030 Agenda for Sustainable Development
  - Reuse of grillage and seafastening and monitor impact
  - Further influence climate change mitigations by increasing requirements to suppliers regarding climate change mitigation
  - Establish two technical environmental initiatives, ready for Approval for Expenditure (AFE) in 2021
  - Establish and agree requirements with suppliers/contractors within ship design, construction, and scrapping
  - Implement operational controls, together with client, to reduce fuel consumption in operations
  - Further reduce waste generation by increased efforts towards suppliers and segregation options in ports
  - Complete an initial climate risk management assessment in accordance with the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) and define targets and actions based on this
  - Implement requirement for packaging to suppliers of goods to the vessel
  - Establish chemical reduction and substitution plan

Social responsibility:

- Our objectives
  - Zero lost time incidents
  - Zero medical treatment case incidents
  - Reduce subcontractor incidents with 50%
  - Retention rate for marine crew >97 %
  - Work related sick leave 0%
  - Short term sick leave <1%
- How we will achieve this
  - Implement training campaign for psychosocial work environment
  - Implement action plan for the result of 2020 work environment survey
  - Conduct work environment assessment offshore (ergonomics)
  - All marine crew shall receive noise and vibration training
  - Reduce chemicals with serious health impact (cat. 4 and 5) by 10%
  - Develop and implement competence framework onshore and offshore
  - Implement healthy food choice campaign onboard the vessels

Governance:

- Our objectives
  - Meet or exceed budget
  - Commercial uptime> 99%
  - Customer satisfaction score> Total score 22 or higher (of 25)
  - Reduce travel cost for office personnel with 20% compared with 2019
  - Be in compliance with all national, local and maritime laws, rules, and regulation that apply for our activity
  - Zero corruption incidents
- How we will achieve this
  - Install new crane to ensure capacity for future projects
  - Implement cyber security plan
  - Implement updated travel guidelines and information campaign

Planned actions, long term (2022 and onwards):

1. Look into shore supplied energy and set requirement for shore power to be generated from renewable sources. Choose ports with potential for shore power. Request 100% of shore power from renewable energy
2. Establish agreement with frequently used port for waste segregation options
3. 100% of energy supplied to onshore offices to be renewable from 2022
4. FOWIC shall further reduce the fuel consumption related GHG emission by technical and operational changes to the vessel
5. FOWIC shall highlight and promote higher and sustained presence of women at sea. FOWIC will continue to place emphasis on recruiting appropriate female seafaring colleagues for the future growth of the company
6. FOWIC shall further reduce the environmental impact on life below water by installing ballast water treatment plant on all FOWIC vessels

4 Indicators and KPIs

4.1 Environment

TOPIC	ACCOUNTING METRIC	UNIT	2020	2019	Comments:
Climate risk and climate footprint	**4.1.1 Scope 1 GHG emissions, fuel consumption**	Metric tonnes (t)	11 540,5	10 070	*[Gross global Scope 1 GHG emissions to the atmosphere, in line with the GHG Protocol.]*
	4.1.2 Scope 1 GHG emissions, CO2 emission	CO2-eq.	36 466,8	30 325	FOWIC use a CO2 factor of 3,16. The calculation factor of 3.16 is calculated from the molecular formula we use for Marine Diesel Oil (C12H23). [Gross global Scope 1 GHG emissions to the atmosphere, in line with the GHG Protocol.]
	4.1.3 Scope 2 GHG emissions, fuel consumption	Metric tonnes (t)	0	0	[Gross global Scope 2 GHG emissions to the atmosphere, in line with the GHG Protocol.]
	4.1.4 Scope 2 GHG emissions, CO2 emission	CO2-eq.	0	0	[Gross global Scope 2 GHG emissions to the atmosphere, in line with the GHG Protocol.]
	4.1.5 GHG emission intensity	CO2 / t·nm	0,6	0,6	Energy efficiency as per Energy Efficiency Design Index EEDI. [GHG emissions divided by transport work]
	4.1.6 GHG emission intensity	CO2 / MW	60	-	[GHG emissions divided by installation/maintenance work]
	4.1.7 GHG emission management	Text	-	-	Reference is made to section 4 for information on GHG emission strategies and objectives.
	4.1.8 Energy mix	Gigajoules, Percentage (%)	507 782 GJ 100% MDO	443 080 GJ 100% MDO	
Air pollution	**4.1.9 Sulphur emissions**	Text/figure	-	-	Reference is made to 2.2 for details on sulphur emission.
	4.1.10 Sulpher dioxide	Metric tonnes (t)	18,77	12,00	
	4.1.11 Nitrogen dioxide	Metric tonnes (t)	564,9	508,9	

TOPIC	ACCOUNTING METRIC	UNIT	2020	2019	Comments:
Ship recycling	**4.1.12 Responsible ship recycling**	Figure	0	0	Zero recycled any ships. FOWIC are committed to recycle ships in accordance with the relevant regulations (EU 1257/2013, "Forskrift om gjennvinning av skip og flyttaber innretninger" for future recycling of ships.
Waste	**4.1.13 Hazardous waste**	Metric tonnes (t)	4,580	1,951	
	4.1.14 Sludge	Cubic meters (m3)	129,5	93,3	
	4.1.15 Oily water	Cubic meters (m3)	135	181,1	Oily water reported are bilge sent onshore.
	4.1.16 General waste	Metric tonnes (t)	36,289	27,462	
	4.1.17 Food waste	Metric tonnes (t)	34,639	22,606	
Ecological impacts	**4.1.18 Accidental discharge (spills)**	Numbers	1	2	
	4.1.19 Accidental discharge (spills)	Cubic meters (m3)	0,05	0,01	
	4.1.20 Discharged to sea (Bilge)	Cubic meters (m3)	350	169,3	OWS certified to 5 PPM (MARPOL require 15 PPM). It is considered that bilge water with <5 ppm has little environmental impact and effects.
	4.1.21 Discharge to sea (grey water)	Cubic meters (m3)	1 371	1 911	Untreated sewage discharged to sea. Sewage treatment plant is certified according to IMO MARPOL MEPC.159(55).

4.2 Social

TOPIC	ACCOUNTING METRIC	UNIT	2020	2019	Comments:
Accidents, safety and labour rights	**4.2.1 Fatalities**	Number	0	0	
	4.2.2 Lost time incident (LTI)	Number	1	1	
	4.2.3 Medical Treatment cases (MTC)	Number	2	3	
	4.2.4 Lost time incident frequency	Rate	0,6	0,7	

				Personal notice	1 – 3 days	4 – 16 days	16 days – 8 weeks	More than 8 weeks	Total absence percent
	4.2.5 Sick leave	Days, Percentage (%)	**Vessels**	0	3 (0,01)	264 (0,8)	468 (1,4)	69 (0,2)	2,4
			FOWIC office	12 (0,1)	0	28 (0,2)	45 (0,4)	102 (0,8)	1,5
			FOO office	5 (0,6)	0	11 (1,2)	0	23,8 (2,7)	4,5

	4.2.6 FOWIC Offices Women/men	Percentage (%)	33/67	37/63	2019 numbers include FOO employees in the Oslo office.
	4.2.7 Vessel Women/men	Percentage (%)	14/86	-	
	4.2.8 Vessel Managers women/men	Percentage (%)	0/100	0/100	
	4.2.9 FOWIC Executives women/men	Percentage (%)	100/0	100/0	
	4.2.9 FOWIC Board women/men	Percentage (%)	33/67	33/67	

			Age group	**Vessels**	**FOWIC offices**
	4.2.10 FOWIC employees age split	Number	**20-29**	10	2,29
			30-39	84	18,41
			40-49	75	14,16
			50-59	24	13
			60+	2	6,83

	4.2.11 Labour rights	Text	-	-	Ref. 2.3 for description.
	4.2.12 Port state control deficiencies	Number	2	6	
	4.2.13 Port state control detentions	Number	0	0	
	4.2.14 Marine casualties	Number	3	2	

**Numbers based on completed man-years*

4.3 Governance

TOPIC	ACCOUNTING METRIC	UNIT	2020	2019	Comments:
Business ethics	**4.3.1 Corruption risk**	Number	0	0	*[Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index]*
	4.3.2 Anti-corruption training	Percentage (%)	91	85	*[% number of employees given anti-corruption course]*
	4.3.3 Facilitation payments	Number	0	0	*[Number of incidents where bribes have been requested]*
	4.3.4 Fines	Figure	0	0	*[Total monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and/or regulations.]*
Whistle blowing	**4.3.5 Reporting hotline**	Number	4	2	Three of the four reports were directly related to FOWIC personnel. The final report was from an external party towards FOWIC concerning a breach of working hours. All incidents were investigated and satisfactorily resolved.
ESG governance	**4.3.6 Policies and targets**	Text	-	-	Reference is made to chapter 2 and 3.
Standards	**4.3.7 International standardisation**	Text	Certified	Certified	ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified.

5 Definitions

AFE	Approval for Expenditure
Ballast Water	Seawater that is taken on board a ship and stored in tanks to control draft, list, trim and stability.
Bilge Water	Water from equipment maintenance and minor leaks that collects in the lowest part of the ship.
Black Water	Wastewater from toilets, urinals and medical sinks.
CO_2	(Carbon Dioxide) – A naturally occurring chemical compound composed of two oxygen atoms covalently bonded to a single carbon atom. It is a gas at standard temperature and pressure, and it exists in Earth's atmosphere in this state, as a trace gas at a concentration of 0.39 percent by volume.
DPA	Designated Person Ashore
FOO	Fred. Olsen Ocean
FOWIC	Fred. Olsen Windcarrier
GHG	Greenhouse Gas
Grey Water	Wastewater that is generated from activities such as laundry, bathing, cooking and dishwashing
LTI	Lost Time Injury
LTIF	Lost Time events per million work hours
MLC 2006	(Maritime Labour Convention 2006). An international treaty that provides comprehensive rights and protection at work for the world's seafarers. The convention sets out seafarers' rights to decent conditions of work on a wide range of subjects and aims to be globally applicable, easily understandable, readily updatable and uniformly enforced.
MARPOL	The International Convention for the Prevention of Pollution from Ships. MARPOL was designed to minimise pollution of the seas.
NOx	Oxides of nitrogen that are a family of gases released from the combustion of fuel.
SEEMP	Ships Energy Efficiency Management Plan
SOLAS	(Safety of Life at Sea) Convention. The most important and comprehensive international treaty governing the safety of merchant ships.
Stakeholder	Any individual or group, within or outside a company, that has an interest in or may be impacted by that company and that, accordingly, has expectations, requires information or holds legitimate economic interests.
STCW	The International Convention on Standards of Training, Certification and for Seafarers which sets qualification standards for masters, officers and watch personnel on seagoing merchant ships.
WEF	World Economic Forum