

# 2018

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**ENVIRONMENTAL**

**SOCIAL**

**GOVERNANCE**

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THIS REPORT HAS BEEN PREPARED BASED ON  
THE REQUIREMENTS OF THE SUSTAINABILITY  
ACCOUNTING STANDARDS BOARD





## GOLDEN OCEAN IN 2018



1580

NUMBER OF SHIPBOARD  
EMPLOYEES



4 855 754

TOTAL NAUTICAL MILES  
TRAVELLED BY VESSELS



27 583

OPERATING  
DAYS



10 715 048

DEADWEIGHT  
TONNAGE



77

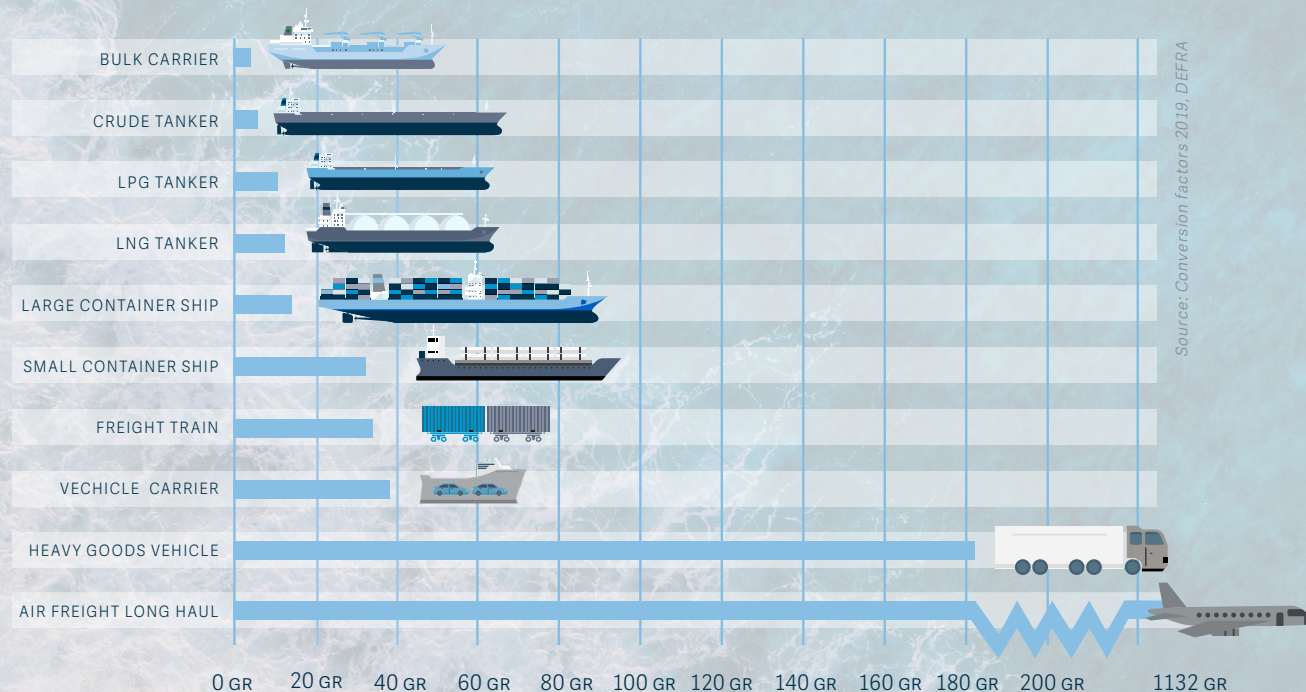
NUMBER OF VESSELS IN TOTAL  
SHIPPING FLEET



1555

NUMBER OF VESSEL  
PORT CALLS

### GLOBAL AVERAGE - GRAMME CO2 PER TONNE KM



## 1. INTRODUCTION

Golden Ocean Group Limited ("Golden Ocean") is a leading international shipping company owning and operating primarily Capesize, Panamax and Supramax dry bulk carriers. Golden Ocean is listed on NASDAQ and the Oslo Stock Exchange and is one of the largest US listed dry bulk companies in terms of both market capitalization and Deadweight tonnage (dwt) under control.

Golden Ocean owns and operates, through its subsidiaries, a fleet of 77 dry bulk carriers. It also provides commercial management services to an additional 43 vessels on behalf of third parties. Our company operates with a fully integrated commercial management structure responsible for all vessels and contracts. Technical supervision of all owned vessels is outsourced to subsidiaries of Frontline Ltd., which in turn outsources crewing and ship management to several leading third-party ship management companies.

Dry bulk shipping is an essential component of international trade and represents the most efficient means of transporting large volumes of commodities. Our vessels transport iron ore, coal, grain and other commodities, which help meet the world's needs for energy and food, as well as provide input needed for construction and civil development.

With 90 per cent of the volume of world trade carried by sea, international shipping and ports provide crucial linkages in global supply-chains and are essential for the ability of all countries, including those that are landlocked, to access global markets.<sup>1</sup> Although maritime transportation is vital for global trade, meeting the challenges in terms of related emissions and climate change will be imperative going forward.

In terms of CO<sub>2</sub> emissions, shipping is the most carbon-efficient mode of long-distance transportation available today.<sup>2</sup> According to the most recent IMO study on greenhouse gas emissions, international maritime shipping accounts for 2.8 per cent of annual global emissions. Although shipping has a lower CO<sub>2</sub> footprint compared to other modes of transportation, our industry will undisputedly play an important role in lowering global CO<sub>2</sub> emissions.<sup>3</sup> With increased global trade it is crucial that the industry develops more environmentally friendly fuels and technology. We maintain and operate our fleet with the aim of providing sustainable global freight solutions.

CO<sub>2</sub> emissions are directly linked to marine fuel consumption. We therefore evaluate our CO<sub>2</sub> emission controls by focusing on

vessel fuel efficiency and voyage efficiency and optimization. We have a good starting point with our modern and fuel efficient fleet. Golden Ocean is currently taking proactive measures to ensure compliance with new 2020 Sulphur emission regulations. This includes investing in exhaust gas cleaning systems (scrubbers) and retrofitting them on half of our Capesize fleet.

This ESG report provides an overview of Golden Ocean's strategic and management approach towards more sustainable business practices and commercial operations beyond financial gain. Our reporting approach is in accordance with the Marine Transportation framework established by the Sustainability Accounting Standards Board (SASB). This allows us to identify, manage and report on material ESG matters with industry specific performance metrics. Additionally, we have incorporated the principles of the UN Global Compact.

In our view, disclosing information on sustainability performance is key to making the industry facing up to environmental, social and governance issues. Golden Ocean's emphasis on sustainability reflects our ability to adapt to new regulations and demands from investors, partners and customers.

This report is based on SASB's internationally recognized indicators and related definitions, scope and calculations. The report and data cover the period 1 January to 31 December 2018.



**Per Heiberg**  
CFO, Golden Ocean


<sup>1</sup> <https://business.un.org/en/entities/13>



<sup>2</sup> <https://www.iea.org/newsroom/news/2019/june/demand-from-asia-is-set-to-power-the-growth-of-the-global-gas-industry-over-the-n.html>

<sup>3</sup> <http://www.imo.org/en/OurWork/Environment/PollutionPrevention/AirPollution/Pages/Historic%20Background%20GHG.aspx>



# 2. SUSTAINABILITY ACCOUNTING STANDARDS DISCLOSURES

| TOPIC  | ACCOUNTING METRIC  | UNIT OF MEASURE                                  | DATA  | CODE         |
|--|--|--|---|--------------|
| <div></div> <div>GREENHOUSE GAS EMISSIONS</div> | EMISSIONS  |  |   |              |
|  | Gross global Scope 1 emissions Financial Control   | Metric tonnes (t) CO <sub>2</sub> -e             | 1 566 274 <sup>a</sup>                          | TR-MT-110a.1 |
|  | Gross global Scope 1 emissions Operational Control   | Metric tonnes (t) CO <sub>2</sub> -e             | 669 265 <sup>a</sup>                            |              |
|  | Gross global Scope 1 emissions Owned and operated vessels  | Metric tonnes (t) CO <sub>2</sub> -e             | 414 009 <sup>a</sup>                            |              |
|  | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | See page 8                                       |   | TR-MT-110a.2 |
|  | ENERGY CONSUMED  |  |   |              |
|  | (1) Total energy consumed  | Gigajoules (GJ), Percentage (%)                  | 24 996 676, 100%                                | TR-MT-110a.3 |
|  | (2) percentage heavy fuel oil  | Gigajoules (GJ), Percentage (%)                  | 23 617 423, 94%                                 |              |
|  | EEDI   |  |   |              |
|  | Average Energy Efficiency Design Index (EEDI) for new ships  | Grammes of CO <sub>2</sub> per ton-nautical mile | EEDI (2.99 gCO <sub>2</sub> /t-nm) <sup>b</sup> | TR-MT-110a.4 |
| AIR QUALITY  | AIR EMISSIONS OF POLLUTANTS  |  |   |              |
|  | (1) NOx (excluding N2O)  | Metric tonnes (t)                                | 47 599 <sup>c</sup>                             | TR-MT-120a.1 |
|  | (2) Sox  | Metric tonnes (t)                                | 28 764 <sup>c</sup>                             |              |
|  | (3) Particulate matter   | Metric tonnes (t)                                | 3 729 <sup>c</sup>                              |              |
| ECOLOGICAL IMPACTS   | MARINE PROTECTED AREAS   |  |   |              |
|  | Shipping duration in marine protected areas or areas of protected conservation status  | Number of travel days                            | 2 290 <sup>d</sup>                              | TR-MT-160a.1 |
|  | IMPLEMENTED BALLAST WATER  |  |   |              |
|  | (1) Exchange   | Percentage (%)                                   | 86% <sup>e</sup>                                | TR-MT-160a.2 |
|  | (2) Treatment  | Percentage (%)                                   | 55%   |              |
|  | SPILLS AND RELEASES TO THE ENVIRONMENT   |  |   |              |
|  | (1) Number   | Number   | 0 <sup>f</sup>                                  | TR-MT-160a.3 |
|  | (2) Aggregate volume   | Cubic meters (m <sup>3</sup> )                   | 0   |              |

| TOPIC  | ACCOUNTING METRIC  | UNIT OF MEASURE    | DATA           | CODE         |
|--|--|--------------------|----------------|--------------|
| <div></div> <div>BUSINESS ETHICS</div>                    | CORRUPTION INDEX   |                    |                |              |
|  | Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index | Number             | 2              | TR-MT-510a.1 |
|  | CORRUPTION   |                    |                |              |
|  | Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption                             | Reporting currency | 0              | TR-MT-510a.2 |
| EMPLOYEE HEALTH & SAFETY   | LOST TIME INCIDENT RATE  |                    |                |              |
|  | Lost time incident rate (LTIR)   | Rate               | 0,58           | TR-MT-320a.1 |
| <div></div> <div>ACCIDENT &amp; SAFETY MANAGEMENT</div> | MARINE CASUALTIES  |                    |                |              |
|  | Incidents  | Number             | 0 <sup>g</sup> | TR-MT-540a.1 |
|  | Percentage classified as very serious  | Percentage (%)     | 0              |              |
|  | CONDITIONS OF CLASS  |                    |                |              |
|  | Number of Conditions of Class or Recommendations   | Number             | 0 <sup>h</sup> | TR-MT-540a.2 |
|  | PORT STATE CONTROL <sup>i</sup>  |                    |                |              |
|  | Detentions   | Number             | 0              | TR-MT-540a.3 |

| ACTIVITY METRIC                            | UNIT OF MEASURE          | DATA       | CODE        |
|--|--------------------------|------------|-------------|
| Number of shipboard employees              | Number                   | 1 580      | TR-MT-000.A |
| Total distance travelled by vessels        | Nautical miles (nm)      | 4 855 754  | TR-MT-000.B |
| Operating days                             | Days                     | 27 583     | TR-MT-000.C |
| Deadweight tonnage                         | Thousand deadweight tons | 10 715 048 | TR-MT-000.D |
| Number of vessels in total shipping fleet  | Number                   | 77         | TR-MT-000.E |
| Number of vessel port calls                | Number                   | 1555       | TR-MT-000.F |
| Twenty-foot equivalent unit (TEU) capacity | TEU                      | N/A        | TR-MT-000.G |

Please see chapter 7 for assumptions regarding the SASB disclosures, and specific comments referred to above

### 3. ESG GOVERNANCE AT GOLDEN OCEAN

Clear guidance and robust control mechanisms need to be in place to ensure that sustainability is being integrated in our daily operations. We strive to ensure that all our employees have access to relevant policies reflecting sustainability factors that can guide them in conducting tasks for our company. Furthermore, we have implemented a system of monitoring compliance. Golden Ocean’s Board of Directors has established an Audit Committee which monitors reports and complaints received by the company relating to internal controls and compliance. The Board of Directors ensures that policies with regard to ethics, risk assessment and risk management are adequate.

Golden Ocean believes that commitment to honesty, ethical conduct and integrity is a valuable asset that builds trust with our customers, suppliers, employees, shareholders and the communities in which we operate.

At the core of our governance structure is our Corporate Code of Business Ethics and Conduct (the “Code of Conduct”), which applies to all entities controlled by us and all of our employees, directors, officers and agents.

We have developed our Code of Conduct to formalize this commitment. The Code of Conduct has also been designed to deter wrongdoing and to promote honest and ethical conduct even when conflict of interest exists.

The Code of Conduct illustrates Golden Ocean’s requirements and expectations relating to: Compliance with Laws and Regulations, Honest and Fair Dealing, Conflict of Interest and Corporate Opportunity, Anticorruption, Confidentiality and Privacy, Proper use of Company assets, Antidiscrimination and Harassment and Integrity of corporate records. The Code of Conduct specifies how a violation of any of those standards

is managed. The Code of Conduct obliges employees who observe or become aware of a situation they believe to be in violation of the Code of Conduct to promptly notify their manager.

Our Financial Crime Policy further expands on the expectations of our employees and business partners in relation to compliance with applicable anti bribery, corruption, sanctions and money laundering laws.

In order to facilitate reports of wrongdoings, procedures under which good faith complaints regarding business and accounting matters may be reported have been established. The Company’s “Whistle Blowing” program allows employees to confidentially and anonymously submit concerns without fear of retaliation via a telephone and web-based compliance hotline provided by a third party service provider.

We aim at always implementing up to date procedures and guidance within the environmental, social and governance areas. We acknowledge that new technical solutions relating to environmental performance or measures to combat corruption may not be enough to solve the problem. Golden Ocean believes that some sustainability challenges require joint action from stakeholders including industry and regulatory authorities.

Golden Ocean has consequently decided to join the Maritime Anti-Corruption Network (MACN), Clean Shipping Alliance and Rightship. We believe being part of these initiatives will keep us ahead of the curve on identifying material risks and opportunities thereby positively contributing to our ESG risk management processes.

#### GIVING BACK TO THE COMMUNITY

SeaTeam, our in house ship management company, established the community outreach program Hands of SeaTeam (HOST) in 2012 with the aim of giving back to the communities of our seafarers by supporting children in need. HOST programs primarily focus on supporting the education of children from underprivileged backgrounds with the hope of improving their future prospects and living standards. HOST has active programs in the countries SeaTeam operates in such as the Philippines, India, Singapore, Russia and Myanmar.

| MATERIAL ISSUE               | INTERNAL GOVERNANCE DOCUMENTS   | INTERNATIONAL STANDARDS AND REFERENCES   |
|------------------------------|---|--|
| Climate change               | Environmental Policy Draft  | The Paris Agreement<br>The Intergovernmental Panel on Climate Change (IPCC)<br>Initial IMO Strategy on Reduction of GHG Emissions from Ships   |
| Air emissions                | Environmental Policy Draft  | IMO MARPOL Convention Annex VI<br>EU Sulphur Directive 2016/802<br>UNCLOS  |
| Ecological impact            | Environmental Policy Draft  | UN Global Compact<br>IMO MARPOL Convention Annex VI<br>IMO Ballast Water Management Convention<br>IMO MARPOL Convention Annex VI<br>Hong Kong Convention   |
| Anti-Corruption              | Corporate Code of Business Ethics and Conduct<br>Financial Crime Policy | UN Global Compact<br>The US Foreign Corrupt Practices Act and the UK Bribery Act   |
| Employee Health & Safety     | Corporate Code of Business Ethics and Conduct                           | UN Global Compact<br>ILO Conventions<br>Maritime Labour Convention, 2006 (MLC, 2006)<br>International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code)<br>Hong Kong Convention<br>Marine Crew Resource Management |
| Accident & Safety Management | Corporate Code of Business Ethics and Conduct                           | International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code)<br>Marine Crew Resource Management   |



As part of addressing sustainability in a broader perspective we have identified two UN Sustainable Development Goals (SDGs) where we believe Golden Ocean can contribute: We have selected SDG 14 and 16 since these goals are closely tied to the industry we are a part of and they represent material topics for which we monitor – please see chapter 4 and 6 for more information. Contributing to the broader global agenda of reaching the SDGs is in our interest as they affect our business, customers, suppliers, investors and regulators which we depend on.



# 4. ENVIRONMENT

## GREENHOUSE GAS EMISSIONS AND AIR QUALITY

A substantial part of our fleet is compliant with the new Energy Efficiency Design Index (EEDI) for new ships established by the IMO. As greenhouse gas emissions correspond directly to marine fuel consumption, we assess our CO2 emission controls by managing vessel fuel efficiency and voyage efficiency and optimization. Furthermore, subject to the amendments made to the MARPOL Convention (Annex VI), we have taken measures to enhance our general Ship Energy Efficiency in order to solidify our commitment to the continuous improvement of vessel operations.

With an average vessel age of approximately five and a half years, Golden Ocean controls one of the youngest and most modern dry bulk fleets in the industry. The latest technical equipment is key to keeping average emissions low. Our Chartering, Operations and Bunkering departments cooperates closely to optimize vessel routing and speed in order to increase voyage efficiency. These departments also closely interact with our Technical department, which actively tests state of the art ship energy management technologies with the purpose of further improving energy efficiency.

Since last year Golden Ocean has established a new internal position of Performance Manager Operations, who is responsible to overlook existing and start new projects related to fuel efficiency. The Performance Manager Operations is, alongside with the Technical department, directly involved in establishing and following up on fleet efficiency. This is important in light of the IMO low-carbon transition plan towards the 2030 targets - IMO's Initial Strategy on reduction of GHG emissions indicates 40 % by 2030. New efforts to streamline reporting formats onboard with Frontline technical and outsourced technical managers on GOGL bulkers have been initiated. These actions will enable Golden Ocean to improve our general Ship Energy Efficiency Plan.

The Ship Energy Efficiency Management Plan (SEEMP) contains several measures to reduce the fuel consumption. The key elements of the plan include actions like:

- Weather routing: Fuel savings up to 1-2%
- Propeller polish & hull cleaning: Fuel savings up to 1-2 %

- Main Engine/Auxiliary Engine optimization: Fuel savings up to 2-3 %
- Careful selection of anti-fouling systems: fuel savings in the range 10-15 %
- Speed optimization by careful voyage planning and execution

We are assuming a conservative fuel saving as a total 10% annually compared to a baseline, without SEEMP.

Air pollution from ships is considerable and global emission standards are becoming more stringent. MARPOL Annex VI limits the main air pollutants originating from ships' exhaust gas, including sulphur oxides (SOx) and nitrous oxides (NOx), and prohibits deliberate emissions of ozone-depleting substances. Golden Ocean is currently taking several measures to ensure compliance with the new 2020 Sulphur emission regulations. This includes the retrofitting of scrubbers on nearly half of our Capesize fleet. Furthermore, Golden Ocean is a member of the Clean Shipping Alliance 2020. The CSA 2020 is composed of first movers in the industry committed to complying with IMO 2020 fuel requirements.

## CLIMATE RISK

The shipping business is cyclical and risk management is an integrated part of daily management processes, including any climate related issues. The identification of both related risks and opportunities is therefore an integrated part of Golden Ocean Group's strategy formulation and all important decisions are taken directly to the Board of Directors. Any climate-related issues are monitored primarily by the Operations department, and reported regularly to the Global Head of Operations, who reports directly to the CEO.

The operational organisation of Golden Ocean focuses on evaluating future regulations, risks and opportunities due to e.g. climate change - including rough weather and severe ice conditions, trading patterns, and legal requirements that can improve or worsen the foundation on which we operate. Our emphasis is on having a modern and fuel efficient fleet. Each asset is individually valued on its fuel efficiency and every acquisition and divestment is considered with this in mind

## ECOLOGICAL IMPACTS

Marine transportation is associated with risks to the environment through discharges and emissions to air, land and water and through potential spills. Golden Ocean is conscious that managing these risks is critical for protecting the environment, the sector, our customers and our own business. We have monitoring and management processes in place to minimise the environmental impact of the Company, and to ensure compliance with international and local regulations.

Golden Ocean has implemented processes for conducting environmental assessments of how spills and operational emissions of sulphur oxides, nitrogen oxides, waste and other discharges are to be managed. We also work diligently with our Ship Energy Efficiency Management Plan (SEEMP) and have established a thorough system for incident reporting. All our third-party technical managers are ISO 9001 certified. Golden Ocean experienced no material incidents relating to spills during 2018.

We are conscious that oil spills have long-lasting negative impacts on ecosystems, and incidents may cause grave injuries and fatalities. Recovery efforts, reputational damage and fines with financial impact are some of the consequences of spills. The likelihood of spills is highest in fuel transfer operations, and consequences of spills in relation to ship collisions entails a severe risk.

Ballast water is essential for safe and efficient shipping operations, however it may also represent serious ecological, economic and health risks due to the range of marine species carried in the ships' ballast water. The handling of ballast water is regulated by the International Convention for the Control and Management of Ships' Ballast Water and Sediments. Golden Ocean has invested in Ballast Water Treatment technologies on all new ships delivered from 2014 onwards – this accounts for more than 50 per cent of the Golden Ocean fleet. Ballast water treatment and exchange technology is currently installed covering 86 per cent and 55 percent of our total fleet, respectively. Furthermore, Golden Ocean has an ongoing fleet-retrofit project, aiming to install BWTS systems during the vessels ordinary dry-docking. This will ensure compliance with both US Coast Guard and IMO regulations.

In general, ships contain hazardous materials, and ship recycling should always be performed according to strict standards for protecting human health, safety and the environment. The Hong Kong Convention regulates that ships, when recycled after reaching the end of their operational lives, should not impose risks concerning safety of workers or to the environment. As mentioned above, Golden Ocean has a young fleet. Its oldest vessel was built in 2007. Recycling of vessels is therefore not currently relevant. However, in the event that

Golden Ocean should recycle vessels in the future this will be done in accordance with the Hong Kong Convention and in alignment with the 10 UN Global Compact principles. The latter refers not only to environmental issues, but also social issues and anti-corruption. We are currently developing a Ship Recycling Policy to make sure that any future recycling of Golden Ocean's vessels will only take place at approved yards.

Our fleet has also been rated and approved by RightShip, which has developed a Quality Index (QI) based on existing comprehensive Ship Vetting Information System with regard to marine risk. QI analyzes vessels by name and IMO number and uses an algorithm to evaluate over 50 risk factors. These risk factors are then represented as a 'score' to determine the vessel's overall star rating, which ranges from one star (highest risk) to five stars (lowest risk) relative to sister ships. The industry average is 3 stars. Our fleet has scored an average of 4.0 stars at the start of 2019.

RightShip also performs an environmental evaluation to calculate Green House Gas (GHG) emissions and compares the vessels efficiency relative to similar size and type. Any interested party may review our vessels' ratings using the RightShip website by name or IMO number.

Golden Ocean has identified Sustainable Development Goal (SDG) 14 – Life below water – as relevant to our operations. SDG target 14.C is aimed at enhancing the conservation and sustainable use of oceans and their resources. We track our fleet on a continuous basis, and we monitor sailing time in protected areas. Independently of where Golden Ocean operates, our crew members follow stringent rules for avoiding spills and incidents are to be diligently reported.



| ACCOUNTING METRIC   | UNIT OF MEASURE       | DATA |
|---|-----------------------|------|
| MARINE PROTECTED AREAS  |                       |      |
| Shipping duration in marine protected areas or areas of protected conservation status | Number of travel days | 2290 |
| IMPLEMENTED BALLAST WATER   |                       |      |
| (1) Exchange  | Percentage (%)        | 86%  |
| (2) Treatment   | Percentage (%)        | 55%  |
| SPILLS AND RELEASES TO THE ENVIRONMENT  |                       |      |
| (1) Number  | Number                | 0    |
| (2) Aggregate volume  | Cubic meters (m³)     | 0    |





## 5. SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS

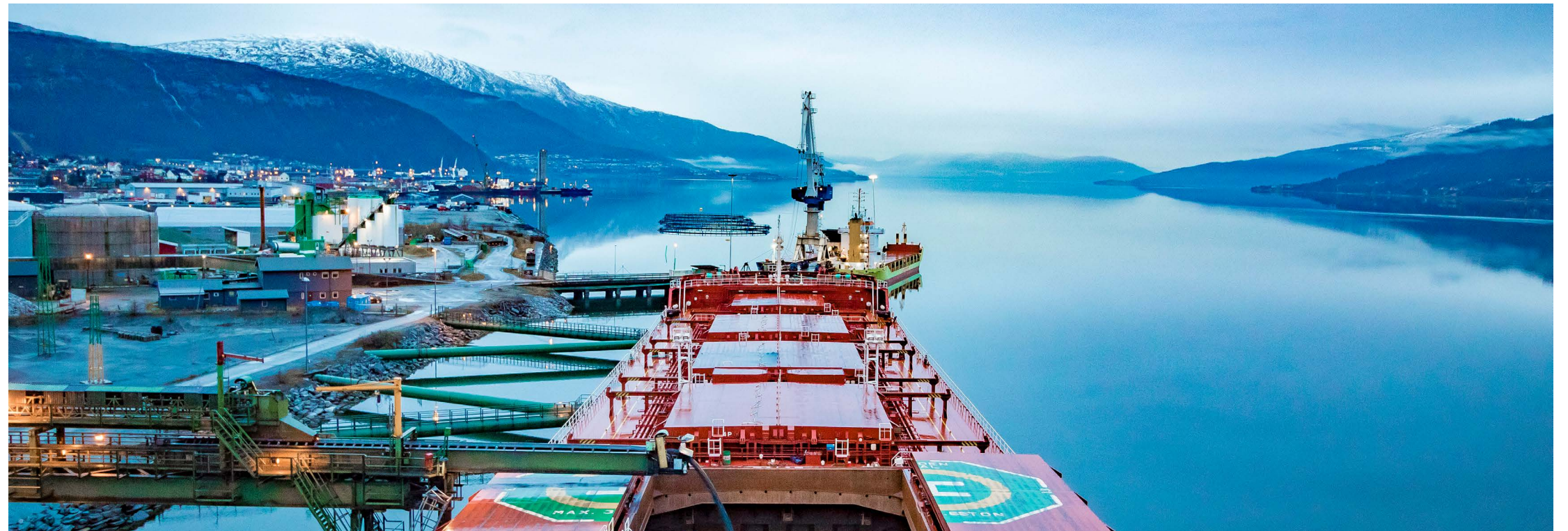
The working conditions and safety of all our employees are of great importance at Golden Ocean. Our Corporate Code of Business Ethics and Conduct extends to our off-shore employees. We believe that a safe working environment is critical to a company's success and reputation, and we are committed to complying with all safety regulations to the best of our abilities.

Golden Ocean contracts various services from subsidiaries of Frontline Ltd. including Frontline Management Ltd. (Bermuda). This includes technical supervision and administrative services. In turn, Frontline Management outsources the crewing and technical operation to leading ship management companies. Frontline Management retains oversight to ensure that these third-party service providers comply with all applicable rules and regulations. All our third party technical managers are ISO 9001 and OHSAS 18001 certified to ensure safety standards across all vessels.

SeaTec Safety provides Golden Ocean with detailed analysis of accidents and incidents for the entire fleet in accordance with the OCIMF guidelines on Lost Time Injuries (LTIs) and Total Recordable Cases and Frequency (TRC and TRCF). We use these reports to identify the root causes of the reported incidents and as a tool to improve our safety policy. Proactive measures are taken to ensure that all accidents, incidents and near misses are reported and to encourage our crew to report these with no hesitation and with the support of their managers.

Our partner Blå was one of the first companies to obtain certification to conduct MCRM training. MCRM training is mandatory for all crew members. Each vessel has been equipped with its own Safety Toolbox containing relevant safety training material. Officers and Captains have the responsibility to assemble crew members once a month to review topics from the Safety Toolbox as part of a continuous onboard training. In order to ensure that we achieve our safety goals, we employ a hands-on approach to augment the MCRM training our crew has received.

Our technical managers and Operations Department actively participate in Crew and Safety Conventions twice a year. Our operators and technical managers conduct seminars and engage in open dialogue with crew members with



the aim of answering questions and addressing concerns. Technical managers are regularly supervised and formally audited annually in order to ensure compliance.

It is of utmost importance to Golden Ocean that all of the Company's employees receive fair and equal treatment irrespective of race, gender, color, religion, age, sexual orientation, marital status, national origin, disability, ancestry, political opinion or any other basis prohibited by the laws that govern its operations. Golden Ocean strictly prohibits discrimination or harassment in any form or fashion.

Any suspected intentional deviation from external regulations such as Health & Safety or employment legislation or our guidelines for ethical behavior set out in our Code of Conduct are encouraged to notify the closest manager, or make use of our whistleblowing procedures – available by telephone or a web based compliance hotline.

Golden Ocean's employment policy follows and enforces the principles outlined in the UN Guiding Principles on Business and Human Rights. Respect for human rights is rooted in our values and key to our license to operate from employees, customers, investors, communities, governments and other stakeholders. Golden Ocean cooperates with suppliers all over the world, and a priority for 2019 is to implement a Supplier Code of Conduct that enables us to work diligently with this issue in all our relations.

| EMPLOYEE HEALTH & SAFETY                         | UNIT OF MEASURE | DATA |
|--|-----------------|------|
| LOST TIME INCIDENT RATE                          |                 |      |
| Lost time incident rate (LTIR)                   | Rate            | 0,58 |
| MARINE CASUALTIES                                |                 |      |
| Incidents  | Number          | 0    |
| Percentage classified as very serious            | Percentage (%)  | 0    |
| CONDITIONS OF CLASS                              |                 |      |
| Number of Conditions of Class or Recommendations | Number          | 0    |
| PORT STATE CONTROL                               |                 |      |
| Detentions                                       | Number          | 0    |





# 6. ANTI-CORRUPTION AND BUSINESS ETHICS

Corruption undermines economic and social development. For the shipping industry, corruption is associated with increased costs, uncertainty, and poses legal and reputational risks while also potentially threatening the safety of the crew.

As ships enter a port, there will always be many interactions with authorities at various levels. During a port call, the captain manages several such interactions, i.e. immigration, customs, and environmental inspections. In the past, in some areas of the world, these port officials were paid by the ships, and there still exists a tradition for a token of appreciation. What was once seen as a gift of appreciation is today regarded as corruption.

Golden Ocean has a zero-tolerance policy towards bribery and our Code of Conduct illustrates the Company’s requirements and expectations relating to: Compliance with Laws and Regulations, Honest and Fair Dealing, Conflict of Interest and Corporate Opportunity, Anticorruption, Confidentiality and Privacy, Proper use of Company assets, Antidiscrimination and Harassment and Integrity of corporate records. The Code of Conduct specifies how a violation of any of those standards is managed. The Code of Conduct obliges employees who observe or become aware of a situation they believe to be in violation of the Code of Conduct to promptly notify their manager.

As part of our Financial Crime Policy and associated compliance procedures, appropriate risk-based communication and training is provided to employees as part of their on-boarding and ongoing development. Suspected deviations from our policy are to be reported to the line manager or by making use of our telephone or web-based compliance hotline as outlined in our Complaints Procedure (whistleblowing).

Tackling systemic integrity challenges requires collective action. Through The Marine Anti-Corruption Network (MACN), Golden Ocean has joined forces with other members of the shipping industry to share information and approaches, but also to engage with authorities and civil society. The core of the MACN collective action approach is that successful, lasting changes in the operating environment will take effect only if they are enabled and supported by and beneficial to key stakeholders.



Through joint action, MACN members collaborate with local authorities to develop solutions that are beneficial to all parties and realistic to implement. In MACN collective action projects, member companies unite with stakeholders including port and customs authorities, NGOs, and local governments to undertake root cause analyses and then implement a range of ‘recommended actions’ that tackle corruption in ports and across the maritime supply chain. MACN’s collective actions have generated major outcomes, including for example: reductions in demands for facilitation payments in the Suez Canal; new regulations in Argentina that make it more difficult for officials to demand bribes; and improved ease of operations in Lagos, Nigeria, with the implementation of standardized operating procedures and grievance mechanisms.

Golden Ocean tracks the positions of our ships, and we keep a record of ships having visited harbours of the countries rated

with the highest corruption risks according to Transparency International. Golden Ocean was not involved in any legal proceedings associated with bribery or corruption during 2018.

SDG target 16 aims at reducing corruption and bribery in all their forms. As described, Golden Ocean is a member of The Maritime Anti-Corruption Network (MACN). Established in 2011, MACN has grown to include more than 100 members globally in 2018 and has become one of the pre-eminent examples of collective action to tackle corruption. As a member of MACN, we support collective action to reduce corruption and bribery in all their forms.



| BUSINESS ETHICS  | UNIT OF MEASURE    | DATA |
|--|--------------------|------|
| CORRUPTION INDEX   |                    |      |
| Number of calls at ports in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index | Number             | 2    |
| CORRUPTION   |                    |      |
| Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption                             | Reporting currency | 0    |





## 7. DISCLAIMER AND ASSUMPTIONS FOR THE SASB REPORTING

*The information provided is based on the best data available at the time of reporting. The ESG disclosures should be used to understand the overall risk management of sustainability related issues, however, in some areas data are based on estimates, please see comments below.*

**<sup>a</sup>CO2 emissions** (Metric tons (t) CO<sub>2</sub>-e): Calculations are based on IMO emission factors and fuel consumption for the year. Both the financial control approach and the operational control approach, defined by the GHG Protocol, has been applied. Scope 1, financial control: company owned vessels only (note that this does not reflect the Total fleet count as SFL vessels on leaseback agreements and Golden Hawk are not part of this scope). Scope 1, operational control: ships operated; whether owned or on contract in (time charter/leaseback). The final category reported (Scope 1, vessels owned and operated) includes ships under our financial control – only including emissions when operated by Golden Ocean.

**Total energy consumption (TJ):** Calculated based available data on fuel purchases by using the fuel properties defined by DEFRA, Conversion factors, 2019. Scope includes entire fleet.

**<sup>b</sup>Average Energy Efficiency Design Index (EEDI) for new ships:** The EEDI provided represents Golden Incus and thus not necessarily reflect the average EEDI of the other five new ships entering the fleet in 2018.

**<sup>c</sup>Particulate matter (PM), NOX, SOX emissions (Metric tonnes):** NOX and SOX emissions from the combustion of fuels from owned vessels have been calculated based on the tool established by Danish Shipping. Scope includes entire fleet.

**<sup>d</sup>Shipping duration in marine protected areas or areas of protected conservation status:** A marine protected area as defined by the International Union for Conservation of Nature (IUCN): Any area of intertidal or sub-tidal terrain, together with its overlying water and associated flora, fauna, historical and cultural features, which has been reserved by law or other effective means to protect part or all of the enclosed environment, listed in the World Database of Protected Areas (WDPA) and mapped on Protected Planet. Protected Planet is the most up to date and complete source of information on protected areas, updated monthly with submissions from governments, non-governmental organizations, landowners and communities. It is managed by the United Nations Environment World Conservation Monitoring Centre. However, the reported number does not necessarily include all Marine protected areas internationally established and regulated in International the Marine Organization (IMO) Conventions and areas established nationally by member states. The data on shipping duration in Marine Protected Areas has been obtained through our tracking system (IHS).

**<sup>e</sup>Percentage of fleet implementing ballast water exchange and treatment:** Only ships performing ballast water exchange with an efficiency of at least 95 percent volumetric exchange of ballast water have been included. When it comes to treatment, approved systems must discharge (a) less than 10 viable organisms per cubic meter that are greater than or equal to 50 micrometers in minimum dimension and (b) less

than 10 viable organisms per milliliter that are less than 50 micrometers in minimum dimension and greater than or equal to 10 micrometers in minimum dimension.

**<sup>f</sup>Spills and releases to the environment** (Number, Cubic meters (m<sup>3</sup>)): Any overboard spills and releases – intentional or accidental – shall be reported, even if the quantity is low and i.e. only causes a thin film or slight sheen upon or discoloration of the surface of the water.

**Lost time incident rate (LTIR):** A lost time incident is an incident that results in absence from work beyond the date or shift when it occurred. The rate is based on: (lost time incidents) / (1,000,000 hours worked).

**<sup>g</sup>Marine Casualties:** Regarding SASB TR-MT-540a.1, the reporting is in accordance with the standard, however injuries to personnel as described in point 1.1.1 is reported as part of Health & Safety statistics (LTIR). The threshold for reporting on material damages as outlined in 1.1.4 and 1.1.6 is defined as USD 1,000,000.

**<sup>h</sup>Number of Conditions of Class or Recommendations:** The practice of issuing conditions/recommendations of class does not follow an entirely harmonized reporting methodology making it less useful for reporting purposes without further explanations, hence we do not disclose these numbers. We may consider disclosing information on this in the future if the methodology becomes standardised. Currently our scope of disclosure only includes Conditions of Class that resulted in withdrawal, suspension, or invalidation of a vessel's Class certificate.

**<sup>i</sup>Port State Control:** Number of port state control (1) deficiencies and (2) detentions. Practices of port state controls reporting on deficiencies do not follow an entirely harmonised methodology making it less useful for reporting purposes without further explanations, hence we do not disclose these numbers. We may consider disclosing information on this in the future. Currently our scope of disclosure only includes detentions. A detention is defined as an intervention action by the port state, taken when the condition of a ship or its crew does not correspond substantially with the applicable conventions and that a ship represent an unreasonable threat of harm to the marine environment etc.

**<sup>j</sup>Total distance traveled by vessels:** The distance (in nautical miles) travelled by all vessels during the calendar year.

**Number of shipboard personnel:** Only the number of personnel on board ships at any time are recorded, this does not reflect the aggregate number of shipboard personnel during the year.

**Operating days:** Operating days are calculated as the number of available days in a reporting period minus the aggregate number of days that the vessels are off-hire due to unforeseen circumstances (i.e., a measure of days in a reporting period during which vessels actually generate revenue).

**Number of vessels in total shipping fleet:** This includes owned vessels and ships on long term contracts.



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