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# ESG REPORT 2022

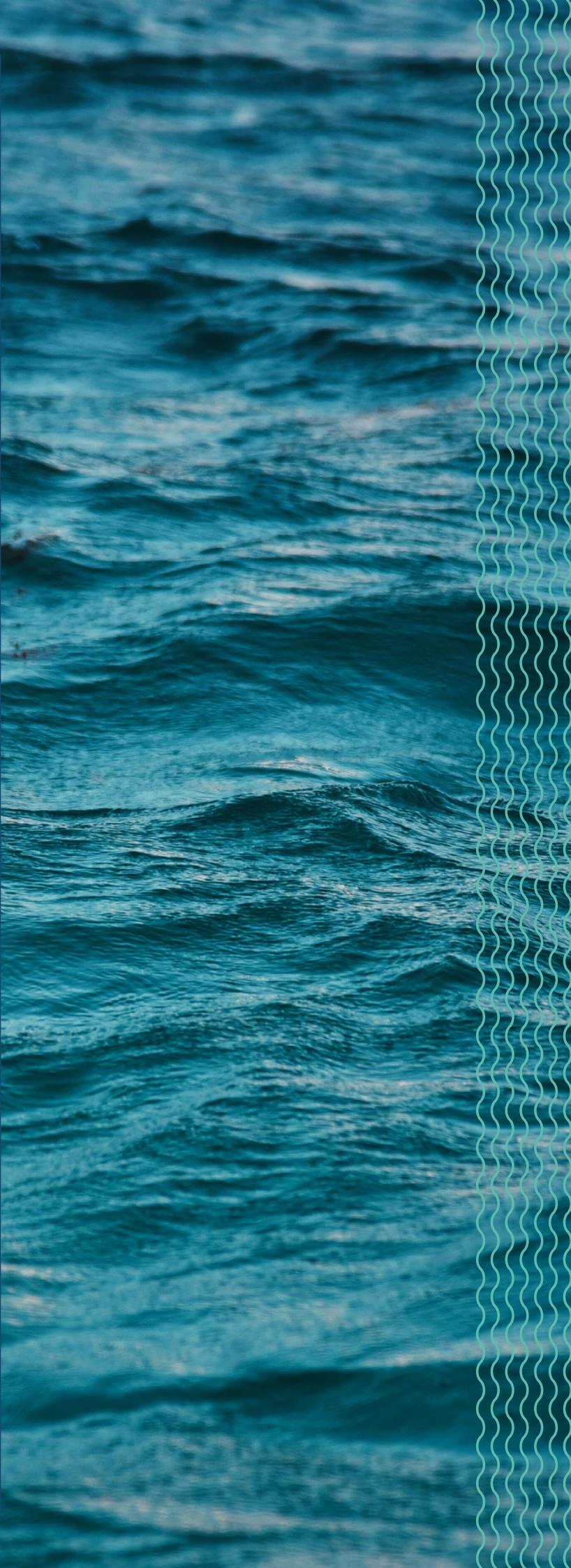
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THIS REPORT HAS BEEN PREPARED BASED ON  
THE REQUIREMENTS OF THE SUSTAINABILITY ACCOUNTING  
STANDARDS BOARD



# Contents

05	INTRODUCTION
06	OUR APPROACH TO ESG
08	SUSTAINABILITY GOVERNANCE
11	ENVIRONMENT
19	SOCIAL
23	APPENDIX
	Sustainability accounting standard disclosures
	Disclaimer and assumptions for the SASB reporting
	GRI Index

## About SFL

Established in 2003, SFL Corporation Ltd (SFL) has developed from a pure tanker-owning company to one of the world's largest ship owning companies, with investments in the tanker, bulker, container, car carrier and offshore segments. SFL was listed on the New York Stock Exchange (NYSE) in 2004 and has paid dividends every quarter since.

This report covers 77 (60) units that were active during the reporting year, including tankers, dry bulk, container vessels, car carriers and offshore assets. Our diversified fleet gives us the flexibility to continue building our distribution capacity irrespective of fluctuations. The Company's goal is to maintain a portfolio of high-quality assets and long-term charters with strong charter counterparts. The key to achieving this goal is to constantly improve our fleet's emissions and fuel efficiency as we work with our partners and clients.



## SASB Activity Metrics

ACTIVITY METRIC	UNIT OF MEASURE	DATA 2020	DATA 2021	DATA 2022	SCOPE OF CONTRACT **	SASB REFERENCE
Number of shipboard personnel <sup>h</sup>	Number	966	1 176	<b>1 260</b>	Operated fleet	TR-MT-000.A
Total distance travelled by vessels <sup>o</sup>	Nautical miles (nm)	2 768 129	3 195 813	<b>3 751 314</b>	Operated fleet	TR-MT-000.B
Operating days <sup>p</sup>	Days	16 836	17 406	<b>19 239</b>	Operated fleet	TR-MT-000.C
Deadweight tonnage	Deadweight tonnes	7 594 354 / 5 092 307	8 502 783 / 6 049 572	<b>8 708 995 / 7 072 440</b>	All assets / operated fleet	TR-MT-000.D
Number of assets in fleet <sup>q</sup>	Number	87 / 46	70 / 56	<b>77 / 60</b>	All assets / operated fleet	TR-MT-000.E
Number of vessels port calls <sup>r</sup>	Number	1 789	1 986	<b>2 006</b>	All assets / operated fleet	TR-MT-000.F
Twenty-foot-equivalent unit (TEU) capacity	TEU	152 885	199 785	205 690	Operated fleet: All relevant vessels	TR-MT-000.G

\* All letter references are indexed and listed on page 25 in this document, containing definitions and assumptions to the information provided.

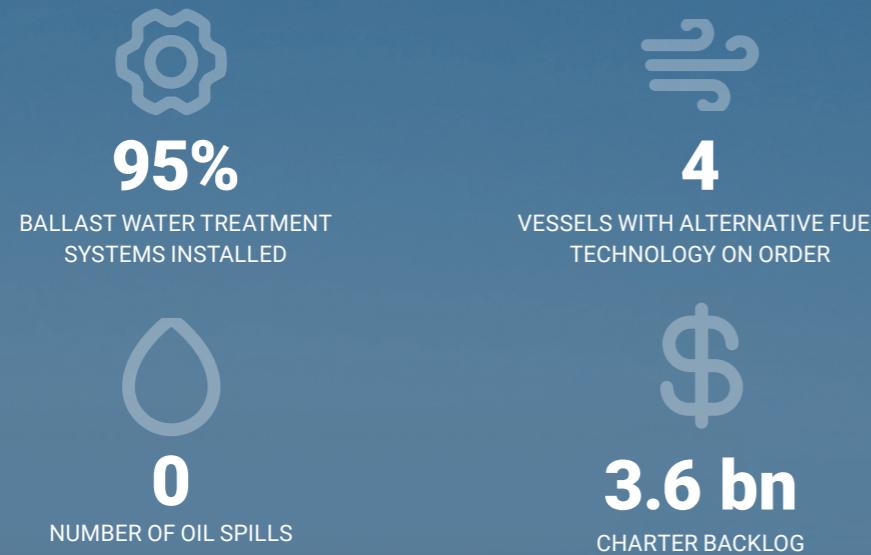
\*\* Note that the data for all years are updated with the scope indicated to ensure data consistency.

## About this report

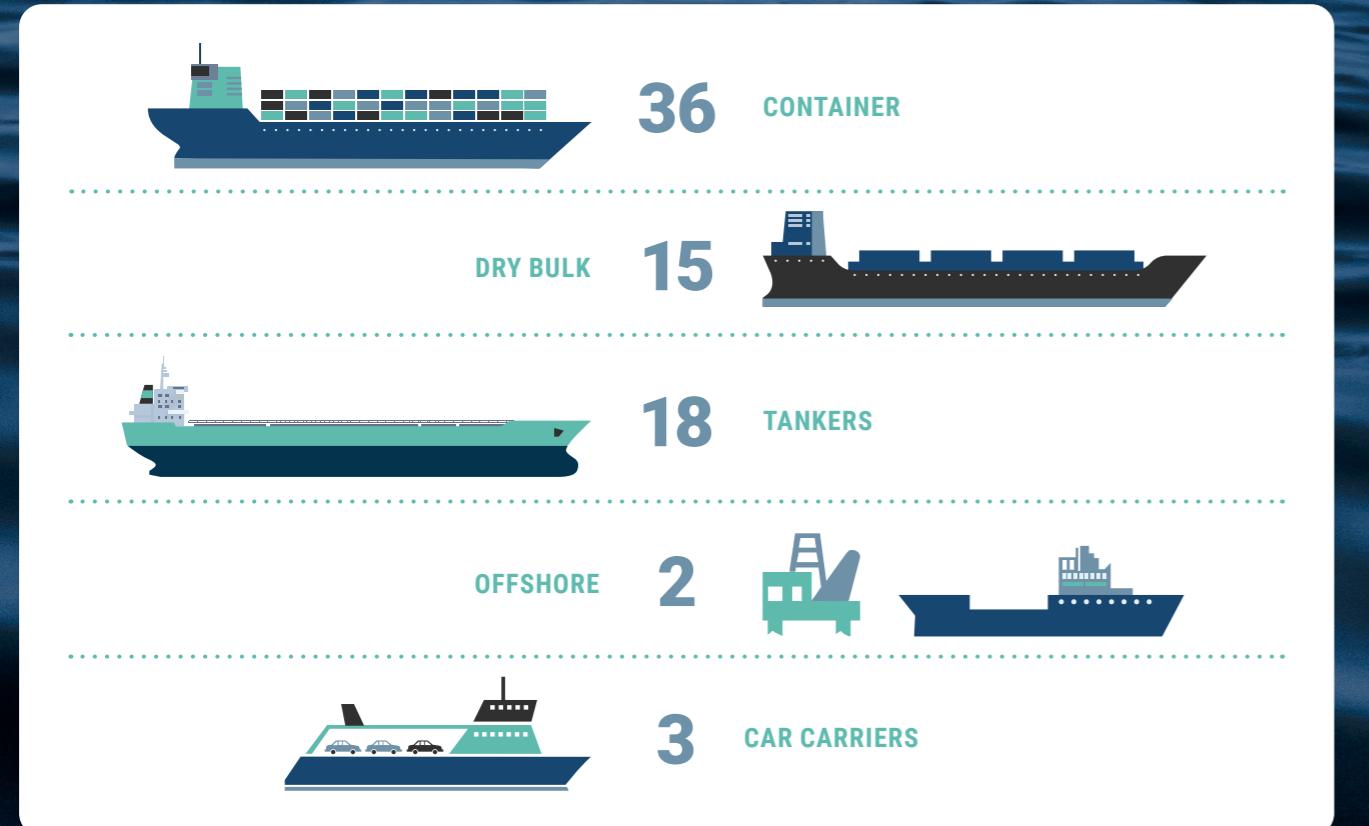
This report is our fifth comprehensive and stand-alone sustainability report. The report meets the disclosure requirements of the Sustainability Accounting Standards Board (SASB) Marine Transportation Standard (2018). A separate GRI Index is available in the Appendix. The report presents our material environmental, social and governance (ESG) performance, along with how we manage material sustainability topics, for the financial year ending December 31, 2022.

For report questions or feedback, contact [trym.sjolie@sflcorp.com](mailto:trym.sjolie@sflcorp.com)

# Key highlights



## Owned assets as of year-end 2022



## Introduction



As we reflect on 2022, we recognise that the return to normality following the COVID-19 pandemic was quickly disrupted by the outbreak of war in Ukraine, which ushered in a fresh energy crisis. In addition to this, failure to mitigate and adapt to climate change, biodiversity loss, and ecosystem collapse have been identified as some of the top four global risks by severity over the next ten years. Given that nature is seen as critical to achieving the Sustainable Development Goals and limiting global warming to 1.5 degrees, the international community's response at Montreal in 2022 demonstrated a global commitment to guiding action through 2030 to halt and reverse nature loss.

For the shipping industry, this emphasis on tackling climate change has resulted in new regulatory developments and an increased focus on ESG matters. SFL acknowledges the decision to include shipping in the EU Emissions Trading System (ETS) from 2024, although it should be noted that the EU ETS does not reflect standard contracts in shipping, leaving the ship owner ultimately responsible for covering this cost. We will continue to assess how this can be best managed.

The IEA has stressed the need for deploying low-carbon gases to achieve decarbonisation targets, and in light of these regulatory changes, we expect the shipping industry will be significantly affected. Decarbonisation remains a core part of SFL's strategy, and our decarbonisation plan places us in a good position to meet increasingly stringent carbon reduction targets. We will closely monitor these developments as they unfold.

As part of our decarbonisation ambition, we see significant potential in the further rollout of the traditional industry practice of cold ironing. Although standardisation of this practice has been too slow, there would be numerous benefits for all parties involved, ranging from the reduction of GHG and air emissions to environmental and economic efficiencies on ship maintenance and fuel costs.

Our decarbonisation strategy means that we will continue to focus on maintaining a modern, energy-efficient fleet. To this end, we have taken delivery of four modern Suezmax tankers and one newbuild eco-design feeder container vessel in the first half of 2023, all on long-term charters. We also expect to take delivery of another newbuild eco-design feeder container vessel in the fourth quarter of 2023. All recently announced transactions are expected to have full revenue effect from the

first quarter of 2023. As directed by the IMO, all ship owners will be required to make improvements in the vessels' Carbon Intensity measure by AER, and we have established a roadmap to comply with IMO CII for all our vessels over the coming years. This, coupled with integrated fuel and emissions data for our ships, places us in a good position to make operational and strategic decisions based on verified data.

On the financing side, we have continued to work with our banks to support the decarbonisation of the shipping industry. At the start of 2023, SFL successfully placed USD 150 million senior unsecured sustainability-linked bonds due in 2027, with the intent to be listed on the Oslo Stock Exchange. The net proceeds will be used to refinance existing bonds and for general corporate purposes.

In addition to decarbonisation, human rights and HSE-related matters remain a top priority for us and with our business partners. This includes safety measures for our crew as well as environmental impact, anti-corruption, and ship recycling. Human rights are also a key area of focus, and we conducted a Human Rights Risk Assessment in 2022 in accordance with the requirements of the newly implemented Norwegian Transparency Act to better assess key areas of risk.

This ESG report aims to provide investors and other stakeholders with material information on environmental, social and governance factors. We strive to make our disclosures clear and accessible, and we welcome any questions or suggestions you may have. Thank you for taking the time to review this report.



**TRYM OTTO SJØLIE**  
Chief Operating Officer  
SFL Management AS

# Our approach to ESG



At SFL, ESG is a core aspect of how we work, and it is fully integrated into our business model. We believe that clear guidance and robust control mechanisms are essential to safeguard the proper handling of sustainability risks in our daily operations. We have established policies and control processes to manage our employees and partners and to ensure compliance with all applicable international and local laws and regulations. Our ESG framework reflects the incorporation of the UN Global Compact principles in our operations in general and our enhanced ESG management system in the form of a digital platform.

## SFL'S GOVERNING INSTRUMENTS ON ESG:

- + Corporate Code of Business Ethics and Conduct
- + Financial Crime Policy
- + Environmental Policy
- + Ship Recycling Policy
- + Know Your Business Partner Policy
- + Sanction Policy

## RESPONSIBILITIES

Managing material environmental, social and governance aspects are essential to reach our ambition of creating stability in both charter revenues and operating costs, supporting our long-term distribution capacity. The Board of Directors (BoD) is responsible for ESG at SFL. The BoD oversees the ESG strategy, ensures that appropriate and effective ESG-related risk management and internal control systems are in place and annually reviews our corporate governance framework. The BoD has considered important ESG matters throughout the year and has reviewed our annual ESG report.

The BoD's Audit Committee monitors and reports any complaints received by the company relating to internal controls and compliance. All incidents are reported to the BoD in an annual review. The Chief Operating Officer (COO) carries the responsibility for the daily implementation of ESG at SFL.

## MATERIAL TOPICS

To identify areas that are material to our business, we undertook a comprehensive materiality assessment in 2020 following the GRI Materiality Standard (GRI 3, 2021) and the SASB Marine Transportation Standard (2018). In 2022, we reviewed these topics against stakeholder feedback; market, regulatory and technological developments; and the reporting of our peers. Our review of potential material impacts considered both the severity and likelihood of our impacts on the environment, society and the economy, as well as financial materiality. The following topics have been deemed by the BoD as material for inclusion in this report:

- + Direct GHG emissions
- + Low carbon energy sources
- + Climate-related risks
- + Marine casualties involving crew
- + Corruption risk
- + Ship recycling
- + Spills and releases
- + Training – compliance training and training on board (e-based)

SFL will continue to work to improve performance in these areas and has developed specific ESG targets to address these material topics as follows:

	SDGS	ESG TARGETS TOWARDS 2025		2022 PERFORMANCE
E	13 Climate Action 	Annual year-on-year AER improvement (fleet average)	2%	3.8%
S	3 Good Health and Well-Being 	Number of spills	0	0
G	17 Partnerships for the Goals 	Lost time incident rate	0	0.21
G	4 Quality Education 	Share of business partners screened for ESG compliance annually	100%	100%
G	4 Quality Education 	Awareness raising – employees to complete selected e-learning modules annually	100%	100%

## INDUSTRY COOPERATION

Some of the challenges our industry is facing require joint action. Through cooperation with other stakeholders – including industry and regulatory authorities – we aim to stay ahead of the curve on material risks and opportunities and stay up to date on the newest technological developments.

Together with industry peers such as Avance Gas, Flex LNG, Frontline, and Golden Ocean, SFL has established an ESG forum with the expressed purpose to design industry-

leading approaches to ESG risk management and reporting parameters. In addition, we actively participate in and support the following initiatives:

- [The Neptune Declaration](#)
- [The Maritime Anti-Corruption Network \(MACN\)](#)
- [The Clean Shipping Alliance](#)
- [The International Association of Independent Tanker Owners \(Intertanko\)](#)
- [Oil Companies International Marine Forum \(OCIMF\)](#)

# Sustainability Governance



## COMPLIANCE APPROACH

SFL has a comprehensive Compliance Program led by our Compliance Officer ensuring that we conduct our business in an honest and ethical manner, and in June 2022, our Compliance department was further strengthened with the hire of a legal counsel. We have established policies and procedures outlining how the Company manages ESG issues to help mitigate potential risks. These policies and procedures were updated in Q3 2022.

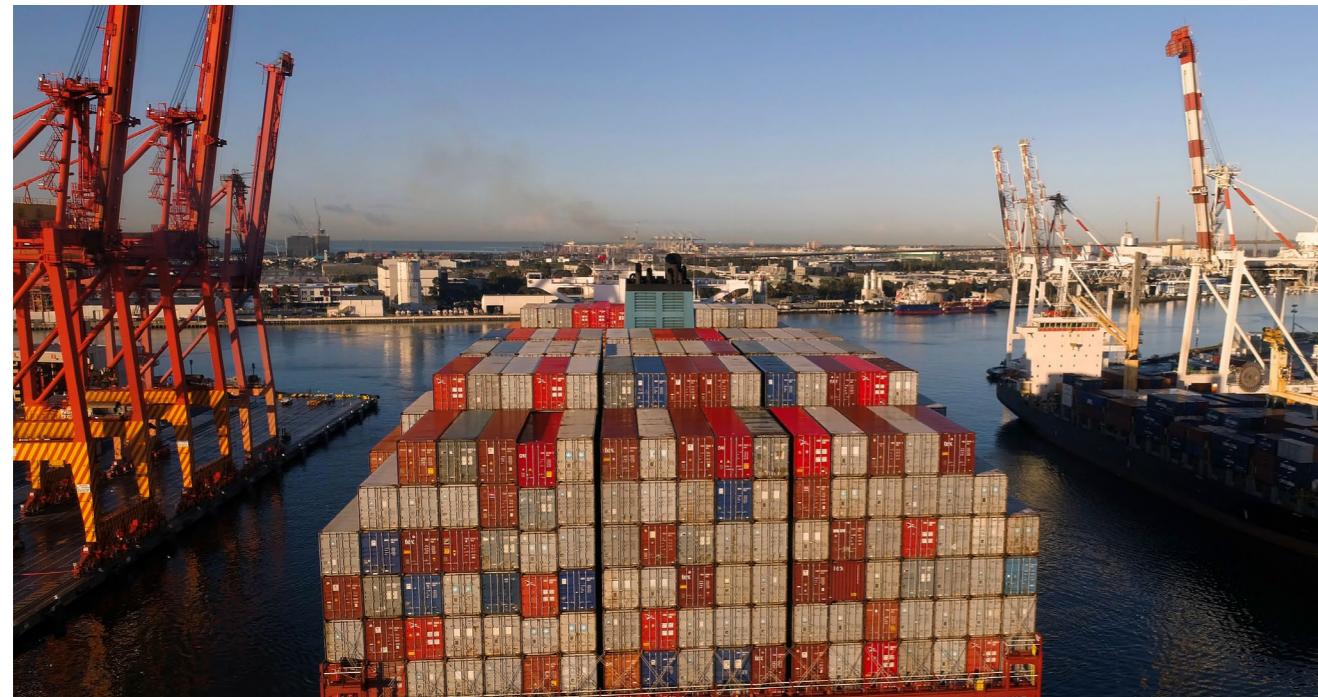
To enhance our communication in respect of the compliance risks we are facing, SFL provides training to all employees and management through in-person training sessions and an e-learning platform. This training is also made available for the BoD. For instance, we have a separate section on the Company's intranet that makes all policies, training materials and news easily available for all employees. Our communication and training regarding compliance and governance help our company follow laws, reduce risks of corporate and personal liability and operate effectively.

In 2022, we conducted a full Compliance Risk Assessment to identify and mitigate the compliance risks SFL is exposed to. This assessment resulted in a risk map covering all identified risks, with sanctions and cybercrime dominating the risk map.

Since the start of 2022 and Russia's invasion of Ukraine, the UK, EU and US have imposed extensive sanctions against Russian interests targeting, *inter alia*, entities, individuals, oil and oil products. SFL monitors its fleet on an ongoing basis and receive alerts if any of our vessels are in proximity to sanctioned areas. In addition, third-party testing, strict due diligence requirements, monitoring of business partners and contractual risk mitigation are all measures that can also significantly reduce the risk of any sanction violation.

Maritime cyber risk refers to a measure of the extent to which a technology asset could be threatened by a potential circumstance or event, which may result in shipping-related operational, safety or security failures due to information or systems being corrupted, lost or compromised. The highest level of cyber risks for SFL include being targeted for ransomware attacks with extortion or email phishing. As a result, in 2022, we conducted cyber training and phishing tests. The awareness training for employees and key third parties such as our ship manager is considered a key risk-mitigating action in this regard.

Owing to the various compliance systems and controls implemented, SFL has been able to address and manage the above-mentioned challenges.



## TOP COMPLIANCE RISKS IN 2022

Safety incidents for seafarers due to the war in Ukraine
Emergency on vessel when calling at Russian ports, leading to payment to a sanctioned entity or individual for service support
Existing business partners being targeted by sanctions or owned by an entity or individual that becomes subject to sanctions
The shipper, recipient and/or content in containers carried onboard our vessels are targeted by sanctions
Other direct or indirect breaches of sanctions (suppliers, sub-charterers, port agents etc.)
Integrity issues (sanctions, corruption) related to spot voyages where screening (KYC) has not been performed by SFL (counterparty has not requested screening as specified in the procedure)
Email phishing leading to payment to wrong bank-account/owner (fraudulent payments) and ransomware attacks with extortion
Employee misuses, sells or voluntarily shares sensitive/confidential information (including insider trading)
A vessel is sold to an entity that subsequently violates the Hong Kong International Convention for the safe and environmentally sound recycling of ships
Anti-competitive practices
Corruption, bribery and facilitation payments on board vessels and at yards used for new buildings and docks
Severe breaches of human- and labour rights (including safety incidents) at yards used for new-buildings and dockings (e.g., the danger of life and health such as accidents, child labour and forced labour)
<b>Low-risk level:</b> As a starting point, no need for further risk mitigation
<b>Medium risk level:</b> Further risk mitigation actions should be evaluated to reduce the probability for the risk incident to occur
<b>Substantial risk level:</b> Further risk mitigation actions must be evaluated to reduce the probability for the risk incident to occur
<b>High-risk level:</b> As a general guidance – immediate risk mitigation actions are required to reduce the probability for the risk-incident to occur. A strong focus on further strengthening steering and control is requested

## ANTI-CORRUPTION AND BUSINESS ETHICS

SFL is committed to conducting its business in an honest and ethical manner as outlined in our Corporate Code of Business Ethics and Conduct ("the Code") and Financial Crime Policy. Our Financial Crime Policy further commits us to the most stringent rules and regulations.

In addition to the sanctions and cybercrime risks, we continued to face bribery and corruption risks in 2022. These risk areas are subject to continued risk-mitigating actions, such as due diligence on business partners, reporting on facilitation payment demands to MACN and anti-corruption and bribery clauses in contracts. We also provide training to all employees and key third parties in identifying potential non-compliance with such policies, both by e-learning and seminars.

Our anti-corruption and money laundering policies are modelled after the UK Bribery Act and US Foreign Corrupt Practices Act (FCPA). The policies apply to all entities controlled by SFL's officers, directors and employees, as well as

workers and third-party consultants, wherever they are located. Assessing and monitoring business processes, training and controls are fundamental tools in implementing our anti-corruption policy.

The Code describes our expectations and requirements relating to:

- Compliance with laws and regulations
- Honest and fair dealing
- Conflict of interest and corporate opportunity
- Anti-corruption
- Confidentiality and privacy
- Proper use of company assets
- Anti-discrimination and harassment
- Integrity of corporate records.

The Code specifies how violations of the Code are managed and obliges employees who observe or become aware of a situation they believe to be in violation of the Code to promptly notify their manager.

As part of our Financial Crime Policy and associated compliance procedures, appropriate risk-based communication and training are provided to employees as part of their onboarding and ongoing development. Suspected deviations from our policy are to be reported to the line manager or to our anonymous whistleblowing platform provided by WhistleB, a hotline available through our website. The platform is open to everyone, including staff, seafarers and those outside of our organisation. The whistleblowing facility is tested quarterly by SFL's Compliance Officer.

SFL have had zero whistleblowing and zero litigations concerning any form of corruption in 2022.

SFL has been a valuable member of MACN since 2020 and, by its membership, commits to their vision of a maritime industry free of corruption. Through MACN, SFL has joined forces with other members of the shipping industry to share information and approaches, but also to engage with authorities and civil society. MACN members collaborate with local authorities to develop solutions that are beneficial to all parties and are realistic to implement. Based on reports from our ship managers, we report facilitation payment demands to MACN every quarter. Any facilitation payments made, regardless of value, are investigated in cooperation with our operations team and ship managers. MACN also provides ad hoc assistance if required.

SFL use Transparency International's Corruption Perception Index (CPI) when assessing and mitigating risks our business is facing. Our compliance program also includes quarterly reporting on bribery attempts or concerns, contractual risk mitigation, third party testing, creating awareness and encouraging reporting of concerns through WhistleB.

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2020	DATA 2021	DATA 2022
<b>CORRUPTION INDEX</b>				
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions Index	Number	119	112	266
<b>CORRUPTION</b>				
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	0

It also includes screening and 24/7 monitoring of business partners and beneficial owners in respect of adverse media relating to corruption and bribery. Our integrity due diligence contributes to mitigating risks in our supply chain, and we expect our business partners to meet our standards.

Our main target going forward is continuing our efforts fighting corruption by ensuring ongoing education of employees and key third parties, in addition to taking part in best practice discussions with other key players in the industry. We aim to have zero monetary losses resulting from any form of corruption also in 2023.

#### SYSTEMS FOR SUPPLIER MONITORING

SFL uses the DowJones RiskCenter platform for third party screening and monitoring. All employees receive training in using the system for onboarding new third parties. The Compliance Officer is responsible for screening and ensures the approval process is in accordance with our internal policy.

When third parties are on-boarded they are screened against sanction lists and monitored on an ongoing basis. The screening process is sometimes extended to include searches in other online databases, third party Integrity Due Diligence reports (Infospectrum) and through external legal advice on a case-by-case basis.

We conduct checks internally once a year towards spend reports from accounting, and our auditor conducts spot checks on an ad hoc basis.



# Environment



As one of the world's largest ship owning companies, we recognise our responsibility to manage and limit our environmental impact. As reconfirmed by our materiality analysis and review, the largest environmental and ecological risks posed by the shipping industry are related to emissions, discharges and spills. We work diligently to manage such risks, and our efforts are critical for protecting the environment and the societies in which we operate, as well as our customers and our business. We regularly review all identified environmental risks to establish appropriate safeguards and mitigate any adverse impacts on the environment.

Our Environmental Policy describes our commitment to environmental due diligence and how spills and operational emissions of sulfur oxides, nitrogen oxides, waste and other discharges are to be managed. Through the Shipman agreement all ship managers are required to comply with Frontline's Environmental Policy. The ship management companies ensure distribution of this policy to all relevant parties and incorporate it in the respective vessel's Safety Management System. The management systems are annually audited in accordance with the International Safety Management (ISM) Code, and ISO 9001 and ISO 14001 where appropriate. If any breach of the policy occurs, we are committed to ensure that an investigation is carried out to establish the root causes and corrective actions to prevent recurrence.

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2020	DATA 2021	DATA 2022	SCOPE OF CONTRACT
<b>CO<sub>2</sub> EMISSIONS</b>					
Gross global Scope 1 emissions	Metric tonnes (t)CO <sub>2</sub> e	1 611 703	1 855 290	2 068 902	Operated fleet
<b>EEDI</b>					
Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO <sub>2</sub> per ton-nautical mile	n/a	Container 5,000-7,999 TEU: 11.064 Container 12,000-14,999 TEU: 8.68	Suezmax: 2.73 Aframax: 3.53 Car carrier: 21 Container: 14.04	Operated fleet
<b>OTHER EMISSIONS TO AIR</b>					
NOx (excluding N <sub>2</sub> O)	Metric tonnes (t)	38 475	46 186	50 645	Operated fleet
SOx	Metric tonnes (t)	4 237	5 506	5 906	Operated fleet
Particulate matter	Metric tonnes (t)	1 243	2 181	2 504	Operated fleet

## CLIMATE CHANGE AND AIR EMISSIONS

Despite being 16 times more energy efficient than other transport modes on average<sup>1</sup>, there is no doubt that our industry needs to take decisive action to deliver significant energy efficiency and emission reduction. This will require close collaboration with governments and other stakeholders to develop and implement effective policies and regulations that incentivise the adoption of low-carbon technologies. Meanwhile, investments in research and development, infrastructure and alternative fuels are critical to driving the necessary innovation and facilitating the industry's transition toward a more sustainable future.

As of December 31, 2022, the average age of our fleet, owned or leased by us, was approximately 10 years. Divesting of older vessels is part of SFL's strategy to continuously renew and diversify its fleet. In 2022, we sold two 2004-built VLCCs while acquiring two new Eco-design feeder container vessels and four modern Suezmaxes that have been installed with exhaust gas cleaning systems. We continuously review our fleet composition to meet the needs of current and potential customers, and we prioritise phasing in new technologies as part of this approach.

In addition to investing in new ships, we have modified our existing fleet to be more efficient, as emissions are directly linked to fuel consumption. Our long-term focus on maintaining a modern, energy-efficient fleet has positioned us well to mitigate our risks and capitalise on opportunities provided by increasingly stringent environmental laws and regulations, as well as customer expectations.

IMO's emissions reduction targets are scheduled to be revised at the Marine Environment Protection Committee (MEPC 80) session in July 2023. This revision is expected to be followed by a wave of regulations, including requirements supporting the use of greener shipping fuels as well as market-based measures putting a price on carbon. In addition, 2023 marks the initial reporting year for the Carbon Intensity Indicator (CII). The CII determines the annual reduction factor needed to ensure continuous improvement of a ship's operational carbon intensity within a specific rating level. This rating level, where the threshold will become increasingly stringent towards 2030, ranges from 'A' (major superior) to 'E' (inferior).

Based on our 2022 emissions data verified by DNV, our owned fleet would achieve an overall weighted average carbon intensity rating of x under the CII. Going forward, our aim is to sharply improve the fleet weighted average AER and be ahead of the IMO trajectory towards 2030.

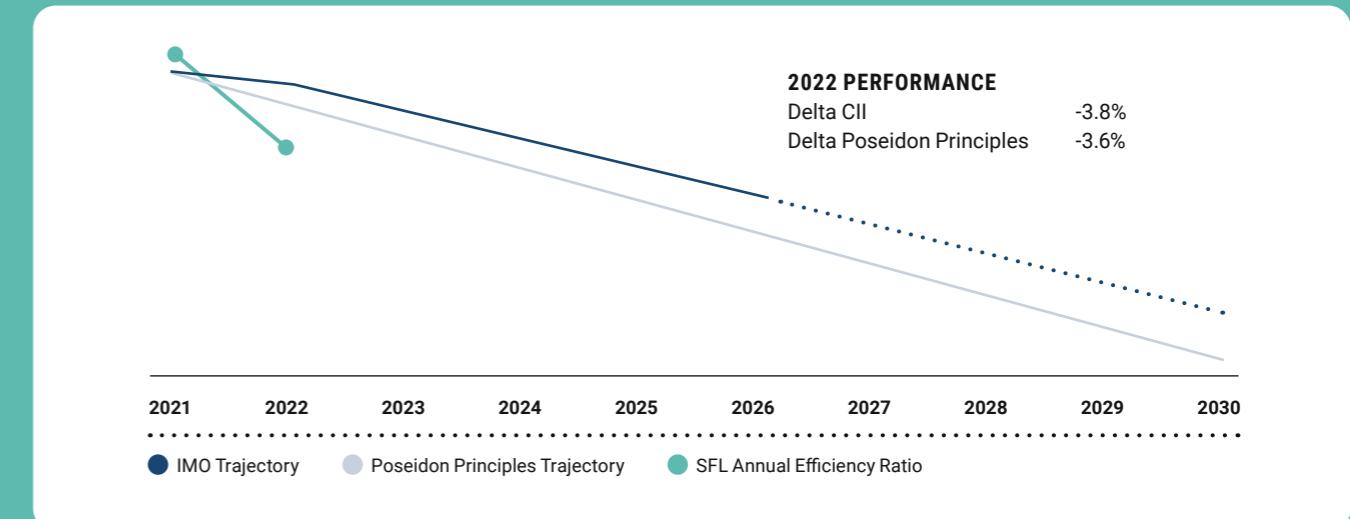
Our approach to reduce sulphur emissions is in line with best practice and complies with relevant regulations, such as the IMO's 0.5% global sulphur cap for marine fuel oils



from 2020. This is partly driven by scrubber installations on all the large vessels in our operated fleet. Our scrubber installation programme has been completed. However, further modifications may be considered if it will support lower emissions to air that are deemed material.

<sup>1</sup>Lindstad, E. et al. (2022). Decarbonizing bulk shipping combining ship design and alternative power. *Ocean Engineering*, 266. <https://doi.org/10.1016/j.oceaneng.2022.112798>

## SFL OUTPERFORMED THE CII AND POSEIDON PRINCIPLES TRAJECTORY IN 2022



SFL Corp reduced the CII in 2022 aligned with set target, and is now ahead of trajectory.



## SUSTAINABILITY-LINKED FINANCING

On the financing side, we have continued to work with our banks to support the decarbonisation of the shipping industry. In 2021, we developed a Sustainable-Linked Bond Framework in line with the Sustainability-Linked Bond Principles, established by the International Capital Markets Association (ICMA).

At the start of 2023, SFL successfully placed USD 150 million senior unsecured sustainability-linked bonds due in 2027, with the intent to be listed on the Oslo Stock Exchange. The bonds will pay a coupon of 8.875% per annum and will be issued at a price of 99.58%.

The net proceeds will be used to refinance existing bonds and for general corporate purposes. In January 2023, SFL commissioned an independent review of the Company's reporting on their Key Performance Indicator (KPI) against the Sustainability Performance Target (SPT) set in their Sustainability-Linked Bond Framework (SLBF) issued April 2021.

The verification has been performed in line with ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews.

- Read about our Sustainable-Linked Bond Framework [here](#)
- Read the independent review [here](#)

## DECARBONISATION JOURNEY TOWARDS 2030-2050

In 2020, we initiated our "Decarbonisation journey towards 2030-2050". The purpose of this strategy is to provide us with a solid understanding of how to further optimise our fleet and operations in a cost-efficient and sustainable way using a holistic and systematic approach.

Our strategy puts us in an optimal position to make operational and strategic decisions based on verified data, and we are already experiencing compelling benefits, such as

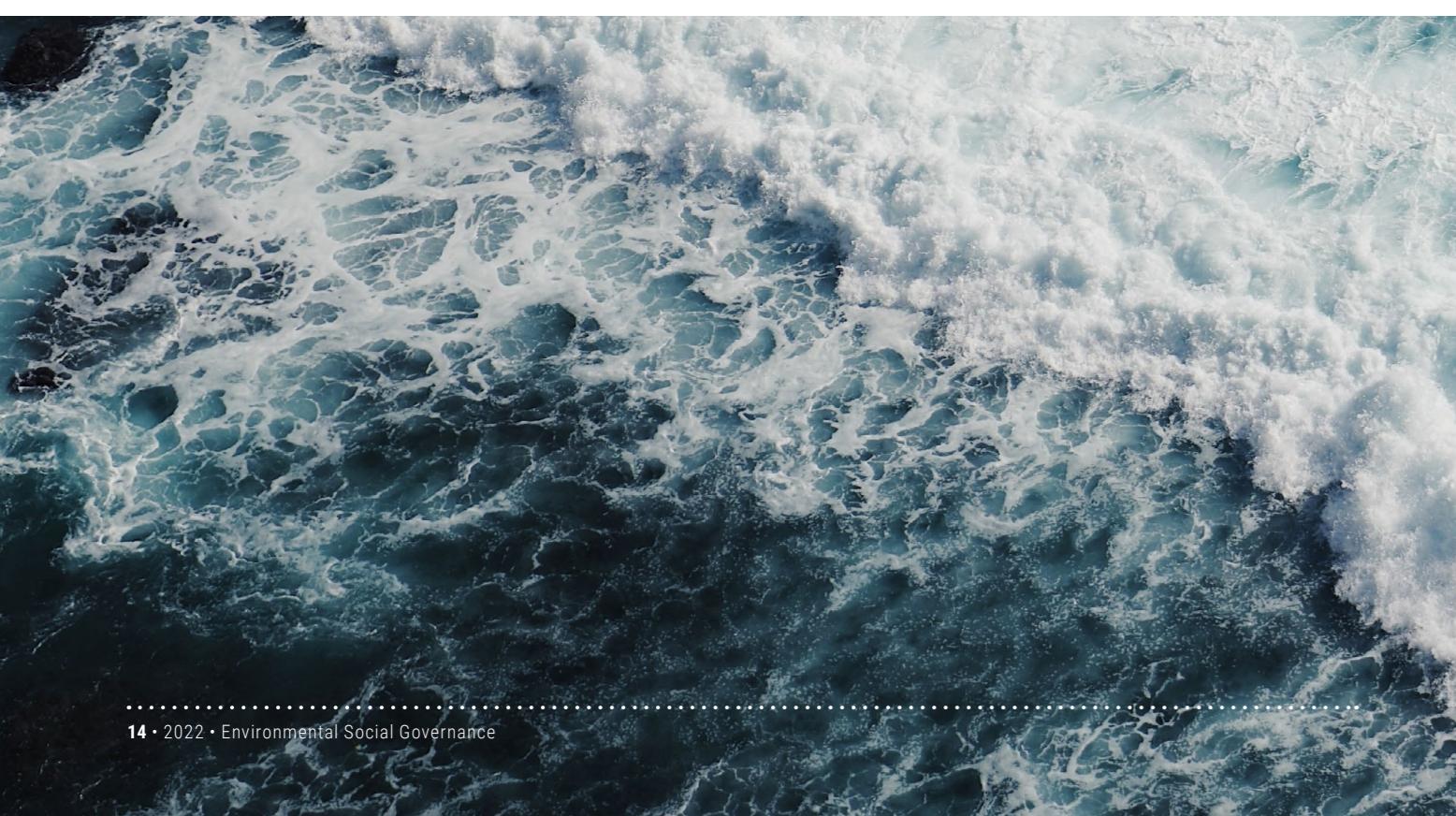
- Lower overall costs
- Being better positioned toward our charter market
- Being better positioned toward cargo owners and end-consumers
- A more carbon-robust fleet with lower emissions
- Future-proofing compliance with upcoming regulations

### As of 2022, the project has delivered:

#### FULLY DIGITALISED SHIP PERFORMANCE AND EMISSION DATA:

Our digital monitoring platform Veracity enables live tracking of each vessel's emissions and energy consumption. It is an important tool to closely monitor, manage, and report on ESG-related KPIs as well as our performance against regulations. SFL's performance and emissions data are online, and hence guided figures for main KPIs such as AER, EEOI, and CO2, can be provided instantly. DNV is our selected vendor for verification.

**EEXI ROADMAPS FOR 2023:** SFL has established roadmaps for compliance with IMO's Energy Efficiency Existing Ship Index (EEXI). For the vessels in scope, SFL gains from having a long-term focus on energy efficiency.

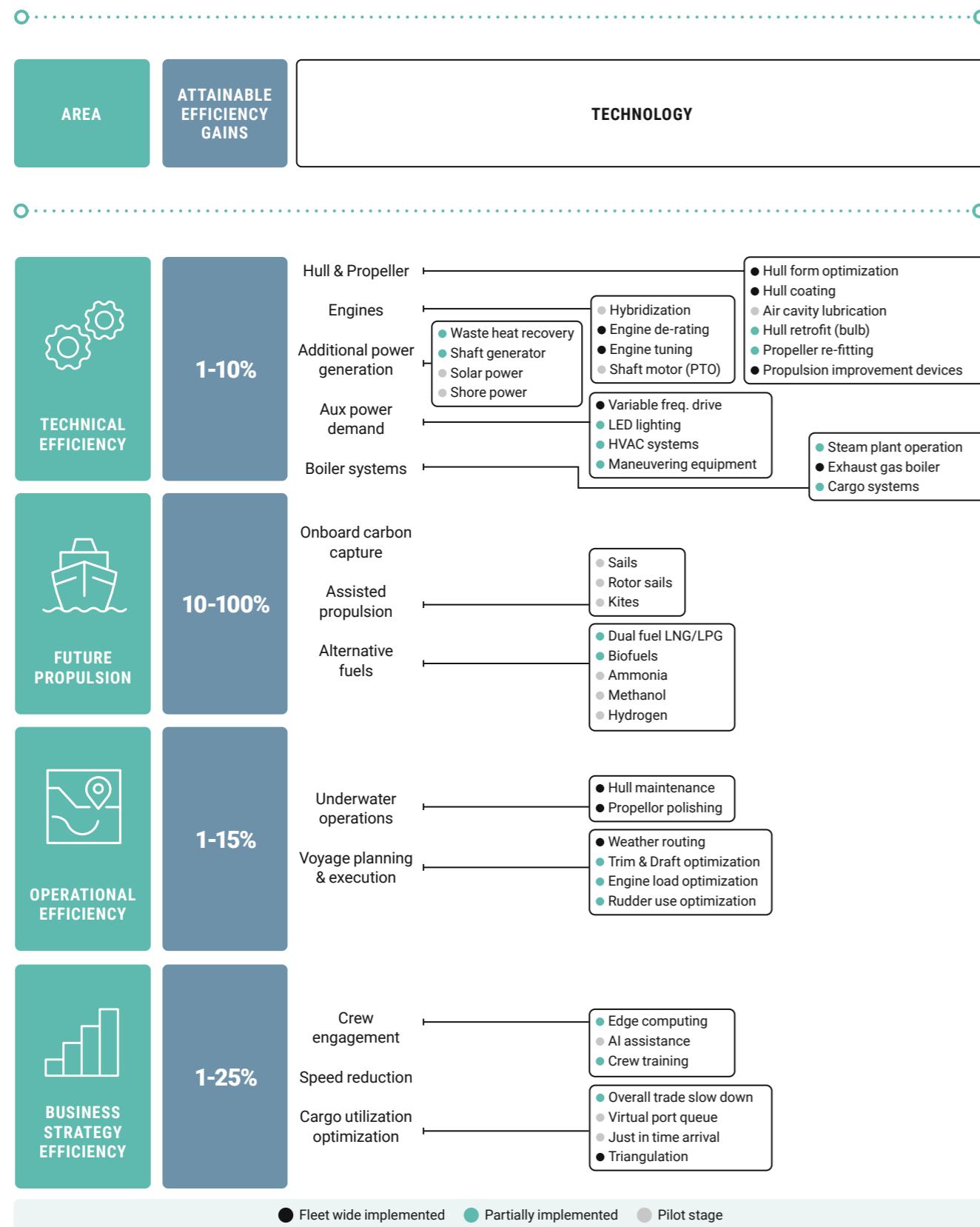


## SFL'S DECARBONISATION TOOLBOX

SFL's fleet is equipped with various energy-saving technologies, and in 2022, we updated our decarbonisation toolbox to provide an accurate picture of our progress when it comes to implementing various measures. The technologies used are divided into four main categories:



## SFL'S DECARBONISATION TOOLBOX



● Fleet wide implemented   ● Partially implemented   ● Pilot stage

## CLIMATE-RELATED RISKS

Climate-related changes represent potential physical, technological, regulatory and reputational risks to SFL. We have reviewed our climate-related risks based on the Task Force on Climate-related Financial Disclosures (TCFD). This is a summary of our current approach:

**GOVERNANCE:** The BoD and management regularly assess how our assets compare to that of our peers in terms of energy efficiency and emission profiles. Such information is also considered during investment and divestment processes.

**STRATEGY:** SFL's diversified asset mix is a key factor in its ability to pay long-term, sustainable dividends. Our varied asset base already includes crude oil tankers, dry bulk carriers, container vessels, car carriers, chemical tankers and drilling rigs. The acquisition strategy includes placing new-building orders, acquiring new and modern second-hand vessels and entering into medium- or long-term charter arrangements.

Given that the price of fuels and emissions will increase, operating fuel-efficient assets will be important to staying a preferred partner for clients. In 2021, the IEA stated that oil demand, for the first time, shows an eventual decline in all scenarios although the timing and sharpness of the drop

vary widely. Projections show that demand levels off at 104 mb/d in mid-2030 and then declines very slightly until 2050. SFL monitors projections for energy scenarios closely, and we also assess developments in lower carbon propulsion technologies on an ongoing basis.

**RISK:** The price of energy will have an impact on global trade and the demand for seaborne transportation. At the same time, an efficient asset base will become increasingly attractive. Optimising our investment and divestment plans is important to managing these aspects of risk. The value of our physical assets may be affected by emission regulations, as well as customer expectations. We review our asset composition and development plans on a regular basis, in light of updated information regarding environmental regulations and climate-related risks.

**TARGETS AND METRICS:** The IMO has launched an emission reduction strategy towards 2030 to combat climate change. The strategy aims to reduce CO2 emissions per transport work by at least 40% by 2030, and 70% by 2050, compared to 2008 levels. SFL supports the IMO's 2030/2050 long-term targets, and we endorse the global energy transition. In the short term, SFL will continuously monitor our assets' performance, and we aim to outperform the trajectories of both the Poseidon Principles and the IMO CII requirements.



## SPILLS, DISCHARGES AND ECOLOGICAL IMPACTS

Emissions, discharges and potential spills present environmental risks, as well as reputational and operating risks for SFL. We recognise our responsibility to safeguard the environment and give great prominence to improving our environmental performance and protecting biodiversity. Marine transportation is associated with risks to the surrounding environment with negative impacts on biodiversity. These impacts are related to ship pollution, collisions, noise, grounding and anchor damage, and transportation of invasive species.

SFL is aware that larger volumes of oil spills have serious and long-lasting negative impacts on ecosystems. Incidents may cause the degradation of ecosystems, grave injuries or fatalities. SFL experienced zero oil spills or other types of releases to the environment in 2022. If an incident related to spills were to occur, our ship managers are obliged to notify us without delay and follow up with a situation report. A full investigation report is then to be submitted no later than 14 days after the incident has taken place.

Whilst ballast water is essential for shipping operations, it may also represent serious ecological, economic and health risks, as ships become a vector for the transfer of organisms between ecosystems. Through the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention), the IMO has imposed guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. At the end of 2022, 95% of our vessels had ballast water treatment systems (BWTS) installed. Our investment plan covers our entire fleet.

Unsafe waste management and disposal from ships can readily lead to adverse environmental and health consequences. The prevention of pollution by waste from ships is regulated by the

International Convention for the Prevention of Pollution from Ships (MARPOL) Annex V, which prohibits the discharge of most waste into the ocean.

Going forward we intend to develop a baseline from our 2022 waste figures and to reduce 2023 figures by 3% against that baseline. From there, we will consider whether the 3% reduction was ambitious enough and set a new target for 2024 and the following five years, with an aim to halve our waste disposal by 2029. Ships contain hazardous materials, and ship recycling must therefore be performed according to strict standards to protect human health, safety and the environment.

SFL endeavours to comply with all applicable legislation in respect of the recycling of its end-of-life vessels where relevant, such as The Basel Convention, the United Nations Convention on the Law of the Sea, The EU Waste Shipments Regulations, MARPOL and the European Ship Recycling Regulation. Even though the Hong Kong Convention is not yet in force, SFL intends to voluntarily comply with the Convention where possible. This regulation aims to ensure that ships, when recycled after reaching the end of their operational lives, do not pose a risk to the safety of workers or to the environment.

SFL has a Ship Recycling Policy to make sure that any future recycling of our ships may only take place at an approved yard compliant with the Hong Kong Convention, and that our MOAs with cash buyers include a compliance warranty. This policy is reviewed and updated periodically to reflect changes in legislation and ongoing learning and good practice.

We always assess the risk of recycling when selling any vessel. With that in mind we include adequate clauses pertaining to further trading and ship recycling in the contract for sale. Any recycling must be conducted in an ethical, safe and environmentally friendly manner, in line with the ten principles of the UN Global Compact.

## Social



SFL's ambition is to ensure a safe and diverse place to work, that human rights are respected, that all workers have decent working conditions and to improve the well-being of all our employees. Our actions are guided by industry and international standards, in line with what is expected by our key stakeholders. In this section, we explain how we are meeting our strategic commitments to health and safety, human rights and labour rights protection, diversity and inclusion, and human capital development.

### HEALTH AND SAFETY

At SFL, our number one priority is the health, safety and well-being of our people, both at sea and onshore. We value diversity and cultural differences and aim to have an inclusive workplace that provides equal opportunities for all employees regardless of sex, religion, skin colour, sexual orientation or disability. The health, safety and general welfare of the crew is a top priority, and we have implemented several measures in this regard, not only towards requirements to ship managers, but also when it comes to crew training and the facilities onboard our vessels.

Through our involvement with the Neptune Declaration, we have supported our ship managers with the implementation of well-being initiatives and have ensured that all seafarers have access to mental health support. For instance, during the pandemic, we rolled out a wellbeing app that provides our seafarers with a private connection to a psychologist through their own personal devices. In addition, the app uses AI, games and nudge techniques to gauge a person's mood and improve their mental health. The platform allows us to monitor weak signals and act proactively to support crew and strengthen safety. In 2022, new content was introduced – and officers onboard our ships have received a session run by a psychologist on mental health awareness.

Through SFL's health insurance, a wellness app is also made available for our onshore employees. The app "Overvinne" is developed by psychologists for our employees to get help when and where they want – arranged on their own terms. The app contains a digital self-help programme consisting of short videos, audio files, mood reports and articles.

Given the safety and security risks connected to operations at sea, these must always be managed carefully to safeguard crew, vessels, cargo and the environment. Our company has a zero-accident ambition and operates according to the principle that no serious injury or environmental incident is acceptable. All work tasks at SFL are evaluated in terms of the hazards inherent to the job, prior to the work itself being undertaken. Work is planned on a monthly, weekly and daily basis with an evaluation of the relevant hazards, indicating where risk

assessments should be developed to fully explore the risks and apply the hierarchy of controls to eliminate hazards and reduce risks. For work considered particularly hazardous, such as enclosed entry or work from heights, a "permit to work" system ensures that the work planned and the risk assessment developed is reviewed by relevant personnel from the HSEQ and the Technical department onshore. Together the safety management system and predictive maintenance system ensure that routine work is planned in advance to allow due attention to the hazards and risks inherent in the work offshore.

SFL ensures that key systems, such as the safety management system, are audited at a minimum on an annual basis by independent auditors. In addition, individual vessels are inspected at regular intervals by PSC inspectors and by our customers. A Ship Inspection Report Programme (SIRE inspection) is conducted if dealing with tankers, whereas a Rightship inspection is conducted if dealing with container or dry bulk vessels. Our Technical department, through the HSEQ function, also performs audits on an annual basis.

Crew and personnel onshore can report a range of work-related hazards or hazardous situations through near-miss reporting and unsafe acts reporting systems. We recognise that fear of reprisals may hinder some people from raising concerns and therefore we have a Stop Work Policy where it is made clear that any person may stop work if they deem the work unsafe. In addition, we promote a culture of "learner mindsets" where mistakes are seen as opportunities to learn and develop. Our crew has a direct reporting line to the Designated Person Ashore (DPA), and an anonymous whistleblowing hotline, that allows them to report on any circumstance that gives rise to concern. The DPA has regular one-to-one meetings with the CEO.

Work-related incidents are investigated using robust accident investigation techniques and include methods appropriate to the incident, such as technical examinations and interviews of staff along with recreating the accident trajectory. Reporting follows DNV's Marine Systematic Cause Analysis Technique, and data is captured in an incident reporting system which allows for analysis of the root causes of the incident. Corrective actions are identified and tracked until implemented. The



incident reporting system allows analysis of incident trends and aims to strengthen barriers to avoid similar incidents from taking place in the future. Our document control system ensures that lessons learned, whether from an incident or best practice observed in handling routine or non-routine work, are shared across the fleet.

We are ambitious in developing core data analytics capabilities where having a solid data foundation is key. Our reporting systems form part of this foundation and are intended to be built on with artificial intelligence capabilities in due course.

## HUMAN RIGHTS

SFL is fully committed to respecting fundamental human rights and human rights due diligence in our business operations and value chain. We recognise the rights set out in the UN International Bill of Human Rights and International Labour Organisation's (ILO) Core Conventions on Fundamental Principles and Rights at Work, and we act in accordance with the UN Guiding Principles for Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises and national laws such as the Norwegian Transparency Act. In 2022, SFL carried out a Human Rights Risk Assessment in accordance with the requirements of the newly implemented Norwegian Transparency Act.

Norwegian law firm Wiersholm was contracted to carry out an assessment and gap analysis of our operations and assess what adverse impact risks they might have on human rights and decent working conditions.

We conducted an overall human risk analysis of the Group's business operations and value chain in accordance with the steps of the UNGPs and the Transparency Act. The purpose of the analysis was to map and better understand the human rights risks we are facing, and to determine the need for further follow-up measures in addition to general measures already implemented, such as revising our Code of Conduct and further strengthening our focus on human rights in our risk assessments and business partners screenings.

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2020	DATA 2021	DATA 2022
<b>LOST TIME INCIDENT RATE</b>				
Lost time incident rate (LTIR)	Rate	1.33	0.11	0.21
<b>MARINE CASUALTIES</b>				
Incidents	Number	0	0	0
Very serious marine casualties	Percentage (%)	0%	0%	0%

The analysis enabled us to distinguish three prioritised human rights risk areas going forward, which are:

- Shipbuilding, ship repairs and dry-docking
- Sale of ships and ship recycling
- Crew

We will strengthen our routines for documenting activities on human rights in our supply chain, in particular activities related to newbuildings. SFL will strive to maintain local supervision teams at yards used for newbuilds to document all actions taken, including questions related to medical support conditions for on-site workers in China.

We strive to ensure that our business partners and suppliers share our human rights commitment and standards. We also conduct compliance testing of a selection of our business partners with the purpose of identifying and mitigating compliance risks, including human rights risks.

Focusing on the importance of openness, we urge employees and third parties to speak out about concerns or report suspected misconduct or violations of our Code of Conduct through our external whistleblowing channel. As a member of MACN, we report facilitation payment demands every quarter to help defeat corruption, as we view its presence as weakening the overall protection of human rights.

The training we offer to employees and management (including at the Board level) aims to build competence and knowledge amongst our employees on a wide range of compliance matters, including human and labour rights. We aim to provide training on human rights issues to 100% of our employees.

To further ensure that human rights are not violated, we include audit rights and termination clauses in our contracts with business partners. In doing so, we aim to provide regular and randomised book audits (including assessment of wages and working hours), announced and unannounced on-site visits and inspections and interviews with the crew. This comes in addition to formalised annual meetings with all ship managers. We aim to include human rights clauses in 100% of contracts where relevant.

## HUMAN RIGHTS RISK AREAS

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### SHIPBUILDING, SHIP REPAIRS AND DRY-DOCKING

Shipbuilding and repairs are labour-intensive activities that may concern a series of human and labour rights issues, both when it comes to risks of accidents and injuries and when it comes to risks of worker exploitation. As part of our general compliance program, compliance testing and screening of current and potential business partners are carried out. Our screening includes the use of concrete follow-up measures for improvements toward business partners and highlights where it is preferable to terminate business relationships.

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### SALE OF SHIPS AND SHIP RECYCLING

The risks related to the sale of ships and ship recycling mainly relate to the risk of ships ending up in a process of "beaching" or an informal shipbreaking process, involving risks related to workers as well as local communities and the environment. The risks will be similar to the ones associated with shipbuilding, and if relevant, we will apply the same type of measures to prevent and mitigate any risks.

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### CREW

There are several human and labour rights risks related to seafaring. The working environment on a ship, with extended periods offshore, can create limited oversight and weak law enforcement, which increase the risks of worker exploitation. This can take the form of excessive working hours, poor wage levels and risks of modern slavery. To address such risks, we select our ship managers carefully through thorough due diligence and assessment. This means that crewing and ship management are outsourced to leading third-party ship management companies, who are supervised, closely monitored, and assessed throughout our business relationship. We further encourage, expect and require all ship managers to comply with our own standards of business ethics, human rights and labour standards.

## Appendix

### SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES

#### LABOUR RIGHTS AND DECENT WORKING CONDITIONS

We seek to ensure that our employees, onshore and offshore, are working under conditions that meet the requirements set out in the International Labour Conventions and the Maritime Labour Convention. As part of safeguarding seafarers' labour rights, these conventions include the right to collective bargaining and that no employee is discriminated against. The PSC and the OCIMF Ship Inspection Report Programme (SIRE) are implemented, ensuring that applicable labour rights are being complied with.

SFL does not have a direct contractual relationship with our seafarers. This means that we do not enter into collective bargaining agreements with seafarers, although we require our ship managers to comply with the requirements of the International Transport Workers' Federation.

We conduct screening and monitoring of our business partners, and we monitor our fleet, pursuant to internal procedures, such as our Know Your Business Partner Policy, to ensure compliance with our ethical standards in all business relations, including human and labour rights.

#### DIVERSITY, INCLUSION AND HUMAN CAPITAL

SFL prohibits discrimination against any employee, or any other person based on sex, race, colour, age, religion, sexual orientation, marital status, national origin, disability, ancestry, political opinion or any other basis. As an international company, we value diversity and cultural differences.

Our employees offshore come from across the world. While our offshore employees are predominantly male, 50% of our onshore employees are female. Our success is built on the ability, determination and dedication of our staff, both onshore and at sea. We recognise the value of our staff and try to promote from within wherever possible.

Employees are encouraged to identify training needs through their development plan. To assist with this, we provide several opportunities for employees to develop their skills and careers. This includes training in skills to improve interpersonal competence such as leadership development and communication training – and technical skills relevant to the execution of their work, such as Electronic Chart Display and Information System (ECDIS) training or specific training courses for technical machinery.

E-learning is carried out when staff is onboarded on an annual basis. We have also integrated aspects within this training connected to GDPR and data protection. In-person training is also carried out in all our offices either once per year or bi-annually. In addition, we have several webinars throughout the year made available to all employees, such as Dow Jones RiskCenter training.

In 2022, 100% of our employees and management team completed our e-learning, including watching a mandatory webinar held by Wiersholm about insider trading. In the coming year, SFL will introduce a "Compliance Awareness Week" to increase awareness and continue to improve both our e-learning and face-to-face training sessions.



TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	2020	2021	2022	SCOPE OF CONTRACT	SASB CODE
<b>CO<sub>2</sub> EMISSIONS</b>							
	Gross global Scope 1 emissions: Financial control <sup>a</sup>	Metric tons (t) CO <sub>2</sub> -e	1 611 703	1 855 290	2 068 902	Operated fleet	TR-MT-110a.1
	Discussions of long-term and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets	Qualitative description	See page 14-16				TR-MT-110a.2
	Indirect emissions: Scope 2, purchased electricity <sup>b</sup>	Metric tons (t) CO <sub>2</sub> -e	18.6	14.4	Location based: 0.1	All sites	Additional
	Indirect emissions: Scope 3, business travel <sup>b</sup>	Metric tons (t) CO <sub>2</sub> -e	2.6	7.2	12.47	HQ	
<b>ENERGY CONSUMED</b>							
Greenhouse gas emissions	Total energy consumed	Gigajoules (GJ)	21 088 645 100%	24 358 746 100%	26 806 338 100%	Operated fleet	TR-MT-110a.3
		Percentage of energy from heavy fuel (%)	53%	58%	53%	Operated fleet	
		Percentage of energy from renewable/low-carbon sources (%)	Not reported	Not reported	0%	Operated fleet	
<b>EEDI &amp; CARBON INTENSITY INDICATOR</b>							
	Average Energy Efficiency Design Index (EEDI) for new ships <sup>c</sup>	Grams of CO <sub>2</sub> -e per ton-nautical mil	Not applicable	Not applicable	Suezmax: 2.73 Aframax: 3.53 Car carrier: 21 Container: 14.04	Operated fleet	TR-MT-110a.4
	Average Energy Efficiency Design Index (EEDI) for fleet	Grams of CO <sub>2</sub> -e per ton-nautical mil	Bulkers 3.9 Tankers 3.2 Containers 6.7 Car carriers 20.9	Suezma 2.75 VLCC 2.37 Capesize 2.74 Kamsarmax 4.79 Handymax 8.65 Supramax 6.36 Chem tanker 14.79 Car carrier 6.03 Container 1000-1999 13.43 Container 5000-7999 7.12 Container 8000-11999 6.19 Container 12000-14999 6.28	Aframax 3.87 Suezmax 3.11 VLCC 2.46 Capesize 2.77 Kamsarmax 4.62 Supramax 6.03 Chem tanker 10.20 Car carrier 5.34 Container 1000-1999 8.15 Container 2000-2999 5.76 Container 5000-7999 6.48 Container 8000-11999 5.81 Container 12000-14999 5.83	Operated fleet	Additional
<b>OTHER EMISSIONS TO AIR</b>							
Air Quality	NOx (excluding N <sub>2</sub> O) <sup>d</sup>	Metric tons	38 475	46 186	50 645	Operated fleet	TR-MT-120a.1
	SOx <sup>d</sup>	Metric tons	4 238	5 506	5 906		
	Particulate matter <sup>d</sup>	Metric tons	1 243	2 181	2 504		
<b>MARINE PROTECTED AREAS</b>							
Ecological impacts	Shipping duration in marine protected areas or areas of protected conservation status <sup>e</sup>	Number of travel days	394/177	397/252	326/247	All vessels/Operated fleet	TR-MT-160a.1
	<b>IMPLEMENTED BALLAST WATER</b>						
	Exchange <sup>f</sup>	Percentage (%)	28%	18%	8%	Operated fleet	TR-MT-160a.2
	Treatment <sup>f</sup>	Percentage (%)	72%	85%	95%	Operated fleet	
<b>SPILLS AND RELEASES TO THE ENVIRONMENT</b>							
	Incidents <sup>g</sup>	Number	0	0	0	Operated fleet	TR-MT-160a.3
	Aggregate volume <sup>g</sup>	Cubic meters (m <sup>3</sup> )	0	0	0	Operated fleet	

## SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES (CONT.)

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	2020	2021	2022	SCOPE OF CONTRACT	SASB CODE
<b>CORRUPTION INDEX</b>							
	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions Index <sup>h</sup>	Number	119	195	266	Operated fleet	TR-MT-510a.1
<b>CORRUPTION</b>							
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	0	Operated fleet	TR-MT-510a.2
<b>FINES AND SANCTIONS</b>							
	Number of fines and total monetary value of fines	Number and reporting currency	0	0	0	Operated fleet	Additional
	Non-monetary sanctions for non-compliance with laws and/or regulations	Number	0	0	0	Operated fleet	
<b>LOST TIME INCIDENT</b>							
Employee health and safety	Lost time incident rate (LTIR) <sup>i</sup>	Rate	1.33	0.11	0.21	Operated fleet	TR-MT-320a.1
<b>MARINE CASUALTIES</b>							
	Incidents <sup>j</sup>	Number	0	0	0	Operated fleet	TR-MT-540a.1
	Very serious marine casualties <sup>k</sup>	Percentage	0	0	0	Operated fleet	
<b>CONDITIONS OF CLASS</b>							
Accident & Safety Management	Condition of class or Recommendations <sup>m</sup>	Number	0	0	0	Operated fleet	TR-MT-540a.2
<b>PORT STATE CONTROL</b>							
	Deficiencies <sup>l</sup>	Rate	0.48	1.32	0.85	Operated fleet	TR-MT-540a.3
	Detentions <sup>l</sup>	Number	0	5	0	Operated fleet	
<b>DIVERSITY</b>							
Diversity	Onshore employees by gender	Number	Male: 7 Female: 8	Male: 10 Female: 10	Male: 13 Female: 9	HQ	Additional
	Onshore employees by age group	Number	<30 years old: 3 30-50 years old: 9 >50 years old: 3	<30 years old: 2 30-50 years old: 13 >50 years old: 4	<30 years old: 2 30-50 years old: 15 >50 years old: 5	HQ	
	Individuals in the organisation's governance bodies by gender	Number	Male: Female: 1	Male: 4 Female: 1	Male: 5 Female: 1	HQ	

## 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 – scope 1:** Based on IMO emission factors. The "financial control" approach defined by the GHG Protocol has been applied. Scope 1: all vessels, based on fuel consumption for the year.

<sup>b</sup> **Indirect CO2 emissions:** Scope 2 is based on electricity consumption in reporting year and calculated using the AIB Residual Mixes 2021 conversion factors (location based and market based), for 2022 we purchased Guarantees of Origin (renewable energy) and relevant factors were applied. Scope 3 is based on business travel in the reporting year, figures provided by travel agent. A further mapping of Scope 3 emissions will be considered in 2023

<sup>c</sup> **Average Energy Efficiency Design Index (EEDI) for new ships:** New ships average EEDI is based on new ships entering the fleet in 2021 (keel laid after July 2013).

<sup>d</sup> **Particulate matter (PM), NOx, SOx emissions (Metric tonnes):** The methodology has been developed with support from DNV, based on IMO factors.

<sup>e</sup> **Shipping duration in marine protected areas or areas of protected conservation status:** A marine protected area is not as defined by the International Union for Conservation of Nature (IUCN). However, the reported number does not necessarily include all Marine protected areas internationally established and regulated in International the Marine Organisation (IMO) Conventions and areas established nationally by member states. Shipping duration is the sum of the travel days (24-hour periods).

<sup>f</sup> **Percentage of fleet implementing ballast water exchange and treatment:** Only ships performing ballast water exchange with an efficiency of at least 95% 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 micrometres in minimum dimension and (b) less than 10 viable organisms per millilitre that are less than 50 micrometres in minimum dimension and greater than or equal to 10 micrometres in minimum dimension.

<sup>g</sup> **Spills and releases to the environment (Number, Cubic meters (m 3)):** The total number of oil spills to the environment (overboard), excluding contained spills.

<sup>h</sup> **Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions Index (CPI):** In the event that two or more countries share the 20th lowest ranking, all have been included in the scope of disclosure. The list is based on the CPI for 2020.

<sup>i</sup> **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. Lost time incidents are Fatalities, Permanent Total Disabilities, Permanent Partial Disabilities and Lost Workday Cases. The rate is based on lost time incidents / 1,000,000 hours worked.

<sup>j</sup> **Marine Casualties:** Regarding SASB TR-MT-540a.1, the reporting is in accordance with the standard, however injuries to personnel as described in section 1.1.1 are 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. Section 1.1.7 "Severe damage to the environment" is reported under 'Ecological Impacts' and/or "Very serious marine casualties". Incidents concerned with oil spills, re SASB 1.1.7 "Severe damage to the environment" is covered under "ecological impact". For an event to be reported as a marine casualty, one or several out of the below criteria must be true: (1) the loss of a person from a ship, (2) the loss, presumed loss, or abandonment of a ship, (3) the stranding or disabling of a ship that triggered a Lloyds Open Form Salvage or the involvement of a ship in a collision that would seriously endanger the safety of life or property, or (4) material damage to marine infrastructure external to a ship, that could seriously endanger the safety of the ship, another ship or an individual.

<sup>k</sup> **Very Serious Marine Casualties:** A marine casualty involving the total loss of the ship, a death, or severe damage to the environment that is not related to oil spill. Any deaths shall be reported. If the death is decisively concluded not to have anything to do with a marine (very serious) casualty such as latent and unknown illness shall be addressed separately for a case-by-case discussion. Severe damage to the environment that is not related to oil spill is covered by "Very serious marine casualties".

<sup>l</sup> **Port State Control:** Number of port state control deficiencies (1) and detentions (2). 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 have chosen to report this number as a rate: number of deficiencies per Port State Control Inspection. Detentions are reported in number of actual cases. The figure represents number of detentions received from regional PSC organisations.

<sup>m</sup> **Number of Conditions of Class or Recommendations:** Those conditions/recommendations of class that has led to withdrawal of vessel certificates of otherwise has invalidated the ship's compliance are included in this figure.

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

<sup>o</sup> **Total distance travelled by vessels:** The distance (in nautical miles) travelled by all vessels during the reporting period.

<sup>p</sup> **Operating days:** Total operating days, i.e. total number of vessel-days for active vessels during the reporting year. Active vessels are referring to vessels which were in possession of the shipowner during the reporting year.

<sup>q</sup> **Number of assets in fleet:** Reported number of owned during the reporting year.

<sup>r</sup> **Number of vessels port calls:** Total number of port calls during the reporting period.

**GRI INDEX**

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
2-1	Organisational details	Page 2; 28. The Company's Headquarter is in Bermuda
2-2	Entities included in the organisation's sustainability reporting	Page 2. Please also see the 2022 Annual report
2-3	Reporting period, frequency and contact point	Page 3; 28
2-4	Restatements of information	Information on distance travelled and Scope 1 emissions has been adjusted to include only operated vessels in this report.
2-5	External assurance	Partial assurance – Scope 1 CO2 emissions verified by DNV.
2-6	Activities, value chain and other business relationships	Page 2
2-7	Employees	Page 24
2-8	Workers who are not employees	Page 24; 20-22
2-9	Governance structure and composition	Corporate Governance report in the Annual Report for 2022 and <b>Corporate Code of Business Ethics and Conduct</b>
2-10	Nomination and selection of the highest governance body	Corporate Governance report in the Annual Report for 2022 and <b>Corporate Code of Business Ethics and Conduct</b>
2-11	Chair of the highest governance body	<b>Board of Directors</b>
2-12	Role of the highest governance body in overseeing the management of impacts	Page 6-7; Corporate Governance report in the Annual Report for 2022
2-13	Delegation of responsibility for managing impacts	Pp. 6-7
2-14	Role of the highest governance body in sustainability reporting	Pp. 6-7
2-15	Conflicts of interest	Page 9-10 <b>Corporate Code of Business Ethics and Conduct</b>
2-16	Communication of critical concerns	Pp. 9-10
2-17	Collective knowledge of the highest governance body	The BoD consists of industry experts. The BoD has access to the company's e-learning modules
2-18	Evaluation of the performance of the highest governance body	Corporate Governance report in the Annual Report for 2022
2-19	Remuneration policies	Corporate Governance report in the Annual Report for 2022
2-20	Process to determine remuneration	Corporate Governance report in the Annual Report for 2022
2-21	Annual total compensation ratio	Not Reported
2-22	Statement on sustainable development strategy	Page 5
2-23	Policy commitments	Page 6-7 <b>Corporate Governance</b>
2-24	Embedding policy commitments	Page 6-7; 8-11; 18; 22
2-25	Processes to remediate negative impacts	Page 6-7
2-26	Mechanisms for seeking advice and raising concerns	Page 10. <b>Complaints Procedure</b>
2-27	Compliance with laws and regulations	Page 8
2-28	Membership associations	Page 7
2-29	Approach to stakeholder engagement	Page 7
2-30	Collective bargaining agreements	Page 22

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
3-1	Process to determine material topics	Page 7; 23-24
3-2	List of material topics	Page 7; 23-24
<b>MATERIAL TOPIC: DIRECT EMISSIONS</b>		
3-3	Management of material topics	Page 11-16
305-1	Direct (Scope 1) GHG emissions	Page 12-16
305-2	Indirect (Scope 2) GHG emissions	Page 23-24
305-3	Indirect (Scope 3) GHG emissions	Page 23-24
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Page 13
<b>MATERIAL TOPIC: ENERGY MIX</b>		
3-3	Management of material topics	Page 12; 14-16
302-1	Energy consumption within the organisation	Page 12-16
<b>MATERIAL TOPIC: CORRUPTION RISK</b>		
3-3	Management of material topics	Page 9-10
205-2	Communication and training about our anti-corruption policies and procedures	Page 9-10; 22
205-3	Confirmed incidents of corruption and actions taken	Page 9-10
<b>MATERIAL TOPIC: SPILLS AND RELEASES</b>		
3-3	Management of material topics	Page 18
306-3	Significant spills	Page 18
<b>MATERIAL TOPIC: OCCUPATIONAL HEALTH AND SAFETY</b>		
3-3	Management of material topics	Page 19-20
403-1	Occupational health and safety management system	Page 19-20
403-6	Promotion of worker health	Page 19-20
403-9	Work-related injuries	Page 19-20
<b>MATERIAL TOPIC: DIVERSITY AND EQUAL OPPORTUNITY</b>		
3-3	Management of material topics	Page 22
405-1	Diversity of governance bodies and employees	Page 24
<b>MATERIAL TOPIC: SUPPLIER SOCIAL ASSESSMENT</b>		
3-3	Management of material topics	Page 8; 10; 20-22
414-1	New suppliers that were screened using social criteria	Page 8; 10; 20-22

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