ODFJELL

# Sustainability-Linked Finance Framework

21 December 2020

# Odfjell – a history of sustainability

For Odfjell, sustainable operations answer to current demands without compromising the health and safety of future generations. No matter where we are, at sea or ashore, we can make sustainable decisions that drive global change. Every day, for the long term.

The Odfjell Group is one of the world leaders in the global market for seaborne transportation and storage of chemicals and other specialty bulk liquids. Throughout our more than 105-year history, Odfjell has held a long-term perspective on how we do business – sustainability is deeply rooted in our DNA, it is our responsibility and our license to operate.

Our chemical tankers crisscross the oceans, forming a web of trade routes that enable production in all industries, on all continents. Our terminals connect sea and land at strategic locations worldwide, providing safe storage for our customers' liquid products.

All over the world, producers depend on liquids to create items we all use, every day. Be it medicines, fertilizers, PC's and phones, clothing and food, paints and insulation, hand sanitizers and detergents; chances are that ingredients in these products have been transported and handled by us.

Odfjell handles some of the world's most hazardous liquids, and we transport them through some of the world's most vital and fragile environments: the oceans. Our terminals store products close to people's homes and local communities. Emissions, soil contamination, or water pollution can all have the potential to adversely impact people and ecosystems.

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

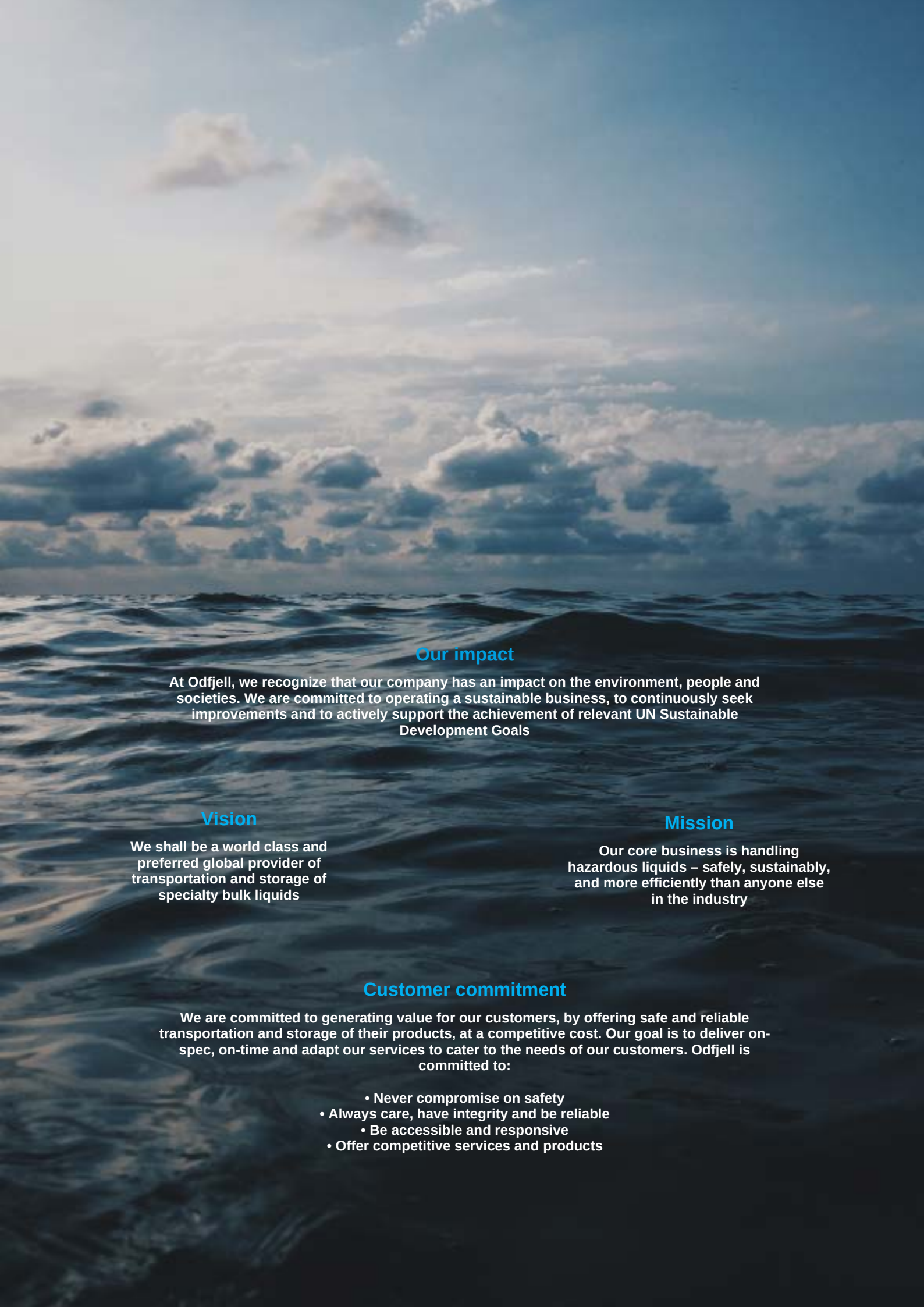
We believe that climate change poses a severe threat. Failing to live up to expectations, failing to comply with regulations and failing to operate in a sustainable way present significant risks to trade, locally and globally. Climate risk affects all businesses – but climate change also creates many opportunities for those able to adapt and willing to work to mitigate it. That is why safety and sustainability are integral parts of our business. It is imperative, for the sake of people and businesses, that we take care of the environment around us. We embrace this responsibility, and do what we can to reduce risk. We build for the future, and act today for a better tomorrow.

# Our sustainability strategy

At Odfjell, we recognize that our company has an impact on the environment, people and societies. We are committed to operating a sustainable business, to continuously seek improvements and to actively support the achievement of relevant UN Sustainable Development Goals.

As of 2020, the above impact statement is part of our strategy, together with our mission, vision and customer commitment (see the next page). We have been a signatory to the UN Global Compact since 2011 and we endorsed the UN Global Compact Sustainable Ocean Principles in 2019. In 2018, we presented our approach and sustainability strategy in the document "Global Operations – Our Responsibility", where we further elaborate on materiality and focus areas.

Our social and environmental impact is of high strategic importance to both our current and future operations. Our strategy and targets are anchored and approved by the Board of Directors. Achievements of targets are followed up by the board and sub-committees of the board. In August 2020, we appointed the company's first Chief Sustainability Officer as a part of the executive management, which will improve capacity and focus on sustainability in the organisation.



## Our impact

**At Odfjell, we recognize that our company has an impact on the environment, people and societies. We are committed to operating a sustainable business, to continuously seek improvements and to actively support the achievement of relevant UN Sustainable Development Goals**

## Vision

**We shall be a world class and preferred global provider of transportation and storage of specialty bulk liquids**

## Mission

**Our core business is handling hazardous liquids – safely, sustainably, and more efficiently than anyone else in the industry**

## Customer commitment

**We are committed to generating value for our customers, by offering safe and reliable transportation and storage of their products, at a competitive cost. Our goal is to deliver on-spec, on-time and adapt our services to cater to the needs of our customers. Odfjell is committed to:**

- **Never compromise on safety**
- **Always care, have integrity and be reliable**
- **Be accessible and responsive**
- **Offer competitive services and products**

# Our responsibility: environment

In Odfjell, we commit to do what we can to reduce greenhouse gas emissions and to achieve the goals of the Paris agreement.

## Reducing GHG emissions in shipping

When the Paris Agreement was signed in 2015, shipping was not included. In April 2018 however, the International Maritime Organisation ("IMO") presented an initial strategy for emission reduction in the shipping industry as a response to the Paris agreement, known as the 'Paris Agreement of Shipping'[1]. International shipping currently emits 2-3% of global GHG emissions, while transporting close to 80% of global trade by volume. To curb emissions from shipping, the IMO has agreed on an ambition to reduce absolute GHG emissions from the sector by at least 50% by 2050, compared to 2008 levels, while at the same time pursuing efforts to phase them out completely. IMO has also set a target to reduce carbon intensity with minimum 40% by 2030, pursuing efforts towards 70% in 2050.

The emission reduction targets are related to an average across international shipping, but are expected to be used also at fleet level.

IMO currently groups chemical tankers into four different categories based on deadweight, i.e. the weight that the ship can carry. Increasing complexity and tank segregations on stainless steel parcel tankers lead to higher steel content. Consequently, stainless steel parcel tankers has an approx. 8% higher lightweight, i.e. the ship's actual weight without cargo or fuel, than a conventional product tanker of similar size. Higher lightweight, leading to lower deadweight, affects the carbon intensity as it is calculated using design deadweight.

IMO's intensity targets were set prior to the determination of the absolute target. Depending on future demand for shipping services, the absolute target and the intensity targets may or may not align. Both absolute and intensity-level measurements of $CO_2$ emissions are useful for meeting the IMO ambitions, and both measurements are recommended by other initiatives, like the Carbon Disclosure Project[2] (CDP). Absolute emissions are important as they represent the total emissions figure that will ultimately need to be reduced to mitigate climate change. However, an absolute emissions measure is not well-suited to the management or comparison of emissions and decarbonization at the level of individual vessels or a group of vessels, because vessels have different capacity and function in a fleet program and need to be compared on a like-for-like basis. For this reason, a relative intensity-level metric is the best indicator to measure the effects and actions to reduce emissions in Odfjell.

### IMO's initial strategy for GHG emission reduction

**Absolute target:** reducing the total annual GHG emissions by at least 50% by 2050 compared to 2008

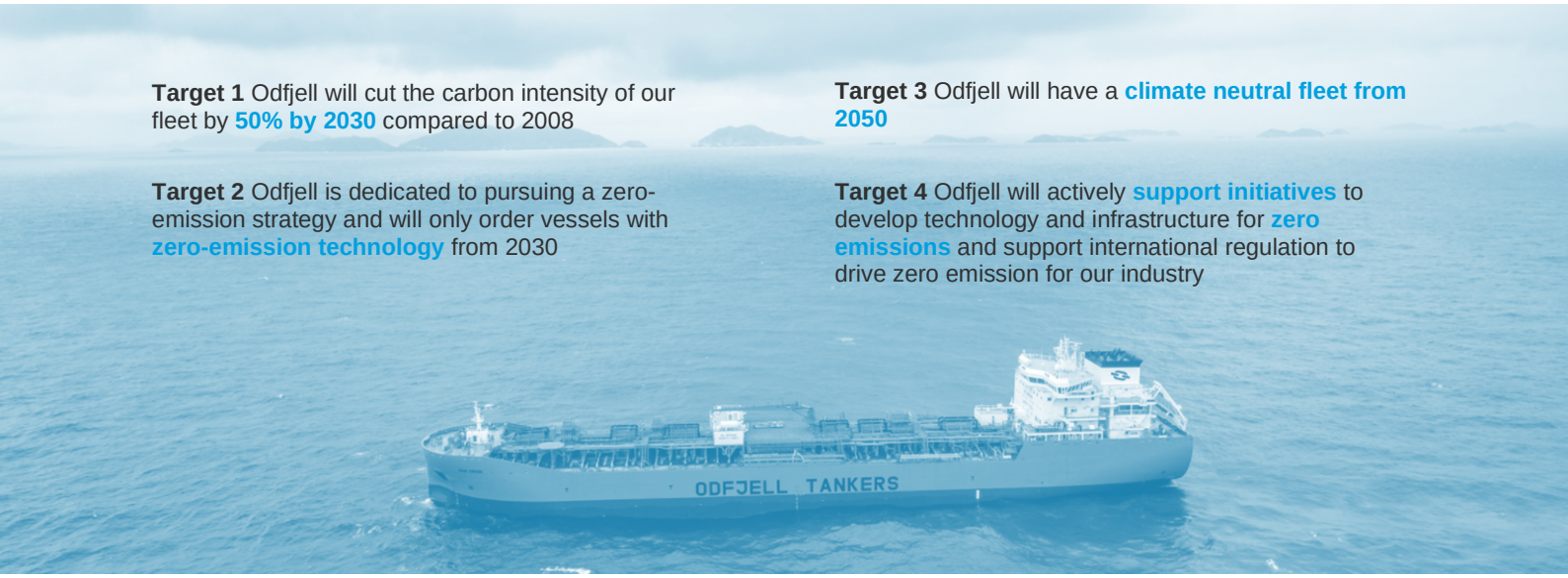
**Intensity targets:** reducing CO2 emissions per transport work by at least 40% by 2030, pursuing efforts towards 70% by 2050 compared to 2008

[1] ICS Reducing CO2 Emissions to Zero: The 'Paris Agreement for Shipping' https://www.ics-shipping.org/docs/default-source/resources/reducing-co2-emissions-to-zero-the-paris-agreement-for-shipping.pdf

[2] CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Odfjell reports annually emission data to CDP. See www.cdp.net

## Odfjell's climate targets

Efficiency, fuel consumption, and emissions go hand in hand. To improve fuel efficiency and reduce fuel consumption and emissions, Odfjell has a constant focus on improving our fleet. This includes investing in new ships, deploying retrofit programs, investing in new technology and optimizing the way we operate. Since 2008, Odfjell has run several environmental programs, resulting in a 27.3% reduction in our carbon intensity by 2020. This means that we have already taken several big steps. Further reduction poses even bigger challenges, but we commit to continue improving and have as of September 2020 set ambitious climate targets, which go beyond the targets of the IMO strategy.




**Target 1** Odfjell will cut the carbon intensity of our fleet by **50% by 2030** compared to 2008

**Target 2** Odfjell is dedicated to pursuing a zero-emission strategy and will only order vessels with **zero-emission technology** from 2030

**Target 3** Odfjell will have a **climate neutral fleet from 2050**

**Target 4** Odfjell will actively **support initiatives** to develop technology and infrastructure for **zero emissions** and support international regulation to drive zero emission for our industry

Today, there are no commercially viable alternatives to a combustion engine when transporting large volumes over great distances. The shipping industry needs to find solutions to reduce emissions and develop commercially available zero emission ships to be operational from 2030. That is why Odfjell has joined the 'Getting to Zero Coalition' as an active partner, collaborating with the maritime industry, the energy sector, the financial sector, governments and international governmental organizations to find solutions for a climate neutral fleet in 2050. The Coalition is a partnership between the Global Maritime Forum, the Friends of Ocean action, and the World Economic Forum, as well as other industry initiatives.

We have also joined forces with industry partners to develop a new and flexible fuel cell technology that can reduce emissions from shipping by 40 to 100%. Partners from shipping, R&D and oil and gas are now constructing a pilot that can use different types of fuel. The system will first be tested at the Sustainable Energy catapult center in Norway before installation onboard an Odfjell ship. The unique project was presented on October 1, 2020.

In 2019, Odfjell took a position on the use of scrubbers, stating that scrubbers would not support the ambition to reduce sulphur emissions. Using scrubbers would also increase energy consumption and hence increase $CO_2$ emissions. Since 2020, Odfjell has run the fleet on VLSFO (Vero Low Sulphur Fuel Oils, sulphur under 0,5%) and MGO (Marine Gas Oil, sulphur 0,1%).

To achieve the ambitious target of cutting transport work emissions by 50%, Odfjell has prepared a fleet transition plan on a ship basis (the "Fleet Transition Plan"). The Fleet Transition Plan includes detailed actions, specific to all our ships in our controlled fleet, to further improve energy efficiency and cut emissions by implementing a set of technical, operational, and digital measures available today. The Fleet Transition Plan also includes a plan for fleet composition development, and an action plan for preparing the next generation fleet for zero emissions solutions.

The Fleet Transition Plan demonstrates that achieving the targets is possible, and we also believe that this plan can be accelerated as technology develops and prices come down. The complete plan will not be made public but will be reviewed by DNV GL during the Second Party Opinion process.

Our work on climate supports the UN Sustainable Development Goals (SDGs) 7,12,13 and 14.

## Our responsibility: social

**Safety**: Safety is our number one priority; we do not compromise on safety. This is a core message throughout our organization. Safety is deeply rooted in and fundamental to our strategy and licence to operate. We operate in an industry with daily safety risks. We operate our vessels 24/7, in any weather all over the world, and we run complicated loading operations on our vessels and terminals. There are safety risks in our industry. In Odfjell, we have a long-term target of zero incidents. We have safety (Lost Time Injury Frequency) as a KPI in the incentive system for both management and the organization.

Our work on safety supports UN SDG 3 and 8.


**Diversity**: We believe that increased diversity will improve our ability to innovate, make decisions and solve problems. We also believe that accessing and providing opportunities to a wider talent pool is the right thing to do. We strive to provide a representative and inclusive workplace for all, where differences are valued and everyone is treated with respect – a sustainable workforce that will retain and attract tomorrow's talent. At Odfjell, we aim to increase the diversity of our workforce. We recognize that women are underrepresented at the higher levels of the organization. This is not only an Odfjell issue, but a matter for the whole industry. We commit to take actions to improve diversity at all levels of our organization, and to work with the industry and stakeholders to recruit and develop female leaders.

We have set a key target for our shipping shore organization to reach minimum 30% gender balance at all levels by 2030.

Our work on diversity supports UN SDG 5.


## Our responsibility: governance

The shipping industry is exposed to corruption and the demand of facilitation payments. This exposure increases with the widespread use of agents, brokers and intermediaries and the global nature of the industry and port visits to countries that scores low on transparency indexes.

Odfjell has a clearly stated zero-tolerance policy on corruption. We have an anti-corruption and integrity framework based on the UK Bribery Act Guidance and Norwegian anti-corruption regulation and conduct annual risk assessment as a basis for a company action plan on anti-corruption work. To communicate our policy through the organization, we do annual mandatory training and signing of Code of Conduct and anti-corruption policies for all of our employees in an integrity system. We have included relevant integrity clauses in all our contracts. Odfjell is a member of the Maritime Anti-Corruption Network (MACN) since 2017, and we have implemented and supported the MACN 'Say No' campaign on all our vessels. We also track any requests for facilitation globally, and have established a reporting hotline, available internally and externally, for the reporting of any compliance-related matters.

Our anti-corruption work supports UN SDG 16.


# Why Sustainability-Linked Securities?

We will support and be at the forefront of the developments in the sustainable finance market, including the wider social and environmental progress that this type of financing can advance. We want to contribute to further development of the key role that debt markets can play to encourage companies that contribute to sustainability. We believe that sustainable financing will become the norm.

This Sustainability-Linked Finance Framework has been developed in accordance with the Sustainability-Linked Bond Principles, established by the International Capital Markets Association (ICMA) in June 2020 and the Sustainability-Linked Loan Principles issued by the Loan Market Association (LMA) and the APLMA and LSTA in May 2020. Odfjell may under this framework issue Sustainability-Linked Securities, including but not limited to bonds and loans.

# Selection of Key Performance Indicator (KPI)

Decarbonization of shipping is the biggest challenge for this industry over the next decades, and recognized as such by the IMO. Emission reduction is therefore important to Odfjell and material to our strategy and development. That is why we have chosen a carbon intensity metric as KPI.

## Average Efficiency Ratio (AER)

Odfjell will use a metric for carbon intensity as KPI – the Average Efficiency Ratio (AER). We have chosen a carbon intensity metric rather than an absolute emission measure, as the latter is ill-suited for comparison of emissions and decarbonization at the level of individual vessels or a group of vessels. AER is the industry standard for measuring carbon intensity, and the metric is recognized as consistent with the policies and regulations of IMO-DCS, which is a mandatory regulation established by the IMO for the data collection and reporting of fuel oil consumption from ships, ("IMO DCS"). The alternative metric often referred to, EEOI (Energy Efficiency Operational Indicator), offers less predictability as it is more sensitive to matters outside of Odfjell's control, e.g. cargo utilization and the market.

AER uses parameters of fuel consumption, distance travelled and deadweight tonnage and is reported in unit grams of $CO_2$ per tonne-mile ($gCO_2$/dwt-nm).

The AER is computed for all voyages performed over the last twelve months. The fleet will develop over time and will include all owned tonnage, all financially leased tonnage, and all bareboat chartered tonnage at the time of measurement (the "Controlled Fleet"). Joint ventures where Odfjell owns 50% or less, pool vessels and time charters are excluded. We operate a total fleet of approximately 80 vessels, out of which 56 are part of our Controlled Fleet as of 2020. This definition of Controlled Fleet is aligned with how the emission reporting responsibility is managed between vessel operators for the IMO-DCS[3].

### AER Formula

In line with the IMO's fourth GHG Study from July 2020, we use the following formula for calculating AER[4]**.**

$$AER = \frac{\sum_i C_i}{\sum_i dwt D_i}$$

Where

- $C_i$ is the carbon emissions for voyage *i*, using the fuel consumption and carbon factor of each type of fuel[5]
- dwt is the deadweight ton at scantling draft[6] of the vessel
- $D_i$ is the distance travelled on voyage *i*.

The KPI data set will to the extent possible be the same as used for IMO DCS reporting with the following exceptions:

- Time and consumption related to arrests, capture, seizure or detention of a vessel (including hijacking or theft), and
- Unscheduled off-hire beyond Odfjell's control for a period longer than one month; and
- Floating storage or similar activity, including congestion in port beyond Odfjell's control and preventing a vessel from discharging for a period longer than one month

[3] The scope of our target is our controlled fleet. MARPOL regulations mandate the ship to be compliant. Any actions to the ships to ensure compliance must be developed and initiated by the "company". The definition of a "company" in Reg. 2.49 of MARPOL Annex VI (ISM code) is as follows:

Company means the owner of the ship or any other organization or person such as the manager, or the bareboat charterer, who has assumed the responsibility for operation of the ship from the owner of the ship and who on assuming such responsibility has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention, as amended.

The responsibility is always with the DOC holder under the ISM Code (DOC, Document of Compliance, ISM International Safety Management. This is the main certificate for a vessel. Time chartered vessels and pool vessels are therefore not in scope.

[4] IMO GHG study 4, Chapter *3.2.1 Carbon intensity metrics of individual ships.* The methodology will remain unchanged (2019 as the first reporting under IMO-DCS and future AER).

[5] The emission factors can be found in MEPC 63/23 Annex 8 and Resolution MEPC.246(66) – 2014 Guidelines on the Method of Calculation of the Attained Energy Efficiency Design Index (EEDI) for New Ships – (Adopted on 4 April 2014)

[6] IMO MEPC.278(70) Annex VI – Appendix IX Information to be submitted to the IMO Ship Fuel Consumption Database defines deadweight to be used.

# Calibration of Sustainability Performance Targets (SPTs)

We target a reduction of AER for the Odfjell Controlled Fleet by a minimum of 50% by 2030 compared to 2008, representing a material improvement beyond "business as usual". IMO's target is to reduce carbon intensity across international shipping by at least 40% in the same period.

A decarbonization trajectory towards the 2030 target has been established where the projected annual AER levels are outlined (the "SPT Trajectory"). Each Sustainability-Linked Security issued under this framework will in their security specific documentation refer to the dates at which compliance with the SPT Trajectory will be assessed (the Target Observation Date(s)). On such Target Observation Date, compliance with the SPT Trajectory will be achieved if the AER for Odfjell's Controlled Fleet meets or is lower than the value set out in the SPT Trajectory for that specific date. If such a Target Observation Date falls between two of the annual AER levels outlined in the SPT Trajectory below, then the SPT for that Target Observation Date should be calculated using linear interpolation between the annual levels in the SPT Trajectory. The respective SPT(s) for the relevant Target Observation Date(s) will be outlined in the security specific documentation.

To achieve the ambitious targets of reducing the carbon intensity of the Controlled Fleet by 50% by 2030, Odfjell has prepared a fleet transition plan on a ship by ship basis (the "Fleet Transition Plan"). The Fleet Transition Plan includes detailed actions, specific to all our ships in our Controlled Fleet, to further improve energy efficiency, and cut emissions by implementing a set of technical, operational, and digital measures available today. The Fleet Transition Plan also includes a plan for development of the fleet composition and renewal and an action plan for preparing the next generation fleet with possibility and flexibility for zero emissions.

The KPI and the SPT Trajectory of this framework are well-aligned with Odfjell's sustainability strategy, in particular energy efficiency and emission reduction, which have been on Odfjell's agenda for many years.

## Odfjell's SPT Trajectory

Odfjell's SPT Trajectory is based on a set of measures identified and planned in the Fleet Transition Plan. We have prepared an individual plan for each vessel, and the trajectory represents AER at Controlled Fleet level as the plan and actions develop toward 2030. The SPT Trajectory towards 2030 captures planned retrofits and fleet composition development into a fleet that will meet our climate targets. The development will not be linear, as it is calculated based on a program for the next nine years, and hence has to consider docking program for retrofits and sale and recycling of older tonnage. The plan will be iterative, and Odfjell is committed to follow a trajectory towards the target set for 2030.

The historic and projected AER levels listed below are calculated on a 12 month basis, and reported as of December 31st each year.

### Historic AER levels for the Controlled Fleet

| **Year** | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **AER** | 11,78 | 11,86 | 11,94 | 11,50 | 11,44 | 11,62 | 10,74 | 10,20 | 9,63 | 9,44 | 8,94 | 8,75 |

Historical AER levels for the Controlled Fleet have been reviewed as part of the Second Party Opinion (see External Review section of this Framework). 2019 figures are externally verified under IMO DCS implemented 1 January 2019. Odfjell has reported carbon intensity for the last three years using the Energy Efficiency Operational Indicator (EEOI) instead of AER. The difference between these two metrics is that AER uses deadweight ton of the vessel while EEOI uses actual metric ton cargo carried.

### The SPT Trajectory

| **Year** | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **AER** | 8,56 | 8,35 | 8,30 | 8,20 | 8,16 | 7,68 | 7,06 | 6,53 | 6,30 | 6,17 | 5,89 |

If a Target Observation Date for a Sustainability-Linked Security issued under this framework falls between two of the annual AER levels outlined in the SPT Trajectory above, then the SPT for that Target Observation Date should be calculated using linear interpolation between the annual levels in the SPT Trajectory, and be based on the last twelve months as per such date.

## Primary drivers of AER improvement

### Before 2020

The main drivers of the improvement up to 2020 have been:

- Improved fuel efficiency, through extensive retrofit, and energy saving programs including more than 100 large and small projects on more than 30 vessels
- Operational measures, such as investments in optimal weather and routing technology
- Extensive fleet renewal program, replacing older vessels with more energy efficient vessels of eco-design and often higher deadweight. Examples of the latter includes the delivery of six of the world's most environmentally friendly stainless-steel chemical tankers. One of which, Bow Orion, was awarded 2019 Tanker of the Year[7]

### 2020-2025

Further reductions will primarily be achieved through technical improvements to our existing fleet. This period therefore represents transition years in the sense that no changes in the fleet mix are planned or decided. Numerous improvement projects are considered and planned for the existing fleet including:

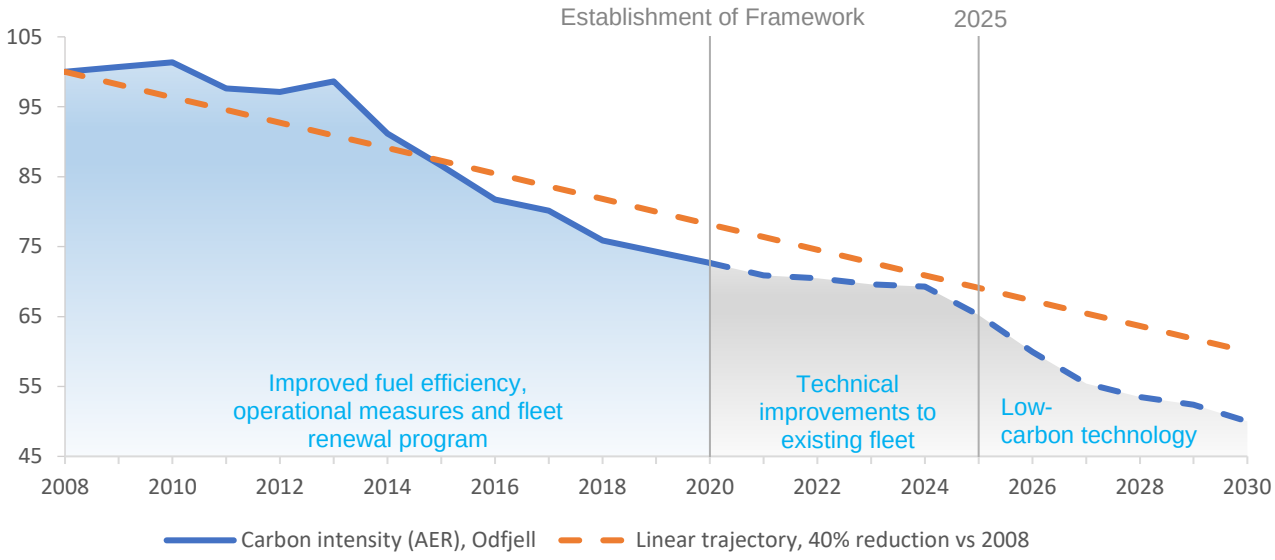
- Energy saving devices to improve propulsive efficiency
- Governor control devices, that optimize the vessels movements
- De-rating of engines and turbo charger upgrades

### 2025-2030

To achieve 50% AER reduction by 2030, it will not be sufficient to phase in conventional vessels with conventional propulsion systems.

- Additions to our future fleet will require LNG propulsion or other low-carbon technology. They should also be designed to allow for future conversion to other fuels (e.g. ammonia)
- Propulsion retrofit projects for parts of the existing fleet will be considered. Although the Fleet Transition Plan is based on proven technology and propulsion systems, we expect new technology to become available that can further contribute to catapult emission reductions. Odfjell's fuel cell project is one such initiative that is actively pursued[8]

## Historical and projected AER trajectory for the Controlled Fleet, indexed




[7] https://www.odfjell.com/about/our-stories/bow-orion-wins-tanker-ship-of-the-year-award/
[8] https://www.odfjell.com/about/our-stories/fuel-cell-project-develops-ground-breaking-fuel-solution-for-ships-and-offshore/

# Securities characteristics

Characteristics outlined in this framework are applicable to all Sustainability-Linked Securities issued under it. Characteristics specific to any single Sustainability-Linked Instrument issued under this framework, such as the Target Observation Date(s) and the corresponding SPT(s) based on the SPT Trajectory, will be included in its security specific documentation.

Should Odfjell fail to provide due support for it having achieved the applicable SPT(s) (referring to the reporting and verification section for details) for the applicable Target Observation Date(s) as set out in the security specific documentation, the financial characteristics of the Sustainability-Linked Security will change as outlined in the security specific documentation. This may include, but is not limited to, margin adjustment, coupon adjustment or re-payment amount adjustment.

For the avoidance of doubt, for the financial characteristics to remain intact for any instrument issued under this framework, Odfjell must

i. for the relevant time period, report an AER performance lower than or equal to the applicable SPT(s) at the specific Target Observation Date(s) specified in the security specific documentation

ii. provide and make public the relevant reporting (as per the reporting section of this framework)

iii. provide and make public the applicable verification, and Fleet Transition Plan Review (as per the External Review section of this framework), where the Fleet Transition Plan Review must confirm that Odfjell's Fleet Transition Plan towards the 2030 target of 50% AER reduction from 2008 levels is viable and possible to reach at that point in time

The above-mentioned report, verification and Fleet Transition Plan Review shall be made public no later than 90 days post the applicable Target Observation Date(s) specified in the security specific documentation.

# Fallback mechanisms

The KPI and SPTs set out in this framework will remain applicable throughout the tenor of any security issued under this Sustainability-Linked Finance Framework, regardless of any changes to Odfjell's ESG strategy and ambitions, or industry regulations. The SPTs might however be adjusted as described later in this chapter. Any new or updated Sustainability-Linked Finance Framework in relation to any subsequent capital markets transactions shall not have any impact on this Sustainability-Linked Finance Framework nor on the securities issued under this Sustainability-Linked Finance Framework.

The outline of the SPT Trajectory may change following material fleet transactions, such as but not limited to mergers and acquisitions, spin-offs and purchase and sale of companies and/or vessels, materially impacting the structure of the Odfjell group and composition of our fleet. As an example, phasing in/out of vessels, new builds or second hand purchases, are transactions that are part of Odfjell's ordinary course of business and an integral part of Odfjell's plan to reach the 2030 target. Such transactions will not require a recalculation or pro forma adjustment of the SPT Trajectory even though Odfjell's AER performance might deteriorate (or improve) as a result. Conversely, a fleet purchase involving ten or more vessels, for which the combined AER may or may not tip the Controlled Fleet AER into immediate compliance/non-compliance, shall require a recalculation or pro forma adjustment of the SPT Trajectory with such updated SPT Trajectory published in an amended version of this Sustainability-Linked Finance Framework. Any recalculation or pro forma adjustments to be outlined in the security specific documentation. Such recalculation or pro forma adjustments will have to be verified and approved by an independent External Reviewer as detailed in the security specific documentation.

# Reporting

To ensure investors and other stakeholders are updated on the progress of our emission reduction, a Sustainability-Linked Finance Progress Report (SLFPR) will be made publicly available on Odfjell's website. The report will be published annually no later than 90 days after year-end as well as no later than 90 days post the applicable Target Observation Date(s) specified in the security specific documentation. AER numbers included in the SLFPR will be externally verified as detailed below, and as such, it will contain all relevant information needed to assess the KPI performance versus the SPT Trajectory for the relevant time period, and whether the applicable SPT has been met for a specific Target Observation Date. This includes, but is not limited to:

- The KPI performance (AER level) for the relevant time period and the basic calculation for the KPI, including but not limited to the calculation of carbon intensity (AER) for all voyages performed during the last twelve months for the Controlled Fleet
- KPI alignment with the SPT Trajectory for the relevant time period
- An updated list of the Controlled Fleet and confirmation that Statements of Compliance for fuel oil consumption reporting have been issued for all vessels included in the Fleet by the relevant regulatory reporting dates
- A comment by the Chief Sustainability Officer, outlining the major activities and steps taken in relation to the carbon intensity (AER) KPI by Odfjell during a reporting year, as well as outlining the sustainability impacts resulting from the performance

In addition, the report shall also contain information enabling investors to monitor the level of ambition of the SPTs such as, but not limited to:

- Any update in the Odfjell's sustainability strategy, vision or plan related to, and impacting, the KPI and SPTs
- Updates on new or proposed regulations from regulatory bodies (such as but not limited to IMO and EU) relevant to the KPI and the SPTs

# External Review

To ensure alignment with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles as well as best market practice, Odfjell will obtain the external reviews listed below. The external reviewer(s) will be chosen by Odfjell in accordance with the Voluntary Guidelines for External Reviews developed by the Green and Social Bond Principles and may at the discretion of Odfjell be changed subject to fulfilling the requirements set out in this framework. This framework and the below reports will be published on our website.

## Second Party Opinion

Odfjell has obtained a Second Party Opinion from DNV GL. Amongst other things, it confirms the alignment of this framework with the Sustainability-Linked Bond Principles June 2020 set out by ICMA and the Sustainability-Linked Loan Principles May 2020 set out by the LMA, APLMA and LSTA[9]. The Second Party Opinion concludes that the SPTs are meaningful and relevant in the context of Odfjell's broader sustainability and business strategy and represent a material improvement over a predefined timeline. DNV GL has reviewed the credibility of Odfjell's strategy to achieve the SPTs by reviewing Odfjell's Fleet Transition Plan and concludes that this plan is viable and possible to meeting SPTs. The Second Party Opinion is available on Odfjell's webpage.

## Verification

Odfjell will ensure an external and independent verification of its actual AER performance relative to the SPT Trajectory on an annual basis and in relation to any Target Observation Date(s). The verification shall be conducted by a reviewer with relevant expertise with limited assurance by the reviewer. The verification shall be made public together with the Sustainability-Linked Finance Progress Report, no later than 90 days after year-end as well as no later than 90 days post the applicable Target Observation Date(s). AER performance will be verified with reference to among other IMO DCS.

## Fleet Transition Plan Review

The Fleet Transition Plan will be reviewed annually and for any Target Observation Date by an external and independent entity with relevant expertise that will provide an opinion attesting whether Odfjell's Fleet Transition Plan towards the 2030 target of 50% reduction of AER from 2008 levels is viable and possible to reach at that point in time. The review will be conducted on the latest available version of the Plan at the time, recognising that the Plan will be updated as and when necessary. The Fleet Transition Plan Review will be made public together with the Sustainability-Linked Finance Progress report, no later than 90 days after year-end as well as no later than 90 days post the applicable Target Observation Date(s).

[9] International Capital Market Association (ICMA), Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and the Loan Syndication and Trading Association (LSTA)

# Appendix

List of vessels in the Controlled Fleet as per 21 December 2020.

| Vessel | Built | IMO No. | Coating |
|---|---|---|---|
| Bow Excellence | 2020-10-20 | 9828223 | STST |
| Bow Explorer | 2020-08-12 | 9828211 | STST |
| Bow Persistent | 2020-04-24 | 9866782 | STST |
| Bow Optima | 2020-04-22 | 9818541 | STST |
| Bow Prosper | 2020-02-19 | 9866770 | STST |
| Bow Odyssey | 2020-01-09 | 9818539 | STST |
| Bow Olympus | 2019-11-01 | 9818527 | STST |
| Bow Orion | 2019-08-26 | 9818515 | STST |
| Bow Tungsten | 2018-05-31 | 9777400 | STST |
| Bow Titanium | 2018-03-15 | 9777395 | STST |
| Bow Platinum | 2018-01-05 | 9777383 | STST |
| Bow Palladium | 2017-08-30 | 9777371 | STST |
| Bow Hercules | 2017-07-19 | 9752046 | STST |
| Bow Neon | 2017-07-14 | 9777369 | STST |
| Bow Gemini | 2017-01-17 | 9752034 | STST |
| Bow Capricorn | 2016-10-19 | 9752010 | STST |
| Bow Aquarius | 2016-06-27 | 9753791 | STST |
| Bow Triumph | 2015-01-21 | 9669902 | EPX/Zinc |
| Bow Trident | 2014-10-02 | 9669897 | EPX/Zinc |
| Bow Tribute | 2014-06-10 | 9669885 | EPX/Zinc |
| Bow Trajectory | 2014-04-09 | 9669873 | EPX/Zinc |
| Bow Pioneer | 2013-06-05 | 9595632 | Epoxy |
| Bow Nangang | 2013-03-20 | 9504217 | STST |
| Bow Dalian | 2012-11-20 | 9504205 | STST |
| Bow Fuling | 2012-06-29 | 9504190 | STST |
| Bow Lind | 2011-05-13 | 9388314 | EPX/Zinc |
| Bow Elm | 2011-03-11 | 9388302 | EPX/Zinc |
| Flumar Brasil | 2010-04-28 | 9416836 | Epoxy |
| Bow Compass | 2009-11-04 | 9412737 | STST |
| Bow Harmony | 2008-07-17 | 9379909 | STST |
| Bow Saga | 2007-06-22 | 9215309 | STST |
| Bow Sirius | 2006-12-15 | 9215294 | STST |
| Bow Sea | 2006-04-24 | 9215282 | STST |
| Bow Engineer | 2006-03-31 | 9317860 | STST |
| Flumar Maceio | 2006-01-12 | 9345893 | STST |
| Bow Summer | 2005-10-17 | 9215270 | STST |
| Bow Architect | 2005-06-22 | 9319480 | STST |
| Bow Sky | 2005-04-18 | 9215268 | STST |
| Bow Santos | 2004-11-05 | 9303651 | STST |
| Bow Spring | 2004-08-31 | 9215256 | STST |
| Bow Star | 2004-02-20 | 9197296 | STST |
| Bow Firda | 2003-11-28 | 9250751 | STST |
| Bow Sun | 2003-07-31 | 9197284 | STST |
| Bow Chain | 2002-06-28 | 9214317 | STST |
| Bow Condor | 2000-06-29 | 9214032 | STST |
| Bow Fortune | 1999-05-12 | 9168635 | STST |
| Bow Cecil | 1998-10-23 | 9143219 | STST/Zinc |
| Bow Flora | 1998-04-23 | 9143207 | STST/Zinc |
| Bow Cardinal | 1997-10-03 | 9114244 | STST/Zinc |
| Bow Oceanic | 1997-07-11 | 9143221 | STST |
| Bow Faith | 1997-04-17 | 9114232 | STST/Zinc |
| Bow Cedar | 1996-04-26 | 9087013 | STST/Zinc |
| Bow Fagus | 1995-11-01 | 9047764 | STST/Zinc |
| Bow Clipper | 1995-07-13 | 9047518 | STST/Zinc |
| Bow Atlantic | 1995-07-07 | 9102928 | STST |
| Bow Flower | 1994-07-03 | 9047491 | STST/Zinc |