

# Reporting on Human Rights Due Diligence

Account of due diligence pursuant to Section 4 of the Transparency Act<sup>1</sup>.

## **Odfjell and our supply chain**

Odfjell has, throughout our 108 years of history, focused on responsible and sustainable business. Our people's health, safety, well-being, and rights are vital to us and our business. Therefore, respect for human rights is integral to our business.

We also recognize that our business impacts people in our supply chain. Therefore, we have clear principles and expectations for our suppliers and partners to ensure people's safety and human rights.

## **Reporting under the Transparency Act**

The Transparency Act was enacted by the Norwegian Parliament on 10 June 2021. The Act established legal requirements for larger enterprises' duty to report on human rights due diligence, and their work to ensure compliance with fundamental human rights and decent working conditions within the enterprises, in their supply chains, and with their business partners.

The Transparency Act aims to promote enterprises' respect for fundamental human rights and decent working conditions and ensure that consumers, organizations, trade unions, journalists, and the general public have access to information.

The reporting will require a general description of:

- The enterprise's organization and area of operation;
- guidelines and routines for handling actual and potentially negative consequences for fundamental human rights and decent working conditions and
- how the work with the due diligence assessment is organized.

And specific information on:

- Actual negative consequences and substantial risk for negative consequences which enterprises have identified through their due diligence assessments and measures the enterprises have taken or plan to take to stop actual negative consequences or to limit substantial risk.

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<sup>1</sup> Lov om virksomheters åpenhet og arbeid med grunnleggende menneskerettigheter og anstendige arbeidsforhold (åpenhetsloven) 2022

## **Organization and area of operations**

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. Our business is truly global, and our vessels call more than 300 different ports. We have offices in 14 locations around the world.

Safety and sustainability are at the heart of our work – it is our responsibility and our license to operate.

Onshore in the USA, Belgium, and Korea, our terminals' teams operate a total of 470 tanks with a capacity of 1.3 million cubic meters.

At sea, our 80+ highly sophisticated chemical tankers call more than 300 different ports and transport 14 million tonnes cargo every year, in all weather conditions, day and night.

Odfjell SE is the ultimate parent company of the Odfjell Group, consisting of Odfjell Tankers, Odfjell Terminals and other subsidiaries/joint ventures. Odfjell SE is a public limited company traded on Oslo Stock Exchange. For more information: <https://www.odfjell.com/about/our-organization> .

The CEO has the lead responsibility for human rights. Odfjell has a Chief Sustainability Officer with operational responsibility for human rights due diligence, training, and plans. The Board of Directors is responsible for oversight and ensuring respect for human rights throughout the business activities.

In Odfjell, we believe in organizational involvement through dialogue with employees and/or elected employee representatives. The aim is to listen to the employee voice and to utilize the employees' experiences and insight as an influence and support of sustainable and satisfying working conditions.

We seek to establish and maintain a trusting dialogue as a basis for employee involvement, such as acknowledged labor unions, working environment committees, and work councils. This dialogue also contributes to the continued development of sustainable business in Odfjell.

## **Guidelines and routines for handling Human Rights Due Diligence in Odfjell**

Odfjell has implemented a Corporate Human Rights Policy and human rights due diligence process.

We respect and promote human rights as outlined in the International Bill of Human Rights. The International Bill of Human Rights consists of the Universal Declaration of Human Rights (adopted in 1948), the International Covenant on Civil and Political Rights (ICCPR, 1966) with its two Optional Protocols, and the International Covenant on Economic, Social and Cultural Rights (ICESCR, 1966).

We also respect and promote the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the International Maritime Organization's Maritime Labor Convention. Odfjell has been a signatory to UN Global Compact since 2011 and is committed to operating a sustainable business and continuously seeking improvements according to UN Global Compact's Ten Principles. Odfjell uses the UN Guiding Principles on Business and Human Rights chapter II<sup>2</sup> and the OECD Guidelines for Multinational Enterprises<sup>3</sup> as key frameworks.

A corporate human rights impact assessment (HRIA) is carried out annually and results in an HRIA matrix. In this HRIA, we assess our potential and inherent adverse human rights impacts with regard to our connection and leverage, as well as their severity, likelihood and priority. This process also results in a human rights due diligence (HRDD) action plan for additional mitigating actions. We also monitor our exposure to countries<sup>4</sup> where human rights are/have been compromised. We use multiple sources for this information. We focus on references and indexes related to our impact areas like political rights, civil liberties, working rights, child labor, and modern slavery.

We require from our suppliers adherence and compliance to our Corporate Supplier Conduct Principles which include human & labor rights. The HRDD process is also in the process to be included in our IDD process for new customers/suppliers, and we work with our suppliers and procurement network to collect ESG<sup>5</sup> data.

Odfjell has also signed the Future-Proof Initiative<sup>6</sup>. The Bergen Chamber of Commerce and Industry and the Rafto Foundation for Human Rights and Business have created the business and human rights collaboration platform known as 'Future Proof'. The aim is to assist businesses in complying with their human rights responsibilities. Through competence and capacity building, combined with knowledge and experience exchange, Future-Proof seeks to establish a forum where difficult issues, challenges, and dilemmas may be expressed, discussed, and jointly resolved. Odfjell is an active participant in this platform.

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<sup>2</sup> UN Guiding Principles on Business and Human Rights: [guidingprinciplesbusinesshr\\_en.pdf \(ohchr.org\)](#)

<sup>3</sup> OECD Guidelines for Multinational Enterprises: [48004323.pdf \(oecd.org\)](#)

<sup>4</sup> We use data from Global Freedom Status, Global Slavery Index, World Justice Rule of Law Index, Global Rights Index, Human Rights Watch among several others.

<sup>5</sup> Environmental, Social and Governance

<sup>6</sup> See <https://fproof.no/>

**Risk of negative consequences for Human & Labor Rights**

As a global shipping company operating 24/7, 365 days a year in all weather, the nature of our business has inherent risks related to safety, the environment, and human rights. That is why safety is our number one priority and license to operate. We have an indisputable responsibility to never compromise on safety, safeguard the oceans and work holistically with the communities where we operate.

In July 2022, the UN General Assembly declared access to a clean and healthy environment a universal human right<sup>7</sup>. We recognize that Odfjell's business can impact the environment, and we strive to decarbonize our operations and mitigate any negative impact to the climate, environment, and oceans.

Odfjell has identified the following essential inherent risk area, where our operations can have an impact on human rights and labor rights.

<b>Human Right</b>	<b>How Odfjells operations can impact</b>
<b>Right to a healthy and safe work environment and living environment</b>	<p>To operate 80 vessels at sea and in advanced port operations, 24/7/365 contributes an inherent risk to our people at sea and at our terminals. Our terminals store complex products in areas where people live.</p> <p>That is why safety is our number one priority at sea and onshore.</p> <p>We recognize that we have a responsibility to do what we can to ensure health and safety, also in our value chain, ie in shipyards.</p>
<b>Right of freedom from forced labor and human trafficking</b>	<p>We know the shipping industry has been exposed to forced labor and people with contracts that are not in line with human rights.</p> <p>In Odfjell, we ensure that we follow all regulations and are externally audited for MLC compliance, ILO, STCW, TMSA etc. We expect the same from our tonnage providers, which is an element of the contracts. We do not use external manning agencies for seafarers.</p>
<b>Right to access to a clean, healthy, and sustainable environment</b>	<p>We recognize that our operations emit greenhouse gasses and particles, contributing to climate change and pollution.</p> <p>We have set clear climate targets that go beyond IMO ambitions, and we always operate in line with all emission regulations.</p>

<sup>7</sup> <https://news.un.org/en/story/2022/07/1123482>

<b>Right to non-discrimination in hiring, employment, and pay</b>	It is an inherent risk to all businesses.  In Odfjell, we have clear policies and procedures on hiring and employment, and we monitor and ensure fair pay.
<b>Right to a non-harassing work environment</b>	We have more than 2000 employees in Odfjell. We know there can be friction and disputes between people. We do not accept any form of harassment in any work environment. In Odfjell, we clearly expect all our employees to follow our Code of Conduct, ensure a non-harassing climate, and report any incident as outlined in our policies.

We score and evaluate these impact areas in the HRIA Matrix. We evaluate connection, leverage, severity, likelihood, priority, and mitigation on each impact area.

We also evaluate the location where we have operations. For example, these locations can be countries where we have offices, build and maintain our vessels, and call ports.

From our HRIA, we have identified where our operations can impact human rights. Most significant area related to shipyards in regions that score low on the various Human Rights indexes. This can be shipbuilding, maintenance/dry-docking, and recycling at shipyards, and it also includes work from sub-suppliers to the yards.

To mitigate the risk of negative impact in these areas, we conduct a due-diligence process of the yards we plan to use. We have a clear selection, audit, and follow-up process on the yards we use. In addition, we are always present with our own supervisors at the yards during maintenance. We are developing how we can improve the human-rights elements of these due diligence processes. Among the guides and tools we use are *Guidelines for Labor Rights Assessment at Shipyards* developed by Eksportfinans.

### **Incident reporting**

Odfjell has a secure reporting hotline, optional anonymous, so employees and external stakeholders, e.g. communities, can raise their concerns regarding human or labor rights violations and risks. We also encourage employees to report any concerns in the line, through their manager.

No ethical incidents were reported in or outside the reporting system, and no legal actions were taken against Odfjell on human or labor rights in 2021 or 22. Odfjell has not been involved in providing or enabling remedy, where it has caused or contributed to adverse impact in 2021.

### **The crew change challenge**

During the COVID pandemic, we experienced a lot of challenges for our crew onboard our ships. There have been multiple travel requirements, often changing at short notice. Flights have been canceled or delayed, quarantine requirements have varied (anything from a few days to several weeks), and documentation, processing, and certificates have been hard to obtain due to work-from-home policies and closed administrations. All these factors have

affected every seafarer who needs to travel to and from work and have led to extreme difficulties in securing timely, safe, and efficient crew changes. All these factors affect the welfare and mental health of our seafarers.

Through the pandemic, we have worked hard to overcome these challenges. Our crewing department worked relentlessly to find solutions in cooperation with each seafarer, our trade teams, management, agents, local authorities and shipping organizations. Our integrated model, with in-house chartering, operations, and ship management, has proven very valuable when we strived to facilitate crew changes.

We have collaborated across the industry with maritime organizations such as the Norwegian Shipowners' Association, ICS, INTERTANKO, BIMCO, and the IMO, and we issued multiple appeals for urgent action to secure seafarers a status as key workers, and ensure their health and safety through the pandemic.

We are pleased to see that from mid-2022, normal crew change operations can resume in most locations.

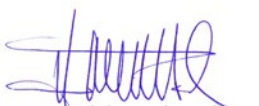
### **Diversity, Equity, and Inclusion**

Diversity goes beyond gender, and it goes beyond age and nationality. It is about all people, all backgrounds, all phases of life. It is about ethnicity, experience, educational background, age, competence, culture, point of view, sexual orientation, religion, and disability. It is also about different perspectives and diversity of thought. Inclusion puts diversity into action by creating an environment of belonging, respect, and connection.

As we develop and renew our workforce, we see greater collaboration between managers and recruiters to increase the diversity of our talent pool. We strive to foster an organization that values diversity, equity, and collaboration – and a working environment where employees are valued for their uniqueness and where they can contribute. Looking ahead, we seek to develop more diverse and inclusive teams where people with a broad range of skills, experience, perspectives, and backgrounds will work together to solve the challenges of tomorrow. We have made several specific changes to our recruitment processes to drive improved gender balance at sea and onshore.

At Odfjell, we promote a safe, non-discriminating, and inclusive working environment where everyone is valued for their qualifications and contributions. We work to ensure equal opportunity and equitable compensation. We aim to be an attractive and engaging place to work for our employees, today and in the future.

Bergen 1. December 2022



Harald Fotland  
CEO



Laurence W. Odfjell  
Chair, on behalf of Board of Directors,