Sustainability reporting 2023

Supplement to Annual Report 2023

| Bergen, 26.03.2024 |

Contents

About

We are pleased to present the additional Sustainability Reporting of Odfjell SE, a document that builds upon and adds depth to the sustainability reporting outlined in our Annual Report. This means that we have not presented a dedicated stand-alone sustainability report. This additional report is an essential component of our broader commitment to sustainability, designed to provide a comprehensive overview of risk and materiality assessments, our initiatives, achievements, and challenges.

The contents of this report should be viewed as a supplement to the sustainability disclosures found in our Annual Report. For a complete understanding of our sustainability efforts and achievements, readers are encouraged to consult both this report and the additional information available on our website, odfjell.com. Together, these resources form a complete picture of our dedication to sustainable operations and long-term value creation.

In response to the diverse interests of our stakeholders, this report includes an Information Map to facilitate easy access to relevant sustainability topics. This feature is intended to enhance the user experience by providing a clear and efficient way to navigate our detailed sustainability information.

Sustainability is a journey that demands ongoing commitment and transparency. Through this report, Odfjell SE aims to communicate openly about our sustainability strategy, the progress we have made, and the areas where challenges remain. We believe that by sharing our experiences, we can foster a dialogue that supports continuous improvement and greater accountability.

We are dedicated to advancing our sustainability agenda and appreciate the engagement and feedback of all our stakeholders. Your insights are critical to our progress and success in achieving our sustainability goals.

Thank you for your interest in and support of Odfjell SE's commitment to sustainability.

Version log

This document was made public in accordance with the NFRD/Norwegian Accounting Act at the launch of Annual Report 2023. This report must be read in conjunction with the annual report and other reports available on Odfjell.com. Because risk and materiality are dynamic, there can be updates throughout the year. To ensure transparency, this log will present modifications from the version released concurrently with the Annual report.

Table 1: Version log

Version	Date	Changes
1.0	26.03	Original version

ESG Information map

This report covers additional sustainability reporting to what is reported in Annual Report.

The Norwegian Accounting Act § 3-3c has identified following themes to be included in the sustainability reporting:

- Environment
- Social conditions
- Labor environment
- Diversity and non-discrimination
- Human rights
- Anti-bribe and corruption

The same act also require companies to report on minimum:

- Business model
- Policies and due diligence process
- Outcome
- Principal risk
- KPIs and metrics

The table to the right, is a guide to related sustainability reporting, and supports the information requirement under CSRD ESRS 2 GOV-4.

Director's report in Annual Report also refer to assessments in this report.

The reporting is presented on Odfjell.com at the same time as Annual Report.

The Annual Report has separate sections on:

- Sustainability
- People
- ESG reporting table

Table 2: Relevant ESG Reporting

Relevant ESG Reporting	Disclosed
Sustainability Strategy	• https://www.odfjell.com/sustainability-strategy
Management Approach	• https://www.odfjell.com/leadership
Reporting framework	• https://www.odfjell.com/our-performance
Business model	• Sustainability reporting 2023
Sustainability Governance	• Sustainability reporting 2023, GOV 1-5 • TCFD/TNFD Reports
Double Materiality	• Sustainability reporting 2023
Environment, Climate Risk, TCFD Report	• Sustainability reporting 2023
Environment, Nature Risk, TNFD Report	• Sustainability reporting 2023
Scenario analysis	• Sustainability reporting 2023
Diversity, Equality & Inclusion report	• ESG section/Social, and People chapter of Annual Report 2023
Salary report leading personnel (2023 report released with AGM Invite April 24)	• https://www.odfjell.com/investors/reports-and-presentations under "Other reports"
Policy salary leading personnel (2023 report released with AGM Invite April 24)	• https://www.odfjell.com/investors/reports-and-presentations under "Other reports"
SASB/GRI	• ESG section of Annual Report 2023
Emission Report	• ESG section of Annual Report 2023 • CDP Report
SDG, UNGC CoP	• UN Communication on Progress • https://unglobalcompact.org/what-is-gc/participants/13517
Verification Sustainable Financing	• https://www.odfjell.com/investors/bonds
EU Taxonomy Report	• https://www.odfjell.com/eu-taxonomy
Climate target and progress	• Annual Report 2023 • Sustainability reporting 2023
Occupational Health & Safety	• https://www.odfjell.com/occupational-health • Annual Report 2023
Account of Human Rights Due Diligence	• https://www.odfjell.com/investors/reports-and-presentations under "Other reports"
Policy on Working Hours	• ESG section/Social of Annual Report 2023
Anti Bribes & Corruption	• ESG section/Governance of Annual Report 2023 • https://www.odfjell.com/governance-and-business-integrity
Sustainability Partnerships	• https://www.odfjell.com/partnerships
Social conditions	• Annual Report 2023 • https://www.odfjell.com/social
Internal Control of ESG, AC Charter	• https://www.odfjell.com/corporate-governance

ESRS 2, targets and progress

ESG transition reporting NFRD to ESRS

Recent years have seen the addition of materiality and climate risk assessments to Odfjell's Annual Report. We supplemented the information in our 2023 Annual Report by including two distinct documents in order to meet the demands and anticipations for more comprehensive reporting. These were supplementary reports on Sustainability and EU taxonomy.

The demand for additional information regarding materiality, impact risk, and opportunities continues to rise. In order to meet the expectations of stakeholders and provide pertinent information, we have made the decision to elucidate further on sustainability in an independent document.

The reporting adheres to the principle of corporate responsibility as outlined in the Norwegian Accounting Regulation* and the Non-Financial Reporting Directive 2014/95/EU3 of the European Union. In addition, we have utilized the EU Supplement on Reporting Climate-Related Information (2019/C 209/01), the EU Guidelines on Non-Financial Reporting (2017/C 215/01), and the Financial Supervisory Authority of Norway's report "Informasjon om klimarelaterte forhold i årsrapportene" from 2022.

We have utilized the framework and guidelines of the Task Force for Climate Related Financial Disclosures (TCFD) and Task Force for Nature Related Financial Disclosures v1.0 (TNFD) for climate and nature risk assessment and reporting.

We have outlined in the table to the right how our TCFD/TNFD reporting conforms to the NFRD regulation and recommended disclosure. Since October 2023, the TCFD has been under the ownership of the IFRS foundation. Odfjell will continue to report iaw TCFD for 2023, or until the EU European Sustainability Reporting Standards (ESRS) is entirely implemented.

Odfjell will report iaw CSRD/ESRS and new** Norwegian Accounting Act for 2024 in 2025. Our reporting for 2023 will be a transition to incorporate additional ESRS elements, specifically ESRS 2, and still comply with existing regulations. Some topics under TCFD/TNFD in the table will also be covered under ESRS 2.

In conjunction with this report, please see our Annual Report for 2023, which details an assortment of ESG metrics and key performance indicators. We have also referred to the relevant ESRS topical standards (ESRS E, S and G) and SASB standards in the ESG metrics table.

A distinct report regarding EU Taxonomy for 2023 has been published and is accessible at Odfjell.com.

*Lov om årsregnskap m.v. (regnskapsloven) § 3-3C
** New Proposal, NOU 2023:15 Bærekraftsrapportering

Table 3: ESG Transition Reporting

TCFD + TNFD Recommended Disclosures		NRFD and Norwegian Account law 3-3C				
		Business model	Polices and diligence processes	Outcomes	Principal risks and their management	Key performance information
Governance	a) Boards oversight		✓			
	b) Management´s role		✓			
Strategy	a) Climate related risks and opportunities				✓	
	b) Impact of climate-related risks and opportunities	✓				
	c) Resilience of the organization´s strategy	✓				
Governance	a) Process of identifying and assessing				✓	
	b) Process for managing				✓	
	c) Integration into overall risk management				✓	
Metrics and targets	a) Metrics used to assess					✓
	b) GHG emissions			✓		
	c) Targets			✓		

ESRS Compliance

CSRD and ESRS

The landscape of sustainability reporting is undergoing a significant transformation, spearheaded by the introduction of the Corporate Sustainability Reporting Directive (CSRD) and the European Financial Reporting Advisory Group's (EFRAG) development of the European Sustainability Reporting Standards (ESRS). These frameworks are a testament to the growing recognition of sustainability as an intrinsic element of business reporting in the European Union.

The CSRD, an evolution of the Non-Financial Reporting Directive (NFRD), expands the scope of companies required to disclose sustainability information, thereby ensuring a greater level of transparency. It aims to standardize reporting across the EU, enabling investors, regulators, and other stakeholders to benchmark and evaluate companies' performance on sustainability matters.

EFRAG has been instrumental in developing the ESRS, which are designed to operationalize the requirements of the CSRD. The standards seek to provide a consistent methodology for reporting sustainability information, facilitating comparability and relevance of the disclosed data.

Odfjell's Compliance with CSRD/ESRS

As a proactive and responsible entity, Odfjell recognizes its obligation to adhere to the highest standards of sustainability reporting. The CSRD/ESRS requirements will be transposed into Norwegian regulation in 2024, marking a pivotal point in our sustainability reporting.

Transition to Enhanced Reporting Requirements

The upcoming reporting requirements are undeniably substantial, marking a paradigm shift in how companies like Odfjell communicate sustainability information. To align with these changes, our sustainability reporting will be encapsulated within a comprehensive Sustainability Statement, integrated into the Directors Report. This statement will be subject to limited assurance, reflecting our commitment to accuracy and transparency.

Preparing for Reporting in Line with ESRS in 2025

Odfjell has meticulously developed a transition plan to report in accordance with ESRS starting in 2025. This demonstrates our foresight and dedication to sustainability, ensuring that when the time comes, our reporting will be seamless, comprehensive, and in full compliance with the new standards. We have also started the process with our auditor to ensure limited assurance on standards through 2024. This reporting has also been reviewed by external auditor in the preparation also for 2024 reporting.

Reporting in line with ESRS

In preparation for the transition, we have aligned our reporting with the general requirements set out in ESRS 1 and have disclosed General Disclosures in accordance with ESRS 2. This foundational work sets the stage for the integration of more detailed and sector-specific standards in the future.

For the 2023 reporting period, we have maintained our adherence to the ESG reporting guidelines that have served us in previous years. While we have not yet fully adopted the topical and sector-agnostic standards of ESRS, we are actively developing our approach to these standards. In our ESG reporting we also refer to the topical standards. Notably, the topics such as our transition plan in accordance with ESRS E1-1, and the updated climate targets in line with E1-4, are currently under rigorous development throughout 2023.

Going forward

Odfjell is on a steadfast journey towards full compliance with ESRS, equipped with a strategic transition plan and a clear vision for the future of our sustainability reporting. As we navigate through these changes, our commitment to transparency, accountability, and sustainability remains unwavering. We are determined to set a benchmark in sustainability reporting that reflects our dedication to not just meeting, but exceeding, the expectations of all our stakeholders.

ESRS 2 - Basis for preparations

BP-1 General basis for preparation of sustainability reporting

The sustainability reporting is based on a double materiality assessment, risk assessments, and current standards. Odfjell has recently developed a thorough sustainability reporting framework that incorporates our strategy, risk assessments, and performance. Risk assessments and materiality assessments have always set the priority for actions and reporting.

Odfjell is an integrated shipping firm that owns and operates terminals in the United States, Belgium, and South Korea. The terminals in USA and South Korea are joint ventures with Odfjell functioning as the operating partner, the terminal in Belgium is an associated company. Odfjell terminals are not consolidated in our financial accounting, and we report using the equity method. Terminals are part of the value chain for chemical storage and transportation, however the Odfjell terminals operate independently and are not integrated into the value chain for shipping activities. Still, we included terminals in our Double Materiality Assessment (DMA). In our sustainability reports, we have incorporated sustainability data from terminals where the topic is considered material. Examples of such information include energy use, environmental risk, and safety performance.

The sustainability statement includes material topics from the double materiality assessment for upstream, across, and downstream operations. A complete Value Chain Analysis (VCA) has been developed as the foundation for evaluating key sustainability topics (Ref ESRS 1) at all stages of the value chain. The VCA has also played an important role in disclosing Scope-3 carbon emissions (Scope-3) metrics, conducting human rights impact evaluations, and managing our supplier relationships.

Classified and competitively sensitive information identified in the opportunity section of the climate and nature risk assessments, as well as details about fleet transition and investments to meet climate targets, are not shared.

BP-2 Disclosures in relation to specific circumstances

Climate and nature risk assessments have been critical inputs to the DMA. The Impacts, Risks, and Opportunities (IRO) associated with climate and nature have been divided into two categories: near term (0-5 years) and long term (5-25 years). The reason for this is that there are small variances in short-term climate scenarios, and we need to consider vessel lifetimes. Financial impact is short, medium, and long-term used. iaw ESRS 1 6.4 defines three time-horizons: short-term (the period used in financial statements), medium-term (from the end of the short-term reporting period to 5 years), and long-term (more than 5 years).

Metrics used for value chain data (Scope-3) are metric tons, which are calculated using a spend-based approach (See a distinct process for Scope-3 reporting slide 27).

The measures utilized in our ESG reporting have a minimal degree of uncertainty because we can quantify them very accurately. A material metric is Scope-1 carbon emissions. This number has been externally certified by DNV as part of the Sustainability Linked Financing framework, as well as the EU MRV and IMO DCS reporting systems.

There are uncertainties about Scope-3 because it is spend-based rather than activity-based, but suppliers cannot supply activity-based Scope-3 data. We regard the uncertainty to be low/moderate. Uncertainties exist regarding our long-term evaluation of climate impact..

ESRS 2 – ESG Governance

GOV-1 - The role of the administrative, management and supervisory bodies

The Board of Directors (BoD) is committed to upholding the highest standards of corporate governance. It holds supreme responsibility for the oversight of Odfjell's management, and operations, as well as the establishment of control systems. The BoD is tasked with setting the overarching direction and strategic objectives for the company, providing oversight, and ensuring accountability. The functions and proceedings of the BoD are dictated by its rules of procedure and the relevant legislation that outlines its responsibilities, duties, and administrative processes i.e. the Norwegian Company Act and Code of Corporate Governance. The BoD is also responsible for approving significant sustainability strategies, objectives, and targets. It routinely reviews, monitors, and deliberates on the group's sustainability and climate-related strategies, performance, risks, and reporting.

In the year 2023, the scope of the Board Audit Committee (AC) was broadened to encompass sustainability issues. The AC serves as an advisory body to assist the Board in its supervisory role regarding sustainability and ESG reporting. Committee members possess the requisite knowledge and expertise in sustainability matters.

The Chief Executive Officer (CEO) is entrusted with the accountability to ensure that our sustainability ambitions and priorities are vigilantly monitored, managed, and seamlessly integrated into our corporate strategy and ethos. The operational lines of business are responsible for enacting the agreed-upon strategy and for managing associated risks and performance metrics. Decarbonization is a material topic in Odfjell. The Technology section of Ship Management section is responsible for ensuring compliance and drive energy efficiency and decarbonization initiatives in the fleet.

Odfjell established the role of Chief Sustainability Officer (CSO) in 2020 as an integral part of the executive management team, ensuring that sustainability remains a pivotal issue within the executive discussions. The CSO is tasked with regularly updating the BoD and AC on sustainability-related matters, including reporting, regulatory, performance, training, and other updates. In collaboration with the Chief Financial Officer (CFO), the CSO bears the responsibility for ESG reporting. Additionally, the CSO leads the DMA and IRO processes. CSO also drives relevant sustainability training.

The Chief Compliance Officer (CCO) has a dual reporting line to both the CEO and the BoD via the AC.

Details regarding the governance, and composition of the BoD can be found in the Corporate Governance section and the BoD report within the Annual Report.

GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Sustainability update by CSO is a fixed agenda at all board meetings (seven/year). Climate and Nature risk and Human Rights Impact assessment is an integrated part of the board's annual review of IRO. AC has been involved in the process to identify IROs and update the DMA, that has been reviewed by BoD. Climate transition risk and transition plan was the topic for the BoD and Management strategy seminar in September 2023. COS reports on ESG reporting process, risk and internal control to AC. Sustainability matters are an integrated part of executive management agenda and meetings.

As CSO is a part of Executive Management, sustainability matters and IROs are an integrated part of strategy development and management decisions.

ESRS 2 – ESG Governance

GOV-3 - Integration of sustainability-related performance in incentive schemes

Odfjell has provided all shore-based personnel with a short-term incentive plan (STIP) since 2018. The same KPIs are utilized by the incentive system for all personnel, including executive management. The STIP incorporates sustainability elements pertaining to safety and decarbonization. 17% of the STIP in the shipping organization is related to decarbonization. 22% of the STIP for HQ terminals is related to safety and spills. A long-term incentive plan (LTIP) is available for Executive Management. The LTIP is comprised of 33% decarbonization-related components. Decarbonization KPI achievement is the degree to which the Annual Efficiency Ratio (AER) trajectory aligns with climate targets. Annually, the incentive model is revised and authorized by the BoD. For further information and details, please see the executive remuneration report that is accessible at Odfjell.com.

GOV-4 - Statement on due diligence

Ref next page

GOV-5 - Risk management and internal controls over sustainability reporting

Sustainability IRO is a component of Odfjell's Corporate Risk Management system. The BoD reviews actions and IROs at each board meeting. AC has the opportunity to perform extensive dives in particular IROs. Odfjell's risk management system is founded on the Task Force for Climate and Nature Related Financial Disclosures (TCFD/TNFD) and the COSO model. These models are used to identify and prioritize IROs and mitigating plans.

Scope-1 carbon emissions from Odfjell are subject to external verification. The external auditor verifies the consistency of Odfjell's sustainability reporting with the financial reporting. From 2024, the external auditor will provide limited assurance on the ESRS reporting. As assigned by the mandate, the AC is responsible for reviewing and evaluating the internal control over sustainability reporting. Important responsibilities of the AC include:

- Discuss with management and the external auditor (a) the company's ESG and Taxonomy reporting requirements, (b) the quality, adequacy and effectiveness of the company's disclosure, controls and procedures, and (c) the company's internal controls over ESG reporting including EU Taxonomy;
- Discuss with management and the external auditor the assurance over the Company's ESG reporting in the annual report;
- Review the results of the annual assurance reviews carried out by the external auditor.
- Discuss with management and external auditor the process to ensure compliance with relevant standards and regulations related to ESG reporting.
- Inform the BoD about results of the assurance over sustainability reporting and explain how the assurance contributed to the integrity of sustainability reporting and the role of the Committee in the process.

ESRS 2 – ESG Governance

GOV-4 – Statement of due diligence

Table 4: Statement od due diligence

Core elements of Due Diligence	Addressed under ESRS topic:	Reference page
a) Embedding due diligence in governance, strategy and business model	i. ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies; ii. ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes; and iii. ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.	i. Sustainability reporting 2023 p. 8 ii. Sustainability reporting 2023 p. 9 iii. Sustainability reporting 2023 p. 12
b) Engaging with affected stakeholders in all key steps of the due diligence	i. ESRS 2 GOV-2; ii. ESRS 2 SBM-2: Interests and views of stakeholders; iii. ESRS 2 IRO-1; iv. ESRS 2 MDR-P; and v. Topical ESRS: reflecting the different stages and purposes of stakeholder engagement throughout the due diligence process.	i. Sustainability reporting 2023 p. 8 ii. Sustainability reporting 2023 p. 12 iii. Sustainability reporting 2023 p. 18 iv. Annual report 2023 – ESG table v. Annual report 2023 – ESG table
c) Identifying and assessing adverse impacts	i. ESRS 2 IRO-1 (including Application Requirements related to specific sustainability matters in the relevant ESRS); and ii. ESRS 2 SBM-3;	i. Sustainability reporting 2023 p. 18 ii. Sustainability reporting 2023 p. 13
d) Taking actions to address those adverse impacts	i. ESRS 2 MDR-A; and ii. Topical ESRS: reflecting the range of actions, including transition plans, through which impacts are addressed.	i. Annual report 2023 – ESG table ii. Annual report 2023 – ESG table - Transition plan under development
e) Tracking the effectiveness of these efforts and communicating	i. ESRS 2 MDR-M; ii. ESRS 2 MDR-T; and iii. Topical ESRS: regarding metrics and targets.	i. Annual report 2023 ESG table ii. Annual report 2023 and Sustainability reporting 2023 p. 21-22 iii. Annual report 2023 – ESG table

ESRS 2 – Strategy
Business modell

SBM-1 – Strategy, business model and value chain

Odfjell's core business is handling hazardous liquids, safely and efficiently. Our chemical tankers crisscross the oceans, forming a web of trade routes that fuel production in all industries, on all continents. Our terminals connect sea and land at strategic locations worldwide, providing safe storage as a step on the way to the customer. Our value chain covers several activities.

Odfjell specializes in the shipping and storage of chemicals and liquid and serves more than 600 customers on a regular basis, including all major chemical producers.

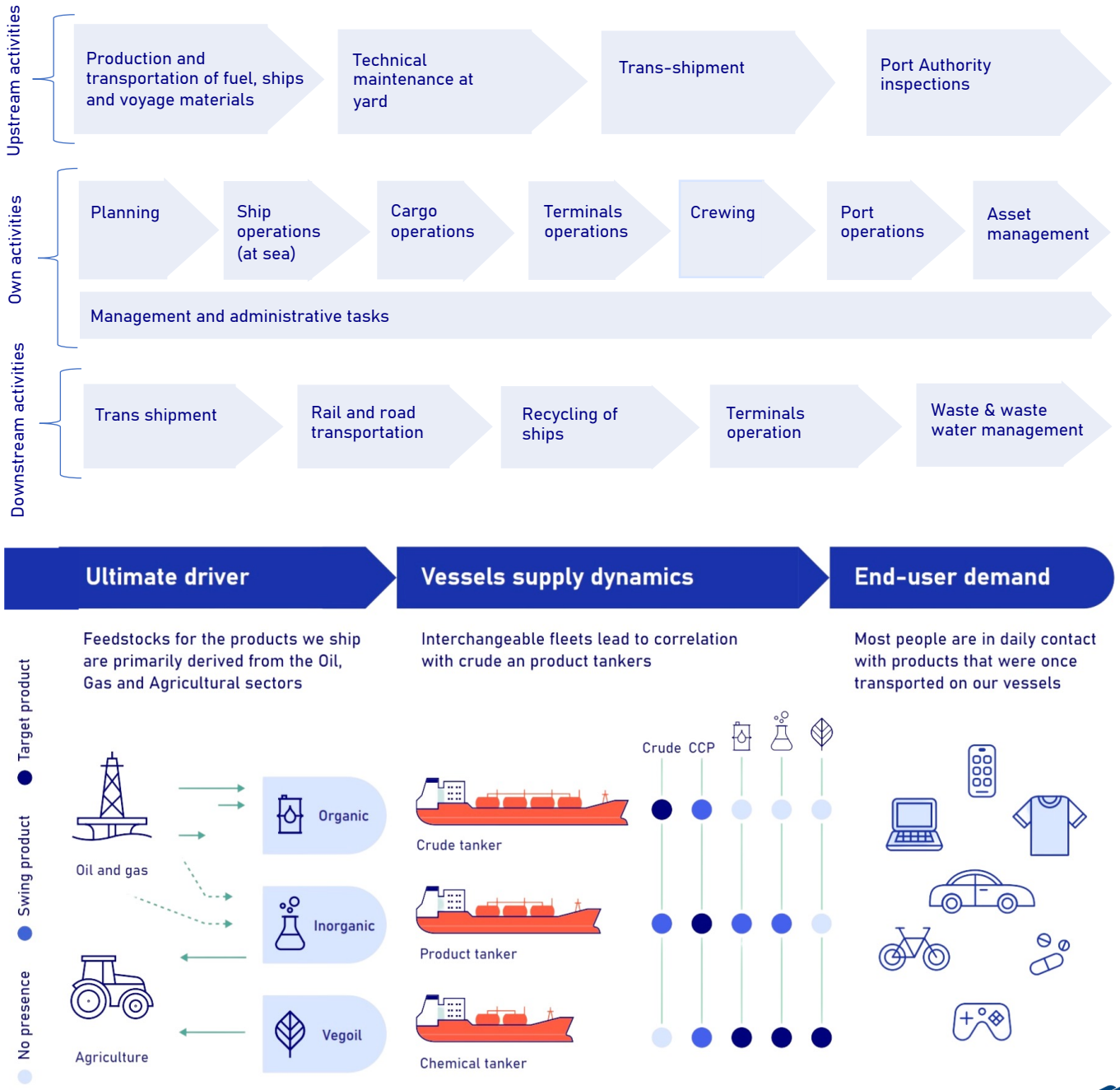
Odfjell provides the complete spectrum of services, including chemical terminal storage, ship management, and chartering. With over a century of experience in the industry, we are dedicated to providing our clients with dependable and secure product transportation at a price that is competitive in the market. See the Annual Report's Market Presentation for additional information regarding the business model.

2303 individuals are employed by Odfjell across its 14 offices, at our terminals, and onboard our vessels.

In 2023, the revenue of our two segments (as per IFRS 8) was 1192 MUSD for Chemical Tankers and 82 MUSD for the Odfjell share derived from Terminals.

Odfjell vessels do not specialize in the transportation of fossil fuels. Transportation of fossil fuels can be done in special cases. In 2023 generated fossil fuel transportation a total revenue of 24 MUSD, which represents less than 2% of the overall revenues.

The climate objectives of Odfjell are detailed in the section titled "Climate Targets and Progress"



ESRS 2 – Strategy Business Model

SBM-2 – Interests and views of stakeholders

- Summarization of the stakeholder analysis is presented in the table.
- Odfjell's organization maintains consistent communication with its stakeholders in the field "how we engage". Relevant Sustainability topics used in DMA are discussed with stakeholders through the engagement activities.
- The DMA incorporates observations and findings from our stakeholder engagement.
- BoD and management are kept abreast of the perspectives and concerns of impacted stakeholders concerning the sustainability-related impacts of Odfjell via dialogue with customers and suppliers, management bulletins, and dialogue with affected stakeholders.

Table 5: Interests and views of stakeholders

	Employees	Investors	Customers	Suppliers	Community
Examples	• Own employees, potential employees, students, retirees	• Banks, shareholders, book holders • Financial market • Analysts • Insurance companies	• Oil majors, chemical producers, agriculture producers, trading houses, brokers	• Shipyards, technological providers, equipment, ship suppliers, port agents, logistic providers, ship handlers, real estate • Bunkers suppliers • Time Charter (TC) shipowners	• Government, regulations • Media, general public • Associations, seminars, conferences
Key Topics	• Engagement • Commitment • Collaboration • Training & development • Performance evaluations • Recruiting • Career • Diversity, Equity & Inclusion (DEI)	• ESG Performance • Emissions data • Sanctions • Due Diligence process • Anti-Money Laundering • ESG Reporting • Climate risk	• Safely • Quality performance • Emissions • Satisfaction • Use of data • Vetting data • Carbon credits/ETS • Sanctions	• Quality and performance • Contributions to emission reduction • Integrity Due Diligence (IDD) • Human Rights Impact Assessment • Sanctions • Waste • Circularity • TC contracts	• Climate and social impact • Emissions and pollution risk and mitigation • Safety and security • Energy transition • Green shipping • Governance • Compliance • Employment (jobs)
How we engage	• International communication • People managers • Surveys • Work councils • Labor Committee • Performance management • Policies • Social/interests/ sports • Townhalls • Whistleblowing systems • Student engagements	• Annual and quarterly reports • Presentations • Bank and Capital market days • Press and stock exchange releases • Investor meetings • IR Activities • Roadshows • Annual General Meeting (AGM)	• Emission reports • Customer meetings • Daily dialogue • Roadshows and industry events • Quarterly reporting • Customer portal • Sanction screening	• Policies • IDD • Pre-qualification/ Screening • Business review • Supplier Code of Conduct principles • Responsible procurement • Contracts • Supplier visits and audits • Event handling system • Procurement collaboration • TC owners dialogue meetings/seminars	• Participation in associations and partnerships • Proactive Contacts with media • Signatory and collaboration with UN GC • Dialogue NGOs • Presentations • Visits • Membership in Maritime Anti-Corruption Network (MACN) • Shipowners` Association • Website and Reporting • School visits and guest lectures

ESRS 2 – Strategy - Business Model

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Approach

- All topics from ESRS (ESRS1 AR-16 Sustainability Matters to be included in the materiality Assessment) has been assessed for all steps of the value chain activities (ref SBM-1) and business model . All topics are assessed against all criteria in guidelines, and Impacts, Risks and Opportunities (IRO) are described for each topic. See scales that has been used in the materiality assessment in the following pages.
- Odfjell has identified both positive and negative impacts. There has not been a binary classification of material topics after the scoring, but most material topics are rated above 3 in impact materiality and financial materiality. The ESRS material topics that has been regarded as material is translated to Odfjell ESG material topics. Odfjell material topics are linked to ESG targets, and priorities.
- The financial impacts are assessed with a risk perspective. In the following we present the current and anticipated financial effects related to climate and nature risk, and using a scale of financial impact.
- Odfjell has conducted double materiality assessment iaw ESRS (07/23) and the two drafts from EFRAG:
    - Implementation Guide 1 – Materiality Assessment,
    - Implementation Guide 2 – Value Chain.
- The process of identifying material topics has followed the four phase in the model to the right, and has been described in SBM-4.
- The extract of the most material topics are presented in the table in the following pages.
- The reporting of financial impact of pollution, water, biodiversity, resource use/circular economy, certain social indicators will have a 1-year phase-in period under the implementation of the CSRD.
- The Nature risk assessment is based on the LEAP approach and has been an input to the materiality assessment.

The DMA process to identify and assess Impacts, Risks and Opportunities (IROs)

01 Understand

Understand the company´s context related to impact, risk and opportunities, including Odfjell´s activities, business conditions, ESG context and stakeholders

02 Idenfify

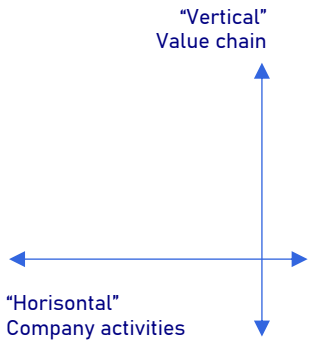
Identify actual and potential impacts (both negative and positive), as well as risk and opportunities, through analysis and conversations with internal and external stakeholders and experts

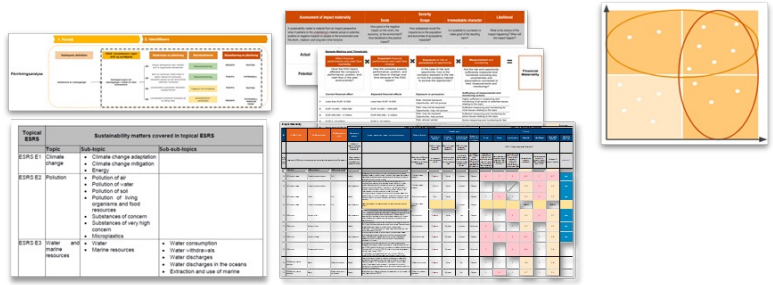
03 Assess

Assess the materiality of impact, risk and opportunities (complete matrix with impact analysis and financial materiality)

04 Decide

Set threshold values and decide whish impacts, risks and opportunities constitute significant topics for further reporting





ESRS 2 – Strategy – Business Model

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Most material topic - CO_2 Emissions

- International shipping is an important part of the global economy since it allows goods and commodities to flow across seas and continents. However, this industry contributes significantly to pollution and environmental damage. Ships emit pollutants such as sulphur oxide, nitrogen oxide, and particles, which can harm air and water quality. Furthermore, the sector emits large amounts of greenhouse gases, which contribute to climate change. As international trade grows, so does shipping's environmental effect, making it vital to address these issues and find long-term solutions.

- While international shipping contributes to pollution, it is also important to recognize the advantages it delivers in terms of efficiency and environmental friendliness. Shipping is significantly more energy efficient and has a lower carbon footprint than other modes of transportation, such as air or road transit. Shipping accounts for only 2.8% of global greenhouse gas emissions, according to the International Maritime Organization. Shipping is also crucial in enabling the global economy and supporting international trade, both of which can have a positive social and economic impact on communities worldwide. While international shipping has environmental consequences, it is also an important and efficient mode of transportation that may be made even more sustainable with continuing innovation and investment.

- Odfjell recognizes that its operations have an environmental impact and does everything possible to mitigate it. This is a critical component of our strategy.

- Our biggest impact to the environment is our emission of greenhouse gas. The main sources of emissions are carbon dioxide (CO_2) from the combustion engines of ships operated by Odfjell. Most significant factors for emitted CO_2 are:
    - Fleet size (Number of operated ships)
    - Efficiency of the ships (Technology, fuel efficiency)
    - Operation of the ships (Speed, routing, port time)

- These factors will vary from year to year. Most important factors for absolute emission, is the size of the fleet. The Odfjell fleet consists of:
    - Controlled fleet (Owned, financial lease, bareboat)
    - Operated Fleet (Controlled fleet + time-chartered vessels and pool vessels)

- The fleet size fluctuates throughout the year. Odfjell's overall emissions will rise if new ships are added to a pool, or chartered ships are included. When they exit the pool or a TC contract, they continue to release CO_2, but Odfjell will not report the emissions. As a result, absolute emissions are not a useful measure of progress and improvement.

- Because of our size, program, and platform, we can operate ships more efficiently than other smaller operators in our segment. This means that even if we increase our absolute emissions from our operating fleet as a result of more ships, we contribute to an absolute reduction since we can run ships more efficiently. Carbon intensity measured in AER is a better KPI for deep-sea shipping since it represents a KPI on efficiency and operations. This is the IMO's KPI, and it is the KPI Odfjell uses for climate targets.

ESRS 2 – Strategy – Business Model

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Current and Anticipated Financial Effects of Climate Risk

- As an integrated part of risk assessment and the double materiality assessment , we also look at the financial impact related to climate change mitigation and adaptation. As presented in the climate risk assessment, the most material and significant impact is related to direct and transitional risk of climate change, and our work to decarbonize and ensure compliance with existing and upcoming regulations related to carbon emissions that will affect our fleet. If the Odfjell fleet would not be able to be compliant with the regulations (A climate change transition risk), this would have a significant impact for Odfjell. In the following we present our considerations and assessments related to the financial impact of climate risk – focusing on decarbonization.

- A new Strategy on Reduction of GHG Emissions from Ships was adopted by the International Maritime Organization (IMO) in 2023. This Strategy includes reinforced targets aimed at addressing harmful emissions. The revised IMO GHG Strategy includes an enhanced common ambition to reach net-zero GHG emissions from international shipping by or around, i.e. close to 2050, a commitment to ensure an uptake of alternative zero and near-zero GHG fuels by 2030, as well as indicative check-points for international shipping to reach net-zero GHG emissions for 2030 (by at least 20%, striving for 30%) and 2040 (by at least 70%, striving for 80%). The Strategy envisages a reduction in carbon intensity of international shipping by at least 40% by 2030 compared to 2008. The new level of ambition relates to the uptake of zero or near-zero GHG emission technologies, fuels and/or energy sources: they are to represent at least 5%, striving for 10%, of the energy used by international shipping by 2030. The CII rating is on a scale from A-E where D rating over three years or an E rating for one single year requires a corrective action plan to bring the performance to C or above rating. In 2025 IMO will conduct a review to adjust or correct CII to ensure they hit their 70% reduction target.

- The Group has worked consistently over several years with propulsion efficiency measures and other initiatives to improve the fuel efficiency for the vessels. As a result, internal analysis indicates that all our owned vessels are in compliance with the carbon Intensity Indicator (CII), achieving a C-rating or better in 2023. To achieve the same ratings in 2030, the analysis shows that for some vessels we will either have to increase the fuel efficiency further by investing in additional energy-saving devices or alternatively adjust the speed for these vessels.

- The shipping industry will become incrementally subject to the EU Emission Trading System (ETS) in 2024 which will require the Group to purchase EU carbon-offset credits (EUAs). As a consequence, the Group's voyage expenses will increase and could negatively impact the profitability and cash flows unless offset by an increase in revenue. In addition to the Group's strategy to operate a fuel-efficient fleet, Odfjell will seek to implement clauses in freight contracts ensuring recovery for the added voyage expenses. At the end of 2023, Odfjell did not hold any material EU allowances.

- The future impact from climate change may encompass an increase in extreme weather resulting in re-routing, increased risk of port and infrastructure damages causing disruption to regular operations for both the Group and its customers, lower productivity and increased operational cost. These sources of uncertainties are primarily related to our vessels including right-of-use assets impacting the:

    - Useful life of vessels
    - Residual value of vessels
    - Cash inflows from continuing use of the Group's vessels when assessing the recoverable amount.

- In the following sections we have described our assessment of the useful life of vessels and recycling values and consequences if our assessments are wrong. These considerations is also a part of Note 3 to the financial accounts. When assessing the residual value of vessels, we assume that the vessels are recycled according to prevailing regulatory requirements and at the location where the best recycling price is achieved.

- Management has evaluated the useful life of vessels in conjunction with the existing regulatory framework and concluded that the estimated useful life of vessels are kept unchanged compared to previous periods.

ESRS 2 – Strategy – Business Model

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Financial Effects – Risk of stranded assets – useful life

- The useful life of the Group's owned vessels is the expected economic life of the vessels. Economic life is the period over which it is economically profitable to use the vessel. Wear and tear, technical and commercial obsolescence and environmental requirements are factors affecting the assessment of the useful life.
- Over the last years, fuel efficiency initiatives have improved the fuel efficiency and also made our vessels more competitive than the industry at large. Internal assessments show that owned vessels will, over their remaining useful life, be compliant with current IMO requirement of carbon emission reductions (40% reduction within 2030 compared to a 2008 baseline).
- Investments due to new environmental requirements, if any, and periodic dry-dockings are conducted to comply with requirements from various stakeholders. Odfjell Group has applied 25-30 years as estimated useful life of its owned vessels consistently over the years. If useful life is shortened, the annual depreciation will increase and value in use calculated when testing assets for impairment would be reduced.

Impairment test chemical tanker vessels – residual value

- The chemical tanker fleet is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet may not be recoverable. Management measures the recoverable amount of an asset or Cash Generating Unit (CGU) by comparing its carrying amount to the higher of its fair value less cost of disposal or value in use that the asset or CGU is expected to generate over its remaining useful life.

- In determining fair value less cost of disposal we use indicative broker values from independent ship brokers. In assessing value in use, the estimated future cash flows are discounted to their present value using an average weighted cost of capital that reflects current market assessments.

- CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The Group has identified one CGUs within the chemical tanker segment, the deep-sea trade together with the regional South America trade. The Group's right-of-use assets in the vessel category are included in the deep-sea CGU.

- As the Odfjell vessels within each CGU are interchangeable through a logistical system / fleet scheduling and that customer contracts are not linked to a specific vessel, cash inflows are therefore dependent of this scheduling and chemical tankers vessels are seen together as a portfolio of vessels. In addition, the pool of officers and crew are used throughout the fleet. Odfjell has a strategy of a total crew composition and how the crew is dedicated to the individual vessels varies. Changing the crew between two vessels can change the net present value per vessel without any effect for the Group. Vessels will only be impaired if the total recoverable amount of the vessels within each CGU is lower than the carrying amount related to that CGU

- If an asset or CGU is considered to be impaired, impairment is recognized in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable since the last impairment loss was recognized. Any reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognized for the asset in prior years.

- Factors that indicates impairment which trigger impairment testing may be significant decline in chemical tanker freight rates, significant decline in market values of vessels, significant underperformance compared to projected operating results, change in strategy for the business, significant negative industry or economic trends, significant loss of market share, significant unfavorable regulatory decisions. In addition, the company's market capitalization below the book value of equity would be an indicator of impairment.

- At the end of 2023, the market capitalization of the Group's equity exceeded the book value of its equity. Furthermore, the Group assessed and found no other indications of impairment, or material risk of stranded assets

ESRS 2 – Strategy – Business Model

Table 6: Impact Materiality

#	Scale How grave/beneficial the impact is?	Scope How widespread?		Irremediable character Whether and to what extent the negative impacts could be remediated?
		Environmental	Social	
01	Minimal	Limited	Limited	Very easy
	Very light impact with minimal consequences for affected people or environment	Relevant to low number of sites and/or suppliers Immediate surroundings	Very low number of rightsholders affected	Requires minimal effort, short term (< 1 year)
02	Low	Concentrated	Concentrated	Easy
	Light impact with low consequences for affected people or environment	Relevant to several sites and/or suppliers; local community	Low number of rightsholders affected	Requires some effort, short term (1-2 years)
03	Medium	Medium	Medium	Possible
	Impact with medium consequences for affected people or environment	Relevant to many sites and/or suppliers; city level	Medium number of rightsholders affected	Requires medium effort, medium term (2-5 years)
04	Severe	Widespread	Widespread	Difficult
	Heavy impact with severe consequences for affected people or environment	Relevant to large amount of sites and/or suppliers; country level	High number of rightsholders affected	Requires extensive effort, long term (> 5 years)
05	Absolute	Global / Total	Global / Total	Not remediable
	Very heavy impact with absolute consequences for affected people or environment	Relevant to majority of sites and/or suppliers; global	Very high number of rightsholders affected	

#	Likelihood
01	Rare
	Expected to only occur under exceptional circumstances (0- 20%)
02	Unlikely
	Not expected to occur under normal circumstances (20-40%)
03	Possible
	Equally likely as unlikely to occur (40-60%)
04	Likely
	Expected to occur (60-80%)
05	Almost certain
	Almost certain to occur (80-100%)

ESRS 2 – Strategy – Business Model

Table 7: Financial Materiality

#	Magnitude of potential financial effect	Revenue	EBIT
01	Minimal e.g. Financial impact < €X	<=1 Mio USD	<=1 Mio USD
02	Low e.g. Financial impact €X-X; Market share drops < X% within 1 year, and/or Annual gross margin target impacted between < X%	>1-3 Mio	>1-3 Mio
03	Medium e.g. Financial impact €X-X, Market share drops X-X% within 1 year, and/or Annual gross margin target impacted between X-1X%	>3-7 Mio	>3-7 Mio
04	Severe e.g. Financial impact €X-X, Market share drops X-X% within 1 year, and/or Annual gross margin target impacted between X-X%	>7-20 Mio	>7-20 Mio
05	Absolute e.g. Financial impact > € X, Market share drops > X% within 1 year, and/or Annual gross margin target impacted more than X%	>20 Mio	>20 Mio

#	Likelihood
01	Rare Expected to only occur under exceptional circumstances (0-20%)
02	Unlikely Not expected to occur under normal circumstances (20-40%)
03	Possible Equally likely as unlikely to occur (40-60%)
04	Likely Expected to occur (60-80%)
05	Almost certain Almost certain to occur (80-100%)

ESRS 2 Impacts, Risks and Opportunities (IRO) management

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

The foundation of our strategy comprises our value chain and business model. Based on stakeholder analysis, Odfjell has for several years evaluated material implications in our business and value chain via single and double materiality assessments. Critical to the materiality assessment have been our risk assessments, which have included evaluations of risk that exist for the environment and climate, safety-related risks, and human rights due diligence analyses and reports. This report details the methodology for these analyses, which is based on TCFD, TNFD, ESRS, OECD guidelines, and so forth.

Each value chain component has been meticulously analyzed concerning the ESRS topics outlined in ESRS AR-16 for business segments and regions (refer to the analysis under BP-1). This is the case based on prior analysis of IROs, consulting and stakeholder dialogue, input from multiple internal experts, external benchmarking and analysis, and board and management alignment. The Odfjell scales, as outlined in SBM-3, were employed to ascertain and evaluate material topics. IROs, or Material Impacts, Risks, and Opportunities, have been reviewed and shaped by management and the board. While the internal control (IC) system for ESG reporting is being developed, the audit committee's (AC) charter is being revised to incorporate the AC's responsibilities regarding IC. IROs are aligned and incorporated with corporate risk assessments, which include pertinent ESG risks and are reviewed by the board and management at least quarterly. IROs and the materiality assessment contribute to board and management strategy sessions.

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

The reporting requirements table is displayed in Table IAW on the right. The requirements for disclosers subsequent to the materiality assessment are outlined in the table.

Although Odfjell has not yet commenced reporting on the topical standards, it adheres to other standards as detailed in its annual report's ESG table, which also includes references to the topical ESRS standards.

The following ESRS topics, according to Odfjell, are significant but do not qualify as material: Odfjell is either not exposed or possesses negligible leverage or connection.

- ESRS E3 Water
- ESRS E4 Biodiversity (Some elements are material, and also included in Nature risk reporting and EU Taxonomy)
- ESRS S4 (Consumers and End consumers)

Table 8: Disclosure requirements in ESRS

Odfjell ESG Material focus area	Disclosure requirements and location
Safe, just and equitable transition to net zero emissions by 2050	• Odfjell Climate targets and progress in the Sustainability Reporting • ESG Reporting table – Environment in Annual Report
Decarbonization, emission reduction and energy efficiency	• Odfjell Climate targets and progress in the Sustainability Reporting • ESG Reporting table - Environment in Annual Report
Mitigate the risk of pollution in our operations	• ESG Reporting table - Environment in Annual Report
Safety of our people and people in our value chain	• Safety Chapter Annual Report, Directors Report • ESG Reporting table – Social in Annual Report
Diversity, Equity and Inclusion	• Safety Chapter Annual Report, Director Report • ESG Reporting table – Social in Annual Report
Have a positive impact where we operate	• Sustainability Chapter in Annual Report • Human rights Due Diligence Report on our Website • ESG Reporting table – Social in Annual Report
Integrity, compliance and anti-corruption	• ESG Reporting table – Governance in Annual Report
Selecting suppliers, customers, and partners who align with our sustainability values and commitments	• ESG Reporting table – Governance in Annual Report

ESRS 2 Impacts, Risks and Opportunities (IRO) - Results of DMA

Table 9: Results of DMA

ESRS Material Topics		Odfjell ESG Material focus area	Description	Related targets in Odfjell
01 Climate change mitigation	Environment	Safe, just and equitable transition to net zero emissions by 2050	Global shipping represents 2-3% of global CO_2 emissions, that is a significant source for climate change. (ref IMO GHG strategy and IPCC reports) Odfjell has set a target to be net-zero in 2050. This will include transition from fossil fuel no WTW net zero fuel in 2050. This requires transition of the fleet, and uptake of zero emission fuel, without compromising other ESG considerations. All these considerations are/will be included in our transition plan.	• Odfjell's climate targets • Support the industry's achievement of the IMO indicative checkpoints in 2030/2040
02 Climate change adaption				
03 Energy consumption				
04 Pollution of water				
05 Pollution of air		Decarbonization, emission reduction and energy efficiency	As the transition to zero will require significant changes outside Odfjell control (Infrastructure, price, regulation, energy etc.), Odfjell will focus on solutions that are available today to reduce emissions and improve efficiency of existing fleet.	• Odfjell shall have an industry-leading carbon intensity
06 Pollution of soil		Mitigate the risk of pollution in our operations	Odfjell transport and store chemicals, with an inherent risk of pollution to soil, air and water in addition to actual CO_2 and black carbon. This could impact people, and environment and our business. That is why we have set targets and actions to minimize the risk of pollution.	• Zero pollution
14. Ship Recycling				
15 Diversity within own workforce	Social	Safety of our people and people in our value chain	Safety is our number one priority. That is why we have set targets and actions to ensure all employees and people who work for Odfjell are safe.	• Zero LTIs
16 Gender equality within own workforce		Diversity, Equity and Inclusion	Diversity is a key strength for our organization and it all starts inclusion. We strive to integrate diverse perspectives into our work and recruit from the entire population, recognizing the mutual benefits and positive impact for our organization and society. Attracting talent from all backgrounds is key for us. To make it work, we set diversity targets and ensure that our workplace fosters engagement and empowerment. It will have a negative impact on our organization and for society if we and our industry can't make it work.	• 30% gender diversity at all levels by 2030 • An organization that attracts, develops and maintains the best people in the industry • Zero tolerance for discrimination
18 Positive impact of own training		Have a positive impact where we operate	As a global company with worldwide operations, we collaborate with individuals from every corner of the globe. Our vessels visit countless ports, our terminals are situated in close proximity to residential areas, we cater to over 600 distinct consumers, and we collaborate with over a thousand suppliers. We seek to effect positive change throughout our value chain and in areas where our operations can affect communities and societies.	• No violation of human rights related to our business and where we can have an impact
23 Corruption and bribery	Governance	Integrity, compliance and anti-corruption	Our sector is inherently vulnerable to facilitation request, corruption, and bribery. Legal risk is posed to those involved, and this may have a profound effect on society. As a result, Odfjell collaborates within the industry against corrupt practices as a member of the Maritime Anti-Corruption Network, which employs collective action. In addition, we establish transparent training, policy, and procedure for our personnel, as well as requirements for our suppliers and value chain.	• Zero corruption/bribe/facilitation policy
24 Management of relationship with suppliers				
25 Whistleblowing management		Selecting suppliers, customers, and partners who align with our sustainability values and commitments.	It is understood that our activities can affect the enterprises, environment, and individuals within our value chain. Because of this, we diligently screen our business partners using ESG, IDD, and sanctions criteria. Additionally, we collaborate with our suppliers and customers to uphold superior standards regarding human rights, corruption, and sustainability practices. This is achieved through dialogue, supplier expectations, training, and reporting on specific emissions, such as scope-3 carbon emissions.	• No violation of sanctions and regulation • No violation of human rights related to our business and where we can have an impact

ESRS 2 - Climate targets and progress

About targets and transition to zero (Ref ESRS2 – SBM-1)

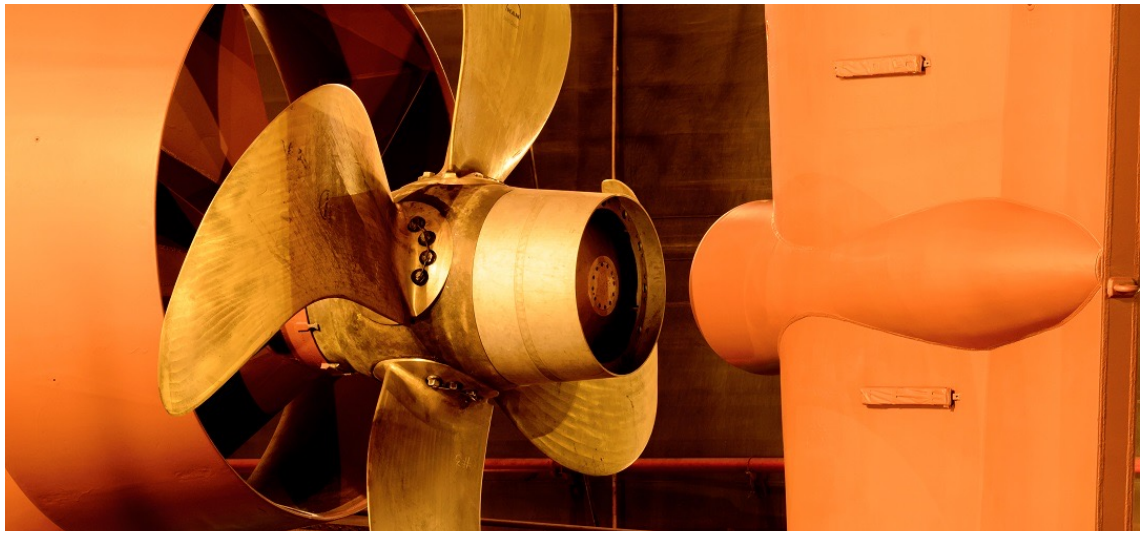
Odfjell developed climate targets in 2020. These targets have had a timeline to 2030 and 2050 in line with the IMO GHG strategy. Odfjell set targets that went beyond the IMO targets. Odfjell has reported on carbon intensity and absolute emissions each year. Carbon intensity is also included in quarterly reporting. The targets are also linked to financing through Sustainability Linked Financing Framework and the Transition Finance Framework. Odfjell report progress and developments under these frameworks. Frameworks and reports are available on our website. The targets are related to our shipping business.

The targets cover only Scope-1 emissions, as this is the significant part of our impact. 80% of our Scope-3 emissions is directly linked to our Scope-1, and therefor are climate targets indirectly covering a significant part of our Scope-3. We have not set targets for Scope-2 emissions, as Scope-2 is less than 1% of our emissions. Odfjell continue to work to reduce Scope-2, and in 2023 all energy used at headquarter were renewable energy.

We are presently developing a transition plan for 2050 for the group as a whole. This transition plan will provide a comprehensive understanding of Odfjell's past, present, and future mitigation efforts in order to ensure that our strategy, business model and capex plans are compatible with the transition to a sustainable economy and aligned with the goals of the Paris Agreement. Our ambitious but essential objective is to attain climate neutrality by 2050 while simultaneously reducing our reliance on fossil fuels. The plan will adhere to the, ESRS 1 - Climate Mitigation Plan, and will be made public in accordance with EU regulations and guidelines.

We are also evaluating the possibilities to set targets in accordance with Science Based Target Initiatives, as our ultimate goal of a zero-emission fleet by 2050 is in-line with what current climate science deems necessary to achieve the Paris Agreement's goals of limiting global warming to 1.5°C above pre-industrial levels.

The transition to a low and net-zero carbon future is critical to mitigate climate change and meeting the UN Sustainable Development Goals (SDGs). Access to a healthy environment is also a fundamental human right, and net-zero energy initiatives should aim to have no negative impact on people and societies. Our 2050 transition plan will thus address both environmental and social impact and externalities, in particular the inclusion and protection of the most affected stakeholders such as seafarers, port workers and those living near where our vessels sail and operate. As an example, it is essential to consider the safety and competence of workers when adapting to new, and potentially more dangerous fuels for vessels. Similarly, we need to consider the safety, environmental, and social implications of vessel recycling and have long been advocating for the strengthening of the regulatory frameworks concerning recycling. Just transition considerations like these, and mitigating measures, will be included in all relevant transition projects by Odfjell.



* https://www.odfjell.com/about/our-stories/odfjell-sets-ambitious-climate-targets/
**Measured in Carbon Intensity, using the Annual Efficiency Ratio, compared to benchmark 2008
Calculations done in accordance with IMO regulations as per MARPOL Annex VI regulation 2.49, and document MEPC.336 (76), MEPC.337 (76), MEPC.338 (76), MEPC.339 (76)

ESRS 2 Climate targets and progress

Climate targets

Odfjell will cut greenhouse gas emissions by 50% by 2030, compared to 2008*

Odfjell will have a zero-emission capable fleet from 2050

Odfjell is dedicated to pursuing a zero-emissions strategy and will only order newbuilds with a zero-emissions capable technology

Odfjell will actively support initiatives to develop technology and infrastructure for decarbonization, energy efficiency, and zero-emissions, and support international regulations to drive zero emissions for our value chain

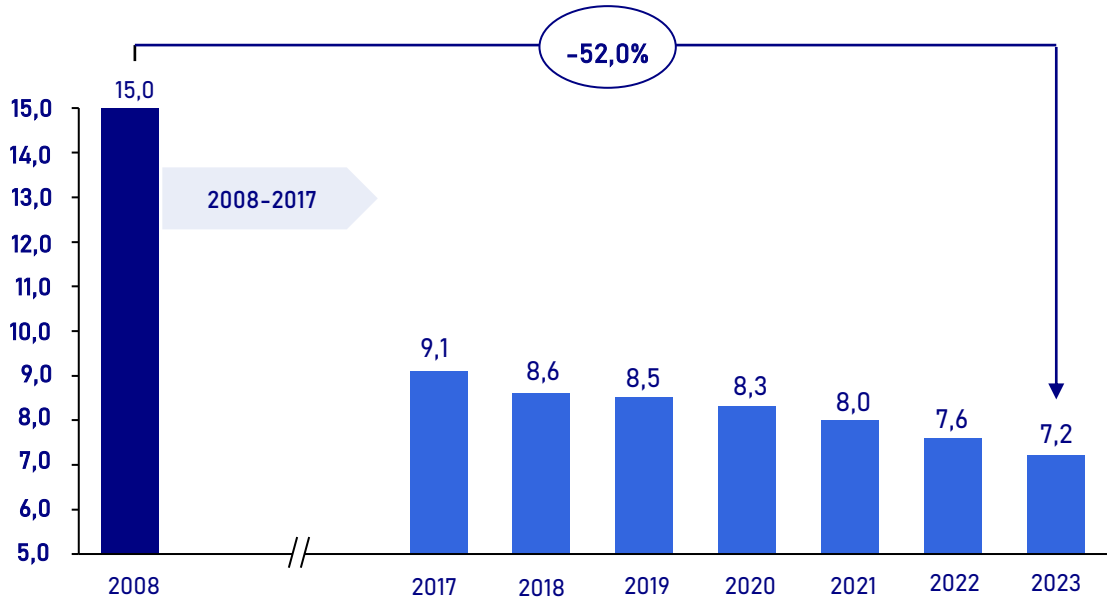
Status of target

Odfjell has reported the carbon intensity (CI) for its fleet since 2008, using the Annual Efficiency Ratio (AER). The results are published in our quarterly reports.

In 2018, the International Maritime Organization (IMO) introduced a proposal to reduce the carbon intensity of all ships by 40% by 2030 compared to a vessel-specific 2008 baseline.
Because the IMO regulates ships, not companies, Odfjell established its 2008 company baseline on the average vessel-specific 2008 baseline.

In 2023, the AER for Odfjell's fleet was 52%** lower than its 2008 baseline. The AER in the graph to the left refers to Odfjell's controlled fleet.

Odfjell AER compared to IMO Benchmark for 2008



* Measured in Carbon Intensity, using the Annual Efficiency Ratio, compared to benchmark 2008
**Calculations done in accordance with IMO regulations as per MARPOL Annex VI regulation 2.49, and document MEPC.336 (76), MEPC.337 (76), MEPC.338 (76), MEPC.339 (76)

Status on targets 2023, and further actions

Status of the climate targets 2023

- We reduced our carbon intensity by 5% in 2023 compared to 2022 for our controlled fleet. Compared to the average IMO baseline, Odfjell has now reduced carbon intensity, measured by AER, by 52% compared to 2008.

- The updated GHG (Greenhouse Gas) strategy from the IMO (International Maritime Organization) MEPC80 meeting in 2023 outlines a comprehensive plan for reducing emissions from international shipping, with the aim of achieving net-zero GHG emissions by or around 2050. This strategy emphasizes the necessity of transitioning to alternative zero and near-zero GHG fuels by 2030 to meet these ambitious goals. It establishes indicative check-points for 2030 and 2040 to ensure progress towards the overarching target. Specifically, the strategy sets a goal to reduce total GHG emissions by 20%, with aspirations to reach 30% by 2030, and then a 70% reduction, aiming for 80%, by 2040 compared to 2008 levels. This revised strategy represents a significant enhancement from previous targets, reflecting a global commitment to tackle climate change and reduce the environmental impact of shipping.

- There are no simple solutions for decarbonizing shipping. To completely decarbonize our sector, we must first have access to renewable electricity to produce green fuels, while avoiding a global net increase in GHG emissions by transferring emissions to other sectors. Then we need bunker infrastructure, sufficient green fuel volumes in key ports, technology, zero-emission regulation, or market-based measures to close the cost gap between conventional and green fuels.

- We expect that this will take a long time to materialize. As we work towards a net-zero future, we are focusing on improving the energy efficiency of our existing ships and future newbuilds. Our future newbuildings will be zero-emission capable.

Actions to achieve our targets

- Odfjell has systematically and methodically addressed energy efficiency and emission reductions since 2007. We have several departments dedicated to this work and are addressing reductions through operational and technical measures.

- In addition, we established a cross-departmental task force in 2022, comprised of ten different disciplines, ranging from chartering to operations, finance, and technology, to drive and coordinate our decarbonization efforts. The work is centered on ensuring that Odfjell meets our carbon intensity reduction targets, and positions itself for a net-zero future.

- Since 2007, Odfjell has worked systematically on improving the fleet's energy efficiency. We are committed to innovation and sustainability and constantly seek to improve our performance and reduce our environmental impact. We have retrofitted more than 135 energy-saving devices (ESD) since 2014 and have more than 50 installations planned for 2024 to 2030. Two new ESD-technology projects were started in Odfjell in 2023: An air lubrication system (ALS) and a wind-assisted propulsion system (WAPS).

- The ALS system injects air bubbles under the vessel's hull, creating a cushion of air that reduces friction and drag. This results in lower fuel consumption and emissions. The ALS can be installed on newbuildings or retrofitted on existing vessels, and it is compatible with any type of engine and fuel. Odfjell partnered with Alfa Laval, a world leader in marine solutions, to install OceanGlide ALS on one of our 49,000 DWT chemical tankers. The installation was completed in November 2023, and the system will be tested in 2024.

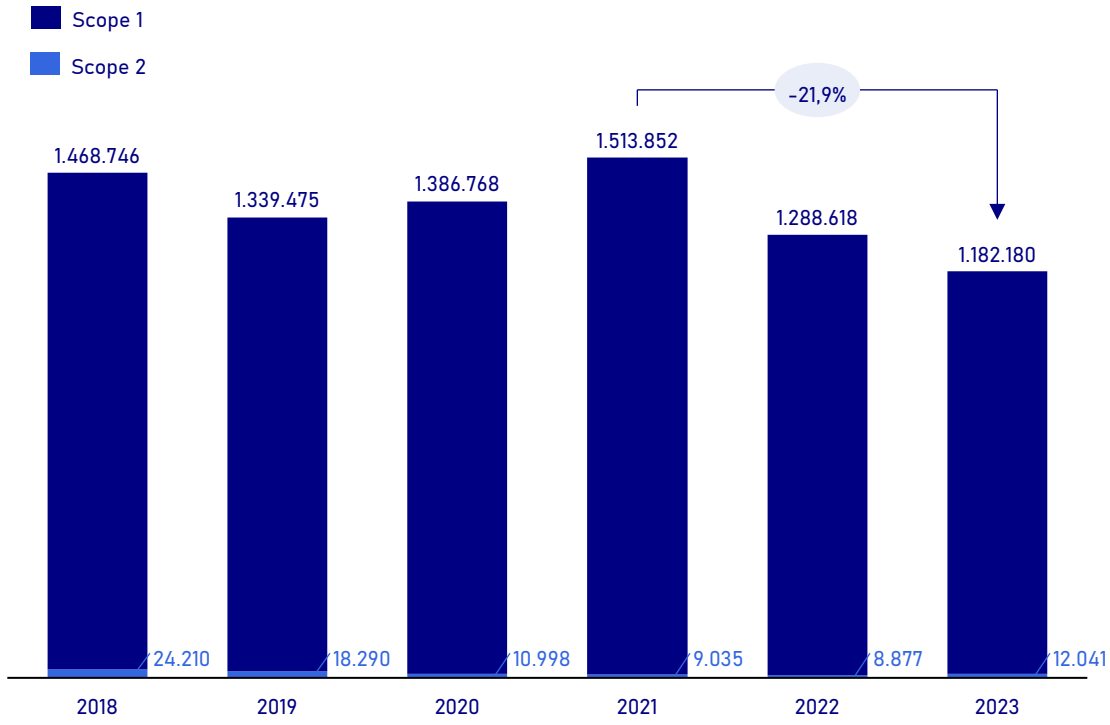
- In 2023, we launched our WAPS project with Bound4Blue, who will deliver four suction sails to one of our 49,000 DWT chemical tankers in Q4 2024. This technology has significant potential to reduce emissions by harvesting the wind energy on the ship itself and transforming it directly into a forward thrust. The power generated by the sails is expected to be significant. Therefore, this initiative should be seen with the upcoming Fuel EU Maritime regulation in mind, which will enter into force in 2025. The technology has the potential to provide a two-digit percentage reduction in fuel consumption and emissions.

Ref: https://www.imo.org/en/MediaCentre/PressBriefings/pages/Revised-GHG-reduction-strategy-for-global-shipping-adopted-.aspx

Absolute, Scope-1 and -2 emissions and benchmark

- Shipping was not included as a part of the Paris Agreement. The IMO presented a greenhouse gas strategy for shipping in 2018, with 4 levels of ambition, that sets the target for international shipping's decarbonization trajectories.
- The direct emissions from our vessels (Scope-1) are the biggest source of emissions for Odfjell. This is the factor that has biggest impact on environment. The absolute emissions does not tell the full story, as it is so dependent on fleet size.
- Odfjell reports emissions from both the managed (owned) and operated fleets. This means that we will take ships on time charter (TC) from other owners and also include other owners' vessels in an Odfjell-managed pool. If this pool or fleet of TC grows, Odfjell's absolute numbers will grow, but the vessels will not be recorded by the owner, so emissions will not rise overall. Odfjell has shown that we can trade and run ships more efficiently than others, therefore by including additional vessels, we can lower total emissions from a holistic standpoint.
- That is why Odfjell has set a target on carbon intensity and not a target on absolute emissions.
- Scope 2 covers the indirect emissions created by the production of energy we buy (i.e power for offices).
- The EU Benchmark (BMR*) of 7% annual reduction does not cover global shipping, and this commonly used benchmark is not a good benchmark for shipping. The IMO has therefor established the Carbon Intensity Indicator (CII), where all ships are rated on CII, and categorized from A to E on a trajectory iaw IMO Policy and climate targets. Odfjell has reduced absolute emissions by 22% from 2021 to 2023.

Absolute emissions Scope-1 and Scope-2 2008 – 2023 for operated fleet



Measured in metric tonnes of CO_2

*The EU Benchmark Regulation (BMR), as amended by the EU Regulation on Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (the Low-Carbon Regulation) entered into force in December 2019 and created two new categories of benchmark under the BMR – Climate Transition Benchmarks (CTBs) and Paris-aligned Benchmarks (PABs). In September 2019, the Technical Expert Group on Sustainable Finance (TEG) published a report setting out its recommendations relating to the new climate benchmarks and ESG disclosure requirements. International shipping was not included in this work, and the EU benchmark guidance is less relevant for shipping. TEG https://finance.ec.europa.eu/system/files/2019-06/190618-sustainable-finance-teg-report-climate-benchmarks-and-disclosures_en.pdf

Scope-3 emissions

About Scope-3
Scope-3 covers our upstream and downstream value chain emissions. Scope-3 is divided into 15 different categories, where 8 are relevant for Odfjell. Odfjell has for several years reported on Scope-3 to CDP* and in annual report Cat 1 and 3 were included from 2022. Odfjell has been supported by ReFlow** for Cat 1 and cat 3 calculation of data.

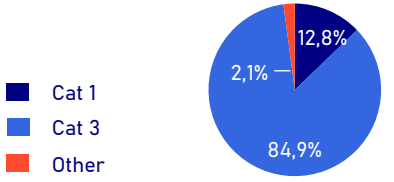
Methodological Framework
- The spend-based method is applied under circumstances where supplier-specific, hybrid, and average-data methods are not feasible due to data limitations. This approach requires collecting data on the economic value of purchased goods and services, followed by multiplication with the relevant EEIO emission factors; for this analysis, EXIOBASE v3.3.16b1, updated for SimaPro, was used. The data collection based on activity data sources includes internal data systems (e.g., ERP systems), bills of materials, and purchasing records. Emission factors are derived from environmentally-extended input-output (EEIO) databases and industry associations. Business travel data has been provided by travel agent, and commuting data are calculated using CDP methodology. No vessels has been recycled in 2023, so downstream end of life is zero.

Exiobase*** Model Integration
- The carbon emissions analysis utilizes a model in Simapro v9.5, based on the Exiobase database, covering 80 commodities and incorporating over 650 inputs. It applies more than 650 distinct emission factors for the analysis year to compute extrapolated emissions for the commodities. Each commodity is assigned an annual, specific conversion factor, reflecting major contributors by country and business activity code. This method guarantees accurate conversion factors, considering variances by activity type and geographical location.

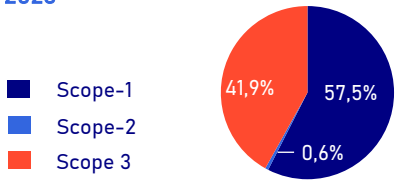
Table 10: Scope-3 emissions

Upstream Scope-3 in metric tonnes 2023		Downstream Scope-3 in metric tonnes 2023	
Cat 1 - Purchased goods and services**	110 420	Cat 9 - Downstream transportation and distribution	Not relevant
Cat 2 - Capital goods	3 639	Cat 10 - Processing of sold products	Not relevant
Cat 3 - Fuel- and energy- related activities (not included in Scope-1 or Scope-2)**	731 147	Cat 11 - Use of sold products	Not relevant
Cat 4 - Upstream transportation and distribution	1 213	Cat 12 - End-of-life treatment of sold products	0
Cat 5 - Waste generated in operations	419	Cat 13 - Downstream leased assets	Not relevant
Cat 6 - Business travel	13 503	Cat 14 - Franchises	Not relevant
Cat 7 - Employee commuting	1 133	Cat 15 - Investments	Not relevant
Cat 8 - Upstream leased assets	Not relevant	Other downstream (waste offices)	23

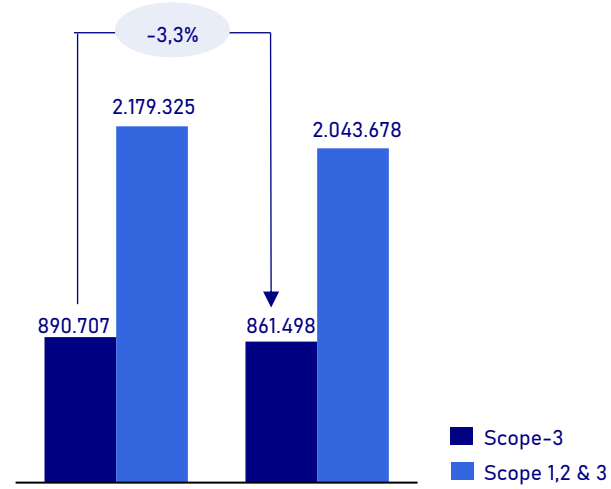
Categories as percentage of total Scope-3 emissions 2023



Scope 1-3 percentage of total emissions 2023



Scope-3, vs total emissions 2022 and 2023



* 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. (See CDP.net)
** ReFlow (https://re-flow.io/)
***ExiobaseEXIOBASE v3.3.16b1, updated for SimaPro compatibility by 2.-0 LCA consultants in December 2018, is renowned for its extensive coverage, encompassing 43 countries and 95% of global Gross domestic product (GDP). It offers in-depth insights into sectors, products, emissions, and resource use, covering over 160 industry sectors and 200 product categories in both monetary and physical terms.
Activity Data Requirements: Amount spent on purchased goods or services, categorized by product type, using market values (e.g., dollars).
Emission Factors Requirements: Cradle-to-gate emission factors for the purchased goods or services per unit of economic value (e.g., kg CO2e/$).

Life Cycle Assessment (LCA) of Scope 1-3 emissions

Odfjell initiated a study in 2023 to determine the emissions throughout the life cycle of vessels, using ISO 14040/14044 series [1, 2], a recognized method for evaluating environmental impacts during a product's life cycle. This analysis was conducted for two primary purposes:

- To identify and understand the total emissions/Global Warming Potential (Scope-1,2 and 3) of a vessel's life cycle
- To understand the effects on total emissions of extending the life of the vessel beyond planned lifetime as a part of a LTE program.

The analysis conducts a comprehensive examination of each phase that comprises the Kvaerner class Bow Clipper life cycle. The methodology offers valuable insights into the underlying principles and extent of other classes, whereas the data functions as a proxy for vessels belonging to the Kvaerner class. Each phase has been analysed in depth.

Life cycle simulation shows that a vessel produces 862,071 tons of CO_2 during its 30-year service. The assessment was done using the ReCipe 2016 Midpoint (H) V1.07 method through SimaPro software, which demonstrated that the operation phase is responsible for 93.9% of the climate change impact. Construction accounts for 7.3%, with maintenance having a negligible effect of 0.1%. Recycling at the vessel's end-of-life can reduce its climate impact by 1.3%.

It's clear that the operational emissions, classified as Scope-1, are significantly higher than the Scope-3 emissions from construction, maintenance, and recycling. Therefore, the overall difference in CO_2 emissions across various scenarios is minimal. Analysis indicates that prioritizing energy efficiency in the operation of both new and existing vessels is crucial. Moreover, steel recycling is beneficial, offering a slight decrease in total emissions.

01 Building

Materials, energy, and emissions during construction.

54 212 tCO_2eq

02 Operation

Fuel consumption and related environmental factors.

700 212 tCO_2eq

03 Maintenance

Routine tasks and environmental implications of repairs.

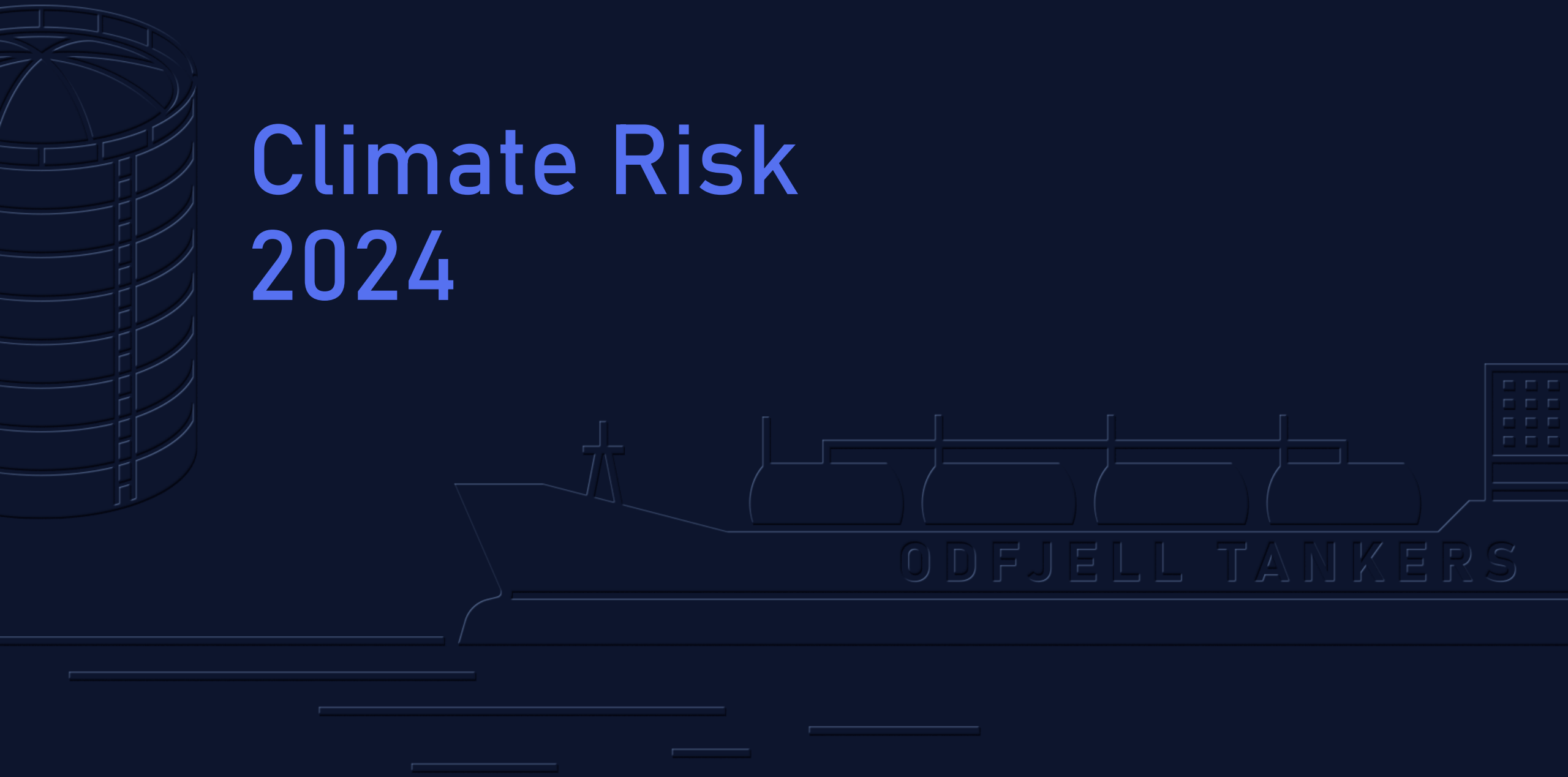
497 tCO_2eq

04 End-of-Life

Environmental effects of decommissioning, incl. recycling or disposal.

-9 462 tCO_2eq

Climate Risk 2024



Scenarios Climate/Nature risk

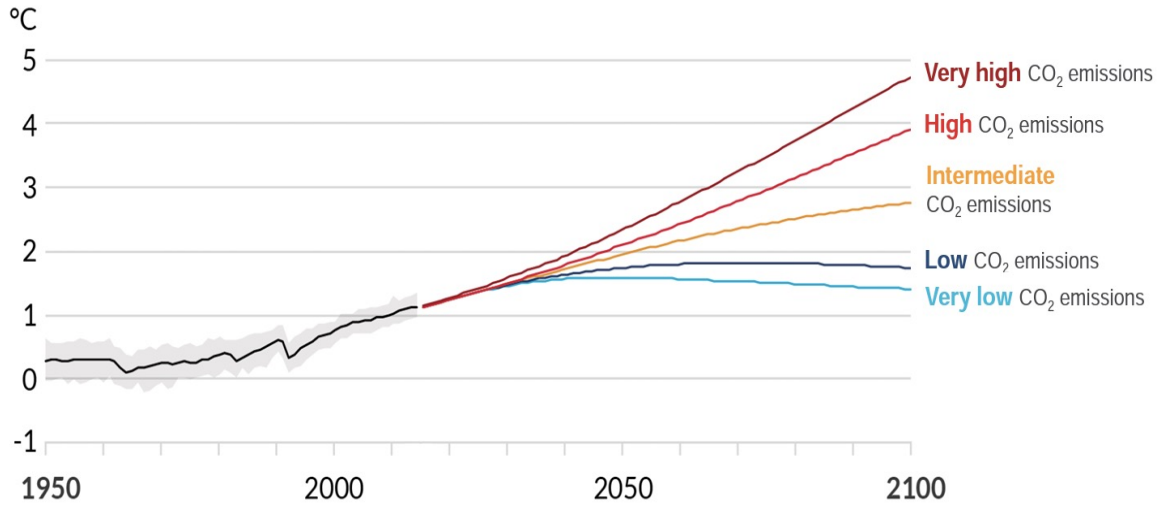
To assess climate risk, we used several climate change scenarios to assess the impact on our business. The time perspective is one of the scenarios' challenges. The scenarios for the next ten years are not too different. Business strategy typically has shorter cycles (3-6 years) than climate change scenarios, making it difficult to examine different scenarios from a business strategy standpoint.

We have evaluated development of:

- Temperature
- Rain
- Droughts
- Tropical Cyclones
- Sea Level Rise
- Migration

Our key observation is that we are most exposed to transitional risk in the short term, and more exposed to direct risk in the longer term. We have not included the full evaluation of each climate effect on the scenarios in this report. See a summary on next slide.

Scenario trajectory



The Scenarios from the IPCC Sixth Assessment Report – Synthesis report have been used as scenarios for climate and nature risk assessment We have used the three higher scenarios:

- Intermediate
- High
- Very High

Source and graph: * IPCC Sixth Assessment Report of the IPCC Working Group I, 2021, Including Synthesis report issued March 2023 https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf

Scenarios Climate/Nature risk

Human-induced climate change, including more frequent and intense extreme events, has caused widespread adverse impacts and related losses and damages to nature and people, beyond natural climate variability. Some development and adaptation efforts have reduced vulnerability. Across sectors and regions, the most vulnerable people and systems are observed to be disproportionately affected. The rise in weather and climate extremes has led to some irreversible changes, as natural and human systems are pushed beyond their ability to adapt.

Near-term actions, that limit global warming to close to 1.5°C, would substantially reduce projected losses and damages related to climate change in human systems and ecosystems, compared to higher warming levels, but cannot eliminate them all.

Odfjell has evaluated different scenarios related to different topics from IPCC AR6, but only presents the highlights of expected climate change in this report:

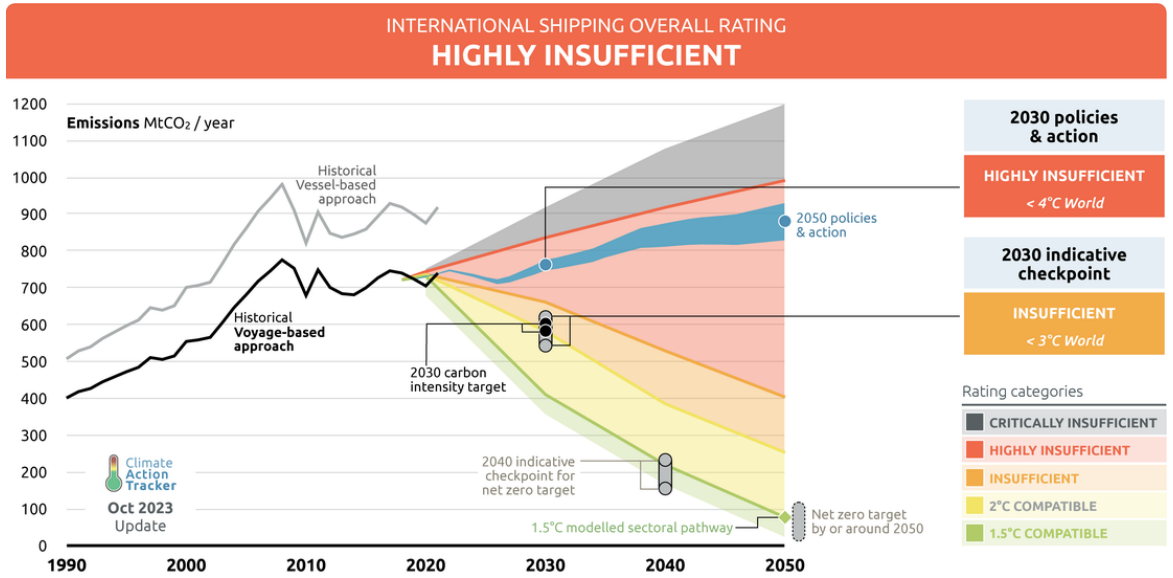
We can expect:

- Warmer and/or more frequent hot days and nights over most land areas. Highest increase of temperature of hottest days, at about 1.5 times to twice the rate of global warming
- Warmer and/or fewer cold days and nights over most land areas. Highest increase of temperature of coldest days, at about three times the rate of global warming
- Warm spells/heat waves; Increases in frequency or intensity over most land areas
- Cold spells/cold waves: Decreases in frequency or intensity over most land areas
- Heavy precipitation events: increase in the frequency, intensity, and/or amount of heavy precipitation
- Increase in precipitation associated with tropical cyclones (TC). Increase of 11% in 1.5 degree to 28% in 4.0 degree scenario
- Increase in mean tropical cyclone lifetime-maximum wind speed
- Increase in likelihood that a TC will reach major TC intensity (Cat. 4-5), Increase of 10% in 1.5degree to 20% in 4.0 degree scenario)
- Increase in compound events, both in frequency and intensity

Shipping's contribution to climate change and mitigation

The graph below shows historic and predicted emissions from global shipping, and how much reduction is needed to be in line with a 1.5 degree target. With a new "indicative checkpoint" for 2040 and a net zero target of "by or around 2050", the IMO has made some progress on objective setting.

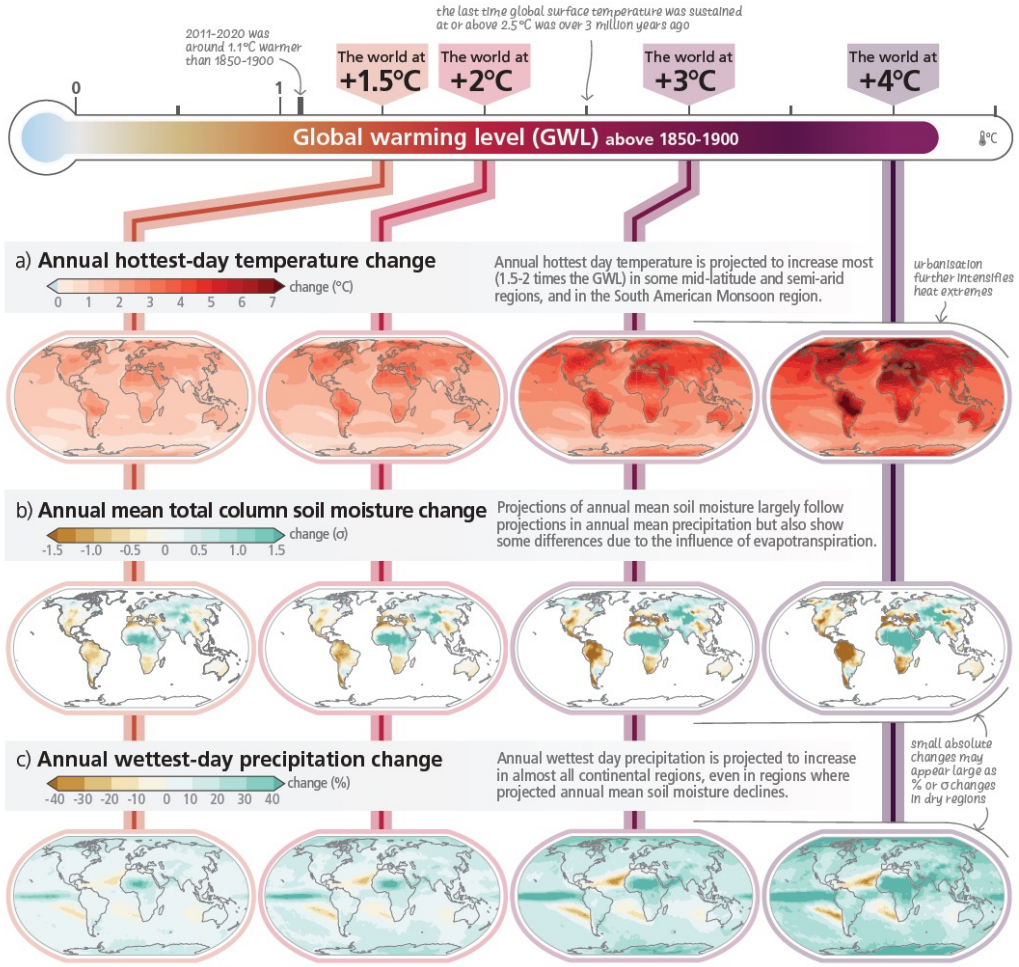
IMO also set an 'indicative checkpoint' for 2030. While this new emissions reduction goal reduces some of the uncertainty around the 2030 target emissions level, it will only drive further emission reductions, compared to the existing carbon intensity target, if the most ambitions end (a 30% reduction) is met.



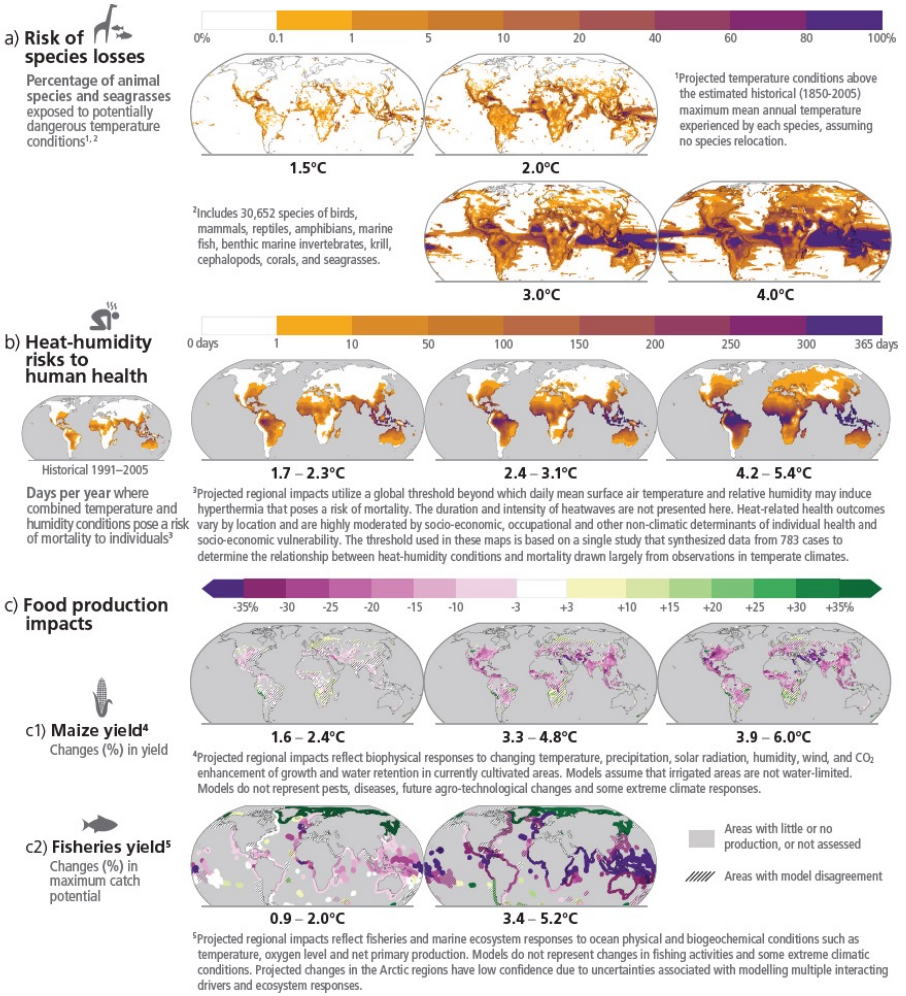
Source: https://climateactiontracker.org/sectors/shipping/
The Climate Action Tracker is an independent scientific project that tracks government climate action and measures it against the globally agreed Paris Agreement aim of "holding warming well below 2°C, and pursuing efforts to limit warming to 1.5°C." A collaboration of two organisations, Climate Analytics and NewClimate Institute, the CAT has been providing this independent analysis to policymakers since 2009

Scenarios and effects, ref IPCC

With every increment of global warming, regional changes in mean climate and extremes become more widespread and pronounced.



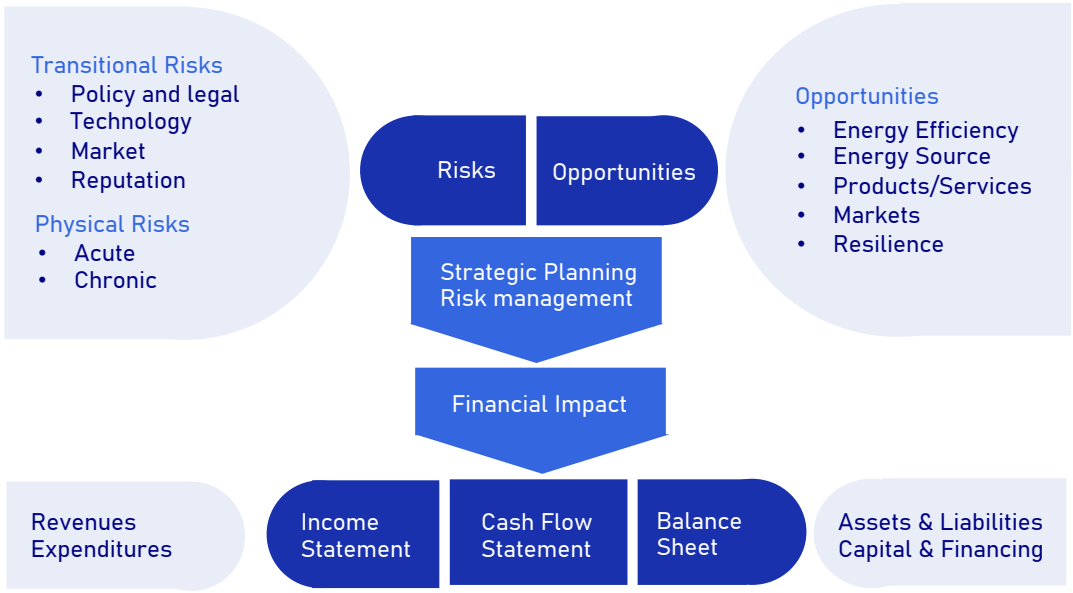
Future climate change is projected to increase the severity of impacts across natural and human systems and will increase regional differences



Source: IPCC AR 6 Synthesis Report

Climate and Nature Risk Assessment

- On our climate risk assessment, we have identified relevant climate risk, using the TCFD framework*. We have also identified mitigation actions. The risks are inherent risks, and we have not presented residual risk or scored the risks identified in the TCFD model.
- Based on the TCFD and TNFD Risk, we have categorized 8 climate and nature risks that we use in our corporate risk management system.
- Some details on actions and scoring of risks 1-8 are regarded confidential and not presented. (Examples are investment plans, fleet transition, technology)
- Many of the risks are very difficult to quantify and assign a financial value
- We have presented an analysis of the most significant risks with a potential financial impact related to climate risk following the assessment.



CN1	Climate Transitional Risk	Ref Climate risk assessment, ie technological compliance, market, risk that emerge from the transition to ie low carbon society, includes decarbonization
CN2	Climate Direct Risk	Ref Climate risk assessment, ie direct and acute climate risk and effects of more frequent extreme weather events
CN3	Climate and Nature Litigation Risk	Litigation risk related to people and organizations seeking to hold companies to account for their impact, and negative contribution.
CN4	Cross-Border Climate Risk	Direct nature and climate risks somewhere else that will impact ie supply chains and migration.
CN5	Climate and Nature Reputation Risk	Ref Climate risk assessment. Risk of not following ambitions and goals, losing momentum as leader, greenwashing, unfavorable events like spills
CN6	Nature-Related Direct Risk	Risks related to dependence on nature. Physical risks arise when natural systems are compromised, due to the impact of climatic/geologic events.
CN7	Nature-Related Transitional Risk	Risks that result from a misalignment between strategy and management and the changing regulatory, policy or societal landscape for Nature
CN8	Nature-Related Systemic Risk	Risk that a critical natural system no longer functions e.g. tipping points are reached and the natural ecosystem collapses

*Use of TCFD is recommended from several stakeholders, ie EU Commission "Guidelines on nonfinancial reporting: Supplement on reporting climate related information, June 2019 . In Norway the initial recommendation was given in NOU 2018:17, Klimarisiko og Norsk økonomi.
Concurrent with the release of its 2023 status report on October 12, 2023, the TCFD has fulfilled its remit and disbanded. The FSB has asked the IFRS Foundation to take over the monitoring of the progress of companies' climate-related disclosures.

Scale used in the risk assessment

Table 11: Scale used in the risk assessment, Concequence level

Consequence level		People (Safety and Health)	Strategic	Operational	Environment	Financial (loss in Mio USD)	Non- Compliance	Reputation
01	Insignificant	First Aid Case		Insignificant	Spill, leakage within containment, cleanup time <12 hours	0-1	Innocent procedural breach; evidence of good faith; little impact	Non-headline exposure, not at fault; no impact
02	Minor	Medical Treatment Case, Restricted Work Case		Managable affect of business	Spill with cleanup time >12hours	1-3	Breach; objection/complaint lodged; minor harm with investigation	Non-headline exposure, clear fault settled quickly; negligible impact
03	Moderate	Lost Workday Case	Market position affected	Affecting business operations, delays, need to find alternative less favorable solutions	Pollution under reportable quantity with no irreversible effects	3-7	Negligent breach; lack of good faith evident; performance review initiated	Repeated non-headline exposure; slow resolution; Ministerial enquiry/briefing
04	Major	Permanent Partial Disability or Permanent Total visability	Reduced market position	Disruption operations, causing major loss	Pollution in reportable quantity and irreversible effects in limited environment, external resources or involvement	7-20	Deliberate breach or gross negligence; formal investigation; disciplinary action; ministerial involvement	Headline profile; repeated exposure; at fault or unresolved complexities; ministerial involvement
05	Catastrophic	Fatality	Major loss of market position	Critical for business continuity	Pollution with irreversible effects on the outer environment, significant external resources or involvement	>20	Serious, willful breach; criminal negligence or act; prosecution; dismissal; ministerial censure	Maximum high level headline exposure; Ministerial censure; loss of credibility

Scale used in the risk assessment

Table 12: Scale used in the risk assessment, Probability level

Probability level		(organization term below could mean company, business unit, vessel, terminal, office etc.)
01	Very unlikely	May only occur in exceptional circumstances; simple process; no previous incidence of non-compliance, has happened in the industry but very seldom
02	Unlikely	Could occur at some time; less than 25% chance of occurring; non-complex process &/or existence of checks and balances, has happened in organization but very seldom
03	Possible	Might occur at some time; 25 – 50% chance of occurring; previous audits/reports indicate non-compliance; complex process with extensive checks & balances; impacting factors outside control of organization, happens in organization 1-5 times per year
04	Likely	Will probably occur in most circumstances; 50-75% chance of occurring; complex process with some checks & balances; impacting factors outside control of organization, happens in organization 5-15 times per year
05	Certain	Can be expected to occur in most circumstances; more than 75% chance of occurring; complex process with minimal checks & balances; impacting factors outside control of organization, happens in organization more than 15 times per year

Climate and Nature Risk

CN1	Climate Transitional Risk	Ref Climate risk assessment, ie technological compliance, market, risk that emerge from the transition to ie low carbon society, includes decarbonization
CN2	Climate Direct Risk	Ref Climate risk assessment, ie direct and acute climate risk and effects of more frequent extreme weather events
CN3	Climate and Nature Litigation Risk	Litigation risk related to people and organizations seeking to hold companies to account for their impact, and negative contribution.
CN4	Cross-Border Climate Risk	Direct nature and climate risks somewhere else that will impact ie supply chains and migration.
CN5	Climate and Nature Reputation Risk	Ref Climate risk assessment. Risk of not following ambitions and goals, losing momentum as leader, greenwashing, unfavorable events like spills
CN6	Nature-Related Direct Risk	Risks related to dependence on nature. Physical risks arise when natural systems are compromised, due to the impact of climatic/geologic events.
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CN8	Nature-Related Systemic Risk	Risk that a critical natural system no longer functions e.g. tipping points are reached and the natural ecosystem collapses

Table 13: Risk in 3 different Climate Scenarios (ref. IPCC AR6 scenarios)

Risks (Codes)	Intermediate		High		Very High	
	Prob.	Conseq.	Prob.	Conseq.	Prob.	Conseq.
CN1	5	3	4	3	4	3
CN2	4	2	4	2	4	2
CN3	2	3	2	3	2	3
CN4	2	2	2	2	2	2
CN5	3	3	3	3	3	3
CN6	3	2	3	2	3	2
CN7	3	2	3	2	3	2
CN8	2	3	2	3	2	3

Climate risk for Odfjell – Transition CN1

Table 14: Climate risk for Odfjell – Transition CN1

				Intermediate		High		Very High	
	Risk area	Inherent Risk	Mitigating actions	Near Term	Long Term	Near Term	Long Term	Near Term	Long term
Transition	Policy & legal	• Carbon pricing and allowances • New and increased reporting obligations • IMO Regulation (CII, EEXI, other) • EU Regulation (ETS, FuelEU, other • Scope-3 and LCA • Local regulations (ie permits terminals)	• Pass through of carbon tax cost • EU ESRS Alignment • Scenario analysis and Transition plan/Fleet transition plan • Scope-3 analysis and monitoring. LCA assessment of vessel • In house task force and competence monitor development	●	●	●	●	NA	●
	Technology	• Risk of lower residual value or stranded assets with existing technology/age/performance • Unsuccessful investment in new technologies • Increased cost of new technology • Too early/Too late decisions on propulsion technology	• Odfjell's future Tanker concept program • Fuel flex strategy • Monitor and understand new technology • Fleet transition plan • Long Term TC	●	●	●	●	NA	●
	Market	• Changing end-user behaviour to other products (e.g. reduced use of plastics) • Customers demand more reporting and access to data – we could lose flexibility • Focus on products related to climate change/deforestation, e.g. palm oil • Customers tighten expectations to, for example, CII rating and/or age	• Market analysis to understand development and changes • Educate customer/brokers • Customer dialogue regarding age	●	●	●	●	NA	●

Categories iaw TCFD

Climate risk for Odfjell – Direct CN2

Table 15: Climate risk for Odfjell – Direct CN2

				Intermediate		High		Very High	
	Risk area	Inherent Risk	Mitigating actions	Near Term	Long Term	Near Term	Long Term	Near Term	Long term
Physical/Direct	Acute	• Extreme weather events like heatwaves and freezes will affect infrastructure, health & safety and operations • Storms and flooding cause harm to people, infrastructure and operations/shutdowns • Disruptions in waterway infrastructure, ie Panama-Canal • Weather events cause damages to port infrastructure and Terminals	• Use climate scenarios to build resilience short- and long term • Update local climate risk assessments and plans for terminals • Climate change included in project modelling for Terminals • Regulations on working in hot weather in place • Weather routing to avoid adverse weather • Routing clauses in contracts	●	●	●	●	NA	●
	Chronic	• Changing weather patterns and rising mean temperature and sea levels • Rising sea level creates problems for Terminals, e.g. cost of protection, regulation, and requirements in capex projects • Adaptation to storms and rising sea-levels increases cost for Terminals	• Use climate scenarios to build resilience in the short and long term	●	●	●	●	NA	●

Categories iaw TCFD

Climate risk for Odfjell, CN3-CN5

Table 16: Climate risk for Odfjell, CN3-CN5

				Intermediate		High		Very High	
	Risk area	Inherent Risk	Mitigating actions	Near Term	Long Term	Near Term	Long Term	Near Term	Long term
Cross boarder climate risk	Mitigation	• Access and price of food and water for many people – increased inflation • Migration causes challenges for international security and local conflicts • Increased refugees and migrants in sea lanes we operate or ports we call	• Analysis and awareness to be able to react when required • Corporate Risk assessments are updated • Internal procedure regarding possible encounter with refugees at sea • Local risk assessments for ports/exposed areas					NA	
	Supply Chain	• Supply chains dependent on countries more exposed to climate risk • Risk of not be able to get relevant supplies or spare parts • Disturbance in delivery • Increased costs	• Flexible supply chain • Spread risk, and not be dependent on one supplier exposed to acute climate risk • Screen suppliers of their risk					NA	

Litigation Risk	Litigation Risk	• Risk Odfjell may face legal action or liability for its contribution to climate change, or for failing to adequately address climate-related risks in its operations.
		  • Liability for greenhouse gas emissions
		  • Failure to adapt to climate change
		  • Inadequate disclosure of climate risks
		  • Violations of environmental regulations
		  • Supply chain emissions
			• Proactive work to mitigate climate risk
			• Ensure overview, understanding, and compliance to all regulations
			• Proactive work with stakeholders
			• Avoid spills and illegal emissions
								NA	

Reputation	Reputation	• Negative cases, e.g. spills, safety issues, accusation of greenwashing • Issues regarding recycling in Asia • Stigmatization of shipping sector • Spills or accidents	• Proactive communication on sustainability • Build reputational capital/Regarded as a leader • A good communication strategy • Compliance with EU Greenwashing regulation • Honest/transparent communication • Build internal engagement					NA	

Categories iaw TCFD

Climate Opportunities for Odfjell – ref. DMA

Table 17: Climate Opportunities for Odfjell – ref. DMA (Part 1)

			Intermediate		High		Very High	
Opportunity area	Opportunities	How to capture	Near Term	Long Term	Near Term	Long Term	Near Term	Long term
Resource Efficiency	• More efficient fleet than competitors, gives a competitive edge • Energy efficient/low emission fleet lowers cost for customer when CO_2 is taxed and Scope-3 reporting comes into effect. Odfjell can be preferred provider • Efficient handling of waste and material reduce cost, and have a positive effect on circular economy	• Customer portal and sharing customers CO_2 use • The opportunity is short/medium term as competitors can invest more in new ships/upgrades • Develop projects to improve our own Scope-3 data	●	●	●	●	NA	●
Energy	• Energy efficiency at offices and terminals reduces cost, reduces emissions and leads to higher ratings • Use of lower-emission sources of energy, and sustainable sourced energy (e.g. at terminals and offices)	• The daily work of SM Technology department and cooperation with Tankers • Cooperation and lobbying in the industry • Business development for Terminals	●	●	●	●	NA	●
Technology	• Digitalization and high-quality data improves decision making • Transparent data on emissions gives better data (ETS and Scope-3) to customers • Future deep-sea zero emission tanker concept as a digital twin for new technology • Test and install energy saving devices to improve efficiency	• The daily work of SM Technology department and cooperation with Tankers • Digitalization initiatives like decarbonization dashboard and customer portal	●	●	●	●	NA	●
Products and services	• Demonstrate lower product footprint and lower emission cost for customers • Digital platform/Customer portal/Emission data will have value for customers	• Customer portal, Scope-3 reports • Share our analysis, data and capacity • Meet and educate customers, brokers	●	●	●	●	NA	●

Categories iaw TCFD

Climate Opportunities for Odfjell – ref. DMA

Table 18: Climate Opportunities for Odfjell – ref. DMA (Part 2)

			Intermediate		High		Very High	
Opportunity area	Opportunities	How to capture	Near Term	Long Term	Near Term	Long Term	Near Term	Long term
Procurement	• Further develop supplier relations through sustainable procurement • Improve ESG ratings, e.g. on EcoVadis, CDP and others, where we are rated on supplier relations and sustainable procurement • Overview of our own Scope-3 emissions, support re-manufacturing and low eco-footprint products	• Sustainable Procurement development and develop program for supplier development • Supplier expectations for Scope-3 reporting	●	●	●	●	NA	●
Markets	• Utilize our position to do sustainable financing, and to access new, beneficial financing • Access incentives/financing under green infrastructure subsidies (e.g. the Inflation Reduction Act) • Utilize our leadership position on sustainability in dialogue with customers, for Terminals and Shipping	• Customer dialogue • Business development and relevant green projects	●	●	●	●	NA	●
Resilience	• Continue building reputational capital • Continue our fuel-flex approach and monitor closely what the industry is doing and where it is going • Build knowledge and capacity in all areas, from technical to environmental practices • Understand regulation and drivers	• Communication strategy • Raising Odfjell's profile through participation presentations and market activities, within the industry, media and community	●	●	●	●	NA	●

Categories iaw TCFD

TCFD Reporting

TCFD report – Disclosure of Climate Risk

Table 19: Disclosure of Climate Risk related to Governance	
Disclose the organization's governance around climate related risks and opportunities.	
a) Describe the board's oversight of climate-related risks and opportunities	• The corporate risk assessment (including climate-related risks) is presented and discussed at all board meetings • The board do an annual review of Climate Risk Assessment • Management reports status and progress on ESG at all board meetings • The Chief Sustainability Officer also reports to the board's Audit Committee and presents ESG update and risk to the board • The global and geopolitical long-term risk is always a part of the board's risk discussions and strategy agenda • The risks and opportunities are fundamental for setting Odfjell's ambitious climate targets and are integral to our strategy • The board also does separate training sessions and updates related to sustainability, climate risk and opportunities • The Audit Committee (AC) Charter includes a description of ACs role in oversight of ESG reporting. Charter is available on Odfjell.com
b) Describe management's role in assessing and managing climate-related risks and opportunities	• Management discusses current risk assessment, including climate risk, bi-weekly • Management adopts transition risk as an integrated part of strategic planning, fleet development and capex plans. Climate-related transition risk is one of the key drivers for the fleet transition plan • The physical risk, with a focus on weather and rising sea levels, is particularly relevant for route planning and how we design, operate, and draw up contingency plans for our terminals. • Odfjell Management has appointed a Chief Sustainability Officer as a part of Executive Management, who owns the risk process, including ESG risk • Management has established a new R&D department in the organization to drive the decarbonization work and fleet transition towards zero-carbon • Odfjell has a dedicated cross-department task group focusing on decarbonization of our managed fleet • Management and shore organization have a carbon intensity KPI included as a part of the Short-term Incentive program (STIP) • Management has carbon intensity KPI as a part of the Long-Term Incentive Program (LTIP)

Ref TCFD recommendation June 2017, and update Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures , October 2021

TCFD report – Disclosure of Climate Risk

Table 20: Disclosure of Climate Risk related to Strategy	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	• Climate risk and opportunities are presented earlier in this this document. Most essential risks are related to
	  • transitional risk and regulatory risk that can affect value and lifetime of vessels
	  • Increased cost related to cost of carbon
	  • Direct risk related to more extreme weather events affecting shipping routes and our terminals
	• We regard short term risk as moderate, when we include the effects of climate effects in Panama. Other direct effects is regarded as low. Long term risk is very challenging to predict, but we believe the business model is resilient to the scenarios identified.
	• Risks identified will increase in the longer term, as climate change increases and the possible imposition of more regulations.
	• Odfjell has invested in becoming a leader in sustainability, with a modern fleet with low emissions in our industry segment. Odfjell's fleet is one of the world's most energy-efficient chemical tanker fleets, which will represent lower costs for customers when the price on carbon is introduced. This position will be an opportunity for Odfjell both in the short and the long term.
	• We link ambitious climate targets with financing, attracting new capital, and improving capital cost. Being a leader in ESG is viewed positively by stakeholders.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	• Odfjell uses the climate risk and opportunities assessment to provide input to strategic planning, and assessment of the long term financial impact. An example are plans and actions to ensure compliance to environmental regulation and own climate targets. • Odfjell will gradually transform the fleet to zero or low emissions in accordance with our climate target – that drives strategy and financial planning. • There is great uncertainty related to access to green energy/green fuel, regulation, market-based measures and technology for future chemical tankers. The work to prepare the future fleet is of high priority for Odfjell. • Odfjell will prepare for fleet transition by investing in zero capable technology to achieve our climate targets. Fleet renewal is an inherent part of long term financial planning.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	• Odfjell is resilient to the risk of a 2-degree climate change scenario, in the short term, given the information we have today regarding value and regulation. • We monitor the transitional risk continuously, to ensure we maintain the value of our assets in their lifetime in all scenarios. • The long term effects of more severe weather and rising sea-levels are assessed in investment processes and how we operate and manage our terminals.

Ref TCFD recommendation June 2017, and update Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures , October 2021

TCFD report – Disclosure of Climate Risk

Table 21: Disclosure of Climate Risk related to Risk Management	
Disclose how the organization identifies, assesses, and manages climate-related risks.	
a) Describe the organization's processes for identifying and assessing climate-related risks	• Climate and Nature risk is an integrated part of the Corporate Risk Assessment. This is updated based on new knowledge and scenarios and continuously updated as a part of the corporate risk process. A full risk review of climate and nature risk is performed annually • Climate and Nature risk is reported in 8 sub-categories in the risk assessment • We use scientific data and reports (like IPCC) to prepare scenarios • Efficiency and emission reduction are material for Odfjell. GHG emissions are by-products to our business. We have made ambitious plans to reduce emissions, mitigating the climate risk of capex, taxation, non-compliance, and negative perceptions of the sector • The Risk assessment process is owned by Chief Sustainability Officer
b) Describe the organization's processes for managing climate-related risks	• Climate risk is a part of the integrated enterprise risk assessment • Climate change mitigation and adaptation is integrated into our business • Odfjell has created an executive role (CSO) to focus on sustainability, including climate risk • Climate risk assessment is a tool in the risk management process • Emission reduction is a KPI in the short term incentive plan for management and management and the organization • We have established a separate task group that focuses on 2030 climate compliance for our fleet • We have developed a digital system for tracking and simulation on decarbonization status, cost and initiatives
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	• Climate risks are included in the risk assessment and are an integral part of the corporate risk assessment • Climate risk assessment is a vital input for other departments, like finance, procurement, chartering/operations, technical, digitalization etc, who include climate in their work • Our work to reduce emissions and our environmental footprint is never-ending. We seek climate-neutral solutions to contribute to climate targets, investigating new avenues at every opportunity • Climate and Nature risk is reported in 8 sub-categories in the risk assessment. (Transitional, direct, cross border, litigation, reputation, systemic) • Actions to mitigate climate risk/reduce emissions (AER Performance) are included as a KPI for the organization's incentive system

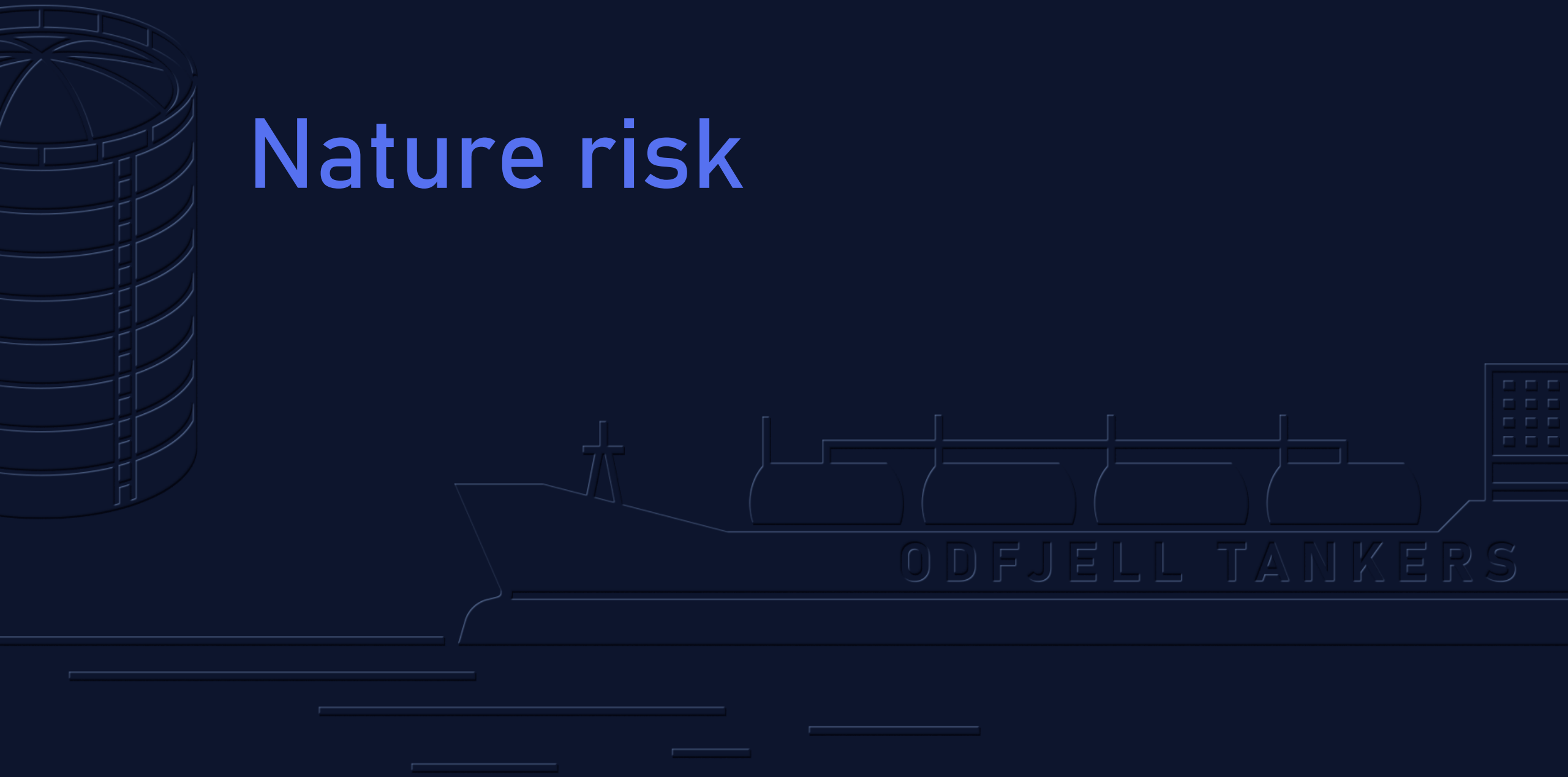
Ref TCFD recommendation June 2017, and update Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures , October 2021

TCFD report – Disclosure of Climate Risk

Table 22: Disclosure of Climate Risk related to Metrics and targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process	• In the ESG report of the Annual Report, we provide metrics for emissions in line with the SASB metrics and the metrics in the ESG reporting framework developed for the Norwegian Shipowners' Association • Primary metrics for CO_2 emissions are metric tons in accordance with SASB TR-MT-110a1. These numbers are used in the calculations of Energy Efficiency Indicator (EEOI) and Annual Efficiency Ratio (AER) as used by the IMO. • Odfjell discloses AER in all quarterly reports • We also report and disclose IAW CDP reporting
b) Disclose Scope-1, Scope-2, and, if appropriate, Scope-3 greenhouse gas (GHG) emissions, and the related risks	• GHG emissions are disclosed in the ESG report in our annual report • We see an increased interest from customers, as our Scope-1 will be customers' Scope-3
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	• In 2020, Odfjell set four climate targets as described in the chapter on sustainability in the annual report, and also presented earlier in this document • Odfjell has also set targets to implement technology on energy saving and emission reduction for our fleet

Ref TCFD recommendation June 2017, and update Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures , October 2021

Nature risk



LEAP Approach

Odfjell prepared the Nature Risk Assessment in accordance with the TNFD Framework and suggested guidance v. 1.0, and employed the LEAP approach to identify, assess, and manage Nature risk.

Odfjell began nature risk reporting in 2022, and the work has progressed in tandem with the creation of the TNFD advice and recommendations. Odfjell's assessment on nature-related risk is still in its early stages, with more work needed to identify and quantify the risk, as well as assess its impact further down the value chain. This is an ongoing project that is developing.

The approach has built on the Double Materiality Assessment (DMA) and Climate Risk assessment. We only present the high-level description on the activities.

Odfjell is a part of the inaugural cohort of TNFD Early Adopters* announced 16th January 2024.

The LEAP approach involves four phases:

- Locate your interface with nature;
- Evaluate your dependencies and impacts on nature;
- Assess your nature-related risks and opportunities; and
- Prepare to respond to, and report on, material nature-related issues, aligned with the TNFD's recommended disclosures.

Table 23: LEAP Approach

Phases	Odfjell Work
Locate	• Our initial step involved a thorough value chain analysis coupled with a Double Materiality assessment. This analysis was aimed at identifying critical segments of our value chain and operational locations that exhibit moderate to high dependencies on natural resources and potential impacts on natural and biosystems. Through this review, we have identified areas within our operations and geographical locations that warrant closer scrutiny due to their significant environmental implications and dependencies.
Evaluate	• Subsequent to our initial location and analysis phase, we conducted an evaluation of Odfjell's business operations and activities, focusing on their impact on the environment and ecosystems. This evaluation also extended to understanding the dependencies of our activities on natural resources. We have rigorously assessed the scale and scope of these dependencies and evaluated their materiality in the context of our operations and environmental stewardship as an integrated part of DMA.
Assess	• Building upon the insights gained from our evaluations, we have proceeded to assess potential risks and impacts associated with our identified dependencies and environmental interactions. Given the nature of our business within the shipping industry, which shares common environmental challenges across the sector, our approach to risk assessment has been somewhat generic yet focused on specific nature-related risks pertinent to shipping and, by extension, those uniquely relevant to Odfjell in selected areas. Despite the challenges in quantifying these risks accurately, this phase has been integral to our Double Materiality assessment process, enabling us to identify and prioritize risks effectively.
Prepare	• The insights derived from our risk assessment and Double Materiality Assessment (DMA) have laid the groundwork for the establishment of targeted environmental goals. We are currently engaged in a continuous process of developing and refining our strategic objectives and targets in this area. To date, Odfjell has established specific targets related to pollution reduction; however, we acknowledge that the formulation of clear, nature-related targets remains an ongoing endeavor that we are committed to addressing as part of our environmental strategy.

Ref TNFD Guidance https://tnfd.global/wp-content/uploads/2023/08/Guidance_on_the_identification_and_assessment_of_nature-related_Issues_The_TNFD_LEAP_approach_V1.1_October2023.pdf?v=1698403116
* TNFD Early Adopters: https://tnfd.global/engage/inaugural-tnfd-early-adopters/

Nature-related risk for Shipping and Odfjell

Table 24: Nature-related risk for Shipping and Odfjell

	Risk Area	Inherent Risk	Possible financial impact	Mitigating actions	Materiality
Transition	Policy & legal	• Changes to existing regulation/new regulation aimed at achieving nature-positive outcomes and targets • Tighter (emerging) legislation (e.g. trade restrictions or taxes) on activities, products and/or services that impact nature, and rights, permits and allocations of natural resources designated to alleviate pressure on nature or impacts on local communities • Enhanced reporting obligations	• Increased costs of operations and inputs • Increased costs of personnel and monitoring of activities required for reporting • Increased fines and penalties • Increased capital costs or production losses due to permit denials or delays	• Proactive approach to regulation to understand effect and consequences • Conduct operations in a sustainable and responsible way to reduce emissions and avoid pollution	• Moderate
	Technology	• Transition to more efficient and cleaner technologies, lessening impact on nature • Lack of access to data or access to poor quality data that hamper nature-related assessments • New monitoring technologies used by regulators	• Increased expenditure for research & development of new and alternative technologies • Lack of access to technology developed by competitors resulting in higher operational costs	• Monitor relevant technologies • Data collection and use of data	• Low
	Market	• Shifting customer values or preferences for products with lower impact on nature e.g. palm oil or products related to plastic • Reduced demand for products and services- supply disruption	• Changes in markets • Loss of market access • Increased raw material costs	• Market risks are mostly relevant for charterer/ product owners • Diverse customer base	• Low

Categories from TNFD Recommendations and Framework v1.0, Sept 2023

Nature-related risk for Shipping and Odfjell

Table 25: Nature-related risk for Shipping and Odfjell

	Risk Area	Inherent Risk	Possible financial impact	Mitigating actions	Materiality
Physical	Acute	• Degradation of nature and loss of their natural protection can exacerbate severity of damages from extreme weather events such as cyclones, droughts, flooding and storms • Species loss and ecosystem degradation due to leaks or accidental discharges (e.g. oil) contaminating air, soil and water bodies from ships or terminals • Ships can collide with marine animals such as whales, dolphins, and sea turtles, leading to injury or death. • Contribute to marine debris such as plastics, ropes, and waste. These can entangle, marine animals, or be ingested, leading to injury or death • Marine debris can accumulate in marine habitats and have a negative impact on biodiversity • Noise from shipping activities such as ship engines, propellers, and sonar, can have negative impact on marine biodiversity. It can disrupt the behaviour and communication of marine animals, leading to stress, injury, and even death • Oil spills from ships can have a devastating impact on marine biodiversity. Oil can kill or harm marine animals such as fish, birds, and mammals, and can also contaminate habitats and ecosystems, leading to long-term damage. • Ballast water is taken on by ships to provide stability and balance during voyages. However, it can contain invasive species such as plants, animals, and microbes from one part of the world that can be introduced to a new environment where they can thrive and displace native species.	• Increased natural hazard costs, for example, impaired assets due to damages resulting from floods or cyclones, including infrastructure • Increased insurance premiums and potential for reduced availability of insurance on assets • Increased capital expenditure due to adaptation (e.g. mechanical pollination, terminals, piers protection against floods) • Reduced productivity and consequent rethinking of production processes or timing for charterers, affecting the market • Fines • Cost of protective measures and systems on ships and at terminals	• Ensure compliance with regulation • Ensure we comply with "IMO Guidelines for reduction and underwater noise from commercial shipping to address adverse impact on marine life" through various internal initiatives • Risk based and safe operations	• Moderate
	Chronic	• Increasing scarcity of key natural inputs • Ecosystem degradation due to operations leading to, for example, deforestation having long term climate impact • Ocean acidification reducing biodiversity in the ocean • Land loss to desertification and soil degradation and consequent loss of soil fertility • Species loss and degradation due to soil, water and ocean contamination caused by organization itself or stakeholders in specific areas	• Global and chronic effects	• Not identified in the short term • Chronic effects are related to long term effects of acute risk	• Low

Categories from TNFD Recommendations and Framework v1.0, Sept 2023

Nature-related opportunities for Shipping and Odfjell

Table 26: Nature-related opportunities for Shipping and Odfjell

Opportunity Area	Opportunities	Possible financial Impact	How we capture	Materiality
Recource Efficiency	• Transition to more efficient services and processes that require fewer natural resources and energy or have less of an impact on nature • Increased reuse and recycling of natural resources • Reduced waste production	• Reduced operation and compliance costs • Reduced exposure to raw material and natural resource price volatility • Reduced reliance on natural resources and increased resilience to potential shortages	• Sustainable procurement and selection of suppliers and sustainable products • Flexibility related to alternative green fuel • Waste management	• Low
Resilience	• Diversification of nature-related resources (e.g. use of different plant species) and business activities (e.g. start a new business unit on nature restoration) • Participation in programs and adoption of resource efficiency and circularity mechanisms that reduce impact and dependency on nature • Improve nature-related monitoring and data availability • Implement nature-based solutions • Develop and improve green infrastructure	• Increased business stability • Business and supply chain continuity • Reduced capital infrastructure costs and costs for damages • Improved risk mitigation • Increased resilience to natural disasters • Improved readiness and response to regulatory changes • Increased market valuation through resilience planning	• Long term ESG Strategy and risk assessments	• Low

Categories from TNFD Recommendations and Framework v1.0, Sept 2023

Nature-related opportunities for Shipping and Odfjell

Table 27: Nature-related opportunities for Shipping and Odfjell

Opportunity Area	Opportunities	Possible financial Impact	How we capture	Materiality
Technology	• Use of low emissions vessels will have positive impact on biodiversity, as they will reduce air and water pollution and minimize negative impact on marine biodiversity • Developing and implementing innovative technologies and practices, such as underwater noise reduction technologies, advanced ballast water treatment systems and autonomous shipping, can help to minimize the negative impacts of shipping on biodiversity, while maximizing efficiency and safety	• Fuel efficient ships represent less cost	• Ongoing internal R&D • Fleet transition program	• Low
Routing	• Optimizing shipping routes can reduce the distance travelled, which can reduce emissions and the potential for accidents or marine collisions that can negatively impact biodiversity. This can also minimize the disruption of marine habitats and ecosystems.	• Optimal routing improves efficiency and reduces risk and cost	• Further develop our processes and concept for routing	• Low
Reputation	• Collaborative engagement with stakeholders to tackle nature-related challenges • Support marine conservation efforts by supporting research and conservation programs, participating in beach clean-ups, and supporting marine protected areas. This can help to protect and restore marine biodiversity.	• Improved reputation among stakeholders located in different areas • Improved stability of operations and working conditions, and ability to attract and retain employees • Improved supply chain engagement • Increased influence of government policy	• Odfjell is a signatory to the UN Sustainable Ocean Principles • Proactive ESG communication and strategy • Collaboration with stakeholders	• Low
Products and services	• Monitor how the market develops for new green, or nature-related, products • Diversify business activities, capturing transport and storage opportunities for new products and green infrastructure	• Increased resilience due to business diversification • New revenue streams • Reduced costs of raw materials and production inputs • Better competitive position to reflect shifting consumer preferences	• Our long term ESG strategy • Our analysis and internal business development activities.	• Low
Financial results	• Access to nature-related and/or green funds, bonds, or loans • Incentives for suppliers to improve their nature and ecosystem management	• Increased access to funds and loans • Access to capital through incentives and subsidies (e.g. IRA)	• Continuously develop sustainable finance strategy and opportunities	• low

Categories from TNFD Recommendations and Framework v1.0, Sept 2023

TNFD Reporting

TNFD - Disclosure of Nature-related risk and opportunities

Table 28: Disclosure of Nature-related risk and opportunities related to Governance	
Disclose the organization's governance around nature-related dependencies, impacts, risk & opportunities.	
a) Describe the board's oversight of nature-related dependencies, impacts, opportunities	• The corporate risk assessment (including nature-related risks) is presented and discussed at all board meetings. • The board performs an annual review of Climate and Nature Risk Assessment • Management reports status and progress on ESG at all board meetings • The Chief Sustainability Officer also reports to the Board's Audit Committee, and presents ESG update and risk to the board. • The global and geopolitical long-term risk is always a part of the board's risk discussions and strategy agenda • The risks and opportunities are fundamental for setting Odfjell's long term goals and are integral part of our strategy and action plans • The board also do separate training sessions and updates related to sustainability, nature and climate risk and opportunities • The Audit Committee (AC) Charter includes a description of ACs role in oversight of ESG reporting. Charter is available on Odfjell.com
b) Describe management's role in assessing and managing climate-related risks, impacts, risks and opportunities	• Management discusses current risk assessment, including nature risk, bi-weekly • Management adopts transition risk as an integrated part of strategic planning, fleet development and capex plans. Nature transition risk is essential to technical actions and installations. • Odfjell Management has appointed a Chief Sustainability Officer as a part of Executive Management, who owns the risk process, including ESG risk. • Nature risk is included as a separate risk element from 2022 • Management follow the LEAP (Locate, Evaluate, Assess, Prepare) methodology

Ref latest guide by TNFD - The TNFD Nature-Related Risk and Opportunity Management and Disclosure Framework v1.0

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TNFD - Disclosure of Nature-related risk and opportunities

Table 29: Disclosure of Nature-related risk and opportunities related to Strategy.	
Disclose the actual and potential impacts of nature-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.	

a) Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium, and long term	• Nature risk and opportunities are presented earlier in this this document. Most essential risks are related to
	  • Transitional risk and regulatory risk that can affect our business model and the products we store and ship
	  • Acute risk related to spill, pollution
	• We regard short term risk as low. Long term risk is very challenging to predict, but we believe the business model is resilient to the scenarios identified.
	• Risks identified will increase in the longer term, as climate change increases with the possibility of more regulations
	• Odfjell is not directly dependent on resources with a nature risk
	• Odfjell has a high standard for safe and responsible operations to mitigate nature acute risk

b) Describe the impact of nature-related risks and opportunities on the organisation's businesses, strategy and financial planning .	• Odfjell uses the nature risk and opportunities assessment to provide input to strategic planning, and assessment of long term financial impact • Nature-related risk might impact our customers and their products, e.g. organic products, which in turn can impact the market • Odfjell regard the impact on nature related-risk on Odfjell as low
c) Describe the resilience of the organization's strategy, taking into consideration different scenarios	• Odfjell is resilient to the risks we have identified in the preliminary nature risk assessment in the short term, and with the information we have today regarding value and regulation • We monitor the transitional risk continuously to estimate what effects it will have on our organization and business • The long term effects of biodiversity and ecosystem loss are more a risk to society than a direct risk for Odfjell
d) Describe the organisation's interactions with low integrity ecosystems, high importance ecosystems or areas of water stress	• Odfjell operates in the major shipping routes around the world. Some of the shipping lanes can be exposed to marine mammals. We focus on following guidelines for underwater noise and impact on marine life. • Odfjell is a signatory and follows the principles of UN Sustainable Ocean Principles

Ref latest guide by TNFD - The TNFD Nature-Related Risk and Opportunity Management and Disclosure Framework v1.0
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TNFD - Disclosure of Nature-related risk and opportunities

Table 30: Disclosure of Nature-related risk and opportunities related to Risk Management	
Disclose how the organisation identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities.	
a) Describe the organisation's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities	• Nature risk is an integrated part of the Corporate Risk Assessment. This is updated based on new knowledge and scenarios and continuously updated as a part of the corporate risk process. A full risk review of climate and nature risk is performed annually. • Climate and Nature risk is reported in 8 sub-categories in the risk assessment • Efficiency and emission reduction are material for Odfjell. GHG emissions are central to our business. We have made ambitious plans to reduce emissions, mitigating the climate risk of capex, taxation, non-compliance, and negative perceptions of the sector. • The Risk assessment process is owned by the Chief Sustainability Officer. Odfjell is also a part of the TNFD Reference group.
b) Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities .	• Nature risk is a part of the integrated enterprise risk assessment as of 2022 • Dependencies with regards to suppliers is an integrated part of procurement strategy • Odfjell has created an executive role (CSO) to focus on sustainability, including nature risk
c) Describe how processes for identifying, assessing, and managing nature-related risks are integrated into the organisation's overall risk management	• Climate risks are included in the risk assessment and are an integral part of the corporate risk assessment • We focus on nature-related impact in our materiality assessment • Nature-related risks provides input for procurement strategy, commercial strategy and also our human rights impact assessments
d) Describe the organisation's approach to locate the sources of inputs used to create value that may generate nature-related dependencies, impacts, risks and opportunities	• This process is under development. Currently Odfjell focuses on developing competence and understanding of nature risk and nature-related dependencies risk and opportunities, following the presentation earlier in this report. • Odfjell is represented in the TNFD Reference group, and participate in the development and early adapters program of the framework and guidance
e) Describe how stakeholders, including rightsholders, are engaged by the organisation in its assessment and response to nature-related dependencies, impacts, risks and opportunities	• We have a dialogue with suppliers, customers related to ESG, sustainable sourcing, new opportunities etc. • We have a dialogue with investors, banks where we highlight and present ESG risk and opportunities, including nature risk

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TNFD - Disclosure of Nature-related risk and opportunities

Table 31: Disclosure of Nature-related risk and opportunities related to Metrics and targets	
Disclose the metrics and targets used to assess and manage relevant nature-related dependencies, impacts, risks and opportunities where such information is material.	
a) Disclose the metrics used by the organisation to assess material nature-related risks and opportunities in line with its strategy and risk management process	• In the ESG report of the Annual Report, we provide metrics for emissions in line with the SASB metrics and the metrics in the ESG reporting framework developed for the Norwegian Shipowners' Association • We report on all spills, pollution if any • We report on emissions to air (CO_2 and SO_X) • We report on actions to lessen the impact of underwater noise • Odfjell monitors the development of recommended metrics by the TNFD. Disclosure metrics guidance will be available in v 0.4 of the framework.
b) Disclose the metrics used by the organisation to assess and manage direct, upstream and, if appropriate, downstream dependencies and impacts on nature .	• Odfjell calculate Scope-3 emissions iaw GHG Protocol • Odfjell monitor downstream products from recycling • This area is under development, but we monitor relevant products we store and ship, and also develop dependencies as a part of procurement strategy and follow up of suppliers • Value chain analysis
c) Describe the targets used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and performance against targets	• Odfjell will ensure compliance with all regulations, including nature-related regulation • Odfjell has a target of zero spills and pollution • Odfjell has not set other nature-related targets except for pollution
d) Describe how targets on nature and climate are aligned and contribute to each other, and any trade-offs	• Odfjell has not set nature-related targets, except the zero targets mentioned above. We have set climate targets. Climate change mitigation action will also contribute to reduce nature risk. We believe there is great alignment between climate and nature risk and have not identified any material trade-offs.

Ref latest guide by TNFD - The TNFD Nature-Related Risk and Opportunity Management and Disclosure Framework v1.0