North Sea Shipping - ESG report
2021
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14. ESG Leading Indicators
North Sea Shipping assess environmental and social impact and seek to demonstrate good governance when making business decisions and carrying out operations.

ESG aspects are an integrated part of the company’s Policy, Concept and Strategy.

From NSS “Business Concept and Strategy”:
North Sea Shipping (NSS) is an integrated company providing advanced Vessels and management services to the Oil, Gas and Energy industry.

Be a leader in QHSE and work continuously against zero personnel Injuries.

Operate the Vessels in a Safe and Reliable matter to satisfy our Customers’ demands.

Be a front-runner in Vessel Innovation and Technology.

Work towards 40% reduction of emission within 2030, compared to 2009 emissions.

Work towards climate neutral ships within 2050.

Provide safe and healthy workplaces by preventing work-related injury and ill health.
Sustainability

North Sea Shipping is committed to operate in a sustainable manner in all aspects of our business.

We recognise that we need to adapt to a sustainable future.

NSS will work together with employees, clients, suppliers and partners to achieve sustainability.

NSS shall be transparent and report on leading ESG indicators, setting goals for improvement.
North Sea Shipping has decided to use the UNSDG as a framework for our approach to identifying and assessing our performance regarding Environmental, Social and Governance issues.

A materiality assessment has been carried out to identify the ESG issues that could affect our business and/or our Stakeholders.

NSS has adopted the UNSDG principles and intends to apply them to all aspects of our operations.
Materiality Assessment

Key SDG’s identified:

8.1: Health and Safety (3: Good health and well-being)
8.2: Quality / Customer satisfaction
8.3: Labor rights and employee satisfaction
8.4: Impact on local community
13.1: Carbon intensity
13.2: Technology and innovation
13.3: Energy consumption
14: Discharge to sea, Oil spill, waste and bio-fouling
16.1: Anti corruption and bribery
16.2: Climate data transparency
16.3: Competency improvement
5: Gender equality
3: Good Health and well-being
NSS Environmental policy

NSS is committed:

- to strive to minimize the impact of our activities on the environment
- to strive persistently to avoid any environmental incidents

NSS is working towards a 40% reduction of its emissions by 2030, compared to 2009 emissions. By 2050 we aim to be climate neutral.

NSS registers and reports all oil spills. NSS practices waste separation and all waste is reported.

NSS is ISO 14001 (Environmental Management) certified

NSS BEST

Shipping is high in carbon intensity. NSS activities in 2021 resulted in CO₂ gas emissions of 38,569 tons, approximately 12,856 tons per vessel. NOx

Better Efficiency, Smarter Solutions

NSS has initiated an environmental program to reduce emissions from our operations, NSS BEST.

The BEST program seeks to increase awareness amongst the vessel crew and to demonstrate how the operational decisions made in day-to-day operations has an impact on the emissions.

BEST encourages the personnel to come up with ways to reduce fuel consumption.

Examples of initiatives:

- Speed reduction
- Use “Green DP” when possible
- Shut down equipment that is not in use

In 2021 the fuel reduction tributed to the BEST program was 1106 tons, equivalent to 9% of the total fuel consumption. Total reductions as a result of the program since 2019 is estimated to be 3,743 tons of fuel.

Modern office facilities

In 2016 NSS moved in to our new offices in Bakkasund. The building is energy efficient and designed for universal accessibility.
Environmental

Waste management

NSS practises waste segregation on all its vessels. All waste is disposed of in accordance with regulations and reported.

Initiatives to reduce waste has been implemented, such as reduction of use of plastic bottles, and we always try to find new ways to reduce the amount of waste we produce.

In 2021 the total amount of waste delivered to on-shore waste disposal was 474 tons.

Spill to Sea

We had 13 Oil spills from the fleet in 2021 and the quantity was 90.8 litres. All oil spill were of bio-degradable type. The quantity was higher than normal due to a break-down of an azimuth thruster. The goal is zero spill to sea.

No other type of bio-fouling materials was registered in 2021.

Technical and procedural improvements has reduced the overall number and quantity of oil spills the last decade and we continue our efforts to reduce spills.

Our goal is zero spills-to-sea.

New Technology

Since the beginning in 1984 NSS has been early adopters of new technology. It is a part of NSS “Business Concept and Strategy” to adopt new technology to improve our performance and reduce our environmental impact.

- Be a front-runner in Vessel Innovation and Technology.

NSS has converted two of its vessels to achieve better fuel economy and reduced emissions.

In 2014 we replaced the propulsion system on our vessel “Atlantic Guardian” with modern frequency drives and installed a retractable azimuth. This has resulted in a reduction in fuel consumption of approximately 40% in DP operation.

In 2019 we installed a state-of-the-art hybrid system on our vessel “North Sea Giant”. As a result, we got better fuel economy and better redundancy.

We are planning to install a similar hybrid system on the “North Sea Atlantic” to further improve performance and lower emissions of our fleet.
Installation of a retractable fwd azimuth and conversion from traditional pitch controlled thrusters to state of the art variable speed frequency controlled propulsion achieved a fuel saving of approximately 40% in DP operation.

In addition to the reduction in operating cost and emission the conversion also increases operational reliability and reduces maintenance.

The North Sea Giant was equipped with a Hybrid system (battery) in 2018-19. As a result, the average daily consumption in DP operation was reduced by approximately 30%.

NSS is in the process of planning a conversion of the North Sea Atlantic like the one on North Sea Giant.

We expect that we will achieve approximately the same savings and emission reduction as we did on the North Sea Giant.

The conversion will likely take place end of 2022 - beginning of 2023.
The road to zero

As stated in NSS “Business Concept and Strategy” we will work towards a 40% reduction of our emissions by 2030 compared to 2009 in accordance with the IMO GHG Strategy. We are well on our way to achieving that goal. Since 2019 our emissions have been reduced by 30%, mainly achieved by technology and our awareness program, NSS BEST.

Ultimately the goal must be to reach zero, however challenging this looks now. We will aim for climate neutral operations by 2050.

By implementing new technology when it has matured sufficiently and a continued awareness and focus on emission reduction, we believe that zero is possible.
Health, Safety and Working conditions

NSS is committed:

- to provide safe and healthy working conditions for the prevention of work-related injury, and other injury, and ill health
- to fulfil legal requirements and other requirements
- to consultation and participation of workers, and workers representative

We are an equal opportunity employer.

- NSS will not, as a principle, practice any discrimination among its employees or applicants based on sex, age, race, religion, political or trade union affiliations, nationality or disability.

When a person is considered for a position selection shall only be based on competence, attitude, skills and qualifications.

NSS was ISO 45001 (Occupational health and safety) certified in 2021

Key figures NSS 2021

- Permanent employees
  Office: 16
  Crew: 61
- Sick leave
  Office: 2.2 %
  Crew: 5.6 %
- Retention rate
  Office: 100 %
  Crew: 93.4 %
- LTIF:
- TRCF: 3.53

Apprenticeships and Cadets

NSS is active in recruiting and training of the future generations. We have apprentices and cadets on all our vessels.

Number of apprentices in 2021: 3
Number of cadets in 2021: 1

In 2022 we plan to have 4 apprentices and 2 Cadets

Gender equality

Traditionally a male dominated industry, shipping has a long way to go before the female representation is equal to that of men. In the office the we have reached our goal of 40% female managers, but NSS wishes to increase the number of women amongst our crew. We encourage women to apply for positions on our vessels and we apply affirmative action when recruiting crew and apprentices/cadets

Supporting the local community

NSS was founded in Austevoll and has had its main office there since 1998. A high percentage of our work force was and is recruited from the region and NSS is an important employer in terms of size in the community.

We aim to use local suppliers/businesses as far as possible to contribute to the continued success of the local maritime cluster and business community

We recognize that our success is founded on the work of our employees. NSS wishes to give back to the local community. NSS sponsors both cultural events and local sports.

In 2021 NSS sponsored local sports and cultural events with approximately 500,000 NOK
Governance

Our Commitments

As stated in NSS Policy we shall provide quality services at the highest level to our customers regarding technical standard, human resources and QHSE by:

- **Working proactive to prevent accidents and incidents from occurring.**
- **Using risk assessment approach as basis for control measures to all identified risks to its ship, personnel, environment and business.**
- **Monitoring QHSE and improve continuously. QHSE shall have the highest priority in all matters.**
- **Strive to reducing fuel consumptions and emissions by using the internal Environmental Program, BEST, and implementing new technology.**
- **Keeping focus on garbage segregation and environmentally friendly initiatives.**
- **Keeping a small and effective fully integrated organization with a flat structure and leadership commitment.**
- **Keep developing the competence of employees at sea and shore in a way that will benefit to the organization and the customers**
- **Staying certified according to ISM (International Safety Management code), MLC (Maritime Labor Convention), ISPS (International Ship and Port facility Security), ISO 9001, ISO 14001 and ISO 45001.**
Governance

Certification, Audits and Training

NSS is certified according to the ISM Code, MLC, ISPS, ISO 9001, ISO 14001 and ISO 45001. In 2021 our company was audited 37 times, both external and internal audits, without any major findings.

Our crew are trained and certified according to the requirements of the STCW 10 (Seafarers Training, Certification and Watchkeeping Code). In addition we train our crew using e-learning and internal courses.

NSS is operating under our IMS (Integrated Management System) that governs all aspects of our operations and describes activities and processes, defines each employee’s responsibilities and roles.

Anti-corruption and bribery

NSS has a zero-tolerance policy with regards to corruption and bribery.

Employees are not allowed to receive benefits from persons/businesses that they encounter on behalf of the company, nor does NSS condone any attempt on our behalf to bribe or otherwise to unduly influence others.

From NSS Social and Ethics Statement:

“Not granting, directly or indirectly, any kind of benefit to any person involved in NSS business for the purposes of obtaining commercial favors.”

“Avoiding any conflict of interest between their roles in NSS’s business and their private interests, particularly in their relations with clients, competitors and suppliers. In this regard, NSS staff must refrain from offering or accepting gifts or invitations, which would not be consistent with acceptable practices or applicable laws.”

If an employee is offered a bribe or is made aware of an attempt to do so it must be reported immediately to the management. If the incident warrants it, it will be reported to the proper authorities.

Sustainability Training

In 2022 the company plan to complete ESG training for all its employees.

Board representation

In 2022 NSS will make changes in the Board composition. The new board will have 50% women representatives.

Transparency

NSS publishes all ESG relevant information. We believe that being transparent and sharing information is a key part in achieving our goals.

In the latest third-party assessment, carried out by Ecovadis in 2021, NSS scored in the 97th percentile on ESG performance.
<table>
<thead>
<tr>
<th>Environment</th>
<th>Units</th>
<th>Target 2022</th>
<th>2021</th>
<th>GRI**</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ direct (NSS activity)</td>
<td>tCO₂</td>
<td>-3%</td>
<td>38569</td>
<td>305-1</td>
<td>13</td>
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<tr>
<td>CO₂ purchased electricity (NSS office)**</td>
<td>tCO₂</td>
<td>-5%</td>
<td>1850</td>
<td>305-2</td>
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<tr>
<td>NOx</td>
<td>tNOx</td>
<td>-3%</td>
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<td>305-7</td>
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<tr>
<td>SOx</td>
<td>tSOx</td>
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<tr>
<td>Number of oil spills</td>
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<td>Oil spills quantity</td>
<td>Litres</td>
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<td>Fines for non-compliance with environmental regulations</td>
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<td>Single use plastic water bottles for drinking water on board our vessels</td>
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<td>Social</td>
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<tr>
<td>Permanent employees</td>
<td>%</td>
<td>98</td>
<td>98</td>
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<td>Gender diversity offshore (Target 10% female crew 2025)</td>
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<td>Gender diversity onshore management (Target 40% female managers 2021)</td>
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<td>Retention rate offshore personnel</td>
<td>%</td>
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<td>Retention rate onshore personnel</td>
<td>%</td>
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<td>100</td>
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<td>TRFC (Total Recordable Case Frequency)*</td>
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<td>LTIF (Lost Time Incident Frequency)</td>
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<td>Percentage of all employees received sustainability training</td>
<td>%</td>
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<td>404-2</td>
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<td>Governance</td>
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<td>Gender diversity Board of Directors</td>
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* per 1,000,000 hours  
** GRI reference as guidance only  
*** Based on NVE method of calculating CO₂ emissions for grid supplied electricity  
SDG: UN Sustainable Development Goals