



ESG

REPORT

2021



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

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DISCLAIMER AND ASSUMPTIONS
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ABOUT SFL

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

Our current fleet consists of approximately 70 units including tankers, dry bulk, container vessels, car carriers and offshore assets. This diversity gives us the flexibility to continue building our distribution capacity irrespective of fluctuations in The Company’s goal is to maintain a portfolio of high-quality assets and long-term charters with strong charter counterparts. Key to achieving this goal is to constantly improve our fleet’s emissions and transport efficiency as we work with our partners and clients.

SFL has incorporated the ten principles of the UN Global Compact and is constantly focusing efforts on increasing efficiency and reducing the greenhouse gasses emitted from its vessels with the belief that improving efficiency and reducing energy consumption will generate environmental and economic advantages. SFL believes that a reliable and strong health and safety focus onshore and on board its vessels will positively affect the long-term performance of the Company.

SASB ACTIVITY METRICS 2021

ACTIVITY METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	SCOPE BY CONTRACT	CODE
Number of shipboard personnel ⁿ	Number	1 176	966	Operated fleet	TR-MT-000.A
Total distance travelled by vessels ^o	Nautical miles (nm)	5 693 185	5 300 880	All assets	TR-MT-000.B
Operating days ^p	Days	17 406	16 836	Operated fleet	TR-MT-000.C
Deadweight tonnage	Thousand deadweight tons	8 502.783/ 6 049.572	7 594.354/ 5 092.307	All assets/Operated fleet	TR-MT-000.D
Number of assets in fleet ^q	Number	70	87	All assets	TR-MT-000.E
Number of vessel port calls ^r	Number	3 815/1 986	8 777/1 789	All vessels/Operated fleet	TR-MT-000.F
Twenty-foot-equivalent unit (TEU) capacity	TEU	199 785	152 885	Operated fleet: All relevant vessels	TR-MT-000.G

ABOUT THIS REPORT

This report is our fourth comprehensive and stand-alone sustainability report.

The report meets the disclosure requirements of the Sustainability Accounting Standards Board (SASB) Marine Transportation Standard (2018) and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021). A separate GRI Index is available on our website. The report presents our material environmental, social, and governance (ESG) performance, along with how we manage material sustainability topics, for the financial year ended December 31, 2021.

Determination of sustainability impacts and material ESG topics for reporting was undertaken by an independent expert ESG advisor, in consultation with our staff and stakeholders, and was approved by the BoD. The materiality determination method followed the GRI Materiality Standard, GRI 3 (2021). Critical or material events occurring on or after December 31, 2021, and up until the publication date are also covered in this report. The Scope 1 GHG emissions data for the operated fleet have been reviewed and verified by an independent third party, DNV.

For report questions or feedback contact trym.sjolie@sflcorp.com.

1
ASSETS RECYCLED AT YARD
IN COMPLIANCE WITH THE HONG KONG
CONVENTION

4
VESSELS WITH ALTERNATIVE
FUEL TECHNOLOGY ON ORDER

597
CHARTER INCOME
INCL PROFIT SPLITS

\$3.8bn
CHARTER
BACKLOG

0
NUMBER OF
SPILLS

ASSETS AS OF YEAR END 2021



35 CONTAINER

15 DRY BULK



2 OFFSHORE



16 TANKERS



2+4 CAR CARRIERS

INTRODUCTION

The ongoing Covid-19 pandemic continued to have an impact on our operations throughout 2021. But even as the pandemic has caused strain on the global economy and societies across the globe, we have seen shipping markets strengthen creating a boom in the dry and liner markets. Due to our financial resilience and global reach, we were able to absorb and respond effectively to challenges such as closed borders and port restrictions that made crew changes and logistics more complicated, although in some cases our crew unfortunately had to stay on board past their contractual periods.

Beyond the pandemic, the trend for increased focus on ESG matters has continued. The EU adopted the first of two delegated acts for the Taxonomy, confirming the parameters on sustainable activities for climate change adaptation and mitigation objectives, which may spur a quicker transition within the shipping industry. Climate change is a major challenge and 2021 saw world leaders come together in Glasgow to agree a roadmap to a low carbon future. This roadmap will have a major effect on the shipping industry and decarbonization is a core part of SFLs strategy.

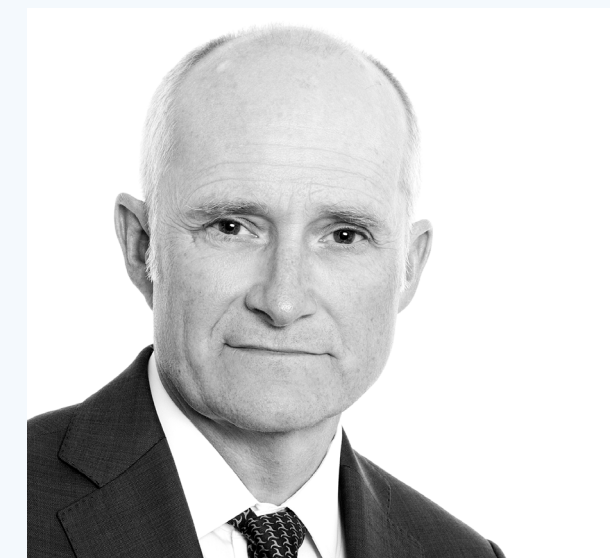
Our decarbonization strategy places us in good stead to meet increasing carbon reduction targets and SFL will monitor these developments closely. Following the IMO's Initial Strategy on the reduction of GHG emissions, in June 2021, the IMO adopted key short-term measures aimed at cutting the carbon intensity of all ships by at least 40% by 2030.

In 2021, SFL ordered in total four LNG-fueled car carrier newbuilds. The vessels are all 7,000 CEU Pure Car and Truck Carriers, implementing ultra-modern dual-fuel solutions designed to use liquified natural gas (LNG) – greatly improving our emission profile in the segment. This year, we will continue to strengthen our sustainability performance, including fleet optimization processes. Low-carbon energy solutions continues to be a central part of our strategy, although our ambition to change the energy mix in our fleet is limited by available technology. While viable low-carbon solutions are yet to be developed, we are ready to make the transition to

a lower emission fleet, and this is taken into account in our divestment and investment activities. As directed by the IMO, improvements in the vessels' Carbon intensity measure by AER will be required of all ship owners, and we have established a roadmap for how to comply with IMO CII for all our vessels over the coming years. This, together with integrated fuel and emissions data for our ships, means we are in a good place to make operational and strategic decisions based on verified data.

In addition to decarbonisation, HSE related matters is a high priority within our organization and in collaboration with our business partners. This includes safety measures for our crew as well as environmental impact, anti-corruption and ship recycling.

This ESG report seeks to provide investors and other stakeholders with easy access to material information on environmental, social and governance factors. We hope you will find our disclosures useful, and please do not hesitate to get in touch in case you have any questions or suggestions.



Trym Otto Sjølie
Chief Operating Officer
SFL Management AS

SFL ESG FRAMEWORK

Our approach to managing relevant ESG topics is structured around the three core environmental, social and governance pillars. Our framework reflects the incorporation of UN Global Compact Principles in our operations in general, and our enhanced ESG management system in the form of a digital platform.

MATERIAL TOPICS

We have reviewed and refreshed the comprehensive analysis of material ESG topics undertaken in 2020. Our review of potentially material topics followed the GRI Materiality Standard (GRI 3, 2021), considering the severity and likelihood of our impacts. To map our impact on ESG issues, we engage with employees, customers, analysts, investors and industry organisations. Our ESG priorities also take into consideration those which are financially material, and we are guided by the SASB Marine Transportation Standard (2018) in this regard.

The following topics have been considered by the Board and are deemed material for inclusion in this report:

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

In 2021, SFL has established specific targets for the material areas pinpointed in the assessment described above. In particular, SFL will continue to develop its strategy to address direct emissions and associated climate-related risks.

CO-OPERATION

Some of the challenges our industry is facing require joint actions. Through cooperation with other stakeholders – including industry and regulatory authorities – we aim to stay ahead of the curve on material risks and opportunities. Together with industry peers such as Avance Gas, Flex LNG, Frontline and Golden Ocean, SFL has established an ESG forum: the goal is to design industry leading approaches to ESG risk management and reporting parameters.



SFL's ESG TARGETS TOWARDS 2025		
E	ANNUAL YEAR-ON-YEAR AER IMPROVEMENT (FLEET AVERAGE)	2%
	NUMBER OF SPILLS	0
S	LOST TIME INCIDENT RATE	0
G	SHARE OF BUSINESS PARTNERS SCREENED FOR ESG-COMPLIANCE ANNUALLY	100%
	AWARENESS RAISING – EMPLOYEES TO COMPLETE SELECTED E-LEARNING MODULES ANNUALLY	100%

We actively participate in and support the following initiatives:

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



SUSTAINABILITY GOVERNANCE AT SFL

The Board at SFL is responsible for the governance of ESG-related issues, and approves the company's ESG Policies and material topics included in this report.

GOVERNANCE RESPONSIBILITIES

Our Corporate Code of Business Ethics and Conduct is established by the Board of Directors. The Board ensures that we have sufficient internal control and risk management systems in place, which encompass our corporate values and ethical guidelines. The Board routinely considers critical ESG issues, and in line with our Code of Conduct any significant incidents are reported directly to the Board. The Board also reviews and approves the annual ESG report, which includes our prioritisation of material ESG issues, as well as climate-related financial risks and opportunities, based on the recommendations of the Task Force on Climate-related Financial Disclosures.

The Board's Audit Committee monitors and reports any complaints received by the company relating to internal controls and compliance. Any suspected deviations from our policies are to be reported to the closest manager or by making use of web-based whistleblowing tool as outlined in our Complaints Procedure. The Audit Committee also

ensures that policies regarding ethics, risk assessment and risk management are adequate. These policies are reviewed annually.

Our compliance function is managed by Front Ocean Management AS, a company jointly owned by SFL, Frontline, Golden Ocean, Avance Gas and Flex LNG. The Compliance Officer reports directly to Management as well as the Audit Committee on a quarterly basis.

GOVERNANCE AND COMPLIANCE

SFL has a risk-based approach to compliance and has established policies and procedures which clearly set out how we manage ESG issues. Implementing these policies and procedures mitigates our risks and any negative ESG impacts. All policies and procedures were updated in 2021. Our ESG management system is complemented by annual risk assessments, integrity due diligence, training of employees, third party audits, internal systems and controls – such as internal compliance testing, remediation and investigations. In 2021, we conducted a full Compliance Risk Assessment in order to adequately address the compliance risks SFL is exposed to. This year we implemented the e-learning platform which is always available, and all employees and management are to undergo mandatory training in our internal policies and procedures on an annual basis. The Board of Directors also has access to the platform. New employees do the training as part of their onboarding. The system registers completed training, and all of SFL's employees have completed the main mandatory training session. Furthermore, we conducted face-to-face training. The training focused on potential compliance issues; how to identify them and what to do if facing a potential issue. The training included cyber risks.

In March 2021, the Securities and Exchange Commission (SEC) announced the creation of a Climate and ESG task force, signalling its intention to increase its focus on ESG matters. The initial focus of the task force includes potential material gaps or misstatements in issuers' disclosure of climate risks under existing rules. SFL is actively monitoring these developments to ensure that our reporting on ESG and climate risks are aligned with the SEC requirements.



MATERIAL ISSUE	INTERNAL GOVERNANCE DOCUMENTS	INTERNATIONAL STANDARDS AND REFERENCES
Climate change	Environmental Policy	The Paris Agreement The Intergovernmental Panel on Climate Change (IPCC) Initial IMO Strategy on Reduction of GHG Emissions from Ships
Air emissions	Environmental Policy	IMO MARPOL Convention Annex VI EU Sulphur Directive 2016/802 UNCLOS
Ecological impact	Environmental Policy Ship Recycling Policy	UN Global Compact IMO MARPOL Convention Annex VI IMO Ballast Water Management Convention IMO MARPOL Convention Annex VI Hong Kong Convention
Anti-Corruption	Corporate Code of Business Ethics and Conduct Financial Crime Policy Know Your Business Partner Policy	UN Global Compact The US Foreign Corrupt Practices Act and the UK Bribery Act
Employee Health & Safety	Corporate Code of Business Ethics and Conduct Ship Recycling Policy	UN Global Compact ILO Conventions Maritime Labour Convention, 2006 (MLC, 2006) International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Hong Kong Convention Marine Crew Resource Management
Accident & Safety Management	Corporate Code of Business Ethics and Conduct Know Your Business Partner Policy	International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Marine Crew Resource Management



ANTI-CORRUPTION AND BUSINESS ETHICS

For corporations in the shipping industry, corruption poses legal and reputational risks while also potentially threatening the safety of the crew.

Commitment to honest and ethical conduct and integrity are key values for SFL, and these values are embedded in our way of working with customers, business partners, employees, shareholders and the communities in which we operate. We have a zero-tolerance policy towards bribery as stated in our Corporate Code of Business Ethics and Conduct and Financial Crime Policy, which applies to all entities controlled by SFL's officers, directors, employees as well as third-party workers, consultants wherever they are located. Our implemented enterprise-wide anti-corruption and money laundering policies are modelled on the UK Bribery Act and US Foreign Corrupt Practices Act (FCPA).

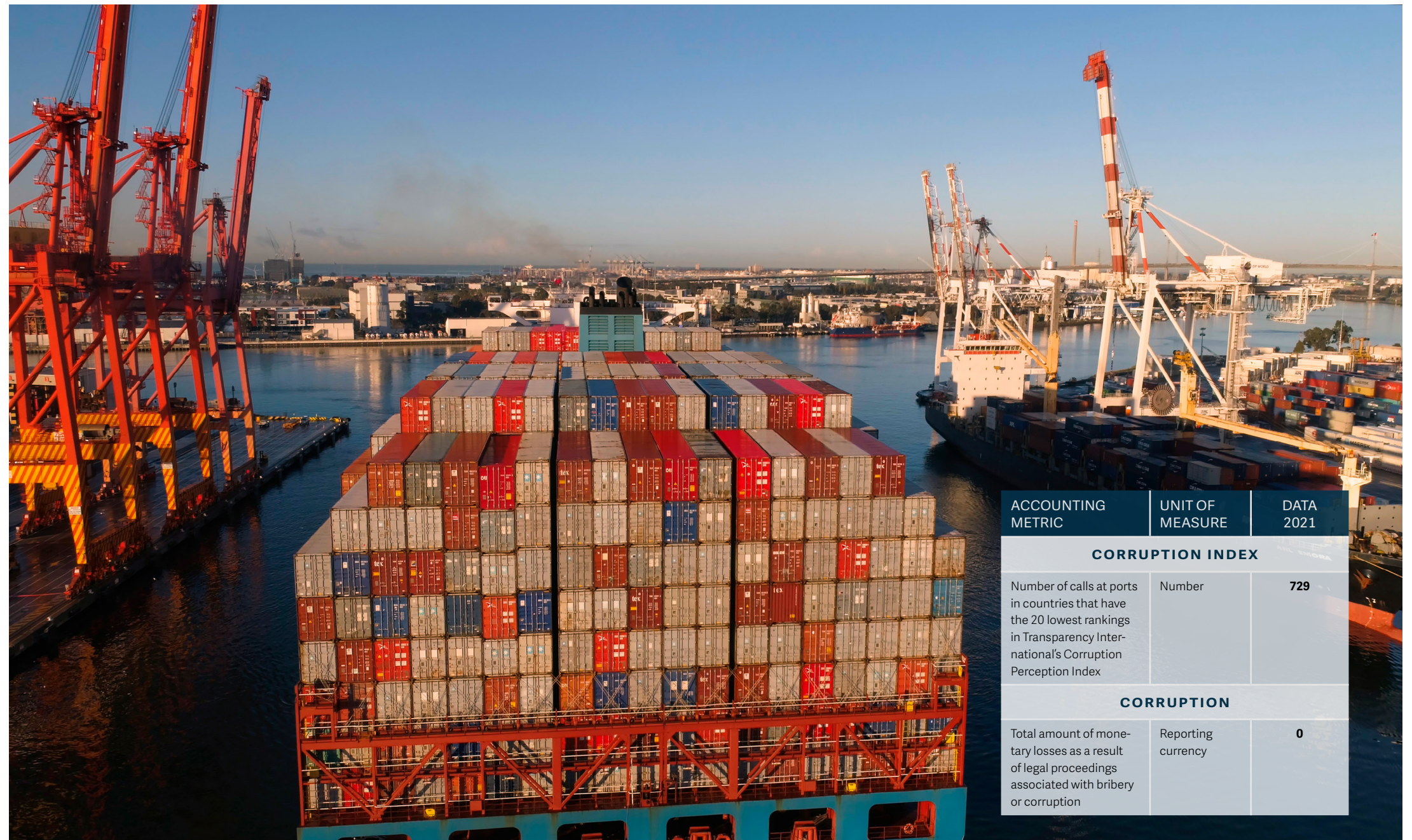
Assessing and monitoring business processes, training and controls are fundamental tools in implementing our anti-corruption policy. As part of our compliance processes, appropriate risk-based communication and training are provided to employees as part of their onboarding and ongoing development programme.

We also provide an anonymous whistleblowing platform provided by WhistleB that is open to everyone, including staff, seafarers and those outside of our organisation. The whistleblowing facility is tested quarterly by SFL's Compliance Officer. SFL recorded no (zero) whistleblowing cases in 2021.

SFL has not been involved in any legal proceedings associated with bribery, corruption or anti-competition in 2021 and no whistleblowing complaints were made.



SDG target 16.5 aims at substantially reducing corruption and bribery in all their forms. As a member of the Maritime Anti-Corruption Network (MACN), and through our own diligent anti-corruption procedures, we support collective action to reduce corruption and bribery in all their forms and report facilitation payment demands on a quarterly basis in cooperation with all Ship Managers.



ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021
CORRUPTION INDEX		
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	729
CORRUPTION		
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0

At SFL, we recognise our responsibility to manage our environmental impact. Some of the largest environmental and ecological risks posed by the shipping industry are related to emissions, discharges and spills. These factors have significant implications for air and water quality, and marine biodiversity if precautionary actions are not taken. SFL’s ability to manage such risks is vital for protecting the environment, the sector, our customers and our own business.

SFL has monitoring and management tools in place to ensure compliance with international and local regulations. We review all identified risks to the environment, allowing us to establish appropriate safeguards. Our technical department formally supervises ship managers through quarterly performance review meetings to ensure compliance, and any corrective measures that are imposed on them are followed-up on. An annual audit is performed by Class according to the ISM Code and where appropriate ISO 9001 and ISO 14001.

SFL relies on cost efficient financing, and we realise that the value of our physical assets may be affected by emission regulations as well as customers’ expectations. SFL monitors every aspect of its fleet operations, including greenhouse gas emissions and energy efficiency. This allows us to continually adjust our efforts and improve our performance in accordance with relevant expectations and regulations. In addition, we

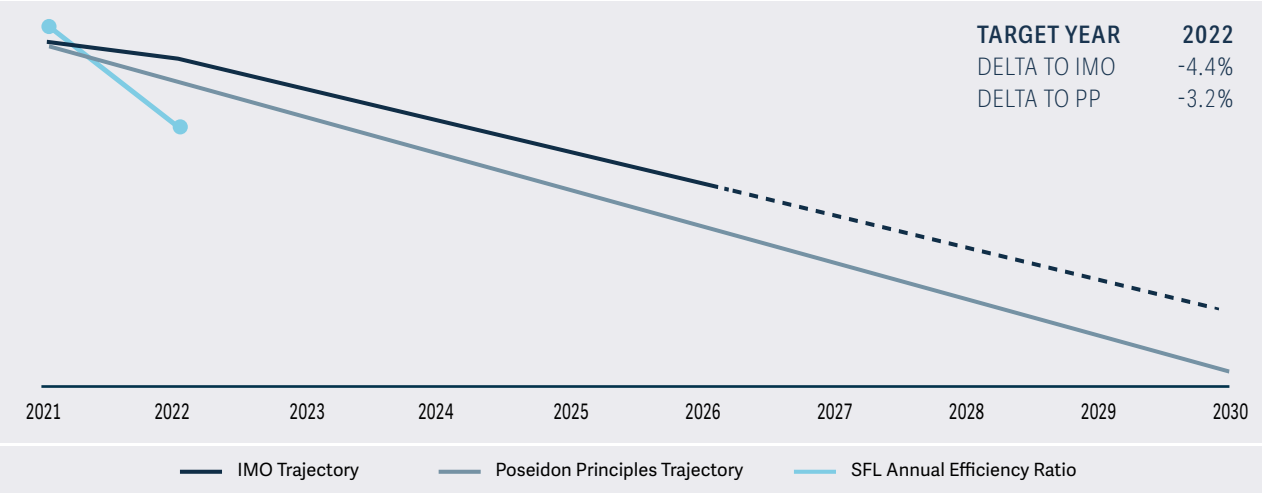
assess our investment strategies on a regular basis, taking into consideration how we may be impacted by stricter environmental regulations and physical climate risks.

GHG EMISSIONS

Greenhouse gas emissions from maritime shipping activities have significant implications for air quality and the climate. Growing concerns about climate change combined with increased levels of international trade, have led the industry to take actions through more stringent regulations and standards.

The IMO has launched a strategy towards 2030 in line with the Paris Agreement to combat climate change. Compared to 2008 levels, the strategy aims to reduce CO₂ emissions per transport work by at least 40 per cent by 2030, and 70 per cent by 2050¹. SFL supports this strategy. Following a review of SFL based on the framework established by the Task Force on Climate-related Financial Disclosures (TCFD)², we are implementing our strategy to increasing our ships’ efficiency and thus reducing the greenhouse gasses emitted from our vessels. Our goal is to have a modern and commercially attractive fleet, and we are conscious that the GHG emission profiles of the vessels when considering fleet divestments and investments. SFL aims to increase the number of vessels in the fleet with alternative fuel technology to reduce greenhouse gas emissions.

GHG EMISSION REDUCTION TARGET



SFL AIMS TO SHARPLY IMPROVE THE FLEET WEIGHTED AVERAGE AER IN 2022, AND THEREAFTER BE AHEAD OF THE IMO TRAJECTORY TOWARDS 2030.



SFL PROVIDES VESSELS WITH FREIGHT CAPACITY IN MANY SEGMENTS, INCLUDING CAR TRANSPORTATION. INCREASINGLY, MANUFACTURERS OF LOW-EMISSION TECHNOLOGIES REQUIRE ENVIRONMENTALLY FRIENDLY FREIGHT OPTIONS.

In 2021, we rolled out a digital platform to track vessel fuel efficiency. Live tracking of each of our vessels’ emissions and energy consumption is an important tool to monitor energy efficiency and emissions in accordance with regulations and our own targets. Due to increased activity and transport backlogs due to the pandemic, our fleet’s total CO₂ emissions increased by 9.8 % in 2021.

in sulphur abatement technology to reduce global SO_x emissions from our fleet.. As of February 2022, 24 of our vessels were fitted with scrubbers. According to comprehensive studies, using scrubbers while burning residual fuels will help reducing global CO₂ emission levels.³

9 INDUSTRY INNOVATION AND INFRASTRUCTURE
SFL supports UN SDG 13 – targeting the global fight against climate change, as well as UN SDG 9 – targeting the upgrade of transport infrastructure to make it sustainable, with increased resource efficiency. This is in line with the IMO strategy towards 2030. The key actions to achieve this is through our efforts to lower our fleet’s CO₂ emissions by increasing efficiency, upgrading engine technology and fleet renewal.

NON-GHG AIR EMISSIONS

The IMO 2020 regulation places a 0.5% global cap on sulphur dioxide (SO_x) content in shipping fuels. SFL has prepared to meet these require ments by approximately 100 million USD

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021
CO ₂ EMISSIONS		
Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	4 255 093
IMPLEMENTED BALLAST WATER		
(1) Exchange	Percentage (%)	18
(2) Treatment	Percentage (%)	85
SPILLS AND RELEASES TO THE ENVIRONMENT		
(1) Number	Number	0
(1) Aggregate volume	Cubic meters (m³)	0



“In 2021, we sent our rig West Taurus for recycling at a dedicated facility in Turkey. Following our comprehensive recycling policy, the process went according to schedule with no unwanted incidents.”

Trym Sjølie, COO

SPILLS, DISCHARGES AND ECOLOGICAL IMPACTS

Marine transportation represents ecological risks through discharges and potential spills. SFL’s ambitions and ability to manage such risks are critical for protecting the environment, as well as the competitiveness of our business.

SFL is conscious that larger volumes of oil spills have serious and long-lasting negative impacts on ecosystems – incidents may cause degradation to ecosystems, grave injuries or fatalities. Recovery efforts, reputational damage and financial impacts will inevitably follow such incidents. The highest likelihood of spills occurs in fuel transfer operations. However, spills as a result of vessel collisions typically have the most serious consequences. SFL recorded no spills during 2021. Our target is also to maintain our zero spills track record.

Whilst ballast water is essential for shipping operations, it may also represent serious ecological, economic and health risks due to the multitude of marine species it carries that can



DURING THE PROCESS OF RECYCLING THE WEST TAURUS AT A YARD IN TURKEY, A DEDICATED SFL REPRESENTATIVE VISITED THE SITE REGULARLY INSPECTION AND MONITORING.

adversely affect ecosystems and biological diversity.⁴ 18 per cent of our operated vessels utilize ballast water exchange systems, and 85 per cent have installed treatment technology (BWTS)⁵. Our investment plan will ensure full compliance with the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004 (BWM Convention).

Ships contain hazardous materials, and ship recycling must therefore be performed according to strict standards to protect human health, safety and the environment. The Hong Kong Convention aims to ensure that ships, when recycled after reaching the end of their operational lives, do not pose a risk to the safety of workers or to the environment. SFL has implemented a Ship Recycling Policy to make sure that any future recycling of SFL’s ships may only take place at a certified yard, and any recycling must be conducted in an ethical, safe and environmentally friendly manner. In 2021, the rig West Taurus was recycled at a certified facility in Turkey – in line with

the environmental, health and safety requirements described above. There were no incidents during this operation, which was conducted in line with the agreed schedule.

We have identified SDG 14 – Life below water – as relevant for our operations, with emphasis on target 14.C, aimed at enhancing the conservation and sustainable use of oceans and their resources by implementing international law. At SFL, we track and monitor our fleet continuously, including when our ships are sailing in marine protected areas.



- 1 IMO initial GHG strategy
- 2 TCFD recommendations
- 3 New Study Confirms Scrubbers Would Aid Global CO2 Reduction, World Maritime News, August 19 2019
- 4 Ballast water management - DNV GL
- 5 Vessels on bareboat contract were not part of this calculation



SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS

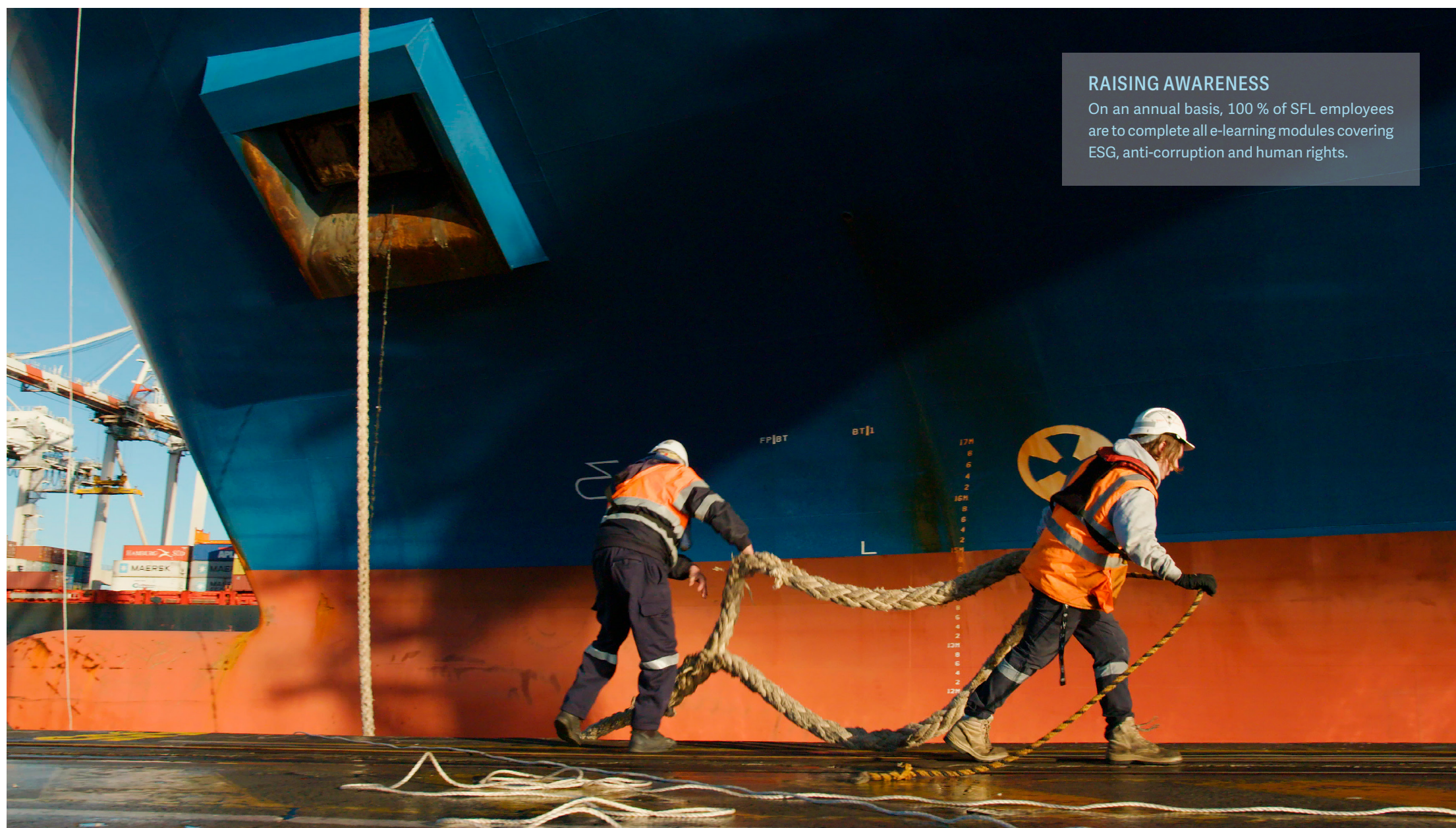
Providing safe and healthy labour conditions, a supportive environment and opportunities for employees to develop within our company are key to the well-being of our staff – this is fundamental to the long-term success of SFL.

Our Corporate Code of Business Ethics and Conduct applies to all employees in our company, and complies with applicable international, national and industry specific regulations. Any suspected intentional deviation from the Code or external regulation should be reported directly to the closest manager or through our web-based compliance solution – the latter is described in our Complaints Procedure.

Our managers employ and train qualified seafarers in accordance with the requirements of the flag state and the Standards of Training, Certification & Watchkeeping Convention. We have implemented risk assessment systems to review all identified risks to our ships and personnel, establishing appropriate safeguards and practices. Our fleet managers formally supervise ship managers through quarterly performance review meetings where all performance criteria, including safety matters, are discussed to ensure compliance. Our fleet managers meet all ship managers on a monthly basis going through all incidents related to safety and follow up on the implementation of any corrective measures. We also bring all ship managers together monthly for thematic seminars to share industry best practice. Our frameworks, procedures and practices all support our aim for zero accidents or incidents. An annual audit is performed by Class according to the ISM Code and where appropriate for ISO 9001 and ISO 14001.

All accidents, incidents and near misses are to be reported, and proactive measures are taken to ensure that we encourage our crew to report these without hesitation. SFL adheres to industry best practice according to the OCIMF TMSA framework when investigating incidents, and we take actions to prevent similar incidents from reoccurring.

Annual audits are performed of the safety management system in accordance with the same regulatory framework for all vessels and office functions involved in operating the vessels. Our Lost Time Incident Rate (LTIR) was 0.11 in 2021, compared to 1.33 in the previous year.



COVID-19

The Covid-19 pandemic has caused disruption globally, to societies, businesses and individuals. SFL has worked to soften the negative impacts of the pandemic on our staff and seafarers, as we view their wellbeing as our responsibility. To do this, we developed and implemented a crewing strategy that was driven both by safety and corporate responsibility perspectives, as well as a desire to preserve the welfare of our crew and ensure they return home safely. In addition to this, we established an operational task-force that met once a week during the peak of the pandemic and now meets biweekly. The task force helped to develop our operational procedure on how to handle the pandemic. The value of the taskforce was shown during the vaccination drive, when it was able to identify available vaccines in the Philippines, which were acquired to the benefit of our seafarers.

One of our primary concerns has been the wellbeing of our seafarers while they were in mandatory quarantine. To counter the effects of isolation, we provided laptops or iPads to all seafarers, as well as made provision for training where appropriate. We also established a psychological hotline and made this available to everyone to help them cope with any difficulties they may be experiencing. Our efforts in this area were supported by our membership of Maritime Partners in Safety.

In addition to wellbeing, health is a primary concern and SFL coordinated with its ship managers to facilitate a vaccination drive for its seafarers.

LABOUR RIGHTS AND WORKING CONDITIONS

In addition to securing our workers’ health and safety, we seek to ensure that our employees, onshore and offshore, are working under conditions that meet the requirements set out in the International Labour Conventions and the Maritime Labour Convention. As part of safeguarding seafarers labour rights, these conventions include the right to collective bargaining agreements, and that no employee is discriminated based on nationality, race or any other basis. The PSC and the OCIMF Ship Inspection Report Programme (SIRE) are implemented, ensuring that applicable labour rights are being complied with.

DIVERSITY

SFL prohibits discrimination against any employee or any other person on the basis of sex, race, colour, age, religion, sexual preference, marital status, national origin, disability, ancestry, political opinion, or any other basis. SFL is an international company that values diversity and cultural differences. Our shipboard employees come from across the world, and while our shipboard employees are predominantly male, 50 per cent of our onshore employees are female.

EMPLOYEE DEVELOPMENT

Our success is built on the ability, determination and dedication of our staff, both onshore and shipboard. We recognise the value of our staff and try to promote from within wherever



possible. In order to assist with this, we provide a number of opportunities for employees to develop their skills and careers, including trainings. In the year ahead, we are planning to implement human rights and ESG eLearning for our onshore and shipboard employees.

HUMAN RIGHTS AND ANTI-SLAVERY

SFL is committed to respecting and protecting internationally recognised human rights as defined in the International Bill of Rights and elaborated on in regard to business in the UN Guiding Principles on Business and Human Rights (UNGPs).

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021
LOST TIME INCIDENT RATE		
Lost time incident rate (LTIR)	Rate	0.11
MARINE CASUALTIES		
Incidents	Number	0
Very serious marine casualties	Percentage (%)	0
PORT STATE CONTROL		
(1) Deficiencies ^m	Rate	1.32
(2) Detentions	Number	5

We are an international company with suppliers from several parts of the world and recognise our responsibility to take steps to reduce our negative human rights impact throughout our value chain.

Human rights due diligence is an ongoing process, which means that we strive to regularly review policies, processes and actions in relation to human rights. Where we identify areas where we have caused or contributed to negative human rights impacts, we provide access to remedy in line with the UNGP. Our Code of Business Ethics and Conduct also underlines that we do not tolerate any form of slavery or human trafficking in our organisation. We expect the same high standards from all our business partners.

SFL has in place a Know Your Business Partner Policy to ensure compliance with the company's ethical standard in all business relations. We also conduct social risk assessments of yards and carry out due diligence of business partners. SFL assesses and mitigates risks to human and labour rights in the following ways:



- Human rights are included in our annual Risk Assessment
- Through our Ship Recycling Policy
- Human rights are addressed in our Code of Business Ethics and Conduct
- Human rights are part of our e-learning and training of third parties
- We have contractual clauses aiming to ensure that human rights are not violated, and we have audit rights and termination clauses included in contracts as required
- Human rights are part of our third-party risk assessment when conducting screening in Dow Jones Risk Center Tool
- Human rights are addressed in our annual ESG report

Although no reported Human Rights incidents were recorded in 2021, in the year ahead we will evaluate how to improve our practice in this area, including through a new human rights e-learning module.

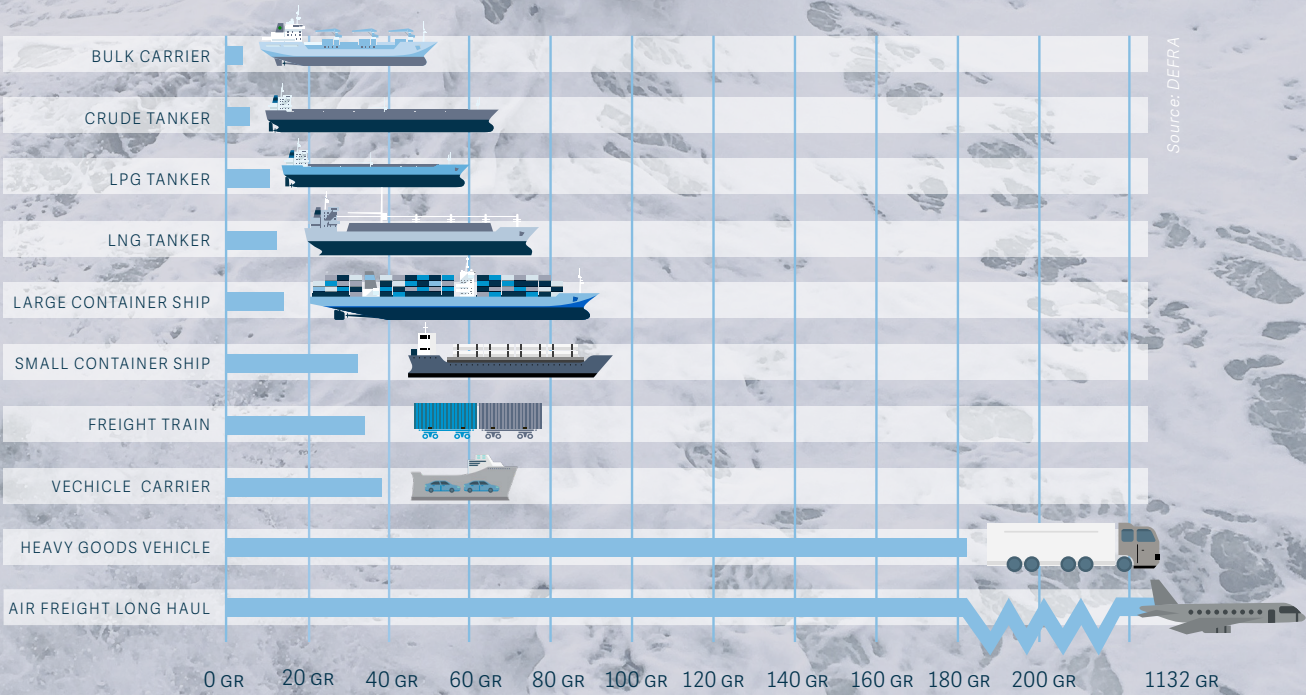
SUSTAINABILITY ACCOUNTING

STANDARD DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	SCOPE BY CONTRACT	CODE
<div></div> <div>GREENHOUSE GAS EMISSIONS</div>	CO ₂ EMISSIONS					
	Gross global Scope 1 emissions: Financial control ^a	Metric tons (t) CO ₂ -e	4 255 093	3 874 314	All assets	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets ^a	Description	See page 12	See page 8		TR-MT-110a.2
	Gross global Scope 2 emissions: Financial control ^b	Metric tons (t) CO ₂ -e	14.4	18.6	All sites	Additional
	Gross global Scope 3 emissions (business travel) ^b	Metric tons (t) CO ₂ -e	7.2	2.6	HQ	Additional
	ENERGY CONSUMED					
	(1) Total energy consumed	Gigajoules (GJ), Percentage (%)	24 358 746, 100%	21 088 645 100%	Operated fleet	TR-MT-110a.3
	(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	14 669 927, 58%	11 176 982 53%	Operated fleet	
	EEDI/INTENSITY					
	Average Energy Efficiency Design Index (EEDI) for new ships ^c	Grammes of CO ₂ per ton-nautical mile	NA	NA	Operated fleet	TR-MT-110a.4
Average Efficiency Ratio (AER) per vessel type	Grammes of CO ₂ per ton-nautical mile	Suezmax 2.75 VLCC 2.37 Capesize 2.74 Kamsarmax 4.79 Handymax 8.65 Supramax 6.36 Chem tanker 14.79 Car carrier 6.03 Container 1000-1999 13.43 Container 5000-7999 7.12 Container 8000-11999 6.19 Container 12000-14999 6.28	Bulkers 3.9 Tankers 3.2 Containers 6.7 Car carriers 20.9	Operated fleet	Additional	
AIR QUALITY	OTHER EMISSIONS TO AIR					
	(1) NO _x (excluding N ₂ O) ^d	Metric tonnes (t)	46 186	38 475	Operated fleet	TR-MT-120a.1
	(2) SO _x ^d	Metric tonnes (t)	5 506	4 238	Operated fleet	
	(3) Particulate matter ^d	Metric tonnes (t)	2 181	1 243	Operated fleet	
ECOLOGICAL IMPACTS	MARINE PROTECTED AREAS					
	Shipping duration in marine protected areas or areas of protected conservation status ^e	Number of travel days	397/252	394/177	All vessels/ Operated fleet	TR-MT-160a.1
	IMPLEMENTED BALLAST WATER					
	(1) Exchange ^f	Percentage (%)	18%	28	Operated fleet	TR-MT-160a.2
	(2) Treatment ^f	Percentage (%)	85%	72	Operated fleet	
	SPILLS AND RELEASES TO THE ENVIRONMENT					
	(1) Numbers ^g	Number	0	0	Operated fleet	TR-MT-160a.3
	(2) Aggregate volumes ^g	Cubic meters (m ³)	0	0	Operated fleet	

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	SCOPE BY	CODE
 BUSINESS ETHICS	CORRUPTION INDEX					
	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index ^h	Number	307/195	729/119	All vessels/ Operated fleet	TR-MT-510a.1
	CORRUPTION					
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	0	Operated fleet	TR-MT-510a.2
	FACILITATION PAYMENTS					
	Number of incidents where bribes have been requested	Number	0	0	Operated fleet	Additional
	FINES AND SANCTIONS					
	Number of fines and total monetary value of fines	Number, reporting currency	0	0	Operated fleet	Additional
	Non-monetary sanctions for non-compliance with laws and/or regulations	Number	0	0	Operated fleet	Additional
EMPLOYEE HEALTH & SAFETY	LOST TIME INCIDENT RATE					
	Lost time incident rate (LTIR) ⁱ	Rate	0.11	1.33	Operated fleet	TR-MT-320a.1
 ACCIDENT & SAFETY MANAGEMENT	MARINE CASUALTIES					
	Incidents	Number	0	0	Operated fleet	TR-MT-540a.1
	Very serious marine casualties ^k	Percentage (%)	0	0	Operated fleet	
	CONDITIONS OF CLASS					
	Number of Conditions of Class or Recommendations ^l	Number	0	0	Operated fleet	TR-MT-320a.1
	PORT STATE CONTROL					
	(1) Deficiencies ^m	Rate	1.32	0.48	Operated fleet	TR-MT-540a.3
	(1) Detentions ^m	Number	5	0	Operated fleet	
DIVERSITY	DIVERSITY					
	Shipboard employees by gender ⁿ	Percentage (%)	Male: 99.8 Female: 0.2	Male: 99.8 Female: 0.2	Operated fleet	Additional
	Shipboard employees by age group ⁿ	Percentage (%)	Not reported	< 30 years old: 30.8 30-50 years old: 53.2 > 50 years old: 16	Operated fleet	Additional
	Onshore employees by gender	Number	Male: 10 Female: 10	Male: 7 Female: 8	HQ	Additional
	Onshore employees by age group	Number	< 30 years old: 2 30-50 years old: 13 > 50 years old: 4	< 30 years old: 3 30-50 years old: 9 > 50 years old: 3	HQ	Additional
	Individuals in the organization's governance bodies by gender	Number	Male: 4 Female: 1	Male: 4 Female: 1	HQ	Additional
	Individuals in the organization's governance bodies by age group	Number	< 30 years old: 0 30-50 years old: 2 > 50 years old: 3	< 30 years old: 0 30-50 years old: 2 > 50 years old: 3	HQ	Additional

GLOBAL AVERAGE - GRAMME CO2 PER TONNE KM




DISCLAIMER AND ASSUMPTIONS FOR THE SASB REPORTING

The information provided is based on the best data available at the time of reporting. The ESG disclosures should be used to understand the overall risk management of sustainability related issues, however, in some areas data are based on estimates, please see comments below.

- ^aCO₂ emissions** – Scope 1: Based on IMO emission factors. The “financial control” approach defined by the GHG Protocol has been applied. Scope 1: Operated vessels, based on fuel consumption for the year. Scope 1: Non-operated vessels based on distance sailed and DEFRA 2021 emission factors.
- ^bCO₂ emissions:** Scope 2 based on electricity consumption in reporting year, and calculated using the AIB Residual Mixes 2020 conversion factors (location based). Scope 3 includes flights - data provided by travel agent.
- ^cAverage Energy Efficiency Design Index (EEDI) for new ships:** New ships average EEDI is based on new ships entering the fleet in 2020 (keel laid after July 2013).
- ^dParticulate matter (PM), NOX, SOX emissions (Metric tonnes):** The methodology has been developed with support from DNV.
- ^eShipping duration in marine protected areas or areas of protected conservation status:** A marine protected area as defined by the International Union for Conservation of Nature (IUCN). However, the reported number does not necessarily include all Marine protected areas internationally established and regulated in International the Marine Organization (IMO) Conventions and areas established nationally by member states. Shipping duration is the sum of the travel days (24-hour periods).
- ^fPercentage of fleet implementing ballast water exchange and treatment:** Only ships performing ballast water exchange with an efficiency of at least 95 percent volumetric exchange of ballast water have been included. When it comes to treatment, approved systems must discharge (a) less than 10 viable organisms per cubic meter that are greater than or equal to 50 micrometres in minimum dimension and (b) less than 10 viable organisms per millilitre that are less than 50 micrometres in minimum dimension and greater than or equal to 10 micrometres in minimum dimension.
- ^gSpills and releases to the environment (Number, Cubic meters (m³)):** The total number of oil spills to the environment (overboard), excluding contained spills.
- ^hNumber of calls at ports in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index (CPI):** In the event that two or more countries share the 20th lowest ranking, all have been included in the scope of disclosure. The list is based on the CPI for 2020.
- ⁱLost time incident rate (LTIR):** A lost time incident is an incident that results in absence from work beyond the date or shift when it occurred. Lost time incidents are Fatalities, Permanent Total Disabilities, Permanent Partial Disabilities and Lost Workday Cases. The rate is based on lost time incidents / 1,000,000 hours worked.

- ^jMarine Casualties:** Regarding SASB TR-MT-540a.1, the reporting is in accordance with the standard, however injuries to personnel as described in section 1.1.1 is reported as part of Health & Safety statistics (LTIR). The threshold for reporting on material damages as outlined in 1.1.4 and 1.1.6 is defined as USD 1,000,000. Section 1.1.7 “Severe damage to the environment” is reported under ‘Ecological Impacts’ and/or “Very serious marine casualties”. Incidents concerned with oil spills, re SASB 1.1.7 “Severe damage to the environment” is covered under “ecological impact”. For an event to be reported as a marine casualty, one or several out of the below criteria must be true: (1) the loss of a person from a ship, (2) the loss, presumed loss, or abandonment of a ship, (3) the stranding or disabling of a ship that triggered a Lloyds Open Form Salvage or the involvement of a ship in a collision that would seriously endanger the safety of life or property. (4) material damage to marine infrastructure external to a ship, which could seriously endanger the safety of the ship, another ship or an individual.
- ^kVery Serious Marine Casualties:** A marine casualty involving the total loss of the ship, a death, or severe damage to the environment that is not related to oil spill. Any deaths shall be reported. If the death is decisively concluded not to have anything to do with a marine (very serious) casualty such as latent and unknown illness shall be addressed separately for a case-by-case discussion. Severe damage to the environment that is not related to oil spill is covered by “Very serious marine casualties”.
- ^lNumber of Conditions of Class or Recommendations:** Those conditions/recommendations of class that has led to withdrawal of vessel certificates of otherwise has invalidates the ship’s compliance are included in this figure.
- ^mNumber of port state control (1) deficiencies and (2) detentions:** Number of port state control deficiencies and detentions. Practices of port state controls reporting on deficiencies do not follow an entirely harmonised methodology making it less useful for reporting purposes without further explanations, hence we have chosen to report this number as a rate: number of deficiencies per Port State Control Inspection. Detentions are reported in number of actual cases. The figure represents number of detentions received from regional PSC organisations.
- ⁿNumber of shipboard employees:** Only the number of employees on board ships at any time are recorded, this does not reflect the aggregate number of shipboard employees during the year.
- ^oTotal distance travelled by vessels:** The distance (in nautical miles) travelled by all vessels during the reporting period.
- ^pOperating days:** Total operating days, i.e., total number of vessel-days for active vessels during the reporting year. Active vessels are referring to vessel(s) which were in possession of the shipowner during the reporting year.
- ^qNumber of assets in fleet:** Reported number of owned assets at the end of the reporting year.
- ^rNumber of vessels port calls:** Total number of port calls during the reporting period. Note that the method for counting “port calls” was adjusted in 2021, which is the main reason for the substantial change.



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