



GOLDEN OCEAN™

REPORT

ENVIRONMENTAL

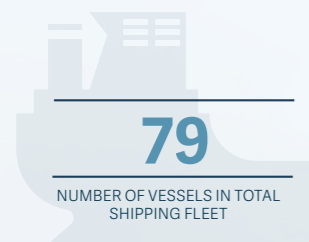
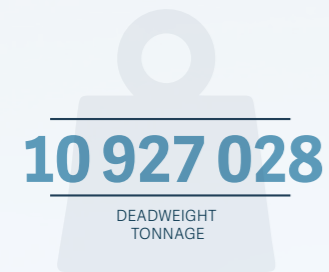
SOCIAL

GOVERNANCE

2019

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





As part of addressing sustainability in a broader perspective we have identified four UN Sustainable Development Goals (SDGs) where we believe Golden Ocean can contribute. We have selected SDG 3, 13, 14 and 16 since these goals are closely tied to the industry we are a part of, and the goals represent material topics which we monitor. Please see chapter 4 and 6 for more information. Contributing to the broader global agenda of reaching the SDGs is in our interest as they affect our business, customers, suppliers, investors and societies which we depend on.



1. INTRODUCTION

Golden Ocean Group Limited ("Golden Ocean") is a leading international shipping company owning and operating primarily Capesize, Panamax and Supramax dry bulk carriers. Golden Ocean is listed on NASDAQ (GOGL) with a secondary listing on the Oslo Stock Exchange (GOGL) and is one of the largest US listed dry bulk companies in terms of both market capitalization and deadweight tonnage (dwt).

Effective management of ESG (Environmental, Social and Governance) matters is of key strategic importance to Golden Ocean as we work to create value for our business, our employees, customers, community, as well as our investors. Golden Ocean launched its first ESG report in 2019. Our approach to sustainability management provides stakeholders with information on how we monitor and perform on material ESG indicators with increasing stakeholder expectations and regulations.

The importance of the shipping industry in world trade and its effect on social and economic development is considerable. Dry bulk shipping is an essential component of international trade and represents the most efficient means of transporting large volumes of commodities. Our vessels transport iron ore, coal, grain and other commodities. This helps meet the world's needs for energy and food, as well as providing input needed for construction and infrastructure development. The dependence on international shipping services combined with increasing concerns for the environment make sustainable shipping solutions a key priority on the global agenda.

The implementation and enforcement of the International Maritime Organisation's (IMO) new sulphur regulations in January 2020 ("IMO 2020") marked a turning point for international shipping. Preparing for these requirements, we have installed exhaust gas cleaning systems on half of our Capesize fleet. For our vessels without exhaust gas cleaning systems, we started to run our engines on IMO 2020 compliant fuel prior to the deadline. Compliance with IMO 2020 has made fuel supply more challenging for the shipping industry. To secure the supply of fuel to our fleet at the optimum price, timing and quality, we have teamed up with one of the largest oil traders in the world – Trafigura. The joint venture with Trafigura should safeguard access to compliant fuels, in addition to helping support the exploration of alternative green fuels.

Going forward, Golden Ocean will work diligently to align with the IMO 2030 strategy¹, which will require reduced CO2 emissions in the shipping industry. The IMO 2030 strategy aims to lower CO2 emissions per transport work by at least 40 percent by 2030, compared to 2008 levels. As our vessels are on average approximately only six years old, Golden Ocean controls one of the youngest and most modern dry bulk fleets in the industry. This puts us in a favourable position as we continue our efforts to reduce emissions and enhance energy efficiency.

We regard ESG management as fundamental in developing long term sustainable business practices. A key project for Golden Ocean this year has been to develop and implement a new vessel performance system, VESPER, across our entire fleet: This allows for improved tracking and monitoring of fuel efficiency as well as emission data. In 2019, we reviewed the entire fleet's fuel efficiency, establishing a baseline for target setting and strategies.

Our report has been prepared in accordance with the Marine Transportation framework established by the Sustainability Accounting Standards Board (SASB), representing material ESG parameters with industry specific performance metrics. Additionally, we have incorporated the principles of the UN Global Compact. The report and data cover the period 1 January to 31 December 2019.





Ulrik Uhrenfeldt Andersen
CEO, Golden Ocean

¹ <http://www.imo.org/en/MediaCentre/PressBriefings/Pages/%6GHGinitialstrategy.aspx>

2. SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2018	DATA 2019	CODE
<div></div> <div>GREENHOUSE GAS EMISSIONS</div>	CO ₂ EMISSIONS				
	Gross global Scope 1 emis- sions: Financial control	Metric tons (t) CO ₂ -e	1 566 274	1 728 831^a	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emis- sions, emissions reduction targets, and an analysis of performance against those targets	See page 8			TR-MT-110a.2
	ENERGY CONSUMED				
	(1) Total energy consumed	Gigajoules (GJ), Percentage (%)	24 996 676, 100%	27 589 398^b 100%	TR-MT-110a.3
	(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	23 617 423, 94%	25 044 031^b 91%	
	EEDI				
Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO ₂ per ton-nautical mile	EEDI (2.99 gCO ₂ /t-nm) ^b	Not applicable^c	TR-MT-110a.4	
AIR QUALITY	OTHER EMISSIONS TO AIR				
	(1) NO _x (excluding N ₂ O)	Metric tons (t)	47 599	52 535^d	TR-MT-160a.1
	(2) SO _x	Metric tons (t)	28 764	32 515^d	
	(3) Particulate matter	Metric tons (t)	3 729	4 260^d	
ECOLOGICAL IMPACTS	MARINE PROTECTED AREAS				
	Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	2 290	2 163^e	TR-MT-160a.1
	IMPLEMENTED BALLAST WATER				
	(1) exchange	Percentage (%)	86%	86%^f	TR-MT-160a.2
	(2) treatment	Percentage (%)	55%	61%^f	
	SPILLS AND RELEASES TO THE ENVIRONMENT				
	(1) number	Number	0	0^g	TR-MT-160a.3
(2) aggregate volume	Cubic meters (m ³)	0	0^g		

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2018	DATA 2019	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	Number	2	105 ^h	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	TR-MT-510a.2
EMPLOYEE HEALTH & SAFETY	LOST TIME INCIDENT RATE				
	Lost time incident rate (LTIR)	Rate	0.58	0.74 ⁱ	TR-MT-320a.1
 ACCIDENT & SAFETY MANAGEMENT	MARINE CASUALTIES				
	Incidents	Number	0	0 ^j	TR-MT-540a.1
	Very serious marine casualties	Percentage (%)	0	0 ^j	
	CONDITIONS OF CLASS				
	Number of Conditions of Class or Recommendations	Number	0	0 ^k	TR-MT-540a.2
	PORT STATE CONTROL ⁱ				
	(1) deficiencies	Rate	Not available	1.61 ^l	TR-MT-540a.3
	(2) detentions	Number	0	5 ^l	

ACTIVITY METRIC	UNIT OF MEASURE	DATA 2018	DATA 2019	CODE
Number of shipboard employees	Number	1 580	1 549 ^m	TR-MT-000.A
Total distance travelled by vessels	Nautical miles (nm)	4 855 754	4 770 433 ⁿ	TR-MT-000.B
Operating days	Days	27 583	26 878 ^o	TR-MT-000.C
Deadweight tonnage	Thousand deadweight tons	10 715 048	10 927 028	TR-MT-000.D
Number of vessels in total shipping fleet	Number	77	79 ^p	TR-MT-000.E
Number of vessel port calls	Number	1555	1 583	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity	TEU	Not applicable	Not applicable	TR-MT-000.G

Please see chapter 7 for assumptions regarding the SASB disclosures, and specific comments referred to above

3. ESG GOVERNANCE AT GOLDEN OCEAN

Golden Ocean emphasises clear guidelines and has implemented robust control mechanisms to ensure that sustainability is integrated in daily operations. The shipping industry carries inherent risks related to emissions, spills, health & safety and corruption. Our governance procedures and related control mechanisms are essential to safeguard the proper handling of such risks. All our employees have access and follow the relevant policies reflecting sustainability factors that can guide them in conducting their tasks for our company.

The Board of Directors (BoD) oversees Golden Ocean's ESG strategy and the Board has been part of considerations of material ESG matters. The BoD annually reviews our ESG report and is responsible for ensuring that appropriate and effective ESG related risk management and internal control systems are in place. Our Code of Conduct and corporate governance framework are also reviewed annually. Golden Ocean's governance documents are set to be revised in 2020, as part of a broader vision to further bolster our governance processes. Although all ESG related incidents are reported to the Board on an annual basis, our Code of Conduct dictates that any significant incidents are to be reported directly to the Board. The Board has established an Audit Committee which monitors and reports complaints received by the company relating to internal controls and compliance.

At the core of our governance structure is our Corporate Code of Business Ethics and Conduct ("the Code"), which

outlines our commitment to conduct business with integrity. It applies to all entities controlled by us and all our employees, directors, officers and agents.

The Code is established to prevent wrongdoings and to promote honest and ethical conduct, also in cases where conflict of interest may arise. It outlines Golden Ocean's requirements and expectations relating to: Compliance with Laws and Regulations, Honest and Fair Dealing, Conflict of Interest and Corporate Opportunity, Anticorruption, Confidentiality and Privacy, Proper use of Company assets, Antidiscrimination and Harassment and Integrity of corporate records. The Code of Conduct specifies how a violation of any of those standards is to be managed. Employees who observe or become aware of a situation they believe to be in violation of the Code of Conduct are obliged to promptly notify their manager.

Our Financial Crime Policy further expands on our expectations of our employees and business partners to comply with applicable anti-bribery, corruption, sanctions and money laundering laws. In 2019, we developed an Environmental Policy that guides our employees and business partners in protecting the environment throughout our operations. The policy has been reviewed by the BoD in 2020, with implementation shortly thereafter. Our Ship Recycling Policy was also reviewed by the BoD in 2020.

In order to facilitate reports of wrongdoings, procedures for complaints of compliance breaches have been established. Our Company's "Whistle Blowing" program allows employees to confidentially and anonymously submit concerns without fear of retaliation via a telephone and web-based compliance hotline provided by a third-party service provider – reports go directly to members of the Audit Committee.

Technical supervision of all owned vessels is outsourced to a subsidiary of Frontline Ltd., Frontline Technical, which in turn outsources crewing and ship management to several leading third-party ship management companies. All our third-party ship managers are ISO 9001 certified.

ESG MANAGEMENT PROGRAMME

In 2019, Frontline Technical initiated the process of enhancing our ESG management system by scoping the development of a digital platform which will make monitoring, management and reporting of ESG issues more efficient and accurate. The scope of the platform was defined by the end of 2019, and DNV GL was chosen as our partner. The implementation of

the digital platform will commence in 2020. In parallel, Golden Ocean has further developed our vessel performance monitoring capabilities in line with IMO MARPOL Convention Annex VI guidelines for ship-specific Ship Energy Efficiency Management Plans (SEEMPs) by partnering with Vessel Performance Solution: VESPER. This performance management system has been developed in accordance with environmental EU and IMO regulations, as well as emerging ESG reporting requirements, which will serve as a complement for further streamlining with the new ESG management system within Frontline Technical.

COOPERATION INITIATIVES

Golden Ocean believes that complex sustainability challenges require joint action from several stakeholders - including industry and regulatory authorities. We have consequently joined the Maritime Anti-Corruption Network (MACN), Clean Shipping Alliance and Rightship. We believe participating in these initiatives will keep us ahead of the curve in identifying material risks and opportunities, thereby positively contributing to our ESG risk management processes.



GIVING BACK TO THE COMMUNITY

One of our third party ship managers, SeaTeam, is co-owned by Golden Ocean and Frontline Ltd. It is through Seateam, Golden Ocean attempts to reach out more directly to the community of Seafarers. Hands of SeaTeam (HOST) was established in 2012 with the aim of giving back to the communities of our seafarers by supporting children in need. HOST programs primarily focuses on supporting the education of children from underprivileged backgrounds with the hope of improving their future prospects and living standards. HOST has active programs in the countries SeaTeam operates in such as the Philippines, India, Singapore, Russia and Myanmar.

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 Hong Kong Convention
Anti-Corruption	Corporate Code of Business Ethics and Conduct Financial Crime 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	International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Marine Crew Resource Management



4. ENVIRONMENT

As a ship owner and operator, Golden Ocean recognises its responsibility to manage and limit our environmental impact. Some of the most critical 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. We work diligently to manage and monitor such risks to protect the environment and the societies in which we operate. This is also contributing to the protection of the long-term value of our company.

Environmental risk management is an integrated part of our daily operations and management processes, and we have comprehensive monitoring and management tools in place to ensure compliance with international and local regulations. Golden Ocean reviews all identified risks to the environment, allowing us to establish appropriate safeguards. Our Management System is ISO-compliant and in accordance with The International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code). Our SEEMPs allow for a granular risk assessment for each individual vessel's performance as well as providing a thorough system for reporting.

Environmental risk reviews are part of our decision-making processes. On a regular basis, we value each of our assets individually, and every acquisition and divestment are considered with a broad range of risks in mind. Golden Ocean evaluates future regulations, risks and opportunities due to e.g. climate change – including rough weather and severe ice conditions, trading patterns, and legal requirements that can affect operations. Our aim is to have a modern and fuel-efficient fleet with a low carbon footprint.

GREENHOUSE GAS EMISSIONS AND AIR QUALITY

Growing concerns about climate change and air quality, combined with increased levels of international trade, have led the industry to take actions through more stringent regulations and standards for emissions.

In January 2020, the IMO 2020 came into effect placing a 0.5% global cap on sulphur dioxide (SO_x) content in shipping fuels. Golden Ocean has since 2018 been a member of the Clean Shipping Alliance 2020 (CSA). The CSA 2020 is composed of first movers in the industry committed to complying with the IMO 2020 fuel requirements. Over the course of 2019, Golden

Ocean followed up on several measures to ensure compliance with the new 2020 Sulphur emission regulations. This includes retrofitting Exhaust Gas Cleaning systems, commonly known as scrubbers, on half of our Capesize fleet. At the end of 2019, 13 percent of our fleet had installed scrubbers, the plan is to have 30 percent of our fleet retrofitted within the first half of 2020. Installing scrubbers has been done in combination with introducing IMO 2020 compliant fuel on several of our vessels, and 7 percent of the fuel used for propulsion was IMO 2020 compliant in 2019.

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. Golden Ocean aims to work in compliance with this strategy and has over the course of 2019 implemented several operational measures to minimise vessels' fuel consumption and increase efficiency. This includes tracking and management of vessel fuel efficiency, and voyage efficiency and optimization.

Technological advancements play a key role when it comes to energy efficiency and emission control, both in terms of engine technology and data handling. Golden Ocean controls one of the youngest and most modern dry bulk fleets in the industry - our vessels are on average approximately six years old. Golden Ocean's Chartering, Operations and Bunkering departments cooperate closely to optimise vessel routing and speed in order to increase voyage efficiency and reduce fuel consumption. These departments also interact closely with Frontline Technical, which actively tests state of the art ship energy management technologies with the purpose of implementing technologies that will further improve energy efficiency.

Golden Ocean has an internal operational Performance Manager who is responsible for overlooking existing and initiating new projects related to fuel efficiency. The Performance Manager is, alongside with Frontline Technical, directly involved in the review and monitoring of our progress in this area.

A key project for Golden Ocean this year has been to further develop and implement a new Vessel Performance System, VESPER. VESPER allows Golden Ocean to track and monitor fuel efficiency and produce accurate and reliable emission data in line with IMO MARPOL Convention Annex VI guide-

lines for ship-specific SEEMPs. In 2019, we reviewed the entire fleet's fuel efficiency and we obtained a baseline. Following the implementation of the VESPER, a set of Key Performance Indicators for fuel efficiency were identified. These KPIs should help improve our monitoring processes and our efforts to follow up on each individual vessel's SEEMP. Based on the above, we estimate the following fuel savings:

ACTION	PRELIMINARY TARGET (FUEL SAVINGS)
Weather routing	1-2 percent
Propeller polish and hull cleaning	1-2 percent
Main Engine/Auxiliary Engine optimization	2-3 percent
Careful selection of anti-fouling systems	10-15 percent
Speed optimisation by careful voyage planning and execution	TBA

We assume conservative fuel savings amounting to 10 percent annually compared to a baseline, without the SEEMP.

Through our efforts to lower our fleet's CO₂ emissions by increasing efficiency, Golden Ocean supports UN SDG 13, targeting climate change. This is in line with the IMO 2030 strategy.



We also see our efforts as contributing to SDG 9, targeted towards building resilient infrastructure, sustainable industrialization and foster innovation. Our contribution is linked to target 9.4: promoting the upgrade of infrastructure and the retrofitting of industries to make them sustainable, i.e. through increased resource use efficiency, by 2030. Our efforts to increase the energy efficiency of our operations contributes directly to the broader agenda of the shipping industry to lower CO₂ emissions. At the same time, we are able to offer our customers energy efficient transportation services, contributing to emission reductions in several different supply chains, ultimately affecting CO₂ emission per unit of value added.



SPILLS, DISCHARGES AND ECOLOGICAL IMPACTS

Marine transportation is associated with risks to the environment through discharges and potential spills. Our ability to manage these risks is critical to our surroundings, including the sector, our customers as well as our own business.

Golden Ocean has implemented processes for conducting environmental assessments of how spills and emissions of sulphur oxides, nitrogen oxides, waste and other discharges are to be managed. Our technical managers formally supervise our third-party ship managers through quarterly performance review meetings to ensure compliance, and any corrective measures that are imposed on them are followed up. All our third-party ship managers are ISO 9001 and ISO 14001 certified.

We are highly aware that potential oil spills have long-lasting negative impacts on ecosystems, and incidents may cause grave injuries and fatalities. Golden Ocean experienced no spills during 2019.

Ballast water is essential for safe and efficient shipping operations, however, loading and unloading untreated ballast water poses serious ecological, economic and health risks as ships become a vector for the transfer of organisms between ecosystems. Golden Ocean has invested in Ballast Water Treatment Systems (BWTS) on all new ships delivered from 2014 onwards, accounting for more than 50 percent of the Golden Ocean fleet. Furthermore, Golden Ocean has an ongoing fleet-retrofit project, aiming to install BWTS systems on ships built before 2014 during the vessels' ordinary dry-docking. Ballast water treatment and exchange technology is currently installed on 86 percent and 61 percent of our total fleet, respectively. Compared to last year, our fleets BWTS coverage rate increased by 6 percent. Golden Ocean complies with both US Coast Guard and IMO regulations.

Any ship may contain hazardous materials within its structure and will as such be considered hazardous waste when dismantling it. Ship recycling should always be performed according to strict standards for protecting human health, safety and the environment. Our oldest vessel was built in 2007, and recycling is currently not considered. However, in the event that Golden Ocean should recycle vessels in the future, this will be done in accordance with the Hong Kong Convention and in alignment with the 10 UN Global Compact principles. We have developed a Ship Recycling Policy to make sure that any future recycling of Golden Ocean's vessels will only take place at approved yards.

SDG 14 – Life below water – is relevant to our operations. SDG target 14.C is aimed at enhancing the conservation and sustainable use of oceans and their resources. We track our fleet on a continuous basis, and we monitor sailing time in protected areas. Independently of where Golden Ocean operates, our crew members follow stringent rules for avoiding spills and any incident is to be diligently reported.



ACCOUNTING METRIC	UNIT OF MEASURE	DATA
MARINE PROTECTED AREAS		
Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	2 163
IMPLEMENTED BALLAST WATER		
(1) Exchange	Percentage (%)	86%
(2) Treatment	Percentage (%)	61%
SPILLS AND RELEASES TO THE ENVIRONMENT		
(1) Number	Number	0
(2) Aggregate volume	Cubic meters (m³)	0



5. SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS

The safety of our employees always comes first. Safe working conditions are critical to our daily operations as well as to the long-term success of our company. We are committed to complying with all safety regulations to the best of our abilities. Our Corporate Code of Business Ethics and Conduct extends to our onshore and offshore employees.

We have implemented risk assessment systems to review all identified risks to our ships and personnel, establishing appropriate safeguards and practices, in compliance with the International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code). Golden Ocean contracts various services from subsidiaries of Frontline Ltd. This includes technical supervision and administrative services. Frontline Technical managers are regularly supervised and formally audited annually in order to assure compliance. In turn, Frontline Technical outsources the crewing and technical operation to third party leading ship management companies. All our third-party ship managers are ISO 9001 and OHSAS 18001 certified to ensure safety standards across all vessels.

Frontline Technical retains oversight to safeguard that third-party service providers comply with all applicable rules and regulations. They formally supervise all third party ship managers through quarterly performance review meetings where all performance criteria, including safety matters, are discussed. Frontline Technical meets with all third party ship managers on a monthly basis, reviewing incidents related to safety. Frontline Technical follow up on the implementation of any corrective measures.

Maritime Crew Resource Management (MCRM) training is mandatory for all crew members. Each vessel has been equipped with its own Safety Toolbox containing relevant safety training material. Officers and Captains have the responsibility to assemble crew members once a month to review topics from the Safety Toolbox as part of the continuous onboard training. In order to ensure that we achieve our safety goals, we employ a hands-on approach to augment the MCRM training our crew has received.

Our technical managers and Operations Department actively participate in Crew and Safety Conventions twice a year. Our operators and technical managers conduct seminars and en-



gage in open dialogue with crew members with the aim of answering questions and addressing concerns.

SeaTec Safety provides Golden Ocean with detailed analysis of accidents and incidents for the entire fleet in accordance with the OCIMF guidelines on Lost Time Injuries (LTIs) and Total Recordable Cases and Frequency (TRC and TRCF). We use these reports to identify the root causes of the reported incidents and as a tool to improve operations and our safety policy. Golden Ocean's Lost Time Incident Rate was 0.74 in 2019.

It is of utmost importance to Golden Ocean that all our employees receive fair and equal treatment irrespective of race, gender, colour, religion, age, sexual orientation, marital status, national origin, disability, ancestry, political opinion or any other personal bias. Golden Ocean strictly prohibits discrimination or harassment in any form or fashion. Any su-

spected deviation from internal policies or external regulations (i.e Health & Safety or employment legislation) should be reported to the closest manager, or through our whistleblowing facility, available by telephone or a web-based compliance hotline.

Golden Ocean's employment policy follows and enforces the principles outlined in the UN Guiding Principles on Business and Human Rights. Respect for human rights is rooted in our values and key to our license to operate from employees, customers, investors, communities, governments and other stakeholders. Golden Ocean cooperates with suppliers all over the world, and a priority for 2020 is to roll out a Supplier Code of Conduct that enables us to work diligently with this issue in all our relations.

ACCOUNTING METRIC	UNIT OF MEASURE	DATA
LOST TIME INCIDENT RATE		
Lost time incident rate (LTIR)	Rate	0.74
MARINE CASUALTIES		
Incidents	Number	0
Very serious marine casualties	Percentage (%)	0
CONDITIONS OF CLASS		
Number of Conditions of Class or Recommendations	Number	0
PORT STATE CONTROL		
(1) deficiencies	Rate	1.61
(2) detentions	Number	5



6. ANTI-CORRUPTION AND BUSINESS ETHICS

For the shipping industry, corruption is threatening the safety of the crew, it is associated with increased costs, uncertainty, and poses legal and reputational risks.

Golden Ocean has a zero-tolerance policy towards bribery and corruption and our Code of Conduct illustrates the Company's requirements and expectations relating to: Compliance with Laws and Regulations, Honest and Fair Dealing, Conflict of Interest and Corporate Opportunity, Anticorruption, Confidentiality and Privacy, Proper use of Company assets, Anti-discrimination and Harassment and Integrity of corporate records. The Code of Conduct specifies how a violation of any of those standards is managed. The Code of Conduct obliges employees who observe or become aware of a situation they believe to be in violation of the Code of Conduct to promptly notify their manager.

The Company's Financial Crime Policy sets out its policies regarding anti-corruption, money-laundering and Sanctions and Export control. Our anti-corruption and money laundering policies are modelled on the UK Bribery Act and US Foreign Corrupt Practices Act (FCPA). As part of our Financial Crime Policy and associated compliance procedures, appropriate risk-based communication and training is provided to employees as part of their on-boarding and ongoing development. Suspected deviations from our policy are to be reported to the line manager or by making use of our Complaints Procedure. Golden Ocean was not involved in any legal proceedings associated with bribery, corruption or anti-competition in 2019.

Golden Ocean tracks the positions of all our ships, and we keep a record of ships having visited harbours of the countries rated with the highest corruption risks according to Transparency International. As ships enter a port, there will always be many interactions with authorities at various levels. During a port call, the captain manages several such interactions, i.e. immigration, customs, as well as safety and environmental inspections. Even though the industry is highly regulated, we still encounter situations where actors try to engage in illegal practices. Following our strict anti-bribery procedures, such interactions can cause delays or even wrongful deficiencies and detentions during inspections. As a Dry Bulk owner, our fleet operates globally and has numerous ports of call, leaving us relatively more exposed to such incidents



than other shipping segments that have more stable trade routes with fewer ports of call and lower exposure to corruption. Regardless, Golden Ocean will unwaveringly stand by our zero-tolerance policy towards bribery and corruption in any form.

Tackling systemic integrity challenges requires collective action. Through the Marine Anti-Corruption Network (MACN), Golden Ocean has joined forces with other members of the shipping industry to share information and approaches, but also to engage with authorities and civil society. The core of the MACN collective approach is that successful, lasting changes in the operating environment will take effect only if they are enabled and supported by and beneficial to key stakeholders.

Through joint action, MACN members collaborate with local authorities to develop solutions that are beneficial to all parties and realistic to implement. In MACN collective action

projects, member companies unite with stakeholders including port and customs authorities, NGOs, and local governments to undertake root cause analyses and then implement a range of 'recommended actions' that tackle corruption in ports and across the maritime supply chain. MACN's collective actions have generated major outcomes, including for example: reductions in demands for facilitation payments in the Suez Canal, new regulations in Argentina that make it more difficult for officials to demand bribes, and improved ease of operations in Lagos, Nigeria, with the implementation of standardised operating procedures and grievance mechanisms.

SDG target 16.5 aims at substantially reducing corruption and bribery in all their forms. As a member of MACN, and through our own diligent anti-corruption procedures, we support collective action to reduce corruption and bribery in all their forms.



ACCOUNTING METRIC	UNIT OF MEASURE	DATA
CORRUPTION INDEX		
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	105
CORRUPTION		
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0



RIGHTSHIP

Our fleet has been rated and approved by RightShip, which has developed a Quality Index (QI) based on existing comprehensive Ship Vetting Information System with regard to marine risk. QI analyses vessels by name and IMO number and uses an algorithm to evaluate over 50 risk factors. These risk factors are then represented as a ‘score’ to determine the vessel’s overall star rating, which ranges from one star (highest risk) to five stars (lowest risk) relative to sister ships. The industry average is 3 stars. Our fleet scored an average of 4.0 stars in 2019. RightShip also performs an environmental evaluation to calculate Green House Gas (GHG) emissions and compares vessel efficiency relative to similar size and type. Vessels’ ratings (by name or IMO number) are available on the RightShip website.

7. 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.

SCOPE FOR REPORTING PARAMETERS:
Number of vessels in total shipping fleet and relating DWT is based on all owned vessels, eight SFL vessels on leaseback agreements and three ships on long term contracts (Golden Hawk, Vitus Bering and Admiral Schmidt).
CO₂ emissions are based on Scope 1 according to the GHG Protocol and is based on owned vessels only.
All other parameters in the report covers all owned vessels as well as SFL vessels on leaseback agreements, as we consider this part of our core fleet.

CO₂ emissions (Metric tons (t) CO₂-e): Based on IMO emission factors. The “financial control” approach defined by the GHG Protocol has been applied. Scope 1: Owned vessels, based on fuel consumption for the year.
Total energy consumption (TJ): Calculated based available data on fuel purchases by using the fuel properties defined by DEFRA, Conversion factors, 2019.

Average Energy Efficiency Design Index (EEDI) for new ships: No new ships entered the fleet in 2019, hence this parameter is currently reported as N/A.

Particulate matter (PM), NO_x, SO_x emissions (Metric tonnes): NO_x, SO_x and PM emissions from the combustion of fuels from owned vessels have been calculated based on the tool established by Danish Shipping and distance travelled.

Shipping 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): Any area of inter-tidal or sub-tidal terrain, together with its overlying water and associated flora, fauna, historical and cultural features, which has been reserved by law or other effective means to protect part or all of the enclosed environment, listed in the World Database of Protected Areas (WDPA) and mapped on Protected Planet. Protected Planet is the most up to date and complete source of information on protected areas, updated monthly with submissions from governments, non-governmental organizations, landowners and communities. It is managed by the United Nations Environment World Conservation Monitoring Centre. 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. The data on shipping duration in Marine Protected Areas has been obtained through our tracking system (IHS).

Percentage 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.

Spills and releases to the environment (Number, Cubic meters (m³)): Any overboard spills and releases – intentional or accidental – shall be reported, even if the quantity is low and i.e. only causes a thin film or slight sheen upon or discoloration of the surface of the water.

Number 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 2019](#). Note that scope for 2019 is extended to cover all countries that have the 20 lowest rankings in the CPI. Reported number for 2018 covers only the 20 lowest ranked countries.

Lost 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. The rate is based on: (lost time incidents) / (1,000,000 hours worked).

Marine Casualties: Regarding SASB TR-MT-540a.1, the reporting is in accordance with the standard, however injuries to personnel as described in point 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.

Number of Conditions of Class or Recommendations: The practice of issuing conditions/recommendations of class does not follow an entirely harmonized reporting methodology making it less useful for reporting purposes without further explanations, hence we do not disclose these numbers. We may consider disclosing information on this in the future if the methodology becomes standardised. Currently our scope of disclosure only includes Conditions of Class that resulted in withdrawal, suspension, or invalidation of a vessel’s Class certificate.

Port State Control: Number of port state control (1) deficiencies and (2) detentions. Practices of port state controls reporting on deficiencies do not follow an entirely harmonized 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. A detention is defined as an intervention action by the port state, taken when the condition of a ship or its crew does not correspond substantially with the applicable conventions and that a ship represent an unreasonable threat of harm to the marine environment etc.

Number 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.

Total distance travelled by vessels: The distance in nautical miles travelled by all vessels during the calendar year.

Operating days: Operating days are calculated as the number of available days in a reporting period minus the aggregate number of days that the vessels are off-hire i.e., a measure of days in a reporting period during which vessels actually generate revenue.

Number of vessels in total shipping fleet: This includes owned vessels and ships on long term charters/ leaseback agreements as per December 31 in the financial year. See note on scope in beginning of Chapter 7.

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