

20

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ESG REPORT



OCEAN YIELD

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Ocean Yield is a facilitator for the green energy transition and aims to be a net-zero emissions company by 2050.





# Letter from the CEO

It is my pleasure to present Ocean Yield's 2024 Environmental,  
Social, and Governance (ESG) Report.

**W**ith ESG principles fully integrated into our daily operations and long-term goals, we exercise our corporate citizenship with social and governance aspects at the forefront. For Ocean Yield, addressing environmental challenges is not only our responsibility, but also an opportunity for our corporate growth and business development.

Environmental sustainability is not merely an option for the maritime industry, it is a fundamental obligation. Ocean Yield supports the revised 2023 IMO strategy with the aim of achieving net-zero emissions from international shipping by or around 2050. Ocean Yield aligns itself to the strategy and commits to being a net-zero emissions company by 2050.

Ocean Yield is on track to meet the target of net-zero emissions by 2050, and our operational strategy remains firm. We facilitate environmental sustainability by investing in modern vessels featuring future-proof propulsion technology and prioritise the selection of responsible counterparties. Last year, we made significant investments in 12 state-of-the-art LNG carriers, chartered to investment-grade European counterparties. The vessels utilise the most advanced engine technology available in the LNG segment and significantly reduce fuel consumption compared to older generation vessels. As of year-end, our fleet consists of 66 vessels with an average age of 4.8 years. 49 of these vessels are sailing, while the new-building program comprises 17 vessels. 32 of the vessels in our fleet are either currently capable or soon to be capable of utilising alternative fuels. Our portfolio climate alignment score is in line with the “minimum” trajectory of the Poseidon Principles at 0% deviation and 5% above the “striving for” line.

The employees of Ocean Yield are our greatest resource and a driving force behind our success in achieving strategic objectives. Over the past year, we have attracted new talent, enhancing our company’s skillset and expertise. Ocean Yield is actively involved in the local community, supporting various social initiatives in Norway and Malta.

Good corporate governance is not only a catalyst for successful business, but also a prerequisite for equitable and sustainable practices. We are proud to be under the stewardship of KKR, one of the world’s leading asset managers, whose expertise has strengthened our governance and accountability frameworks. Guided by a robust set of rules and procedures, our Board of Directors, executive management, and employees collectively foster a culture of good governance. We pride ourselves on the integrity with which we make decisions and run our business.

This report aims to demonstrate transparency and accountability in Ocean Yield’s business practices, reaffirming our unwavering commitment to all three pillars of ESG. Further, as we enter 2025 our focus will cover the adoption of the reporting requirements under the Corporate Sustainability Reporting Directive.

Thank you for your continued support.

**Andreas Røde**  
CEO



# ESG

# FRAMEWORK

The key principles guiding Ocean Yield's ESG activities are outlined in the Company's ESG framework. Given the nature of the business, the Company has maintained a continuous focus on performance across all three aspects of ESG since inception. These areas are considered both a license to operate and a business opportunity related to the market implications stemming from the green energy transition within the shipping industry.



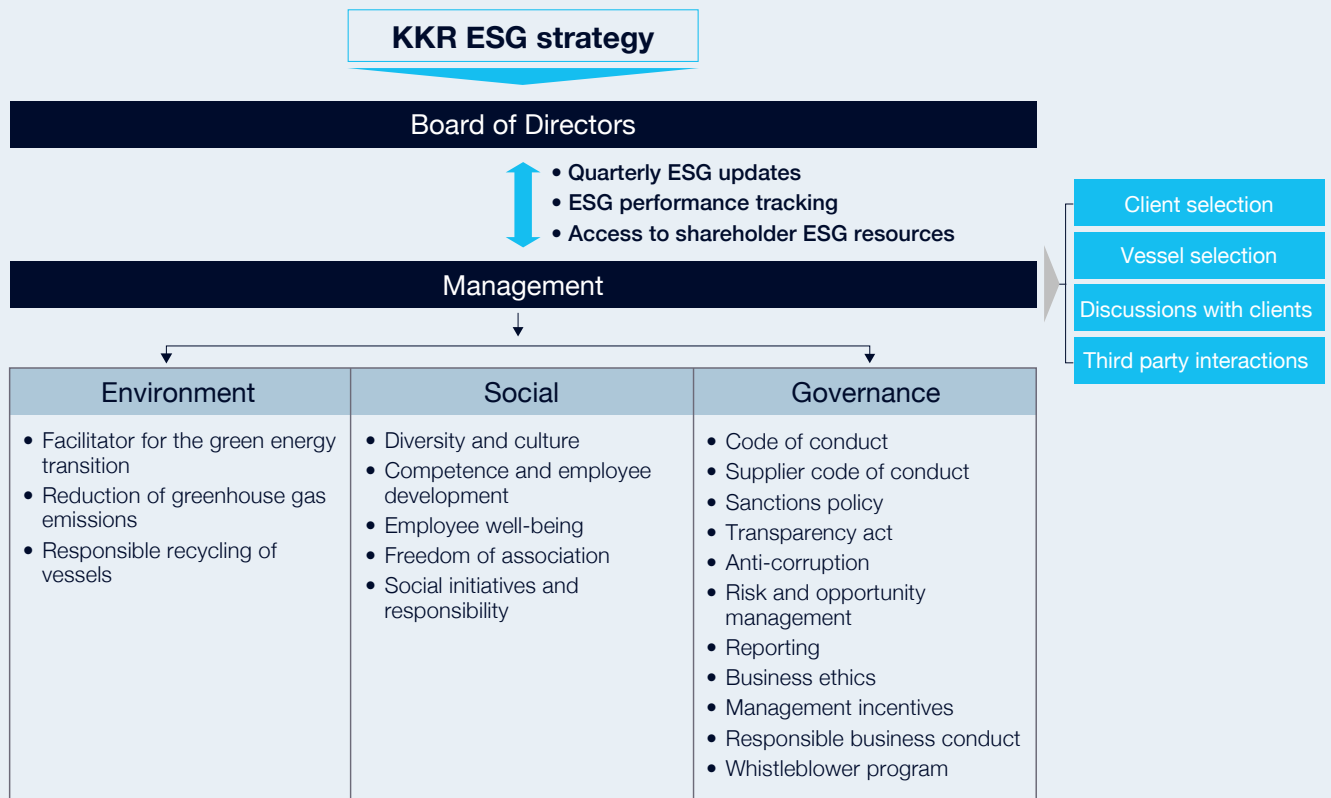
Ocean Yield has selected the ESG topics that it considers most significant for the Company and its stakeholders. These topics have been selected and prioritised through internal interviews, market analysis, relevant ESG standards, the business context of the shipping industry, and financial stakeholder outreach. Ocean Yield has identified the following material ESG aspects:

- Principles of Governance
- Responsible Business Conduct
- Climate-Change and Environment
- People and Communities

Furthermore, Ocean Yield has identified the following three United Nations Sustainable Development Goals as areas of special importance for the company’s ESG initiatives.



## OCEAN YIELD'S ESG FRAMWORK





# ENVIRONMENT

Ocean Yield aims to be a net-zero emissions company by 2050.







Ocean Yield recognises the responsibility to do its part to reduce global warming, and the Company therefore supports the 13<sup>th</sup> UN Sustainability Development Goal on Climate Action.

### CLIMATE CHANGE

Global maritime transport carries over 80% of world trade, contributing 2-3% of total global GHG emissions. The IMO projects emissions to be 90-130% of 2008 levels by 2050 under a business-as-usual scenario, undermining the Paris Agreement's goals. To address the shipping industry's GHG emissions, numerous international regulations and initiatives have been implemented.

The IMO adopted a strategy in 2018, aiming for at least a 50% reduction in total annual GHG emissions from international shipping by 2050 (relative to 2008). This strategy was revised in 2023 to target net-zero emissions by or around 2050. Crucially, the revised strategy emphasises a "well-to-wake" approach, accounting for GHG emissions across the entire fuel lifecycle—from production to vessel use. The IMO has established multiple checkpoints to track progress toward this ambitious goal.

Ocean Yield aims to be a net-zero emissions company by 2050, in line with the 2023 revised strategy from the IMO.

New carbon regulations, based on IMO GHG reduction targets, now assign all vessels an annual CII rating (A-E) scoring their carbon intensity. Vessels receiving a D rating for three consecutive years, or an E rating in any single year, must develop a corrective action plan. In Ocean Yield, the operational responsibility for the vessels is in most cases allocated to the clients under the respective bareboat agreements, and complying with the regulations is their responsibility. In cases where the Company has operational responsibilities, contractual measures have been taken to ensure that the actual operators of the vessels comply with the regulations.

In line with the ambitious climate targets from the EU, the European Commission in December 2022 agreed to reform the EU Emissions Trading System (EU ETS) to also cover emissions from maritime transportation. The EU ETS is an international emissions trading system created on the 'cap and trade' principle. A cap is defined as the total amount of greenhouse gases that can be emitted each year by companies included in the system. Within the cap, entities can buy or receive emissions allowances.

The allowances are allocated and traded between entities, and the cap is reduced over time, with the aim of reducing total emissions.

The inclusion of the maritime sector in the EU ETS was effective from 2024 and includes:

**100%**  
of the emissions from intra-EU voyages

**50%**  
of emissions from voyages starting or ending outside an EU member state

**100%**  
of emissions from vessels when ships are at berth in EU ports

The inclusion is being gradually implemented, meaning that shipping companies were obliged to surrender allowances that cover 40% of their emissions in 2024, before the figure increases to 70% in 2025, and 100% in 2026 and beyond. Only vessels above 5,000 gross tonnes are included.

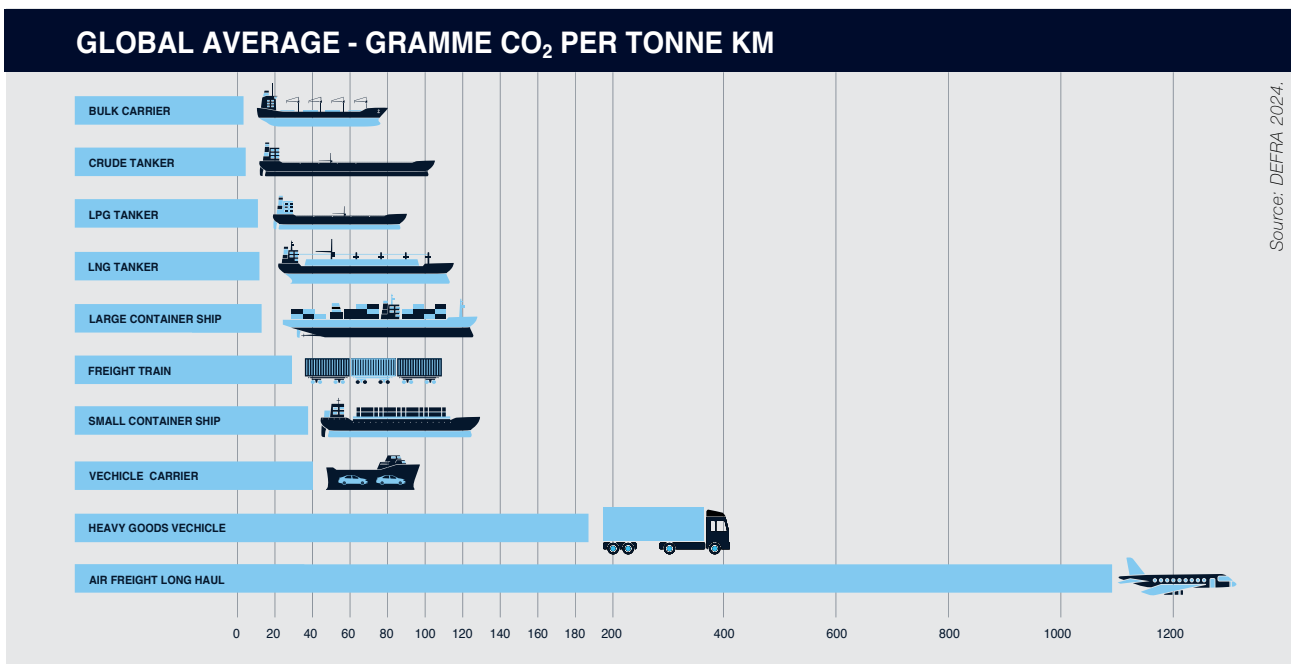
Ocean Yield monitors the developments related to the EU ETS and works closely with its clients to comply with the relevant regulations. Contractual measurements have been established to ensure that responsibility for surrendering allowances under the EU ETS regulations is transferred to and complied with by the Company's clients operating the ships in Ocean Yield's fleet. The Company is further continuously seeking to adapt the investment strategy to align with future regulatory and market requirements.



### SHIPPING IN CONTEXT

The shipping industry is making significant efforts to reduce emissions. It is important to emphasise that the emissions generated from shipping goods is the most efficient way of transporting cargo.

Ocean Yield also sees significant untapped potential for emission reductions through technical and operational improvements, such as slow steaming, optimised weather routing, fuel-efficient technologies, and over time conversion of the global shipping fleet to use alternative fuels.







## Main Climate and Environmental Risks

For the shipping industry, the primary climate risks are related to the following:

- Compliance with emerging regulations
- Lock-in to fuels that become less competitive during the ship's lifetime
- Climate change potentially reducing global GDP growth, thereby negatively affecting trade volumes
- Changing consumption patterns may change trade volumes

Ocean Yield believes that the decarbonisation of the shipping sector will create investment opportunities in the coming years. Ocean Yield is well positioned to participate in this trend, providing financing for new vessels equipped with low-or zero-emission technologies. This fleet modernisation will contribute to the essential process of replacing the world's aging and increasingly inefficient fleet.

## Investing in a future proof fleet

– Ocean Yield is a facilitator for the green energy transition

Ocean Yield’s strategy has always focused on investing in modern, fuel-efficient vessels. By partnering with clients who have clear and outspoken green ambitions and providing them attractive leasing solutions, the Company facilitates investing in modern vessels. Thus, Ocean Yield is as a facilitator for the green energy transition - both directly and indirectly.

### ACTIVELY DRIVING THE INDUSTRY TOWARDS DECARBONIZATION BOTH DIRECTLY AND INDIRECTLY



### CONTINUOUS RENEWAL OF THE FLEET

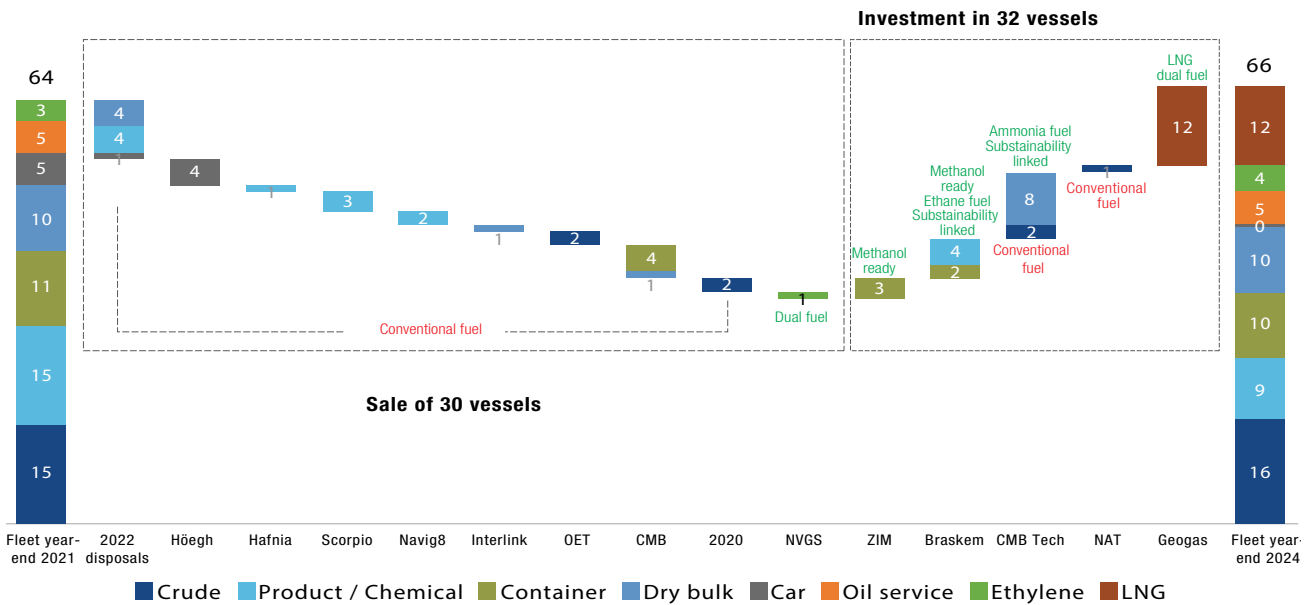
Ocean Yield’s business model facilitates a continuous renewal of Ocean Yield’s fleet. As older vessels are sold, the capital is reinvested in new, more efficient, and environmentally friendly vessels. In 2024, this involved the sale of thirteen vessels (twelve using conventional fuel and one using dual fuel) and the acquisition of an economic interest in twelve new vessels. These vessels are state-of-the-art LNG carriers designed with the highest technical and environmentally-friendly specifications available in the LNG carrier market. These steps align with the 9<sup>th</sup> UN Sustainability Development Goal: Industry, Innovation, and Infrastructure.



As of the end of 2024, Ocean Yield had 17 new vessels under construction, all designed to utilise alternative fuels. This includes five LNG carriers, partially owned through France LNG Shipping SAS, capable of operating on LNG; four LR1 product tankers that can be converted to operate on methanol; and two LEG carriers equipped with tri-fuel engines enabling operation with various gas fuels including LNG and ethane. Furthermore, six Newcastlemax dry-bulk vessels are being built with ammonia-ready capabilities, allowing for future conversion to ammonia fuel. These vessels, will upon delivery be chartered long-term to CMB.Tech.NV. According to CMB.Tech.NV., the ambition for the Newcastlemax newbuildings is to be the first large dry bulk carriers powered by zero-carbon fuels.



## FLEET DEVELOPMENT



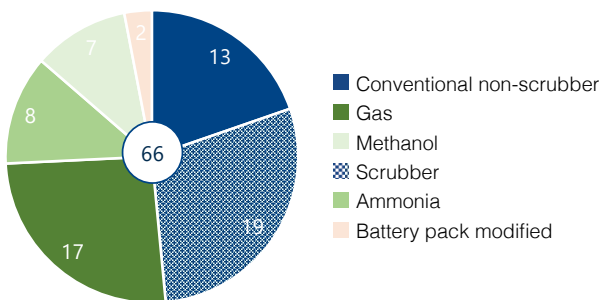
Ocean Yield's fleet at the end of 2024 comprised 66 vessels. Of these, 32 were either currently capable or soon to be capable of utilising alternative fuels – methanol, ammonia, or other gases. Two vessels have been enhanced with battery packs to reduce emissions. A significant portion of the fleet (19 vessels) are equipped with scrubbers. The remaining thirteen vessels, operating on conventional fuel, are nonetheless modern, energy-efficient, and demonstrably more environmentally friendly than comparable older vessels within the global fleet.

### INVESTMENT IN 12 STATE-OF-THE-ART LNG CARRIERS

Through the investment in Geogas announced in July 2024, Ocean Yield acquired ownership interest in 12 modern LNG carriers. These vessels are propelled by low-pressure two-stroke dual-fuel engines, enabling operation on both natural gas and liquid fuel. Each engine is equipped with Selective Catalytic Reduction (SCR) systems to meet TIER III NOx emissions regulations. The engines represent the most environmentally friendly technology in the LNG segment, significantly reducing fuel consumption compared to older generation vessels. Furthermore, the vessels will transport LNG globally, which is considered an important transition fuel towards the decarbonisation of the shipping industry.

### 2024 FLEET COMPOSITION BY FUEL

32 vessels capable to run on alternative fuels



### PRODUCT INNOVATION: SUSTAINABILITY-LINKED LEASE

To facilitate the green energy transition, Ocean Yield seeks to innovate its product offerings. In August 2023, Ocean Yield announced its inaugural sustainability-linked lease through the acquisition of four LR1 product tankers with long-term bareboat charters to guaranteed subsidiaries of Braskem S.A. These vessels are designed to be converted to dual-fuel operation using methanol as fuel. The bareboat charter rate includes a variable element linked to the respective vessel's actual carbon emissions through the obtained CII rating, incentivising the charterer to keep emissions low for the duration of the lease period. To the Company's knowledge, this was the first sustainability-linked transaction in the maritime leasing market, serving as a testament to the Company's strategy of actively driving the decarbonisation of shipping.

In November 2023, Ocean Yield announced a second sustainability-linked lease transaction. Two modern 2022-built Suezmax tankers equipped with scrubbers were acquired and leased back to Euronav NV (now CMB.Tech. NV.). The first vessel was delivered in December 2023, while the second vessel was delivered in January 2024. The bareboat charter rates for this transaction also include a variable element linked to the respective vessel's actual carbon emissions through the CII rating, incentivising the charterer to keep emissions low for the duration of the lease period.

#### **PRODUCT INNOVATION: SECURED LOAN FACILITY LINKED TO A VESSEL'S CARBON EMISSIONS**

As part of financing one of the vessels to Euronav NV (now CMB.Tech. NV.), Ocean Yield entered into a secured loan facility where the interest margin includes a variable element linked to the vessel's actual carbon emissions. The parameters mirror the emission parameters of the underlying bareboat charter. With this transaction, Ocean Yield's financing cost is also tied to the actual emissions of the vessel, further underscoring Ocean Yield's commitment to reducing emissions in the shipping industry.

#### **CLIMATE-RELATED RISK MANAGEMENT**

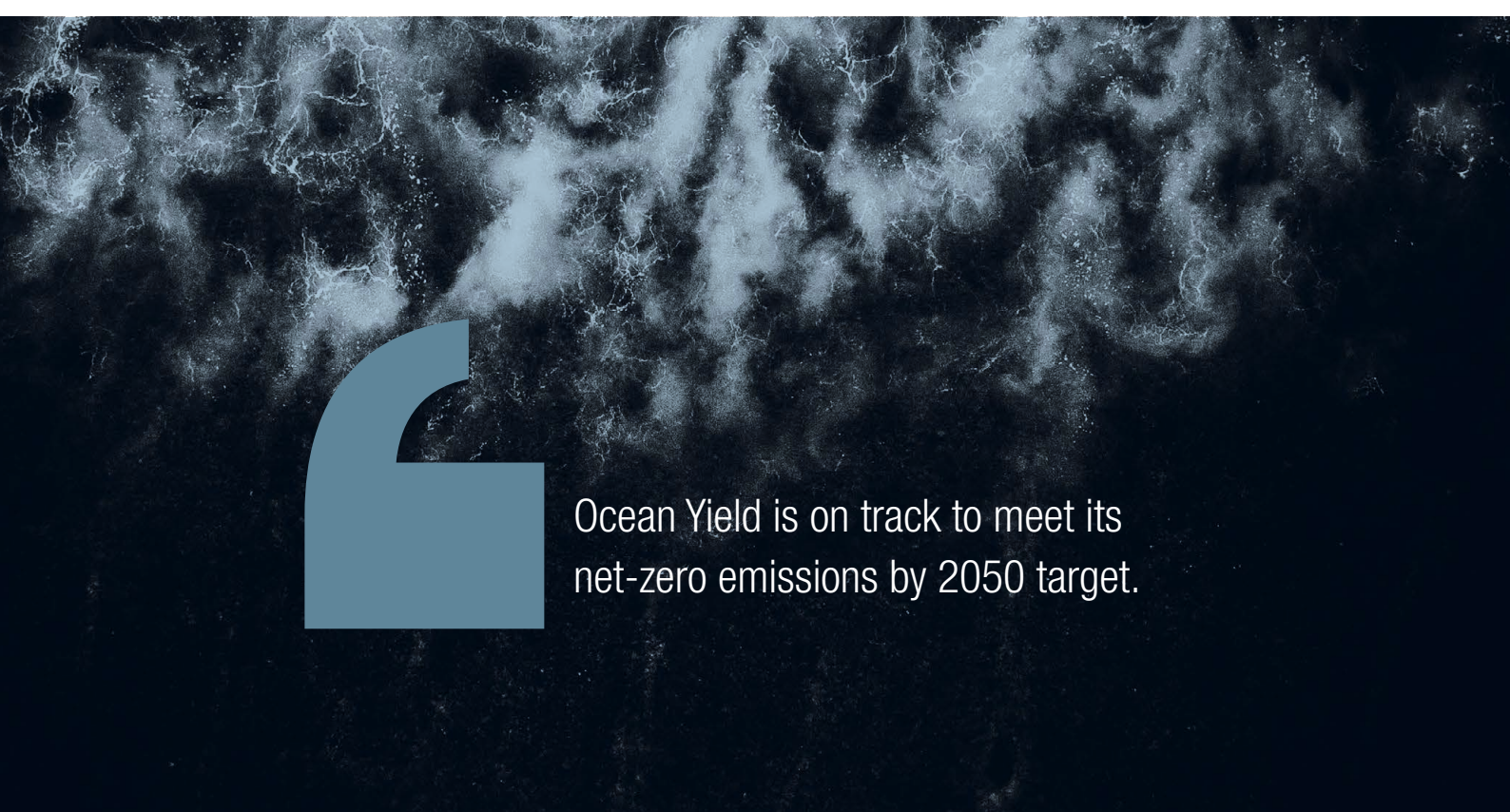
Climate change related risks, particularly transitional risk, but also physical, can have significant future financial im-

pacts on Ocean Yield. The Company acknowledges this and have integrated climate-related risks into the Company's Risk Management Process. The primary climate change risks involve potential new regulations aimed at reducing greenhouse gas emissions and the introduction of new technologies that could render Ocean Yield's vessels less competitive, thereby materially affecting their economic value. A decrease in the economic value of the vessels could increase counterparty risk and reduce the vessel's residual value.

Ocean Yield seeks to mitigate key climate risks through bareboat charter contracts, where the charterer is typically responsible for ensuring the vessel's compliance with environmental regulations. Additionally, the Company's project economics focus on the cash flow generated from the lease rather than the vessel's residual value, reducing exposure to potential losses from stricter regulations and technological advancements. Ocean Yield also believes that the strategy of investing solely in modern, fuel-efficient vessels is a crucial risk mitigator.

#### **PERFORMANCE DATA**

The Poseidon Principles (launched in 2019) establish a global framework for financial institutions to align their investments with responsible environmental practices, providing common baselines and metrics for assessing



Ocean Yield is on track to meet its net-zero emissions by 2050 target.



environmental impact within the shipping industry. While Ocean Yield is not a signatory, the Company values the framework's methodology for evaluating the fleet's climate performance and utilise it for the Company's reporting.

All vessels in Ocean Yield's fleet are fixed on long-term bareboat charters, except for three container vessels and twelve recently acquired LNG carriers that are employed on long-term time charter contracts. Consequently, Ocean Yield has limited operational control over the vessels. Since the launch of the Poseidon Principles, Ocean Yield has implemented requirements in new bareboat charters, mandating the counterparty to report to Ocean Yield regarding the vessels in accordance with the Poseidon Principles.

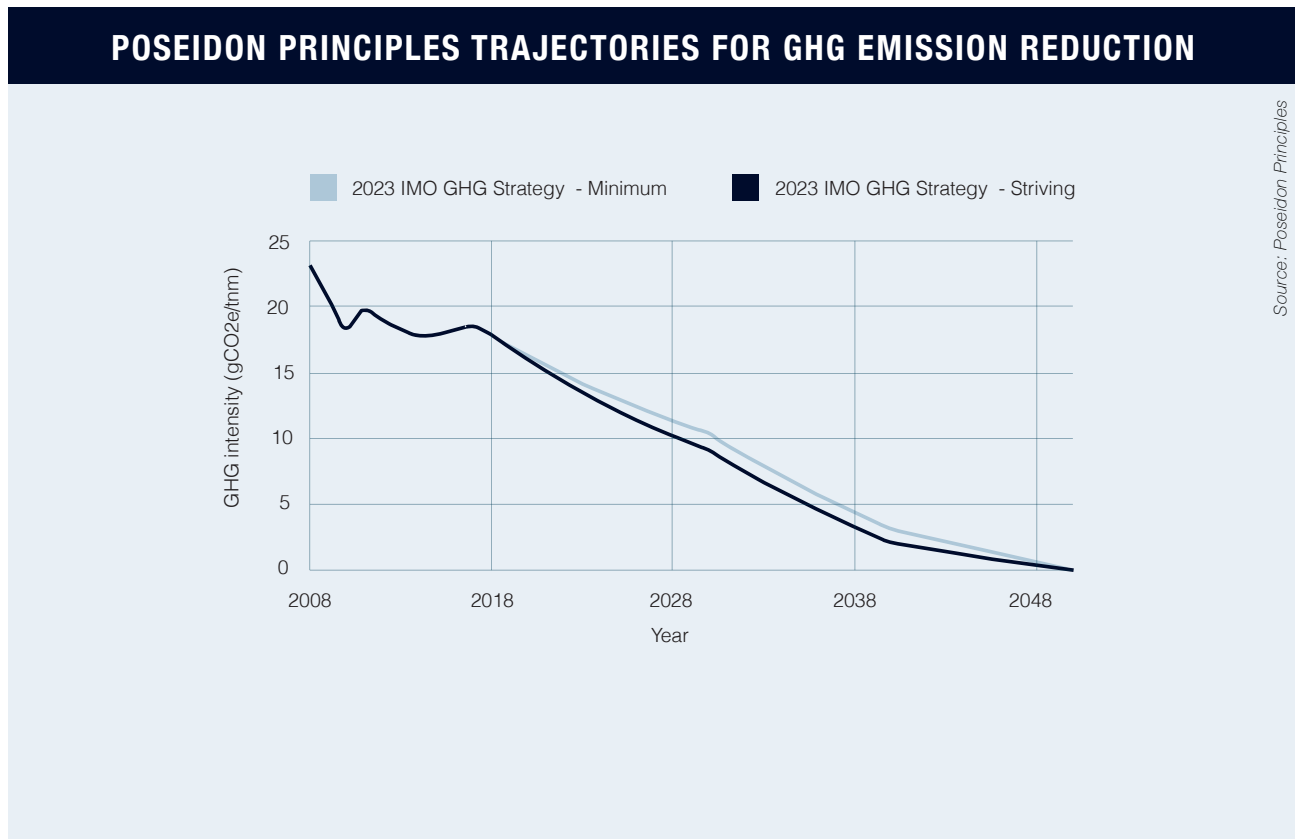
**CALCULATION OF PORTFOLIO CLIMATE ALIGNMENT**

The Poseidon Principles initially aligned with the IMO's 2018 GHG strategy, targeting a 50% reduction in absolute (tank-to-wake) CO<sub>2</sub> emissions by 2050 (relative to 2008). The IMO's 2023 revised strategy, however, significantly increased the ambition, setting a net-zero target for international shipping by-or-around 2050. This revision let the Poseidon Principles to introduce two emissions trajectories: a "minimum" trajectory and a "striving for" trajectory. Both aim for net-zero emissions from internat-

ional shipping "by or around" 2050, but differing in the pace of medium-term targets:

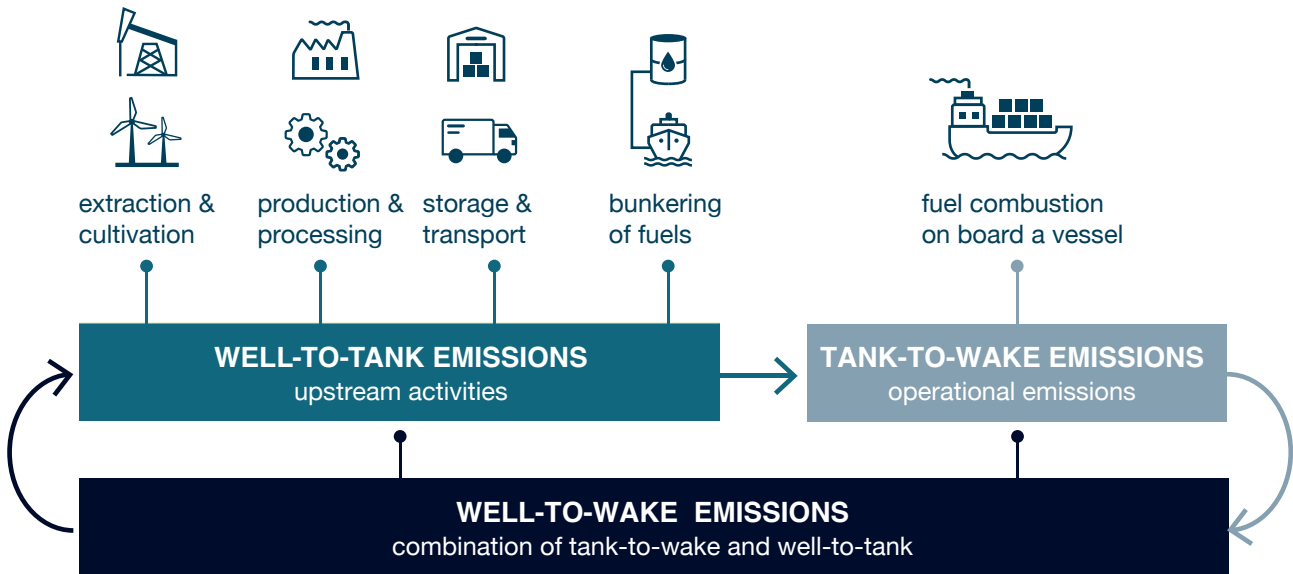
- The "Minimum" trajectory implies a 20% GHG reduction by 2030 and 70% GHG reduction by 2040 relative to 2008.
- The "Striving for" trajectory implies a 30% GHG reduction by 2030 and 80% GHG reduction by 2040 relative to 2008.

Furthermore, the 2023 revised IMO GHG strategy expanded emissions considered to cover the life-cycle emissions related to the fuels consumed (well-to-wake emissions) and includes other GHG emissions besides CO<sub>2</sub> on a CO<sub>2</sub>-equivalent (CO<sub>2</sub>e) basis. The change in emission factors result in a weighted uplift in calculated emissions of around 23% from tank-to-wake CO<sub>2</sub> to well-to-wake CO<sub>2</sub>e.



Source: Poseidon Principles

## TANK-TO-WAKE, WELL-TO-TANK, AND WELL-TO-WAKE EMISSIONS



Source: Poseidon Principles

The Poseidon Principles utilise a carbon intensity metric known as the Annual Efficiency Ratio (AER). The metric is calculated using an approximation of the annual transport work performed by a vessel, considering the parameters fuel consumption, fuel emission factors, distance travelled and deadweight tonnage (DWT) at maximum summer draught<sup>1</sup>. AER is reported in unit grams of CO<sub>2</sub> per tonne-mile<sup>2</sup>.

Climate alignment at the vessel level is the percentage difference between a vessel's AER and the AER trajectory value for the vessel. The decarbonisation trajectory is the emissions intensity trajectory required to meet the CO<sub>2</sub>e reduction ambitions of the IMO. As discussed above, each vessel faces two trajectories, the "Minimum" trajectory and the "Striving for" trajectory.

The climate alignment score at the portfolio level is the weighted average of the climate alignment at the vessel level using the debt outstanding of each vessel<sup>3</sup> in the portfolio.

Ocean Yield's portfolio climate alignment score for 2024 (based on emissions in 2023) was 0% (vs. "minimum" trajectory) and 5% (vs. "striving for" trajectory), meaning that the carbon intensity of Ocean Yield's fleet on a value weighted basis was in line with the "minimum" trajectory of the 2023 revised IMO GHG strategy and 5% above the "striving for" trajectory. This means that Ocean Yield is on track to meet its net-zero emissions by 2050 target.

### RELATIVE PERFORMANCE

When comparing Ocean Yield's portfolio climate alignment score relative to the signatories of the Poseidon Principles signatories' performance in 2024 (for the year 2023), using the same methodology, Ocean Yield observes that it compares well against the performance of the global shipping banks.<sup>4,5</sup>

<sup>1</sup> For some vessel classes gross tonnage (GT) is used instead for DWT.

<sup>2</sup> gCO<sub>2</sub>/dwt-nm, and for the vehicle carriers gCO<sub>2</sub>/gt-nm.

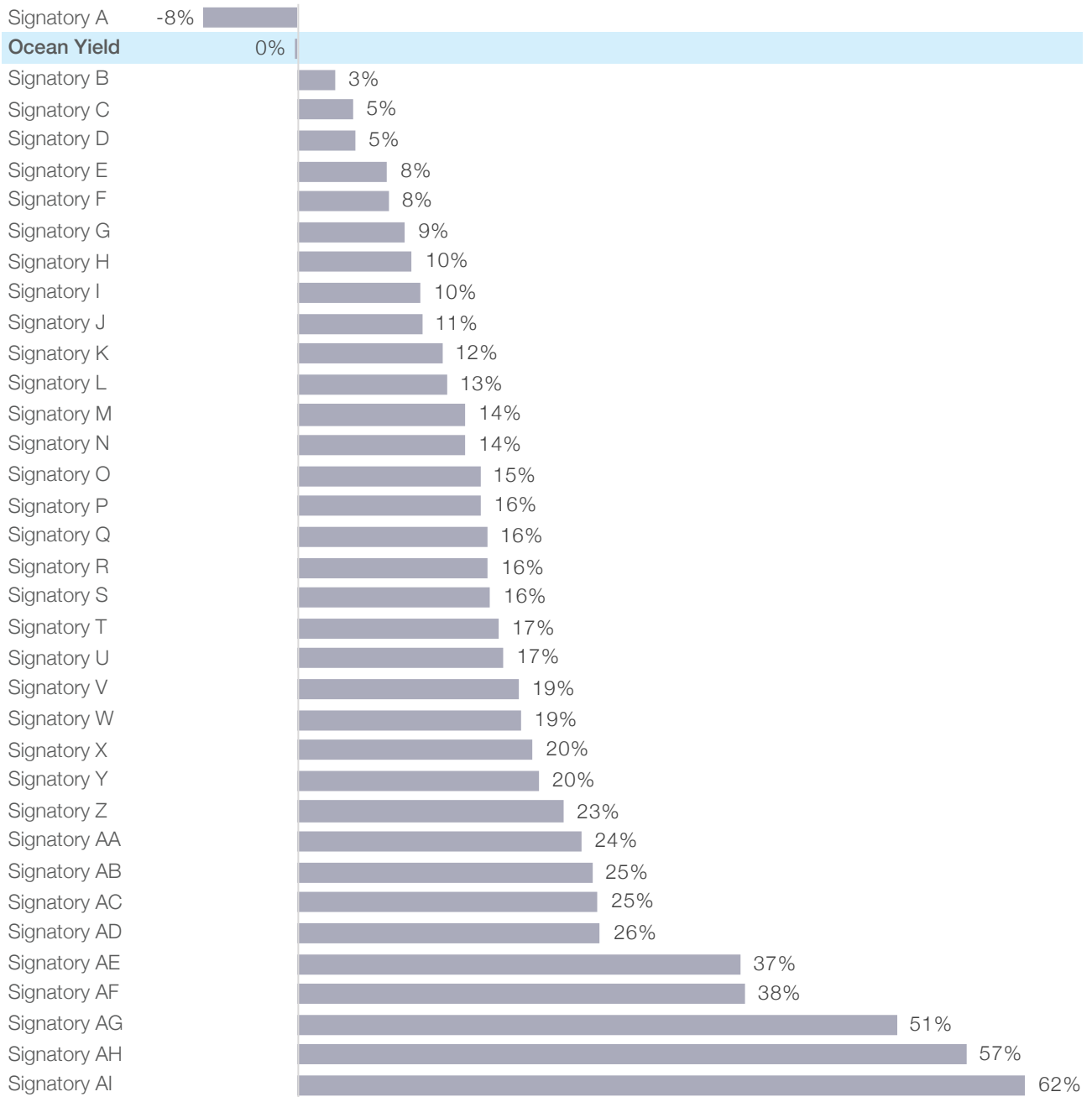
<sup>3</sup> As a lessor, Ocean Yield uses the lease outstanding as per end of the relevant year

<sup>4</sup> Ocean Yield is not a signatory to the Poseidon Principles

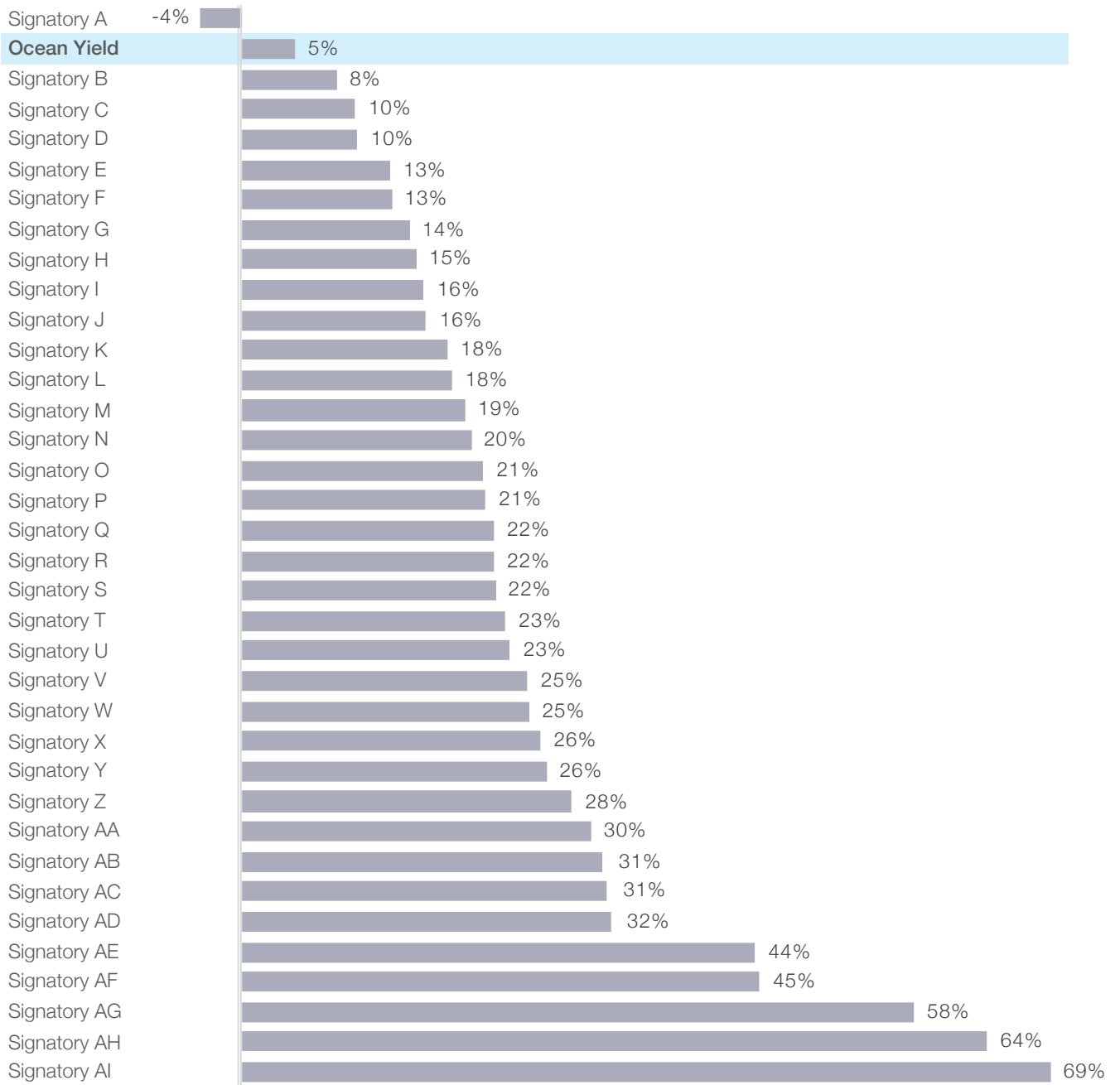
<sup>5</sup> The Portfolio Climate Alignment is based on 39 vessels on the water and does not include container vessels owned 49.9% and five oil-service vessels.



## Relative performance under the minimum trajectory



## Relative performance under the striving for trajectory







## CII SCORE

Ocean Yield's fleet shows good performance with regard to the obtained CII scores. For 2023, 87% obtained an A or B rating, while no vessels were rated lower than C.

CII SCORE	A	B	C	D	E	F
Weight by book value	38 %	49 %	13 %	0 %	0 %	0 %

## PORTFOLIO CLIMATE ALIGNMENT

The table below presents the CO<sub>2</sub> emissions of Ocean Yield's fleet as reported to the Company by its counterparties. As part of the Company's commitment to ESG, it is important to be transparent and disclose the environ-

mental impact of the Company's assets. For vessels on bareboat charter, the emissions are considered beyond Ocean Yield's direct operational control, and as such they represent indirect scope 3 emissions for the Company as defined by the GHG protocol.

Metric	Unit	Performance			
		2023	2022	2021	2020
Scope 1 emissions	Million Mt CO <sub>2</sub>	0.01	0.00	0.00	0.02
Scope 2 emissions	Million Mt CO <sub>2</sub>				
Scope 3 emissions	Million Mt CO <sub>2</sub>	1.16	1.28	1.40	1.21

- 1) Scope 1 emissions reflect two container vessels on long term time charter contracts that were delivered in 2023.
- 2) Scope 2 emissions are excluded as indirect emissions from energy related to rental of office space are insignificant compared to Scope 1 and Scope 3 emissions.
- 3) Scope 3 emissions include 44 vessels owned in 2023, representing 91% of vessel book value. Vessels sold during the year and container vessels owned in the 49.9% owned joint venture Box Holdings Inc. are excluded as Ocean Yield holds a minority ownership in these vessels. Vessels under construction have not been included.



### **A CONTRACTUAL OBLIGATION TO THE ENVIRONMENT**

Ocean Yield is dedicated to supporting the 14<sup>th</sup> UN Sustainability Development Goal, which focuses on conserving and sustainably using oceans, seas, and marine resources for sustainable development.

Nearly all of Ocean Yield’s long-term charters are documented through bareboat charter contracts, based on the internationally recognised BIMCO “barecon” form with extensive rider clauses. These contracts have precise requirements for how the counterparty operating the vessels must comply with international environmental regulations. The contracts place a legal responsibility on the counterparty for compliance with international conventions, codes, and regulations. Ocean Yield closely monitors the counterparties’ fulfilment of these responsibilities. The charter contracts also regulate that the vessels must be insured against oil spills and environmental incidents. This includes any incident in which environmentally sensitive material is released into the sea through a collision or similar, which would lead to a negative impact on the environment. The contracts also regulate that the counterparty operating the vessel must have all relevant environmental permits in place relating to any environmentally sensitive material.

Ocean Yield has three container vessels and 12 LNG carriers on long-term time charter contracts. For the container vessels the technical management is outsourced to a third-party, while for the LNG vessels they are managed by a subsidiary of France LNG Shipping SAS. The terms of the contracts with the time charterer and the third-party technical manager, together with Ocean Yield’s own policies and procedures, cater for the same level of compliance with all laws and regulations as set out above.

### **ENSURING RESPONSIBLE BALLAST WATER MANAGEMENT**

The International Convention for the Control and Manage-

ment of Ships’ Ballast Water and Sediments (BWM Convention) requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of aquatic organisms and pathogens within ballast water and sediments. All ships engaged in international trade are required to manage their ballast water to avoid the introduction of alien species into coastal areas, including exchanging their ballast water or treating it using an approved ballast water management system. The IMO BWM Convention requires ballast water treatment systems to be in place on all new vessels.

Ocean Yield has ballast water management systems in place for all vessels, with the exception of the Aker Wayfarer, as this vessel only conducts operations offshore Brazil.

### **RECYCLING OF VESSELS**

The Company is committed to environmentally and socially responsible recycling of ships. Any vessels under Ocean Yield’s control will be subject to responsible recycling according to the Hong Kong Convention as a minimum.

Most of the Company’s bareboat charters contain requirements towards Green Passports, which is a document prepared in accordance with the guidelines to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. This includes the Guidelines for the development of the Inventory of the Hazardous Materials, listing all the potentially hazardous materials on board the vessels.

The direct exposure of the Company towards recycling of vessels is considered low, based on a combination of a modern fleet and the fact that the vast majority of the leases include purchase obligations, put options, or attractively priced purchase options, motivating charterers to acquire the vessels at the end of the firm bareboat charter.



# SOCIAL

Ocean Yield's employees are the Company's most important resource and the drivers of the Company's success.







**O**cean Yield's business demands a wide range of skills, and the Company relies on the competence and talent of its people to deliver on its strategic ambitions. In line with the Company's Code of Conduct, Ocean Yield's priorities maintain an inclusive environment that ensures collaboration, continuous learning, and productivity. These priorities are supported within every business area to secure the well-being of the employees.

#### **DIVERSITY**

Ocean Yield strives to achieve and maintain a diverse workforce by encouraging innovation, learning and understanding. As of year-end 2024, the Company has 17 permanent employees located in Norway and Malta.

The Company aims to be an attractive employer for both new and existing employees. The Company values are integrated into how the Company works, and Ocean Yield strives to recruit talent that recognises these values. Throughout 2024, three new employees joined Ocean Yield, while one resigned.

Ocean Yield believes that gender balance strengthens the Company and aims to secure an inclusive work environment where its employees can flourish. Women account for 41% of the workforce at year-end 2024, compared to 40% the year before. As of year-end 2024, the workforce consisted of 7 women and 10 men.

Ocean Yield is an equal opportunity employer and work to ensure an environment free of discrimination. All employees are treated equally regardless of gender, sexual orientation, disability, ethnicity, skin colour, religion, or political opinions.

The Company has a zero-tolerance policy for harassment or degrading treatments in any form by or towards employees. According to work, position, and seniority, Ocean Yield has a compensation policy that ensures fair and equal compensation for all employees. Wages are market competitive, and the Company complies with the

laws applicable in the countries where it is present. CEO and CFO compensation is disclosed in the annual report to secure transparency regarding wage levels.

Ocean Yield will continue to uphold its values of diversity and equality in all its endeavours and be transparent about the Company's activities.

#### **COMPETENCE**

Continuous workforce development is essential for Ocean Yield's growth and productivity. Given the small size of the Company's employee base, the focus is specifically to increase development training on the job. Employees are encouraged to evolve and seek new knowledge. As part of the training and competency efforts and to keep the Company's employees well informed, industry experts, product specialists, economists and people with other relevant know-how from banks and other reputable firms are regularly invited to present and educate with the aim to provide Ocean Yield's people with opportunities to develop their skillsets and talent.

Ocean Yield thrives on having a flat organisational structure and corporate culture, encouraging open feedback, communication, and cooperation. At least once a year, employees have a performance review, in which they are also encouraged to voice opinions, concerns and make suggestions for improvements to learn and develop.

New employees are provided with the necessary training, guidance, and supervision. Additionally, all new employees have completed anti-corruption and business ethics training as part of their introduction and onboarding.

Focus on and awareness of compliance and business integrity as defined in the Code of Conduct is vital to ensure integrity in the Company's work. New employees are required to acquaint themselves with the Code of Conduct, as part of the onboarding process. Increasing competency and training on cyber security has been highlighted during this reporting year.

### **EMPLOYEE WELL-BEING**

The safety and well-being of all the Company's employees is a top priority. Ocean Yield does not directly employ seafarers. For the employees of the company, the main activities are related to an office environment. Thus, the health and safety risk are considered to be low. During the past year, the Company has had no fatalities or recordable injuries. Ocean Yield's goal is to have zero injuries, fatalities and environmental incidents.

Ocean Yield strives to accommodate that its employees can maintain a healthy work-life balance through flexible work hours, remote work possibilities, and stress management resources, among other initiatives. Sick leave rates remain low, at 0.87% in 2024 compared to 0.67% in 2023.

For 2024 the retention rate was 93%, from 100% in 2023. The total number of employees increased from 15 to 17. Ocean Yield is continuously working to uphold and adjust people processes to provide its employees with the resources they need to maintain a healthy and productive work environment.

### **FREEDOM OF ASSOCIATION**

Ocean Yield promotes a responsible employment environment and respects universal principles and norms that protect labour rights. This includes respecting the freedom of association and the freedom to conduct collective negotiations. Ocean Yield is against any form of child labour.



# Social Contributions



## ZUCCARELLO STIFTELSEN

Ocean Yield supports the foundation “Zuccarellostiftelsen”. Established in 2016, the foundation works to reduce alienation by helping to create strong and secure children, a more inclusive society and better integration. The foundation aims to give all children and young people the opportunity to participate in sports and physical activity, regardless of background, gender, ethnicity, place of residence and financial means.



## ZIBEL

Ocean Yield supports the non-governmental organisation Zibel in Malta. Established in 2017, Zibel aims to reduce the overall waste in Malta and restore the natural sea environments to their most natural states. Zibel focuses on cleaning the seabed around the shore of the Maltese Islands. Ocean Yield has provided Zibel with marine underwater scooters to facilitate the location and transportation of plastic waste and ghost nets.



## MENTAL HEALTH ASSOCIATION

The Mental Health Association on Malta helps those in need of mental health assistance. Requests to this NGO increased substantially during the covid pandemic. Ocean Yield has made donations to the foundation during 2024.



## READY IF

Ready IF is a multi-sport club that primarily organises youth athletes in bandy, football, alpine, track and field. During 2024, Ocean Yield contributed to support the children’s alpine team.



## ST. JOSEPH HOME

The Sisters at St. Joseph Home care for vulnerable children giving them their unconditional love and attention. Ocean Yield has made donations to the home during 2024.



## THE SOUP KITCHEN

The Soup Kitchen is a Maltese NGO that offers a hot meal to those in need, along with the availability of showers, councillors and laundry facilities. The Soup Kitchen hands out approximately 100 meals a day and is there for anyone in need. Ocean Yield has made donations to the foundation during 2024.

## URSULINE SISTERS OF ST. ANGELA MERICI

Ursuline Sisters of St. Angela Merici is a children’s home in Malta. Ocean Yield has made donations to the home during 2024.

## TA' LIESSE MONASTERY

Ocean Yield has contributed to the restoration of parts of Ta' Liesse Monastery during 2024.



# GOVERNANCE

Solid governance forms the cornerstone of ethical and enduring business practices.



**O**cean Yield's governance principles are built on the Company's values and define a framework of rules and procedures by which the Company governs and controls its business. These principles are incorporated into the Company's performance culture through the Board of Directors, Executive management, and its employees.

Ocean Yield is committed to a credible and robust approach to ESG, and this is an integrated part of the Company's investment decision-making process and day-to-day operation. The Company focuses on the integration of sustainability into the daily operations and business decisions and cement the Company's commitment to good governance, a good working environment, environmental and climate responsibility, diversity and inclusion, and ethical business conduct.

### COMPLIANCE

Ocean Yield's corporate governance principles are in accordance with the Norwegian Accounting Act §3-3b.

### OCEAN YIELD'S CODE OF CONDUCT

Ocean Yield's vision and core values are designed to cultivate and refine a corporate culture where people deliver strong results in a responsible manner. This is reflected in Ocean Yield's Code of Conduct, which all employees are expected to follow. The Code of Conduct is available in English and published in full on the Company's website. The Code of Conduct covers a wide range of essential topics, including, but not limited to:

- Working environment
- Corruption and bribery
- Conflicts of interests
- Insider trading
- Relations to suppliers

All employees are trained in the contents of the Code of Conduct, and the document is signed by all new employees when joining the Company. The Code of Conduct is reviewed annually.

Ocean Yield applies a zero-tolerance management to violations of the Code of Conduct. Most (potential) violations are reported to and dealt with by line management. If this is not considered appropriate, complaints can be reported directly to the Board of Directors, or through Ocean Yield's whistleblower hotline available on the Company website.

Reports received through the integrity channel are initially received and handled by an independent third-party; PwC Law. PwC is dedicated to maintaining high ethical standards and handles all submissions confidentially.

### ANTI-CORRUPTION

Ocean Yield does not tolerate any form of corruption and will make active efforts to ensure that this does not occur in the Company's business activities. Ocean Yield's Anti-corruption Policy contains principles on relevant issues such as bribes, gifts, services, and other forms of corruption and is available in full on the company website. Per the date of the publication of this report, Ocean Yield is not aware of any incidents or allegations of corruption in 2024.

The risk of corruption incidents is considered to be low. Ocean Yield makes investments in vessels and have a small number of suppliers as vessel operations are managed by the Company's clients.

### SANCTIONS

Ocean Yield is obligated to comply with any sanctions set by relevant sanctions authorities such as the Norwegian State, the United Nations, the European Union, the United States of America, and any authority acting on behalf of them in connection with sanctions. Ocean Yield's charter-parties and loan agreements contain sanction clauses that include applicable laws, regulations or orders concerning any trade, economic or financial sanctions or embargoes. The Company has a sanctions policy in place outlining its protocols and procedures.

### BOARD OF DIRECTORS

The Board of Directors currently consists of three members, two key individuals from KKR and one independent board member. One third of the board is female. The CEO and executive management staff report directly to the Board of Directors on a frequent basis.





## **RISK AND OPPORTUNITY MANAGEMENT**

Ocean Yield's risk management process shall identify potential threats and opportunities to develop a strategy for minimising or eliminating risks and capturing business opportunities. This process is included in the Company's overall business processes and encompasses ESG, particularly regarding climate risks and opportunities, such as stricter climate and environmental regulations, changing stakeholder expectations, and new technologies.

The risk management process includes:

- Definition of business goals and identification of risks
- Risk assessment and mitigation
- Risk reporting, monitoring, and improvement

The risk assessments and related actions are reported and reviewed by the Board of Directors on a frequent basis.

## **REPORTING TO STAKEHOLDERS**

Ocean Yield will communicate relevant business information in an accurate and timely manner to its stakeholders and employees. Ocean Yield is committed to providing the financial markets with quality information on the financial and operational status of the company, enabling investors in the bond loans and analysts to maintain a correct picture of the financial situation, ESG risks and opportunities/challenges the Company faces in the future. Ocean Yield will provide accurate disclosures and information to the financial markets according to all relevant laws and regulations for companies with listed bonds on the Oslo Stock Exchange.

## **MANAGEMENT INCENTIVES**

The management incentive system's primary purpose is to stimulate a strong and long-lasting profit-oriented culture leading to an increasing value of the Company over time. The CEO, CFO, and other key employees are entitled to a variable salary, part of which is discretionary based on certain KPIs. In addition, management has invested alongside KKR in a management equity plan, incentivising management to increase the long-term value of the Company. Remuneration to the Board of Directors and the fixed and variable salary of Ocean Yield's CEO and CFO is presented in the Annual Report for 2024.

## **RESPONSIBLE BUSINESS CONDUCT**

Ocean Yield is committed to ethical and responsible business conduct, which the Company regards as a prerequisite to maintaining public trust in the Company. Ocean Yield chooses its counterparties carefully and strives to work with partners that share its values and have zero tolerance for corruption, bribery, and unethical behaviour. Ocean Yield does not tolerate any form of corruption and actively ensures that this does not occur in its business activities. Ocean Yield's Code of Conduct and Anti-corruption Policy contains principles on relevant issues such as bribes, gifts, services, and other forms of corruption. Ocean Yield has strict restrictions against any forms of anti-competitive practices and contractual requirements related to sanctions and restricted parties.

Ocean Yield maintains business processes, training, and controls to implement and uphold its Code of Conduct. Ocean Yield has not incurred any monetary losses due to legal proceedings associated with bribery or corruption in 2024 or any year prior.





### **SUPPLIER CODE OF CONDUCT**

One of Ocean Yield's goals is to develop relationships with business partners that share similar corporate values as the Company and conduct their business in an ethical and compliant manner. The Company has established a Supplier Code of Conduct for Ocean Yield's business partners which outlines the obligations, and the integrity standards Ocean Yield expects its business partners to uphold. It includes requirements related to the most salient human rights issues in this context: child and forced labour, discrimination, safe and healthy work environment, freedom of association and collective bargaining, equal pay and working hours, and indigenous peoples. The Supplier Code of Conduct for Ocean Yield's business partners is available on the Company's website.

### **INSIDER TRADING**

Ocean Yield is subject to several laws concerning the purchase and sale of publicly traded securities. The Company's employees and their close family members must refrain from trading securities while possessing material, non-public information relating to the Company or any other company where Ocean Yield directly or indirectly has ownership interests. Directors, officers, and other personnel defined as primary insiders are subject to various reporting and insider trading requirements.

### **LOBBYING**

Ocean Yield maintains a neutral position on party politics and will not support, financially or otherwise, any party or its candidates. Ocean Yield has not participated in any form of lobbying.

### **TAX**

Ocean Yield pays taxes under the ordinary tax schemes in Norway and Malta, as per the applicable rules and requirements.

### **WHISTLEBLOWER PROGRAM**

Ocean Yield has established a whistleblower channel where employees and others can raise concerns about improper activities or misconduct and report instances of potential non-compliance with the Company's values without fear of retaliation. Such improper activities or misconduct may include HSE violations, harassment, insider trading, money laundering, fraud, bribery and kick-back arrangements, or other breaches of Ocean Yield's Code of Conduct.

Ocean Yield's employees are encouraged to first discuss any compliance matters internally with their immediate supervisor or another member of senior management. If such measures are not appropriate or sufficient, complaints may be reported through the independent whistleblower channel, and an independent third party, PwC Law, will be processing the reports. PwC is dedicated to maintaining high ethical standards and handles all submissions confidentially.

In 2024 or prior years, no cases have been reported through the whistleblower channel or directly to management.

# The Transparency Act

Ocean Yield is fully committed to respecting fundamental human rights and human rights due diligence in its business operations and value chain. The Company recognises its obligations to human rights both related to international conventions, principles, and guidelines as well as national law. This report is provided pursuant to the requirements of the Norwegian Transparency Act of July 2022.

## OPERATIONS

Ocean Yield has offices in Bærum, Norway, and in Malta and as of year-end 2024, the Company had 17 employees. The operations of the Group's bareboat chartered fleet are managed from Malta and Norway and the vessel owning companies are primarily owned and controlled by Ocean Yield Malta Limited.

The Company's business strategy is to enter into long-term charters, which gives visibility with respect to future earnings of the Company. Ocean Yield's main focus is primarily on bareboat charters, which means that the Company has no operational control of most of its vessels. The duration of the bareboat charters is typically from ten to fifteen years and the vessels are chartered to reputable clients around the world. However, the Company may also enter into time-charter contracts with shorter duration. The Company's ambition is to continue to grow and further diversify the portfolio of vessels on long-term charters.

## POLICIES AND GOVERNANCE

Ocean Yield supports and respects the protection of internationally proclaimed human rights as set out in the fundamental principles of the Universal Declaration of Human Rights and the core international human rights treaties. Ocean Yield strives to avoid causing or contributing to adverse human rights impacts through its business activities and address such impacts if and when they occur. Key policies and governance principles are adopted by Executive Management and the Board.

Ocean Yield also supports and respects internationally recognised labour rights as set out in the fundamental International Labour Organisation (ILO) conventions, including the freedom of association and the right to Collective Bargaining Agreements within relevant national and international laws, regulations and standards, and the Company supports

- i) the elimination of all forms of forced and compulsory labour;
- ii) the effective abolition of child labour;
- iii) the elimination of discrimination in respect of employment and occupation.

Both the Ocean Yield Code of Conduct and Supplier Code of Conduct is outlined in this report and is available on the Company website.

## RISK ASSESSMENT

The Company has conducted a human rights risk analysis of its business operations and value chain, to map and understand human rights risks and to identify potential actions required. The overall human rights risk analysis of the Company's business operations and value chain were conducted in accordance with the steps of the UN Guiding Principles for Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises and national laws, such as the Norwegian Transparency Act. The purpose of the analysis was to map and better understand the human rights risks the Company is facing, and to determine the need for further follow-up measures in addition to general measures already implemented, such as revising Ocean Yield's Code of Conduct and further strengthening the focus on human rights in the Company's risk assessments and business partner screenings.

In general, the shipping industry, and the broad set of jurisdictions shipping companies operate entail an inherent risk for adverse impact on human rights and decent working conditions, especially in the Company's supply and value chain. The analysis enabled us to distinguish two prioritised human rights risk areas going forward, which are:

- With regards to the vessels: Construction, maintenance, and recycling  
These are labour-intensive activities that may concern a series of human and labour rights issues, both when it comes to risks of accidents and injuries and when it comes to risks of worker exploitation. The risks relate to for example health and safety levels (including workplace accidents), working hours, wage levels, regular terms for employment or child labour.





- With regards to the operations: Crew  
There are several human and labour rights risks related to seafaring. The working environment on a ship, with extended periods offshore, can create limited oversight and weak law enforcement. This increases the risks of worker exploitation, for example by excessive working hours or poor wage levels.

In general, Ocean Yield considers that the Company's risk of violating such human rights is limited. The operational control and responsibility of its vessels and related operations is held by third parties that lease the vessels on predominantly long-term bareboat charterparties. In the client selection processes, Ocean Yield puts significant emphasis on partnering with reputable international shipping companies committed to ESG policies and consequently human rights. For a very limited number of vessels, Ocean Yield does however have operational responsibility both of vessel and crew. For these few vessels, the management and supervision of the vessels are

outsourced to third parties. To address risks related to human rights, Ocean Yield focuses on collaborating with reputable ship managers carefully selected through thorough due diligence and assessment. Their supplier code of conducts and active oversight should contribute to mitigate human rights risks. New shipbuilding contracts include specific clauses regarding responsible business conduct, committing the shipbuilders (including throughout the supply chain) to be conducted in accordance with human rights and decent working conditions. Going forward, the Company's main focus on human rights issues will be to monitor and collaborate with relevant parties related to the construction and operations of these vessels. Other significant suppliers of Ocean Yield are leading international banks, law and audit firms. Based on its human rights risk analysis, the Company considers the associated risk related to these counterparties to be low. In summary, Ocean Yield strives to ensure that its business partners and suppliers share the Company's human rights commitment and standards.





**BÆRUM, 27<sup>TH</sup> FEBRUARY 2025**  
OCEAN YIELD AS

*V. Policard*

**VINCENT POLICARD**  
CHAIRPERSON

*Bernardo Nogueira*

**BERNARDO NOGUEIRA**  
VICE CHAIRPERSON

*Rebecca Nakkim*

**REBECCA LUND NAKKIM**  
DIRECTOR

# About this REPORT

In this section, Ocean Yield outlines the principles, boundaries, and scope of the ESG reporting and how the Company sees ESG as a vital part of Ocean Yield's reporting to its stakeholders.



## REPORTING STANDARDS

This report contains disclosures from the World Economic Forum's efforts to develop a core set of standard sustainability metrics and the Norwegian Shipowners' Association Guidelines on ESG reporting in the shipping and offshore industries. Ocean Yield also uses reporting guidance from Euronext and selected recommendations from the Task Force on Climate-related Financial Disclosures.

## BOUNDARIES AND SCOPE

All vessels in Ocean Yield's fleet are fixed on long-term bareboat charters, with the exception of three container vessels and 12 recently acquired LNG carriers that are employed on long-term time charter contracts. Consequently, Ocean Yield has limited operational control of the vessels. For the bareboat charters, the clients are responsible for the operations of the vessels, and the Company therefore classifies the emissions as indirect emissions (Scope 3). Ocean Yield, strives to be transparent concerning the availability of data and reporting boundaries.

- CO<sub>2</sub> emissions from the Company's vessels are included on a 100% basis to the extent the Company's counterparties have provided the data. According to the GHG protocol, these emissions are beyond the Company's operational control and are reported as indirect scope 3 emissions for vessels on bareboat charter. For the vessels on time charter (two container vessels delivered as per end of 2023) the emissions are reported as scope 1 emissions. Emission data for the vessels in this report are for 2023 as 2024 emissions are not available until after the clients submit the data to the IMO data collection system (IMO DCS), expected in Q3 2025.
- Scope 2 emissions related to electricity consumption are not included in this report as this is considered immaterial.
- Ocean Yield does not report safety data for vessels on bareboat contracts, as the clients are responsible for the operations.
- Workforce data does not include temporary employees or contractors.

AER	Annual Efficiency Ratio. The metric is calculated using an approximation of the annual transport work performed by a ship, using fuel consumption parameters, distance travelled, and design deadweight tonnage (DWT). AER is reported in unit grams of CO <sub>2</sub> per tonne-nautical mile.
BIMCO	Baltic and International Maritime Council.
BWM	Ballast Water Management.
CO <sub>2</sub> -e	CO <sub>2</sub> equivalents.
CoC	Code of Conduct.
DWT	Deadweight tonnage.
ESG	Environment Social and Governance.
GHG	Greenhouse gas.
LTV	Lease to value.
IMO	International Maritime Organization.
NM	Nautical mile.
NUES	Norwegian Code of Practice for Corporate Governance.
OCY	Ocean Yield.
Poseidon Principles	The Poseidon Principles were launched in 2019 by several financial institutions and serve as a framework for creating common, global baselines that are consistent with and supportive of society's goals, including IMO's 2050 GHG reduction strategy. The Poseidon Principles were revised in 2023.
SO <sub>2</sub>	Sulphur dioxide.
TCFD	Taskforce for Climate-related Financial Disclosures.
The Taxonomy	EU Taxonomy for sustainable activities.
WEF	World Economic Forum.

Except for climate performance data, the information in this report represents the reporting period 01.01.2024 – 31.12.2024. All climate performance data represent the reporting period 01.01.2023 – 31.12.2023 for vessels owned by Ocean Yield in that period. For calculation of CO<sub>2</sub> emissions, the container vessels owned 49.9% are excluded on account of data, and for the calculation of AER the five oil-service vessels are also excluded as they fall outside the scope of the Poseidon Principles. Infor-

mation used to calculate climate performance, such as distance travelled and fuel use by fuel type are provided by the Company's counterparts. Ocean Yield follows the Greenhouse gas protocol definitions for emissions. Ocean Yield uses the emissions factors per fuel type provided by IMO in Resolution MEPC.245(66) to calculate tank-to-wake emissions, and the Poseidon Principles Technical Guidance for calculation of the well-to-wake GHG emissions.





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