

2018

ENVIRONMENTAL

SOCIAL

GOVERNANCE

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





2042

NUMBER OF SHIPBOARD
PERSONNEL



5 127 191

TOTAL DISTANCE TRAVELLED
BY VESSELS



32 705

OPERATING
DAYS



8 380 873

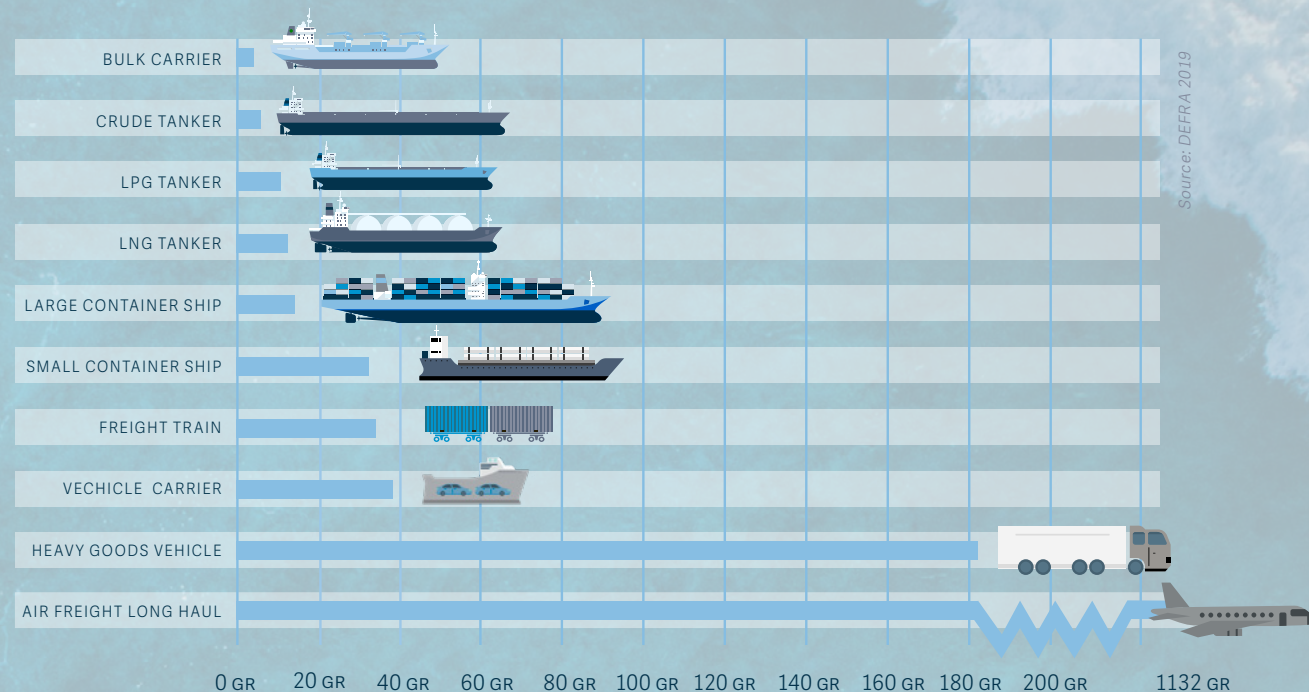
DEADWEIGHT
TONNAGE



89

NUMBER OF ASSETS
IN FLEET

GRAMME CO2E PER TONNE KM



1. INTRODUCTION

SFL has developed from a pure tanker owning company to one of the world's largest ship-owning companies, with investments in the tanker, bulk, container and offshore segments.

SFL has a unique track record in the maritime industry, being consistently profitable and paying dividends every quarter since the company was first listed on the New York stock Exchange (NYSE: SFL) in 2004. The Company's fleet of more than 90 vessels is split between tankers, bulkers, container vessels and offshore assets, and SFL's long term distribution capacity is supported by a portfolio of long term charters and significant growth in the asset base over time.

With 90 per cent of the volume of world trade carried by sea international shipping and ports provide crucial linkages in global supply-chains and are essential for the ability of all countries, including those that are landlocked, to access global markets.¹ Maritime transportation is vital for global trade, and meeting the challenges in terms of related emissions and climate change will be imperative going forward.

The most recent IMO report on GHG emissions estimates that international marine transportation accounts for 2.8 per cent of annual global greenhouse gas emissions.² Compared to other modes of transportation shipping has relatively lower CO₂ emissions.³ Worldwide waterborne transport remains the most cost and energy efficient means of transporting large volumes of commodities and produced goods. This supports and enables international trade with dedicated fleets optimised for specific trade patterns or cargo needs, ensuring optimal trade flows. With increasing global trade and the enforcement of new regulation on emissions, our industry will play an important role in lowering global CO₂ emissions. SFL is constantly working to increase efficiency and reduce the greenhouse gas emitted from our vessels. These efforts support our business strategy: improving efficiency and reducing energy consumption will generate both environmental and economic advantages for SFL.

This report seeks to provide investors and other stakeholders with easy access to material information. Our report on ESG (Environmental, Social and Governance) factors has been prepared in accordance with the Marine Transportation framework established by the Sustainability Accounting Standards Board (SASB). This allows us to identify, manage and report on material ESG parameters with industry specific

performance metrics. Additionally, we have incorporated the principles of the UN Global Compact.

Transparency and availability of information are major factors in enhancing environmental, social and governance performance. SFL's emphasis on sustainability is reflected in our company's agility in adapting to new regulations and demands from investors, partners and customers.

This report is based on SASB's internationally recognized indicators and related definitions, scope and calculations. The report and data cover the period 1 January to 31 December 2018.



Trym Otto Sjølie,
COO, SFL Management AS


"SFL believes in openness and availability of key information to all our different stakeholders."



¹ <https://business-un.org/en/entities/13>

² <http://www.imo.org/en/OurWork/Environment/PollutionPrevention/AirPollution/Pages/Historic%20Background%20GHG.asp>

³ <https://www.iea.org/newsroom/news/2019/june/demand-from-asia-is-set-to-power-the-growth-of-the-global-gas-industry-over-the-n.html>

2. SUSTAINABILITY ACCOUNTING STANDARDS DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA	SCOPE BY CONTRACT	CODE
<div></div> <div>GREENHOUSE GAS EMISSIONS</div>	EMISSIONS				
	Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	3 606 422 ^a	All assets	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	See page 8			TR-MT-110a.2
	ENERGY CONSUMED				
	(1) Total energy consumed	Gigajoules (GJ), Percentage (%)	23 811 062, 100 %	TC, Spot & BB rigs	TR-MT-110a.3
	(2) Percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	20 450 715, 86 %	TC, Spot & BB rigs	
	EEDI				
	Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO ₂ per ton-nautical mile	N/A ^b		TR-MT-110a.4
AIR QUALITY	AIR EMISSIONS OF POLLUTANTS				
	(1) NOx (excluding N2O)	Metric tonnes (t)	92 204 ^c	All vessels	TR-MT-120a.1
	(2) Sox	Metric tonnes (t)	53 860 ^c	All vessels	
	(3) Particulate matter	Metric tonnes (t)	5 911 ^c	All vessels	
ECOLOGICAL IMPACTS	MARINE PROTECTED AREAS				
	Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	1 530/653 ^d	All vessels/TC and Spot	TR-MT-160a.1
	IMPLEMENTED BALLAST WATER				
	(1) Exchange	Percentage (%)	98% ^e	TC and Spot	TR-MT-160a.2
	(2) Treatment	Percentage (%)	47%	TC and Spot	
	SPILLS AND RELEASES TO THE ENVIRONMENT				
	(1) Number	Number	0 ^f	TC and Spot	TR-MT-160a.3
	(2) Aggregate volume	Cubic meters (m ³)	0	TC and Spot	

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA	SCOPE BY CONTRACT	CODE
<div></div> <div>BUSINESS ETHICS</div>	CORRUPTION INDEX				
	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	72/23	All vessels/TC and Spot	TR-MT-510a.1
	CORRUPTION				
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0	TC and Spot	TR-MT-510a.2
EMPLOYEE HEALTH & SAFETY	LOST TIME INCIDENT RATE				
	Lost time incident rate (LTIR)	Rate	1,03	TC and Spot	TR-MT-320a.1
<div><div>ACCIDENT & SAFETY MANAGEMENT</div><div></div></div>	MARINE CASUALTIES				
	Incidents	Number	1 ^g	TC and Spot	TR-MT-540a.1
	Percentage classified as very serious	Percentage (%)	0	TC and Spot	
	CONDITIONS OF CLASS				
	Number of Conditions of Class or Recommendations	Number	0 ^h	TC and Spot	TR-MT-320a.1
	PORT STATE CONTROL ⁱ				
	Detentions	Number	1	TC and Spot	TR-MT-540a.3

ACTIVITY METRIC	UNIT OF MEASURE	DATA	SCOPE BY CONTRACT	CODE
Number of shipboard personnel	Number	2042/990	All assets/TC and Spot	TR-MT-000.A
Total distance travelled by vessels	Nautical miles (nm)	5 127 191 ^j	All assets	TR-MT-000.B
Operating days	Days	32 705/17 992	TC and Spot	TR-MT-000.C
Deadweight tonnage	Thousand deadweight tons	8 380 873	All assets	TR-MT-000.D
Number of assets in fleet	Number	89	All assets	TR-MT-000.E
Number of vessel port calls	Number	1 710	TC and Spot	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity	TEU	327 450	All relevant vessels	TR-MT-000.G

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

3. ESG GOVERNANCE

Clear guidance and robust control mechanisms need to be in place to ensure that sustainability is being integrated in our daily operations. We strive to ensure that all our employees have access to relevant policies reflecting sustainability factors that can guide them in conducting tasks for our company. Furthermore, we have implemented a system of monitoring compliance. SFL's Board of Directors has established an Audit Committee which monitors reports and complaints received by the company relating to internal controls and compliance. The Audit Committee also ensures that policies with regard to ethics, risk assessment and risk management are adequate.

MATERIAL ISSUE	INTERNAL GOVERNANCE DOCUMENTS	INTERNATIONAL STANDARDS AND REFERENCES
Climate change	Environmental Policy Draft	The Paris Agreement The Intergovernmental Panel on Climate Change (IPCC) Initial IMO Strategy on Reduction of GHG Emissions from Ships
Air emissions	Environmental Policy Draft	IMO MARPOL Convention Annex VI EU Sulphur Directive 2016/802 UNCLOS
Ecological impact	Environmental Policy Draft	UN Global Compact IMO MARPOL Convention Annex VI IMO Ballast Water Management Convention IMO MARPOL Convention Annex VI Hong Kong Convention
Anti-Corruption	Corporate Code of Business Ethics and Conduct Financial Crime Policy	UN Global Compact The US Foreign Corrupt Practices Act and the UK Bribery Act
Employee Health & Safety	Corporate Code of Business Ethics and Conduct	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

We aim at always implementing up to date procedures and guidance within the environmental, social and governance areas. We acknowledge that new technical solutions relating to environmental performance or measures to combat corruption may not be enough to solve the problem. SFL believes that some sustainability challenges require joint action from stakeholders including industry and regulatory authorities.

SFL has consequently decided to join the following important initiatives: Maritime Anti-Corruption Network (MACN), Clean Shipping Alliance, the International Association of Independent Tanker Owners (Intertanco) as well as complying with the requirements of Oil Companies International Marine Forum (OCIMF). SFL believes being part of these initiatives will keep us ahead of the curve on material risks and opportunities thereby positively contributing to our ESG risk management



AS PART OF addressing sustainability in a broader perspective we have identified two UN Sustainable Development Goals (SDGs) where we believe SFL can contribute: We have selected SDG 14 and 16 since these goals are closely tied to the industry we are a part of and they represent material topics for 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 regulators which we depend on.





4. ENVIRONMENT

GREENHOUSE GAS EMISSIONS AND AIR QUALITY

Shipping is statistically the least environmentally damaging mode of freight transportation. The energy efficiency of shipping as a freight option is also evident from the graph on page two of this report. However, we remain fully aware that pollution derived from maritime shipping activities has significant implications for air and water quality, and the industry may negatively impact marine and estuarine biodiversity if precautionary actions are not taken. Being aware of risks has been the basis for forming our Environmental policy and procedures to enhance our potential negative impact on our surroundings.

With increasing levels of international trade, air pollution from ships is on the rise and global emission standards are becoming more stringent. Annex VI limits the main air pollutants originating from ships' exhaust gas, including sulphur oxides (SOx) and nitrous oxides (NOx), and prohibits deliberate emissions of ozone-depleting substances. The NOx Emission Tier III standard in Emission Control Areas (ECA) from 2016 and the IMO 0.5% global cap on sulphur dioxide (SOx) content in fuels for shipping (will enter into force from 1 January 2020) mark a turning point for the global shipping industry.

SFL seeks to increase our ships' efficiency and reduce the greenhouse gasses emitted from our vessels. As part of this strategy, we have initiated the following:

- As part of the global sulphur cap implementation, IMO 2020, more than 200 million USD in sulphur abatement technology will be invested on our vessels in order to reduce global sulphur emissions emitted from both operated and non-operated vessels.
- We have a strong preference for new modern tonnage acquisitions, ensuring high efficiency, focusing on larger assets with the lowest footprint per unit of goods transported.

Hull cleaning will on average⁴ lead to a 9 per cent increase in energy efficiency and thus lower fuel consumption and emissions. SFL has in place a periodic plan for hull inspection with condition-based cleaning. We also have periodic plans for propeller cleaning – this is typically conducted twice a year.

ECOLOGICAL IMPACTS

Marine transportation does represent risks to the environment through discharges and emissions to air, land and water and through potential spills. SFL's ambitions and ability to manage such risks is critical for protecting the environment, the sector, our customers and our own business. We have monitoring and management tools in place to minimise the environmental impact of SFL's activities in this area and to ensure compliance with international and local regulations.

SFL's Environmental policy lays out our commitment to environmental due diligence and how spills and operational emissions of sulphur oxides, nitrogen oxides, waste and other discharges are to be managed. We also work diligently with our Ship Energy Efficiency Management Plan and have established a thorough system for incident reporting.

Concerning spills, SFL is fully aware that larger volumes of oil have serious and long-lasting negative impacts on ecosystems – and incidents may cause grave injuries and fatalities. Recovery efforts, reputational damage and fines with financial impact are some of the consequences of spills. The highest likelihood of spills occurs in fuel transfer operations. However, spills in relation to ship collisions typically have the most serious consequences. SFL experienced no incidents relating to spills during 2018.

Whilst ballast water is essential for safe and efficient modern shipping operations, it may also represent serious ecological, economic and health risks due to the multitude of marine species carried in the ships' ballast water. The handling of ballast water is regulated by the International Convention for the Control and Management of Ships' Ballast Water and Sediments. We take ecological risks seriously and of the vessels we owned and operated at December 31 2018, 98 percent SFL's vessels have installed Ballast water exchange system and 47 percentage have installed treatment technology.⁵ Our continuous investment program is geared towards ensuring full compliance with international conventions for ballast water treatment systems being installed on all operated and non-operated vessels.

Ships contain hazardous materials, and ship recycling must be performed according to strict standards for protecting human

health, safety and the environment. The Hong Kong Convention aims to ensure that ships, when recycled after reaching the end of their operational lives, do not pose a risk to safety of workers or to the environment. SFL is currently developing a Ship Recycling Policy to make sure that any future recycling of SFL's ships may only take place at an approved yard compliant with the Hong Kong Convention and in alignment with the 10 UN Global Compact principles. The latter principles refer not only to environmental issues, but also human rights and anti-corruption.

We have identified SDG 14 – Life below water – as relevant for our operations, and target 14.C is aimed at enhancing the conservation and sustainable use of oceans and their resources by implementing international law.



At SFL, we track and monitor our fleet continuously, and our HQ has full overview of when our ships are sailing in protected areas. Our crew members are trained in and must follow our stringent rules for avoiding spills at any time. Of the targets established by the UN under SDG 14 there are two where we see the potential of SFL having a direct impact: 14.1 and 14.2. 14.1 targets prevention and reductions of marine pollution of all kinds by 2025. Our most important initiatives in this regard will be our continued focus on our zero spills policy. 14.2 targets sustainable management and protection of marine and coastal ecosystems to avoid significant adverse impacts. We believe our efforts to further implement ballast water treatment installations on our entire fleet will be important in this regard.



ACCOUNTING METRIC	UNIT OF MEASURE	DATA
EMISSIONS		
Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	3 606 422
ENERGY CONSUMED		
(1) Total energy consumed	Gigajoules (GJ), Percentage (%)	23 811 062, 100 %
(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	20 450 715, 86 %
EEDI		
Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO ₂ per ton-nautical mile	N/A
AIR EMISSIONS OF POLLUTANTS		
(1) NOx (excluding N ₂ O)	Metric tonnes (t)	92 204
(2) Sox	Metric tonnes (t)	53 860
(3) Particulate matter	Metric tonnes (t)	5 911
MARINE PROTECTED AREAS		
Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	1530/653
IMPLEMENTED BALLAST WATER		
(1) Exchange	Percentage (%)	98%
(2) Treatment	Percentage (%)	47%
SPILLS AND RELEASES TO THE ENVIRONMENT		
(1) Number	Number	0
(2) Aggregate volume	Cubic meters (m ³)	0

⁴ https://safety4sea.com/wp-content/uploads/2018/03/Elsevier-The-energy-efficiency-effects-of-periodic-ship-hull-cleaning-2018_03.pdf

⁵ Vessels on bareboat contracts not included



5. SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS

HUMAN RESOURCES AND DIVERSITY

At SFL we believe that a reliable and strong health and safety focus onshore and on board our vessels will positively affect the long-term performance of our company. For us, a safe working environment for employees is of the highest priority and comes before everything else.

Whilst progress has been made in terms of safety, the shipping industry remains a hazardous industry. SFL is placing high priority on driving safety, however, this does not mean that regrettable incidents do not happen. SFL and its subcontractors adhere to industry best practice in relation to the OCIMF TMSA framework when investigating incidents and takes appropriate actions to ensure lessons are positively learned so that similar incidents can be prevented in future.

A detailed analysis of accidents and incidents for the entire fleet is prepared for SFL by SeaTech Safety in accordance with the OCIMF guidelines on Lost Time Injuries (LTIs) and Total Recordable Cases and Frequency (TRC and TRCF). The reports allow us to identify the root causes of all reported incidents and functions as a tool for future improvement of our Corporate Code of Business Ethics and Conduct. All accidents, incidents and near misses shall be reported and proactive measures are taken to ensure that we encourage our crew to report these with no hesitation and with support

Our fleet managers formally supervise ship managers through quarterly performance review meetings where all performance criteria, including environmental and safety matters, are discussed to ensure compliance. Responsible persons from the technical team meets with all ship managers on a monthly basis going through technical matters, energy efficiency, fuel consumption and emissions, and safety cases. Our fleet managers follow up on the implementation of any corrective measures necessary. We also bring all ship managers together monthly for thematic seminars. These meetings aim to spread industry best practice and lessons learned among the suppliers to work towards a “Goal Zero” for incidents. An annual audit is performed by Class according to the ISM Code and where appropriate ISO 9001 and ISO 14001.

In August 2018, our VLCC Front Hakata suffered a fire in the engine room while approaching Japan fully laden with crude

oil. Due to the professionalism and quick action of both the crew and the Japanese coastguard, the vessel was safely towed to port and the oil was discharged. There was no loss of life, serious injuries or spills to the environment as a result. A full root cause analysis was carried out and lessons learned shared across the fleet.

All vessels are regularly audited through the ISM, ISPS and MLC regulations. These follow a regime of interim, initial, periodic and renewal stages as stipulated by Class, IMO and Flag State. Annual audits are performed of the safety management system in accordance with the same regulatory framework for all vessels and office functions involved in operating the vessels. The ISM code and the MLC convention cover Safety and Labor Conditions. Combined with Collective Bargaining Agreements with Flag State, seafarers Human Rights are safeguarded, and the PSC and SIRE inspection regimes ensure that these are being complied with.

SFL complies with OCIMF – widely recognised as the voice of the oil industry – providing expertise in the safe and environmentally responsible transport and handling of hydrocarbons in ships and terminals and setting standards for continuous improvement. Membership is extensive and includes the oil majors along with the majority of National Oil Companies.

All our employees must live up to the values and guidelines set out in our Corporate Code of Business Ethics and Conduct. Any suspected intentional deviation from external regulations such as Health & Safety or employment legislation or our guidelines for ethical behavior set out in our Code of Conduct should be brought to the attention of the closest manager or by use of our telephone or web-based compliance hotline.

Through our Corporate Code of Business Ethics and Conduct, SFL strives to ensure that the work environment on shore and on board always meet the highest standards complying with all safety regulations ensuring a safe and trusted workplace irrespective of nationality, race, ancestry or any other basis. SFL is committed to respecting internationally recognised human rights as laid out in the UN Guiding Principles on Business and Human Rights (UNGPR). 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.

We are a company with global suppliers and aims to have the necessary policies, due diligence processes and access to remedy in line with the UNGP. As an international company working with suppliers all over the world, we are planning to implement a third-party compliance screening procedure in 2019 to be able to work diligently with this issue in all our relations.

EMPLOYEE HEALTH & SAFETY	UNIT OF MEASURE	DATA
LOST TIME INCIDENT RATE		
Lost time incident rate (LTIR)	Rate	1,03
MARINE CASUALTIES		
Incidents	Number	1
Percentage classified as very serious	Percentage (%)	0
CONDITIONS OF CLASS		
Number of Conditions of Class or Recommendations	Number	0
PORT STATE CONTROL		
Detentions	Number	1



6. ANTI-CORRUPTION AND BUSINESS ETHICS

Corruption impedes access to global markets and undermines economic and social development. For businesses in the shipping industry, corruption poses legal and reputational risks while also potentially threatening the safety of the crew. 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, and environmental inspections.

SFL believes that a commitment to honest and ethical conduct along with integrity are key values, and we have embedded this in our way of working with customers, suppliers, employees, shareholders and the communities in which we operate. The company has a zero-tolerance policy towards bribery as stated in our Company Code of Conduct and Financial Crime Policy, which applies to all entities controlled by SFL's officers, directors, employees as well as workers and third-party consultants, wherever they are located. Assessing and monitoring business processes, training and controls are fundamental tools in implementing our anti-corruption policy. As part of our compliance processes, appropriate risk-based communication and training is provided to employees and Business Partners as part of their on-boarding and ongoing development programme.

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, Antidiscrimination 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. Suspected deviations from our policy are to be reported to the line manager or by making use of our telephone or web-based compliance hotline as outlined in our Complaints Procedure.

Tackling systemic integrity challenges requires collective action. Through the Marine Anti-Corruption Network (MACN), SFL 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 action 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 standardized 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.



BUSINESS ETHICS	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	72/23
CORRUPTION		
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0



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.

^aCO2 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. As fuel consumption on bareboats were not available for 2018, estimates on CO2 emissions have been calculated based on the tool established by Danish Shipping and total distance travelled provided by IHS.

Total energy consumption (TJ): Calculated based available data on fuel purchases by using the fuel properties defined by DEFRA, Conversion factors, 2019.

^bAverage Energy Efficiency Design Index (EEDI) for new ships: The EEDI was not obtained for any of the new vessels entering the fleet in 2018 and is currently reported as N/A.

^cParticulate matter (PM), NOX, SOX emissions (Metric tonnes): NOX and SOX emissions from the combustion of fuels from owned vessels have been calculated based on the tool established by Danish Shipping and distance travelled where distance travelled has been provided for bareboats by IHS.

^dShipping 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 intertidal 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).

^ePercentage 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 micrometers in minimum dimension and (b) less than 10 viable organisms per milliliter that are less than 50 micrometers in minimum dimension and greater than or equal to 10 micrometers in minimum dimension.

^fSpills 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.

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).

^gMarine 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.

^hNumber 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.

ⁱPort 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 harmonised 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. Currently our scope of disclosure only includes detentions. 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 t an unreasonable threat of harm to the marine environment etc.

^jTotal distance traveled by vessels: The distance (in nautical miles) travelled by all vessels during the calendar year as obtained from GIS metrics (IHS).

Number of shipboard personnel: Only the number of personnel on board ships at any time are recorded, this does not reflect the aggregate number of shipboard personnel during the 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 due to unforeseen circumstances (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, chartered, bare boat – as per December 31 in the financial year



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