



FLEX LNG

# ESG

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## REPORT

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# 2021

 **VALUE  
REPORTING  
FOUNDATION**  
SASB  
STANDARDS

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



## SASB ACTIVITY METRICS 2021

### CONTENTS

5		INTRODUCTION
6		OUR ESG FRAMEWORK
8		SUSTAINABILITY GOVERNANCE
10		BUSINESS ETHICS AND ANTI-CORRUPTION
12		ENVIRONMENT
16		SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS
20		SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES
23		DISCLAIMER AND ASSUMPTIONS FOR THE SASB REPORTING

#### ABOUT FLEX

FLEX LNG LTD. ("Flex LNG") is a commercial operator of fifth generation LNG carriers with large cargo capacity, focusing on the growing market for Liquefied Natural Gas (LNG). Flex LNG is listed on the Oslo Stock Exchange (OSE), and on the New York Stock Exchange (NYSE) under the symbol FLNG.

Our fleet consists of thirteen LNG carriers on the water, and all of our vessels are state-of-the-art ships with the latest generation two-stroke propulsion (MEGI and X-DF). These modern ships, built between 2018 and 2021, offer significant improvements in fuel efficiency, and thus also a lower carbon footprint including methane slip compared to the older steam and four-stroke propelled ships. During 2021, we built up a significant contract backlog while maintaining market exposure to capture the opportunities in the growing LNG shipping market.

ACTIVITY METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	SCOPE BY CONTRACT	CODE
Number of shipboard personnel	Number	338	144	Operated fleet	TR-MT-000.A
Total distance travelled by vessels	Nautical miles (nm)	1 351 803	820 438	All assets	TR-MT-000.B
Operating days	Days	4 560	2 683	Operated fleet	TR-MT-000.C
Deadweight tonnage	Deadweight tons	1 221 177	936 884	All assets/Operated fleet	TR-MT-000.D
Number of assets in fleet	Number	13	10	All assets	TR-MT-000.E
Number of vessel port calls	Number	228	149	All vessels/Operated fleet	TR-MT-000.F

#### ABOUT THIS REPORT

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

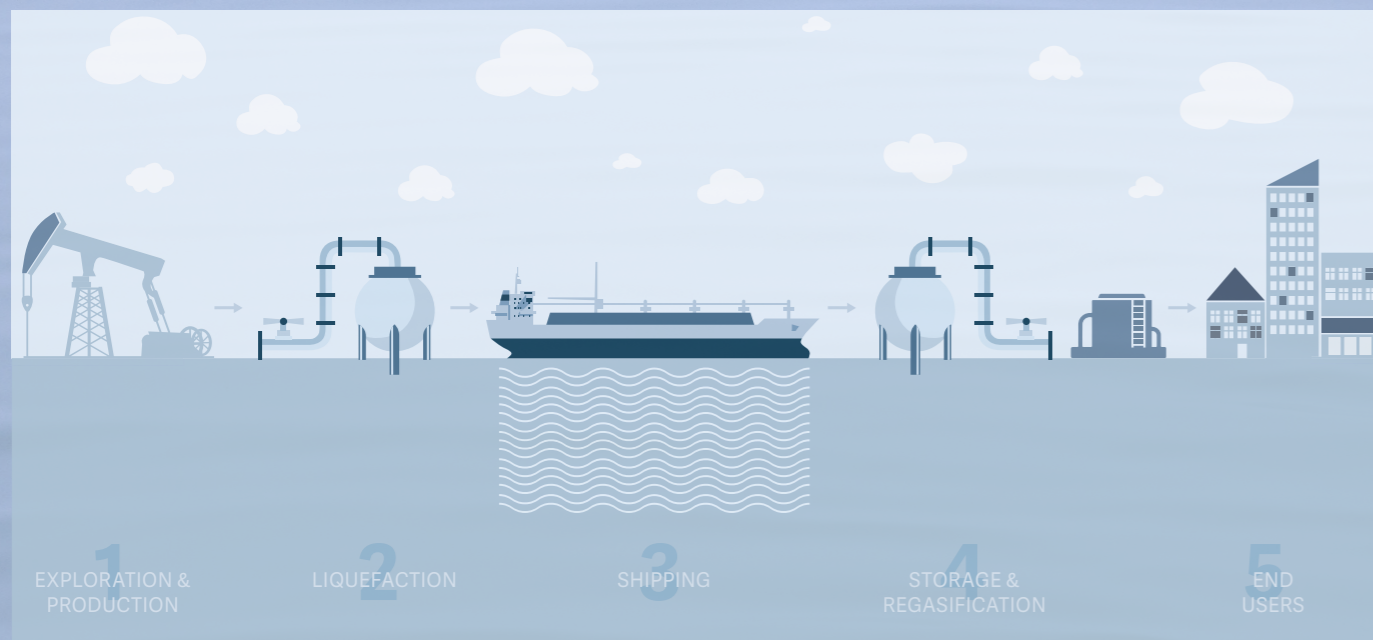
Determination of sustainability impacts and material ESG topics for reporting was undertaken by an independent expert ESG advisor, in consultation with our staff and stakeholders, and was approved by the BoD. The materiality determination method followed the GRI Materiality Standard, GRI 3 (2021). Critical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

For questions or feedback to this report, please contact us at [ir@flexlng.com](mailto:ir@flexlng.com)





## THE LNG VALUE CHAIN



## OUR CARGO – LNG IN BRIEF

**ACCESS TO ENERGY** is vital for economic and social development. The Director of the International Energy Agency (IEA), Dr Fatih Birol, has stated that natural gas is one of the mainstays in the global energy mix. Where it replaces more polluting sources of energy, it improves air quality and limits emissions of carbon dioxide. LNG plays a key role in reducing carbon intensity across all segments of the energy system including power generation, industry, the residential sector and transport.

**THE PRESIDENT OF THE EUROPEAN COMMISSION**, Ursula von der Leyen, has stated that “Gas will have a role to play in the transition towards a carbon-neutral economy (...) in particular by making full use of the potential of affordable liquefied natural gas.” Looking ahead, LNG can help to further decarbonise the transport sector, with the use of synthetic and bio LNG, that offer significant GHG emissions reductions. As nations move to displace traditional energy with low-carbon energy, LNG is viewed as a viable solution for years ahead.

**AT FLEX LNG**, we believe that supplying LNG to the market by the most efficient seaborne transportation makes an important contribution to the broader agenda of SDG 3 and SDG 13, as the use of LNG relates to reducing air pollution and limit the rise in energy-related emissions by displacing coal and oil in power generation, heating, transportation and industrial uses.



## INTRODUCTION

**CLIMATE CHANGE** is the biggest global challenge, and 2021 saw world leaders come together in Glasgow to agree a roadmap to a low carbon future. According to the IEA, the decarbonisation of the gas and broader energy systems will require the deployment and scale-up of low-carbon gases.<sup>1</sup> The war in Ukraine adds to the complexity: While Europe relies on Russia for 34 percent of its natural gas, the gas market is global, and Europe’s need for alternative gas sources will affect other LNG importers in Asia, the Middle East, and Latin America.

*“Higher fuel costs provide us with a competitive advantage as our fleet is more efficient than the industry average.”*

The existing natural gas infrastructure can act as an enabler in the deployment of low-carbon gases by providing network access, reducing transport costs and ultimately facilitating their integration into the broader energy system. Currently, we are transporting conventional LNG, and we deem the IEAs predictions to underline that our services will be an important part of the infrastructure needed for reaching net zero emissions by 2050.

This roadmap will have a major effect on the shipping industry, and challenges the Initial IMO GHG Strategy, which aims to reduce carbon intensity of international shipping by 40% by 2030, compared to 2008. In June 2021, the IMO adopted guidelines on the operational carbon intensity reduction factors, which is set at a rate, relative to 2019, of 11% by 2026. The introduction of the Efficiency Existing Ship Index (EEXI) and the GHG emissions reduction requirements will in our segment lead to a massive reduction in available capacity: Of the global LNG fleet consisting of 747 vessels<sup>2</sup>, 30 per cent are of the first and second generations – vessels not likely to meet emission reduction requirements. For FLEX LNG, running the latest technology, this puts us in a favourable spot.

The prospects of higher fuel costs also provides us with a competitive advantage as our fleet is highly fuel efficient.

In 2021, we took delivery of three newbuilds, and our fleet now counts 13 ships, all built between 2018 and 2021. Last year, the EU adopted the first of two delegated acts for the Taxonomy, confirming the parameters on sustainable activities for climate change adaptation and mitigation objectives. FLEX LNG welcomes these developments, and has an ESG strategy that is forward looking and resilient to increasing regulation.

Throughout 2021, the pandemic continued to cause strain on the global economy and societies across the globe. In spite of the challenges, FLEX LNG was able to operate effectively, thanks to our employees and business partners who have worked hard and shown great determination under difficult circumstances. Notwithstanding the health threats of the pandemic, FLEX LNG has succeeded in keeping a very strong track when it comes to lost time incidents. Since we started publishing our annual ESG reports in 2019, the LTIR remained at zero (0) until 2021. In March last year, we experienced one incident at Flex Rainbow, contributing to an LTIR of 0.34. We will keep our strong focus on safety in all operations to avoid risk adverse health impacts to our staff and seafarers.

We hope you find this report informative of our approach to ESG.



**Øystein Kalleklev**  
CEO, Flex LNG Management AS

<sup>1</sup> Gas Market Report Q4 2021, IEA: 57

<sup>2</sup> Fearnleys, Poten, Clarksons, SIN and Company – includes conventional LNG carriers with a capacity of 100k cbm. Laid up vessels are included.



# OUR ESG FRAMEWORK

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

## MATERIAL TOPICS

We have reviewed and refreshed the comprehensive analysis of material ESG topics undertaken in 2020, which included feedback from selected stakeholders such as employees, investors, customers, crew, bank relations, analysts, board representatives and a select number of NGOs, e.g. Nordea, SEB, ABG Sundal Collier, Arctic Securities, the WWF, and the Fridtjof Nansen Institute. Our review of potentially material topics followed the GRI Materiality Standard (GRI 3, 2021), considering the severity and likelihood of our impacts. Our ESG priorities also take into consideration those which are financially material, and we are guided by the SASB Marine Transportation Standard (2018) in this regard.

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

- Climate-related risks
- Direct emissions
- Energy mix
- Marine casualties involving crew and assets
- Corruption risk
- Ship recycling
- Spills and releases
- Compensation and remuneration
- Training – compliance training and training on board (e-based)

FLEX LNG will continue to work to improve performance in these areas, and our public ESG targets include →



		ACTUAL 2020	ACTUAL 2021	TARGETS 2022
E	OVERALL FLEET WEIGHTED AVERAGE CARBON INTENSITY RATING	Not reported	A	A
S	LOST TIME INCIDENT RATE	0	0.34	0
G	% OF NEW BUSINESS PARTNERS SCREENED IN COMPLIANCE WITH THE KYBP POLICY	Not reported	100%	100%



# SUSTAINABILITY GOVERNANCE

**WE BELIEVE** clear guidance and robust control mechanisms are essential to ensure the proper handling of sustainability risks and opportunities. FLEX LNG has established policies and control processes to manage our material risks and to ensure compliance with all applicable international and local laws and regulations. Our most important ESG related policies are available on our website.

Our Board of Directors (BoD) is responsible for ESG at FLEX LNG. The BoD oversees the strategy, including ESG priorities, ensures that appropriate and effective related risk management and internal control systems are in place, and that our corporate governance framework is reviewed annually. In line with the Norwegian Corporate Governance Code, the BoD has throughout the year considered important ESG matters, and has reviewed our annual ESG report. The BoD's Audit Committee monitors reports and complaints received by the company relating to internal controls and compliance. All incidents are reported to the BoD in an annual review. The Chief Executive Officer (CEO) carries the responsibility for the daily implementation of ESG at FLEX LNG and our technical managers are the first in line to handle incidents. Crewing and ship management is outsourced to third parties that are closely supervised and assessed by our fleet manager.

We have established a comprehensive Compliance Program led by our Compliance Officer to ensure we conduct our business in an honest and ethical manner. FLEX LNG has implemented policies and procedures outlining how we manage ESG issues to help mitigate potential risks. In 2021, we conducted a full Compliance Risk Assessment to identify and mitigate the compliance risks FLEX LNG is exposed to. The Compliance Risk Assessment resulted in a risk map covering all identified risks, with sanctions and cybercrime dominating the risk map.

All FLEX LNG policies and procedures were updated in 2021. Communication and training regarding compliance and governance helps our company follow laws, reduce risks of corporate and personal liability and operate effectively. FLEX LNG provides training to all employees and management, as well as the BoDs, through physical training sessions and an e-learning platform which was implemented this year. All employees and management need to undergo mandatory training in our internal policies and procedures on an annual

basis. New employees undergo the training as part of their onboarding. 100% of FLEX LNG's employees have completed the main mandatory training session. Further, we conducted face-to-face training. The training focused on potential compliance issues; how to identify them, what to do if facing a potential issue and included cyber risks.

FLEX LNG relies on data driven sustainability management, meaning that we collect and use data to make decisions that support sustainable business practices that can be measured. To do so, we use our digital ESG management system. By using the insights and support functions within the digital platform, we effectively communicate on ESG topics, both internally and externally with our ship management companies. This has enabled the full integration of ESG management within our business and has laid the foundation for setting targets for our material risks and opportunities with associated KPIs, for the short, medium and long term.

## CO-OPERATION TO PROMOTE SUSTAINABLE OPERATIONS

Some of the challenges our industry is facing require joint actions. Together with industry peers such as Avance Gas, Frontline, Golden Ocean and SFL, FLEX LNG has established an ESG forum: the goal is to design industry leading approaches to ESG performance and risk management, as well as reporting parameters.

We actively participate in and support the following initiatives:

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



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 FLEX LNG Ship Recycling Policy	UN Global Compact IMO MARPOL Convention Annex VI IMO Ballast Water Management Convention IMO MARPOL Convention Annex VI Hong Kong Convention
Anti-Corruption	Corporate Code of Business Ethics and Conduct Financial Crime Policy Know Your Business Partner Policy	UN Global Compact The US Foreign Corrupt Practices Act and the UK Bribery Act
Employee Health & Safety	Corporate Code of Business Ethics and Conduct FLEX LNG Ship Recycling Policy	UN Global Compact ILO Conventions Maritime Labour Convention, 2006 (MLC, 2006) International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Hong Kong Convention Marine Crew Resource Management
Accident & Safety Management	Corporate Code of Business Ethics and Conduct Know Your Business Partner Policy	International Management Code for the Safe Operation of Ships and for Pollution Prevention (The ISM Code) Marine Crew Resource Management





# BUSINESS ETHICS AND ANTI-CORRUPTION

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

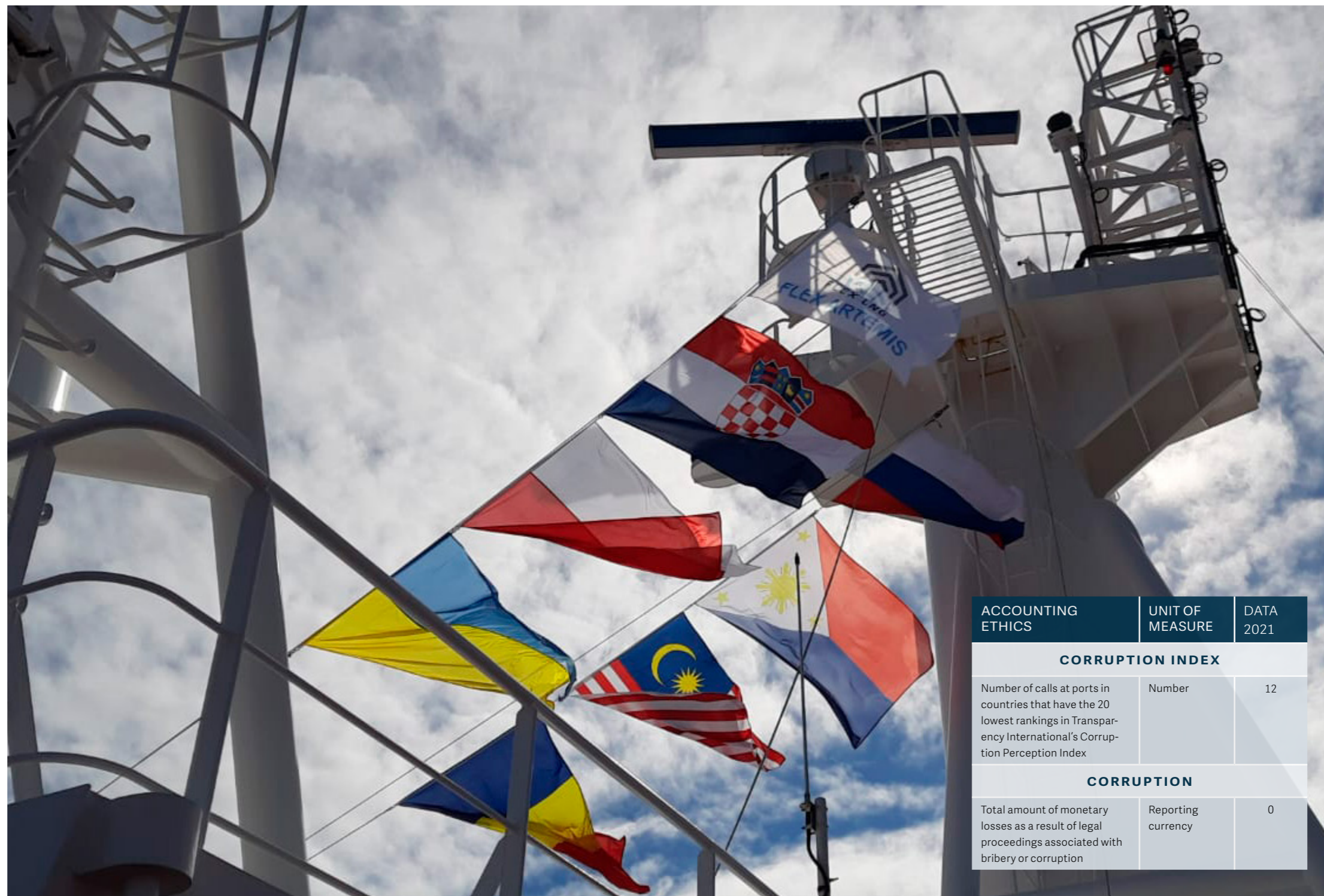
Assessing and monitoring business processes, training and controls are fundamental tools in implementing our anti-corruption policy. As part of our compliance processes, appropriate risk-based communication and training are provided to employees as part of their onboarding and ongoing development programme.

As a member of the Maritime Anti-Corruption Network (MACN), and through our own diligent anti-corruption procedures, we support collective action to reduce corruption and bribery in all their forms. This initiative supports SDG target 16.5, which aims at substantially reducing corruption and bribery in all their forms.



We also have a whistleblowing hotline available online that is open to everyone, including staff, seafarers and those outside of our organisation. The whistleblowing facility is tested quarterly by FLEX LNG's Compliance Officer. FLEX LNG recorded no (zero) whistleblowing cases in 2021.

FLEX LNG has not been involved in any legal proceedings associated with bribery, corruption or anti-competition in 2021.



ACCOUNTING ETHICS	UNIT OF MEASURE	DATA 2021
<b>CORRUPTION INDEX</b>		
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	12
<b>CORRUPTION</b>		
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	0



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

### EMISSIONS TO AIR

Flex LNG believes improved logistics, enhanced hydrodynamic technology, better machinery, and cleaner fuels will be important components in our work towards a more sustainable shipping industry. Our Environmental Policy states our aim to reduce harmful emissions through optimal operation of vessels and machinery, new technology and diligent work with our Ship Energy Efficiency Management Plan (SEEMP).

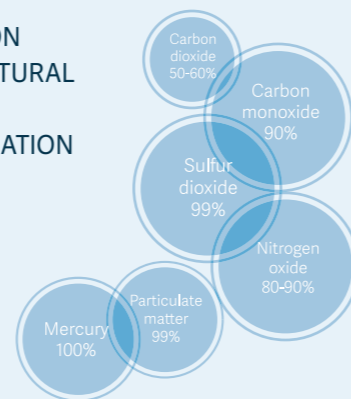
Climate change and air emissions are shaping the course of the shipping industry and will continue to do so going forward. The IMO has set out a strategy towards 2030 in line with the Paris Agreement to combat climate change. The strategy aims to reduce CO<sub>2</sub>-emissions per transport work compared to 2008 levels by at least 40 per cent by 2030. When it comes to climate-related risks, in the short to medium term, decarbonization is positive for Flex LNG. However, in the long term it is more challenging as there are uncertainties around what will become the leading technology. Carbon Capture and Storage systems on ships are set to play a potential role – the technology exists, it remains to be determined how to handle the captured CO<sub>2</sub> in an efficient way.

Flex LNG operates vessels with the latest LNG propulsion technology, and currently it is not economically feasible to increase the efficiency of our main engines. Flex LNG is in close contact with the engine manufacturer, i.e. Wärtsilä, and participates in relevant committees in the three large class companies. The field of energy efficiency and emission reduction technologies is in constant development, and we are continuously exploring new technologies with the potential to enhance our performance.

Technological developments play important roles in reducing emissions. The introduction of gas injection for LNG carriers through two-stroke propulsion, known as MEGI and X-DF,



#### ESTIMATED EMISSION REDUCTIONS OF NATURAL GAS VERSUS COAL ELECTRICITY GENERATION



**FLEX LNG SUPPORTS** the UN Sustainable Development Goals – SDG 13 – targeting the global fight against climate change. This is also part of the IMO strategy towards 2030, and Flex LNG will continue to make an effort to contribute to the attainment of these goals. SDG 7 (7.1.2) is also relevant as Flex LNG enables the adoption of cleaner fuels in i.e. power generation in the markets we cater to. We also contribute to SDG 3 – Good Health and well-being – which aims to substantially reduce the number of

deaths and illnesses from hazardous chemicals, and air, water and soil pollution and contamination by 2030. Our contribution relates to reducing air pollution and limit the rise in energy-related emissions by displacing coal and oil in power generation, heating and industrial uses, by supplying markets with LNG: The global annual premature mortality due to fossil fuel combustion is estimated at 10.2million. Natural gas dramatically reduces emissions causing severe health issues.





*"FLEX LNG operates vessels with the latest LNG propulsion technology"*



ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021
<b>CO<sub>2</sub> EMISSIONS</b>		
Gross global Scope 1 emissions	Metric tonnes (t) CO <sub>2</sub> -e	727 999
<b>ENERGY CONSUMED</b>		
(1) Total energy consumed	Gigajoules (GJ), Percentage (%)	12 333 021, 100%
(2) Percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	0, 0%
<b>EEDI</b>		
Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO <sub>2</sub> per ton-nautical mile	4.55
<b>OTHER EMISSIONS TO AIR</b>		
(1) NO <sub>x</sub> (excluding N <sub>2</sub> O)	Metric tonnes (t)	18 419
(2) SO <sub>x</sub>	Metric tonnes (t)	207
(3) Particulate matter	Metric tonnes (t)	169
<b>MARINE PROTECTED AREAS</b>		
Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	17,9
<b>IMPLEMENTED BALLAST WATER</b>		
(1) Exchange	Percentage (%)	Not applicable
(2) Treatment	Percentage (%)	100 %
<b>SPILLS AND RELEASES TO THE ENVIRONMENT</b>		
(1) Number	Number	0
(1) Aggregate volume	Cubic meters (m <sup>3</sup> )	0

marks an important milestone in this regard. Nine of Flex LNG's vessels are powered with M-type, Electronically Controlled, Gas Injection (MEGI), Tier III engines, and four of our ships are powered with Low Pressure Gas Injection X-DF technology. These are the most efficient LNG vessels on the water. By applying the latest technology in our fleet, we contribute significantly to reducing emissions. Our aim is to continue to emit 30 per cent less CO<sub>2</sub> per tonne nautical miles than an average fleet of tankers. Periodic hull inspections with condition-based cleaning is part of our strategy to reduce fuel consumption by minimizing resistance in the water. We also have periodic plans for propeller cleaning – this is conducted twice a year.

In 2021, we had 70 per cent more operating days in our fleet, and thus higher absolute GHG emissions. Due to the soaring prices on natural gas, our vessels did have a relatively and significantly higher consumption of VLSFO and ULSMDO/ULSMGO as compared to 2020. Our vessels are chartered out, and the decision to switch to other fuels are made by our charterers. The higher consumption of VLSFO and ULSMFO/ULSMGO did also have a negative impact on the fleets GHG levels, and also on the SO<sub>x</sub> and NO<sub>x</sub> emissions. We cooperate with our partners to reduce energy consumption and associated emissions. In times where natural gas prices remain at a high level making VLSFO and ULSMDO a significantly

cheaper fuel option, optimal routing and other fuel saving measures are also the more important to increase fuel efficiency to keep emissions as low as possible.

**SPILLS, DISCHARGES AND ECOLOGICAL IMPACTS**

Marine transportation carries risks to the environment through discharges and emissions to air, land and water and through potential spills. Flex LNG works diligently to manage such risks, and our efforts are critical for protecting the environment, the sector, our customers and our own business. A set of stringent monitoring and management tools cover all of Flex LNG's activities related to such risks as we work to minimise the environmental impact of our operations, ensuring compliance with international and local regulations. We implemented a thorough system for incident reporting and our Fleet Management was ISO9001/ISO 14001 certified in May 2020.

Flex LNG is aware that larger volumes of oil have long-lasting adverse impacts on ecosystems, and incidents may cause grave injuries and fatalities. We carry LNG, a gas which is non-toxic, non-corrosive and thus does not represent a large spill risk as it will simply evaporate. FLEX LNG recorded zero incidents relating to spills during 2021.

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 the safety of workers or to the environment. With a fleet avergaing 2.2 years, FLEX LNG does not have any foreseeable ship recycling activities. However, we have established a Ship Recycling Policy to ensure that any future recycling of Flex LNG ships will only take place at a yard on the EU List (as applicable) or otherwise certified by the Hong Kong Convention.

Flex LNG has identified Sustainable Development Goal (SDG) 14 – Life below water – as a goal for our operations. SDG14 is aimed at enhancing the conservation and sustainable use of oceans and their resources. At Flex, we monitor our fleet continuously, and we track our sailing time in protected areas. Independently of where Flex LNG operates, our crew members follow stringent rules for avoiding spills – and incidents are to be diligently reported. Additionally, already in 2019, we introduced strict procedures for ensuring that all debris containing plastics are collected and disposed of in a safe manner.





## SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS

**ENSURING THE** health and safety of our crew is our number one priority. By providing training and the right equipment, our employees should experience and contribute to a safe and inclusive working environment. There are inherent safety and security risks related to operations at sea. These must always be managed carefully to safeguard crew, vessel, the cargo and the environment. Our company has a zero-accident ambition and operates according to the principle that no serious injury or environmental incident is acceptable.

FLEX LNG works diligently to ensure that our operations are in accordance with applicable regulations, and with our Corporate Code of Business Ethics and Conduct. All our employees are expected to abide by the values and guidelines set out in the code. We make sure to employ and train qualified seafarers in accordance with requirements of the flag state and Standards of Training, Certification & Watchkeeping Convention (STCW). Our technical manager is regularly supervised and formally audited annually in order to ensure compliance. Since 2020, we have kept our technical management in-house. Bringing our technical management in-house further enhanced the efficiency and control of our operations.

Through our risk assessment systems, we review all identified potential risks to our ships, personnel and the environment, establishing appropriate safeguards and practices. Due diligence of HSE track records is of the essence when FLEX LNG commissions work at shipyards, and our new ships are being built at leading Korean shipyards operating in accordance with global safety management standards. All accidents, incidents and near misses shall be reported, and proactive measures are taken to ensure that we encourage our crew to report these without hesitation and with the support of their managers. Our Lost Time Incident Rate (LTIR) was 0.34 in 2021.

Annual audits are performed of the safety management system in accordance with the same regulatory frameworks for all vessels and office functions involved in operating the vessels.

### COVID-19

The Covid-19 pandemic has caused disruption globally, to societies, businesses and individuals. FLEX LNG has worked to soften the negative impacts of the pandemic on our staff



and seafarers, as we view their wellbeing as our responsibility. To do this, we developed and implemented a crewing strategy that was driven both by safety and corporate responsibility perspectives, as well as a desire to preserve the welfare of our crew and ensure they return home safely.

One of our primary concerns has been the wellbeing of our seafarers while they were in enforced quarantine. The lockdowns around the globe have shown everyone how difficult it is to be isolated from those you love, and this difficulty is heightened for crew that cannot leave their ship and/or stay

in quarantine. To counter this we required ship managers to provide laptops or iPads to all seafarers, as well as make provision for training where appropriate. We also established a psychological hotline and made this available to everyone to help them cope with any difficulties they may be experiencing.

In addition to wellbeing, safety is a primary concern and FLEX LNG instructed its ship managers to carry out a vaccination drive for its seafarers, with the aim to vaccinate over [99%] of our seafarers. From December 2021, all new seafarers

*“We make sure to employ and train qualified seafarers - we have a zero accident ambition”*





onboarding our vessels are to be vaccinated. Entering 2022, there are still many restrictions due to the pandemic around the world, however we aim to support our seafarers to lessen the burden they may experience.

### LABOUR RIGHTS AND WORKING CONDITIONS

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

### DIVERSITY

FLEX LNG prohibits discrimination against any employee or any other person on the basis of sex, race, colour, age, religion, sexual preference, marital status, national origin, disability, ancestry, political opinion, or any other basis. FLEX LNG is an international company with shipboard employees from across the world. The main nationalities amongst our employees are

Thai, Bangladeshi, Indian, Philippine, Russian, Ukrainian, Sri Lankan and Georgian. Our shipboard employees are predominantly men, however we encourage female seafarers and have had female cadets onboard our vessels.

### HUMAN CAPITAL

Our success is built on the ability, determination and dedication of our staff, both onshore and shipboard. We recognise the value of our staff and try to promote from within wherever possible. In order to assist with this, we provide a number of opportunities for employees to develop their skills and careers, including trainings.

### HUMAN RIGHTS



FLEX LNG is committed to respecting and protecting internationally recognised human rights as laid out in the UN Guiding Principles on Business and Human Rights (UNGPR). We are an international company with suppliers from several parts of the world. We strive to have and update the necessary policies, due diligence processes and access to remedy in line with the UNGPR. In 2020, FLEX LNG established its Know Your Business Partner Policy to ensure compliance with the company's ethical standard in all business relations. We also conduct social risk assessments of yards and carry out due diligence of business partners. Where we have concerns, human rights clauses are inserted into contracts. We consider that we are well placed to comply with the Norwegian Transparency Law that comes into force in July.

EMPLOYEE HEALTH & SAFETY	UNIT OF MEASURE	DATA 2021
<b>LOST TIME INCIDENT RATE</b>		
Lost time incident rate (LTIR)	Rate	0.34
<b>MARINE CASUALTIES</b>		
Incidents	Number	0
Very serious marine casualties	Percentage (%)	0
<b>CONDITIONS OF CLASS</b>		
Number of Conditions of Class or Recommendations	Number	0
<b>PORT STATE CONTROL</b>		
(1) Deficiencies	Number	0.10
(2) Detentions	Number	0



# SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES

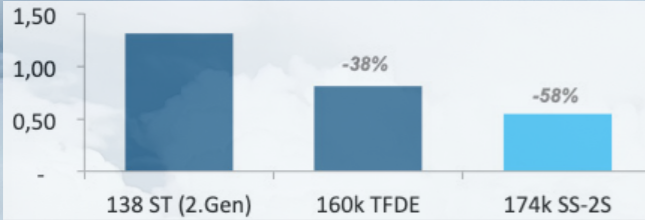
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	CODE
 GREENHOUSE GAS EMISSIONS	<b>CO<sub>2</sub> EMISSIONS</b>				
	Gross global Scope 1 emissions: Financial control <sup>a</sup>	Metric tons (t) CO <sub>2</sub> -e	<b>727 999</b>	485 793	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Found on page	<b>12-15</b>	12	TR-MT-110a.2
	Indirect emissions: Scope 2, purchased electricity <sup>b</sup>	Metric tons (t) CO <sub>2</sub> -e	<b>9.4</b>		Additional
	Indirect emissions: Scope 3, business travel <sup>b</sup>	Metric tons (t) CO <sub>2</sub> -e	<b>2 680</b>		Additional
	<b>ENERGY CONSUMED</b>				
	(1) Total energy consumed	Gigajoules (GJ), Percentage (%)	<b>12 333 021</b> <b>100 %</b>	8 533 076 100%	TR-MT-110a.3
	(2) Percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	<b>0</b> <b>0 %</b>	0 0%	
	<b>EEDI &amp; CARBON INTENSITY INDICATOR</b>				
	Average Energy Efficiency Design Index (EEDI) for new ships <sup>c</sup>	Grammes of CO <sub>2</sub> per ton-nautical mile	<b>4.55</b>	4.99	TR-MT-110a.4
CI/ Annual Efficiency Ratio (AER)	Grammes of CO <sub>2</sub> per ton-nautical mile	<b>5.51</b>	6.25	Additional	
AIR QUALITY	<b>OTHER EMISSIONS TO AIR</b>				
	(1) NO <sub>x</sub> (excluding N <sub>2</sub> O) <sup>d</sup>	Metric tonnes (t)	<b>18 419</b>	11 700	TR-MT-120a.1
	(2) SO <sub>x</sub> <sup>d</sup>	Metric tonnes (t)	<b>207</b>	60.3	
	(3) particulate matter <sup>d</sup>	Metric tonnes (t)	<b>169</b>	68.8	
ECOLOGICAL IMPACTS	<b>MARINE PROTECTED AREAS</b>				
	Shipping duration in marine protected areas or areas of protected conservation status <sup>e</sup>	Number of travel days	<b>17.9</b>	39.8	TR-MT-160a.1
	<b>IMPLEMENTED BALLAST WATER</b>				
	(1) Exchange <sup>f</sup>	Percentage (%)	<b>Not applicable</b>	Not applicable	TR-MT-160a.2
	(2) Treatment <sup>f</sup>	Percentage (%)	<b>100%</b>	100%	
	<b>SPILLS AND RELEASES TO THE ENVIRONMENT</b>				
	(1) Number <sup>g</sup>	Number	<b>0</b>	0	TR-MT-160a.3
(2) Aggregate volume <sup>g</sup>	Cubic meters (m <sup>3</sup> )	<b>0</b>	0		

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2021	DATA 2020	CODE
 BUSINESS ETHICS	<b>CORRUPTION INDEX</b>				
	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index <sup>h</sup>	Number	<b>12</b>	5	TR-MT-510a.1
	<b>CORRUPTION</b>				
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting currency	<b>0</b>	0	TR-MT-510a.2
	<b>FACILITATION PAYMENTS</b>				
	Number of incidents where bribes have been requested	Number	<b>0</b>	0	Additional
	<b>FINES AND SANCTIONS</b>				
	Number of fines and total monetary value of fines	Number and reporting currency	<b>0</b>	0	Additional
	Non-monetary sanctions for non-compliance with laws and/or regulations	Number	<b>0</b>	0	
	EMPLOYEE HEALTH & SAFETY	<b>LOST TIME INCIDENT RATE</b>			
Lost time incident rate (LTIR) <sup>i</sup>		Rate	<b>0.34</b>	0	TR-MT-320a.1
 ACCIDENT & SAFETY MANAGEMENT	<b>MARINE CASUALTIES</b>				
	Incidents <sup>l</sup>	Number	<b>0</b>	0	TR-MT-540a.1
	Very serious marine casualties <sup>k</sup>	Percentage (%)	0	0	
	<b>CONDITIONS OF CLASS</b>				
	Number of Conditions of Class or Recommendations <sup>l</sup>	Number	<b>0</b>	<b>0</b>	TR-MT-320a.1
DIVERSITY	<b>PORT STATE CONTROL</b>				
	(1) deficiencies <sup>m</sup>	Number	<b>0.10</b>	0	TR-MT-540a.3
	(2) detentions <sup>m</sup>	Number	<b>0</b>	0	
<b>DIVERSITY – GENDER AND AGE</b>					
Number of individuals in the organization's governance bodies by gender	Number	Male: 100% Female: 0%	Male: 100% Female: 0%	Additional	
Number of individuals in the organization's governance bodies by age group	Number	Under 30 years old: 0   30-50 years old: 2   Over 50 years old: 2	Under 30 years old: 0   30-50 years old: 2   Over 50 years old: 2		

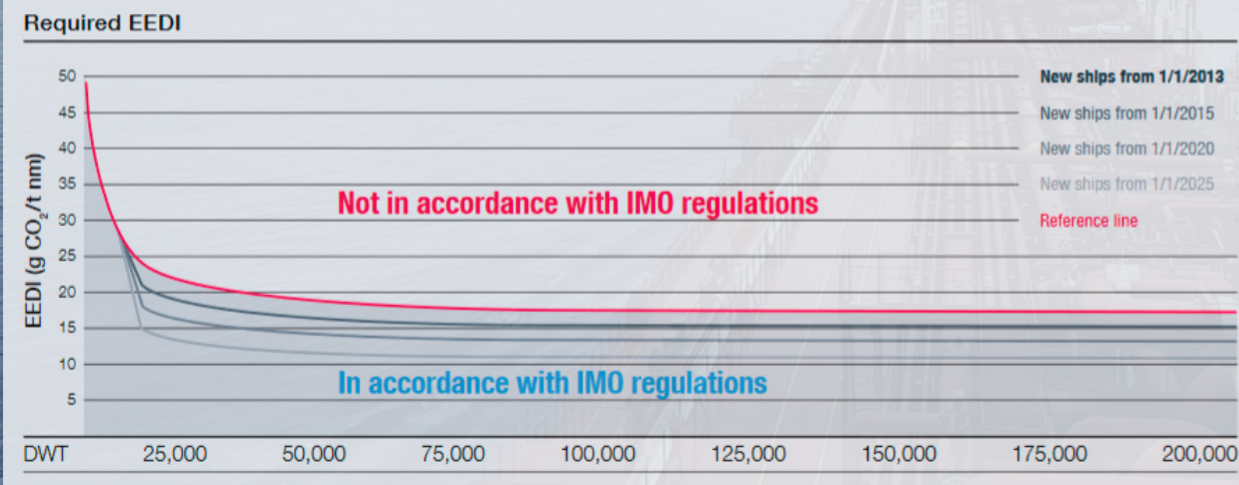


# DISCLAIMER AND ASSUMPTIONS FOR THE SASB REPORTING

## OUR FLEET OPERATES EFFICIENT LNG PROPULSION TECHNOLOGIES



Flex LNG utilises vessels with the latest technology to reduce fuel consumption and we optimise the use of our cargo capacity. The graph above shows how our fleet compares to past technologies.



*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.*

**<sup>a</sup>CO<sub>2</sub> emissions – scope 1:** 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.

**<sup>b</sup>CO<sub>2</sub> indirect emissions: scope 2:** Based on electricity consumption in reporting year, and calculated using conversion factors from NVE’s electricity disclosure statement for power suppliers 2020 and AIB Residual Mixes 2020. Scope 3 based on crew flights and transported purchased goods, data provided by vendors - in 2022, we will screen our Scope 3 emissions and consider including information in our coming reports.

**<sup>c</sup>Average Energy Efficiency Design Index (EEDI) for new ships:** New ships average EEDI is based on new ships entering the fleet in 2020 (keel laid after July 2013).

**<sup>d</sup>Particulate matter (PM), NOX, SOX emissions (Metric tonnes):** Deviations from 2019 numbers are highly influenced by the IMO 2020 requirements entry into force and may partly also be affected by our updated reporting methodology. The updated methodology has been developed with support from DNV.

**<sup>e</sup>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). However, the reported number does not necessarily include all Marine protected areas internationally established and regulated in International the Marine Organization (IMO) Conventions and areas established nationally by member states. Shipping duration is the sum of the travel days (24-hour periods).

**<sup>f</sup>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.

**<sup>g</sup>Spills and releases to the environment (Number, Cubic meters (m3)):** The total number of oil spills to the environment (overboard), excluding contained spills.

**<sup>h</sup>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 2020.

**<sup>i</sup>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. Lost time incidents are Fatalities, Permanent Total Disabilities, Permanent Partial Disabilities and Lost Workday Cases. The rate is based on lost time incidents / 1,000,000 hours worked.

**<sup>j</sup>Marine Casualties:** Regarding SASB TR-MT-540a.1, the reporting is in accordance with the standard, however injuries to personnel as described in section 1.1.1 is reported as part of Health & Safety statistics (LTIR). The threshold for reporting on material damages as outlined in 1.1.4 and 1.1.6 is defined as USD 1,000,000. Section 1.1.7 “Severe damage to the environment” is reported under ‘Ecological Impacts’ and/or “Very serious marine casualties”. Incidents concerned with oil spills, re SASB 1.1.7 “Severe damage to the environment” is covered under “ecological impact”. For an event to be reported as a marine casualty, one or several out of the below criteria must be true: (1) the loss of a person from a ship, (2) the loss, presumed loss, or abandonment of a ship, (3) the stranding or disabling of a ship that triggered a Lloyds Open Form Salvage or the involvement of a ship in a collision that would seriously endanger the safety of life or property. (4) material damage to marine infrastructure external to a ship, that could seriously endanger the safety of the ship, another ship or an individual.

**<sup>k</sup>Very Serious Marine Casualties:** A marine casualty involving the total loss of the ship, a death, or severe damage to the environment that is not related to oil spill. Any deaths shall be reported. If the death is decisively concluded not to have anything to do with a marine (very serious) casualty such as latent and unknown illness shall be addressed separately for a case-by-case discussion. Severe damage to the environment that is not related to oil spill is covered by “Very serious marine casualties”.

**<sup>l</sup>Number of Conditions of Class or Recommendations:** Those conditions/recommendations of class that has led to withdrawal of vessel certificates of otherwise has invalidates the ship’s compliance are included in this figure.

**<sup>m</sup>Number of port state control (1) deficiencies and (2) detentions:** Number of port state control deficiencies and detentions. Practices of port state controls reporting on deficiencies do not follow an entirely harmonised methodology making it less useful for reporting purposes without further explanations, hence we have chosen to report this number as a rate: number of deficiencies per Port State Control Inspection. Detentions are reported in number of actual cases. The figure represents number of detentions received from regional PSC organisations.

**<sup>n</sup>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.

**<sup>o</sup>Total distance travelled by vessels:** The distance (in nautical miles) travelled by all vessels during the reporting period.

**<sup>p</sup>Operating days:** Total operating days, i.e., total number of vessel-days for active vessels during the reporting year. Active vessels are referring to vessel(s) which were in possession of the shipowner during the reporting year.

**<sup>q</sup>Number of assets in fleet:** Reported number of owned assets at the end of the reporting year.

**<sup>r</sup>Number of vessels port calls:** Total number of port calls during the reporting period.

This ESG report was prepared by FLEX LNG LTD. with assistance from Position Green Advisory.



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