

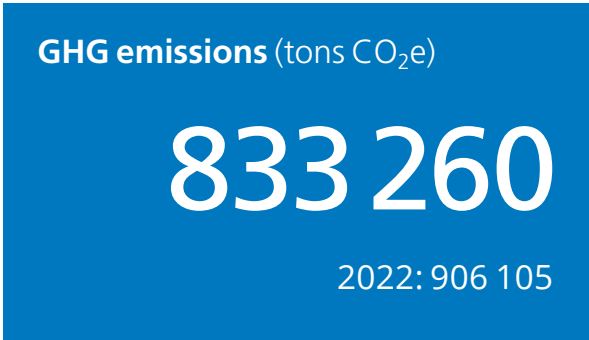
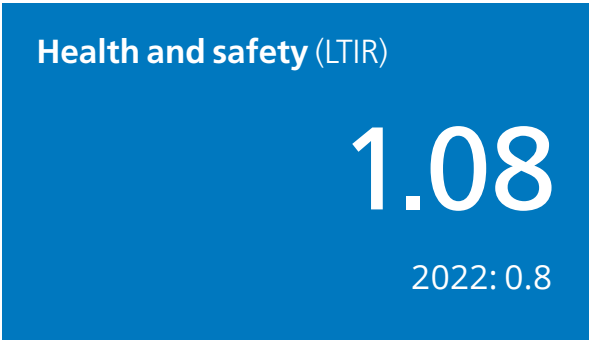
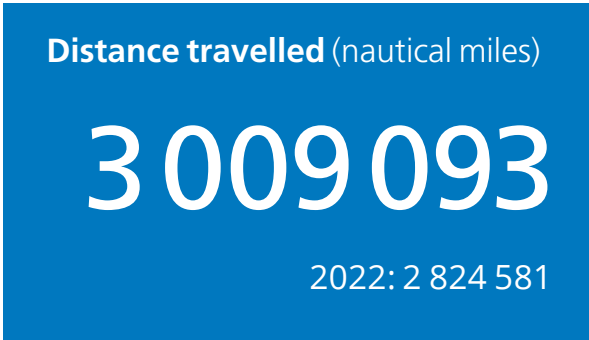
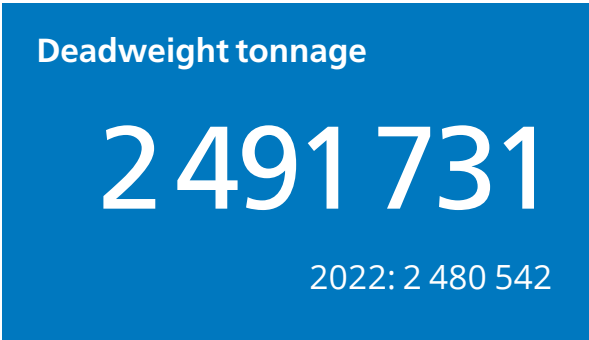
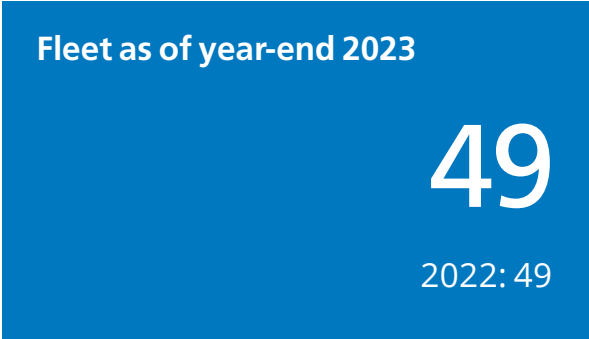


## SAGA WELCO AS **ESG REPORT 2023**

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# KEY FIGURES 2023



# ABOUT SAGA WELCO

**THE SAGA WELCO POOL** was established on October 1st, 2014. The pool is owned by the ship owning companies NYK Holding (Europe) BW (50%) and Armadora AS (50%) collectively referred to as the Head Owners.

Armadora AS is owned by Westfal-Larsen, a Norwegian based shipping company established in 1905 by H. Westfal-Larsen. In 2023, Westfal-Larsen companies control 24 vessels: 16 Open Hatch vessels and 8 Chemical tankers. 19 of the vessels are owned and 5 are chartered in on bareboat charter. Westfal-Larsen core business is to provide high-quality maritime transportation services within the chemical tankers and open hatch dry cargo vessels segments.

NYK Holding (Europe) BW is owned by NYK Line, a Japanese shipping company Established in 1870 when the Tosa Clan establishes Tsukumo Shokai Shipping company. In 2023, the NYK global fleet consists of 811 vessels, in a variety of major shipping markets, of which 494 vessels are bulk carriers.

Saga Welco AS is a global shipping company that offers high quality solutions for the transportation of kraft manufactured pulps and forest products and clean breakbulk and bulk cargoes. With our fleet of 49 "state-of-the-art" open-hatch gantry craned (OHG) vessels, procedures, and technology, we are committed as one of the major players in the global shipping market.

Saga Welco AS is the commercial manager for the Saga Welco (Pool), which is organized as an "inner company". The Saga Welco (Pool) is established as a tool for distributing profit from the shipping activity to the vessel's owners. The ownership of the Pool is 99% owned by the vessels suppliers Saga

Shipholding (Norway) AS and Westfal-Larsen Shipping AS and 1 % by Saga Welco AS which act as pool manager for the Saga Welco (Pool). The profit of Saga Welco (Pool) is distributed to the vessel's owners and part of their public reporting. The Saga Welco (Pool) is fully taxable to Norway but is not required to file public reports.

The Saga Welco AS profit for the administrative services delivered to the Saga Welco (Pool) in 2023 was USD 900,063.

Our mission is to operate a total of 49 vessels in global trade. The fleet of uniform open-hatch gantry crane vessels ensures that our service is of the highest standards in quality and cargo care. Our global customer service network provides reliable and flexible solutions to our customers around the world. In 2023 we had 17,300 voyage days, carried more than 8,000,000 tons of cargo and completed 1,456 port calls to more than 50 countries.

Saga Welco AS is headquartered in Tønsberg and Bergen. Tønsberg is the oldest city in Norway and the birthplace of the first open-hatch gantry vessel in the world. Bergen has long traditions in shipping and houses a large network of shipping companies and related industries. In addition to the two locations in Norway, we have branch offices located in all operational and strategic regions, locally staffed with dedicated, experienced commercial and operational personnel. This ensures "around the clock" superior customer service and smooth operation. Saga Welco's branch offices are in Antwerp, Livorno, Savannah, Vancouver BC, Rio de Janeiro, São Paulo, Montevideo, Seoul, Shanghai and Tokyo.

## ABOUT THIS REPORT

This report is prepared in accordance with the Marine Transportation Standard (2023) established by the Sustainability Accounting Standards Board (SASB) and references the Global Reporting Initiative (GRI) Standards (2021) and Poseidon Principles. Additionally, Saga Welco follows the Norwegian Shipowners' Association's (NSA) guidelines for ESG reporting in the shipping and offshore industries (updated in 2021).

Adhering to these internationally recognized reporting standards ensures that our reporting and disclosures on ESG topics are material, transparent and verifiable. This report covers the period from 1 January to 31 December 2023. For report questions or feedback contact [post@sagawelco.com](mailto:post@sagawelco.com).



### THE GLOBAL REPORTING INITIATIVE (GRI) STANDARDS (2021)

The Global Reporting Initiative (GRI) is the most widely used international reporting framework for sustainability reporting, with over 75% of the largest companies in the world using this standard. GRI is based on international standards such as the UN Guiding Principles on Business and Human Rights, UN Global Compact, and OECD Guidelines for Multinational Enterprises.



POSEIDON PRINCIPLES

### POSEIDON PRINCIPLES

These principles aim to communicate relevant information to lenders, lessors, and financial guarantors allowing them to follow the Poseidon Principles when assessing and disclosing the climate alignment of their portfolios by providing:

- 1 Measurement of carbon intensity and an assessment of company climate alignment
- 2 Accountable data using the IMO's standard for collecting data on fuel consumption from ships



Norges Rederiforbund  
Norwegian Shipowners' Association



The Head Owners are responsible for the technical management and crewing services of the vessels. The data contained within this report regarding such owners' matters is collected from them.

# MESSAGE FROM THE CEO

As we reflect on the past year and look forward to the future, our commitment to sustainability, ethical practices, and excellence in the maritime industry has never been stronger. The challenges of the past few years, including the global pandemic and geopolitical tensions, have tested our resilience. Yet, we've emerged more focused and determined to drive positive change within our industry and beyond.

In 2023, we continued to address the critical issue of climate change, embracing the International Maritime Organization's (IMO) Carbon Intensity Indicator (CII) and making significant strides in reducing our GHG emissions. Our proactive approach in enhancing our fleet's efficiency and carbon intensity demonstrates our dedication to not just meet, but exceed, environmental standards.

We are proud of our achievements in maintaining a safe and secure operational environment, working to improve our Lost Time Incident Rate (LTIR) and ensuring zero significant environmental spills. These accomplishments underscore our unwavering commitment to safeguarding our crew, vessels, cargo, and the environment.

Our journey towards sustainability is ongoing, and we remain steadfast in our efforts to improve fuel and energy efficiency, optimize our operations, and actively engage in industry collaborations to address the shipping industry's ESG challenges. Our fifth annual ESG report highlights these efforts and more, as we continue to align our operations with recognized reporting standards and welcome feedback from all our stakeholders.

As we move forward, we are excited about the opportunities that lie ahead. We are committed to ongoing improvement, transparency, and leadership in sustainability, guided by our core values and the trust you place in us. Together, we are navigating towards a more sustainable future for our industry and our planet.

Thank you for your continued support.

Norway, 19 March 2024

**Trond Moe Hanssen**

President and CEO Saga Welco AS





# ESG GOVERNANCE

The shipping industry is exposed to inherent risks related to emissions, spills, marine casualties, health and safety, corruption, and regulatory changes. To minimize such risks, Saga Welco has established policies and procedures to ensure the proper handling of these risks.

## ESG MANAGEMENT AND RESPONSIBILITY

Our Board of Directors (the Board) is responsible for the management of Saga Welco and for safeguarding the company's operations. The President / CEO is responsible for ensuring that the determined frameworks and the decisions made by the Board are applied to day-to-day management. The President / CEO has the overall responsibility for ensuring that governance is effectively implemented and monitored in the company. The corporate and functional policy owners are responsible for complying with the policy principles and reporting to the President / CEO.

The Saga Welco Code is comprised of several core documents including the [Code of Conduct](#), [Code of Conduct for suppliers](#), Saga Welco's [Norwegian Transparency Act Statement](#) and the [Anti-Corruption and Anti-Bribery Policy](#) which are publicly available on the [Saga Welco webpage](#). These documents outline our company's general policies and procedures that all employees and business partners must adhere to. These documents have been incorporated into the company's Quality System, meeting the [ISO 9001-2015 international quality standard](#). By doing so, we ensure that everyone's behavior aligns with the highest ethical standards and complies with all relevant laws, rules, and regulations.

The Compliance Officer is responsible for ensuring adherence to these corporate policies. The role includes providing compliance assistance, monitoring of compliance, and handling of reported violations through our internal and external whistleblowing mechanism. The Compliance Officer prepares, coordinates, and oversees the periodical execution of the training program related to those governance policy documents, and reports outcomes directly to the President / CEO. To provide assurance that our internal control systems and procedures are effective in preventing bribery and corruption, the company is subject to regular internal and external audits.

## THE UN SUSTAINABLE DEVELOPMENT GOALS

Saga Welco supports the UN Sustainable Development Goals (SDGs), a collection of 17 global goals set by the United Nations General Assembly in 2015. We have prioritized four SDGs where we believe we can have the most significant positive impact.

**SDG 9** Industry, Innovation, and Infrastructure (target 9.4)

**SDG 13** Climate Action

**SDG 14** Life below water (target 14.C)

**SDG 16** Peace, justice and strong institutions (target 16.5)

## INDUSTRY COOPERATION

The shipping industry's ESG challenges require joint action between carriers and stakeholders, including industry peer members, service providers and the regulatory authorities. Anglo-Eastern Ship Management Ltd, which is the ship manager for 31 vessels in Saga Welco's fleet, is a member of the maritime industry group's [Getting to Zero Coalition](#). The purpose of the coalition is to have commercially viable, zero emission ships operating by 2030. In addition, Saga Welco is a certified member of the [US CTPAT \(Customs Trade Partnership Against Terrorism\) program](#), which is a voluntary public-private sector partnership that aims to strengthen international supply chains and improve the United States border security.

Saga Welco's commitment to anti-corruption is reflected through its adherence to the principles of the [Marine Anti-Corruption Network \(MACN\)](#) through its parent company's membership. MACN is a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. We are always on the lookout for other ESG-related initiatives that we believe will help us achieve our targets.

## ENHANCING COLLABORATION AND TRANSPARENCY — WORKING TO IMPROVE ECOVADIS SCORE

At the end of 2023, we revitalised our initiative to enhance Saga Welco's EcoVadis sustainability assessment score covering four key topics including environment, labor & human rights, ethics and sustainable procurement. In this first iteration since our previous assessment in 2021, we managed to improve the score by 18 %. Although this is a significant improvement, we will continue to work on the EcoVadis assessment through 2024, confident that we will continue to further develop our strategies and improve our assessment scores further.



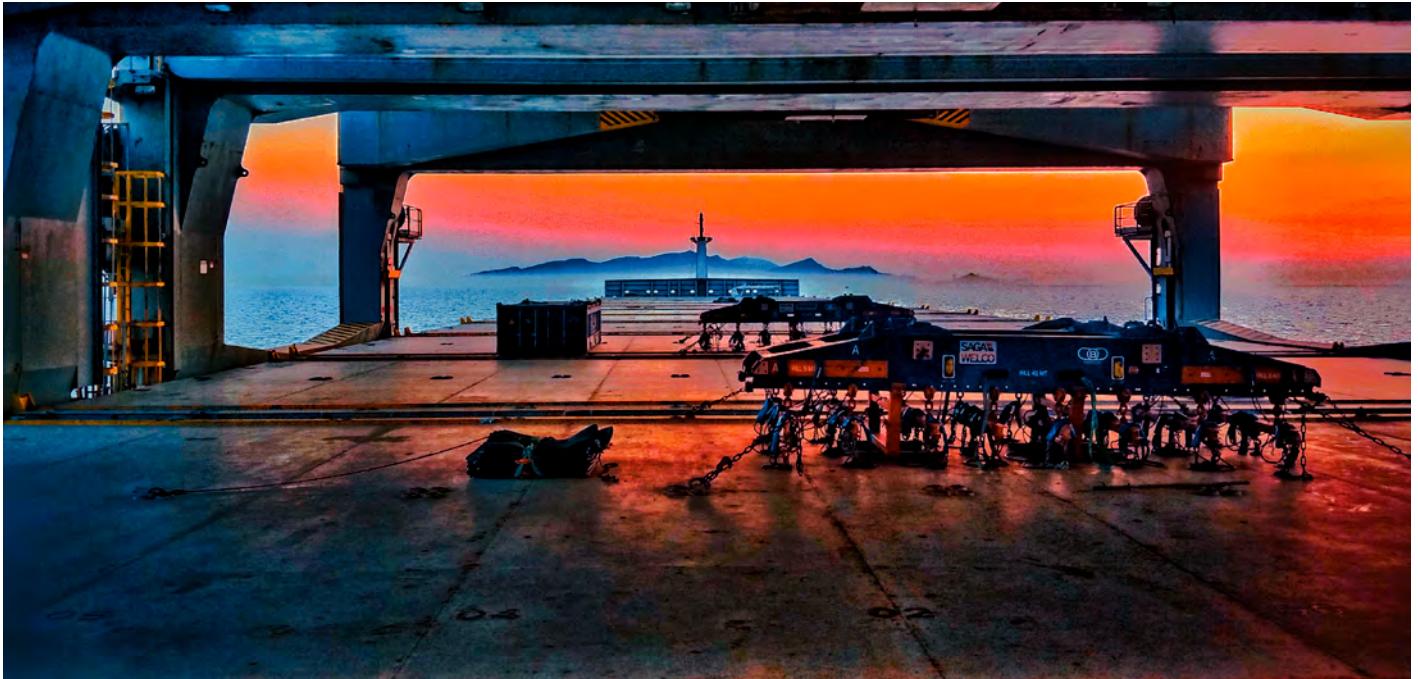
# ENVIRONMENT

For the shipping industry, emissions, discharges, and spills represent significant ecological risks. At Saga Welco, we recognize our responsibility to manage these risks and seek to minimize the impact of our operation on the environment. Reducing emissions, correctly treating discharges, and preventing spills are the key considerations in our environmental policy management.

## Environmental focus areas 2023:

- Adjusted the consumption of all vessels in the pool to give the best possible Carbon Intensity Indicator (CII) rating and thereby reducing the carbon footprint of the fleet as a total.
- Converted more vessels to run on shore power when berthed or docked in order to reduce fuel consumption in port or dry dock.
- Prepared for increased use of biofuel to reduce consumption of fossil fuel types in the years to come.
- Channeled R&D funds for activities such as:
  - The evaluation of modernized techniques for hull cleaning to ensure that our vessels are as energy efficient as possible on long deep-sea transits.
  - The implementation of best practice vessel routing systems aimed at reducing GHG emissions, distance traveled and reducing stress for equipment and crews caused by severe weather conditions during transits.
  - The introduction of new initiatives for just-in-time port stay planning, enabling reduced idling in port and waiting time for berths.
  - The improvement of productivity in port by supporting emerging actors in the industry, whom we believe will evolve into leading actors in the field for the years to come.
- Built on experiences from the restricted Covid 19 years we are reviewing our travelling and commuting policies. All facilities are being set up for online meetings and we are looking for new ways to reduce the all-important Scope 3 emission sources.
- Finalized the installation of approved ballast water treatment systems on all vessels.
- Continued work to ensure zero incidents causing oil spills to the ocean.





## CLIMATE CHANGE AND SHIPPING INDUSTRY AIR EMISSIONS



We are committed to our compliance with the IMO's regulations and guidelines concerning climate change and air pollution.

In July 2023, following a meeting of the Marine Environment Protection Committee (MEPC), the IMO adopted a new Strategy on Reduction of GHG Emissions from Ships aiming to reach net-zero GHG emissions by or around 2050. Saga Welco supports IMO's current and upcoming work, and we have put in place systems to effectively monitor our emissions. In 2023 we managed to reduce our total CO<sub>2</sub> emissions by 73 341 MT, or 8.1 % compared to 2022, with the same number of vessels. Per nautical mile covered, we reduced from above 0.32 MT per nm in 2022 to less than 0.28 MT per nm in 2023. Due to the longer covered distance in 2023 compared with 2022 and reduced consumption, the reduction per nautical mile is approximately 15 %.

Bringing the above-mentioned initiatives into 2024 and forward, we will continue to reduce our GHG footprint and are certain that the net-zero by 20250 is well within reach.

2023 also marked the beginning of the IMO's Carbon Intensity Indicator (CII) grading of ships above 5,000 DWT. 2024 marks the start of the EU Emission Trading System (ETS) for the shipping industry. From 2025 the FuelEU Maritime Act will be introduced. This will further support the decarbonization of the shipping industry by gradually increasing the share of renewable and low-carbon fuels in the fuel mix of the sector in the European Union (EU). From May 1st 2025 the Mediterranean sea will be declared as a sulfur emission control area (SECA) and from the beginning of 2026 Saga Welco will also have to comply with the UK ETS, which is the UK equivalent to the EU ETS. Saga Welco welcomes these initiatives and is committed to meeting all new requirements. In addition to working on how we adapt to these regulatory changes, Saga Welco's own Social and Sustainability Committee continues to evaluate strategic opportunities that can further support our sustainable solutions.

We will look to perform materiality assessments and work on initiatives that can contribute to reducing our emissions, both in scope 2 and 3.

Ship Energy Efficiency Management Plans (SEEMP 3) have been implemented on each vessel to improve energy efficiency using operational measures such as route and speed optimization in our daily operations. To optimize our vessels' speed, we focus on hull and propeller maintenance. We use the latest generation silicon-based and anti-fouling coatings to prevent sea life from attaching to the hull, which slows down the vessels and increases fuel consumption.

Cleaning and polishing routines of the propellers and hulls are determined based on close monitoring of the vessel's fuel performance. Additionally, 19 of our vessels are equipped with Propeller Boss Cap Fins to enhance propeller efficiency. Keeping trim optimized, calibrating autopilots to reduce drag and help steer the vessels on straight courses, adding to saved bunkers on each journey. Voyage optimization and fleet strategies mentioned above require little investment and offer large fuel savings, making them win-win solutions that simultaneously reduce fuel costs and emissions.

Our commercial team also actively seeks opportunities to reduce ballast voyages to minimize emissions from vessels not engaged in trading.

When it comes to air pollution, Saga Welco complies with the MARPOL Convention Annex VI which specifically addresses the prevention of air pollution from ocean-going vessels. This Convention seeks to control airborne emissions from ships including sulfur oxides (SOX), nitrogen oxides (NOX), ozone-depleting substances (ODS), volatile organic compounds (VOC) and shipboard incineration. By only using Very Low Sulfur-Content fuel, our fleet remains compliant with the 2020 IMO sulfur cap. Sulfur emissions have proved to cause health implications and ecosystem damage via acidification of water and soil.





## SPILLS, DISCHARGES AND ECOLOGICAL IMPACT

Shipping discharges and potential spills are significant environmental risks that need to be managed and minimized to preserve marine ecosystems.

We are committed to supporting UN SDG 14, which aims to protect life below water. Target 14.C is particularly relevant to our operations as it focuses on enhancing the conservation and sustainable use of oceans and their resources through the implementation of international law. Our vessel crew members are trained in and must always follow exact procedures for preventing spills, and they must report any incidents that occur. In 2023, Saga Welco did not experience any incidents involving spills. In addition, we use biodegradable lubricant in the stern tubes.

Ballast water is crucial for safe and efficient shipping operations. However, loading and unloading untreated ballast water poses serious ecological, economic, and health-related risks as ships can transfer organisms between ecosystems. This year, we finished the installation of IMO/USCG-approved ballast water treatment systems (BWTS) on all vessels.

## FLEET RECYCLING

At Saga Welco we are committed to contributing to UN SDG 9, which aims to promote resilient infrastructure, sustainable industrialization and innovation.

Specifically, our efforts align with target 9.4, which involves upgrading infrastructure and retrofitting industries to promote sustainability. To this end, we are currently studying a fleet replacement program that incorporates research on alternative fuel technology. In 2023, we did not withdraw any vessels from our fleet. We may consider withdrawing and recycling a vessel due to its age in 2024.



## Environmental Initiatives

**The Vancouver Fraser Port Authority EcoAction Program** recognizes shipping lines that make investments in fuel, technology, or environmental management that help maintain and protect the natural environment in and around the Port of Vancouver. Shipping lines may qualify their ships for gold, silver, or bronze level port discounts by meeting voluntary industry best practices such as using technologies that reduce energy consumption, underwater noise and emissions. Saga Welco has been an active participant in this program the last years.

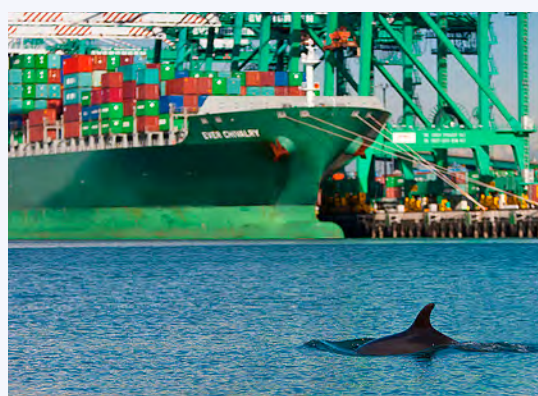


Photo: Port of Los Angeles

**The Port of Los Angeles Vessel Speed Reduction Program (VSRP)** aim to reduce diesel particulate matter (DPM), nitrous oxides (NO<sub>x</sub>) and GHG emissions from ocean-going vessels by reducing their speed as they approach or depart the Port. Saga Welco is an active participant in VSRP. The Port of Los Angeles provides an incentive on an annual basis depending on compliance with the program. Operators achieving 90% compliance in a calendar year will receive the incentive for 100% of their vessel calls in that year. In 2023, Saga Welco had a compliance rate of 100 % (11 out of 11 port calls).

**The Port of Vancouver's ECHO (Enhancing Cetacean Habitat and Observation) Program** aims to reduce the impact of commercial activity on at-risk marine life in British Columbia's coastal waters. Saga Welco has voluntarily participated in the ECHO Program since 2014. British Columbia's littoral ecosystem is vibrant and home to many species of whales, porpoises, and dolphins. However, commercial ships and marine life share the same waters, and many of the ships arriving at the Port of Vancouver pass through critical habitats of endangered southern resident killer whales, as well as other areas important to whales such as northern resident killer whales, humpback, fin, blue, and sei whales.

In recognition of the potential impact of commercial marine activity on at-risk whales in the region, the Vancouver Fraser Port Authority initiated the ECHO Program in 2014. The program aims to better understand and reduce the cumulative effects of shipping on whales along the southern coast of British Columbia. The long-term goal of the ECHO Program is to develop and implement initiatives that lead to a measurable decrease in threats to whales resulting from shipping activities. To achieve this, the ECHO program focuses on reducing the underwater noise generated by vessels, which entails voluntary slowdowns while underway in at-risk areas.



**Weather routing** Saga Welco uses weather routing for all vessels via Weathernews INC. This solution massively enhances the safety for the ship and crew by efficiently avoiding bad weather. It also enables the vessels to utilize world's current and weather systems to reduce sailing durations and reduce fuel consumption and thereby GHG footprint. Weathernews are also monitoring our CII ratings to ensure that we keep all vessels at acceptable levels and that we release no more GHGs than necessary to maintain our operations.



## Saving Right Whales along the US Atlantic Coast

The North Atlantic Right Whale is one of the most critically endangered whales in the world, with a population of as few as 360 individuals remaining. These whales can be found year-round from Cape Cod to Nova Scotia, and pregnant females travel as far south as the Southeast Atlantic Coast, from Brunswick to Jacksonville, during the winter months between November and April to give birth and nurse their calves.

It is estimated that preventing as few as two female deaths per year from vessel collisions or entanglement in fishing gear will allow the population to begin to grow again. To address this issue, the US National Oceanic and Atmospheric Administration (NOAA) has mandated that vessels of a certain size reduce their speed to 10 knots or less in designated areas during specified periods.

At Saga Welco, we are committed to following these rules and regulations and contributing to the conservation of marine life, including the North Atlantic Right Whale.

# SOCIAL

Our employees are our most valuable asset, and their well-being is of the highest priority. Safe working conditions and a motivated workforce are essential for the long-term success of our business. We are committed to supporting and complying with international and national regulations that ensure human and labor rights across all our operations and business activities

Saga Welco's position on social and ethical topics is reflected in our head owner's codes and regulations. We have full access to all documentation that covers ethical conduct, HR/HSE manuals and procedures, training, and social programs. Our Head Owners have implemented mechanisms to prevent and report harassment and other unwanted conduct and both have programs that focus on the crew's education and well-being.

Saga Welco supports and sponsors their local communities, like sports clubs for children, local SAR boats, the Salvation army and the military veteran's homeless shelter organization.

We focus on building a strong relationship and good corporate spirit by supporting regular social and sport events for employees, often delegated to and led by local sports or social committees.

The focus of leadership training in 2023 was on communication and psychological safety for our staff. Throughout 2023 we performed a cultural mapping of the Norwegian organization and conducted individual interviews with all staff supported by external consultants. We then reported the findings from these activities back to the Board.

In 2024, we will use these findings to increase the strategic focus on organizational development and work on the identified development areas. These areas also include global leadership training.

A focus area for training applicable to all our employees has been information security awareness. We have launched a program containing several modules for all our employees to complete and which extends into 2024.



Saga Welco offers its employees the opportunity to take external industry courses at the Institute of Chartered Shipbrokers, as well as language classes and other relevant courses to help build individual competence. All employees are encouraged to seek training that is relevant to their career plans. This in turn helps to ensure that Saga Welco remains a competent organization.

At a global level we run annual appraisal dialogues through our sophisticated human resource management (HR) system. These dialogues have a completion rate of 100%. As part of these dialogues, targets are set and a follow up is scheduled to monitor individual competence and carrier management.

Through our HR system, Saga Welco facilitates all entry, change of position, and exit processes for employees globally. We follow up to ensure steps have been completed. A tailored onboarding program is designed for all new employees, including our values, the Saga Welco organizational structure and background information, and relevant competencies to be developed according to the role.

## OCCUPATIONAL HEALTH AND SAFETY

We have defined specific targets to ensure the diligent follow-up of health, safety, and environment (HSE) matters:

- 1 Prevention of injuries and accidents
- 2 High attendance in the workplace and low absenteeism ratio
- 3 Attractiveness as an employer

To govern ship-related HSE management and policies, we adhere to the Maritime Labor Convention (MLC) and ISM code, chapter 9 of SOLAS regulations, and voluntarily comply with the ISO 45001:2018 Occupational Health & Safety standard. Our HSE Handbook provides a detailed description of our employee health and safety policies, including measures to ensure compliance with legal requirements, specific targets, and initiatives to monitor and improve the working environment. Responsibility for this area rests with the President/CEO, and employee participation is ensured through an elected employee safety representative, as specified by Norwegian law. We document and report an annual review of HSE policies in accordance with Norwegian law.

At our international branch offices, our HSE policy documents are available to all employees via the company intranet. The General Manager is responsible for HSE management to ensure that policies are adapted to applicable local laws and regulations. This personnel handbook is reviewed and revised semi-annually, at a minimum.

Saga Welco attends the Head Owners' crew conferences at least once per year. The aim is to have both a direct dialog with members of the vessel crews and to emphasize Saga Welco's focus on HSE, sustainability and good working conditions. Our whistleblowing portal is open for external contributors, and the crews are given the opportunity to report concerns or incidents directly to Saga Welco without having to go via their managing organization if desired.

As of year-end, we had 117 full-time employees, assigned to offices in Tønsberg, Bergen, Savannah, Vancouver, Antwerp, Livorno, Shanghai, Seoul, Tokyo, Montevideo, Sao Paulo and Rio de Janeiro.

### Absence ratios 2023 vs 2022

	2023	2022
Norway	1.6	1.8
Rio/Sao Paulo	0.4	0.4
Shanghai	0.7	0.1
Tokyo	1.7	2.1
Seoul	1.0	0.0
Savannah	2.0	1.3
Vancouver	2.0	1.3
Livorno	0.5	2.7
Antwerp	14.0	4.5
Montevideo <sup>1</sup>	0.0	N/A

<sup>1</sup> Our Montevideo office opened in 2023.

In 2023 we started the dialogue on more flexible working conditions in all offices to ensure wellbeing and work-life balance for all employees. This to be implemented shortly for those offices who have not done so yet. Rio and Seoul have implemented a policy suitable for their employees.

Given the safety and security risks connected to operations at sea, these must always be managed carefully to safeguard crew, vessels, cargo and the Environment. In 2023, our Lost Time Incident Rate (LTIR) increased slightly from 0.80 to 1.08. Overall, however Saga Welco had zero marine incidents classified as serious.

## HUMAN RIGHTS & DUE DILIGENCE

The Norwegian Transparency Act (the Transparency Act) entered into force in on 1 July 2022. It represents Norway's attempt to ensure that human rights and decent working conditions are respected in the operations and supply chains of large companies, including Saga Welco. As a responsible company, Saga Welco is actively committed to comply with the Transparency Act and other similar proposed due diligence in the EU, including the EU Corporate Sustainability Due Diligence Directive (CSDDD).

To align with government expectations and requirements that companies further enhance their human rights efforts, Saga Welco conducted due diligence assessments from 1 July 2022 to 20 June 2023, including an initial mapping of suppliers and key risk areas. The assessments helped to identify a general risk in the shipping industry and a general geographical risk in several relevant countries. As part of this work, Saga Welco has updated routines and the code of conduct and supplier code of conduct to include Human Rights obligations for Suppliers and Customers. All new suppliers that Saga Welco take on board are mapped internally and must comply with the updated Supplier Code of Conduct. The outcome of those assessments has been included in our transparency act disclosures which can be found [here](#).

Saga Welco is proud to operate in cooperation with responsible owners and technical managers who pay great attention to human rights, decent working conditions and the crew's well-being. Our Social and Sustainability Committee is tasked to follow up on due diligence work under the legislation and we have as a high priority to document that all necessary measures are taken by our partners and suppliers to ensure fundamental human rights safe working conditions for the vessel crews and onshore workers serving Saga Welco.

## EQUALITY AND ANTI-DISCRIMINATION

At Saga Welco, we are committed to providing equal opportunities and fair treatment to all our employees. We have implemented a policy that strictly prohibits any form of discrimination or harassment, whether it's based on race, color, gender, religion, age, national origin, citizenship status, sexual orientation, or disability. We value diversity and gender equity in our organization, and we actively monitor their progress. Currently, out of our total workforce of 117 employees, 37 are women. We have not recorded any instances of involuntary part-time positions. At Saga Welco, we firmly believe in fostering an inclusive workplace where every employee feels valued and respected, and we will continue to work towards this goal.



### Saga Welco employs in total 117 FTEs:

	SAGA WELCO TOTAL	BELGIUM	BRAZIL	CHINA	ITALY	JAPAN	NORWAY	SOUTH KOREA	USA/CANADA	URUGUAY
December 2023	117	6	28	13	4	2	45	8	9	2

These 117 are distributed along demographic characteristics as follows:

	MALE	FEMALE	UNDER 30	30-50	OVER 50
Individuals within the organization's <b>governance bodies</b>	6	0	0	0	6
Individuals within the organization's <b>senior management</b>	13	2	1	0	15
<b>Onshore personnel</b> in total	80	37	17	47	53





# GOVERNANCE

At Saga Welco, we are committed to our business ethically and lawfully. We hold ourselves and our employees to the highest standards of legal and ethical conduct. To achieve this, we have established a governance framework that is embodied in five key documents: Our Code of Conduct, Code of Conduct for Suppliers, Anti-Corruption and Anti-Bribery Policy, the Transparency Act, and Competition Law Compliance Manual.

Together, these documents form the Saga Welco Code. They outline our company's general policies and procedures that all employees and business partners must adhere to. By doing so, we ensure that everyone's behavior aligns with the highest ethical standards and complies with all relevant laws, rules, and regulations.

The Social and Sustainability Committee will conduct annual reviews of the documents and propose enhancements. Additionally, it will focus on areas identified for improvement through our materiality assessment.

## ANTI-CORRUPTION AND BUSINESS ETHICS

Corruption has far-reaching consequences on economic and social development, and it hinders progress towards the UN Sustainable Development Goals. At Saga Welco, we maintain a zero-tolerance policy towards any form of bribery and corruption. We are committed to upholding all laws related to countering bribery and corruption in every jurisdiction where we operate, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, which both apply globally. Our policy applies to all employees and any third-party individuals, businesses, government or public bodies, or organizations that we interact with in the course of our business activities.

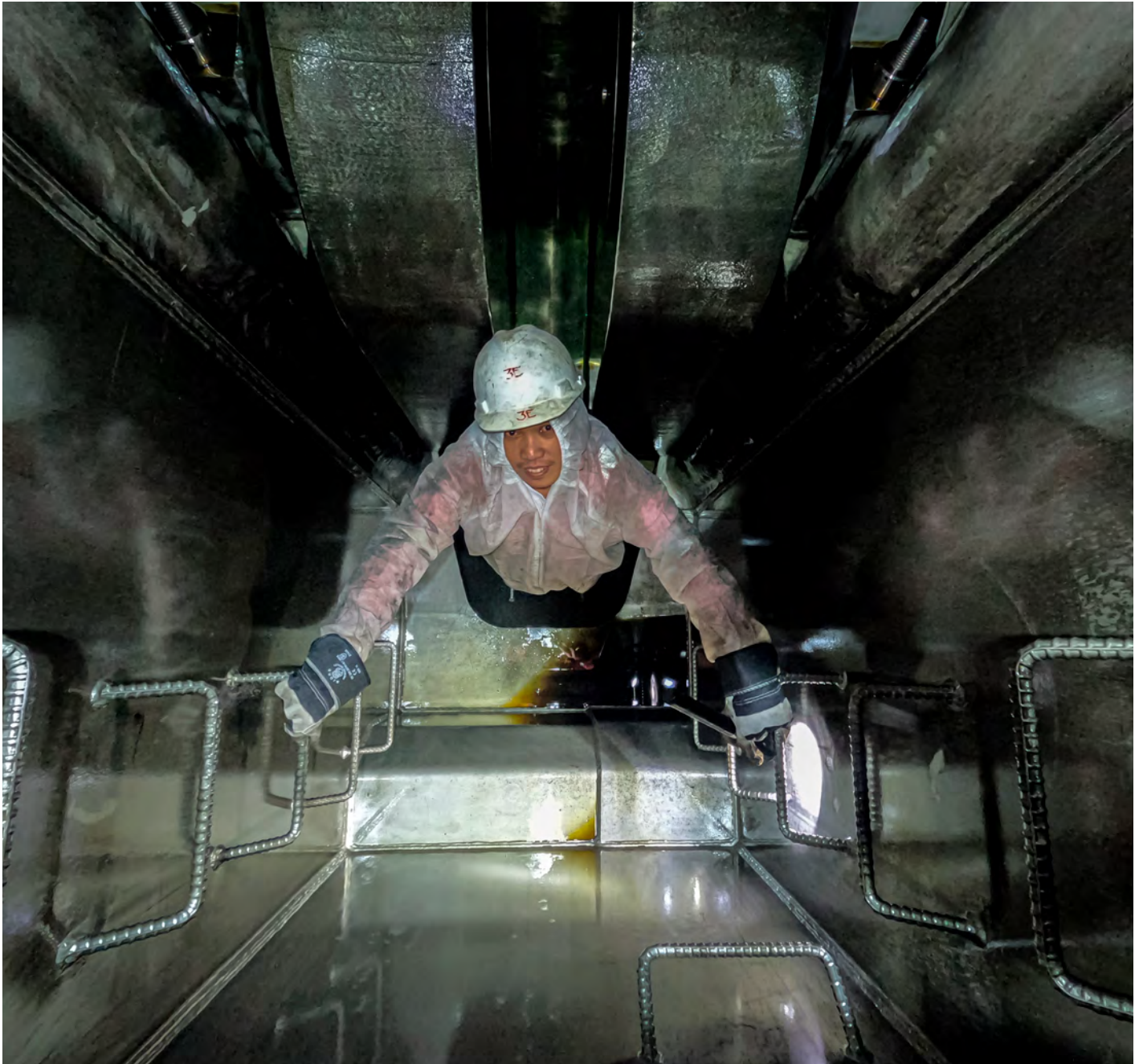
Anti-competitive practices distort the market and adversely affect both the economy and our customers. To avoid this, Saga Welco's policy is to comply fully with competition laws in all jurisdictions where we operate, as outlined in our Competition Law Compliance Manual. Generally, agreements or practices that negatively impact competition are prohibited in the US, EU, and most other jurisdictions.

We provide regular and relevant training to all of our employees on how to understand and adhere to our anti-corruption governance policies. No incidents of corruption and bribery were reported or identified in 2023.

## WHISTLEBLOWING AND PROTECTION

At Saga Welco, we believe that transparency and accountability are essential to maintaining our high ethical standards. As a result, we have established a whistleblowing mechanism to allow employees and external to report any concerns, incidents or suspicions they may have regarding corruption issues or violations of our [Code of Conduct](#). This reporting portal is available via a link on our [website](#). In 2023 there were two internal incidents reported on harassment through this mechanism and they were both investigated and solved according to our policy, together with external legal advice.

According to our Code of Conduct, employees are expected to report any suspected violations of the Saga Welco Code, as well as any instances of dishonest, illegal, or unethical activity in the workplace, to their line manager or our Compliance Officer. We value openness and will support anyone who raises genuine concerns in good faith under this policy. Furthermore, we are committed to protecting our employees' treatment from any adverse consequences as a result of refusing to participate in bribery or corruption, or reporting, in good faith, their suspicion of an actual or potential bribery or corruption offense. At Saga Welco, we take any such concerns seriously, and we investigate them thoroughly to ensure that we maintain the highest ethical standards. We run four surveys annually among all employees to follow up that all employees are familiar with our Code of Conduct and how to report any deviation. Once a year we run a survey to map any gifts received from customers or suppliers.



#### CODE OF CONDUCT FOR SUPPLIERS



We uphold a strict policy of zero-tolerance towards bribery and corruption, which is communicated to all of our suppliers, contractors, and business partners from the very beginning of our working relationship with them and reinforced as necessary. Our Anti-Corruption and Anti-Bribery Policy mandates that thorough due diligence be conducted and documented whenever we enter into new agency or consulting agreements with third parties. Additionally, all contracts must include an antibribery clause to ensure compliance with our policy.

#### BIMCO ANTI-CORRUPTION CLAUSE FOR CHARTER PARTIES

Corruption has far-reaching consequences on economic and social development, and it hinders progress towards the UN Sustainable Development Goals. At Saga Welco, we maintain a zero-tolerance policy.

Saga Welco seeks to incorporate BIMCO's Anti-Corruption clause dated 24.11.2015 when chartering 'in' or 'out' vessels for single trips or periods and use best endeavors to include a BIMCO Anti-Corruption Clause in all new Contracts of Affreightment (CoA), and for renewal of existing CoAs. The UN SDG target 16.5 is aimed at substantially reducing corruption and bribery in all their forms. Saga Welco is committed to supporting this target through our diligent anti-corruption policies and intends to support collective action to reduce corruption and bribery by joining the MACN.

# SASB DISCLOSURES

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2023	DATA 2022	SASB CODE
<b>Greenhouse gas emissions</b>				
<b>CO<sub>2</sub> EMISSIONS <sup>1</sup></b>				
Gross global Scope 1 emissions: Operational control approach	Metric tons (t) CO <sub>2</sub> -e	833 261	906 105	TR-MT-110a.1
Gross global Scope 2 emissions	Metric tons (t) CO <sub>2</sub> -e	60	56.2	Additional GRI 305-2
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	Qualitative description	Page 9	Page 4	TR-MT-110a.2
Reporting on climate related risks and opportunities in line with the recommendations of the Task Force on Climate-Related Financial Disclosures	Qualitative description	Not available	Not available	Additional
<b>ENERGY CONSUMED <sup>2</sup></b>				
Total energy consumed	Gigajoules (GJ)	11 027 320	11 989 072	TR-MT-110a.3
	Percentage of energy from heavy fuel (%)	88%	89%	Additional GRI 305-2
	Percentage of energy from renewables %	0%	0%	TR-MT-110a.2
<b>EEDI</b>				
Average Energy Efficiency Design Index (EEDI) for new ships	Grams of CO <sub>2</sub> per ton-nautical mile	No new ships acquired in 2023	No new ships acquired in 2022	TR-MT-110a.4
<b>EEOI &amp; AER <sup>3,4</sup></b>				
Fleet average Energy Efficiency Operational Indicator (EEOI): Weighted average	Grams of CO <sub>2</sub> per ton-nautical mile	8.14	14.02	Additional
Average Efficiency Ratio (AER): Weighted average	Grams of CO <sub>2</sub> per ton-nautical mile	5.44	6.56	Additional
<b>Air quality</b>				
<b>OTHER EMISSIONS TO AIR <sup>5</sup></b>				
(1) NO <sub>x</sub> (excluding N <sub>2</sub> O)	Metric tons	20 919	24 154	TR-MT-120a.1
(2) SO <sub>x</sub>	Metric tons	2 104	2 441	
(3) Particulate matter	Metric tons	1 531	1 730	

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2023	DATA 2022	SASB CODE
<b>Ecological impacts</b>				
<b>MARINE PROTECTED AREAS<sup>6</sup></b>				
Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	854	930	TR-MT-160a.1
<b>IMPLEMENTED BALLAST WATER</b>				
(1) Exchange	Percentage (%)	100%	35%	TR-MT-160a.2
(2) Treatment	Percentage (%)	100%	98%	
<b>SPILLS AND RELEASES TO THE ENVIRONMENT</b>				
(1) Number	Number	0	0	TR-MT-160a.3
(2) Aggregate volume	Cubic metres (m <sup>3</sup> )	0	0	
<b>WASTE</b>				
Waste generated	Metric tons	2 505.7	1 642.5	Additional
<b>Business ethics</b>				
<b>CORRUPTION INDEX</b>				
Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perceptions Index	Number	0	Not reported	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	0	0	TR-MT-510a.2
<b>FACILITATION PAYMENTS</b>				
Incidents where bribes have been requested	Number	0	0	Additional, SDG 16
<b>FINES AND SANCTIONS</b>				
Significant Monetary fines	Number	0	0	TR-MT-110a.1
Total monetary value of significant fines	Reporting currency	0	0	Additional GRI 305-2
Non-monetary sanctions for non-compliance with laws and/or regulations	Number	0	0	Additional, GRI 419-1

ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2023	DATA 2022	SASB CODE
<b>Employee health &amp; safety</b>				
<b>LOST TIME INCIDENT RATE <sup>7</sup></b>				
Lost time incident rate (LTIR)	Rate	1.08	0.80	TR-MT-320a.1
Lost time incident frequency (LTIF)	Rate	0.43	0.33	Additional, GRI 403-9
<b>Accident &amp; safety management</b>				
<b>MARINE CASUALTIES <sup>8</sup></b>				
Incidents	Number	4	3	TR-MT-540a.1
Very serious marine casualties	Percentage (%)	0%	0%	
<b>CONDITIONS OF CLASS <sup>9</sup></b>				
Number of Conditions of Class or Recommendations	Number	33	0	TR-MT-540a.2
<b>PORT STATE CONTROL <sup>10</sup></b>				
(1) Deficiencies	Rate	0.86	0.60	TR-MT-540a.3
(2) Detentions	Number	2	2	
<b>Our operations in numbers</b>				
<b>LOST TIME INCIDENT RATE</b>				
		Per 31.12	Per 31.12	
Number of shipboard personnel	Number	1 076	1070	TR-MT-000.A
Total distance traveled by vessels	Nautical miles (nm)	3 009 093	2 824 581	TR-MT-000.B
Operating days	Days	17 333	16 920	TR-MT-000.C
Deadweight tonnage	Thousand deadweight tons	2 491 731	2 480 542	TR-MT-000.D
Number of vessels in fleet	Number	49	49	TR-MT-000.E
Number of vessel port calls	Number	1 459	1 363	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity	TEU	Not applicable	Not applicable	TR-MT-000.G

# DISCLAIMERS AND ASSUMPTIONS

Figures provided in this report are based on estimates outlined below: Figures provided as per the end of the financial year (December 31).

**1 CO<sub>2</sub> emissions:** Calculations are based on IMO emission factors and fuel consumed. The financial control approach has been applied for Scope 1. The location-based method has been applied for Scope 2. Calculations based on emission factors from IEA 2021 and AIB 2021.

**2 Energy consumption:** Calculations are based on tonnes of oil equivalents (toe), using DEFRA conversion factors to calculate energy consumed in gigajoules (GJ).

**3 Energy Efficiency Operational Indicator (EEOI):** The EEOI measures the fuel efficiency of a ship in operation and is estimated based on fuel consumed, cargo carried, and distance travelled (nm).

**4 Average Efficiency Ratio (AER):** carbon intensity metric estimated based on fuel consumed, distance travelled (nm), and deadweight tonnage (DWT).

**5 Other emissions to air (NO<sub>x</sub>, excluding N<sub>2</sub>O, SO<sub>x</sub> and particulate matter):** Estimated based on distance travelled (nm) and a tool developed by Danish Shipping (full style) for calculating emissions from bulk carrier vessels.

**6 Marine protected areas:** 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. Please note that duration in MPAs is based on PPS data updated every 6th hours.

**7 Lost time incident rate (LTIR):** The rate is calculated based on (lost time incidents) / (1,000,000 hours worked), and includes incidents resulting in absence from work beyond the date or shift when it occurred.

**8 Marine casualties:** The definition of a marine casualty is based on the United Nations International Maritime Organization (IMO)'s Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident Resolution MSC 255(84), paragraph 2.9, chapter 2 of the General provisions.

**9 Conditions of class:** The data provided represents the number of Conditions of Class or Recommendations Saga Welco vessels have received from a Flag Administration or a Recognized Organization (RO) that has been delegated the authority to issue such findings. The scope of disclosure includes all Conditions of Class regardless of whether they resulted in withdrawal, suspension, or invalidation of a vessel's Class certificate.

**10 Port state control:** Deficiency rate is calculated using the number of deficiencies it received from regional port state control (PSC) divided by total number of port state control inspections.



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