

REPORT

ENVIRONMENTAL SOCIAL GOVERNANCE

2020

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











2687 OPERATING DAYS

116 NUMBER OF VESSEL PORT CALLS

164.5 REVENUE USD (MILLION)



FLEX LNG LTD. ("Flex LNG") is a commercial operator of fifth generation LNG carriers with large cargo capacity. 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 modern LNG carriers with the latest technology. The Company's business is marine transportation of LNG, done by means of specialized ships. Flex LNG serves the global LNG market.

1. INTRODUCTION

2020 shifted between overhang to scarcity, from new lows to new highs. Movements in freight rates have been extraordinary, with i.e. the Baltic LNG index falling below \$20,000 per day during the summer but reaching an all-time high of above \$300,000 per day in January 2021 for the routes between the U.S. Gulf Coast to Europe. As per December 31 our fleet counted 10 ships on the water. In January 2021, we took delivery of our eleventh and twelfth newbuilding vessels. Our last newbuilding, Flex Vigilant, is scheduled for delivery in the second quarter of 2021. Once she is delivered, we have completed our newbuilding program with all ships on time and budget.

The Covid-19 pandemic certainly influenced our operations: There is a saying that good things come to those who wait but this has not been true for seafarers in 2020. The seafarers deserve a proper recognition for their invaluable contribution to make the world go round. We have recently seen some improvements with initiatives like the Neptune Declaration on seafarers' well-being and crew change, which we together with our affiliated companies Frontline, Golden Ocean, SFL and Avance as well as about 700 other maritime companies signed up for recently.

A growing global population as well as improved living standards equal increased energy demand. As countries look to replace traditional energy with low-carbon sources, liquified natural gas (LNG) is a competitive lower-carbon energy resource and will play a key role in reducing global carbon emissions.¹ With the Covid-19 outbreak, many experts expected that environmental concerns would be overshadowed by the pandemic and that employment would be prioritized over environmental issues. However, this has not been the case: LNG exports grew by about 1% in 2020 which makes it an outlier in the energy space.

Decarbonization is not only on the agenda of politicians, it also takes center stage in our industry. IMO's Marine Environmental Protection Committee – MEPC – held its 75th session in November 2020. MPEC aims to implement shortterm measures for greenhouse gas emission reduction and a mandatory goal based on technical and operational measures to reduce the carbon intensity of international shipping. This may be adopted at MEPC 76 scheduled for mid-June 2021. The two most important changes are the implementation of:

- energy efficiency requirements for all existing ships and not only new ships – this is called EEXI and may take effect from 2023
- an annual operational carbon intensity indicator each ship will get an "energy efficiency rating"

There is a lot of uncertainty concerning how carbon intensity measures will play out, however it will represent the biggest regulatory change in shipping since the introduction of double hull tankers and it is much more substantial than the IMO 2020. If adopted, these amendments are scheduled to enter into force in January 2023. Our view is that Flex LNG is well positioned to meet IMO's goal of a 40% reduction in carbon intensity by 2030 as our fleet consists entirely of new ships with efficient dual fuel two-stroke engines, and an advanced cargo containment system with a low boil-off rate.

ESG is at the center of our strategy. Our strategy is efficient ships transporting a cargo mainly used to replace coal and diesel and this represents the E in ESG. To run our ships, we also need a motivated crew both offshore and onshore. Hence, we care about the wellbeing of our employees and we go beyond the legal requirements, and this is the S in ESG. Lastly, we cannot run a company without good governance and as we have evidence in our affiliated companies mentioned above, we have a very good track record when it comes to the G in ESG.

In 2020, we conducted a materiality analysis in line with the recommendations of the Global Reporting Initiative (GRI) to identify our core sustainability priorities. We also initiated a Climate Risk review based on the TCFD framework. Furthermore, we implemented our enhanced ESG management system - a digital platform enabling more efficient monitoring, management and reporting of ESG issues.

This report is prepared in accordance with the Marine Transportation framework established by the Sustainability Accounting Standards Board (SASB). It is also based on the NASDAQ ESG Reporting Guide 2.0, Euronext Guidelines to issuers for ESG reporting, and the disclosure requirements of the UN Global Compact. An index of disclosures corresponding to the Global Reporting Initiative (GRI, core option) is also available on our website.



Øystein Kalleklev CEO Flex LNG Management AS

¹ https://www.iea.org/publications/reports/LNGMarketTrendsandTheirImplications/

2. SUSTAINABILITY ACCOUNTING STANDARD DISCLOSURES

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2019	DATA 2020	CODE
	CO2 EMISSIONS				
a	Gross global Scope 1 emis- sions: Financial control	Metric tons (t) CO ₂ -e	225 787	485 793ª	TR-MT-110a.1
GREENHOUSE GAS EMISSIONS	Discussion of long-term and short-term strategy or plan to manage Scope 1 emis- sions, emissions reduction targets, and an analysis of performance against those targets	Found on page	8	12	TR-MT-110a.2
		ENERGY CO	ONSUMED		
	(1) total energy consumed	Gigajoules (GJ), Percentage (%)	3 895 030 100 %	8 533 076 100%	TR-MT-110a.3
	(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	495 818 13 %	0 0%	
		EE	DI		
	Average Energy Efficiency Design Index (EEDI) for new ships	Grammes of CO₂ per ton-nautical mile	4.99	4.57 ^b	TR-MT-110a.4
	OTHER EMISSIONS TO AIR				
AIR QUALITY	(1) NOx (excluding N2O)	Metric tonnes (t)	3 112	11 700°	TR-MT-120a.1
	(2) SOx	Metric tonnes (t)	9	60.3°	
	(3) particulate matter	Metric tonnes (t)	48	68.8°	
5001001041	MARINE PROTECTED AREAS				
IMPACTS	Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	130	39.8 ^d	TR-MT-160a.1
	IMPLEMENTED BALLAST WATER				
	(1) exchange	Percentage (%)	N/A	N/A ^e	TR-MT-160a.2
	(2) treatment	Percentage (%)	100	100°	
	SPILLS AND RELEASES TO THE ENVIRONMENT				
	(1) number	Number	0	0 ^f	TR-MT-160a.3
	(2) aggregate volume	Cubic meters (m ³)	0	0 ^f	

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

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA 2019	DATA 2020	CODE	
	CORRUPTION INDEX					
DISINESS	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number	3	5 ^g	TR-MT-510a.1	
ETHICS		CORRUPTI	ON			
	Total amount of monetary losses as a result of legal proceedings associ- ated with bribery or corruption	Reporting currency	0	0	TR-MT-510a.2	
	FACILITATION PAYMENTS					
	Number of incidents where bribes have been requested	Number	Not reported	0	Additional	
		FINES AND SAN	CTIONS			
	Number of fines and total mone- tary value of fines	Number and reporting currency	Not reported	0	Additional	
	Non-monetary sanctions for non-compliance with laws and/or regulations	Number	Not reported	0	Additional	
EMPLOYEE		LOST TIME INCID	ENT RATE			
SAFETY	Lost time incident rate (LTIR)	Rate	0	0 ^h	TR-MT-320a.1	
	MARINE CASUALTIES					
	Incidents	Number	0	0'	TR-MT-540a.1	
9	Very serious marine casualties	Percentage (%)	0	0 ¹		
ACCIDENT &	CONDITIONS OF CLASS					
SAFETY MANAGEMENT	Number of Conditions of Class or Recommendations	Number	0	0 ^k	TR-MT-320a.1	
	PORT STATE CONTROL					
	(1) deficiences	Number	0	0 ^j	TR-MT-540a.3	
	(2) detentions	Number	0	01		
DIVERSITY	D	IVERSITY - GENDE	RANDAC	θE		
	Shipboard employees by gender	Percentage %	Not reported	Male: 99.2% Female: 0.8%	Additional	
	Shipboard employees by age group	Number	Not reported	Under 30 years old: 77 30-50 years old: 165 Over 50 years old: 21	Additional	
	Number of employees by gender [not shipboard personnel]	Number	Not reported	Male: 79.2% Female: 20.8%	Additional	
	Number of employees by age group [not shipboard personnel]	Number	Not reported	Under 30 years old: 3 30-50 years old: 17 Over 50 years old: 4	Additional	
	Number of individuals in the organization's governance bodies by gender	Number	Not reported	Male: 100% Female: 0%	Additional	
	Number of individuals in the organization's governance bodies by age group	Number	Not reported	Under 30 years old: 0 30-50 years old: 2 Over 50 years old: 2	Additional	

SASB ACTIVITY METRIC	UNIT OF MEASURE	DATA 2019	DATA 2020	CODE
Number of shipboard employees	Number	162	263 ^m	TR-MT-000.A
Total distance travelled by vessels	Nautical miles (nm)	466 753	820 438 ⁿ	TR-MT-000.B
Operating days	Days	1 793	2687°	TR-MT-000.C
Deadweight tonnage	Thousand deadweight tons	560 131	936884	TR-MT-000.D
Number of vessels in total shipping fleet	Number	6	10 ^p	TR-MT-000.E
Number of vessel port calls	Number	116	149 ^q	TR-MT-000.F
Twenty-foot equivalent unit (TEU) capacity	TEU	N/A	N/A	TR-MT-000.G

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

AT THE FOREFRONT OF AVAILABLE TECHNOLOGIES

Our direct emissions are low compared to peers, and our fleet average Energy Efficiency Design Index at 4.15 (gCO2/ton-nm) is by a solid margin surpassing the IMO 2025 requirements for CO2 emissions.



"Flex LNG promotes equal treatment of shareholders and their rights based on the numbers of shares alone. Our board structure and processes safeguard accountability and minimize the risk of adverse related-party transactions."

GOVERNANCE	YES	NO
Shares have equal rights to dividend	х	
Staggered Board		x
Vote limitations		x
Tier Share Structure (A/B Shares)		х
Majority Independent Board Members	х	
Poison pills		x
Incentive Distribution Rights		х
Ability to raise issues at AGM/EGM	х	
Notice period AGM and EGM: 5 days		

3. ESG MANAGEMENT

The relevance of ESG issues varies from industry to industry, and between companies. Since 2018, we have relied on the SASB framework for our industry to the ensure proper monitoring of material ESG issues. The SASB approach has been useful, but we have seen the need to further prioritise our ESG efforts and we conducted a materiality analysis in 2020.

The GRI Standards are the world's most widely used and internationally recognised ESG reporting framework, and in conducting our materiality analysis, we established which topics to report based on GRI's Materiality Principle. This method ensures our report covers the topics that may have a significant impact (economically, socially, or environmentally), or a substantive influence, on Flex LNG's stakeholders' decisions and assessments – see our matrix of material topics below. The selected stakeholders were investors, customers, crew, bank relations, analysts, board representatives and a select number of NGOs, e.g. DNB, Nordea, SEB, DNB Markets, ABG Sundal Collier, Arctic Securities, the WWF, and the Fridtjof Nansen Institute. Feedback from internal stakeholders at Flex LNG was also included.

Following the GRI framework, an evaluation of material topics proceeds along two lines: the topic's influence on the assessments and decisions of stakeholders, and the significance of the organization's economic, environmental, and social impacts – that is, their significance for the economy, environment or society. The ESG topics material to Flex LNG are:

- · Climate-related risks
- Direct emissions
- Energy mix
- Marine casualties involving crew and assets
- Corruption risk
- Ship recycling
- Spills and releases
- Compensation and remuneration



OUR ESG PRIORITIES



We have separated the topics into strategic factors and hygiene factors. Thus we achieve clarity as to where we can create additional value from focusing on ESG aspects, and which areas that require a diligent follow-up to avoid unwanted incidents.

STRATEGIC FACTORS

As confirmed through the materiality assessment, we see the need to stay conscious of decarbonization going forward; this addresses our direct emissions, climate-related risks of regulatory changes in the energy mix, the demand for our transportation services of a transition fuel, as well as access to cost efficient capital. Our direct emissions are low compared to peers, and our fleet average Energy Efficiency Design Index at 4.15 surpasses by a solid margin the IMO 2025 requirements for CO2 emissions. As our fleet is at the forefront of available technologies, we do not see any immediate improvement areas, however we will continue to monitor emerging technologies. Climated-related risks and LNG as a transition fuel is relevant to our business model, and in 2021 Flex LNG will consider establishing an avoided emissions-benchmark for the markets we serve.

HYGIENE FACTORS

HSE related matters are already highly prioritized in our organization, and in collaboration with our business partners. This includes safety measures for our crew as well as spills affecting the environment. We also have strict programmes for anti-corruption as well as for ship recycling. During the past three years, Flex LNG has had no lost time incidents, and we will strive to maintain a LTIR of 0. Compared to the spill risk of oil, an LNG leak has little to no effect on the environment, as LNG evaporates if it escapes the tanks. In the event of very serious material damage to one of our ships, the escaping gases will increase the greenhouse gas emissions – however it would not represent serious harm to the environment.

Compensation and remuneration to the members of the Board of Directors and the executive management team, are important to stakeholders since conflicts of interest and incentives not aligned with the long-term profitability of the company may reduce shareholder value: Flex LNG is aware that transparency and fair treatment of shareholders are of the utmost important to retain trust, and any related-party transactions are reported on in detail and follow accepted market practices. We do not see any immediate need for changes in this area





SUSTAINABLE DEVELOPMENT GOALS

On the basis of the materiality analysis, we have selected to support the UN Sustainable Development Goals (SDGs) 3, 9, 13, 14 and 16 since these goals are closely tied to our industry and represent material topics which we have an impact on. During 2021, Flex LNG will formally define targets within the material areas pinpointed in the materiality analysis.

GOVERNANCE PROCESSES

The integration of ESG in internal control mechanisms, relying on clear guidelines and trained personnel, are vital components of our approach.

Ultimately, our Board of Directors (BoD) is responsible for Flex LNGs performance on ESG related matters, and the BoD is informed by the Executive Management Team on any material incidents. The BoD is also responsible for the approval of the annual ESG report. The Board has established an Audit Committee which monitors reports and complaints received relating to internal controls and compliance. The Audit Committee, which consists of an independent director, ensures that policies with respect to ethics, risk assessment and risk management are adequate. Our governing policies are reviewed and approved annually.

Flex LNG continues to explore how ESG factors are reviewed in our top risk matrix used by the executive management. On the operational level, any suspected deviation from our policy is to be reported to the closest manager or by making use of our compliance hotline as outlined in our Complaints Procedure (Whistleblowing). The hotline is managed by a third-party service provider, allowing for confidential and anonymous submission of concerns.

We emphasize fair and sound decision-making processes, and as such one share gives one vote, and all shares have the same right to receive dividends. There are no bearer shares/ preference shares in Flex LNG. In accordance with the NYSE Listed Company Manual, we have released a Statement of Significant Differences Between Flex LNG Ltd. Corporate Governance Practices and the New York Stock Exchange, Inc. Corporate Governance Standards. This document is available on our website together with relevant corporate governance documents.

In 2020, we enhanced our ESG management system by implementing a digital platform that made monitoring, management and reporting of ESG issues more efficient and accurate.

In March 2021, the Securities and Exchange Commission (SEC) announced the creation of a Climate and ESG task force, signaling its intention to increase its focus on ESG matters. The initial focus of the task force includes potential material gaps or misstatements in issuers' disclosure of climate risks under existing rules and to analyse disclosure and compliance issues relating to investment advisers' and funds' ESG strategies. Flex LNG is actively monitoring these developments, and we are reporting on our material ESG topics, highlighting climate-related risks. We will continue to monitor the work of the SEC's task force and consider strengthening our ESG disclosures to meet emerging regulation in this respect.

COOPERATION

Our ambition is to always have in place leading procedures within the environmental, social and governance areas.



Advances in technical solutions relating to environmental performance as well as strict anti-corruption procedures and policies to combat corruption, may not always be enough: At Flex LNG, we realise that some sustainability challenges can only be solved when industry participants and regulatory authorities participates through joint actions. As explained in a more detailed manner on the following pages, Flex LNG has chosen to join initiatives such as the Neptune Declaration, the Maritime Anti-Corruption Network (MACN), Clean Shipping Alliance and the Society of International Gas Tanker and Terminal Operators (SIGTTO).

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 ⁴ 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 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 & Saftey	Corporate Code of Business Ethics and Conduct Complaints Procedure	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

ESG-RELATED GOVERNING DOCUMENTS



GREENHOUSE GAS EMISSIONS AND AIR QUALITY

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 CO2-emissions per transport work compared to 2008 levels by at least 40 per cent by 2030. 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 (CCS) is set to play a potential role – the technology exists, it remains to be determined how to handle the captured CO2 in an efficient way.

Flex LNG operates vessels with the latest LNG 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. Wartsila, 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, marks an important milestone in this regard. Nine of Flex LNG's vessels, including three newbuildings, are powered with M-type, Electronically Controlled, Gas Injection (MEGI), Tier III engines, and four newbuildings 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 CO2 per tonne nm 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.

To enhance our ESG management, we implemented a digital platform to track vessel fuel efficiency in 2020. Firsthand tracking of each of our vessels' emissions and energy consumption is an important tool to monitor energy efficiency and emissions in accordance with regulations and our own targets.

Flex LNG supports 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 9 is also relevant as Flex LNG enables the adoption of clean and environmentally sound technologies 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.² Natural gas dramatically reduces emissions causing severe health issues.³



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.

Ballast water is essential for safe and efficient shipping operations. However, the process of loading and unloading untreated ballast water poses serious ecological, economic and health risks as ships become a vector for the transfer of organisms between ecosystems. We take ecological risks seriously and all Flex LNG vessels have installed ballast water treatment technology.

Flex LNG is aware that larger volumes of oil have long-lasting adverse impacts on ecosystems, and incidents may cause grave injuries and fatalities. Recovery efforts, reputational damage and fines with financial impact are some of the consequences of spills. It is important to underline that LNG 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 2020.

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 brand-new fleet, 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 inci-

dents are to be diligently reported. Additionally, in 2019, we introduced strict procedures for ensuring that all debris containing plastics are collected and disposed of in a safe manner.



² http://acmg.seas.harvard.edu/publications/2021/vohra_2021_ff_mortality.pdf ³ https://www.iea.org/commentaries/the-environmental-case-for-natural-gas



ACCOUNTING METRIC	UNIT OF MEASURE	DATA
С	O2 EMISSIONS	
Gross global Scope 1 emissions	Metric tonnes (t) CO ₂ -e	485 793ª
ENE	RGY CONSUME	C
(1) total energy consumed	Gigajoules (GJ), Percentage (%)	8 533 076 100%
(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	0 0%
	EEDI	
Average Energy Effi- ciency Design Index (EEDI) for new ships	Grammes of CO ₂ per ton-nautical mile	4.57 ^b
OTHER	EMISSIONS TO	AIR
(1) NO _X (excluding N2O)	Metric tonnes (t)	11 700°
(2) SO _X	Metric tonnes (t)	60.3°
(3) particulate matter	Metric tonnes (t)	68.8°
MARINE	PROTECTED A	REAS
Shipping duration in marine protected areas or areas of protected conserva- tion status	Number of travel days	39.8 ^d
IMPLEME	NTED BALLAST	WATER
(1) exchange	Percentage (%)	N/A ^e
(2) treatment	Percentage (%)	100e
SPILLS AND REL	EASES TO THE EN	VIRONMENT
(1) number	Number	Of
(1) aggregate volume	Cubic meters (m ³)	٥f



5. SAFETY, LABOUR CONDITIONS AND HUMAN RIGHTS

People are crucial to Flex LNG's business and operations, and the actions of our personnel are fundamental to the success of our company. 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. In 2020, we concluded the process of moving 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.

A detailed analysis of accidents and incidents for the entire fleet has been prepared for Flex LNG by SeaTech Safety in accordance with the Oil Companies International Marine Forum (OCIMF) guidelines on Lost Time Injuries (LTIs) and Total Recordable Cases (TRC) and Frequency (TRCF). The reports allow us to identify the root causes of any reported incidents and functions as a tool for future improvement of our Corporate Code of Business Ethics and Conduct. All accidents, incidents and near misses shall be reported, and proactive measures are taken to ensure that we encourage our crew to report these without hesitation and with the support of their managers. In 2020, Flex LNG had zero serious incidents and our LTIR was zero. This is a track record we aim to maintain.

Throughout 2020, Covid-19 has impacted the daily lives and wellbeing of seafarers in unprecedented ways. Flex LNG endorses the Neptune Declaration. The declaration recognizes seafarers as key workers that shall get priority access to vaccines, underlines the need for gold standard health protocols and an increased collaboration between ship operators and charters to facilitate crew changes. Flex LNG has worked diligently to implement such measures in 2020.

Our Code of Ethics prohibits discrimination against any employee, prospective employee or any other person involved in our business on the basis of sex, race, colour, age, religion, sexual preference, marital status, national origin, disability, ancestry, political opinion, or any other basis prohibited by the laws that govern our operations.

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





6. ANTI-CORRUPTION AND BUSINESS ETHICS

Corruption in the maritime sector constitutes a barrier that is driving up trade costs and impeding economic and social development. For a shipping company, corruption poses legal and reputational risks, leads to increased costs, and it is also potentially threatening the safety of our crew.

We have a zero-tolerance approach towards bribery as stated in our Corporate Code of Business Ethics and Conduct and our Financial Crime Policy. This applies to all entities controlled by Flex LNG, as well as officers, directors, employees and thirdparty consultants acting on behalf of Flex LNG, wherever they are located. Assessing and monitoring business processes, training and controls are fundamental tools in implementing our anti-corruption policy. Our enterprise-wide anti-corruption and money laundering policies are modelled on the UK Bribery Act and US Foreign Corrupt Practices Act (FCPA).

In accordance with our Financial Crime Policy and associated compliance procedures, appropriate risk-based communication and training is provided to employees and business partners as part of their on-boarding and ongoing development. Any suspected deviation from our policy is to be reported to the closest manager or by making use of our compliance hotline as outlined in our Complaints Procedure (Whistleblowing). The hotline is managed by a third-party service provider, allowing for confidential and anonymous submission of concerns.

We track the positions of our ships, and we keep a record of ships having visited harbours of the countries rated with the highest corruption risks according to Transparency International. Flex LNG was not involved in any legal proceedings associated with bribery, corruption or anti-competition in 2020.

In August 2020, Flex LNG onboarded a dedicated Compliance Officer, responsible for implementing and maintaining the company's Compliance Programmes. This includes implementing policies and procedures mitigating the risks of our industry and operations, annual risk assessments, training of employees and management, third party audits, internal systems and controls, remediation and investigation. Flex LNG updated all policies and procedures in 2020, some of which were minor adjustments in existing policies and some new policies were implemented such as the Sanctions Policy and the Know Your Business Partner Policy.



Flex LNG believes systemic challenges require collective solutions. Through the Marine Anti-Corruption Network (MACN), Flex LNG contributes to and benefits from members of the shipping industry sharing information and approaches, but also to engage authorities and civil society. The essence of the MACN collective action approach is that successful, lasting changes in the operating environment will take effect only if they are enabled and supported by and beneficial to key stakeholders.



Through joint action, MACN members collaborate with local authorities to develop solutions that are both beneficial to all and realistic to implement. In MACN collective action projects, member companies unite with stakeholders including port and customs authorities, non-governmental organizations



(NGOs), and local governments to undertake root cause analyses and then implement a range of 'recommended actions' that tackle corruption in ports and across the maritime supply chain.

BUSINESS ETHICS	UNIT OF MEASURE	DATA		
CORRUPTION INDEX				
Number of calls at ports in coun- tries that have the 20 lowest rank- ings in Transparency International's Corruption Perception Index	Number	5		
CORRUPTION				
Total amount of monetary losses as a result of legal proceedings associ- ated with bribery or corruption	Reporting currency	0		

ABOUT LNG

Access to energy is vital for economic and social development. LNG provides environmental and economic benefits through the reduction of greenhouse gas (GHG) emissions and air pollutants. The President-elect 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."⁶

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. Looking ahead, LNG can help to further decarbonise the transport sector, with the use of synthetic and bio LNG, that offer almost 100 per cent GHG emissions reduction and contribute to achieving net-zero emissions.⁷ The Director of IEA, Dr Fatih Birol, has stated that natural gas is one of the mainstays of global energy. Where it replaces more polluting fuels, it improves air quality and limits emissions of carbon dioxide.⁸ As nations move to displace traditional energy with low-carbon energy, LNG is viewed as a viable future-proof solution.

We believe that supplying LNG to the market 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 displacingcoal and oil in power generation, heating, transportation and industrial uses.





FUEL CONSUPTION KG/CBM



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.

⁶ https://fsr.eui.eu/liquefied-natural-gas-and-the-eu-green-deal-fsr-supporting-the-lng-protocol-workshop/ ⁷ https://www.euractiv.com/section/energy-environment/opinion/lng-protocol-declaration-for-the-use-of-lng-as-the-go-to-fuel-of-the-future/#_ftnref1

⁸ https://www.iea.org/publications/roleofgas/

7. DISCLAIMER AND ASSUMPTIONS FOR THE SASB REPORTING

The information provided is based on the best data available at the time of reporting. The ESG disclosures should be used to understand the overall risk management of sustainability related issues. In some areas data are based on estimates, please see comments below. Flex LNG commissioned The Governance Group to assist in compiling this report.

aCO2 emissions: 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.

^bAverage Energy Efficiency Design Index (EEDI) for new ships: New vessels average EEDI is based on new vessels entering the fleet in 2020. Fleet average EEDI is based on all newer vessels in fleet (keep laid after July 2013).

•Particulate matter (PM), NOX, SOX emissions (Metric tonnes): Deviations from 2019 numbers are mainly due to more vessels in operation and may partly also be influenced by our updated reporting methodology. The updated methodology has been developed with support from DNV.

^dShipping duration in marine protected areas or areas of protected conservation status: A marine protected area as defined by the International Union for Conservation of Nature (IUCN). 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). A more accurate tracking was implemented 2020 causing a lower figure.

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

fSpills and releases to the environment (Number, Cubic meters (m3)): The total number of oil spills to the environment (overboard), excluding contained spills.

^gNumber 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, please see www.transparency.org for the full overview.

***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.

'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 casualites". 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 casuality, 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.

JVery 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".

*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.

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 harmonized methodology making it less useful for reporting purposes without further explanations, hence we have chosen to report this number as a rate: number of deficiencies per Port State Control Inspection. Detentions are reported in number of actual cases. The figure represents number of detentions received from regional PSC organizations.

"Number of shipboard employees: Only the number of employees on board ships at any time are recorded, this does not reflect the aggregate number of shipboard employees during the year. Total pool of seafarers employed at year end was 500.

"Total distance travelled by vessels: The distance (in nautical miles) travelled by all vessels during the reporting period.

•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.

PNumber of vessels in total shipping fleet: Reported number of active vessels during the reporting year. Active vessels are referring to vessel(s) which were in possession of the shipowner during the reporting year and excludes newbuildings.

Number of vessels port calls: Total number of port calls for the entire fleet during the reporting period.

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