



# **Environment, Social and Governance Report 2021**

LNG: A SECURE TRANSITION FUEL



## DELIVERING ON OUR COMMITMENTS

It was only in December 2021 when Eastern Pacific Shipping and Golar LNG announced the formation of CoolCo with the goal of creating a leader in LNG shipping. Environmental, Social, and Governance (ESG) considerations have now become of paramount importance for our industry spanning both the shipping and energy sectors. Our ambitions for CoolCo requires adopting a best-in-class ESG policy clearly stating our agenda and targets for the year while providing our stakeholders with a roadmap on how we plan on getting there. At the top of our agenda is the role we will play in the global energy transition, how we plan to capitalise on current market conditions, and the welfare of our people.

Since forming CoolCo, we have made major strides. By combining our complementary skills and decades of industry experience, we were able to make an immediate and significant impact on our market. CoolCo enjoyed a successful equity raise, and the board was pleased to welcome an experienced and talented management team with an impressive track record of success to lead the company. While we manage hard assets, the execution of ESG policies and commercial success alike first rest with the team of people leading the company. Our approach is to bring together and enable the best team in the industry. Led by CEO Richard Tyrell, the board is confident that CoolCo will deliver exceptional value in the short and long term. The management team will lead over 1,400 maritime and office-based personnel who manage eight owned LNG carriers and 20 third-party vessels. I am proud that we obtained a sustainability-linked \$570 million facility used to refinance six of CoolCo's eight carriers and that all CoolCo vessels comply with new IMO 2023 emissions rules. We are also committed to reducing our fleet emissions and operating as efficiently as possible.



**Cyril Ducau**  
Chairman of  
the Board

Recent volatility and uncertainty in global energy prices result from years of under-investment in the oil and gas industry, current geopolitical instability, and the development of emerging markets. All three factors highlight the need for additional energy infrastructure. In addition, the world is working to limit the rise in global temperature in accordance with 2015's Paris Agreement. LNG provides an immediate solution to lower emissions as we transition to cleaner alternatives. Strong growth in LNG production is therefore critical to meeting energy requirements and should influence rising levels for LNG carriers.

Favourable market conditions are certainly welcome, but the board and management team agree that the welfare of our people is more important. That's why the long-term mental and physical well-being of our colleagues across sea and shore will also be at the top of our agenda. The management team will be responsible for creating an inclusive, collaborative, and safe culture at CoolCo that provides meaningful and rewarding careers. Doing so is the right thing to do and will lay the foundation for all our successes.

The board and I are confident that CoolCo will capitalise on the momentum created this year to establish itself as a ESG leader in LNG shipping.

“The board and I are confident that CoolCo will capitalise on the momentum created this year to establish itself as a ESG leader in LNG shipping”





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## ABOUT COOLCO



CoolCo is one of the world's most innovative and experienced independent owners and operators of LNG carriers and FSRUs.

CoolCo was born out of the separation of Golar's LNG carriers from its FLNG assets in early 2022. This was accompanied by an investment by an affiliate of Eastern Pacific Shipping ("EPS"), one of the largest privately owned shipping companies in the world. The transactions created a pure-play LNG shipping company that counts EPS and Golar as industrial backers and benefits from their respective heritages.

### A TRACK RECORD OF INNOVATION

Golar always embraced fresh thinking and maintained a lean organisational structure that enabled it to develop new ideas quickly. CoolCo aims to continue this tradition with a specific focus on shipping.

“CoolCo is a pure-play LNG shipping company that counts EPS and Golar as industrial backers and benefits from their respective heritages.”



## COOLCO AT A GLANCE



### Assets

Leading independent platform of LNG carriers (LNGCs) with balanced portfolio of secured charter agreements.



### Experience

50 years of safe and reliable experience in the LNG shipping /midstream sector.



### Innovation

Proactive approach to reducing emissions and increasing efficiency, working in partnership with customers.



### Growth

Energy security, green transition, and IMO regulations that affect older vessels underpinning demand for our more modern vessels.



### Partnership

Backing of industrial shareholders with proven access to deal-flow and deep relationships with shipyards.

## MAINTAINING SAFE OPERATIONS THROUGHOUT THE PANDEMIC

Responding to the COVID-19 pandemic in 2020, management's focus was to keep our people and their families safe. This has also been the main focus for 2021, and management has continued to place employee wellbeing and safety ahead of cost considerations.

Whilst the COVID-19 pandemic continued, as part of the global energy supply chain our operations remained uninterrupted. We are proud of the response of our employees – despite the extraordinary circumstances they have taken extra care of each other in challenging times and have gone to great efforts to continue our operations. Sadly two of our valued crew and a family member succumbed to the virus in 2021. We believe seafarers are one of the “unsung heroes” of

the pandemic. They are providing a vital role in maintaining the flow of vital goods that people everywhere need, in our case LNG for energy, whilst not yet being recognised as key workers and experiencing prolonged periods at sea as a result of government regulations restricting crew changes.

In response to the pandemic, we identified three key priorities which guided us throughout the year:

### 1

#### Keep our people, both at sea and onshore, safe

Even more so in these challenging and uncertain times, safety was our top priority. We implemented new measures to ensure that we keep our seafarers, staff, their families and our wider communities safe.

- We screened all our seafarers to identify higher risk conditions for COVID.
- We restricted access to our vessels to reduce the risk of transmission to crew. This included working with Port Authorities to ensure that the minimum number of officials came on board the ship, and that they did so in a safe manner.
- We provided all our shore-based staff with the equipment required to successfully work from home.
- From January 1, 2022 all personnel joining a vessel must be vaccinated.

### 2

#### Look after our seafarers and their families during extended periods at sea

Crew changes continued to be severely restricted throughout the year. This led to extended stays at sea for some seafarers, who stayed onboard far beyond their contracts. Again, we worked tirelessly to provide crew changes, but continued to face challenges from changing local requirements, quarantine restrictions and the significant reduction in flights. In certain cases, we also resorted to chartering flights to effect a crew change. We were able to deliver crew changes for all our vessels, but we are aware that seafarers employed by other companies were not so fortunate. In 2021, we joined over 400 maritime businesses and organisations in signing the Neptune Declaration,

recognising a shared responsibility to resolve the crew change crisis and calling for seafarers to be recognised as key workers with priority access to vaccines. Regrettably, two of our valued seafarers succumbed to Covid in 2021 and this contributed to the Companies requirement that all joiners to a vessel be vaccinated once vaccines were widely available.

This crisis also impacted crew members who were unable to start their contracts. Golar /CoolCo operates in compliance with all maritime standards and the Maritime Labour Convention. In addition, Golar / CoolCo offered financial support to all crew unable to join as scheduled helping them and their families.

### 3

#### Continue our operations and serve our customers

In addition to protecting our people, we ensured that we continued to deliver on our commitments to customers and kept the fleet operating. The pandemic caused widespread disruption to supply chains, but the FSRU vessels we manage continued to operate within contract and our LNG carriers continued to sail.

There are many examples of our teams finding creative solutions to the challenges presented by the pandemic, including implementing remote solutions for maintenance and mandatory ship audits, supporting our suppliers and flexible planning to minimise disruption.



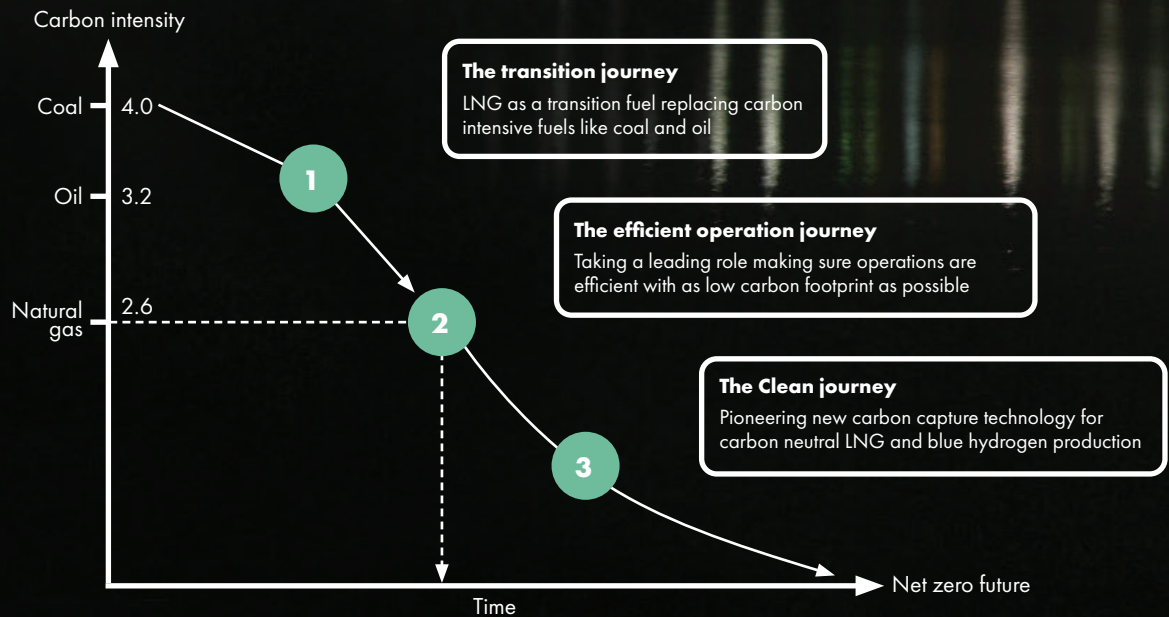
# OUR SUSTAINABILITY STRATEGY



Sustainability is critical to CoolCo’s strategy – we are firm believers that LNG is a key transition fuel and a bridge to a cleaner energy future. With an industry reputation for innovation, we support the growth of LNG to replace more carbon intensive and particulate laden fossil fuels.

Our approach to sustainability is embedded in our vision and business strategy. We believe that LNG will grow as a companion fuel to renewables and are also taking active steps to prepare for a carbon neutral future by investing in and pioneering new technologies.

## COOLCO’S SUSTAINABILITY PRIORITIES



“We believe that gas has a critical role to play in providing cleaner energy for many years to come. Our pioneering infrastructure assets provide safe, competitive and sustainable ways of liquefying, transporting and turning gas into energy across the world.”

## OUR SUSTAINABILITY PRIORITIES



### 1 LNG as a transition fuel

Working as a companion fuel to renewables, LNG will enable emerging markets to move away from burning dirtier oil and coal. This can deliver immediate emissions reductions and support the UN’s goal that reliable, clean and affordable energy is available to all whilst paving the way for a cleaner energy future.

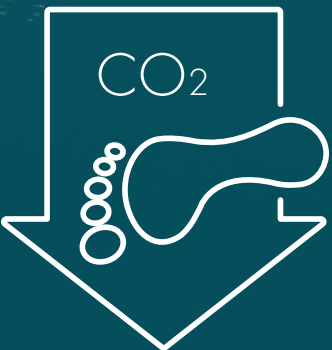
### 2 Efficient and responsible operations

Despite LNG’s positive credentials, it is critical that our industry reduces its environmental footprint. As industry innovators, we aim to take a leading role and make tangible change in the areas that really matter. We have identified five key focus areas where we feel we can make a real difference in support of the UN Sustainable Development Goals, which are set out in this report.



### 3 Support the shipping of low carbon and carbon free fuels

Ultimately, for the energy transition to succeed, renewables cannot bear the load alone. Low carbon and carbon free alternative fuels must be identified and developed into scalable, cost-effective solutions.





# ESG GOVERNANCE AND MATERIALITY



At CoolCo, we take our responsibilities towards sustainability and transparent ESG reporting seriously. Our governance framework applies equally to executing our strategy in support of the energy transition, monitoring our ESG performance, and managing climate-related risks.

**Governance of sustainability at CoolCo is led by the Board and the leadership team. This integrated approach ensures our ESG priorities are embedded within our strategic decision making, performance management, planning and risk management.**

## POLICIES AND COMPLIANCE

We have various policies and procedures that govern our ESG practises, such as our Environmental, Security, Health and Safety, Risk Management, Speak Up and Anti-bribery and Anti-Corruption policies, just to mention a few. We update our policies regularly and provide training on them to our staff.

Compliance with our policies and procedures is fundamental to our success, which is why we undergo regular compliance audits, both internal and external, to give management and the board comfort that they are followed and are operating as intended. In 2020 we engaged an independent third party to provide assurance over the completeness and accuracy of our emissions data. In 2021 we expanded the scope of this assurance to cover all reported ESG data.

## IDENTIFYING AND ADDRESSING SUSTAINABILITY RISKS

Sustainability and the opportunities arising from the energy transition are key parts of our strategy. Therefore, the key risks to these objectives, and climate and sustainability related risks more broadly are already embedded in our risk management processes.

The Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) established recommendations for voluntarily reporting such risks and opportunities in 2017. We believe these disclosures are important in allowing stakeholders to understand our response to key climate issues.

We disclose information on our governance and risk management practices to align to TCFD expectations in those areas. Going forward, we will further align our reporting to the full set of TCFD disclosure recommendations.

Our climate related risk and opportunities can be seen in Appendix 2.

## COOLCO BOARD

Oversight of ESG projects, KPI performance and external reporting. The board discusses ESG at least twice per year and management provides updates at every meeting.

## OPERATIONS

Cross functional Committee chaired by the Chief Operating Officer focusing on health & safety, the environment and energy efficiency of the LNGC and FSRU fleet. Monitors priority aspects, improvement plans, KPI delivery and regulatory compliance.

## PEOPLE AND COMMUNITIES

Working group led by the Global Director of HR which brings together shore based and offshore programmes. Focused on diversity, training and development and coordinating our community engagements across the globe.

## GOVERNANCE & ETHICS

Working group chaired by General Counsel overseeing CoolCo's ethics and conducting compliance programmes. This includes conduct training, our anti-bribery and anti-corruption programme and supply chain human rights management.

Onboard safety and environmental committees are chaired by the Master. They continually review the performance of the vessel against set KPIs, delivery of action plans and identify improvements

“The Board and leadership team has direct ownership over how the business executes our sustainability strategy. It is responsible for overseeing key ESG improvement initiatives and our response to climate-related risks and opportunities.”



# FOCUSING ON WHAT MATTERS MOST

Our approach to sustainability is built upon what matters most to us as an organisation and where we can make a meaningful difference.

**As mandated by our Board, CoolCo is committed to taking an impact-based approach to setting sustainability goals, and making regular, ongoing ESG disclosures in line with our reporting guidelines. This means that we do not apply a specific overall reporting standard but focus on the ESG issues that matter most to CoolCo, are relevant to our business model and are of most interest to our stakeholders.**

To determine these topics, a comprehensive “materiality” assessment was conducted in 2019. The Global Reporting Initiative (“GRI”) principle of materiality was applied, defined as topics that reflect significant economic, environmental and social impacts and/or substantively influence stakeholders’ assessments of the organisation’s ESG performance.

Our assessment included:

- Internal workshops across our business
- External engagement with key sustainability stakeholders
- Assessment of our existing internal reporting
- Benchmarking against proxy peers and other public reports documenting key issues for LNG
- Review of applicable industry and ESG standards such as SASB, GRI and IPIECA

This led to the development of the five key areas of focus outlined on page 14, and the linked KPIs to measure our performance shown on page 16 and 17.

## DETERMINING THE CONTENTS OF THIS REPORT

The content and quality of this report is driven by a focus on the most material issues identified and incorporates guidance from major sustainability and industry specific reporting guidelines, as well as leading ESG rating agencies, including those listed above and Sustainalytics, S&P Global, and Bloomberg.

In determining the scope of our reporting, we have considered the following principles:

- For emissions data, whilst operational and financial control resides with our charterers, we disclose emissions on all vessels owned by CoolCo’s entities. Emissions data for vessels that were sold to New Fortress Energy and only remain under our technical management today is excluded from 1 April, 2021.
- CoolCo continues to be responsible for health, safety, security, waste, spills, and employee retention matters for vessels sold to New Fortress Energy by Golar historically under a technical management agreement and this data is included in this report for all of 2021.
- The GHG Protocol is followed for greenhouse gases, however we consider Scope 2 (indirect emissions from purchased electricity) to be immaterial (less than 1% of scope 1 emissions) compared to the emissions from our operational vessels and assets.

The detail behind the calculations can be seen in appendix 1 of this report and our methodology statement on our website.

## UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS

Pursuant to our own goals, CoolCo is proud to support the principles of the 2015 United Nations Paris Agreement and the wider UN sustainability agenda, including the associated Sustainable Development Goals (SDGs). While CoolCo supports all of the SDGs, we identified four goals that align most to our strategy and sustainability priorities:



- LNG provides a diversified supply of energy that supports security, complements renewables and enables the green transition. Access to LNG is an important feedstock for industry and the key to replacing dirtier coal and oil in power generation through a “gas plus renewables” mix.



- Setting challenging carbon reduction targets for all of our existing assets and continuing our innovative approach to the design of new assets to ensure an even smaller carbon footprint.
- Researching marine solutions to produce carbon-free alternative fuels, starting with blue and green ammonia and carbon capture and storage.
- Researching with a view to investing in technical solutions to capture methane slip from LNG fuelled engines.



- Safety is our number one priority, both in our own operations and within our supply chain.
- Respecting human rights in all aspects of our business, both for our own staff and contractors but also across our supply chain.
- Creating local jobs and procuring locally wherever it makes sense to support local development in our communities.



- LNG is the cleanest fossil fuel. As a proven technology, it can replace dirtier fuels today and support the energy transition as a companion fuel to renewables. We support this transition through our low cost, quick delivery infrastructure, providing opportunities for emissions reduction.
- We take action to minimise our environmental footprint, focused on fuel use and efficiency to drive down carbon and other air emissions.



COOLCO'S FIVE KEY FOCUS AREAS

CoolCo conducted a series of internal and external workshops to determine which Environment, Social and Governance topics are most important and significant to our employees, customers and other stakeholders. Based on the results we were able to identify five key focus areas.



Health, Safety and Security

Maintaining safety through learning and cooperation, fostering a sense of community, and minimising risk.



Environmental Impact

Operating responsibly to make commercial decisions that limit our environmental footprint. High focus on optimising vessel performance to minimise fuel consumption and our environmental footprint. Adoption of latest technology when acquiring new vessels.



Innovation and Transition

Proactive approach to reducing emissions and increasing efficiency working in partnership with customers. Selective investments into emission reduction technologies that apply to our existing fleet and other categories of LNGCs. Active involvement in next generation of carbon free energy shipping.



People and Community

Create a dynamic and supportive working environment that fosters initiative and personal development.



Governance and Business Ethics

Committing to principles of transparency, human rights, anti-bribery and anti-corruption.



Richard Tyrrell  
Chief Executive Officer

It is a pleasure to join CoolCo, a company that considers environmental impact, social contribution, and corporate governance to be key principles driving everything it does. We are proud signatories of the UN Global Compact and have committed to operating in line with its Ten Principles of responsible business conduct, while also striving to achieve the UN Sustainable Development Goals. Through close collaboration with our customers, direct investments in the technologies driving decarbonisation, transparency on our progress, and a firm commitment to our core values, we intend to make measurable improvements in our business, and have a positive impact on our communities, our industry, and the world at large.

LNG is widely recognised for its importance to energy security and for how it complements renewables. CoolCo connects the world with this cleaner, more secure energy and has the ambition of having the best-in-class ESG policy in energy shipping. Our well-rounded policy provides a framework for a measurable program of improvements for which I gladly accept responsibility, alongside the board and my equally committed colleagues.

“We are proud signatories of the UN Global Compact and have committed to operating in line with its Ten Principles of responsible business conduct, while also striving to achieve the UN Sustainable Development Goals.”



# 04

## 2030 AMBITIONS



We have developed a range of bold but achievable goals designed to make a positive impact on our ESG performance by 2030. These reflect our belief that whilst it is not possible to predict exactly what form the energy transition will take, or how our sector will react, action is required now to meet decarbonisation ambitions.



### Health, Safety And Security

Safety is our number one priority. We want to protect our people, their families and our communities. We want to be the preferred employer and aspire to a culture of zero harm.



## ZERO FATALITIES

## BELOW

## 0.80 LTIF

Our targets are to:

- Achieve zero fatalities and sustain a lost-time injury frequency below 0.80 per million exposure hours.
- Maintain a "best in class" safety framework compliant with the highest standards in our industry.



## NEW TECH

## EXPLORE

## LATEST DESIGN CASES 25% REDUCTION



### Environmental Impact

Continue to explore technologies which could deliver even greater improvements in emission intensity, such as carbon capture technologies or integration of our power management system with renewable sources.



### Environmental Impact

## 25% FLEET WIDE CARBON INTENSITY REDUCTION

#### LNGC

We are committed to delivering improvements in efficiency and emissions reductions which meet the IMO's reduction targets. We have made significant progress towards the 2030 target (40% savings in carbon efficiency compared to 2008), saving around 30% compared to our estimate of 2008 emissions.

Our targets are to:

- Deliver continuous reductions in emissions intensity Annual Efficiency Ratio (AER) as per the IMO trajectory to 2030. The fleet average AER shall meet CII rating B or better.

- The AER target for 2026 is set to 7.5, equal to a 44% reduction from the 2008 baseline.
- Work closely with our charterers to maximise the use of boil off gas, which reduces total lifecycle emissions for the LNG we transport.
  - Proactively sharing of efficiency data with charterers
  - Alert system for passages resulting in low efficiency
- Take action to reduce methane emissions arising from "methane slip" through discussion with engine manufacturers.

#### WASTE AND SPILLS

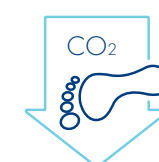
We are committed to reducing our total environmental footprint, not just emissions. Our targets include:

- Zero serious environmental events
- Reducing total waste (oily and non-oily) by 20% compared to our 2019 benchmark.

## 20% REDUCTION IN TOTAL WASTE

## ZERO SERIOUS ENVIRONMENTAL EVENTS

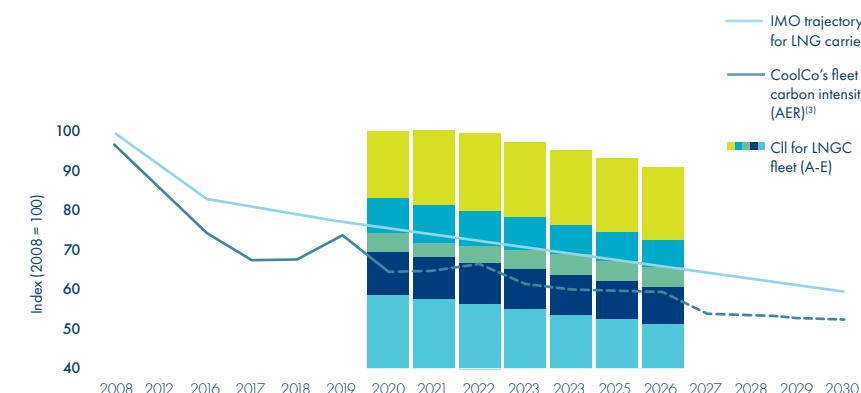
#### REDUCING THE CARBON INTENSITY OF OUR LNG CARRIER FLEET



CoolCo will reduce fleetwide carbon intensity<sup>1</sup> by 25% by 2030 compared to 2019



This equates to a 45% reduction compared to 2008 estimates, exceeding the IMO target (40%)



2016 10.03<sup>(4)</sup>

2021 8.48<sup>(4)</sup>

2030 7.40<sup>(4)</sup>

- Modern fleet of TFDE ships, delivered in 2014 and 2015.
- Fleet delivers a 15% improvement in 5 years.
- Wide range of fleet initiatives undertaken, including speed optimisation, engine load management, data-based voyage planning and trim management.
- Technical and operational improvements being planned in conjunction with charterers.
- EEXI will impact older vessels in global fleet during this period.

- (1) Emissions intensity based on AER
- (2) IMO trajectory estimated based on IMO 4th Greenhouse Gas study. The trendline reflects IMO's guidance that the global fleet saved on average 21% between 2008 and 2018.
- (3) Golar's AER is actuals as reported in our predecessor from 2016 – 2021. All other dates are estimates and projections.
- (4) AER defined as CO2 emissions per transportation work (dwt x transported distance)





## Our People

**We aim to be a preferred employer through our culture as a learning organisation and our focus on the development of our staff.**

- More than 90% of our staff demonstrate living by the CoolCo values.

**Our targets are to:**

- Achieve a retention rate of 95% for crewing and 90% for office staff.

**RETENTION TARGET**  
**95% CREWING**  
**90% OFFICE STAFF**



## Our Communities

**As our business develops we are more involved in our communities than ever before. We take our role seriously, and aim to have a lasting positive impact in the development of our communities through:**

- Charitable work to support community growth
- Ongoing engagement with community organisations in the areas where our employees live and work



## Innovation and Transition

**We are proud of our reputation for implementing innovative ideas in our industry.**

**EXPLORE NEW TECH**



**25%  
REDUCTION**

## Governance And Ethics

**We are committed to maintaining the highest standards of governance and ethical conduct wherever we are in the world. We acknowledge the challenges in our industry, and take action to ensure they do not exist in our organisation or supply chain. Specifically, we focus on:**

- Ensuring human rights are respected in our supply chain.
- A robust system to comply with anti-bribery and corruption laws and regulations and maintaining our culture of compliance.





# CLIMATE AND LNG



We champion LNG as a key transition fuel to our collective carbon neutral future: a sustainable, economical alternative to other fossil fuels that supports renewable development.

MEET  
RISING GLOBAL  
ENERGY DEMAND



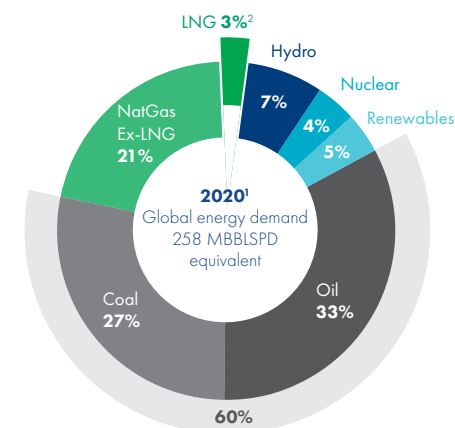
THE  
LNG  
SOLUTION



ABUNDANT  
GLOBAL GAS RESOURCE



REDUCE  
CARBON EMISSIONS NOW



**Global Energy Consumption** – LNG has the potential to displace coal and oil, which currently represents around 60% of Global Energy Consumption

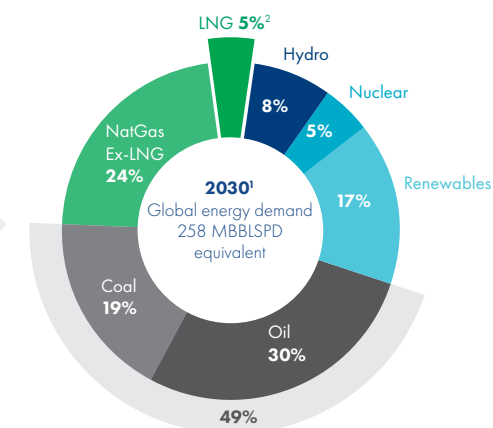
Global energy demand growth 2020-2030: **+8%**

2019-2021: **+4% p.a. LNG demand growth** through COVID

LNG demand **expected to grow 50%** next decade

LNG and Natural Gas **pivotal drivers in transition** away from coal & oil

<sup>1</sup> BP world energy outlook 2020 <sup>2</sup> IHS Connect



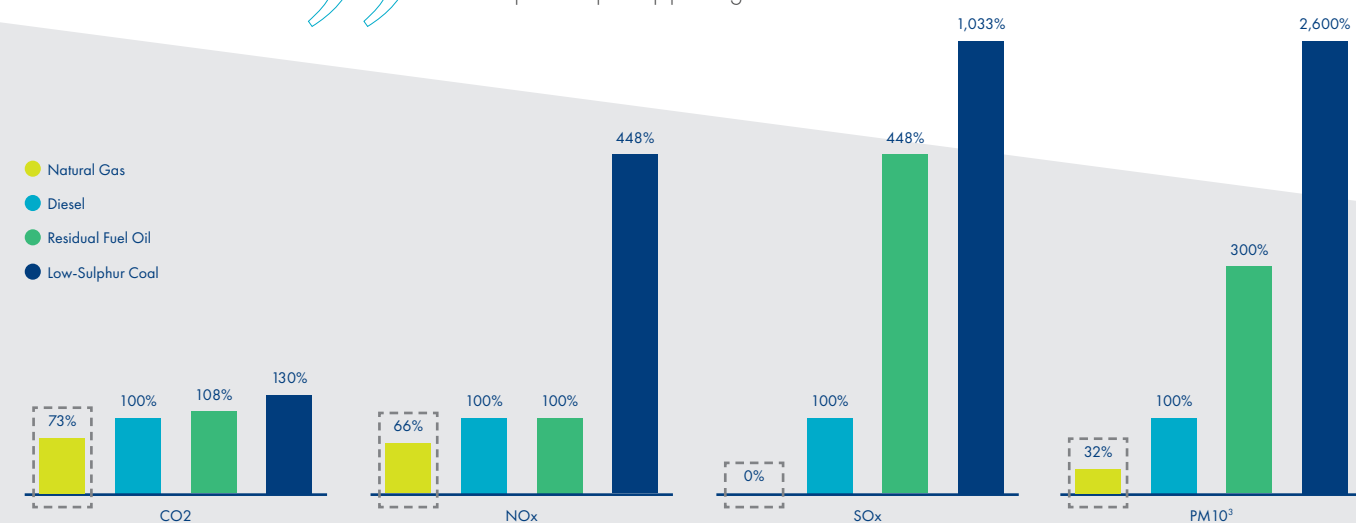
LNG is the cleanest burning fossil fuel – it generates 40%-50% less CO<sub>2</sub> than coal and can dramatically lower air pollution.

Population and economic growth will drive increases in global energy consumption. The challenge of the energy transition is to deliver secure, reliable, affordable energy for all whilst expediently reducing emissions and pollution.

The UN estimates that around, 800 million people still lack access to electricity. Finding a solution that supplies energy to more people, protects the climate, maintains air quality and ensures affordability is one of the biggest challenges facing the world today. According to the 2021 International Energy Outlook, LNG trade will continue to grow, mainly to support increasing energy consumption in developing Asian economies. Energy security requirements in Europe mean that LNG will also be increasingly relied upon to replace pipeline gas from Russia.

## THE ENERGY MIX AND THE ONGOING ROLE OF GAS

All realistic energy models, including those aligned to Paris Agreement goals, show that gas will continue to play a major role in the energy mix for years to come. Whilst achieving a carbon neutral energy mix is the eventual endgame, it will take time for alternative fuels and renewable technologies to develop and achieve meaningful market share. It is not possible to predict the exact shape and form for the energy transition and so the more immediate, compelling, and realistic economic proposition lies first with replacing dirtier fossil fuels as fast as possible. This means that gas, and LNG in particular, will be a critical part of the energy mix for decades to come.



<sup>3</sup> Particulate matter 10: Finely divided solid or liquid material, with an aerodynamic diameter less than or equal to a nominal 10 micrometers





**Currently around 60% of Global Energy consumption is made up of coal and oil<sup>1</sup>, and we must rapidly change this energy mix to reduce emissions. The urgency of this transition is increasing, with more and more countries setting out net-zero targets for 2050.**

We believe that it is imperative that we use available 'here and now' solutions such as cleaner burning LNG that can displace dirtier fossil fuels and reduce global emissions immediately. Waiting for new developments, technologies and other future promises and

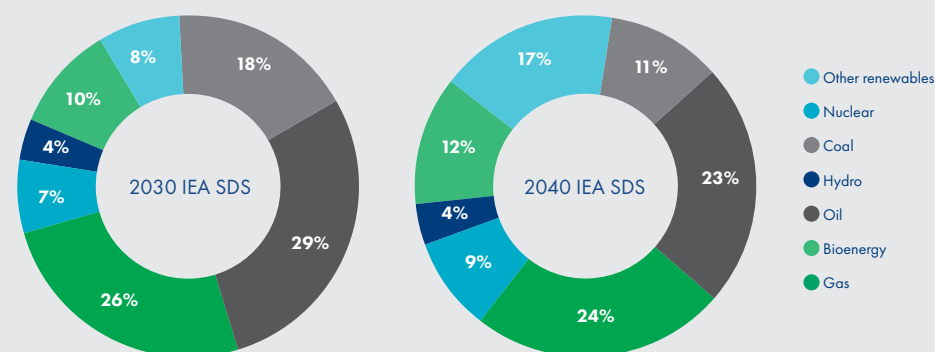
good intentions to deliver later will only increase the size of the problem to be solved.

This view is supported by both the IEA's Sustainable Development Scenario and BP's Rapid Scenario in their 2020 Energy Outlook, both of which see gas outperforming other fossil fuels.

The transition is already underway. Natural gas can help lower overall emissions, either in partnership with renewables to deliver reliable energy or to power hard-to-electrify sectors, and LNG is forecast to be the fastest growing energy source after renewables.

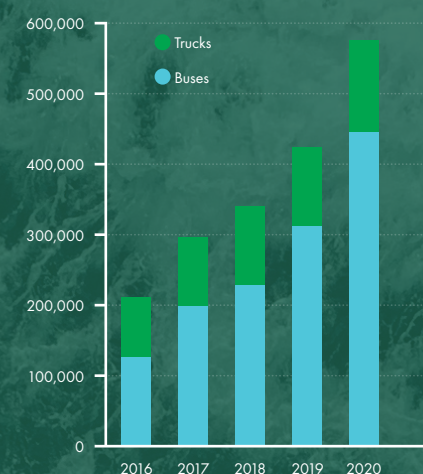
<sup>1</sup> International Energy Agency

## Primary Energy Demand – Sustainable Development Scenario



Source  
International Energy Agency (2019)

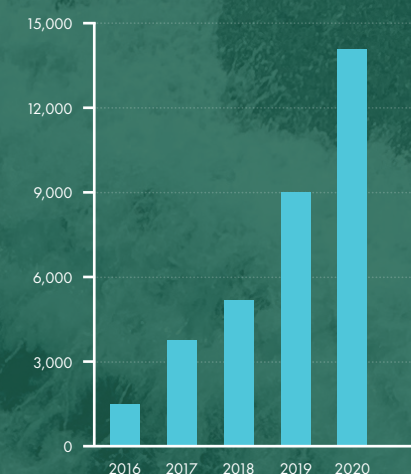
## LNG-fuelled trucks & buses (China)<sup>1</sup>



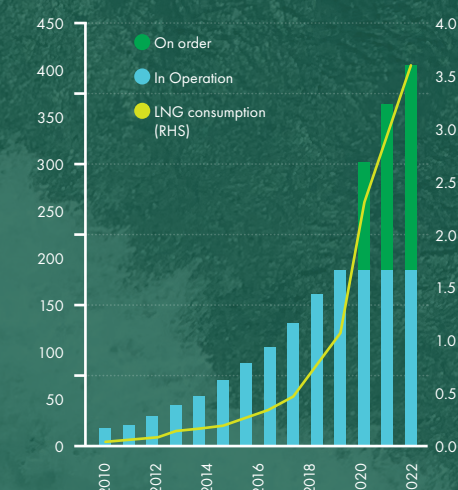
<sup>1</sup> Shell LNG Outlook 2021

**The IEA estimates that coal-to-gas switching since 2010, primarily in the power sector in the United States and Europe together with buildings and industry in China, means that global emissions were around 750 million metric tons of CO<sub>2</sub> lower in 2020 than they otherwise would have been.**

## LNG-fuelled trucks (Europe)<sup>1</sup>



## LNG fuelled ships & consumption<sup>1</sup>



Announced pledges in the run-up to COP26 in 2021 mean that coal-to-gas switching continues. Around 100 bcm of additional gas is used to replace coal in 2030 in these regions, which avoids around 180 million metric tons of CO<sub>2</sub> emissions in that year. In the IEA 2021 net zero emissions by 2050 scenario, additional gas use for switching is even higher at 185 bcm, and oil-to-gas switching, particularly in the power sector in parts of the Middle East and in light industry and manufacturing in emerging market and developing economies in Asia becomes an important part of transition strategies.

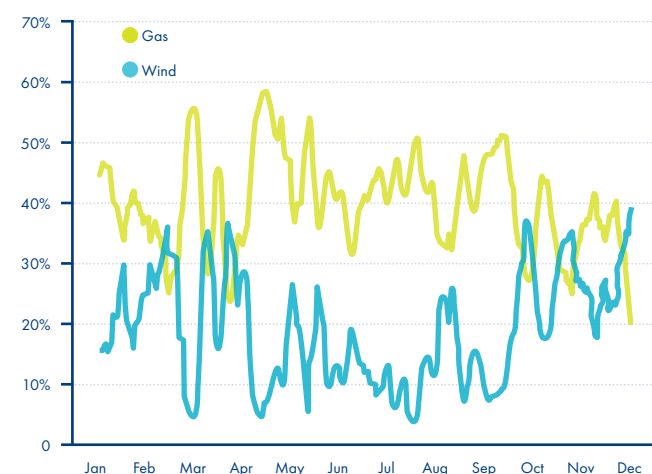
Interestingly, in the IEA 2021 Announced Pledges Scenario for 2050, global natural gas demand reaches its maximum level soon after 2025 and then declines toward 2050. Reduced use of natural gas in advanced countries offsets continued growth in emerging market and developing countries. This has important implications for the global LNG trade. Over the same timeframe LNG continues to grow, capturing nearly 70% of traded volumes by 2050.





## Share of UK generation 2021<sup>1</sup>

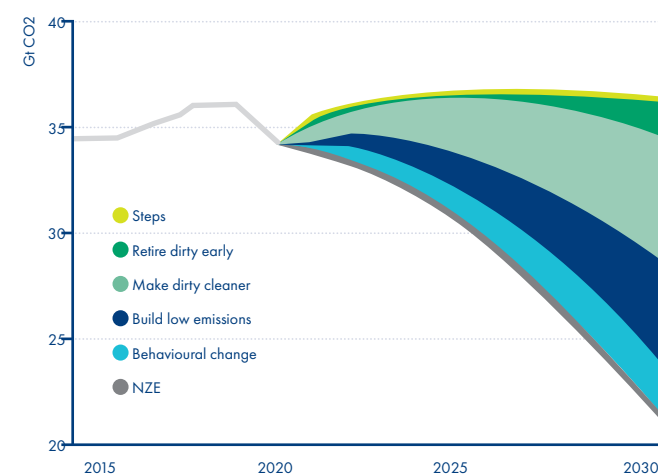
7 day rolling average



### Source

- 1 Shell LNG Outlook 2022
- 2 International Energy Agency World Energy Outlook 2021

## Emissions reductions in the Net Zero Emissions by 2050 scenario relative to the Stated Policies Scenario<sup>2</sup>



Delivering net zero requires more than retiring dirty and building low emissions projects; there is a large middle ground that defines the speed and scope of change

## A COMPANION FUEL TO RENEWABLES

Natural gas is an ideal companion fuel for renewables and carbon-free alternative fuels. According to the International Renewable Energy Agency (IRENA), the transition to variable renewable sources requires balance to overcome challenges related to limitations in output and reserve requirements.

## LNG IS THE SOLUTION

LNG can meet rising energy demand with a fuel that is practical and cleaner than any of its fossil fuel competitors. In particular:

- LNG is a secure and efficient alternative to its fossil fuel competitors.
- LNG is the cleanest burning fossil fuel – it generates 40%-50% less CO<sub>2</sub> than coal and can dramatically lower air pollution.

- LNG will support renewables to make up the shortfall.
- LNG has a wealth of practical applications including combined heating, power and transportation, thus allowing LNG to comprehensively support the global transition to a clean energy future.

## METHANE & METHANE SLIP

Delivering net zero requires more than retiring dirty and building low emissions projects. According to the IEA 2021 World Energy Outlook, actions that “make dirty cleaner” are crucial in determining the speed and scope of energy transitions and deliver the largest share of emissions reductions required to get from their stated policies scenario trajectory to a net zero one.

Methane has been identified as a major contributor to rising temperatures and the recent COP26 meeting concluded in 2021 that rapid and sustained reductions in methane emissions are essential to limit near-term warming. Around 100 countries have promised to cut methane emissions by 2030. In terms of benefits for the environment, scientists estimate that stopping leaks would prevent between 0.005C and 0.002C of warming. Based on gas prices over the last 5-years and forecast prices for the next 10 years that are expected to be higher, methane emissions could also be avoided at no net cost to the gas industry as the cost of abatement measures should be less than the value of the captured gas. CoolCo is assessing technologies that can be deployed to capture up to 90% of the methane slip from its ships.



“Rapid and sustained reductions in methane emissions are essential to limit near-term warming.”

## OUR ROLE

Getting LNG to market and ultimately replacing coal and oil represents our biggest immediate opportunity to mitigate climate change. However, we also recognise our obligation to make dirty cleaner by reducing and managing our own environmental footprint, promoting sustainability in all our operations and investigating and addressing problems within our industry.

CoolCo's approach assists the industry by reducing the footprint of LNG transportation. To fulfil the role of natural gas in the energy transition the industry must also reduce greenhouse gas emissions and other environmental impacts throughout the value chain whilst keeping costs down. This includes taking immediate action on key challenges such as fugitive emissions and methane slippage.



## KEY INDICATORS – ACHIEVEMENTS

**FATALITIES**

**SERIOUS  
MARINE  
INCIDENTS**

We have developed key performance indicators for each of our key focus areas to assess our performance and help us to achieve our goals and objectives. We constantly monitor our performance, and progress is reported to the Safety, Environment and Ethics Committee to enable Board oversight.

HOURS SPENT ON SAFETY TRAINING  
PER SEAFARER AND OFFSHORE WORKER



HAS  
INCREASED  
BY 25% IN  
2021 TO

**66**  
HOURS

2020  
**53**  
HOURS

## SAFETY PERFORMANCE

**LTI  
DOWN**

reflecting extensive discussions with seafarers, vessel managers, marine superintendents and a resumption in vessel visits as Covid subsided. **Awareness, awareness, awareness!**

FROM  
**0.89**  
TO  
**0.16**

**TRCF  
UP**

FROM  
**1.49**  
TO  
**1.56**

## CARBON INTENSITY

**CARRIERS 8.62**

**DOWN TO 8.48**



CADET  
PROGRAM

**25**

**SCRAPPING  
OF VESSELS**



**ZERO**

**ZERO  
SPILLS**





# OUR KEY FOCUS AREAS

## FOCUS AREA HEALTH, SAFETY AND SECURITY

The safety and security of our teams and everyone who works with us is our number one priority. Experience, cooperation and learning are critical to achieving this.

**We aspire to a culture of zero harm – meaning a workplace which is injury free. This ambition is integral to CoolCo’s company culture.**

We know that it is impossible to create a system where failure never happens, but we believe that serious issues can be prevented by focusing on understanding why minor issues occur and learning from them.

### DELIVERING ON AN AMBITION OF ZERO HARM

We pursue zero harm through four key areas:

- Building a company culture which reinforces safety awareness among our employees.
- Ensuring practical and well-considered risk management onboard and onshore.
- Learning through analysing accidents and near accidents.
- Continual improvement of procedures and routines, including skills of personnel and emergency preparedness.

### SAFETY THROUGH EXPERIENCE, COOPERATION AND LEARNING

We believe that a transparent and in depth understanding of our culture is critical to keeping our staff safe. We have worked hard to foster a culture based on the concepts of experience transfer and being a learning organisation.

Put simply – we view mistakes and issues identified as pivotal learning opportunities. We believe that discussing mistakes, learning from them and cooperating through sharing experiences with other vessels ensures that our team is stronger and safer as a result.

We monitor our culture in detail through periodic third party surveys, making assessments against eight leadership behaviours: Trust; Openness; Feedback; Team; Care; Learn; Speak Up; and Dilemmas.

We also take a holistic approach to our assessment of operational risks. CoolCo operates a sophisticated risk management system that enables seafarers to actively identify and raise concerns which may have an impact on safety, the environment, our assets, or our reputation.



CoolCo provides comprehensive training to our employees to ensure that we are able to meet our objectives and targets



The CoolCo Management System (“CMS”) is certified to ISO9001, ISO14001, ISO45001, ISO27001 and ISM Code

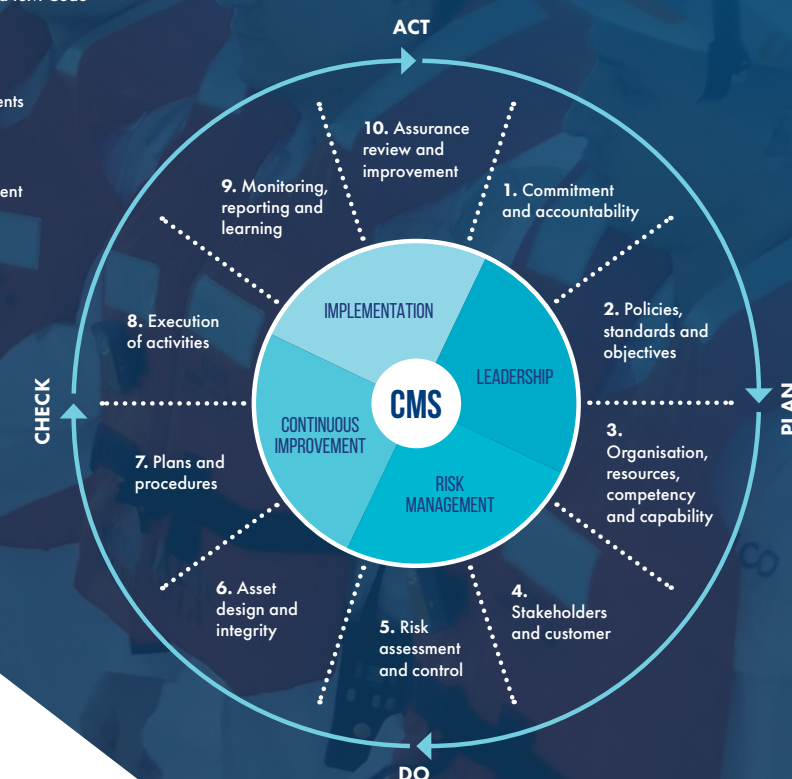


We implement extensive audit and assurance activities to verify compliance with the requirements



These standards underline the robustness of our system and commitment to continuous improvement

### The CoolCo Management System



### MAINTAINING HIGH SAFETY STANDARDS

Our ambition is to remain best in class when it comes to safety and safety culture. We have a robust safety management system. We are certified according to the ISM Code as well as ISO9001, ISO14001, ISO45001 and ISO27001. We are also fully compliant with other relevant industry standards. We conduct rigorous internal audits for all of our vessels against our safety framework and additionally we are regularly audited by flag states, port states, charterers and other stakeholders to ensure that our vessels meet or exceed all required standards. This includes the requirements of the Tanker Management and Self-Assessment programme (TMSA) and the Ship Inspection Report Programme (SIRE).

### SECURITY

Shipment of cargoes at sea involves an element of inherent security risk, especially in high risk areas for piracy.

### Illustration of Golar’s Operational Risk Dashboard





## 2021 PROGRESS AND RESULTS

COVID-19 presented a unique challenge to our safety management. As outlined in this report, as a vital part of the energy supply chain we continued to operate, and we took a number of steps to keep our crew, staff and their families safe, including working tirelessly to perform crew changes as soon as we could. We also had to adapt our safety management system due to the restrictions on travel, moving to remote auditing and training for much of the year. In-person visits from Marine Superintendents were reinstated later in the year. The focus of these visits was on safety awareness and this contributed in part to the substantial reduction in LTI's for the year.

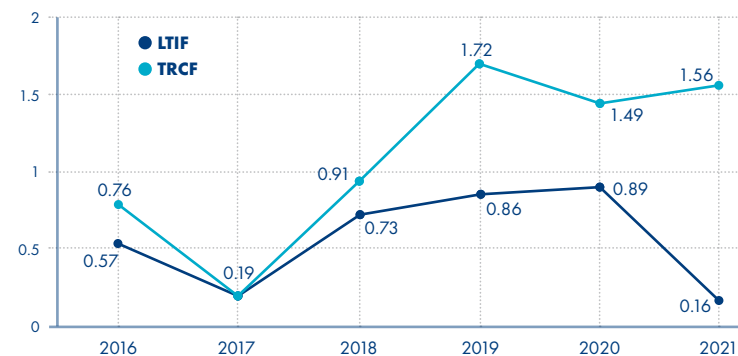
Define OH&S summary of 2021 events include:

- Exclusive of the two crew COVID related deaths (natural cause) we had another year with zero fatalities or serious marine incidents (2020: zero).
- Lost time injury frequency decreased from 0.89 per million exposure hours in 2020 to 0.16 in 2021. The drivers for this include increased communication with seafarers, vessel managers, marine superintendents and the reinstatement of vessel visits when Covid circumstances permitted.

- Our focus on improved reporting of incidents and opportunities for improvement continued to deliver results, with over 2,300 high quality safety observations being reported.
- We were able to maintain our high level of safety training through moving to remote training, with crew and offshore workers completing an average of 66 hours each (2020: 53 hours). The increase in training hours is a result of:
- Adding on more mandatory safety training programs.
- Fleet growth and recruitment of new crew members who had to complete a full set of safety training courses.

“We achieved certification to ISO45001 for all our locations”

LTIF and TRCF



## FOCUS AREA INNOVATION AND TRANSITION

We are proud to be building on Golar's reputation for innovation having completed the world's first FSRU and FLNG conversions. We apply this pioneering spirit to maximise CoolCo's contribution to the energy transition.

As set out in this report, as a pioneer in our own industry, we recognise the need for disruption and change in the world's energy market to decarbonise whilst meeting rising energy demand and ensuring reliable modern energy is available and affordable for all.

We believe that marine infrastructure can play a critical role making the energy transition happen at pace. This relates both to delivering quicker, cleaner energy today through LNG replacing oil and coal, whilst also looking to a future where marine infrastructure supports the growth of hydrogen and ammonia as a viable alternative to traditional energy sources.

CoolCo's management team is a proven implementor of innovative and disruptive solutions, and this experience positions us well to develop novel marine contributions to the challenges of the energy transition.

### WHAT COMES NEXT?

Achieving the goals of the Paris Agreement and combating the climate crisis requires a new generation of affordable, scalable energy alternatives to fossil fuels. We believe in LNG as a transition fuel, but this must go hand in hand with the development of low carbon alternatives if the energy transition is to succeed.

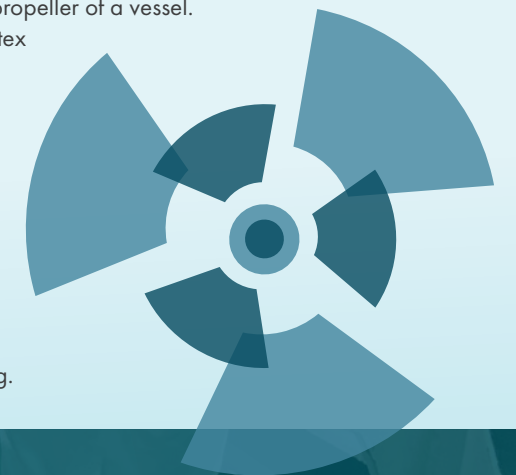
## CASE STUDY

### LNG CARRIER PROPELLER BOSS CAP FINS

To be even more energy efficient CoolCo have retrofitted propeller boss cap fins (PBCF) on two LNG carriers. The PBCF is an energy-saving device attached to the propeller of a vessel.

It breaks up the hub vortex generated behind the rotating propeller, resulting in a decrease in fuel consumption and CO2 emissions of up to 5%.

More vessels will be retrofitted with PBCF's and other innovations at their next dry-docking.





FOCUS AREA  
ENVIRONMENTAL  
IMPACT

We are committed to being a responsible operator. This means transparently assessing our environmental impact and taking action to improve energy efficiency and minimising our environmental footprint.

**At CoolCo, our ambition is to be an industry leader in terms of understanding our environmental impact and working towards reducing air emissions and energy consumption. We closely monitor the impact of our vessels on an intensity basis to maintain focus on efficiency and seek out initiatives which can help us improve.**

Most of our environmental impact comes from emissions produced by fuel used onboard – so our priority is to increase energy efficiency to deliver more output for less fuel.

**COLLABORATION WITH MAKERS**

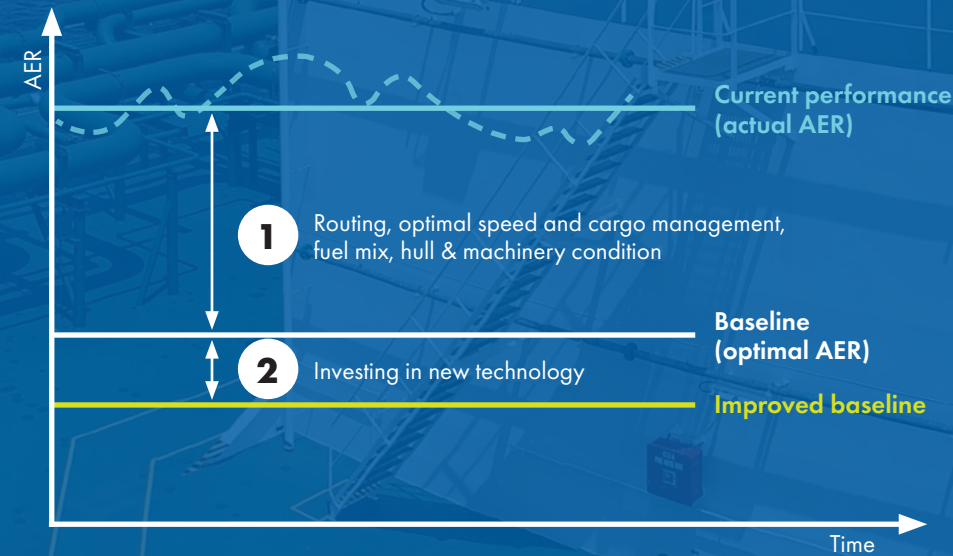
CoolCo will engage Wärtsilä on tuning and modification of our TFDE engines to reduce methane slip and increase engine efficiency.

**COLLABORATION WITH CHARTERERS**

Based on vessel performance data we can estimate the optimal AER baseline for our carriers. As illustrated below, collaboration

with charterers will have a far greater impact than focusing on new technology that can be retrofitted to an existing vessel. Initiatives in category 1 can have 5 to 10 times the impact on our AER performance than initiatives in category 2.

Good collaboration with the charterers is therefore essential to optimise our environmental performance. Charterers direct the route, speed and choose the fuel consumed by a vessel. The resultant emissions of a vessel are therefore substantially under their control. We will however make our charterers aware of the implications of their choices in order to encourage better decision making. As part of this process we will share emission data with them together with routing, speed management, GCU consumption and fuel mix suggestions to reduce operationally driven emissions. Further, CoolCo will seek to include the Carbon Intensity rating (IMO) in the charter party as a mutual goal for vessel environmental performance.





## A CLEANER FUEL MIX

LNG is cleaner than other vessel fuels. Therefore, the more we can utilise our LNG cargo as fuel the lower our emissions will be. Between 2020 and 2021 LNG usage dropped from 95.1% to 89.6% due to a significant increase in global LNG prices that resulted in charters directing us to burn more emission intensive but cheaper low sulphur fuel oil.

# LNG USED IN MARINE TRANSPORTATION CAN REDUCE

Source  
SEA-LNG, <https://sea-lng.org/2021/04/independent-study-confirms-lng-reduces-shipping-ghg-emissions-by-up-to-23/>

UP TO  
CO<sub>2</sub> 23%  
NO<sub>x</sub> 95%  
PM 99%  
SO<sub>x</sub> ALMOST 100%

## GCU USAGE

Between 2020 and 2021 the use of the gas combustion unit (GCU) dropped from 10.0% to 6.9% on our TFDE carrier fleet. This is in line with our 2030 targets.

The main contributor to this positive development is a higher average speed resulting in more use of the engines and less need for GCU. This too is directed by the charterer.

## DRIVING EFFICIENCY IMPROVEMENTS

We benchmark our operations and performance on a continuous basis. Key parameters are compared to an "optimal" vessel condition and deviation thresholds are defined. In case of underperformance, corrective actions are swiftly initiated.

We assesses our energy management performance with reference to:

### Data Quality

Good data quality is essential for good performance analysis. The indicator measures the quality of reported data vs. sensor data.

### Commercial consumption performance (CP O/U Consumption)

To make sure consumption is within what is agreed in our charter party contracts. The indicator measures metric tons of fuel "over" or "under" consumption vs. the charter party contract.

## Speed Management

To make the vessel speed profile as favorable as possible. The indicator measures the variance in speed vs. voyage speed average.

### Trim

To make sure the vessel trim is as favorable as possible. The indicator measures vessel actual trim vs. the most favorable one.

### Hull and Propeller

To make sure the propeller and hull are clean to avoid excessive fuel consumption due to barnacles and marine growth. The indicator measures increase in propeller slip vs. an optimal baseline.

### Engine Load

To make sure the general engine load is as high as possible, resulting in optimal SFOC. The indicator measures engine(s) load vs. an optimum theoretical one for a given total load.

### Gas to Gas Combustion Unit (GCU)

To reduce the GCU usage to a minimum. The indicator measures daily metric tons of gas burned in the GCU.

### Specific fuel oil consumption (SFOC)

To make sure the diesel engines SFOC is as close to design value as possible. The indicator measures the SFOC vs. an optimal baseline.

We have seen the impact of our efforts in the performance of the fleet in 2021, saving an average of 4.6 tonnes of fuel per day per vessel against our speed/consumption benchmark compared to 2019.

In 2021 we strengthened the team who monitor fleet performance with a new full-time position. The team notify relevant office personnel and vessels in case of negative

trends. During the year we also reorganised the technical management organisation to a team-based structure. One of the objectives was to strengthen the follow-up and ownership to performance. We also increased quality of sensor data checks in 2021.

## MONITORING OUR IMPACT

As required by our environmental policy, we regularly monitor, track and report environmental performance, including GHG emissions. Our operations team is responsible for managing and monitoring our environmental impact against targets and baseline performance levels, reported through to the Safety, Environment and Ethics Committee.

We also hold ISO 14001 environmental management system certification, alongside ISO 9001 quality management system certification.

We believe that transparency is important to drive change in the sector. Our processes ensure that we not only meet emissions reporting requirements but are able to make the voluntary disclosures within this report and provide our charterers with meaningful insight on how our environmental impact can be reduced.

## PROGRESS IN 2021

We have maintained a strong focus on minimising our environmental footprint. We have:

- Continued our energy management rewards programme across the fleet, with the highest performing vessels and those with the most improvement

receiving awards on a quarterly basis. Performance is assessed using our data driven approach to energy efficiency and emissions.

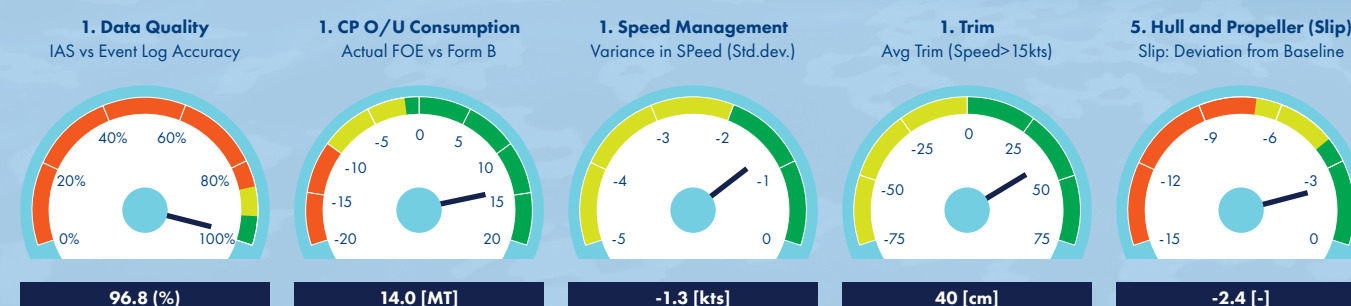
- The long-term targets for emissions intensity from our fleet have been followed up. The targets reflect CoolCo's ambition to reduce emissions and our commitment to meeting, and where possible exceeding, increasing regulatory demands from the IMO and others.
- Committed to an ambitious yearly CII improvement plan for six of our LNGC's as part of a refinancing plan
- We have continued reviewing many of the key emissions saving technologies and operational solutions available today, with some of the most promising currently being piloted by selected CoolCo vessels. At their next dry docking several vessels will be fitted with additional technology to make them even more energy efficient.

SINCE THE INTRODUCTION OF THE **GOLAR ENERGY MANAGEMENT PROGRAM** IN 2019

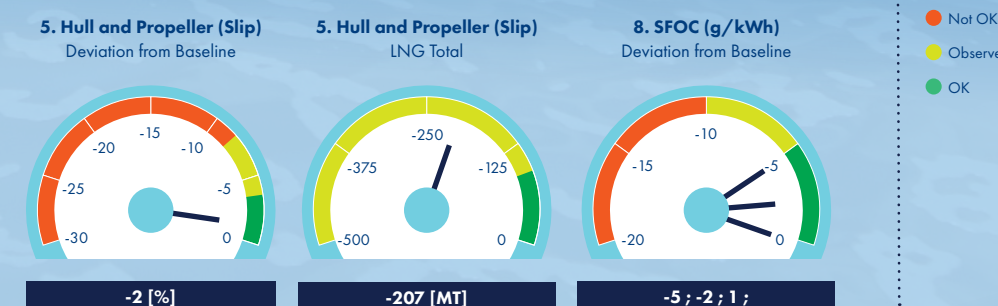
AVERAGE ENGINE LOAD HAS INCREASED BY **10%**

RESULTING IN A REDUCTION IN SPECIFIC FUEL OIL CONSUMPTION BY **5%**

## Common KPIs



## TFDE Specific KPIs





## 2021 PERFORMANCE

Our performance at a vessel-by-vessel level was strong in 2021. Our challenge now is to continue to make progress during 2022 and plan for future optimisations that could be implemented during the 2023/2024 cycle of drydocks.

LNGC fleet intensity figures



## SHIPPING

### Significant year on year improvement

We use AER and a set of more specific KPI's to monitor the impact of our emission reduction measures.

We delivered another performance improvement in 2021, with a fleet AER of 8.48 (2020: 8.62). This reduction was delivered despite charterers choosing to burn more carbon intensive fuels.

The main drivers for this improvement in 2021, are:

- Divestment of most of our older and less efficient vessels in April.
- Impact of our data analysis and Energy Management Awards focusing attention on engine load, trim optimisation and voyage planning, leading to stronger performance.

- The achievement was made despite less favorable instructions from operators:

- Higher speed (1.0 kts increase in avg speed)
- Less favorable fuel mix
- less LNG

### LOOKING FORWARD


The IMO has set a target for shipping to save 40% of CO<sub>2</sub> emissions by 2030 compared to a 2008 benchmark year. To put this into perspective, we estimate our performance in 2008 equated to an AER of 13.4 meaning that we have reduced emissions by approximately 36% over that timeframe. In the last 5 years alone, Golar / CoolCo and its legacy fleet delivered a 15% reduction in emissions (2016: 10.03).

We have an ambition to reduce our emissions beyond targets set by the IMO. We will achieve this by retrofitting existing vessels with fuel saving technologies as well as potentially expanding the fleet with even more energy efficient vessels.

“Studies by SEA-LNG show that, depending on engine technology, using LNG as a marine fuel offers greenhouse gas emissions reductions of up to 30% on a Tank-to-Wake basis and 23% on a Well-to-Wake basis compared to conventional marine fuels.”



OF ALL OUR  
**70% CADETS**  
**STILL**  
EMPLOYED  
WITH US



IN 2021  
**RETENTION RATES  
REMAIN HIGH**  
FOR OUR SEAFARERS  
& FOR OUR  
OFFICE STAFF




## FOCUS AREA PEOPLE AND COMMUNITIES

It is our ambition to continue to build a workplace that is both ethical and inclusive, ensuring that our organisation is a place where corporate responsibility pervades all business operations and decisions.

**2021 was a uniquely challenging year. Our employees showed remarkable resilience in response to the COVID19 pandemic, and our main focus was to support them in these uncertain times and keep them and their families safe.**

### EMPLOYEE SATISFACTION AND EXPERIENCE

The satisfaction of our employees begins with ensuring adherence to internationally recognised human rights and labour standards in all our workplaces and by following our internal principles set out in our Code of Business Ethics and Conduct.

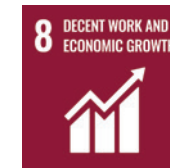
Retention is a crucial and widely recognised indicator of employee satisfaction. Despite a drop in 2021, our retention rate for seafarers and office-based staff remains high.

For seafarers, the drop was due to a planned reduction in the number of positions onboard. In 2021 we adopted the INTERTANKO calculation method resulting in a lower rate relative to prior years where planned headcount reductions were not included.

Retention of office-based staff was also lower. A redundancy process in our London office contributed to the subsequent departure of other members of staff.

Despite this we can still lay claim to consistently high retention rates. This, we believe, is a testament to our robust culture.

“We are guided by our living values and with a culture of strength and support that resides in all areas of CoolCo.”





## WE ARE A LEARNING ORGANISATION

At CoolCo, we recognise that providing opportunities for learning and development allows our team to reach its full, innovative potential ensuring CoolCo's reputation as a learning organisation.

An example of this is our cadet programme that aims to promote career growth for young seafarers by giving them an opportunity to develop the necessary skills to become top CoolCo officers. Since we started the program in 2013, 70% of all our cadets remain in our employment, with some now having reached senior officer positions on our vessels.

## COMMUNITY ENGAGEMENT

Our engagement with community stakeholders is critical to our aim to provide a lasting positive impact wherever we operate.

### Philippines and Indonesia

CoolCo supports the SOS children's villages care program and has also set aside funding to support the families of CoolCo crew impacted by natural disasters in the area on an ongoing basis.

### Norway

For the last three years Golar/CoolCo has been a proud sponsor of the Windjammer Guild. In conjunction with the Christian Radich Foundation (custodians of a Norwegian full-rigged sailing ship) The Windjammer Guild has been helping youth at risk of exclusion and dropout from secondary education to get back on to a path of active participation in professional life.

Dragon Boat Race for Great Ormond Street Hospital, London



## FOCUS AREA GOVERNANCE AND BUSINESS ETHICS

We are committed to the highest standards of governance and ethical conduct in everything we do. We support actions on the key issues in our industry and throughout our supply chain.

**Our board is responsible for the overall leadership of CoolCo and plays an important part in ensuring that we conduct business responsibly and ethically, with a focus on sustainability and strict adherence to all regulations.**

### OUR BOARD

Our Board operates through a governance framework with clear procedures, lines of responsibility and delegated authorities to ensure that our strategy is implemented, and key risks are assessed and managed effectively.

As of 31 August 2022, our board consisted of five members, two of which were independent directors. The percentage of women on our Board was 20%.

### OUR BOARD COMMITTEES

The governance structure adequately differentiates governance and management functions from oversight, control, and strategic definition functions. Our Board takes collective responsibility with the support of a dedicated Audit Committee with committees consisting of non-conflicted board members reviewing any related party matters. Our executive team oversees the day-to-day operational matters and report to the Board on these matters. Our board, Code of Conduct and Audit Committee Charter can be found on our website.

We are always looking for ways to enhance and improve our governance.

### ANTI-BRIBERY AND CORRUPTION

We have zero tolerance for bribery, corruption and other financial crimes and we explicitly prohibit behaviours that are not consistent with fair, respectful and decent business practices. A copy of our Corporate Code of Business Ethics and Conduct can be found on our website.

The Company complies with all applicable anti-bribery and anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and Bermuda Bribery Act.

### SUPPLIERS

We require our suppliers to uphold our Code of Ethical Conduct and our contractual agreements include ethics and compliance clauses covering these requirements. Prior to engaging with suppliers, we conduct risk-based, third-party due diligence on matters relating to ethical conduct including, anti-bribery and corruption, sanctions and trade restrictions, and human and labour rights.

Our ambitions for CoolCo requires adopting a best-in-class ESG policy clearly stating our agenda and targets for the year while providing our stakeholders with a roadmap on how we plan on getting there



## COOLCO'S APPROACH TO COMPLIANCE

We understand that our industry has historically been subject to investigations and ethical concerns, particularly regarding bribery and corruption. This drives our focus on compliance.



- 1 TOP LEVEL COMMITMENT:** Our Code of Conduct and ABC Policy are clear, publicly available, and express our zero-tolerance for breaches of our high standards.
- 2 RISK BASED FOCUS:** Specifically, high risk countries, interactions with government officials, our affiliates and facilitation payments at port calls.
- 3 REGULAR TRAINING:** All staff receive conduct and ABC training on induction. This is supplemented by advanced face-to-face training for those considered to be at higher exposure, and annual refresher training for all staff.
- 4 THIRD PARTY MANAGEMENT:** We require all consultants and agents to sign up to these standards, and all suppliers to sign up to our bespoke Supplier Code of Conduct.
- 5 AUDIT AND COMPLIANCE:** We regularly audit our key controls and procedures, and monitor compliance across the business.

### SPEAK UP

We want our employees, contractors, vendors, third parties and other stakeholders to feel comfortable about speaking up whenever they have any concerns or issues of non-compliance. Therefore, we have a Speak Up Hotline, managed by an external service provider. The Speak Up line acts as a vehicle for employees, third parties and others to report anonymously, without risk of retaliation, potential violations of any of our policies.

Concerns and enquiries can be raised through multiple channels: with line managers or other senior leaders, supporting teams, including human resources, legal, ethics and compliance and through work councils.

### COMPLIANCE WITH LAWS AND REGULATIONS

Our industry is highly regulated under the international laws of the IMO, ship classification rules and others. Our vessels are audited regularly by our customers, Flag States, Class and Port State Control to verify compliance.

In 2021 we did not have any violation of any laws or regulations. Corruption and bribery are industry wide challenges, and we know we cannot address them alone. We are active members of the Maritime Anti-Corruption Network, which aims to eradicate these issues in our sector, and support collaborative action efforts across the world.



**MACN**  
Maritime Anti-Corruption Network

CoolCo is committed to the highest standards of governance and ethical conduct in everything we do. We support action on the key issues in our industry and expect all our staff and anyone working with CoolCo to uphold our high standards.





## APPENDICES

## APPENDIX 1

## KEY FACTS AND FIGURES – COOLCO'S FLEET

**We have identified the data and figures below in order to provide insight, transparency and comparability on what we consider to be our most important ESG topics.**

Where possible, we have aligned our reporting with industry standards to enable comparison, and where industry standards are not available, we use ESG frameworks (for example SASB or GRI) to support our calculation/methodology. In some instances, there is no agreed comparable definition, and therefore in the footnote section we disclose how we have calculated the figure, including the definitions used and, where applicable, which standard we have followed.

The figures relate to the entire CoolCo's fleet, encompassing assets owned and operated by ourselves, and in the case of emissions data, for former affiliates Golar LNG, Golar LNG Partners and Hygo Energy Transition up until April 2021.

We engaged Det Norske Veritas (DNV) to provide limited assurance of **all** 2021 reported data. In 2020 only our emissions data was assured by PricewaterhouseCoopers LLP (PwC). DNV's assurance opinion for all 2021 data can be found on our website alongside our detailed methodology statements.

## General Operation data

| Description                          | Unit   | 2018  | 2019  | 2020  | 2021  | Footnotes |
|--------------------------------------|--------|-------|-------|-------|-------|-----------|
| Total number of vessels in operation | Number | 22    | 23    | 21    | 23    | -         |
| - LNGC                               | Number | 16    | 17    | 15    | 15    | 1         |
| - FSRU                               | Number | 6     | 6     | 6     | 8     | 1         |
| Total number of employees*           | Number | 1,404 | 1,661 | 1,643 | 1489  | -         |
| Office employee                      | Number | 203   | 247   | 240   | 190   | -         |
| Seafarer & offshore staff            | Number | 1,201 | 1,414 | 1,403 | 1,299 | -         |

## Health, Safety and Security\*

| Description  | Unit       | 2018 | 2019 | 2020 | 2021 | Footnotes |
|--|------------|------|------|------|------|-----------|
| Number of serious marine incidents   | Number     | 0    | 0    | 0    | 0    | 2         |
| Fatalities   | Number     | 0    | 0    | 0    | 0    | -         |
| Lost time injury frequency (LTIF)  | Number     | 0.73 | 0.86 | 0.89 | 0.16 | 3         |
| Total recordable case frequency (TRCF)   | Number     | 0.91 | 1.72 | 1.49 | 1.56 | 4         |
| Number of hours per seafarer/ offshore worker spent on safety training in the year | Avrg Hours | 61   | 56   | 53   | 66   | 5         |

\* This includes figures from Golar Hilli operations and management.

## Environment

| Description  | Unit        | 2018      | 2019      | 2020      | 2021    | Footnotes |
|--|-------------|-----------|-----------|-----------|---------|-----------|
| Total Greenhouse Gas emission (CO2) (Scope 1) for LNGC and FSRU                | Metric tons | 1,361,921 | 1,506,884 | 1,557,283 | 991,934 | 6         |
| - LNGC CO2 emissions   | Metric tons | 1,059,217 | 1,071,380 | 1,136,382 | 909,160 | 7         |
| - FSRU CO2 emissions   | Metric tons | 302,704   | 435,504   | 420,901   | 82,774  | 7         |
| Total NOx emission for LNGC and FSRU   | Metric tons | 7,626     | 7,788     | 6,729     | 6,006   | -         |
| - LNGC NOx emissions   | Metric tons | 6,545     | 6,094     | 5,168     | 5,691   | 7         |
| - FSRU NOx emissions   | Metric tons | 1,081     | 1,694     | 1,561     | 315     | 7         |
| Total SOx for all fleet  | Metric tons | 4,043     | 3,782     | 258       | 401     | -         |
| - LNGC SOx emissions   | Metric tons | 3,794     | 3,492     | 240       | 398     | 7         |
| - FSRU SOx emissions   | Metric tons | 249       | 290       | 18        | 3       | 7         |
| Total PM (Particulate Matter) for all fleet                                    | Metric tons | 660       | 648       | 204       | 229     | -         |
| - LNGC PM emissions  | Metric tons | 604       | 578       | 173       | 222     | 7         |
| - FSRU PM emissions  | Metric tons | 56        | 70        | 31        | 7       | 7         |
| Total general and oily waste (hazardous and non hazardous waste) for all fleet | m3          | 3,404     | 4,098     | 2,986     | 2,783   | -         |
| Total general waste for all fleet  | m3          | 1,736     | 1,842     | 1,604     | 1,820   | -         |
| - LNGC general Waste   | m3          | 1,187     | 1,232     | 1,068     | 1,070   | 8         |
| - FSRU general Waste   | m3          | 549       | 610       | 536       | 750     | 8         |
| Total oily waste for all fleet   | m3          | 1,668     | 2,256     | 1,382     | 963     | -         |
| - LNGC oily waste  | m3          | 1,354     | 1,778     | 1,135     | 792     | 9         |
| - FSRU oily waste  | m3          | 314       | 478       | 247       | 171     | 9         |
| Total oil spills for all fleet   | Metric tons | 0         | 0         | 0         | 0       | -         |



Energy efficiency

| Description                                   | Unit       | 2018  | 2019  | 2020  | 2021  | Footnotes |
|---|------------|-------|-------|-------|-------|-----------|
| LNGC % of energy consumed from heavy fuel oil | Percentage | 17%   | 14%   | 0%    | 0%    | 11        |
| FSRU % of energy consumed from heavy fuel oil | Percentage | 4%    | 3%    | 0%    | 0%    | 11        |
| Intensity measure                             |            |       |       |       |       |           |
| LNGC - EEOI                                   |            | 21.74 | 24.74 | 20.88 | 20.44 | 11, 13    |
| LNGC - AER*                                   |            | 9.00  | 9.86  | 8.62  | 8.48  | 11        |
| FSRU - Emission per tonne LNG send out        |            | -     | 0.04  | 0.05  | 0.08  | 11        |

People and community\*\*

| Description                                     | Unit       | 2018   | 2019   | 2020   | 2021   | Footnotes |
|---|------------|--------|--------|--------|--------|-----------|
| Employee Retention Rate (%) for Office staff    | Percentage | 87.29% | 86.05% | 86.20% | 84.96% | 12        |
| Employee Retention Rate (%) for Sea based staff | Percentage | 97.10% | 96.70% | 97.10% | 93.02% | 12        |
| Diversity - Number of nationalities on board    | Number     | 26     | 27     | 30     | 28     | -         |

\* Restated figures. Due to improvements in our data collection and reporting processes, we have restated these figures to facilitate comparison between the reporting years.

\*\* This includes figures from Golar Hilli operations and management

Footnotes

1.

The figures indicate the total vessels operated as a LNGC as at year end.

For emissions we report only for owned vessels. 1st April Golar sold 5 LNGC's and 7 FSRU's to New Fortress Energy. Golar's FSRU was trading as a LNGC in 2021 and her emissions are included in the LNGC's emission figures.
2.

Standard used: SASB "TR-MT-540a.1. Number of marine casualties, percentage classified as very serious" and also the IMO (RESOLUTION MSC.255(84)).
3.

Calculation: LTIs x (1,000,000/ Exposure hours). Standard used: OCIMF standards.
4.

Calculation: (LTIs + Restricted Work Cases (RWCs) + Medical Treatment Cases (MTCs)) x (1,000,000/ Exposure hours).Standard used: OCIMF standards.
5.

Calculation: (hours spent on safety training)/ number of offshore workers.

The number of hours spent on safety training are based on the recommended amount of hours to complete the training module and includes both mandatory and non-mandatory training per year. An average will be calculated where training modules have to be repeated every few years.
6.

Scope 1 emissions are direct emissions and Scope 2 are indirect emissions. We report only on Scope 1 emissions as Scope 2 would only be emissions from our offices as we do not purchase any electricity, steam, heat, or cooling for use by any of our fleet (LNGC, FSRUs or FLNGs). Therefore, our Scope 2 figure is highly immaterial compared to our operations.
7.

Our emissions figures, including GHG emissions and other air emissions, are based on fuel consumption. A detailed description of our calculation and methodology used can be seen in our Methodology statement ("CoolCo LNG methodology statement"), located on our **website**.

Conversion factors used: Third IMO GHG Study 2014 – final.
8.

The sum of all waste generated throughout the reporting year which falls under the "general waste" type category within the MARPOL standards.
9.

The sum of all waste generated throughout the reporting year which falls under the "Oily waste" type category within the MARPOL standards.
10.

Calculation: Total HFO energy consumed/ Total energy consumed.
11.

Calculations:

  - Energy Efficiency Operational Indicator (EEOI)= Annual average CO2 emissions per transport work (volume) [g CO2 / (MT x miles)].
  - Standard used = IMO Calculation MEPC.1/ Circ684
  - Average Efficiency Ratio ("AER") = CO2 emissions divided by design deadweight of the vessels multiplied by distance travelled.
  - Standard used = Fourth IMO GHG Study 2020
  - FSRU – Emission per tonne LNG send out = Total CO2 emissions divided by total LNG sent out ("production"). We only included the vessels that operated as FSRUs and excluded vessels that operated as FSUs during the reporting period.

A detailed description of our calculation and methodology used can be seen in our Methodology statement ("CoolCo methodology statement"), located on our **website**.

NOTE: The historical AER factor has been updated due to correction in deadweight for Golar Kelvin and Golar Glacier.
12.

Calculated based on the INTERTANKO methodology which is set out by the TMSA. The calculation takes into account all terminations excluding unavoidable (retirements or long-term illness) and beneficial (staff whose departure benefits the company, e.g. under-performers) terminations divided by the average number of employees working for the company during the same period
13.

We have updated the standards that we use to calculate our EEOI during this reporting year. Previously we followed EU MRV guidance but are now applying IMO guidance. The difference between the calculation is the unit in which you measure transport work (M3 vs MT). We have restated our 2019 figure.

We have robust internal reporting procedures in place to ensure the fleet is routinely scored against key environmental indicators. This data is regularly shared with our Environmental Committee and shapes our overarching strategy.



APPENDIX 2

# CLIMATE RELATED RISKS AND OPPORTUNITIES

**We support the aims of the Taskforce for Climate-related Financial Disclosures (“TCFD”) to improve the transparency and reporting of climate related risks and opportunities.** We are working towards full disclosure in line with the TCFD requirements, and relevant disclosures can be found throughout our report, specifically:

- **Governance** – ESG governance and materiality section
- **Strategy** – Our sustainability strategy and Climate and LNG

- **Risk management** – ESG governance and materiality section, and the risks and opportunities outlined in this Appendix
- **Metrics and targets** – Our ambitions, focus areas and Appendix 1 Key Facts and Figures

As recommended by the TCFD, the following section outlines potential climate related risks and opportunities that we identified for our business.

**Risks**

The TCFD divides climate risks into two categories, physical and transition risks, both of which are addressed below;

**Physical risks** The potential risks related to the physical impacts of climate change.

We have identified 3 main physical climate risks with the potential to significantly effect the performance of our assets, namely:

- Increased severe weather events, causing operational downtime or damage
- Increased sea temperatures leading to reduced efficiency, and

- Increased air temperatures leading to reduced efficiency.

Our assets and vessels are designed according to current regulations to withstand extreme environmental conditions. For our permanently moored assets (FLNGs and FSRUs) detailed assessments have been performed to identify possible conditions over the course of the contract life, ensuring that our vessels can operate under those conditions.

**Transition risks** Potential risks related to the transition to a lower carbon economy.

OUR ASSETS AND VESSELS ARE DESIGNED TO WITHSTAND EXTREME ENVIRONMENTAL CONDITIONS

**Opportunities**

| Topic                 | Brief opportunity description   | Impact on our business, strategy and/or financials   |
|-----------------------|---|--|
| ENERGY TRANSITION     | • The energy transition, in terms of reducing emissions whilst meeting rising demand, results in greater demand for natural gas to replace other more polluting fossil fuels in power, transportation and industrial use. | • Increase in demand and LNG prices, resulting in increased shipping revenue and infrastructure returns.   |
|                       | • Integration of sustainability in our strategy, operations and reporting supports the energy transition.   | • Increased access to capital and other reputational benefits through stronger stakeholder relationships.  |
| MARKETS               | • Growth in markets for LNG, with more countries importing gas to provide cheaper and cleaner energy.   | • Increased shipping rates leading to increased revenue.   |
| PRODUCTS AND SERVICES | • Deliver maritime infrastructure to support the development of alternative fuels, such as hydrogen and ammonia, by applying our skills, experiences and track record of innovation.                                      | • Growth opportunities, increased access to capital and reputational benefits.   |
|                       |   | • Supporting increased growth in LNG through reduction of upstream emissions leading to increased demand and therefore higher shipping rates and infrastructure returns.                 |
| RESOURCE EFFICIENCY   | • Reduced energy usage / retainage through engaging with charterers and wider industry drive towards greater efficiency.  | • Reduced operating costs, increase in operational efficiencies and reduced gap between the efficiency of current assets and new technology ultimately leading to greater profitability. |
| TECHNOLOGY            | • Improvements in shipping efficiency.  | • Reduction in operational costs.  |

| Topic          | Brief risk description   | Impact on our business, strategy and/or financials  |
|----------------|--|---|
| POLICY & LEGAL | • Increased environmental regulations which our existing infrastructure and new projects would need to comply with.  | • Increased project development costs and operating costs to ensure compliance in obtaining and maintaining permits.                              |
|                | • Government policy changes, such as carbon policies and regulations and subsidies for low carbon or renewable energy sources, effects the attractiveness and cost competitiveness of LNG. | • Increased administration and compliance costs.  |
|                | • Enhanced ESG and climate related reporting obligations.  | • Higher costs for LNG and reduced global demand leading to lower shipping rates, infrastructure returns and opportunities for growth.            |
| MARKET         | • Enhanced ESG and climate related reporting obligations.  | • Increased admin and compliance cost.  |
|                | • Changing consumer preferences leading to reduction in global LNG demand.   | • Reduced global LNG demand leading to lower shipping rates and reduced opportunities for future infrastructure projects.                         |
| REPUTATIONAL   | • Uncertainty in the balance of LNG supply and demand leads to increasing volatility in energy prices.   | • Reduced global LNG demand leading to lower shipping rates and reduced opportunities for future infrastructure projects.                         |
|                | • Stigmatisation of the LNG industry as part of the fossil fuel sector.  | • Increased volatility in shipping rates leads to increased seasonality in revenue and greater challenges in obtaining market rates consistently. |
| TECHNOLOGY     | • Negative stakeholder feedback on CoolCo and its contribution to the LNG supply chain.  | • Uncertainty in energy prices and LNG demand could lead to delays in investment decisions on new gas projects.                                   |
|                | • Technological advancements leading to market share of low carbon and renewable energy sources exceeding current expectations and models.   | • Challenges in obtaining financing for new projects or re-financing existing debt.   |
|                | • CoolCo infrastructure and ships become technologically obsolete through competitors improving performance or through CoolCo investing in the “wrong” technology.                         | • Challenge to social right to operate and the ability to attract and retain talent. Increased cost of capital and reduced revenue.               |



“We are committed to being a responsible operator. This means transparently assessing our environmental impact and taking action to improve energy efficiency and minimising our environmental footprint.”



We value your feedback. You  
can email our corporate reporting  
team at [ir@coolcoltd.com](mailto:ir@coolcoltd.com)

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**Cool Company Management Limited**

5th Floor,  
7 Clarges Street,  
London, W1J 8AE,  
United Kingdom