



Fred.Olsen Cruise Lines

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT 2021



ESG REPORT . 2021

INDEX

INTRODUCTION

- 03 Welcome letter
- 04 Sustainability Performance
- 05 About the report
- 06 Reporting History
- 06 Information Integrity
- 06 Terminology
- 06 About Fred. Olsen Cruise Lines Ltd
- 06 Business Strategy
- 06 Our Vision
- 07 The Olsen Way
- 09 Our Values
- 10 Materiality Assessment

11 GOVERNANCE

- 12 Company Composition
- 12 Leadership Team
- 13 Business Context
- 13 UK Taxonomy
- 14 Our Activities
- 15 Audits
- 16 Ethical Trading
- 17 Suppliers
- 18 Flag/Class Engagement
- 19 Guests
- 20 Guest Feedback
- 20 Passenger bill of rights
- 21 Fair Employment
- 22 Grievances
- 23 Risk & Opportunity
- 24 Strategic Planning

25 PLANET

- 25 Task force on Climate-related activities
- 26 Climate Risk Assessment
- 27 Climate Opportunity Assessment
- 28 Activities
- 29 Environment
- 30 Green House Gass Emissions
- 31 Scope 1, 2 &3
- 32 Waste Management
- 33 Fuel Management
- 34 Nature Loss
- 35 Ballast Water Management
- 36 Biofouling
- 37 Fresh water availability
- 38 Spills

39 PEOPLE

- 39 Business context
- 40 COVID-19
- 41 Crew Satisfaction
- 42 Community impact
- 43 Charity work
- 44 Performance

47 PROSPERITY

- 47 Business context
- 48 Tax
- 49 Activities
- 50 The Way Forward

INDICATORS & KPIs

52

GLOSSARY

55



WELCOME

As I write this today, I am proud to be doing so having ships sailing again. 2021 was a milestone year for us, not only as we resumed sailing after the first pause in our history, but because we launched with the addition of two new ships to our fleet.

We used our pause in operations to develop a better long-term foundation. Through the acquisition of two ships we continue to focus on brand cultural and product development that creates an environment that offers our guests the very best experience pre, during and post cruise. I am pleased with the progress so far and look forward to our onward journey to create a first-class small ship cruising experience.

We are working towards embracing technological advances including use of the shore power systems (fitted on our two new vessels) as well as imaginative itinerary planning and waste management technologies. At the same time, our new ships have brought a host of new and fantastic facilities for our guests, evolving our on-board experience for years to come.

In 2021 we welcomed our shoreside teams back to an extended and newly refurbished office. Operating with an Energy Efficiency rating of A with a solar-panelled roof we have the space to grow and thrive as a local, but global, Suffolk business. We have already started to recruit again, and I am really pleased to have been able to welcome some new members to the team in 2021, keeping us on the map as a reputable local employer. We offer a number of benefits to our team members, including subsidised gym memberships and cycle-to-work schemes, and continue to have Modeshift Stars accreditation for our efforts in promoting more sustainable forms of travel within our teams.

Of course, a lot of the focus and resource was around making sure our return to service was a safe one, for our guests and crew alike, and I am really proud of the way the industry all came together to build a framework with our Government to make this happen. In addition, Lloyd's Register, an independent body, verify all of our on-board health and hygiene measures by applying its SHIELD Descriptive Notation.

The world of travel has seen a lot of change in the past 12 months, and we continue to develop our policies and our communications so that our guests can feel confident in sailing with us.



Peter Deer, MD

SUSTAINABILITY AT A GLANCE

GOVERNANCE

Internal Audit Findings

Shoreside	Fleet	Manning Agent
13	32	14

External Audit Findings

Shoreside	Fleet	Manning Agent
8	10	0

Port State Findings

Raised in conjunction with the recertification process for <i>Bolette</i> and <i>Borealis</i>	34
-----------------------------------------------------------------------------------------------	----

PLANET

GHG Emissions

Scope 1 CO2 (tonnes)	102,382.31
Scope 2 CO2 (tonnes)	72.42
Scope 3 CO2 (tonnes)	-

Fuel Consumption

Fuel (tonnes)	26,790.60
---------------	-----------

PEOPLE

Health & Safety Performance

Lost Time events per million work hours	Hours of work lost due to crew accidents
LTI rate for 2021 – 1.334	Lost hours during 2021 – 471
Total LTI Events – 11 (LTI Event is greater than 10 hours)	Total Reported Events – 37

Company Diversity

Subject	Count	
Male/Female count of crew on-board	1,649 Male	338 Female
Male/Female count for shore based operation	53 Male	124 Female
Male/Female count combined	1,702 (78.6%)	462 (21.4%)
Nationalities on board	33 nationalities	4 continents

Board – gender composition	62% Male	38% Female
Leadership Team – gender composition	50% Male	50% Female

ABOUT THIS REPORT

This report is based on the World Economic Forum (WEF) framework. It provides a general description of the company, business context, activities, and performance in 2021 for the areas 'Governance', 'Planet', 'People' and 'Prosperity'."

It covers and prioritises information on the basis of relevance to Fred. Olsen Cruise Lines Limited and an open and inclusive approach to our stakeholders. The information in this ESG Report includes significant actions or events in the reporting period, and it does not intentionally exclude relevant information that would influence or inform stakeholder assessments or decisions or that would reflect significant economic, environmental or social impacts.

This report is part of our initiative to better understand our impacts, to improve our performance wherever possible and to maximise the benefits of our activities where appropriate, with the aim of managing our company for long-term sustainability. It specifically focuses on data for 2021 (January 1 2021 – December 31 2021), unless otherwise noted. All references to money are highlighted with the respective national currency indicator. We work closely with key stakeholders to address operational issues and where relevant the wider cruise industry.

Our stakeholders are diverse and include:

INTERNAL

- The Board
- Directors & Senior Management Team
- Technical Managers (Fred. Olsen Cruise Technical - FOCT)
- Safety & Security Manager
- On-Board Senior Management
- Responsible Persons (relevant to SQM content)
- All On-Board Crew
- All Shoreside Employees

EXTERNAL

- Flag State – Bahamas Maritime Authority
- Port States – Relevant to all cruise destinations
- Classification Society – DNV / Lloyds
- CLIA – Cruise Lines International Association
- UK Chamber of Shipping
- Guests (Passengers)
- External suppliers, to include:
 - Port Services
 - Bunker Services
 - Contract Maintenance Suppliers (Dry Dock)
 - Public Health Bodies
 - Safety Equipment Providers
 - Security Equipment Providers
 - Manning Agents
 - Human Resources (Shore Based)
 - IT Services (Shore Based)

REPORTING HISTORY

This report is published annually, the first report being published in 2020.

INFORMATION INTEGRITY

Information provided in this report was compiled in management systems, extracted from databases and verified by our management for accuracy. We believe this information fairly represents our corporate responsibility activities and performance results for the reporting period. Information relating to Greenhouse Gas (GHG) Emissions Inventory and GHG Assertion is annually verified by DNV or Lloyd's Register. Throughout the report we've included links to helpful information that is available on the Fred. Olsen Cruise Lines Limited website.

TERMINOLOGY

In this report we attempt to avoid the use of industry jargon and provide definitions for terms that aren't commonly used outside of our industry. Select definitions can be found in the Glossary.

ABOUT US

Fred. Olsen Cruise Lines Limited have a fleet of four ships that operate worldwide. Our client base is drawn mainly from the UK markets catering for guests that recognise and appreciate smaller ships, and an experience on-board that is uncrowded, warm and civilised - treating passengers as guests, like the family-run business we are.

For more details on who we are, or product and locations we visit throughout the world please select the following link [Fred. Olsen Cruise Lines Limited](#)

OUR VISION

To make Fred. Olsen Cruise Lines famous as the first choice for smaller ship cruising from the UK.



WELCOME TO THE OLSEN WAY

In recent years, we have seen a new era emerging in cruising.

There is a trend for everything to get bigger and busier, and for a cruise to be seen as an alternative to a large luxury resort, with a limitless flurry of activity.

But this is not for us.

We believe there is another way to cruise.
A way that is based on five generations of seafaring.

Where cabins are called cabins, and ships look like ships.

Where the journey is as important as the destination.

In our world, smaller is better and we believe in keeping the experience on board uncrowded, warm and civilised – treating passengers as guests, like the family-run business we are.

It would be easy to follow the trends and go with the crowds.

But we never will.

Because this is our way, The Olsen Way.



WHAT MAKES US DIFFERENT



1. WE ARE PROUD TO SAIL OUR OWN COURSE

We are free to do things a different way because we are family-run. Of course some people enjoy the bigger, busier cruises, but it is not for everyone, and it is not for us. We prefer to do things 'The Olsen Way'.



3. HAND-CRAFTED, NOT MASS PRODUCED

We pride ourselves on putting our all into the Fred. Olsen cruise experience. Our itineraries are created from scratch every year, our service is genuinely personal and each and every area of our ships is designed by hand.



2. SMALLER IS BETTER

We have fewer guests, so the atmosphere on board our ships is always warm and civilised. Our smaller ships allow us to visit the more interesting places that the world has to offer.



4. IT'S ALL ABOUT THE PEOPLE. ALL OF IT. EVERYTHING

There are certain things that can only happen when people put genuine care and positivity into what they do. We believe that you can have all the equipment in the world, but in the end, it all comes down to the people.



5. WE ARE TRAVELLERS MORE THAN TOURISTS

Our way is about creating experiences that attract like-minded travel enthusiasts, people as excited to engage with the wonders of the world as we are.



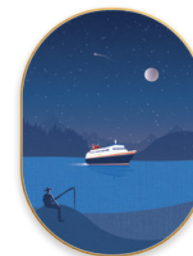
7. MARITIME IS IN OUR DNA

The Olsen family has been sailing for nearly 200 years and we will never lose sight of our love for the sea. That's why we will always choose to sail ships that look like ships rather than hotels or holiday resorts.



9. WE DESIGN EVERYTHING WITH ELEGANCE, SIMPLICITY AND ATTENTION TO DETAIL

Linen, not cotton. Leather, not plastic; our focus is always on quality, and our ships are genuinely loved by us, with every detail closely considered and constantly reviewed.



6. WE BELIEVE IN THE JOY OF THE JOURNEY

We believe the purpose of a cruise is to experience the wonders of the world, by always looking out, not facing in.



8. WE TRAVEL RESPECTFULLY

We have great respect for the natural world and the diverse cultures of the places we visit. We run smaller ships, so we travel lightly rather than overwhelm the beauty or local people of our destinations.



10. "I DET BESTE SELSKAP", IN THE BEST OF COMPANY

There's a phrase in our native Norwegian, 'I det beste selskap' which means, 'in the best of company'. Our guests are like-minded, our crew genuinely friendly and we are very proud to say that as a result of all of this we have more returning guests than any other cruise line.

OUR VALUES

WE ARE CARING

We trust and care for each other, our guests and the environment.

WE ARE POSITIVE

We live and share a positive attitude.

WE ARE REAL

We are always ourselves and respect others.

WE ARE A TEAM

We are more than a team; we are a family.



MATERIALITY ASSESSMENT

FOCL materiality assessment seeks to identify which ESG topics are material for the company to report on. Conducting a materiality assessment is therefore important to ensure that the right kind and amount of information is disclosed. The assessment is also an important foundation for a company's resource allocation and contributes to the strategic work of the company.

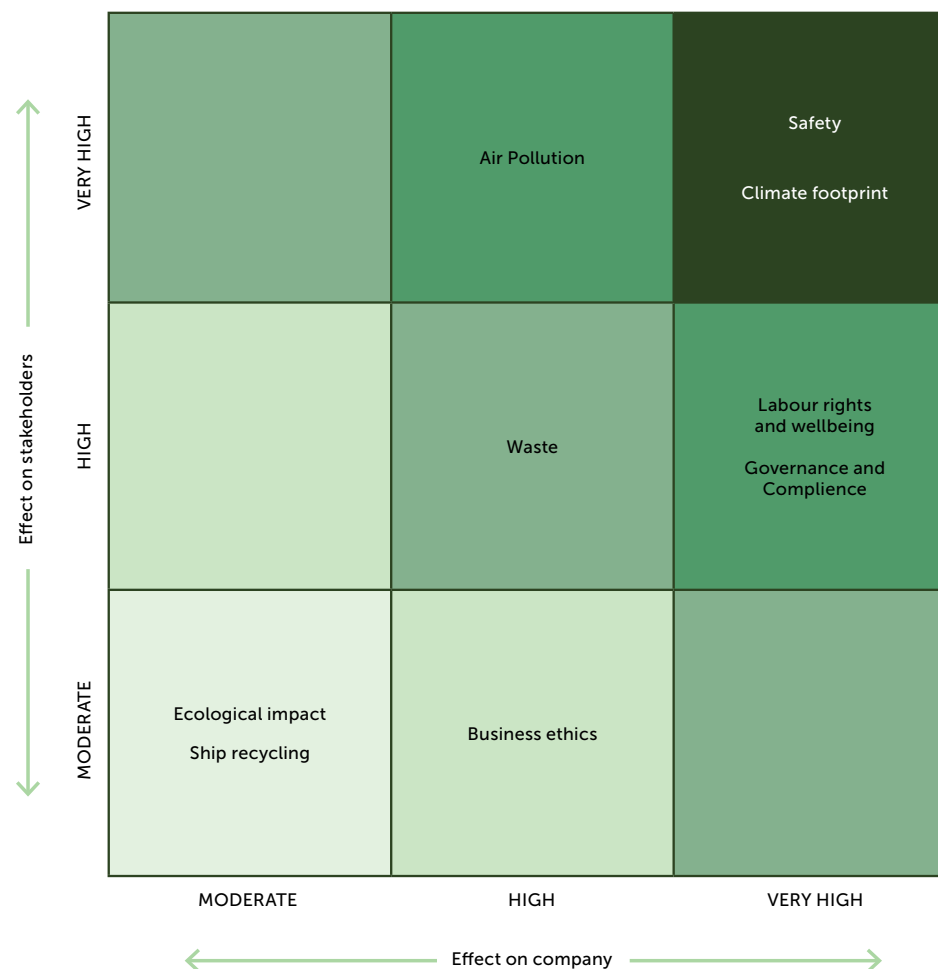
The assessment considers the level of materiality of a topic against two parameters; Impact on the company's own value creation, and Impact on external stakeholders.

Material/materiality in this context is defined as "a matter is material if it could substantively affect the organisations ability to create value in the short, medium or long term". Value in this context is defined as "the value created, preserved or eroded for an organisation (and its providers of financial capital) is inextricably linked to other stakeholders, society and the natural environment".

The following topics are considered as 'material'

Environment	Social	Governance
CO2 emissions GHG emissions • Scope 1 emission • Scope 2 emission • Scope 3 emission Hazardous waste Sludge Oily water General waste Food waste Spills to sea Discharge to sea (bilge) Discharge to sea (grey water) Ship recycling	Fatalities Lost time incidents Medical treatment cases First aid cases Sick leave Diversity (men/women) Diversity (country of origin) Diversity (age) Labour rights Child labour Discrimination/harassment Mental health	Corruption Bribes Facilitation payments Policies and targets Compliance Deficiencies Detention

The material topics are consolidated and rated according to our assessed importance to stakeholders and impact on business as indicated:



GOVERNANCE, PLANET, PEOPLE & PROSPERITY



GOVERNANCE

COMPANY COMPOSITION

Borealis Cruise Limited
Balmoral Cruise Limited
Fred. Olsen Cruise Lines Limited

Bolette Cruise Limited
Fred. Olsen House (JV) Limited
First Olsen (Holdings) Limited

LEADERSHIP TEAM



PETER DEER
Managing Director



THOMAS RENNESLAND
Hotel Operation Director



CLARE WARD
Product and Customer
Service Director



JACKIE MARTIN
Sales & Marketing
Director



STUART FERGUSON
Head of Quality
and Resources



CLAIRE WRIGHT
Head of Finance



DAMON IMPETT
Director of IT



SUSANNA FROST
Chief Human Resources Officer

BUSINESS CONTEXT

Fred. Olsen Cruise Lines continually strives for the highest level of compliance within the industry we are proud to be part of. Compliance ensures we both meet the minimum requirements set by the industry governing bodies and the higher standards we expect of ourselves.

UK TAXONOMY

The UK Government has established an independent group Green Technical Advisory Group (GTAG) to oversee the Government's delivery of a "Green Taxonomy" – a common framework setting the bar for investments that can be defined as environmentally sustainable.

The Green Taxonomy will help clamp down on greenwashing – unsubstantiated or exaggerated claims that an investment is environmentally friendly – and make it easier for investors and consumers to understand how a firm is impacting the environment. FOCL will comply with any future reporting requirements in line with recommendations and resulting legislation.



OUR ACTIVITIES

Due to the unprecedented situation arising from the worldwide COVID-19 pandemic, normal operations were suspended in Qtr. 1 2020 resulting in the fleet sailing back to the UK for an extended period of non-operation. FOCL worked in conjunction with relevant UK and International government bodies to ensure all guests and non-essential crew were repatriated to their home countries with as minimal disruption as possible and with strict COVID-19 health protection measures in mind.

Where non-essential crew were not able to immediately return home, FOCL offered a place of refuge on-board a Fred. Olsen ship until travel restrictions eased and homeward flight plans could be arranged.

Throughout 2020 the Fred. Olsen Cruise Lines fleet remained in Port Babcock (Rosyth – Scotland) where planned maintenance and refurbishment activities were conducted.

In preparation for a return to service, the Company worked closely with industry and Government bodies to establish a framework of documents that enabled a review of the Safety Management System. Resulting policy and guidance was published covering guest, crew and operational safety matters.

During this period we sold Boudicca and Black Watch and replaced them with two new ships Bolette and Borealis. Both ships were rebranded with the Fred. Olsen livery and maintained in line with Flag and Classification requirements.



AUDITS

Internal / External audits have been conducted in line with the fleets return to operations. The scope of internal and external audits is to assess compliance with our Safety & Quality Management System (SQM), the ISM, ISPS codes and MLC 2006 convention (for effectiveness of shoreside and shipboard operations determined by policy and procedures referenced in SQM) and other relevant international, Flag, Class and Port State requirements.

INTERNAL AUDIT FINDINGS

	2019	2020	2021
Shoreside	17	0	13 ¹
Fleet	28	0	32 ¹
Manning Agent	0	1	14 ¹

¹ FOCL continue to be critical of all on-board and shoreside operations to help ensure the highest standards of compliance are maintained.

EXTERNAL AUDIT NON-CONFORMANCES

	2019	2020	2021
Shoreside	7	0	8 ²
Fleet	0	0	10 ²
Manning Agent	3	2	0

² Includes Observations and Opportunities for Improvement

ETHICAL TRADING

At Fred. Olsen Cruise Lines Ltd we believe strongly in ethical principles and good stewardship. We recognise that our ethical and social performance and reputation is a key part of our overall commercial success. Our Ethical Trading Policy covers several key areas, these are:

- Employees
- Customers
- Suppliers
- Transparency
- Ethical Trading Code
 - No forced, bonded or involuntary labour shall be used
 - Child labour shall not be used
 - Working conditions are safe and hygienic
 - Remuneration and working hours
 - No discrimination is practised
 - No harassment, threats, abuse or intimidation shall be practised
 - Entitlement to work

A full copy of our Ethical Trading policy can be viewed [here](#)



SUPPLIERS

The Company considers a supplier to be an external party that provided goods or services to Fred. Olsen Cruise Lines, which have a direct impact on either the safe operation of our fleet or guest's experience pre-, during- and post cruise. These services may fall within the scope of, but are not exclusive to, the following areas of the business:

- Hotel Operations
- Operations (Technical and Non-Technical)
- Sales and Marketing
- Finance
- Information Technology
- Human Resources

Suppliers may be approved based on the following criteria:

1. Supplier holds a valid ISO or equivalent certificate;
2. Supplier has been audited with a positive result by Fred. Olsen Cruise Lines;
3. Supplier can document to have been audited with a positive result by others;
4. Supplier is well known to Fred. Olsen Cruise Lines and has made deliveries/provided services to our satisfaction over a period of time;
5. Supplier is recommended by others within the business.



FLAG/CLASS ENGAGEMENT

We are proud of the relationship we hold with both our Flag and Classification Societies, this relationship has been formed over many years of open conversation and a level of transparency in all areas of operation. With the purchase of Bolette and Borealis we now look forward to continuing a healthy and professional working relationship with Flag and Class for our two newer ships.

Throughout 2021, our communications and excellent working relationships with both Flag and Class has helped us navigate through the ongoing COVID-19 pandemic, a partial return to operations and, continued compliance with regulatory requirement standards.



GUESTS

EVOLVING PROTOCOLS

Fred. Olsen Cruise Lines Limited has been working very closely with various government departments, including Department for Transport, Public Health England, CLIA (our industry body) and the UK Chamber of Shipping to develop a robust framework of protocols ready for our return to cruising. We resumed sailing in the summer of 2021 with our two new ships, Bolette and Borealis, and have continued to work closely with the UK Government to develop and evolve our protocols so that our we continue to offer a safe and enjoyable environment for all on board.

FRED. OLSEN'S ENJOYMENT PROMISE

We are confident that all of our guests will enjoy their time on board with us. So much so that we have our 'Enjoyment Promise', whereby if anyone finds the experience is not for them within 48 hours of their cruise setting sail, we promise to arrange and pay for a flight back to the UK from the next available port, and will reimburse the cost of the cruise. This is available on cruises of five nights or more, when booked more than 12 weeks in advance.

[FIND OUT MORE](#)



GUESTS FEEDBACK

Feedback from our guests is the most important and valuable insight we receive, helping us to ensure that our attentive staff, crews and expertly crafted itineraries provide a holiday of a lifetime. This is why we encourage our guests to provide open, honest reviews about all aspects of each cruise we operate, via our customer survey process.

We rate very highly on FEEFO. Follow the below link to our website to see some of the comments we've received from guests who have cruised on our ocean fleet: Bolette, Borealis, Balmoral and Braemar.

FIND OUT MORE

PASSENGER BILL OF RIGHTS

FOCL are members of the Cruise Lines International Association (CLIA) who are dedicated to the comfort and care of all passengers on oceangoing cruises throughout the world. To fulfil this commitment, FOCL have agreed to adopt the following set of [passenger rights](#).



FAIR EMPLOYMENT

In keeping with our commitment to integrity, honesty, and high ethical standards, we follow the complex employment laws and regulations that apply to our shore based and on-board operations, including all of the provisions of the International Maritime Organization Conventions. (IMO and ILO) and Flag Administration regulations in effect for seafarers.

We also recognise our employees' rights to freedom of association and participation in collective bargaining. 100% of our shipboard employees are covered by collective bargaining agreements.

Our longstanding policy is to afford equal opportunity for employment to all individuals regardless of race, creed, colour, religion, national origin, gender, sexual orientation, gender identity or expression, age, or marital status.

We aim to provide a fair and ethical workplace to all employees. We require all of our employees to complete our Code of Conduct and Ethics training, which serves as a guide to ethical business conduct and covers a wide range of business practices and procedures including employee responsibilities, anticorruption, and conflict of interest. Our employees also receive training on how to recognize and report misconduct. We encourage all employees to report concerns immediately to their direct supervisor, the Marine Personnel Manager, or the DPA. We follow a policy of "See something, Say something." Our policy safeguards employees from retaliation when they make a report in good faith. Employees may make a report anonymously online or by direct communications with an internal or external representative.

We don't specifically reference the term 'whistle-blower' within any internal documentation however all employees both on-board and shoreside are made aware of their rights with regards raising concerns or raising a complaint.

SEAFARERS

- As per ISM 4 Designated Person(s), all crew are made aware of and required to understand the role of the DPA with specific focus on raising concerns about safety and pollution prevention
- As per MLC 2006 5.1.5 On-Board Complaints Procedure all crew are given and/or have access to:
 - An on-board complaint procedure that allows for fair, effective and expeditious handling of seafarers complaints
 - A copy of the on-board complains procedure
 - Contact details of the competent authority of the Flag State and their country of residence
 - The name of a person on-board the ship who can offer impartial advice and assistance on their complaint

SHORESIDE EMPLOYEES

- Access to Human Resources department where impartial and confidential support can be offered
- Access to grievance procedures via Company online portal

GRIEVANCES

We occasionally receive grievances about labour practices, human rights, impacts on society, climate and environmental impacts, guest privacy and guest relations. A grievance may come direct from the person (Guest or Crew) involved or may come through a third party; where the person has gone to a regulatory body with the initial grievance. We evaluate all grievances and try to complete their evaluation within a reasonable timeframe based on circumstances and legal complexity.

Grievances	2021	2020	2019
DPA	3	0	0
Unions	1	0	0
Flag	0	0	1



RISK & OPPORTUNITY OVERSIGHT

Fred. Olsen Cruise Lines maintain a risk and opportunity register to assist in highlighting known areas of concern that are relevant to the continued growth and prosperity of the Company. The content with the register considers the following points:

- Provide assurance that the Company and quality management system can achieve the intended results
- Enhance and improve the growth and prosperity of the Company
- Reduce or prevent undesirable events, occurrences
- Prepare the Company for undesirable events, occurrences
- Achieve improvement

The register considers the following categorisations to be relevant:

- Emergency Preparedness
- Financial
- Information technology
- Legal
- Political
- Resources
- Technical Management

ISSUE PRIORITY MATRIX

Severity	Likelihood			
	1	2	3	4
	Highly Unlikely	Unlikely	Reasonably Possible	Probable
5 (Major)	5	10	15	20
4 (High)	4	8	12	16
3 (Moderate)	3	6	9	12
2 (Minor)	2	4	6	8
1 (Insignificant)	1	2	3	4

The register is reviewed both periodically and annually to ensure the subject matter remains dynamic and reactive to current situations while maintaining a formal review process that allows for strategic planning for the year ahead.

C:	Critical risk; immediate action required
H:	High risk; senior management attention needed
M:	Moderate risk; management response must be specific
L:	Low risk; manage by routine procedures

STRATEGIC PLANNING EXAMPLES

COVID-19 Management Planning – EU Health gateways / COVID policies, engagement with Industry bodies.

During the pandemic the Operational parts of the Company worked closely with cross Industry and Governmental bodies taking leading decisions to direct the content of the EU Healthy Gateways and Chamber Framework document.

Innovative solutions to the problems that presented were established and completed such as the appointment of Balmoral as a recognised Managed Quarantine Facility providing a safe quarantine environment for joining and repatriating crew and providing the Scottish Government with an operational MQF.

A comprehensive introduction to the Safety Management System identifying, risk assessing and enforcing 'COVID Secure' protocols to facilitate the return to service and safe operation of the vessel was published and remains under continual review to encompass ongoing challenges.



PLANET

TASK FORCE ON CLIMATE RELATED ACTIVITIES

The 'Task Force on Climate-related Financial Disclosures' (TCFD) is a set of disclosure recommendations intended to help companies to provide information needed to appropriately assess and price climate-related risks and opportunities. The TCFD recommendations were published in 2017 and the UK is the first country to require large companies to disclose climate related financial data from April 2022.

Although our business does not fall with the scope of mandatory reporting we acknowledge that our operations have an impact on the world in which we operate. We therefore commit to working within the scope of TCFD recommendations.

Climate Risk Assessment

Time horizon: Short = 0 – 3 years,
Medium = 3 – 10 years, Long = >10 years
Financial impact: Low = 0 – 500 000£,
Medium = 500 000£ - 1 million £,
High = > 1 million £

	Risk area:	Description (What can happen?)	Risk treatment: (Actions to reduce, mitigate or eliminate risks)	Time horizon	Financial impact
1	Cost of GHG emission and reporting obligations Policy and legal (transition risk)	<ul style="list-style-type: none"> Increased pricing of GHG emission could lead to increased operations / project cost Enhanced emissions-reporting obligations could lead to deviation towards customer expectations / deviation towards authorities resulting in loss of project opportunities / reputation loss 	<ul style="list-style-type: none"> Investment in greener technology Focussed itinerary planning Training for employees Targeted performance evaluation Assess need for additional resources 	Short	High
2	Lower emission technology Technology (transition risk)	<ul style="list-style-type: none"> Unsuccessful investment in new technology could lead to falling behind competitors, resulting in loss of market share Cost to transition to lower emission technology may lead to increased operational/project costs 	<ul style="list-style-type: none"> Continued senior management focus on new / developing technologies Management review and assessment of projects Periodic assessment of operation costs 	Medium	High
3	Raw material Market (transition risk)	<ul style="list-style-type: none"> Increased cost of raw materials could lead to increased operational cost 	<ul style="list-style-type: none"> Management focus on operation costs Review of reports detailing operational costs Assessment of supplier related performance 	Medium	Medium
4	Extreme weather Acute (physical risk)	<ul style="list-style-type: none"> Increased severity of extreme weather events such as tropical storms will impact on itineraries and guest experience Safety issues for guests, crew and assets 	<ul style="list-style-type: none"> Focussed itinerary planning taking into account known / predicted weather patterns Contingency planning 	Long	High
5	Precipitation patterns and rising sea levels Acute (physical risks)	<ul style="list-style-type: none"> Changes in precipitation patterns and rising sea levels will change the geography of cruising locations Infrastructure to accommodate cruise ships may not be available Rising sea levels may damage infrastructure 	<ul style="list-style-type: none"> FOCL will adapt to a 'new' cruising market 	Long	Low

CLIMATE OPPORTUNITY ASSESSMENT

	Opportunity area:	Desirable effects:	Strategy	Time horizon	Financial impact
1	Resource efficiency	<ul style="list-style-type: none"> Use of more efficient modes of transportation may result in reduced operational costs 	<ul style="list-style-type: none"> Monitor available technologies and where financially possible implement 	Short	Low
2	Energy source and new technology	<ul style="list-style-type: none"> Use of lower-emission sources of energy and new technology may lead to reduced exposure to future fossil fuel price increases, reduced exposure to GHG emissions and therefore less sensitive to changes in cost of carbon, returns on investment in low-emission technology, increased capital availability (investors favour lower-emissions producers) and reputational benefits resulting in increased demand for services 	<ul style="list-style-type: none"> Monitor available technologies and where financially possible implement 	Medium	Medium
3	Access to increased market	<ul style="list-style-type: none"> Access to increased market may result in increased revenues and growth for the Company 	<ul style="list-style-type: none"> Continually monitor global cruise/port infrastructure and assess future cruise itineraries accordingly 	Medium	High

Time horizon: Short = 0 – 3 years, Medium = 3 – 10 years, Long = >10 years

Financial impact: Low = 0 – s500 000, Medium = s500 000 - s1 million, High = > s1 million

CLIMATE OPPORTUNITY ASSESSMENT

The opportunities and risks are considered and then rated according to our interpretation of time and cost:

Impact	High	<p>Extreme weather (Risk)</p> <p>Lower emission technology (Risk / Opportunity)</p> <p>Access to increased market (Opportunity)</p> <p>Cost of GHG emission and reporting obligations (Risk)</p>
	Medium	<p>Energy source (Opportunity)</p> <p>Raw materials (Risk)</p>
	Low	<p>Precipitation patterns and rising sea levels (Risk)</p> <p>Resource efficiency (Opportunity)</p>
		Time horizon
		Long Medium Short

ACTIVITIES

Fred. Olsen Cruise Lines achieves 'zero to landfill' for refurbishment of new ship *Borealis*

During the refurbishment programme for our new ship *Borealis*, we achieved our aim of sending zero to landfill, as part of our upgrades to public areas, guest cabins and bathrooms. We worked with Perth-based Binn Group, which enabled us to recycle tiles into cement and materials for construction sites, carpet into wood blocks to create fuel and timber to create chipboard for flooring. In addition, items such as bath tubs and panels, wood and pillows will also now be used to help create energy.

Marine wildlife charity ORCA to join Fred. Olsen Cruise Lines

Guests aboard Fred. Olsen Cruise Lines' 'no port' scenic sailings this summer will be joined by experts from marine wildlife charity ORCA, who will be offering wildlife-spotting tips, hosting sessions from the deck, giving guests the chance to assist in vital conservation research.



ENVIRONMENT

We believe in reducing our impact on the environment, and continue to work towards reducing waste and improving energy efficiency. In 2019, we became the first cruise line to pledge support to environmental organisation City to Sea's national Refill Campaign, and have made significant in-roads to removing single use plastics for our crews and guests.

Minimising our environmental impact is a journey that never ends and we are always looking for greener ways to sail the ocean waves.



GREEN HOUSE GAS EMISSIONS (Scope 1, 2 & 3)

Fleet

The greenhouse gases (CO₂) released by the fleet is high on the agenda by IMO. From January 1st 2023, the fleet will have to comply with two new sets of regulation;

1. Energy Efficiency Design Index for Existing ships (EEXI)
2. Carbon Intensity Indicator (CII)

In 2021 the fleets' performance for both measures have been calculated.

For EEXI the maximum speed of Bolette and Borealis have been calculated to be reduced from the designed speed of 25 knots. At the higher speed the ship emits the highest volume of greenhouse gases. Final verification will have to be done by the Class Society, however the vessels are not planned to trade with a speed of more than 20-21 knots.

For the CII, all ships in the world trading internationally will obtain a rating between A – E. All ships will have to be rated C or better in the long run. If a ship receives rating E for 3 consecutive years or F one year, compensating measures will have to be carried out and approved by class. Obtaining each rating level becomes 2-3% more difficult year by year (by the regulation), meaning all ships will have to reduce their greenhouse gas emissions accordingly. Preliminary calculations from 2021 indicates a C-rating for Bolette and Borealis, and D-rating for Balmoral and Braemar.

Scope 1 (direct emissions)

Emissions are those from activities owned or controlled by our organisation. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces and vehicles; and emissions from chemical production in owned or controlled process equipment.

Scope 2 (energy indirect)

Emissions are those released into the atmosphere that are associated with our consumption of purchased electricity, heat, steam and cooling. These indirect emissions are a consequence of our energy use, but occur at sources we do not own or control.

Scope 3 (other indirect)

Emissions are a consequence of our actions that occur at sources we do not own or control and are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by our organisation, waste disposal, materials or fuel we purchases.

Aspects defined in Scope 3 have been added as we work towards embracing the concept of reporting GHG emissions relevant to our Company.

GREEN HOUSE GAS EMISSIONS (Scope 1, 2 & 3)

Emission type	Activity data	tCO2e	Emission Source DEFRA 2021	Remarks
Scope 1				
Direct emission	Fuel consumption VLSFO	53,619.43	3,159.51	
	Fuel consumption MGO	48,762.88	3,249.59	
Waste generated in operations (Ipswich)	Commercial waste	3.21	467.046	Reduced usage during Furlough period
	Dry mixed recycling	0.05	21.294	
	Supply	0.03	0.149	Reduced usage during Furlough period
	Treatment	0.05	0.272	
	Waste generated in operations (Fleet)	Plastic	n/a	tba
Food waste		n/a	tba	
Domestic waste		n/a	tba	
Cooking oil		n/a	tba	
Incinerator ash		n/a	tba	
Operational waste		n/a	tba	
Electrical waste		n/a	tba	
Water (Fleet)	Supply	0	0.149	No water purchased during 2021
	Treatment	0	0.272	
Scope 2				
Indirect emission Ipswich office	Purchased electricity	72.42	0.21233	Reduced usage during Furlough periodduring 2021
Indirect emission Shore power	Purchased electricity (Fleet)	0	n/a	No shore power used in 2021 (shorebased power trials scheduled for 2022) during 2021
Scope 3				
Purchased goods (Hotel)		n/a	DEFRA	Information not available for 2021
Purchased goods (Technical)		n/a	DEFRA	Information not available for 2021
Business travel	Flights	n/a	DEFRA	Information not available for 2021

WASTE MANAGEMENT

Responsible energy management is an important component of our goals to reduce waste while improving efficiency management. It's one of the most powerful levers we have to reduce our environmental footprint while reducing costs and therefore improving our financial status. In line with MARPOL Annex V we are currently reviewing all on-board garbage operations to continue reducing waste to a minimum, this will be a long term project that requires the support of our on-board waste management teams, on-board senior management and shoreside support teams. The review will focus on key on-board operations such as hotel / catering with specific reference to food wastage.



FUEL MANAGEMENT

When itineraries are planned, they are planned firstly on the region and destinations. Following this, during the operational proofing of the itineraries before they go on sale, there are two areas where fuel management is taken into account.

The itineraries are reviewed for the calculated speeds, to ensure the average speed across every passage should be achievable, as well as taking into account what the cruising conditions may be like that time of year. If speeds are deemed too high or unachievable for that time of year, then the itinerary is changed to allow for slower speeds. In general having the slower speeds means less fuel consumption during a cruise.

Secondly as part of the Operational review, the itineraries are checked to ensure there are sufficient options for bunkering fuel, so that we will have different options available to us during the cruise, allowing us to select the most cost effective plan. At this stage of the itinerary planning process, suggestions can be made to replace certain ports on the itinerary, or include other ports onto the itinerary so that based on current knowledge, better fuel management can be achieved.



NATURE LOSS

At Fred. Olsen Cruise Lines, we travel respectfully, and strive to minimise our impact on nature and the environment.

We are working closely with marine wildlife charity ORCA as part of their Cruise Conservationist programme. The ORCA Cruise Conservationist programme is a unique whale and dolphin-monitoring project, using our cruises to identify and monitor whale and dolphin populations around the world. Any data captured during our sailings will be analysed and used as a part of ORCA's wider research to identify hotspots for whales and dolphins to help ORCA to better protect them. This helps to create safe spaces in the ocean for whales and dolphins to thrive, safeguarding them for future generations. ORCA's team of Cruise Conservationists also spend their days out on deck, helping Fred. Olsen guests to spot, identify and record data about the marine wildlife that they see, as well as holding lectures and Q&A sessions on board, helping to educate our guests on marine wildlife.

As a responsible cruise operator we work closely with our port agents to ensure our impact on the local ecosystem complies with national and international regulatory requirements, and we only work with trusted local tour providers for our shore excursions, ensuring they comply with local laws and regulations.



BALLAST WATER MANAGEMENT

Ballast water is seawater pumped into dedicated tanks on a ship to provide weight or ballast at the bottom of the ship to maintain stability. It can impact biodiversity by introducing non-indigenous invasive species when the ship discharges that water.

All vessels operate to a Ballast Management Plan that allows for frequent exchange of ballast water to prevent contamination of diverse environments, our current practice holds ballast water while in port whenever possible. If we can anticipate a discharge, we'll exchange ballast water from one location in deep waters in transit prior to arriving in another location. This avoids the transfer of non-indigenous species between two different nearshore marine environments and has been shown to minimize potential impacts.

In addition, all 4 ships are fitted with a ballast water treatment system, in which all ballast water may pass, according to the IMO Ballast water Convention. This system filters and cleans the water before it is released to the sea again.

We record and report all ballast water exchanges and discharges as local, national and international laws and regulations require.

Where necessary, all ships have been installed with ballast water treatment systems that meet IMO requirements and US Coast Guard (USCG) requirements. This allows for treatment of ballast water prior to discharge where we have not been able to manage ballast as efficiently as necessary.



BIOFOULING

Biofouling occurs when marine organisms such as mussels, barnacles, algae or other living organisms attach to ships. Preventing biofouling minimises the potential of transporting non-native species to other locations where they could overwhelm native populations. Biofouling prevention thus preserves biodiversity in the places we sail.

The hulls of our ships are treated with an antifouling hull coating, hull cleaning, maintenance and the use active Marine Growth Prevention Systems (MGPS). Special silicon-based underwater coatings maintain a smooth surface which inhibits marine growth attachment. Periodic hull cleaning removes the incidental growth that does occur, and periodic maintenance of internal seawater pipes and systems removes any accumulated biofouling in our internal seawater systems.



FRESH WATER AVAILABILITY

Water management is a key factor for the efficient operation of our cruise business as well as a basic necessity for our crew and guests. There are two available sources of fresh drinking water, these being:

1. Bunkered water purchased periodically throughout the duration of a cruise,
2. Manufactured water (reverse osmosis or evaporator), water that is purified using an on-board water treatment plant

Good planning practices and on-board water management / monitoring ensure an efficient use of fresh water is maintained at all times.



SPILLS

FOCL vessels had one environmental spill during 2021 - While offloading sludge water to a HAZCO road tanker a leak from a faulty hose resulted in 70 litre spill of sludge. The offload was halted and a full clean operation put into place, minimising the risk of sludge entering the non-tidal basin.

Following investigations the Port Authority (Port Babcock) agreed fault lay with the external supplier who provided a faulty hose resulting in the sludge spill.

For US cruises we maintain an agreement with Hudson Marine who provide 24/7 support should we ever have a significant environmental spill.



PEOPLE

BUSINESS CONTEXT

At Fred. Olsen Cruise Lines, it is all about the people. All of it. Everything. It is our people that bring our business to life, from the teams in our offices – be it speaking to guests on the phone, creating engaging marketing or hand-crafting our itineraries – to the friendly crew aboard our ships and the guests who sail with us. Since our pause in operations we have strived to be open and honest with our communications, to continue to be a brand that people trust and building a lasting relationship with our guests.

Last year we introduced The Olsen Way, which celebrates who we are as a brand and what sets us apart in the market. We have held coaching sessions to roll this out across the business, both on board and ashore, supporting everyone to role model The Olsen Way ethos to new team members and in every department.

INVESTORS IN PEOPLE (IIP)

Fred. Olsen Cruise Lines is accredited by Investors in People, which puts the company on the map as an employer of choice. The Investors in People Standard is internationally recognised, and sets out the criteria for high performance through its people. It is a simple framework to benchmark the effectiveness of leadership and management practices in any organisation.

To achieve the accreditation, Fred. Olsen Cruise Lines had to meet certain criteria that demonstrated the company had effective leadership and management practices, and that the team worked hard to support and encourage each other to achieve. As part of the accreditation process, a variety of members of the team had interviews with a representative from Investors in People to talk about their experiences of working at Fred. Olsen Cruise Lines and how the team, including those in leadership roles, work together.

Achieving this accreditation demonstrates that the company is providing an environment in which team members enjoy working in, and supports them to grow and develop within the company. As such, it helps the business to become more profitable, more sustainable and drives everyone to work towards a strong future.



COVID-19

Fred. Olsen Cruise Lines resumed sailing in the summer of 2021 after a 16-month pause in operations during the Covid-19 pandemic. It was the first time we had set sail with our two new ships, starting first with Borealis in July and followed by Bolette a few weeks later.

In August, we became the first UK cruise line to sail internationally again, when Borealis set sail for her nine-night cruise to Iceland.

Ahead of the restart, we were able to recruit again for our on-board positions, and are pleased to say that the majority of our current crew worked with us on board pre-pandemic.

2021 also saw a return to recruitment for some shoreside positions, following a restructure of our office-based operations in light of the Covid-19 pandemic in 2020.

Balmoral and Braemar have remained in lay-up in Rosyth, Scotland. We continue to have a smaller number of crew in Rosyth, in compliance with Safe Manning Levels, to maintain these two ships ahead of their return to service in 2022 and 2023.



CREW SATISFACTION

Our crew are the greatest asset within our business, during normal operational times they are the seen and unseen factor that makes the product work. For a large part of 2021 the fleet has been non-operational due to the COVID-19. During this period, crew have been preparing the fleet for a return to operations as well as refreshing themselves with Company policy and procedures, new working arrangements (for the two new ships) and related training

During the lay-up period and as the fleet returned to operations various activities were undertaken to ensure our crew remained safe and healthy and morale was maintained on-board. An on-board survey was conducted in December 2021 to gauge overall rating on five key aspects.

The analysis provided following the survey was reviewed both by shoreside and on-board management to assess what immediate actions were required to improve services and support to our crew. A secondary more in-depth review followed, taking into account individual comments and lagging indicators to help improve the services and support to the crew.

	Rating / Response % rate				
	5	4	3	2	1
Communication	30%	40%	21%	6%	3%
Support	37%	36%	18%	5%	4%
Facilities	12%	23%	27%	18%	20%
On-board Events	8%	20%	28%	19%	25%
Safety	30%	44%	22%	3%	1%
Overall %	24%	33%	23%	10%	10%

Rating: 5-4 (Excellent or good) / 3 (Acceptable) / 1-2 (Unacceptable)

COMMUNITY IMPACT

The smaller size of our ships means we don't overwhelm the destinations and the communities when we visit, meaning we can be respectful of the impact too many people can have while at the same time supporting local economies and infrastructure.

We know that tourism plays such a vital role in so many of the communities we visit, and we work closely with our partners in each destination to source and support trusted local tour providers with specialist knowledge and experience of the area.



CHARITY WORK

RNLI - LONGEST STANDING CORPORATE PARTNER

Fred. Olsen Cruise Lines continues to be the RNLI's longest spanning corporate partner, having supported the charity since 1968. During this time, Fred. Olsen guests have funded five lifeboats; three mobile training units; three seminar rooms at The Lifeboat College in Poole, Dorset; the development and funding of three DODO (drive-on, drive-off) lifeboat-launching trolleys; as well as training, crew kit and running costs for stations in Clacton, Calshot, Dover, Hoylake, Kyle of Lochalsh, Queensferry, Tynemouth, Bangor, Gravesend, Harwich, New Brighton and Dover. In 2021, we supported the charity's Apprenticeships scheme, using our funds to support new recruits into this lifesaving charity.

In May 2010, Fred. Olsen was presented with an RNLI 'Lifetime Achievement Award' in recognition of its ongoing commitment, as the charity's longest-standing corporate partner.



Lifeboats

ELIZABETH HOSPICE (THE BIG HOOT)

Fred. Olsen Cruise Lines cares deeply about the community in which its main UK office is based, in Ipswich, Suffolk. In 2019, Fred. Olsen Cruise Lines became the biggest sponsor and fundraiser for Elmer's Big Parade Suffolk in support of St Elizabeth Hospice, the main hospice to support those living in east Suffolk. In total, the company and individual team members raised over £15,000 for the cause.

In 2021, we were proud to announce that we would be sponsoring the hospice's next art trail, The Big Hoot, which will be held in Ipswich in 2022, and we aim to raise even more for the cause this time around.



ADDITIONAL CAUSES

As we prepared to get our ships sailing again, and in their first few months of operation, we continued to support a number of other causes close to the hearts of our team members and of our guests.

This included national charities and smaller, more local causes, from Macmillan Cancer Support, to Inspire Suffolk and grassroots football teams.



PERFORMANCE

The Fred. Olsen on board family is diverse, pulling from all areas of the globe. Historically it has been understood that certain maritime skill sets are drawn from particular regions of the world, however at Fred. Olsen the skill comes before a person's place of birth.

We demonstrate our commitment to diversity by showing for 2021 our on board crew was made up from 33 countries and 4 continents.

ON BOARD CREW DIVERSITY

Diversity On board Crew - Labour Sourcing Nation					
Argentina	0.05%	Germany	0.10%	Poland	3.12%
Austria	0.15%	Hungary	0.10%	Romania	0.96%
Bosnia	0.05%	India	13.89%	Russia	0.10%
Brazil	0.10%	Indonesia	7.00%	Serbia	0.30%
Bulgaria	0.45%	Italy	0.10%	Slovenia	0.15%
Croatia	1.91%	Macedonia	0.10%	South Africa	0.30%
Cyprus	0.05%	Mauritius	0.15%	Span	0.15%
Czech	0.05%	Montenegro	0.35%	Sweden	0.05%
Estonia	0.96%	Nepal	0.30%	Thailand	6.79%
Finland	0.10%	Norway	0.15%	Ukraine	0.55%
France	0.05%	Philippines	54.60%	UK	6.74%

Diversity Labour Sourcing Region	
Africa	0.45%
Asia	82.59%
Europe	16.81%
Sth America	0.15%

On board Gender Diversity	
Male	82.99%
Female	17.01%

PERFORMANCE

SHORESIDE GENDER RATIOS

We also track and report on gender split within the organisation onshore. Currently the gender split in Fred. Olsen Cruise Lines onshore is 70% Female and 30% Male and in the Leadership Team itself we have a 50% Female and 50% Male split. We are working to improve the Leadership ratios through the Fred. Olsen Women's Leadership Network. To date we have completed two cohorts and we expect to start our third cohort in 2022, following pandemic imposed delays. Many of the women involved have been awarded the CMI Level 5 award in Leadership and Management.

FIND OUT MORE

GENDER PAY GAP REPORTING & ACTIONS

The UK Gender Pay Gap across all UK industries is currently 15.4% on average (UK Gov. website), the gender pay gap within Fred. Olsen Cruise Lines is 32.4%. This indicates that in senior positions, we have predominantly male employees but additionally we need to consider and review all our salaries and check equal pay and parity in pay for given roles.

CEO PAY RATIO

The Companies (Miscellaneous Reporting) Regulations 2018 require quoted organisations with more than 250 UK employees to disclose their CEO pay ratios. Whilst we are not required to report on this currently, we have already calculated the ratio for Fred Olsen Cruise Lines and the wider FO Group.

As a further move towards transparency, the government hopes that this disclosure, and the required disclosure of supporting and explanatory information, will allow interested parties inside, and outside of, the organisation to understand how remuneration policies across the organisation compare to the executive pay policy.

The CIPD (Chartered Institute of Personnel and Development) states: pay of a FTSE 100 CEO compared with that of a UK full-time worker, the pay ratio stands at 122:1, or 149:1. When comparing with all UK employees comparing the average or 'mean' pay of a FTSE 100 CEO with that of a full-time worker across the whole UK economy, or 160:1 when comparing with all UK employees.

In Fred. Olsen Cruise Lines the ratio is: 12:1

On-board the ratio is 15:1 (Salary is based on position and wage scales as negotiated through the Norwegian Seafarers Union).

We are currently doing a number of projects in order to close our gap. These include the following:

1. Hay Job Evaluation- The general purpose for carrying out job evaluation is to enable organisations to map out all their roles in a manner that delivers the following benefits:
 - a. Recognising equivalent levels for the purposes of salary and grading
 - b. Improving succession planning
 - c. Creation of more useful and focussed job descriptions
 - d. Ensure equal pay for same roles/levels in the organisation[job-evaluation-hay-guidance.docx \(live.com\)](#)
2. Women's Leadership Network- Our WLN aims to give women the usual leadership skills but with the emphasis on being confident to utilise personal style and understand where that style adds value. Having a group of women together to form a network aims also to inspire confidence and self- esteem and provide a useful network to discuss issues that arise in normal work life.
3. Focussed Recruitment- aiming to find a balance in shortlists of men and women.
4. The interview process- ensuring that there are women on the interview panels for all management level positions
5. Women Returner inductions- designing a process of support for women who return to work after extended periods of absence
6. Language in our advertisements- Ashton's Legal presented some findings that certain words prevent women or put women off from applying to certain jobs. They found that words like "challenge" can be off putting. We aim to create a local Women's Group of HR practitioners in the area that can focus on this research and understand how to advertise roles that will attract more women applicants
7. Tackling unconscious bias - Implicit or unconscious bias happens by our brains making incredibly quick judgments and assessments of people and situations without us realising. Our biases are influenced by our background, cultural environment and personal experiences. We may not even be aware of these views and opinions, or be aware of their full impact and implications. Human Resources Department to deliver sessions on this for all senior Managers to challenge thinking and beliefs

PERFORMANCE

HEALTH & WELL-BEING

Office:

During 2021 there were three targeted campaigns launched to assist shore-based employees, these were:

- Sleep wellness
- Nutrition
- Financial wellness

All events are recorded using the in-house EVERS reporting tool. Information is captured and recorded in a central database to assist in ensuring:

- Events are competently reported
- Effective corrective / preventive actions are implemented
- Trending is conducted to highlight key areas of concern
- Reports are shared throughout the fleet to reduce the risk of similar event occurring
- The Company has a full and accurate record of events therefore is prepared for external communications relevant to guest / crew events

The following section provides information specific to the crew events resulting in lost time, this does not include general sickness.

The annual Fleet Lost Time Incident (LTI) rate for 2021 is 1.33 work days lost per 1,000,000 work hours

Note - FOCL classify an LTI event as an event resulting in lost time greater than 10 hours (on-board working day)

Lost Time Events per 1 million working hours

	Average	2015	2016	2017	2018	2019	2020	2021
Incidents	127	185	177	199	103	86	10	11
LTI rate	2.18	2.18	2.29	2.27	2.83	2.20	0.07	1.33

Average taken for 2015/2021 - excludes 2020 data due to change of operating practices arising from COVID-19

The annual Total Recordable Incident Rate (TRIR) for 2021 is 3.49 incidents per 100 full-time workers during a one-year period.

$$TRIR = \frac{\text{Incidents}}{\text{Hours}} \times 364000 \text{ (Standard employee group)}$$

Standard employee group is calculated on 100 (average data set) x 70 (hours in working week) / 52 (working weeks)

	Average	2015	2016	2017	2018	2019	2020	2021
TRI's	138	185	177	199	103	86	38	79
TRIR	3.82	4.90	4.60	5.13	2.66	2.16	0.95	3.49

Average taken for 2015/2020 - excludes 2020 data due to change of operating practices arising from COVID-19

PROSPERITY

BUSINESS CONTEXT

Due to the ongoing COVID-19 pandemic the fleet remained in a lay-up status for the first six months of 2021 followed by a staggered return to operations through to the end of the year. The Company has put all its efforts into maintaining the fleet in lay-up, preparing the fleet for reactivation whilst minimising costs, this has had a huge impact on the Company from a business context which will be at the forefront of a review of operations.



TAX

TONNAGE

FOCL is established within the UK Tonnage Tax system and pays its corporate taxes based on the registered net tonnage of its ocean-going vessels. Tonnage tax charges during 2021 amounted to £42k (2020: £34k).

For further information on our tax policy refer to:
<https://www.fredolsencruises.com/legal/tax-policy>

PAYE

Through the operation of its head office function in the UK, and therefore employment of staff in the local area, FOCL has facilitated the contribution of employee taxes amounting to £938,504 in 2021 (2020: £1,047,160).



ACTIVITIES

Fred. Olsen Cruise Lines named Best Cruise Line

Fred. Olsen Cruise Lines has been crowned the Best Cruise Line for Groups at the Group Leisure and Travel Awards 2021 – for a record tenth year.

Fred. Olsen Cruise Lines becomes first operator to complete international sailing

New ship Borealis set sail for the rugged landscapes of Iceland on Saturday, 14th August 2021 with around 800 guests on board. It was the first international voyage to set sail from British waters since all UK cruise operators paused their operations in March 2020.



THE WAY FORWARD

As we put 2021 behind us and focus our attention on 2022, we look forward towards a sustained return to operations with a refreshed fleet and a drive towards re-establishing Fred. Olsen Cruise Lines as a leading cruise operator in the UK marketplace. There remains the potential for dynamic assessment of itineraries as some countries impose temporary COVID related travel restrictions however with strong leadership and a reactive oversight we remain positive and resolute in planning for the continued future of our business.

TECHNICAL

Fred. Olsen Cruise Lines will continue to focus on working towards measures pushed forward by the Marine Environment Protection Committee (MEPC) of the International Maritime Organisation aimed at supporting the achievement of the objectives set out in the initial IMO strategy on reduction of greenhouse gas (GHG) emissions from ships, in line with the Paris Climate Change Agreement under UNFCCC and the United Nations 2030 Agenda for Sustainable Development.

Fuel saving initiatives will be the primary tool in working towards a 30% reduction in GHG by 2030, these initiatives will include embracing technological advances including use of the shore power systems fitted on our two new vessels as well as imaginative itinerary planning.

SALES & MARKETING

A large focus of our marketing approach has been to rebuild confidence and provide reassurance, to help drive sales. In the first half of the year, our Virtual Cruising programme continued to be a powerful way of communicating with our guests, sharing updates and celebrating our small ships, our hand-crafted itineraries and what makes us special at Fred. Olsen.

Our return to sailing in July with Borealis, followed by Bolette in August, brought a natural opportunity for us to evolve our marketing, to showcase our new ships in action and to increase awareness and build reassurance over the procedures we had in place to keep our guests and crew safe, as well as our flexible booking policies.

In 2021, we evolved our Plain Sailing Guarantee, developed our risk-free guarantee and introduced our Travel Ready Service, which all added reassurance to our marketing activity.

We continued to work very closely with the trade, providing regular business updates and communicating any changes to them in advance to allow them to best support their customers.



HOTEL OPERATIONS

After a successful re-entry during difficult circumstances future focus will be integration of newly needed employees, both new to the brand and new to the industry. We will continue to develop the on-board product in line with current requirements both industry trends and health and safety wise.

COVID-19 seems to be here to stay and will be just part of the new normal working environment and is integrated in on-board health protocols and will continue to build on our successful partnership approach with UK government departments.

A major focus to develop a better destination experience on board, which will be rolled out later in 2022.



INDICATORS & KPIS

Governance	Metric	Data Set	
		On-board	Ashore
Anti-Bribery training	% / No.	100% ⁶	66
Anti-Money Laundering training			42
Modern Slavery training			60
Whistleblowing training			43
Number of corruption cases	No.	0	0

⁶ All crew complete on-board Familiarisation process that includes reference to anti-corruption / bribery / Modern Slavery / Whistleblowing

Planet	Metric	Data Set		
		2021	2020	2019
Consumption of fuel oil	Tonnes	32,226.52	15,922.71	60,603.31
Total Fleet CO2e emissions	CO2e MTS	84,954.75	50,800.71	192,007.54
	CO2e MTS/km	0.56	0.72	0.30
Shore based CO2e emissions	CO2e MTS	75.77	Not available	Not available
Plastic use (if possible)	Tonnes	Not available	Not available	Not available
Environmental spills		1	1	2

INDICATORS & KPIS

People	Metric	Data Set			
		On-board		Ashore	
% number of employees in age groups	%	18-29	19	18-29	22
		30-39	45	30-39	31
		40-49	25	40-49	26
		50-59	9	50-59	18
		60+	1	60+	3
% number of employees in gender groups	%	Male	Female	Male	Female
		83	17	30	70

People	Metric	Data Set					
		On-board			Ashore		
Number of serious incident to employees in age groups	Number	Nil			Nil		
LTI rate - Lost Time events per million work hours	Number	2019 2.2046	2020 0.0687	2021 1.3344	2019 0	2020 0	2021 0

Governance	Metric	Data Set			
		On-board		Ashore	
Number of employees	Number	1,987		140 full time / 33 part time	
		Male	Female	Male	Female
		1649	338	52	121
Gender pay gap	%	n/a	n/a	100	-32.4

Governance	Metric	Data Set					
Sick days (non-accident related)		On-board			Ashore		
Number of short term sick (1-2 days)	Events / Days	2019	2020	2021	2019	2020	2021
		n/a	n/a	276	n/a	n/a	95
Number of long term sick (3+days)		n/a	n/a	101	n/a	n/a	388

INDICATORS & KPIS

Prosperity	Metric	Data Set							
		On-board				Ashore			
New employees hire split by age and gender	Number	Age groups:		Gender		Age groups:		Gender	
				Male	Female			Male	Female
		18-29	147	117	30	18-29	20	4	16
		30-39	179	159	20	30-39	10	3	7
		40-49	103	97	6	40-49	6	2	4
		50-59	33	32	1	50-59	6	1	5
		60+	2	2	0	60+	1	1	0

		On-board				Ashore			
Employee turnover split by age and gender	%	Age groups:		Gender		Age groups:		Gender	
				Male	Female			Male	Female
		18-29	34.77%	30	5	18-29	52%	35	65
		30-39	27.7%	25	3	30-39	24%	25	75
		40-49	19.59%	19	1	40-49	18%	33	67
		50-59	15.55%	15	1	50-59	0%	0	0
		60+	2.03%	1	1	60+	6.1%	50	50

		IT			
Research and development spend during year	£'000'	70	CRM Development	2000	iTravel
		10	Virtual Travel Agency	94	Table Management
		265	IPTV System	324	POS replacement

GLOSSARY

ALB - Available Lower Berths on-board a vessel

Audit - Systematic, documented, periodic and objective assessment of an organization's performance, management systems and processes.

Ballast Water - Seawater that is taken on board a ship and stored in tanks to control draft, list, trim and stability.

Bilge Water - Water from equipment maintenance and minor leaks that collects in the lowest part of the ship.

Black Water - Wastewater from toilets, urinals and medical sinks.

Bunkered Water - Potable water that is purchased from a municipal or private system at a port and stored on board in tanks.

CII - Carbon Intensity Indicator

CO2 (Carbon Dioxide) - A naturally occurring chemical compound composed of two oxygen atoms covalently bonded to a single carbon atom. It is a gas at standard temperature and pressure, and it exists in Earth's atmosphere in this state, as a trace gas at a concentration of 0.39 percent by volume.

DPA - Designated Person Ashore

EEXI - Energy Efficiency design Index for existing ships

FOCL - Fred. Olsen Cruise Lines Limited

GHG - Greenhouse Gas

Grey Water - Wastewater that is generated from activities such as laundry, bathing, cooking and dishwashing

ISM - International Safety Management code

IMO - International Maritime Organisation

ISPS - International Ship and Port Facility Security code

LTI (Lost-Time Incident) - Lost Time events per million work hours

MLC 2006 (Maritime Labour Convention 2006) - An international treaty that provides comprehensive rights and protection at work for the world's seafarers. The convention sets out seafarers' rights to decent conditions of work on a wide range of subjects and aims to be globally applicable, easily understandable, readily updatable and uniformly enforced.

MARPOL - The International Convention for the Prevention of Pollution from Ships. MARPOL was designed to minimize pollution of the seas.

MQF - Managed Quarantine Facility

MTS (Metric Tonne) - 1 metric tonne = 2,204.62 pounds (lbs.) = 1,000 kilograms.

NOx - Oxides of nitrogen that are a family of gases released from the combustion of fuel.

Port State - A State with an international port (any port visited by a vessel that is not flagged with that state becomes a Port State)

PPD Spend - Passenger Per Day spend

SOLAS (Safety of Life at Sea) Convention - The most important and comprehensive international treaty governing the safety of merchant ships.

Stakeholder - Any individual or group, within or outside a company, that has an interest in or may be impacted by that company and that, accordingly, has expectations, requires information or holds legitimate economic interests.

STCW - The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers which sets qualification standards for masters, officers and watch personnel on seagoing merchant ships.

TRIR - Total Recordable Incident Rate

WEF - World Economic Forum