

# FOCL SUSTAINABILITY REPORT - 2022

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# INTRODUCTION

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# FOCL SUSTAINABILITY PERFORMANCE AT A GLANCE

## Personnel injuries

lost time incidents  
(Crew events per 1,000,000 hours worked)



LTI **3.33**

## Diversity

Female/male share



Vessels

Offices

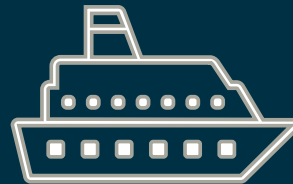
**20%**  
women

**71%**  
women

**80%**  
men

**29%**  
men

## Fuel consumption and GHG emissions



Fuel (tonnes)

**56,572**

CO<sub>2</sub> (tonnes)

**179,168**

## Onboard diversity

Crew sourced from

Countries

**49**

Continents

**5**



# Letter from the Managing Director

It is fair to say that 2022 was not the year any of us expected. The pandemic created a tumultuous two years for our industry, and I think we all were looking ahead to 2022 with a hope for a more 'normal' year. As a cruise business, we continued to face immense challenges, from the Omicron variant of Covid-19 at the start of the year, to the conflict between Ukraine and Russia and the cost-of-living crisis – all of which had an impact on our business.

That aside, by the end of 2022 we had begun to see a return to a 'new normal' – a world in which we are all used to living with Covid-19. We now have our three-ship fleet – Bolette, Borealis and Balmoral – sailing and we have welcomed new team members in our offices and on board our vessels as our business continues to grow.

We continue to be a people-centred organisation, and in 2022 were able to invest real energy into our journey to reinvigorate our internal culture, to ensure we continue to be a business that people love to work for. In addition, we have been able to really up the ante on our charitable and Corporate Social Responsibility (CSR) initiatives, which support the communities in the places we live and work and keep us on the map as a reputable local employer.

We continue to assess our shipping operations to seek better solutions to reduce our carbon footprint. We expect to make technical advancements to our vessels from 2024 onwards to improve efficiencies and reduce emissions. This year we have invested in specialised marine software (Eniram) to help us on our way to this goal. Furthermore, we are progressing with initiatives to raise awareness amongst our guests and team members on how to live a more sustainable life, so that together we can all tread more lightly on our planet.

We learnt a lot in 2022, much of which you will find detailed in this report today, and we are already building upon these strong foundations to make 2023 even more successful, powerful and impactful as we sail even more of the world with our guests and our team.

Regards,

**Pete Deer,**  
Managing Director,  
Fred. Olsen Cruise Lines



# Fleet Stewardship

Whilst shipping is going through a slow but progressive process to seek solutions that ensure vessels are much greener and to align with regulations, at Fred. Olsen Cruise Lines we have deferred the decision to construct new tonnage until the technologies have advanced to significantly improve a reduction in emissions.

Currently, there is limited information available to detail the total CO2 value associated with a new build cruise ship however we consider there to be three key areas that will have an associated CO2 value.

1. Energy needed to produce the equipment and materials,
2. Energy needed to transport the equipment and materials to the yard.
3. Energy used in the yard to assemble the equipment and materials.

In Fred. Olsen Cruise Lines we believe that maintaining our assets to a high standard, making sure ships have a longer life span, is the right way to operate. This means that the energy spent for the construction of the ships can be utilised for many more years than if we were to recycle the ship at an early stage and build a new one. Maintaining the ships to a high standard, ensures a reduced exposure to safety and environmental risk, all contributing to a more sustainable business model.

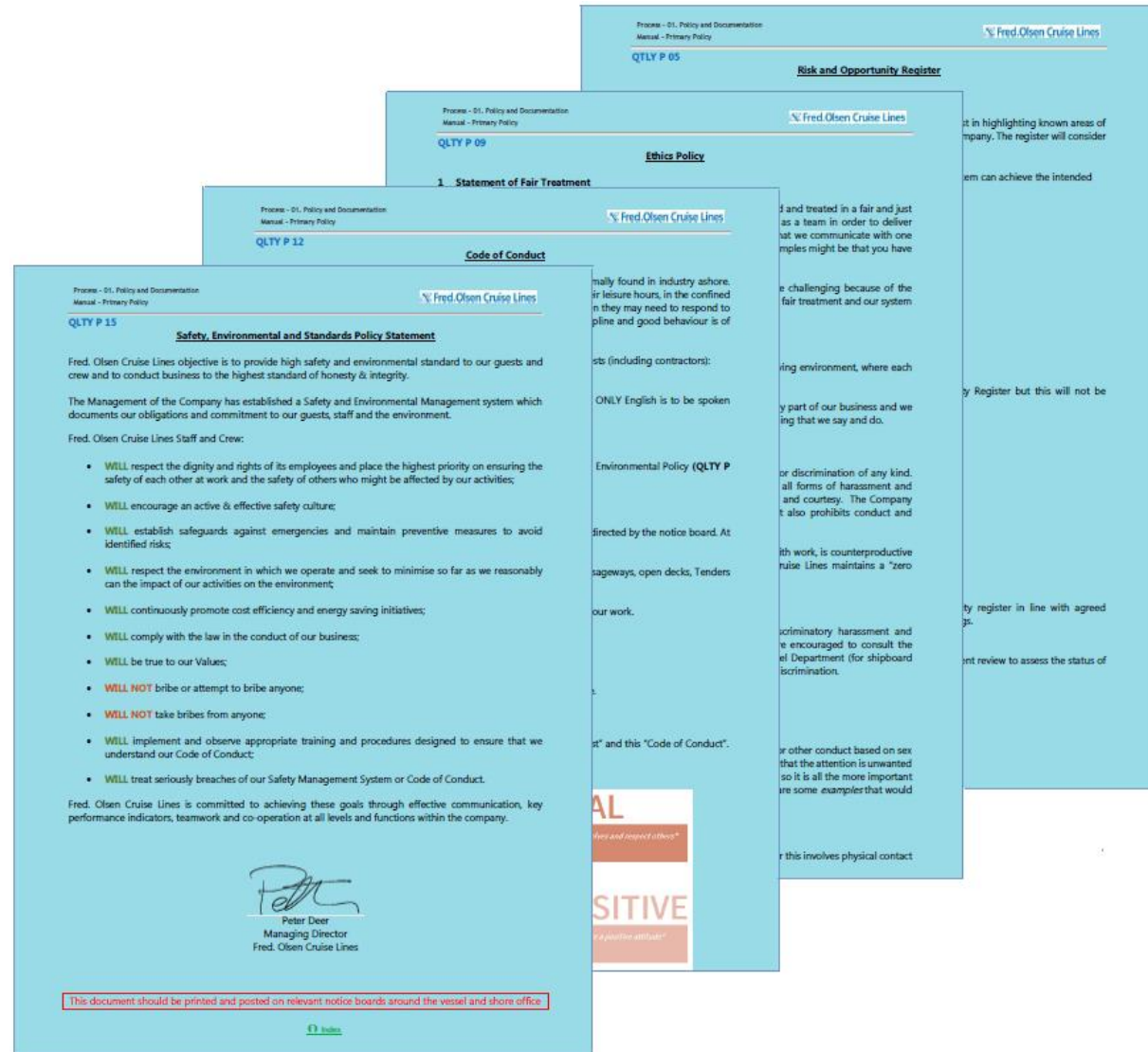


# Policies

We govern our business by establishing, implementing, and maintaining a structured management system. Our Safety and Quality Management system (SQM) has Primary Policies that are the foundation on which we operate.

Key Policies include:

- Safety Environmental and Standards Policy Statement
- Interested Parties
- Risk and Opportunity Register
- Ethics Policy
- Code of Conduct
- Accident Prevention Policy
- Data Protection



# About Fred. Olsen Cruise Lines

## History

Fred. Olsen originated in Hvitsten, a small town on the shores of Oslofjord, Norway, in 1848 where Frederik Christian Olsen operated a small fleet of sailing ships transporting goods to and from Norway. Later, joined by his two brothers, Petter and Andreas, their combined fleet and operation grew. Between 1901 and 1906 the family started operating within the passenger sector with the purchase of the Færder Steamship Company. Over 175 years later, and now into the fifth generation of the family, Fred. Olsen Cruise Lines operate cruises from the UK, aboard three smaller, intimately-sized ocean-going ships that sail to some of the world's greatest and most authentic destinations providing our guests with unforgettable holiday experiences.

Fred. Olsen Cruise Lines are based in Ipswich, Suffolk, England with the owning group's main headquarters in Oslo Norway.

[Fred. Olsen History | Fred. Olsen Cruises](#)





# About the 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 2022 for the areas 'Environmental', 'Social', 'Governance' and 'Prosperity'.

Where available, Strategies, Targets and KPIs for each of these areas will be included in the introduction to each chapter. Additional work and focus will be applied to include Strategies, Targets and KPI's for future reports.

The information in this report includes significant actions or events in the reporting period. It does not intentionally exclude relevant information that would influence or inform stakeholders assessments or decisions.

This report is part of our initiative to better understand our impacts, to improve our performance wherever possible and to maximize the benefits of our activities where appropriate, with the aim of managing our company for long-term sustainability. It specifically focuses on data for 2022 (January 1 2022 – December 31 2022), unless otherwise noted.

For 2022, the report references World Economic Forum – common metrics we have limited the sustainability report with the following boundary

- **WEF Theme “Climate Change”:** The Scope 1, 2 and 3 GHG emissions are reported in accordance with the GHG Protocol Corporate standard. The Scope 3 emission data is limited to purchased goods and business travel.

All references to money are highlighted with the respective national currency indicator.

# Materiality Assessment

(WEF theme: ‘Stakeholder engagement’)

FOCL materiality assessment seeks to identify which Sustainability 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;

1. Impact on the company's own value creation
2. 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”.***

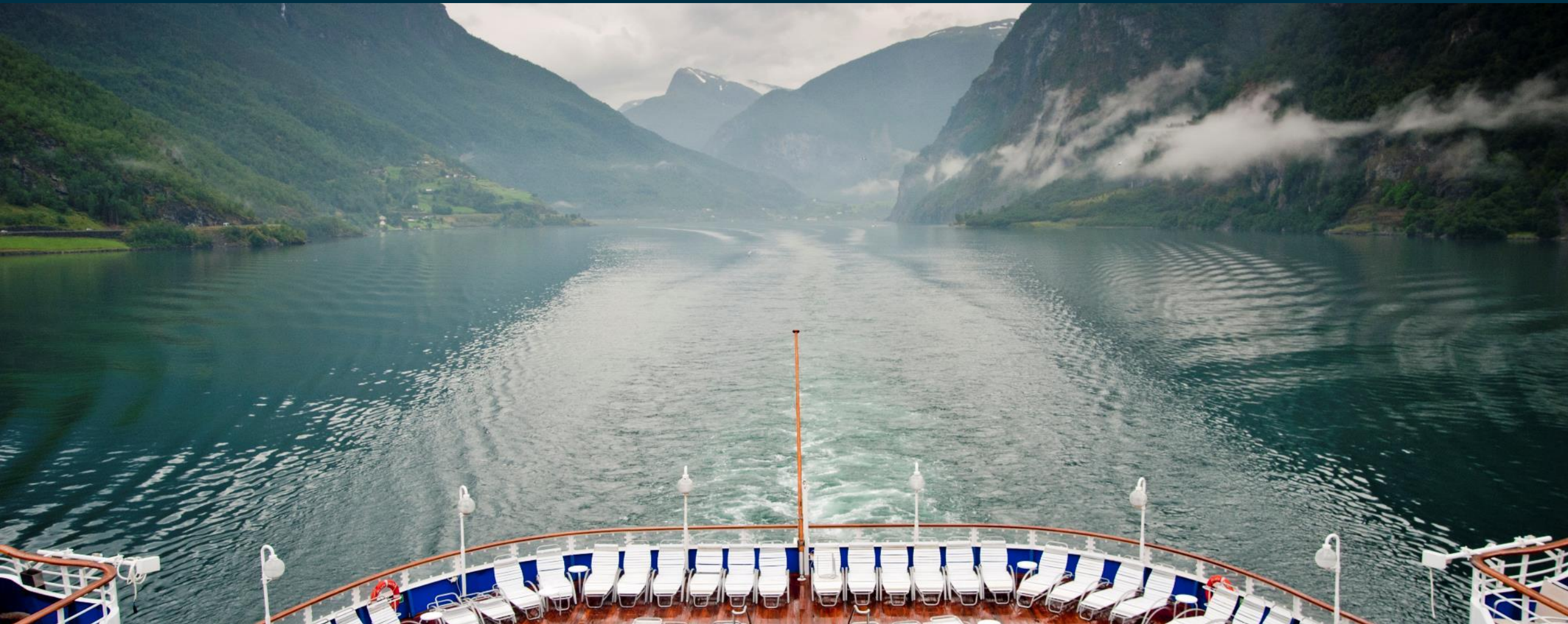
Value in this context is defined as “the value created, preserved or eroded for an organisation (and its providers of financial capital) is inextricably linked to other stakeholders, society and the natural environment”.

The following topics are considered material to Fred. Olsen Cruise Lines:

ENVIRONMENT:	SOCIAL:	GOVERNANCE:	PROSPERITY
<ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions</li> <li>• GHG emissions</li> <li>• Waste</li> <li>• Spills to sea</li> <li>• Discharge to sea</li> <li>• Ship recycling</li> </ul>	<ul style="list-style-type: none"> <li>• Fatalities</li> <li>• Lost time incidents</li> <li>• Medical treatment cases</li> <li>• First aid cases</li> <li>• Sick leave</li> <li>• Diversity</li> <li>• Labour rights</li> <li>• Child labour</li> <li>• Discrimination</li> <li>• Harassment</li> <li>• Mental health</li> </ul>	<ul style="list-style-type: none"> <li>• Corruption</li> <li>• Facilitation payments</li> <li>• Policies and targets</li> <li>• Compliance</li> <li>• Deficiencies</li> <li>• Detention</li> </ul>	<ul style="list-style-type: none"> <li>• Community contributions</li> <li>• Revenue management</li> </ul>

# ENVIRONMENT

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# Scope and Objectives

## Applicable UN Sustainability Development Goals:



This chapter covers climate risks, renewable energy production, green house gas emissions, itinerary planning – fuel management, EU taxonomy, environmental incidents, waste management, nature loss, ORCA, ballast water management, biofouling and fresh water availability.

## Objectives:

Measurable targets and objectives are:

- Zero % environmental spills
- Fuel reduction
- Reduction in waste

# Climate risk

(WEF theme: 'Climate change')

FOCL operates within a strict environmental framework, and is committed to ensuring that it meets, and where possible, exceeds, regulatory requirements on marine and air pollution.

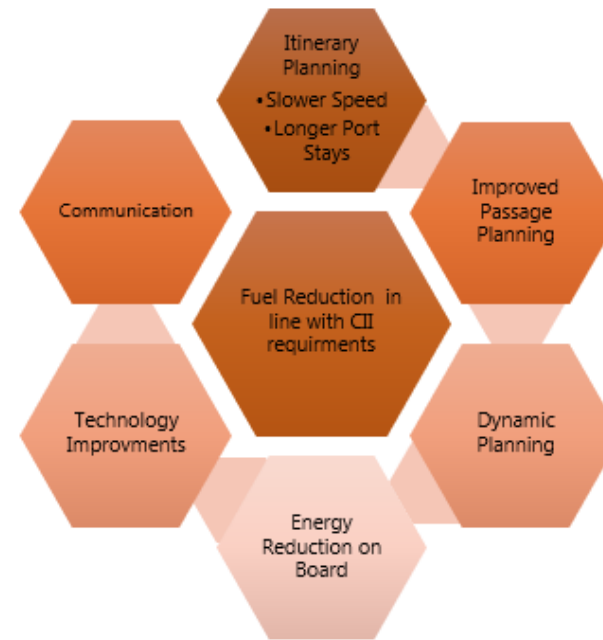
FOCL monitors – and regularly reviews – its management systems on board its ships, to ensure compliance with international requirements.

The environmental policies contained within the Company's SQM are continuously reviewed and updated to comply with current and projected environmental requirements.

These policies cover the following core areas:

- Garbage and Waste
- Oily Discharges
- Black and Grey Water
- Chemical handling
- Energy Efficiency
- Biofouling
- World Heritage Fjords

All FOCL vessels have implemented 'Ship Energy Efficiency Management Plans' ('SEEMP'), in line with the Marine Environment Protection Committee ('MEPC') 63/23 Annex 9.



# Climate risk

(WEF theme: 'Climate change')

The 'Task Force on Climate-related Financial Disclosures' (TCFD) is a set of disclosure recommendations intended to help companies 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.

## Transition risks (TCFD)

Subsections:

- Policy and Legal
- Technology
- Market
- Reputation

## Physical risks (EU Taxonomy)

Subsections:

- Acute
- Chronic

## Climate related opportunities (TCFD)

Subsections:

- Resource Efficiency
- Energy Source
- Products and Services
- Markets
- Resilience

The Climate Risk Assessment report is a locally held document that will be reviewed annually as part of the Sustainability Report process

Doc. No.: FODL-ESG-RSK		Fred. Olsen Cruise Lines Limited					
Date: 15.12.2022							
<b>Climate Risk Assessment</b>							
Scope:	Climate risks						
Org:	Fred. Olsen Cruise Lines						
Owner:	Sustainability and Compliance Manager						
Appr:	To be confirmed						
Version:	15/12/2022						
Ref.:	"Task Force on Climate-related Financial disclosures (TCFD), Implementation, 2021" "EU Taxonomy, Annex I, Appendix A: Generic criteria for DNSH to climate change"						
Short Term	3 to 5 - years						
Medium Term	5 to 20 years						
Long Term	20+ years						
<b>Risk Matrix</b>							
Probability		Consequence		Risk			
Scale	Scale	Revenue / Asset / Investment		5	10		
5 Very High	5 Very High	< £5 Million		4	8		
4 High	4 High	£1 to £5 Million		3	6		
3 Medium	3 Medium	£500,000 to £1 Million		2	4		
2 Low	2 Low	£100,000 to £500,000		1	2		
1 Very Low	1 Very Low	> £100,000		1	2		
<span style="color: green;">G</span> Acceptable risk – no further controls required							
<span style="color: red;">R</span> Unacceptable risk – further controls to be applied							
<b>Transition risks</b>							
TCFD Cat.	EU Taxonomy Cat.	Risks (ref TCFD)	Risk description	Initial risk		Residual risk	
				P	C	RF	P
POLICY AND LEGAL							
Medium term	N/A	"Increased pricing of GHG emissions"	Commitment to reduce GHG emissions may lead to governments increasing CO2 taxes further, resulting in increased Operating Expenditure.	4	4	16	1
Short term	N/A	"Enhanced emissions-reporting obligations"	Failure to comply with ESG reporting requirements may lead to sanctions from authorities and investors, resulting in financial impacts.	2	3	6	1
Medium term	N/A	"Mandates on and regulation of existing products and services"	Regulation becomes too restrictive resulting in our vessels becoming obsolete	3	5	15	1
Medium term	N/A	"Exposure to litigation"	Failure to comply with IMO / Flag State requirements may result in Port State detentions and resulting guest lead litigation	3	3	9	1
TECHNOLOGY							
Medium term	N/A	"Substitution of existing products and services with lower emissions options"	Costs of 'lower emissions options' could prove to be too costly therefore reducing the cost effectiveness of the asset	3	5	15	1
Long term	N/A	"Unsuccessful investment in new technologies"	Investments in new technologies may not materialise resulting in financial losses and reduced timeframe for testing of new technologies	3	3	9	2

# Renewable energy

(WEF theme: 'Climate change')

At Fred. Olsen House we have installed solar panels that generate power for the office, and to be sold back into the National Grid.

For 2022, the solar panels on Fred. Olsen House produced 76,776 kWh equating to approximately 14.84 Tonnes CO<sup>2</sup>e saved.

In 2022, an expansion and renovation project at Fred. Olsen House was completed, with a new extension built adjacent to the existing building. A comprehensive refurbishment programme was conducted on the original building to improve the Energy Performance rating. Work included, LED lighting, full review/rewiring of the building and improved roof insulation.

Prior to the refurbishment programme the two ratings were D (original building) and A (new build). The Energy Performance rating from Fred. Olsen House (post completion) is A.

A review of energy providers is scheduled, with a view to securing energy that is 100% renewable.



# Green House Gas emissions

(WEF theme: 'Climate change')

Greenhouse gases (CO<sub>2</sub>) released by the ships is high on the agenda for the IMO. From January 1st 2023, the fleet will have to comply with two new sets of regulation;

## EEXI overview

Information provided by DNV

*"The **E**nergy **E**fficiency **eX**isting ship **I**ndex (EEXI) is a measure introduced by the IMO to reduce the greenhouse gas emissions of ships. The EEXI is a measure related to the technical design of a ship. Ships must attain EEXI approval once in a lifetime, by the first periodical survey in 2023 at the latest.*

*The **required EEXI** value is determined by the ship type, the ship's capacity and principle of propulsion and is the maximum acceptable attained EEXI value.*

*The **attained EEXI** must be calculated for each individual ship which falls under the regulation."*

Fred. Olsen Cruise Lines have carried out EEXI calculations on our vessels and received approval from DNV

## CII

Information provided by DNV

*"The **C**arbon Intensity Indicator (CII) is a measure of how efficiently a ship transports goods or passengers and is given in grams of CO<sub>2</sub> emitted per cargo-carrying capacity and nautical mile. The ship is then given an annual rating ranging from A to E, whereby the rating thresholds will become increasingly stringent towards 2030. The CII applies to all cargo, RoPax and cruise ships above 5,000 GT.*

*The yearly CII is calculated based on reported IMO DCS data and the ship is given a rating from A to E. For ships that achieve a D rating for three consecutive years or an E rating in a single year, a corrective action plan needs to be developed as part of the SEEMP and approved."*

All ships are required to achieve a C rating or better. At Fred. Olsen Cruise Lines, we intend to reduce our greenhouse gas emissions by 2-3% year-on-year, alongside operating our ships at a C rating or better in accordance with the annual CII rating threshold that has become the industry standard.

Annual CII assessments will be conducted from 2023 onwards



# Green House Gas emissions

(WEF theme: 'Climate change')

Separate to maritime regulatory requirements (EEXI / CII) Our CO<sub>2</sub> footprint is calculated in accordance with the GHG protocol Corporate Standards, dividing emissions into three main categories:

## Scope 1 (direct emissions)

"Direct GHG emissions [that] occur from sources that are owned and controlled by the Company"

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)

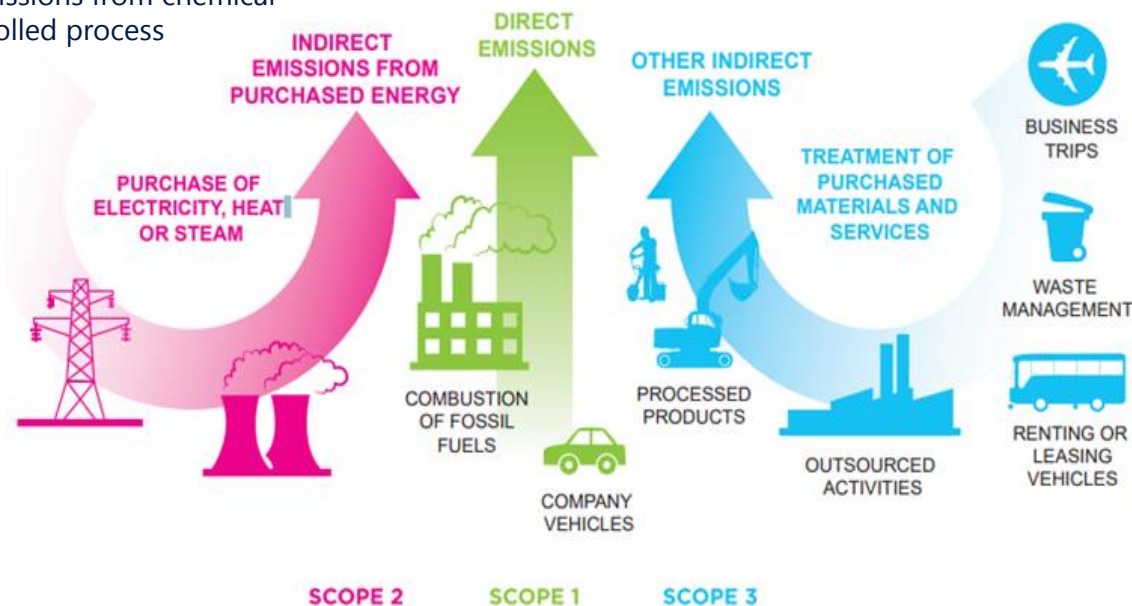
"Electricity indirect GHG emissions from the generation of purchased electricity consumed by the Company"

These indirect emissions are a consequence of our energy use, but occur at sources we do not own or control.

## Scope 3 (other indirect)

"Other indirect GHG emissions"

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

(WEF theme: 'Climate change')

Emission Type	Activity data	Total consumption	GHG Conversion Factor DEFRA 2022 (to 2 decimal places)	tCO <sub>2</sub> e	Remark
<b>Scope 1</b>					
Direct emissions	Fuel consumption	~56,573 t	3159.50 / 3249.99	~180,233	
Company pool cars	Business miles	-	0.26	~18.39	
Company sales cars		-	0.26	~10.79	
Claimed business mileage (Employee own car)		-		-	
<b>Scope 2</b>					
Indirect emissions - Ipswich office	Purchased electricity	~290,372 kwh	0.19	~56	
Indirect emissions - Shore power	Purchased electricity (Fleet)	1,462,080 kwh	0.19		Braemar running off shore power while in Port Babcock

# Green House Gas emissions – Scope 3

(WEF theme: 'Climate change')

Emission Type	Activity data	Total consumption	GHG Conversion Factor DEFRA 2022 (to 2 decimal places)	tCO <sub>2</sub> e	Remark
<b>Scope 3</b>					
Waste generated in operations (Ipswich)	Commercial waste	~7 t	467.01	~3.3	
	Dry mixed recycling	~7 t	21.28	~0.14	
Water (Ipswich)	Supply	~348 m3	0.15	~0.05	
	Treatment	~314 m3	0.27	~0.08	
Waste generated in operations (Fleet)	Plastic	~11,067 m3	467.01	~5,168	Combined data
	Food waste				
	Domestic waste				
	Cooking oil				
	Incinerator ash				
	Operational waste				
Water (Fleet)	Supply	74,666 m3	0.15	~11.2	
	Treatment	-	-	-	
Purchased goods (Hotel)	Class III	23,131 m	0.41	~9.49	
	HGV's	45,076 m	1.66	~74.82	
	HGV's (Reefer)	50,774 m	1.94	~99.56	
Purchased goods (Technical)	-		-	-	Information unavailable for 2022
Business travel	Flights	38,208,629 km	-	~5243	Information provided by Bahia Manning Agent in conjunction with ATPL
	Flights	~318,327 km ~3,780,364 km	0.15 (short) 0.15 (long)	~4098.69	Information provided by Fred Olsen Business Travel

# EU Taxonomy

(WEF theme: 'Climate change')

## Background

Taxonomy is a system of classification that establishes clear and consistent criteria for determining if economic activities are sustainable. It utilises science-based technical screening criteria that must be met for an activity to be considered "green" or "sustainable"

There are six environmental objectives:

- 1) Climate change mitigation
- 2) Climate change adaptation
- 3) Sustainable use and protection of water and marine resources
- 4) Transition to a circular economy
- 5) Pollution prevention and control
- 6) Protection and restoration of biodiversity and ecosystems

## Assessment of activities

We have conducted a thorough review of our business activities in line with the EU Taxonomy.

Taking guidance from an external supplier (Celsia) we defined ourselves as eligible to "6.11. Sea and coastal passenger water transport" this activity was assessed in two parts:

- 1) Fred. Olsen Cruise Lines - Financials
- 2) Fred. Olsen Cruise Lines - General requirements

## Definition of 6.11. Sea and coastal passenger water transport

*Purchase, financing, chartering (with or without crew) and operation of vessels designed and equipped for performing passenger transport, on sea or coastal waters, whether scheduled or not. The economic activities in this category include operation of ferries, water taxis and excursions, cruise or sightseeing boats.*



# EU Taxonomy

(WEF theme: 'Climate change')

## EU Taxonomy score

To assess our activities' eligibility and alignment we used Celsia's taxonomy software solution.

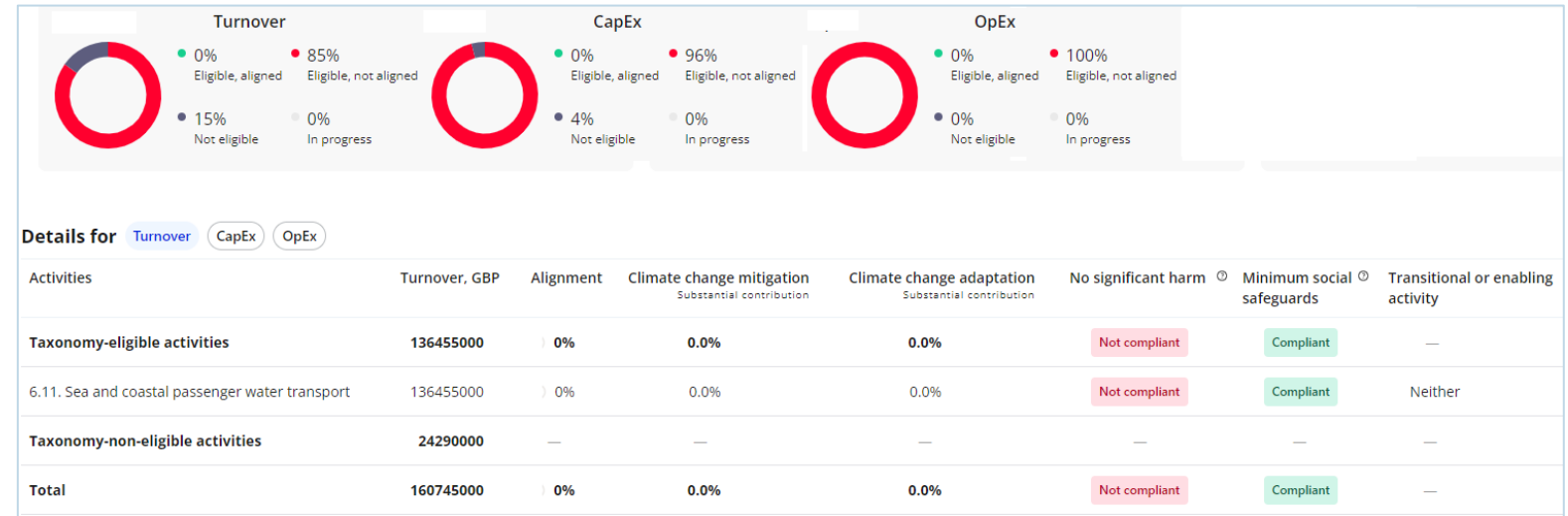
For an activity to be taxonomy-eligible, it must contribute to one of the six environmental objectives:

- 1) Climate change mitigation
- 2) Climate change adaptation
- 3) The sustainable use and protection of water and marine resources
- 4) The transition to a circular economy
- 5) Pollution prevention and control
- 6) The protection and restoration of biodiversity and ecosystems

Results from the Celsia tool demonstrate that FOCL are not eligible in objectives 1 & 6.

Whilst we are eligible in objectives 2-5 we are not aligned in our current methods.

## Financial data



Activities	Total turnover	Aligned turnover	Not aligned turnover	Not eligible turnover	Total CapEx	Aligned CapEx	Not aligned CapEx	Not eligible CapEx	Total OpEx	Aligned OpEx	Not aligned OpEx	Not eligible OpEx
6.11. Sea and coastal passenger water transport	£136,455,000	£0	£136,455,000	£24,290,000	£12,675,000	£0	£12,675,000	£533,000	£18,246,000	£0	£18,246,000	£0



# EU Taxonomy

(WEF theme: 'Climate change')

## Summary

The detail of the two criteria that were not met.

Q 1.5 Do the vessels have an attained Energy Efficiency Design Index (EEDI) value 10 % below the EEDI requirements applicable on 1 April 2022?

A 1.5 No – As Balmoral was built prior to these requirements she is exempt from attaining an EEDI score.  
Borealis and Bolette will be given an EEDI score following class survey in 2023

Q 6.2 Are noise and vibrations limited by using noise reducing propellers, hull design or on-board machinery in line with the guidance given in the IMO Guidelines for the Reduction of Underwater Noise?

A 6.2 No – Potential innovations under review by technical departments to meet criteria in the future.



# Environmental incidents

(WEF theme: 'Spills')

There were three significant environmental events during 2022

1. As part of a Drydock operation the vessel was re-floated and engines were tested, during testing approximately 36 litres of hydraulic oil was lost through bow thruster 1 and 2. An oil boom was placed to contain the oil and divers were sent down to investigate.
2. Hose burst during bunker operation to remove sludge resulting in 20 litres of sludge spilling into onboard bunker station – no spill to the sea.
3. Stevedores accidentally tipped a pallet of raw carrots into the port during a scheduled stores operation. All floating packaging retrieved from the water

Training, guidance and instruction is provided to all crew involved in the bunkering process to minimise the risk of spills during such operations. Where concerns are raised regarding the competence or equipment provided by external suppliers a 'letter of protest' is issued to the supplier and the bunkering process halted.

The onboard team constantly monitor for the potential of environmental issues.



# Waste management

(WEF theme: 'Solid waste')

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.





Fred. Olsen Cruise Lines continue to host ORCA’s Cruise Conservationist programme

[Orca Cruise - Fred. Olsen Cruise Lines](#)

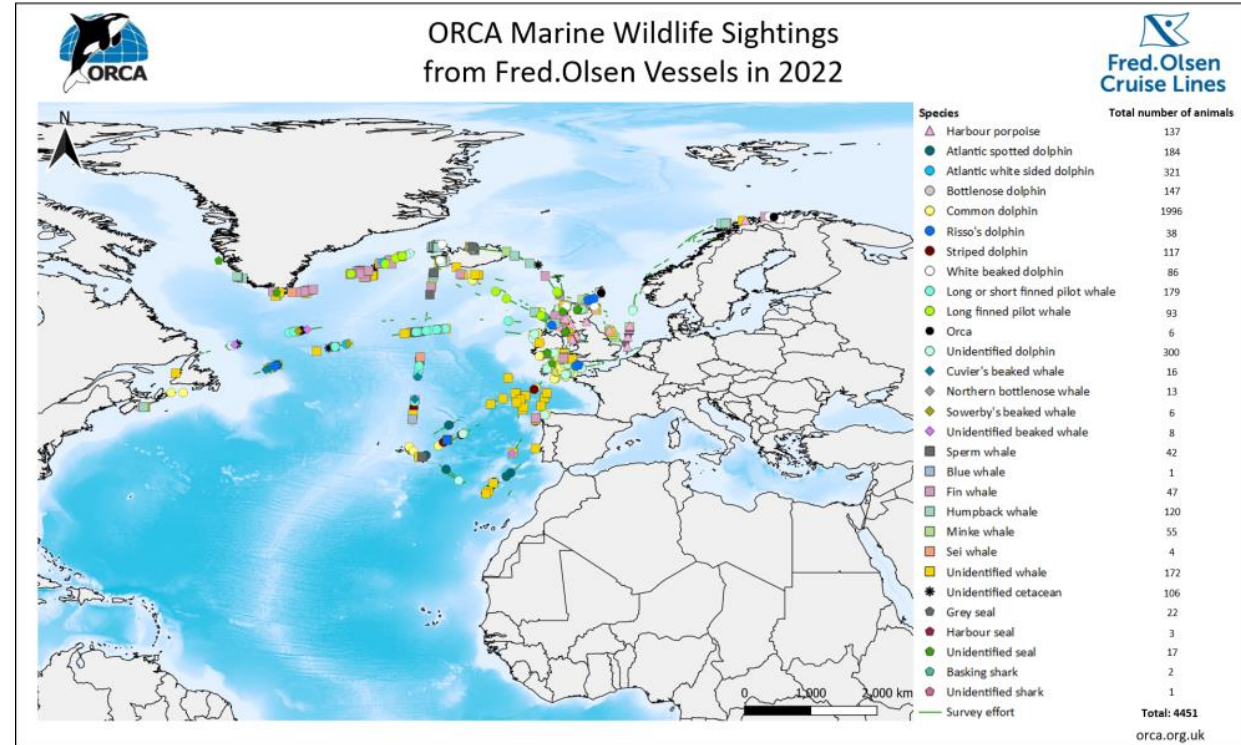
Guests aboard Fred. Olsen Cruise Lines’ fleet made more than 4,400 wildlife sightings with the help of marine wildlife charity ORCA in 2022. The most frequent wildlife spotted was the common dolphin, sighted 296 times - with the total number of individual dolphins spotted being 1,996. Other sightings included humpback whales, orca, a blue whale and even the deepest diving animal known, the elusive Cuvier’s beaked whale, which can dive to depths of nearly 3,000m.

The ORCA Cruise Conservationist programme is a unique whale and dolphin monitoring project, which uses the data collected during these cruises to identify and monitor whale and dolphin populations around the world.

Steve Jones, Director of Fundraising & Operations at ORCA, said: "These sightings show the absolutely phenomenal range of habitats that our Ocean Conservationists can study aboard Fred. Olsen itineraries, monitoring areas that it would be otherwise impossible to reach.

"The data we've collected in 2022 will help give us important insights into the lives of these whales, dolphins and porpoises, and we can understand better than ever the protections they need to safeguard them for future generations.

"A huge thank you to everyone at Fred. Olsen for welcoming our teams on board, and also to the thousands of guests who lent us their eyes during our time at sea in 2022 - I'm sure we will see many of you in 2023 and beyond!"



# 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, the Fred. Olsen fleet of cruise 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 filter 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.



# 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 very nature of our itineraries mitigate the potential for hull biofouling. Where possible we minimise our stay in port to no more than 12 hours, limiting the time marine species have to attach to the hull. Additionally, sailing speeds between ports are typically fast enough to 'scrub' the hull of any marine species.

The hulls of our ships are treated with an antifouling hull coatings, hull cleaning, maintenance and the use active Marine Growth Prevention Systems (MGPS). For Bolette and Borealis, special silicon-based underwater coatings maintain a smooth surface which inhibits marine growth attachment. Balmoral will receive a biofouling treatment in her next drydock.

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.

Antifouling coatings are all tributyltin (TBT) free in compliance with IMO and Flag requirements



## 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 potable water, these being:

1. Bunkered water purchased periodically throughout the duration of a cruise (tested and certificated),
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.

The vast majority of the water used is produced on board.



# SOCIAL



# Scope and Objectives

**Applicable UN Sustainability Development Goals:**



This chapter covers human rights, health and safety, equality and discrimination, health and skill and onboard competence

**Objectives:**

Objectives will be developed during 2023

The Maritime Labour Convention, 2006 (“MLC, 2006”) establishes minimum working and living standards for all seafarers working on ships flying the flags of ratifying countries.

The 5 title codes are embedded into our published policies and procedures and audited both internally by the Compliance team and externally by Port and Flag state inspectors. As a responsible operator we embrace and actively promote compliance with all areas of MLC 2006

The 5 key areas of MLC that are incorporated into our Safety, Quality Management system are:

**1. Minimum requirements for Seafarers to work on ships**

- Minimum age
- Medical certification
- Training and qualification
- Recruitment and placement

**2. Conditions of employment**

- Seafarer employment agreement
- Wages
- Hours of work and rest
- Entitlement to leave
- Repatriation
- Seafarer compensation
- Manning levels
- Career and skill development

**3. Accommodation, recreational facilities, food & catering**

- Crew accommodation and recreational facilities
- Food and catering

**4. Health protection, medical care, welfare and social security protection**

- Medical care onboard
- Shipowners liability
- Health and safety protection and accident prevention
- Access to shore-based welfare facilities
- Social security

**5. Compliance and enforcement**

- Flag State responsibilities
- Port State responsibilities



Maritime Labour  
Convention  
(MLC), 2006

# Health and safety

## Safety and Quality Manuals

The Fred. Olsen Cruise Lines SQM is a set of policies, guidelines and related forms that are structured by process and made available to all crew serving within the fleet. We believe all crew should take ownership and have an understanding of content relevant to their time onboard and specific to the role.

Regular updates are distributed to the fleet as well as periodic confirmation from all crew that they have read and understood relevant SQM content.

## EVERS report

A key element of our SQM is our event reporting system (EVERS). This allows us to capture data on crew and guest related events.

Monthly reports are distributed to the fleet and shoreside management to highlight emerging / ongoing trends with a clear expectation that senior leaders within both areas of the operation act on the information provided.

Two examples of 'reports' provided to the fleet are:

1. Lost Time Incidents (crew event resulting in more than 10 consecutive working hours lost per million working hours)
2. Positive Reporting (we strive to achieve a 1.5% increase on Near Miss / Suggestion / ISM Reporting over the previous 36 month average)

Our crew are key to the success of our business. Crew safety is our primary concern.

<sup>1</sup> + variance attributed to a reduction on the three-year average as a direct result of COVID 19 and the resulting pause in operations

<sup>2</sup> The Company actively promote positive reporting, encouraging the fleet to highlight concerns and suggestions

### Lost Time Incidents

Year	Fleet		KPI% LTI lower than 3 yr. Average	
	LTI	3 Year average	Variance +/-	Indicator
2020	0.687	2.436	-1.75	↓
2021	1.334	1.909	-0.57	↓
2022	3.329	1.409	<sup>1</sup> +1.92	↑

### <sup>2</sup> Positive Reporting

Year	Fleet		KPI % Near Miss / Suggestions / ISM - 36 Mth Average		
	Total EVERS Raised	Near Miss / Suggestion / ISM	Previous 36 Mth Av.	YTD Monthly Av.	
2020	141	12	13.25	1.0	↓
2021	413	139	8.97	11.6	↑
2022	936	154	5.00	12.8	↑



# Equality and discrimination (*shoreside*)

(WEF theme: 'Dignity and equality')

## Gender pay ratio

The gender pay gap refers to the difference in average earnings between men and women in the workforce. It is typically calculated as the median or mean earnings of all men in a workforce compared to the median or mean earnings of all women. The gap is often expressed as a percentage, representing the difference between the average earnings of men and women.

### Definition

In many countries, the gender pay gap has been a long-standing issue, with women generally earning less than men for similar work. The gap is influenced by various factors, including:

Occupational segregation: Women are often overrepresented in lower-paying fields and industries and underrepresented in higher-paying professions, leading to differences in average earnings.

The motherhood penalty: Women who become mothers may experience reduced career advancement opportunities, impacting their earning potential.

Unpaid care work: Women tend to take on a larger share of unpaid care responsibilities, which can limit their ability to work full-time or pursue higher-paying careers.

### Conclusion

**Fred. Olsen Cruise Lines are a gender irrelevant employer, ensuring equal pay for equal work, promoting policies that support work-life balance, encouraging women's representation in higher-paying fields, and combating discrimination in the workplace.**



# Equality and discrimination (*shoreside*)

(WEF theme: 'Dignity and equality')

## Shorebased initiatives

We have a number of ongoing projects to support equal pay opportunities. 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 and developmental plans
  - c. Creation of competencies to clearly define expectations
  - d. Creation of more useful and focussed job descriptions
  - e. Ensure equal pay for same roles/levels in the organisation
2. Focussed Recruitment- aiming to find a balance in shortlists of men and women where possible. Whilst we don't advocate "positive" discrimination, we always look for the best candidates for our roles.
3. The interview process- ensuring that there are women on the interview panels for all management level positions to promote balanced assessment and opinions
4. 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. We have started a programme on inclusion, psychological safety and diversity. This programme started in 2022 and we have now commenced our 3rd cohort. Phase 2 of this programme will be rolled out towards the end of 2023 and we aim to deliver these modules across all our businesses

# Equality and discrimination (onboard)

(WEF theme: 'Dignity and equality')

## Shipboard diversity

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 regions of the world, However at Fred. Olsen the individual employee's skillset takes precedent over their place of birth.

We demonstrate our commitment to diversity in 2022 through the nationality breakdown of our onboard crew, which currently consists of employees recruited from 49 countries spread over 5 continents.



# Health and skills (shoreside)

(WEF theme: 'Health and well being')

## Employee Health

In 2022, Fred. Olsen Cruise Lines launched several awareness campaigns, covering various health-related topics, to support the welfare of shore-based employees. Going forward we intend to extend this throughout the vessels

In 2023 the Company will deliver further workshops on these topics to ensure the health and well-being of all employees.

Employees at Fred. Olsen House are offered subsidised membership at a local Gym to 'encourage' employees to keep fit + health awareness etc, fruit

## Employee Skills

In 2022 we focussed on delivering essential management skills programmes to ensure that all managers had a similar toolkit and felt confident in their roles.

Additionally, we delivered an advanced programme called "Accelerated leadership Programme" designed for those that had completed the essential skills programmes.

## Appraisal

In 2023 we are delivering a new form of appraisal to ensure we are having more regular discussions on performance with our teams and can ensure that we coach and support people continuously.

## Our Way of Working Cultural Journey

In 2019, we began a journey with our team members to strengthen and develop our internal culture, ensuring that our team and our guests are always at the centre of everything we do.

While we continued as best we could virtually during the pandemic, in 2022 we were able to begin in-person sessions again with both our teams in the office and on board our ships. Our Way of Working journey supports our business strategy. Our approach focuses on how we differentiate ourselves in the market and deliver a consistent experience throughout the guest (and team) journey.

We have also introduced a team of mentors to help coach and keep our culture alive and this team is being continually expanded. A Journey Begins programme, run and delivered by the mentors, will be launched in 2023

# Onboard competence

As per STCW (Standards of Training, Certification, and Watchkeeping), seafarers are required to have the minimum mandatory requirements for their particular rank and emergency duties on board, we publish these requirements in our certification matrix.

The matrix is formed of two parts:

1. Regulatory (mandatory) requirements
2. Company requirements

Compliance with STCW ensures we have crew with the correct levels of certification and training to competently operate our fleet.

We sponsor Deck, Engine and Electrical cadets through their college phases and sea time and also offer cadet berths to charity cadets in order for them to gain their sea time.

We offer training funding for crew of all positions to develop their skills to gain higher licenses or specific training that has been identified in order for them to progress their careers.

We also provide soft skills training for supervisors and middle managers to develop their skills in mentoring and supervising their teams.



# Community contributions

(WEF theme: 'Community and social vitality')

## Heart 2 Heart

2022 saw the start of our partnership with local East Anglian charity Heart 2 Heart. The purpose of this partnership is two-fold: to fundraise to purchase public-access defibrillators in the Ipswich area, and also the towns and cities that we sail from in the UK, making this life-saving equipment accessible 24-hours a day. Secondly, we have worked with charity founder, Jayne Biggs, to teach our team members vital and life-saving CPR skills – something they can keep with them for life.

During our first year, we managed to raise enough money to purchase a defibrillator, and when this is installed in 2023 we will have provided the first 24-hour accessible public-access defibrillator on the industrial estate where our office is based. Our vision for 2023 is also to share these lifesaving skills with our crew and guests on board, and the project to make this happen is already underway.

## Inspire

Our charity work isn't limited to fundraising, and in 2022 we worked with East-Anglian-based charity Inspire on a careers event, to help inspire young people to the opportunities that a career in cruise or maritime could bring. We took the opportunity to host a group of young people, aged from 16 to 25, aboard one of our ships, enabling us not only to tell them about the career opportunities, but to show them and have them experience them for themselves. We are already working towards evolving this partnership into 2023. This venture has been supported by funds from Bonheur.



# Community contributions

(WEF theme: 'Community and social vitality')

## RNLI – longest standing corporate partner

Fred. Olsen Cruise Lines continues to be the RNLI's longest-standing corporate partner, having supported the charity since 1968. During this time, the Company has facilitated onboard and shoreside fund raising initiatives that 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 2022, as our fleet resumed sailing with three ships for the first time since the pandemic, we were able to return to a more normal level of fundraising and activity across our fleet, and were pleased to have donated just shy of £30,000 to the cause.

## St Elizabeth Hospice & The Big Hoot

From time to time, in addition to our fundraising for the RNLI, we support local causes that we know are important to our team members here in Suffolk. In 2022, we were proud sponsors of The Big Hoot in Ipswich, the second time we have supported a giant art trail in the town centre in aid of St Elizabeth Hospice. The first time, we raised more than £15,000 as part of Elmer's Big Parade Suffolk. We were so pleased to double this amount in 2022, raising more than £42,000 with our guests and team members as part of The Big Hoot.



# Community contributions

(WEF theme: "Community and social vitality")

## Suffolk Community Foundation

To show our support to the community in Suffolk, where the majority of our office teams live and work, we are supporting a number of small, hyper-local causes in need of support, by working with Suffolk Community Foundation. The team have helped to match us with causes that match our values and vision, such as organisations in maritime and arts. We have been able to support these thanks to funds from our parent company, Bonheur.

Suffolk-based companies Fred. Olsen Ltd, Fred. Olsen Cruise Lines and Fred. Olsen Travel have jointly funded a lorry to send aid donated by team members to support Ukrainian refugees.

Between them, the team filled 61 boxes to help those in need, containing women's, men's and children's clothing, medication for adults and children, toiletries, nappies, blankets, batteries and power packs, thermal flasks and more than 70 soft toys.

[Fred. Olsen Cruise Lines - Ukraine](#)





# GOVERNANCE

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# Scope and Objectives

## Applicable UN Sustainability Development Goals:



This chapter covers board composition / leadership team, stakeholders, ethical behaviour and risk management

## Objectives:

- All staff to have 'competency' training in line with Company requirements, this will include:
  - GDPR, antibribery, modern slavery, cyber security
- Company to remain in compliance with all Flag and Class requirements
  - Management review
  - Internal Audits
  - Blue Cards
  - Reporting requirements
- Ensure all vessels maintain certification as per Flag and Class requirements
- Regular Management and Board meetings

# Board Composition / Leadership team

(WEF theme: ‘Quality of governing body’)

Fred. Olsen Cruise Lines Limited is listed on the Companies House website as Private Limited Company with a nature of business recorded as 50100 – Sea and coastal passenger water transport (aligns with [EU Taxonomy content](#))

Please use the following link to view Companies House details for Fred. Olsen Cruise Lines Limited (Company no. 02672435) [GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/company-information.service.gov.uk)

The Board consists of:

- Anette Olsen (Director)
- Richard Olav Aa (Director)
- Peter Deer (Director)
- Jeremy Dowler (Director / Secretary)

The members of the Board and Leadership team bring expertise and management acumen from the following business areas, corporate, finance, accounting, marketing, cruise management, human resources and information technology.

The Leadership team has a 55% male / 45% female split

## The Leadership team

 <p><b>Peter Deer</b> Managing Director</p>	 <p><b>Thomas Rennesland</b> Hotel Operation Director</p>	 <p><b>Clare Ward</b> Product and Customer Service Director</p>
 <p><b>Jackie Martin</b> Sales &amp; Marketing Director</p>	 <p><b>Damon Impett</b> Director of IT</p>	 <p><b>Stuart Ferguson</b> Head of Quality and Resources</p>
 <p><b>Sigurd Tveito</b> Fleet Manager Cruise</p>	 <p><b>Claire Wright</b> Head of Finance</p>	 <p><b>Susanna Frost</b> Chief Human Resources Officer</p>

# Stakeholders

(WEF theme: 'Stakeholder engagement')

We refer to 'Stakeholders' so that we are able to reference a defined group of people or organisations relevant to our business. Where internal or external guidance or reference is needed we would reference the term 'Stakeholder'.

A stakeholder is a person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.

The table lists the principal stakeholders, primary and secondary external stakeholders, and internal stakeholders.

This stakeholder list is general and covers multiple scenarios and situations. Depending on the matter at hand, relevant stakeholders will be listed on a case-by-case basis.

## Internal

- The Board
- Directors and Leadership Team
- Designated Person Ashore
- Technical Managers (Fred. Olsen Cruise Technical)
- Safety and Security Manager
- Onboard 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
- Guests (Passengers)
- UK Chamber of Shipping
- ABTA (The Travel Association formerly 'Association of British Travel Agents')
- CAA (Civil Aviation Authority)
- HMRC (HM Revenue and Customs)
- External suppliers, to include but not limited to:
  - 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)
  - Hotel Supplier
  - Marketing Services Suppliers
  - Travel providers
  - Insurance Companies
  - Legal Service Providers
  - Administration Service Providers

# Ethical Behaviour

(WEF theme: 'Ethical behaviour')

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 the policy can be viewed via the following link [Ethical Trading Policy FOCL](#)

## Grievance

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	2020	2021	2022
DPA	0	3	5
Unions	0	1	0
Flag	0	0	1

All reported items were fully investigated to a successful conclusion.

# Risk management

(WEF theme: 'Risk and 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
- Resource
- Technical Management

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

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

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

# PROSPERITY

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# Scope and Objectives

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## Applicable UN Sustainability Development Goals:



This chapter covers wealth creation, community contributions, yield management, new technologies and tax payments

## Objectives:

- To continue to work with local and national charities that have a connection to our industry or are recommended by employees of Fred. Olsen Cruise Lines



# Wealth Creation

*(WEF theme: 'Wealth creation and employment')*

## Number of employees

3523 persons were employed in the Head Office and onboard the Fred. Olsen Cruise Lines vessels at the end of the year.

Crew are employed via International manning agents based in Singapore, the Philippine's, India, Nepal, Indonesia and Thailand.

Manning agents are bound by local, national and international employment laws and the Maritime labour Convention (MLC) 2006

## Financial results

For financial results, reference is made to the quarterly and annual reports at [www.bonheur.no](http://www.bonheur.no).



# Tax payments

(WEF theme: 'Community and social vitality')

## Aim

FOCL remains focused on complying with applicable statutory obligations and disclosure requirements to tax authorities and in doing so aims to manage its tax affairs in line with FOCL's overall standards of governance.

## Risk Management and Governance

FOCL's established risk management and governance procedures include the following:

- Within the Company's overall internal control and risk assessment framework lie control mechanisms to assess tax risks. These controls are designed for the purpose of ensuring compliance with legal requirements and the accurate and timely payment of taxes.
- The day-to-day management of FOCL's tax affairs lies with the Senior Accounting Officer of FOCL together with FOCL's accounting and finance department.
- Roles and responsibilities for managing tax risks are defined across FOCL and are applied and undertaken by skilled professionals. In the event gaps in knowledge, skills or resources should be identified, external advisors can be sought in better understanding tax responsibilities.
- External advice will in any event be sought when considered appropriate to support business decisions to interpret tax law for the purpose of ensuring compliance.

Tonnage tax charges for the year to 31 December 2022 amounted to £41,735 for FOCL and its subsidiaries (2021: £41,735), of which £22,553 (2021: £22,553) relates to the Company.

## PAYE

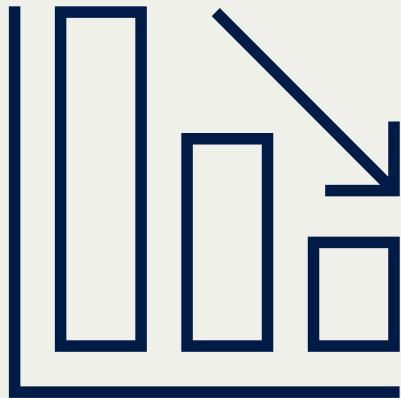
FOCL operates from headquarters in Suffolk, UK, from where an average of 190 staff (2021: 157) were employed during the year. During the year, FOCL has facilitated the contribution of employee taxes through the PAYE mechanism amounting to £1,150,561 (2021: £938,504).

## Crew tax

All crew are responsible for paying tax in line with their respective government requirements

# Key Performance Indicators

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# Key performance indicators (KPI's)

(WEF theme: 'Skills for the future')

(WEF theme: 'Wealth creation and employment')

Governance		Metric	Data Set	
			Onboard	Ashore
	% number of employees given anti-corruption training	%	100%	100%
	Number of corruption cases	Number	0	0

People		Metric	Data Set			
			Onboard Age groups:		Ashore Age groups:	
	% number of employees in age groups	%	18-29	22%	18-29	27%
			30-39	44%	30-39	27%
			40-49	25%	40-49	26%
			50-59	9%	50-59	18%
			60+	1%	60+	2%
		%	Male	Female	Male	Female
	% number of employees in gender groups	%	80%	20%	29%	71%
	Number of employees in gender groups	Number	2648	674	59	142
	Number of shorebased employees	Number			201	
	Number of ship/offshore employees	Number	3322			

# Key performance indicators (KPI's)

(WEF theme: 'Skills for the future')

(WEF theme: 'Wealth creation and employment')

Green House Gas	Metric	Data Set		
		2020	2021	2022
Consumption of fuel for Cruise vessels	Tonnes	~15,923	~26,791	~56,573
Total Fleet CO <sub>2e</sub> emissions (fuel)	CO <sub>2e</sub> MTS	~50,801	~84,955	~179,168
	CO <sub>2e</sub> MTS/km	0.72	0.56	0.44
Shore based CO <sub>2e</sub> emissions (water, electricity)	CO <sub>2e</sub> MTS	Not available	~76	~60
Environmental spills		1	1	3