Continuously improving

Annual report 2020

ODFJELL

ODFJELL

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Financial calendar 2021

1st quarter report	May 5, 2021
2nd quarter report	August 18, 2021
3rd quarter report	November 3, 2021
4th quarter report	February 10, 2022

The Annual General Meeting will be held May 5, 2021.

"2020 was a year unlike any other. Due to Covid-19, we faced extraordinary challenges on board our ships, at our terminals, in our offices and in our private lives, but thanks to the remarkable efforts of the Odfjell team, we kept our people safe, our ships sailing, and our terminals operational.

We managed to deliver on our customer promise and provide them with the building blocks they need to produce essential, everyday products we all depend on – some now more than ever. This adds to our motivation and purpose to go the extra mile.

Although Odfjell and our industry is far from immune to the long-term effects of the pandemic, we are very satisfied with the accomplishments in 2020. Our performance has left me confident that Odfjell is capable of adapting to whatever terrain we meet, and that we are indeed very well positioned for the years ahead."

Kristian Mørch, CEO

A year unlike
any other

2020 started well, but the positive trends were quickly overshadowed by the Covid-19 pandemic and its pervasive consequences. Safety is always our number one priority, but this year it took on an extra dimension as virus protection measures became an integral part of our daily safety priorities, and challenged us in how we operate our business every day.

Thanks to the remarkable efforts of the Odfjell team and their constant diligence and agility, we have kept our people safe, our ships trading, and our terminals operational. We have managed to deliver on our customer promise and provide them with the building blocks they need to produce essential, everyday products we all depend on – some more than ever right now. That the chemicals we ship and store are used to make virus protection products – vaccines, face masks, protective clothing, anti-bacterial soaps, detergents – add to our motivation and purpose to go the extra mile. I am deeply grateful and proud of the Odfjell team, and how every single one has stepped up through this unprecedented challenge.

But it has come at a cost. The challenges of crew rotations quickly grew into a crisis for the global shipping industry. It becomes a health and safety risk when seafarers have to stay on board long after their shift should have ended. We do what we can to secure safe and healthy working conditions for our people, but we are dependent on the different countries' authorities to define seafarers as key workers and allow for safe crew change logistics. This remains one of our greatest concerns into 2021.

Continued progress

Despite all the challenges in 2020, we are extra pleased to note that we continue to make progress, also on strategic issues and on our results:

- We delivered one of our strongest financial results in a long time, proving the resilience and efficiency of the Odfjell platform
- We set ambitious climate targets, building on the work we have done the past decade and challenging all parts of our organization to seek new, more sustainable solutions
- We finalized one of the most extensive fleet renewal programs in Odfjell's history, and we now have the most energy-efficient and modern fleet in our segment
- We continued the restructuring of Odfjell Terminals and see clear, positive effects of a stronger, reinvigorated portfolio
- We established new pools, adding quality tonnage to the Odfjell Tankers fleet while contributing further to the consolidation of the industry
- We continued digitalizing our operations, and took – as so many others – milestone steps in everyday processes and collaboration. We have found new solutions and established new ways of working that will remain post-Covid

Well positioned

While the fundamentals of our industry suggest an end to a decade with historically rough markets, the pandemic has given us an unforeseen test. Through it all, we have lived up to our values of being professional, proactive, sustainable and innovative.

The outlook for our industry remains strong, with continued growth in demand (also through the pandemic) and the most favorable supply picture we have seen for many years. So we are fundamentally optimistic. However, as 2020 has taught us, it is not a time to take anything for granted, so while we wait for a clearer picture of the post-Covid recovery, we remain alert for 2021 and beyond.

Although Odfjell and our industry is far from immune to the long-term effects of the pandemic, we are very satisfied with the accomplishments of our people in 2020. Our performance has left me confident that Odfjell is capable of adapting to whatever terrain we meet, and that we are indeed very well positioned for the years ahead.

Stay safe,
Kristian Mørch, CEO

Key figures 2020

2 294 Employees

14 Offices

89 Chemical tankers
3.2 million dwt
3 830 port calls
11 654 cargo operations
4 687 645 nautical miles sailed, equals 217 times around equator

5 Terminals
1.3 million dwt storage capacity

Tank terminals in 16 ports, including 11 terminals owned by related parties

Financial performance

2020 was a year that built on the positive trend in our financial performance that began in 2019. Underlying net results were up by USD 64 million compared to 2019, as we reaped the benefits of a renewed and more efficient chemical tanker fleet, a continued improvement in Odfjell Terminals, and another year of improved chemical tanker markets. The positive development in our contract portfolio continued, with average renewals up 5%, signaling a sustained improvement in our markets and results in the years to come. Our determination to reduce our debt levels remains, and after completion of our newbuilding program leading to close to zero vessel capex going forward, our de-leveraging is set to accelerate in the years ahead. Together with our relentless focus on cost control and financial initiatives to reduce our cash break-even levels, we are taking important steps to ensure Odfjell is well positioned for the future.

ODFJELL GROUP (equity method)

Gross revenue	USD	939 million
EBITDA	USD	268 million
Operating result (EBIT)	USD	115 million
Total assets	USD	2 220 million

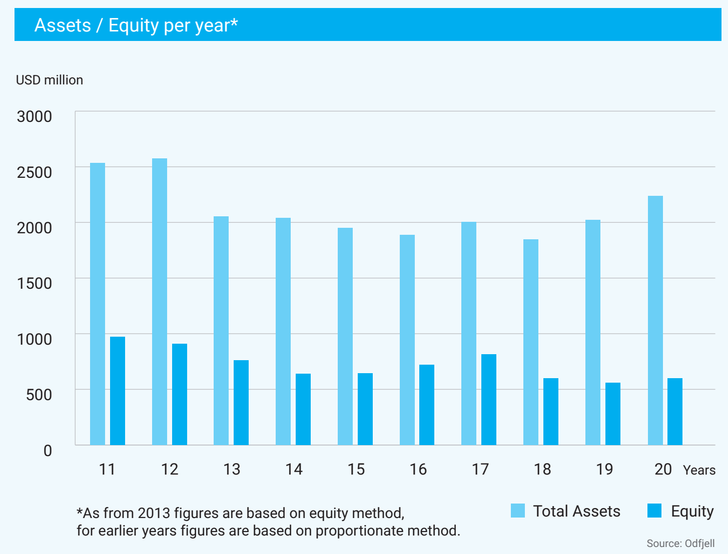
Annual Efficiency Ratio (AER)

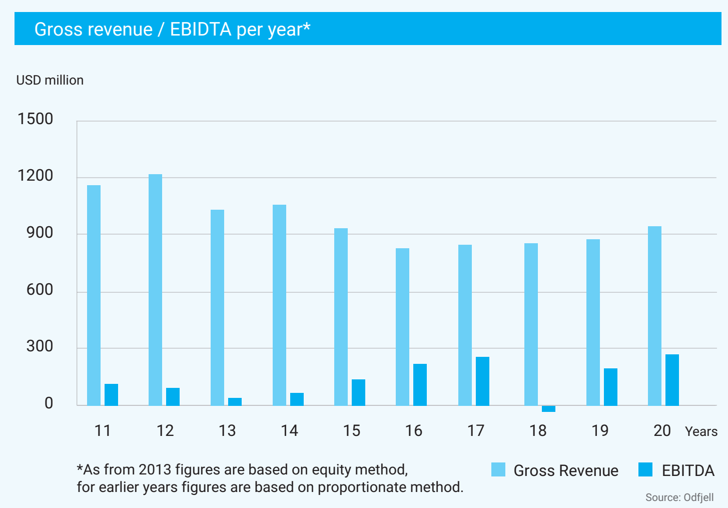
All time low and further improvement from 2019:

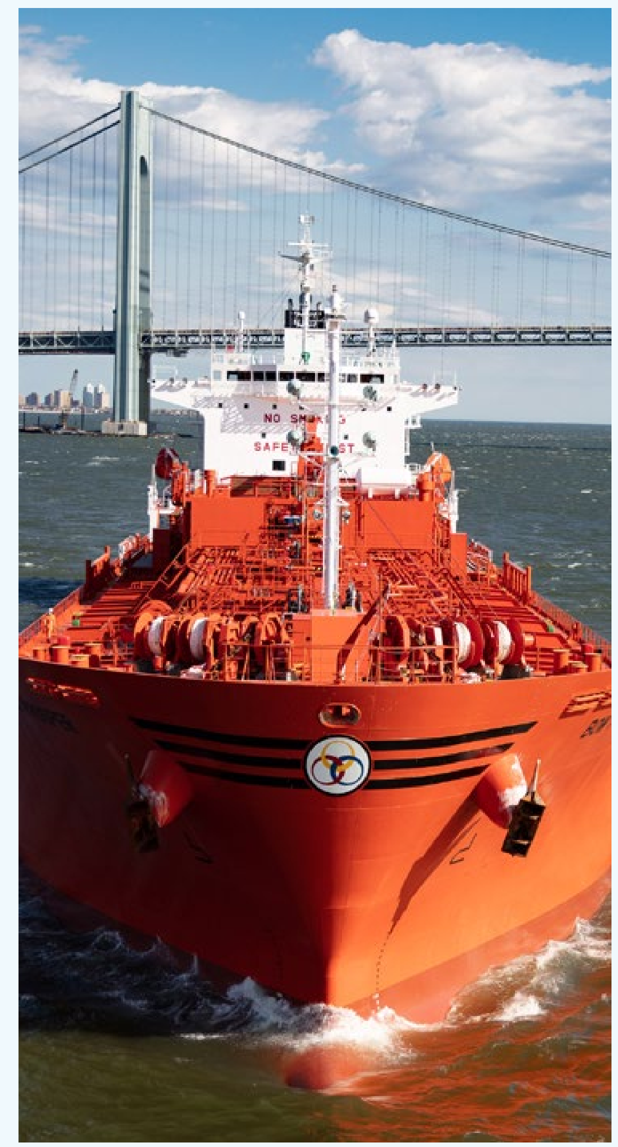
8.64 gram CO_2 per dwt mile

Odfjell Tankers & Ship Management

2020 was a year with challenging circumstances that proved the resilience of our global platform and chemical tanker demand. Despite the pandemic, Odfjell delivered stronger results and performed on important operational and safety measures.







Bow Prosper.

Odfjell Terminals Korea.

Odfjell Terminals

In 2020, the primary focus of Odfjell Terminals was to maintain safe and efficient operations during unprecedented circumstances, while continuing to execute on key strategic initiatives. The results and achievements of 2020 stand as a testament to the quality of our people and of the Odfjell Terminals platform.

Sustainability

In 2020, the sustainability agenda was about safety, and about making continuous improvements and having a long-term view of our business and its impact.

Safety is our number one priority throughout the organization. 2020 was especially challenging for our seafarers, but still we improved our safety performance.

We set ambitious targets on climate and diversity, appointed Odfjell's first Chief Sustainability Officer, and linked our sustainability targets to financing. We reduced our carbon intensity and continue our journey towards decarbonization, in line with our targets.

Around the world

14 offices* | 5 Odfjell Terminals | 11 tank terminals partly owned by related parties | Trade lanes

*Offices in Argentina, India and Chile are manned by authorized representatives.

Key figures/Financial ratios

ODFJELL GROUP	Figures in	2020	2019	2018	2017	2016	2015	2014	2013 *)	2012 *)	2011 *)
From Profit and Loss Statement											
Gross revenue	USD mill.	939	872	851	843	825	929	1 053	1 027	1 212	1 154
EBITDA [1]	USD mill.	268	196	(31)	255	218	137	66	41	93	113
Depreciation and impairment	USD mill.	(153)	(146)	(100)	(111)	(101)	(109)	(94)	(89)	(132)	(122)
Capital gain (loss) on non-current assets	USD mill.	-	-	-	-	13	-	7	(9)	(4)	31
EBIT [2]	USD mill.	115	50	(131)	144	130	28	(22)	(57)	(43)	21
Net financial items	USD mill.	(84)	(84)	(75)	(51)	(23)	(58)	(53)	(46)	(68)	(35)
Net result from discontinued operation	USD mill.	-	-	-	-	-	-	-	-	-	288
Net result allocated to shareholders' equity before extraordinary items *)	USD mill.	28	(37)	(211)	91	100	(36)	(75)	(108)	(111)	269
Net result allocated to shareholders' equity	USD mill.	28	(37)	(211)	91	100	(36)	(75)	(108)	(111)	269
Net result	USD mill.	28	(37)	(211)	91	100	(36)	(75)	(108)	(111)	269
Dividend	USD mill.	-	-	-	14	14	-	-	-	-	14
From Balance Sheet											
Total non-current assets	USD mill.	1 993	1 796	1 556	1 674	1 589	1 679	1 761	1 791	1 993	2 140
Current assets	USD mill.	227	223	286	326	293	264	271	258	576	388
Shareholders' equity	USD mill.	576	551	601	816	719	645	638	759	908	973
Minority interests	USD mill.	-	-	-	-	-	-	-	-	7	6
Total non-current liabilities	USD mill.	1 302	1 173	928	855	878	1 095	880	1 055	1 141	1 244
Current liabilities	USD mill.	342	294	313	329	286	203	514	235	514	305
Total assets	USD mill.	2 220	2 018	1 842	2 000	1 883	1 943	2 032	2 049	2 569	2 528
Profitability											
Earnings per share - basic/diluted - before extraordinary items [3]	USD	0.35	(0.47)	(2.68)	1.15	1.27	(0.41)	(0.95)	(1.35)	(1.37)	3.43
Earnings per share - basic/diluted [4]	USD	0.35	(0.47)	(2.68)	1.15	1.27	(0.41)	(0.95)	(1.35)	(1.37)	3.43
Earnings per share - basic/diluted	NOK	3.0	(4,1)	(23,3)	9,5	11,0	(3,6)	(7,1)	(8,2)	(7,7)	20,6
Return on total assets - before extraordinary items *) [5]	%	4.6	2.5	(7.1)	7.8	7.9	0.4	(1.6)	(3.6)	(2.3)	12.4
Return on total assets [6]	%	5.2	2.5	(7.1)	7.8	7.9	0.4	(1.6)	(3.6)	(2.3)	12.4
Return on equity - before extraordinary items *) [7]	%	3.0	(8.0)	(29.8)	11.8	14.6	(5.6)	(10.8)	(12.8)	(11.6)	30.6
Return on equity [8]	%	4.9	(6.4)	(29.8)	11.8	14.6	(5.6)	(10.8)	(12.8)	(11.6)	30.6
Return on capital employed [9]	%	6.1	2.8	(8.1)	8.8	7.9	1.7	(0.9)	(6.4)	(2)	2.5
Financial Ratios											
Average number of shares	mill.	78.63	78.63	78.70	78.61	78.69	86.77	78.74	79.39	80.60	78.56
Basic/diluted equity per share [10]	USD	7.32	7.01	7.63	10.38	9.15	7.44	7.35	9.67	10.46	12.71
Share price per A-share	USD	3.20	3.02	3.39	3.87	3.39	3.22	3.88	6.74	4.29	5.99
Interest bearing debt	USD mill.	1 239	1 132	1 123	1 084	1 042	1 168	1 163	1 136	1 221	1 246
Bank deposits and securities [11]	USD mill.	103	101	168	207	174	126	105	94	170	205
Debt repayment capability [12]	Years	5.9	-	N/A	4.4	4.6	14.3	124.8	15.7	45.1	2.8
Current ratio [13]		0.7	0.8	0.9	1.0	1.0	1.3	0.5	1.1	1.1	1.3
Equity ratio [14]	%	25.9	27	33	41	38	33	31	37	36	39
Other											
USD/NOK rate at year-end		8.54	8.78	8.69	8.24	8.65	8.8	7.43	6.08	5.59	6.01
Employees at year-end		2 294	2 383	2 530	2 693	2 890	3 034	3 311	3 352	3 540	3 761

*) As from 2013, figures are presented based on equity method, for earlier years figures are based on proportionate method. Profit and loss figures have been adjusted for discontinued operation earlier than year 2011. Balance sheet 2012 and 2011 have been adjusted for pension corridor.

1) Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA).
2) Operating result.
3) Net result allocated to shareholders' equity before extraordinary items divided by the average number of shares.
4) Net result allocated to shareholders' equity divided by the average number of shares.
5) Net result plus interest expenses and extraordinary items divided by average total assets.
6) Net result plus interest expenses divided by average total assets.
7) Net result plus extraordinary items divided by average total equity.
8) Net result divided by average total equity.
9) Operating result divided by average total equity plus net interest bearing debt.
10) Shareholders' equity divided by number of shares per 31.12.
11) Bank deposits and securities includes cash and cash equivalents and available-for-sale investments.
12) Interest bearing debt less bank deposits and securities, divided by cash flow before capital gain (loss) on non-current assets.
13) Current assets divided by current liabilities.
14) Total equity as percentage of total assets.

Highlights 2020

January
- Naming ceremony, Bow Persistent
- Bow Odyssey enters the fleet
- Navig8 Stellar is delivered to Odfjell Tankers

February
- Bow Prosper enters the fleet
- Odfjell Terminals US concludes new five-year, USD 250 million Revolving Credit Facility
- Navig8 Spark is delivered to Odfjell Tankers
- Sagami is delivered to Odfjell Tankers
- Bow Andes is delivered to new owners

March
- Navig8 Spica is delivered to Odfjell Tankers

April
- Bow Optima enters the fleet
- Sun Triton is redelivered to owners
- Navig8 Sky is delivered to Odfjell Tankers

May
- Odfjell Terminals Dalian Co Ltd. is divested
- Marex Noa is redelivered to owners

June
- Bow Persistent enters the fleet

July
- Noord Natie Odfjell Antwerp Terminal concludes expansion of a total 12.700 cbm capacity

August
- Odfjell appoints first Chief Sustainability Officer
- Bow Explorer enters the fleet
- SG Pegasus is redelivered to owners

September
- Odfjell signs statement for Renewed Global Cooperation as part or UN's 75th General Assembly
- Liberty is delivered to Odfjell Tankers

October
- Delivery of Bow Excellence marks the completion of Odfjell's newbuilding program
- Odfjell launches fuel cell project in cooperation with Prototech, Wärtsilä and Lundin Energy Norway
- Odfjell commits to quarantine initiative for seafarers in Manila

November
- Launch of ambitious climate targets, including ambition to cut greenhouse gas emission by 50% by 2030 compared to 2008
- Fleet grows by pool cooperation with Navig8 and TRF
- Navig8 Topaz, Navig8 Turquoise, Navig8 Violette and Navig8 Tourmaline are delivered to Odfjell Tankers

December
- Odfjell increases the ownership share in Odfjell Terminals Korea to 50%
- TRF Mandal and TRF Mongstad are delivered to Odfjell Tankers
- Navig8 Victoria and Navig8 Tanzanite are delivered to Odfjell Tankers
- CTG Bismuth, CTG Magnesium and CTG Mercury are redelivered to owners
- Shamrock Mercury is redelivered to owners

Sustainable finance - sustainable business

Terje Iversen
Chief Financial Officer

Over the past few years, it has become clear that ESG is increasingly important when it comes to access to financing and access to capital. We welcomed this trend in last year's annual report and stated that, given our strong track record and active role in various ESG initiatives, we expected to take advantage of this development.

Discussing this further in 2020 with equity and debt investors, as well as with our relationship banks and their sustainability teams, we got very positive feedback on what we, as a company, had already accomplished on ESG over the years. We got the distinct impression that we were ahead of most shipping companies; we have improved the energy efficiency of our fleet by 30% since 2008, and Odfjell now controls the most fuel-efficient chemical tanker fleet in the world.

Just one year later, we can confidently state that our discussions have been a success, with Odfjell issuing the first sustainability-linked bond in the world within the shipping sector, and the first in the Nordics. The bond is linked to Odfjell's fleet transition plan and ambition to reduce the carbon intensity of our controlled fleet by 50% by 2030, compared to 2008. More than 1/3 of the book was thought to be significantly, if not entirely, dependent upon the ESG link. We are currently looking at using Odfjell's Sustainability-Linked Finance Framework for traditional vessel financing with our banks.

We believe Odfjell's sustainability-linked finance framework is a testament to our ambitious targets, and our commitment to reduce carbon emissions as set out in our fleet transition plan.

Furthermore, we believe that setting ambitious and measurable ESG targets reduces our risk and makes good business sense. It is especially important that investors now actually back these products/projects, such as the sustainability-linked loan, to show that they are genuinely serious about ESG. The decarbonization of shipping will happen much faster with the support of capital markets.

With zero capex and a self-funded terminal division, we are well positioned to strengthen our balance sheet further and gain from strong underlying market fundamentals, post Covid-19.

The Odfjell compass

Mission

Our core business is handling hazardous liquids – safely, sustainably and more efficiently than anyone else in the industry.

Vision

We shall be a world class and preferred global provider of transportation and storage of specialty bulk liquids.

Impact

At Odfjell, we recognize that our company has an impact on the environment, people and societies.

We are committed to operating a sustainable business, to continuously seek improvements and to actively support the achievement of relevant UN Sustainable Development Goals.

Customer commitment

We are committed to generating value for our customers, by offering safe and reliable transportation and storage of their products, at a competitive cost.

Our goal is to deliver on-spec, on-time and adapt our services to cater to the needs of our customers.

Odfjell is committed to:

- Never compromise on safety
- Always care, have integrity and be reliable
- Be accessible and responsive
- Offer competitive services and products

Guiding principles

Safe

We do not compromise on safety

World class

We have world class ambitions in everything we do, every day

Core business

Chemical tankers and Terminals are our core business

Long term goals

Safety

Zero incidents

Climate

- Cut greenhouse gas emission by 50% by 2030 compared to 2008
- Pursue a zero-emission strategy and only order vessels with zero-emission technology from 2030
- Have a climate-neutral fleet from 2050
- Actively support initiatives to develop technology and infrastructure for zero emissions and support international regulation to drive zero-emission for our industry

Tankers scale

Target an operated fleet of about 100 vessels, to benefit from scale advantages

Tank terminals

Have a network of terminals where we either have operational synergies with Odfjell Tankers or another clear angle for value creation

Top-line

Average revenue growth of 10% per year

Profitability

- Industry-leading EBITDA margin
- Attractive returns for our shareholders

Values

Professional

- Skilled, dedicated and compliant
- Show the right behavior and attitude

Proactive

- Assess risk and give highest priority to safety
- Take proper precautions and share knowledge

Sustainable

- Aim for long-term success
- Provide safe and enduring solutions

Innovative

- Embrace change
- Look for new and improved solutions

The crew waves to colleagues ashore as Bow Orion calls Mongstad, Norway in May 2020. Due to the pandemic, no ship visits were allowed. Photo by Gunnar Eide.

Operations

Odfjell offers safe, efficient and high-quality storage and transportation of our customers' products, worldwide. We are a fully integrated logistics provider for chemical producers, oil majors and traders: While Odfjell Tankers operates and owns chemical tankers, Odfjell Terminals handles customers' storage requirements. Our priority throughout 2020 has been to operate safely, protect our people, and run our business with a focus on operations.

Tankers and Ship Management

2020 was a year that proved the resilience of our global platform and chemical tanker demand. Despite the pandemic, Odfjell delivered stronger results and performed on important operational and safety measures. We have concluded one of the largest fleet renewal programs in our history, and taken important steps to further streamline our terminal division. The chemical tanker market continued its gradual recovery, although it was affected by heightened volatility throughout the year. We are fully prepared to take advantage of the strong, underlying fundamentals in our markets once the impact of Covid-19 on the global economy diminishes.

89
ships

15.2 million
tonnes shipped

622
different chemicals

Key steps in 2020

- We concluded the delivery of our six-ship newbuilding program at the Hudong-Zhonghua shipyard in China, and of four newbuilds from the Fukuoka shipyard in Japan. These are highly sophisticated and fuel-efficient vessels, further contributing to the reduction of our carbon footprint
- We contributed to further consolidation of the chemical tanker market by welcoming 13 vessels into two newly formed pools: Odfjell Coated MR pool and Odfjell Handy pool
- Despite the challenges of the pandemic, our safety performance remained strong; we had an all-time high vetting performance and our predictability KPIs remained solid. These results were achieved in spite of major hurdles in managing crew changes, having to make numerous diversions and difficulties in conducting repairs
- We delivered the strongest results since 2008 and managed to take full advantage of our flexible platform and any rapid changes in market dynamics

The 2020 chemical tanker market

2020 started strong, building on a healthier chemical tanker market that emerged in the second half of 2019, as slower chemical tanker fleet growth reduced negative impact from swing tonnage, and a robust growth in underlying demand tightened the availability of ships. This positive development was quickly interrupted by the Covid-19 outbreak in China in February, which went global moving into the second quarter and initially reduced activity.

As market players were preparing for challenging times, an oil-price war emerged which, along with lost demand due to lockdowns, sent the oil price tumbling. Global inventory levels quickly filled up, leading to a large portion of the tanker fleet being employed as floating storage, which led to a severe shortage of ships that sent crude, CPP and chemical tanker rates soaring to all-time highs.

As the oil market stabilized, chemical producers regained control of their inventory and the world, to some extent, learned to live with the pandemic. Chemical tanker demand quickly recovered and kept the chemical tanker market relatively strong into the third quarter. This demand was driven by geographical variations in the effect of the pandemic and lockdowns, producers taking advantage of low prices to build inventories, and resilient demand for essential products being carried on board chemical tankers.

The chemical tanker market did not recover after the seasonally slower summer months and as the second wave of the pandemic and lockdowns took hold. As the demand recovery faltered, producers favored lower priced inventories and a very challenging CPP market increased the share of swing tonnage competitors.

Preliminary figures point to chemical tanker demand being marginally positive in 2020, compared to a net fleet growth of 2.5%, while effective supply growth was negative in the first half of 2020 and for 2020 as a whole, when the effect of swing tonnage is taken into account.

Safety

Safety is our number one priority, and we always keep safety at the heart of everything we do. In 2020, our Lost Time Injury Frequency* was 0.21, which was below our target and an improvement from 0.89 in 2019. Our ambition of realizing zero fatalities and zero injuries remains the same.

The biggest impact from the pandemic was the heavy burden placed on our seafarers, as crew changes were impossible for a long time. The issue of crew change remains a challenge into 2021. We faced unreasonable port states across the globe, severe lack of flights, community lockdowns by governments, heavily increased response time from relevant authorities and extensive quarantine arrangements. Despite these challenges, our operational and safety performance remained at an all-time high. Read more about the crew change challenge on page 35.

Chemical tanker outlook

In 2021, we remain committed to improving our core activities and to the following key targets:

- Safe and efficient operations
- Profitability and further growth
- Improved digital solutions
- Implementing fleet transition plan

In 2020, we concluded the largest fleet renewal in our history by taking delivery of the last supersegregator in October. We do not have any further renewal or capex needs over the next few years and will continue to focus on growing and optimizing our fleet in a capital efficient way.

> We now operate the most efficient chemical tanker fleet in the industry and are fully prepared to take advantage of strong underlying fundamentals in the chemical tanker market. The chemical tanker market outlook is promising, but we remain focused on continuous improvement to ensure that we meet our financial targets – all the while maintaining safe, efficient operations and making full use of our global chemical tanker platform.

2021 started with a challenging market, as more lockdowns halt the economic recovery and as competition from swing tonnage grows. We forecast a challenging start of 2021, but an accelerated recovery throughout the second half of 2021, and a stronger market in 2022 which is closely linked to the expected development of the pandemic, as its impact on the economy recedes and the world returns to normality.

Safe, efficient and profitable

Harald Fotland
Chief Operating Officer

At Odfjell, we do not compromise on safety. This is our ticket to trade, and safe operations can only be achieved through continuous improvement of work processes, competence and mindset. It also requires the commitment of senior management, together with the understanding and involvement of everyone in Odfjell.

Despite very challenging circumstances, we did deliver top scores on all our safety, efficiency and predictability KPIs in 2020.Our integrated business concept demonstrated its robustness, despite crew change challenges, working from home, closed ports, and delayed access to spare parts and service personnel.

> 2020 did teach us some important lessons about all aspects of our operations and we will, in the years to come, draw on these experiences to further develop our platform through more efficient processes, digitalization and improved customer solutions.

The integrated model provides significant advantages, as we control all aspects in the value chain from chartering, through operations, to ship management. However, it is also a more costly model as it lacks the benefits of scale. Focus in the years to come will therefore be on making further gains in port efficiency, voyage optimization, and integration between the various business units.

Optimized digital solutions are a prerequisite for such process improvements. Odfjell has already made significant improvements in vessel tracking, weather routing, utilization of live sensor data, digital inspection tools and various fleet management solutions. This is a continuous journey and we are determined to further expand our digital tool box.

Odfjell operates a fleet of almost 100 advanced deep-sea chemical tankers. The fleet has seen significant growth, and three different shipowners entrusted us with close to 20 vessels for commercial operation in 2020. We see this as the ultimate proof of our platform's quality and attractiveness, and we will continue to encourage consolidation within our segment.

Innovation is identified as a corporate value. Odfjell built the world's first stainless steel tanker, the world' largest stainless steel tanker and we have provided the chemical tanker segment with numerous new and innovative solutions. This year we will reach an important milestone when our multi-fuel fuel cell engine is commissioned for testing. The concept design for a new, innovative generation of zero-emission technology vessels is also scheduled for completion before year end.

*LTIF for ships is calculated as lost time injuries * 1,000,000 / number of exposure hours. A 'lost time injury' is a fatality, permanent total or partial disability, or a lost workday case.

Assuming this scenario plays out as forecast, the chemical tanker market should follow its pre-Covid trajectory, which indicators showed to be a strong one.

The International Monetary Fund's latest prediction estimates a global GDP growth of 5.5% in 2021, which corresponds well with our forecast of a recovery from the second half of 2021and into 2022. Furthermore, it is expected that policy stimuli will be high across the globe in the aftermath of the pandemic, and lead to strong economic activity and chemical consumption across the globe.

The expansion of new, low-cost chemical production capacity that has helped boost tonne-mile demand growth in the last years, will slow down over the next couple of years. US and Middle Eastern producers are therefore expected to contribute to strong demand growth through gaining market share from high-cost producers rather than growth in capacity.

The supply fundamentals for chemical tankers are encouraging, with a record low orderbook and limited new orders taking place. Traditionally, a low orderbook leads to increased orders, but the uncertainty around future propulsion systems could mean the next few years becoming an exception to the rule. Ordering new vessels today is associated with high residual risk for shipowners and for lenders too, which also limits available financing to fund larger newbuilding orders. This situation is not unique to chemical tankers and affects shipping in general. This means that neighboring tanker segments are experiencing declining orderbooks and lack of orders as well, which is something we depend upon to ensure reduced competition from swing tonnage in the years to come.

We therefore believe that the fundamentals in our markets are strong, and this should bolster the continued recovery of the chemical tanker markets over the next few years.

For more information about
Odfjell Tankers and Ship Management,
visit Odfjell.com/tankers/

Odfjell Tankers

- Odfjell's chartering and operations organization, in charge of sales, customer relationships, contract management and commercial operations worldwide
- Works closely with Odfjell's subsidiary Flumar, which covers the intra-regional South American markets
- Operates a total fleet of 89 vessels as of December 31, 2020
- Strategically located marketing offices worldwide
- Headquartered in Bergen, Norway

Odfjell Ship Management

- One of Europe's largest and most complete teams for ship management
- Technical operator of 40 Odfjell vessels as of December 31, 2020
- Ensures safe and efficient operations of the vessels, in compliance with governing rules and regulations
- Monitors the services of external ship managers, who oversee the technical management of 11 vessels
- Subsidiary Flumar has technical management of 5 vessels
- Headquartered in Bergen, Norway
- Crewing and Shared Service office in Manila

The Odfjell fleet

Per December 31, 2020
- 33 supersegregators
- 12 large stainless steel
- 21 medium stainless steel
- 16 coated
- 7 regional

Fleet distribution

- 36 owned
- 15 time charter
- 13 leased
- 7 bareboat
- 18 pool

Introducing tailored pools

An effective way to expand: Odfjell's pool segment has grown steadily over the past two years, increasing our access to the market and creating an economy of scale that is enhanced through our platform. Another advantage? The cost of this expansion is negligible.

The announcement of a pool partnership with Navig8 and TRF in November 2020 marked a substantial jump in available commercial tonnage, including coated chemical tankers. In addition, Odfjell will obtain commercial management of two stainless steel chemical tankers from EGD Shipping in 1Q21.

In total, 24 young and efficient ships will become part of the commercial fleet through pool cooperation. The ships not only increase our fleet's flexibility, they also add new and energy-efficient tonnage – the oldest of the vessels is a mere five years.

"By establishing these pools, we take another step in consolidating the chemical tanker market. These pools not only strengthen our existing platform of stainless steel vessels, but also gives us a foothold in the coated chemical market, and contributes to our net results. In total, it gives Odfjell an increased market share and improved competitive positioning overall, a flexible cost structure with lower risk than conventional time-chartered tonnage, plus an improved position in contract negotiations. We are excited to welcome these quality vessels and introduce added services to our customers."

Bjørn Hammer, Global Head of Tanker Trading

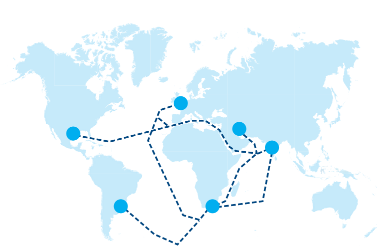
Odfjell pools

- Chempool 40
- Coated MR Pool
- Chempool 33
- Coated Handy Pool
- Chempool 25

Trades lanes

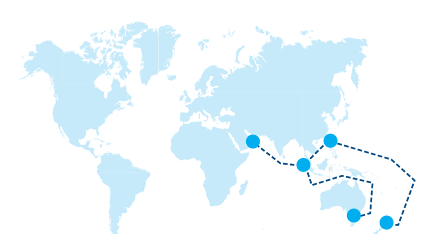
Round the world

Middle East



South America

Asia



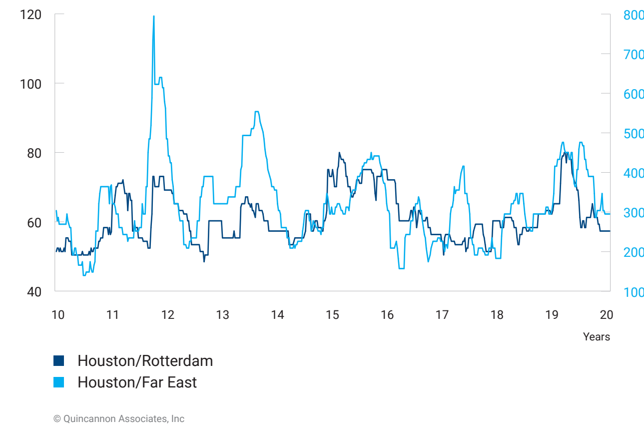
Transatlantic

Bow Prosper arrives New York. Odfjell ships called 410 different ports in 2020. Photo by Jonathan Atkin.

CHEMICAL TANKERS*	Figures in	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Gross revenue	USD mill.	938	871	851	843	832	940	1 042	1 028	1 066	1 056
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	254	184	109	125	188	147	97	98	65	61
Operating result (EBIT)	USD mill.	102	39	8	14	98	37	3	3	(35)	(9)
Total assets	USD mill.	2 019	1 851	1 664	1 643	1 544	1 586	1 654	1 625	1 749	1 439
Volume shipped	1 000 tonnes	15 210	14 400	15 126	13 648	13 510	13 630	15 440	18 215	19 546	18 500
Number of ships per December 31		89	75	83	79	73	74	77	81	96	98
Total deadweight per December 31	1 000 tonnes	3 218	2 493	2 628	2 408	2 217	2 187	2 236	2 273	2 684	2 717

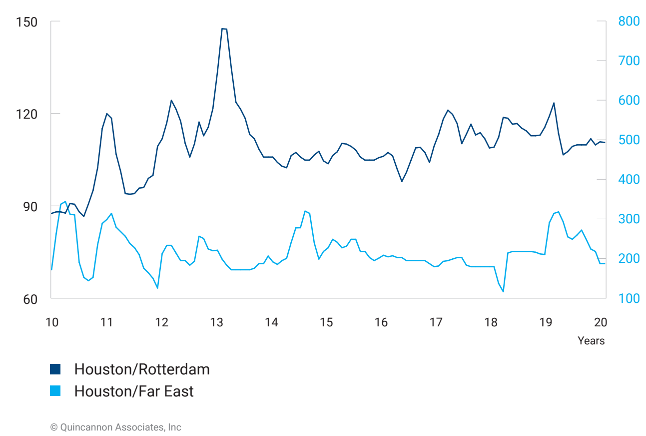
*This table also includes "corporate".

Freight rates 3,000 mts easy grade chemicals (USD/tonne)

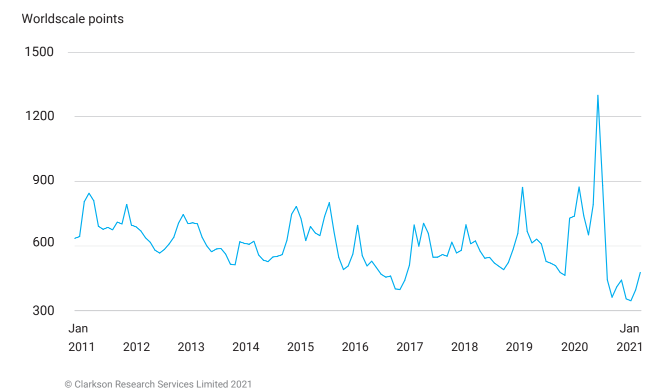


MGO Bunker Prices Rotterdam

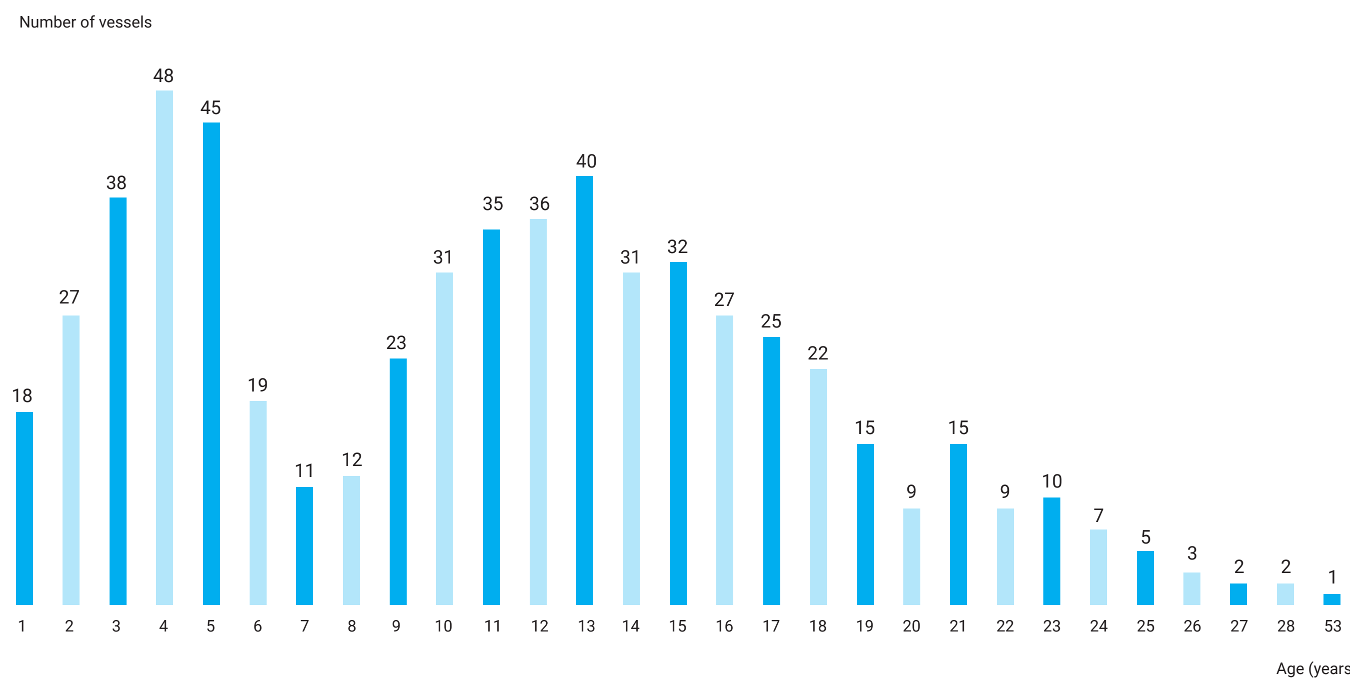
Freight rates 1,000 mts stainless steel grade chemicals (USD/tonne)



MR 47 (Clean Petroleum Product Tanker)



Distribution of vessels by age in total deep-sea chemical tanker market (chemical tankers with at least 50% stainless steel capacity from 18,000 to 55,000 dwt)



Tank Terminals

In 2020, the focus for Odfjell Terminals was to maintain safe and efficient operations under unprecedented conditions, while continuing to execute on key strategic initiatives. We have completed the restructuring of our Terminals organization, successfully divested our terminal in Dalian (China), increased our ownership stake in Odfjell Terminals Korea, and we have added new storage capacity both in Houston and Antwerp. First and foremost, the results and achievements of 2020 stand as a testament to the quality of our people and the resilience of our platform.

5
terminals

1.3 million cbm
storage capacity

470
storage tanks

Odfjell Terminals is a global provider of independent tank storage solutions for the chemical industry, with a track record in developing, owning, and operating tank terminals for more than five decades. Through different partnerships, we currently own five operational tank terminals: two terminals in the US, one in Belgium, one in South Korea, and one in China. Odfjell Terminals also has a cooperation agreement with 11 tank terminals in South America, which are partly owned by related parties.

> Faced with the Covid-19 pandemic, the priority for our terminals has been to continue to operate safely and provide excellent service to our customers. Extensive preventive measures have allowed all terminals to maintain normal operations throughout the crisis.
>
> Considering the operational burden of Covid-19, we are particularly pleased to see that all terminals have shown a very positive development in key safety indicators in 2020.

Despite the challenges experienced in 2020, demand for storage remained relatively strong across the portfolio, with most of our terminals at full, or near-to-full, commercial occupancy.

Key events in 2020

- Completed restructuring of terminals organization
- Successful divestment of terminal in Dalian, China
- Buy-out of joint venture partner, Lindsay Goldberg (LG), from terminal in Ulsan, Korea
- Construction and commissioning of a new, fully automated stainless steel tank bay in Antwerp, Belgium
- Final investment decision (FID) taken on further expansion at our Antwerp terminal
- Refurbishment and commissioning of capacity at Odfjell Terminals Houston, USA
- Refinancing of our US business, putting us in a good position to execute on our growth strategy

Changes to the terminal platform

Following the closure of our offices in Rotterdam and Singapore, we have in 2020 completed the reorganization of Odfjell Terminals by establishing a lean and efficient operational center headquartered in Bergen. Apart from enabling more effective governance and reducing overall costs, the move will further improve collaboration between our two divisions, chemical tankers and chemical storage.

In May 2020, Odfjell Terminals (China) Pte. Ltd. completed the sale of its 50% shareholding of Odfjell Terminals (Dalian) Co Ltd. (OTD) for a total consideration of USD 59 million. For Odfjell, the transaction resulted in a net cash gain of USD 27 million and an equity gain of USD 13 million, reportable in 2Q20.

In December 2020, Odfjell SE reached an agreement with LG to acquire their indirect 24.5% shareholding in Odfjell Terminals Korea (OTK), at a purchase price of USD 19 million. Following the transaction, Odfjell SE now controls 50% of OTK's shareholding alongside the long term, local JV partner, KPIC. The acquisition will have a positive effect on results, return and cash flow for Odfjell, while ensuring a more productive governance structure for OTK. As part of LG's exit from Asia, Odfjell SE may consider tagging along on a sale of its remaining asset in China, ONTT.

> "The sale of OTD and the acquisition of LG's stake in OTK represent important milestones in the restructuring of our terminal portfolio, and is in line with our strategy to focus on chemical terminals where we can harvest synergies with Odfjell Tankers, or have another angle for value creation by Odfjell."
>
> Kristian Mørch, CEO

The stronger and more consolidated terminals portfolio is centered around leading terminals in key chemical hubs. We believe the current platform establishes a healthy foundation for future growth.

Business performance

Odfjell Terminals US (OTUS) experienced strong demand for storage in the first two quarters of 2020, with some signs of softening during the second half of the year as Covid-19 contributed to reduced downstream demand for certain product categories. Nevertheless, Odfjell Terminals Houston (OTH) and Odfjell Terminals Charleston (OTC) achieved an average commercial occupancy rate of 97% and 98%, respectively.

On December 11, 2020, OTH experienced a fire in the building housing its hydraulic power unit. Although the fire was isolated to a limited area, it affected critical equipment and infrastructure required to operate the terminal. As a result, regular terminal operations were suspended, and Force Majeure was declared. After extraordinary efforts by everyone involved, the Force Majeure was lifted on January 22, 2021. There were no injuries, no spills, and no loss of containment of any products stored at the terminal.

Despite being adversely impacted by Covid-19 and the fire incident at OTH in December, OTUS delivered a financial performance in line with its 2020 budget, helped greatly by strict cost control and increased revenues at the Charleston terminal.

Noord Natie Odfjell Antwerp Terminal (NNOAT) noted strong demand for storage throughout 2020, with the average commercial occupancy for the year ending at close to 99%. However, Covid-19 contributed to a significant drop in throughput and handlings, as well as weaker demand for certain higher margin products, so while NNOAT saw a recovery in 3Q and 4Q, these factors contributed to the terminal delivering a financial performance below budget for 2020.

A healthier platform

Adrian Lenning
Global Head of Odfjell Terminals

For Odfjell Terminals, like any other organization, 2020 has been a challenging year which tested us to the limit. More than anything, the experiences over the year demonstrated the robustness of our organization and our platform, and we are very proud of what we achieved.

Our local teams have worked tirelessly to stay one step ahead to ensure our personnel's health and safety, as well as uninterrupted and safe operations. Amidst market volatility and supply chain disruptions, our terminals have continued to deliver a stable and strong commercial performance. And while travel has been impossible for most of the year, we have successfully executed several strategic initiatives across three continents.

> We continue to improve our safety performance across all terminals. That is not a given in a year like this, and illustrates a genuine commitment to safety throughout the organization.

The fire incident at our terminal in Houston was a reminder of how critical safety is to our business. The quick and effective actions by the Houston organization ensured that no one was injured, that products were kept safe, and that the terminal was efficiently brought back to normal operations. Their handling of the situation was nothing short of impressive.

2020 also marked the completion of a multi-year restructuring of the Odfjell Terminals organization and portfolio. We are already seeing the benefits, such as closer cooperation with the broader Odfjell Group, reduced overheads and more empowered local management teams. Our portfolio is centered around leading chemical terminals in key global hubs, all with exciting prospects for further growth. This is an excellent foundation to develop Odfjell Terminals further.

Covid-19 will continue to be an important factor in 2021, but it is hard to tell to what extent, and for how long. While we cannot influence the bigger picture, we can, and will, continue to focus on improving our operations and strengthening our platform, all while prioritizing safety.

In June 2020, NNOAT completed the construction and commissioning of a new, fully automated tank bay that added an additional 12,700 cbm of stainless steel storage capacity. As an extension of the NNOAT expansion program, a final investment decision has been taken to add a further 35,000 cbm of stainless steel capacity. Construction of this new tank bay will commence in 2021 and commissioning is scheduled for the second half of 2022.

Odfjell Terminals Korea (OTK) recorded a strong year, with an average commercial occupancy rate of 98%, helped largely by storage contracts with key customers and increasing throughput levels. As a result, OTK delivered a financial performance well ahead of budget and that of 2019. The high occupancy rate is expected to continue into 2021.

Odfjell Terminals Nangang (ONTT) was impacted by regional lockdowns in 1Q, but has since experienced a strong uplift in demand and activity levels. As a result of both positive market momentum and targeted commercial efforts, ONTT delivered its best financial performance since the start of operations.

Chemical storage outlook

Due to the impact of Covid-19 and change of administration, the near-term outlook for the US storage market is somewhat mixed. In recent months, there has been an increase in demand for products related to the healthcare industry, and packaging and consumer goods. Products related to the automotive and aerospace industries are also starting to show signs of recovery. Demand for these products and product categories is expected to continue to grow in 2021. The competitive feedstock advantage in the US is also expected to continue to drive demand and, as a consequence, it is expected that chemical storage demand will continue to grow in the long-term.

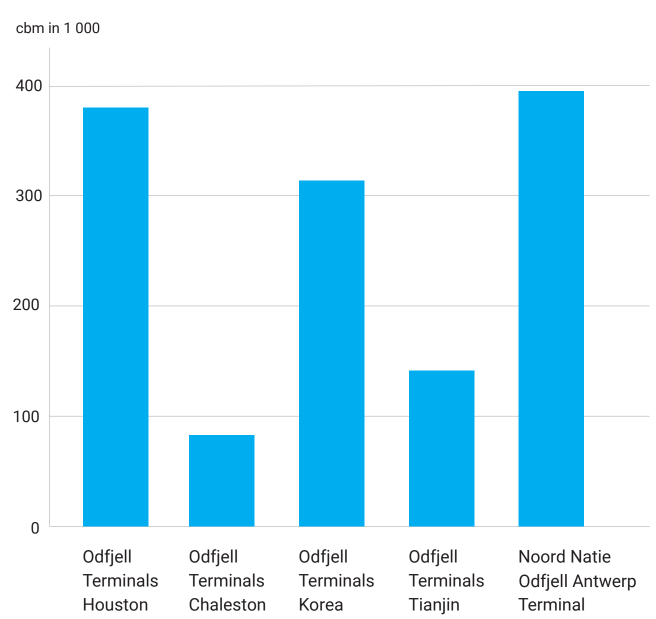
Due to the market uncertainty experienced in 2020, most new customer development projects have been put on hold, or remain under evaluation. This is expected to gradually recover in 2021 and could result in increased demand for storage at the two terminals located in the US.

In Northwestern Europe, the market for base oil volumes remains strong with continued healthy demand. Uncertainty as to contracting and pricing is creating unrest in the glycol market, in part due to an anti-dumping investigation initiated in Europe. At the end of 2020, there was still a shortage on glycols in Europe. The current outlook for 2021 is very uncertain and will, to a large extent, depend on developments in the USA, with further repercussions expected from Covid-19 and possible European trade barriers.

In Korea, demand for refined petroleum storage facilities is sluggish, and will be slow to recover, as the transportation sector struggles to bounce back. A slowdown in the operation rate of oil refineries is exacerbating the situation. Demand for petrochemicals is expected to remain strong due to a robust demand for olefin products. Increased chemical production capabilities in North East Asia and North America are expected to result in more storage demand in the future, as is additional petrochemical expansion in Asia.

> Unfortunately, it looks like Covid-19 is something we will continue to live with in 2021, but it is difficult to predict to what extent, and for how long. While we cannot influence the macro environment, we can and will continue to focus on improving our operations, and strengthening our terminal platform.

Tank terminals capacity



TANK TERMINALS*	Figures in	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Gross revenue	USD mill.	66	70	91	111	123	112	94	129	145	227
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	30	27	24	38	47	40	(4)	21	27	96
Operating result (EBIT)	USD mill.	18	18	(84)	118	53	4	(31)	(73)	(8)	62
Total assets	USD mill.	381	353	351	580	578	629	650	685	1 062	1 092
Tank capacity (100% of the terminal)	1 000 cbm	1 300	1 412	1 512	3 115	3 539	4 672	4 643	4 658	4 551	4 221

*Reflection of actual historical Odfjell ownership share.

Odfjell Terminals Houston (OTH), USA

- Houston
- 379 981 cbm total storage capacity
- 113 180 cbm stainless steel storage capacity
- 119 tanks
- 4 berths for barges
- 2 docks for deep-sea ships
- Operational since 1983
- Odfjell share: 51%

Houston is a major international hub for import and export of chemicals to and from the USA, and the hub for Odfjell's global and regional trades to and from the US Gulf.

Noord Natie Odfjell Antwerp Terminal (NNOAT), Belgium

- Port of Antwerp
- 389 531 cbm total storage capacity
- 84 832 cbm stainless steel storage capacity
- 231 tanks
- Odfjell share: 25%

NNOAT offers a unique combination of storage and related value-added services for several types of liquids. A new Block Train loading facility was commissioned in March 2020, and an additional 12,700 cbm of stainless steel capacity came onstream in June 2020. In 2021, the construction of another tank bay with a capacity of 35,000 cbm in stainless steel tanks will commence. Commissioning is planned for the second half of 2022.

Odfjell Terminals Charleston (OTC), USA

- Charleston
- 79 243 cbm total storage capacity
- 9 tanks
- 1 deep-sea berth
- Operational since 2013
- Commercially operated by Odfjell Terminals Houston (OTH)
- Odfjell share: 51%

Strategically located on Charleston's Cooper River, Odfjell Terminals Charleston (OTC) offers tank storage solutions to the south-eastern United States.

Odfjell Nangang Terminals Tianjin (ONTT) China

- Tianjin Port, Bohai Bay, Nangang Industrial Zone
- 137 800 cbm total storage capacity
- 7 000 cbm stainless steel storage capacity
- 26 tanks
- 3 ship docks
- Operational since 2016
- Odfjell share: 25%

ONTT is located in the nearest port to Beijing, close to the production areas of the north and northwestern China hinterlands and link to middle and west Asia.

Odfjell Terminals Korea (OTK), Korea

- Ulsan
- 313 710 cbm total storage capacity
- 15 860 cbm stainless steel capacity
- 85 tanks
- 4 operational berths
- Operational in 2002
- Odfjell share: 50%

OTK is strategically located in Ulsan, the central petrochemical distribution and transshipment hub in Northeast Asia. It is one of the most sophisticated terminals in Ulsan. On December 16, Odfjell SE reached an agreement to acquire LG's 24.5% shareholding. Following the transaction, Odfjell SE controls 50% of OTK.

Odfjell Terminals Dalian (OTD), China

- Dalian New Port, Xingang
- 119 750 cbm total storage capacity
- 18 350 cbm stainless steel capacity
- 51 tanks
- 4 berths
- Operational since 1998, relocated to Dalian in 2007
- Odfjell share: 25.5% (May 2020: 0%)

OTD was sold in 2020 with the transaction closed in May.

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES

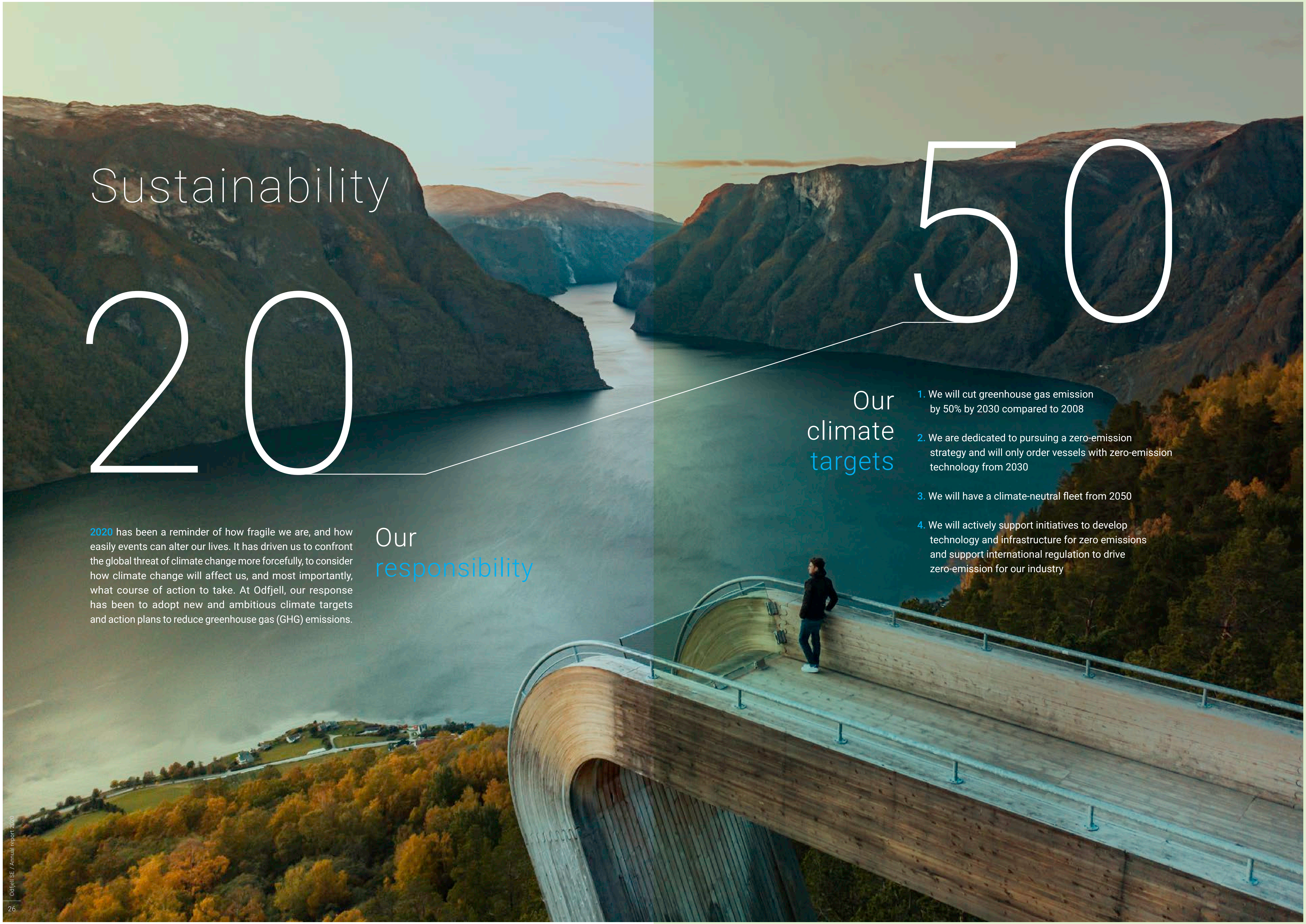
South America

- Argentina, Brazil, Chile, Peru
- 504 125 cbm total storage capacity
- 375 tanks

The terminals are partly owned by related parties and have their operational headquarters in São Paulo, Brazil. The first terminal became operational in Buenos Aires in 1969. Today, the South American terminal network consists of 11 terminals in Argentina, Brazil, Chile, and Peru, with a strong market position for storage of chemicals and clean petroleum products. Some expansions and projects are planned.

These extensive terminal activities in South America provide an excellent complement to Odfjell's frequent and traditionally strong shipping activities within the region.

For more information about the terminals, visit Odfjell.com/terminals/



Sustainability

2050

2020 has been a reminder of how fragile we are, and how easily events can alter our lives. It has driven us to confront the global threat of climate change more forcefully, to consider how climate change will affect us, and most importantly, what course of action to take. At Odfjell, our response has been to adopt new and ambitious climate targets and action plans to reduce greenhouse gas (GHG) emissions.

Our responsibility

Our climate targets

1. We will cut greenhouse gas emission by 50% by 2030 compared to 2008
2. We are dedicated to pursuing a zero-emission strategy and will only order vessels with zero-emission technology from 2030
3. We will have a climate-neutral fleet from 2050
4. We will actively support initiatives to develop technology and infrastructure for zero emissions and support international regulation to drive zero-emission for our industry

Sustainability

2020 has been an exceptional year for people and businesses, Odfjell included. Our organization adapted quickly to the global pandemic's challenges and consequences, keeping up the focus on operating safely and efficiently. The pandemic has demanded the front seat, but our sustainability work has kept up pace alongside – resulting in ambitious climate targets, an industry first sustainability-linked bond, and continued focus on ESG matters overall.

Our license to operate goes hand-in-hand with our social responsibility; in our view, profitability and sustainability are interconnected. We have a responsibility towards our employees, our investors, our customers, the local communities where we operate, the environment – and we will only be able to prosper and grow if we act in a sustainable way.

Sustainable operations are about meeting current demand without compromising the needs, health and safety of future generations. For us, responsible practices and long-term business perspectives are inextricably linked to sustainability.

> Throughout our more than 106-year history, Odfjell has taken a long-term view on how we do business – sustainability is deeply rooted in our DNA.

We are committed to operating a sustainable business, continuously seek improvements, and actively support the achievement of relevant UN Sustainable Development Goals.

Global operations - global challenges

Odfjell's ships called 410 different ports in 82 countries in 2020. We have terminals in the USA, Europe and Asia. Our suppliers and customers are both international and local companies. As such, we are exposed to many challenges wherever we do business. Each port, each community, each country is subject to different risks, customs, governance and regulations.

More than 80% of traded goods are carried over the oceans. Shipping is the most environmentally friendly transportation system over large distances. In total, shipping stands for around 2.9% of global greenhouse gas emissions. Shipping was not directly included in the Paris Agreement in 2015, but the UN International Maritime Organization (IMO) agreed in 2018 to a new strategy[1] to reduce greenhouse gas emissions from ships. The IMO strategy sets some clear targets for reducing international shipping's carbon footprint by 40%, and reducing absolute emissions by 50% compared to 2008. It also sets out targets for the design of new vessels. To achieve the Paris Agreement's goals and the IMO strategy, the global shipping industry will need to transform to low or zero carbon emissions.

ESG, risk and climate targets

Financial and operational targets are essential drivers that push us to improve and deliver. We have for many years made efforts to reduce emissions.

We know that we are exposed to the risk climate change poses, and continuously work to understand, assess and mitigate that risk. We have in 2020 focused on setting clear targets on ESG (Environmental, Social, Governance); on safety performance, diversity, anti-corruption, and climate. To further underline the importance of sustainability for the company, Odfjell appointed the first Chief Sustainability Officer in 2020.

> Since 2008, we have improved the fleet's efficiency by more than 30% and reduced our carbon intensity[2] by 26%. This efficiency increase and emission reduction is not only good for the environment, it is also good for business, leading to substantial financial savings.

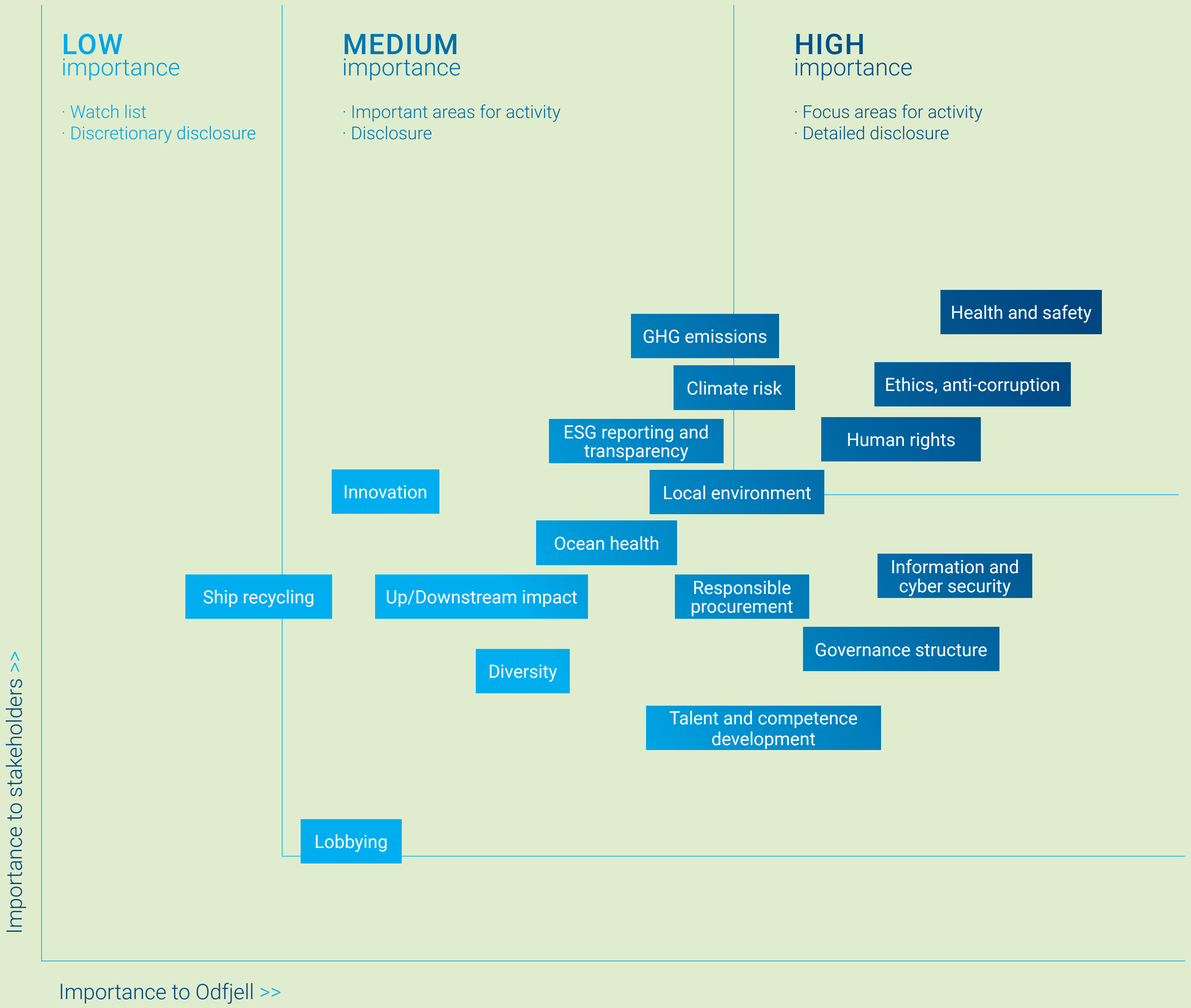
As part of our work to meet IMO targets and our own goals, we conducted a thorough fleet review and prepared a transition plan in 2020. Based on this plan, we decided to set ambitious climate targets aligned with our planned technical and operational improvements, retrofits, and digitalization efforts: We want to reduce our carbon intensity by 50%, as compared to 2008. To achieve a 50% absolute reduction, we need to reduce the intensity by more than 70-80%. Ultimately, we decided to go beyond the IMO target and set ourselves the goal of becoming climate-neutral by 2050 (see page 27).

Materiality

To prioritize and better understand what is material for Odfjell and our stakeholders from an ESG perspective, we have conducted a materiality assessment. This assessment has been fundamental for the ESG reporting (see pages 120-130). To ensure consistency in our reporting, we also refer to a set of reporting guidelines and standards such as the SASB[3], the Global Reporting Initiative, and the Euronext Guidance.

We communicate regularly with our key stakeholders, with governments, investors, non-governmental organizations, and others. In 2020, discussions were dominated by the issue of seafarers' welfare and the problem of crew rotations. We are also seeing a strong and growing interest in our progress and performance within ESG.

Materiality assessment



[1] IMO: Adoption of the initial IMO strategy on reduction of GHG emissions from ships and existing IMO activity related to reducing GHG emissions in the shipping sector. April 2018

[2] Tonne-mile, measured by Annual Efficiency Ratio (AER) index

[3] Sustainability Accounting Standards Board – Marine Transport, October 2018

Sustainable finance

Since 2015, Odfjell has completed one of the most extensive fleet renewal programs in the company's history. The result is a far more efficient and environmentally friendly fleet. We believe that this modernization, along with a clear commitment to keep reducing emissions and operate to high standards, represents good risk management for the company and benefits our various share- and stakeholders.

We support sustainable finance market developments, including the broader social and environmental progress that this type of financing can advance - and we recognize the vital role that debt markets can play in encouraging companies to enhance sustainability efforts. We believe that sustainable financing will become the norm, with a clear alignment between capital and corporate commitment.

In tandem with the development of climate targets, Odfjell therefore developed a Sustainability Linked Framework for issuing sustainability-linked loans and bonds. The framework was completed in December 2020, and verified by DNV GL in accordance with the principles[4].

The bond was issued in January 2021. Not only was it the first sustainability-linked bond for shipping, it was also Odfjell's first security issued under our framework.

Industry collaboration and partnerships

The challenges and opportunities facing our industry are too big for us to tackle alone, which is why collaboration and partnerships are vital to our business. We participate in a range of industry organizations to collaborate and share experiences on ESG and our business.

Odfjell has been a signatory to the UN Global Compact since 2011, and we endorsed the UN Global Compact Sustainable Ocean Principles in 2019. We take part in the Getting to Zero coalition and the Maritime Anti-Corruption Network (MACN), to name a few, and we have also engaged in several partnerships focusing on safety and industry development, such as the fuel cell project (see page 33).

In our impact statement (see page 12), we commit to supporting the achievements of the UN Sustainable Development Goals (SDGs). The SDGs can only be met if we work together.

[4] ICMA, Sustainability-Linked Bond Principles, Jun 21, APLA, LMA, LSTA The Sustainability Linked Loan Principles (SLLP), May 2020. Framework and opinion can be found on https://www.odfjell.com/about/our-stories/contemplated-sustainability-linked-bond-issue/

As Bow Orion called Mongstad, Norway in May 2020, colleagues from the headquarters in Bergen greeted the crew from ashore. Photo by Gunnar Eide.

Acting today for a better tomorrow

Øistein Jensen
Chief Sustainability Officer

The pandemic has been a reminder of how fragile we are, and how easily events can alter our lives. It has driven us to confront the global threat of climate change more forcefully, to consider how climate change will affect us, and most importantly, what course of action to take.

> The pandemic's challenges affected us in 2020 and will continue to do so well into 2021. We are adapting to the challenges, but it will take time until crew rotation can be normalized. The difficulties for the crew, the global attention on health, diversity, unemployment, justice, and human rights have raised the awareness to the S, in ESG matters, for society, and for Odfjell.

At Odfjell, our response has been to adopt new and ambitious climate targets and action plans to reduce greenhouse gas emissions. We will monitor our progress to achieve these targets. The work to design a future carbon-neutral ship and prepare our fleet for 2030 has started in Odfjell, and we are investigating many exciting opportunities.

Many upcoming events will drive attention to sustainability in 2021. In June, we expect the IMO regulation on emission reduction to be adopted, and proposals for carbon tax regulation in the EU. UNGC will host the leaders' summit, and there will be a focus on climate change leading up to COP26 in November 2021. The EU Green Deal targets and the EU Taxonomy will continue to shape business with new requirements. We are following the developments closely.

With the Framework for Sustainability-Linked Financing in place, we will continue to identify suitable opportunities with sustainable finance. We will continue to integrate sustainability into all parts of our business.

Our operations generate a massive amount of data. To improve efficiency, reduce our footprint and find new solutions, we believe that unlocking our data can create opportunities and solutions to sustainability challenges. Not just for us, but our industry. Working on integrating the use of data and sustainability will be a priority for us in the future.

Corruption is a threat to businesses and societies, and it affects the weakest groups the most. That is why we take a clear stand and will continue to work hard against corruption. Climate change is the most significant long-term risk to our society. That is why we act today for a better tomorrow.

Weather routing effects 2020

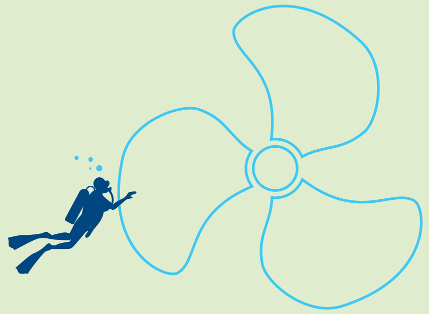
Route optimization for vessels has significant effect on safety and efficiency:

882 voyages routed → **65** days gained

= **1 640** tonnes fuel

= **5 084** tonnes reduced CO_2

Average wave height reduced from 3.7 meters in 2009 to 1.8 meters in 2020



102 hull grooming and propeller polishing operations performed in 2020.

Depending on the vessel, this can equal savings of up to three tonnes bunkers and 9.3 tonnes reduced CO_2 emissions per day.

Odfjell Tankers'

operated fleet[1] consumed 430,800 tonnes marine fuels, of which 70,303 tonnes are marine distillates.

CO_2 emissions

Total emissions of CO_2 in 2020 amounted to 1,361,308 tonnes.[2]

SO_2 emissions

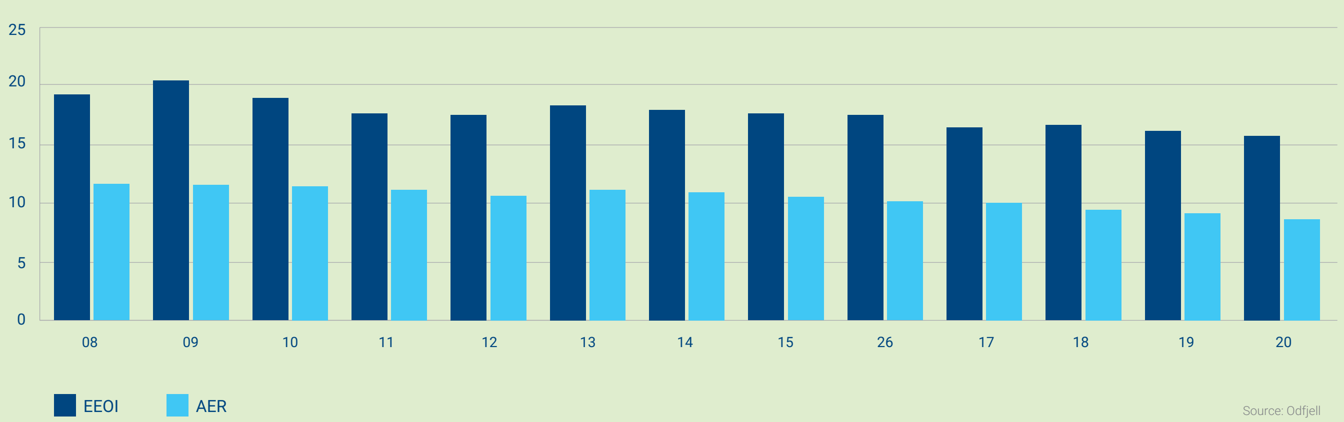
Based on all consumption in 2020 (in port and at sea), Odfjell's vessels emitted on average 0.04 grams SO_2 per tonnes cargo transported one nautical mile.

[1] Ships included: All vessels operated by Odfjell Tankers, Odfjell Asia and Flumar. CO_2 emissions increased 4% from 2019.
[2] Increase of 4% from 2019. The increase is due to a growing number of vessels in the Odfjell fleet. While the total is up, the emission transportation factor is down.

For more information about ESG in Odfjell, visit Odfjell.com and see pages 120-130 in this report.

EEOI and AER trend for the Odfjell fleet[1]

EEOI = gram CO_2 per tonne cargo transported one nautical mile
AER = gram CO_2 emitted per deadweight tonne transported one nautical mile



Fuel cell project develops ground-breaking solution for deep-sea shipping

New and flexible fuel cell technology can reduce emissions from shipping by 40 to 100%. Odfjell has partnered up with Prototech, Wärtsila and Lundin Energy Norway to develop a ground-breaking fuel solution for ships and offshore. The goal is to develop a technology that can provide emission-free operation over long distances.

The core of the pilot fuel cell project is as simple as it is complex: it is fuel flexible. The new technology opens for many different types of fuel, including green ammonia and LNG. With a flexibility like this, vessels can choose fuel according to availability – even fuel solutions that are not on the market yet.

The system will first be tested at the Sustainable Energy catapult centre in Norway before installation on board an Odfjell chemical tanker. Tests show a CO_2 reduction of as much as 40-45% when using LNG, compared to current solutions. Increased efficiency and reduced fuel consumption also provide significant cost savings, and the ship will be able to sail significantly longer on the same amount of energy. The system will also be ready to operate completely emission-free from locations where, for instance, ammonia is available for bunkering.

"Ships are operated for 20-30 years, and we need flexible solutions that can meet future emission requirements. We do not have time to wait, we have to think about zero emissions today.

The fuel cell project is one of the paths we are pursuing. We focus on machinery rather than on one single type of fuel. Fuel cell technology gives us flexibility that ensures environmentally efficient operation regardless of fuel changes that may occur in the years ahead."

Erik Hjortland, VP Technology

Illustration of the fuel cell installation on board a chemical tanker.

Safety first
- always

We are guided by one overarching principle: We do not compromise on safety. We build safety into everything we do, and it is our number one priority. All activities are based on a zero-accident mindset.

Safety is an integral part of our foundation, our daily operations and business, at sea and ashore. We believe that all accidents related to people, environment, and assets can be prevented. The safety and wellbeing of our people are essential to achieving our business goals. As a company, we have a holistic approach to safety, with a focus on minimizing the risks for anyone involved in our business, setting high standards and actively building an exemplary safety culture.

Safety in 2020

Our priority throughout 2020 has been to operate safely, protect our people, and run our business with a focus on operations.

The pandemic challenged our operations, but most of all, it challenged our ability to rotate crew on our ships. We have made substantial efforts to enable crew rotations, and to keep them safe and protected once they are on board. We have also introduced strict measures to minimize the possibility of infections on board.

The pandemic changed our work situation, and Odfjell's onshore staff have worked from home for most of the year. This poses a risk to physical and mental wellbeing, and we have taken several steps to ensure our employee's health and welfare through this challenging time.

> Despite the negative effects of the pandemic, we have relentlessly strengthened our safety culture over the past year. Preventive measures around Covid-19 have become routine on board and ashore, and we have successfully contained outbreaks within our own organization.

On January 14, our vessel, the Bow Fortune, made contact with a fishing boat at the entrance to Galveston Bay. At the time of the incident, there was heavy fog, and Bow Fortune was inbound, under pilotage, as the first vessel in a convoy. Tragically, three crew members from the fishing boat lost their lives when their vessel capsized. The cause of the collision is still under investigation. We are fully supporting and assisting the United States Coast Guard and National Transportation Safety Board as they work to establish the course of events that led to this tragic incident.

Our safety focus areas

- Risk assessment and work permits for all tasks done on board and at our terminals
- Process safety, including spill and release reduction at our terminals
- Stop work authority for all employees
- Collaboration, learning, and continuous improvement of safety management systems
- Constant advancement of safety culture

Safety and security

Our core business of operating ships and terminals are governed by regulations that put health and safety front and center. Odfjell complies with all relevant health and safety regulations and requirements. The safety management system for our ships is certified according to the ISM Code, and the safety management system for terminals is certified and audited through the CDI-T process. Odfjell has dedicated emergency preparedness policy procedures and systems, dedicated contingency/operations teams, and regular training and exercises.

Safety and security are everyone's responsibility, and we regularly carry out risk assessments, including security-related risk, to understand the threats we face and how best to mitigate them.

Cybersecurity is a growing security threat, and we are continuously testing our systems and organization, improving our technical solutions, and training our employees.

Failure to meet security expectations could result in injury to our people, damages, breach of compliance, and information loss. The ability to keep our people, assets, and operations safe from security threats is key to our business.

Safety and sustainability

Sustainability in our business is about how we handle ESG matters. Safety is at the top of our social agenda. We are committed to doing what we can to contribute to the UN Sustainable Development Goals, and our efforts on Health, Safety, and Security address goals 3, 8 and 16 of that very agenda.

Lost time injuries 2020

	Target	2018	2019	2020
LTIF Ships managed by Odfjell	0.30	0.40	0.89	0.21
TRCF Ships managed by Odfjell	1.5	1.75	1.68	1.16
LTIF Terminals operated and managed by Odfjell	0.30	0.19	0.51	0.00

LTIF for ships is calculated as lost time injuries * 1,000,000 / number of exposure hours. For terminals, LTIF is calculated using 200,000 as multiplier. A 'lost time injury' is a fatality, permanent total or partial disability, or a lost workday case. The Total Recordable Case Frequency (TRCF) also includes restricted work cases and medical treatment cases.

A multi-faceted approach to the crew change crisis

There are several criteria required for a successful crew change: a port that allows crew change, available flights and connecting airports, and for the crew member's home country to accept seafarers travelling in and out. Most of these factors all but disappeared when governments closed borders and issued travel restrictions due to the Covid-19 pandemic.

Businesses and public offices were closed and in the Philippines, where more than 90% of Odfjell's crew pool reside, domestic travel was prohibited, making it nearly impossible to line up seafarers for their next assignment. Rapid and unexpected changes in local regulations around the world added to the complexity. For months on end, the IMO estimated that about 300,000 seafarers around the world had to extend their contracts on board or were stranded on shore, waiting to embark.

The safety and health of our people is our top priority. We have chosen a multi-faceted approach to mitigate the crew change crisis. Our crewing departments work relentlessly to find solutions, in cooperation with our trade teams, management, agents and local authorities. We initiate route deviations to Manila and other cooperative ports to facilitate safe and efficient crew changes, and continuously monitor developments in ports our ships call. Different countries have different requirements for ships and seafarers, and we diligently work to comply with all. On board, extra measures are implemented to ensure the well-being of the crew. Our integrated model, with in-house chartering, operations and ship management, has proved very valuable as we strive to facilitate crew changes and make them as seamless as possible.

Odfjell takes an active role in industry appeals and initiatives advocating seafarer welfare, and works through international organizations such as the IMO and BIMCO to push for urgent action on the crew change crisis. We also work with industry partners in providing concrete solutions, such as the quarantine facility led by the Norwegian Shipowners' Association in Manila.

At the end of the year, the crew change situation was far from resolved. It is not a crisis one company can solve alone. We are dependent on government cooperation and a common and reliable government-backed framework.

> "Throughout this crisis, our seafarers have shown exceptional dedication and professionalism. We are proud and thankful for the impressive way they are handling this unpredictable situation."
>
> Torger Trige, Global Head of Ship Management

Keeping the global supply chain intact is critical, and it would not be possible without seafarers. They are key workers, and to ensure their safety and health, we continue our appeal to governments across the world to open for crew changes and facilitate travel logistics.

Our people

Every day, all around the world, in our offices, from their homes, on our ships and at our terminals, our employees' dedication is evident as they work together and apply themselves to the task of providing excellent services to our customers. We continue to be grateful for, and proud of, our global team.

When reflecting on 2020, it is commendable how our employees around the world responded to an ever-changing pandemic, remaining resilient, while adapting to both where and how they conduct their work.

Increased digitalization has been essential in 2020 to ensure safe and efficient operations, while mitigating the impact of reduced mobility. New technology is in use at all levels of the organization, and ongoing digitalization efforts have gained momentum. Virtual meetings quickly became the new way of working for many. Regular live online townhalls have allowed the global organization access to the same information simultaneously, and an opportunity to engage directly with senior management. At our headquarters, we have long enjoyed a flexible working hours policy, but now, because of the pandemic, many of our employees, in all locations, have significantly more flexibility in terms of workplace and working hours. We believe that this flexibility has contributed to the wellbeing of employees coping with the pandemic in their personal lives.

Throughout the year, multiple surveys, across several locations, have given insights into how our organization is coping. Those insights have influenced leadership decision-making. The new, virtual habits seemed to bring employees who were geographically far apart closer together, while adding distance between colleagues who have been used to being in the same building.

Safety, for people and the environment, always comes first. Every employee has both the responsibility, and the mandate, to stop unsafe work. We have prevention measures in place which include regular health checks, and we provide employees with quality health coverage and continuous health awareness. Our low turnover rate and below industry absence rate indicate that the working environment, ashore and at sea, can be considered healthy.

We aspire to build a learning organization where our employees understand how they fit in to the larger picture, are motivated to contribute and empowered to perform well. Such an organization requires strong people managers and a working environment that is physically and psychologically safe. The performance management system for our shore-based shipping organization ensures that managers and employees check in multiple times a year to discuss performance, and align on training, development, and objectives.

We promote a safe, non-discriminating, and inclusive work environment, where everyone is valued for their qualifications and contributions. We work systematically to build a diverse workforce; we recruit, train, and retain people with a variety of backgrounds and experience, throughout the organization. In support of this, we recently joined EY's She Index in Norway.

Odfjell offers a variety of exciting jobs that provide opportunities for growth and development around the world. Several new hires joined our company in 2020, albeit with much of the onboarding taking place remotely. We aim to be an attractive and engaging place to work for our employees, today and in the future.

The Odfjell team

2 294 employees
30 nationalities

1 632 seafarers

292 terminal employees

370 shipping employees on shore

Having one of the world's largest, and most qualified, workforces in chemical shipping is a competitive advantage that we are proud of. Our ability to attract, develop and retain talent, both on board and ashore, is vital for our continued success.

Retain and renew

Ingjerd Nettestad
VP Corporate HR

The current global situation impacts all of us. Our ways of communicating, collaborating and working have changed. The lines between work life and personal life, workspace and personal space, working hours and personal hours have become even blurrier. Any notion of predictability is by and large gone, and with it the ability to make plans. This is especially true for our seafarers, whether on board or ashore.

We do not know what the long-term effects will be, but we hope that we end up re-discovering some of the positives we have temporarily lost, while keeping some of the positives we have found.

One thing we do believe is that over this past year, we have learned and gained confidence from our proven ability to be agile at an individual, team and organizational level. We have become confident users of cloud-based technology much, much faster than if we had all been in the office. We have shown that we can respond to sudden changes well. Despite the many changes and challenges of 2020, there has been one constant throughout: Our unwavering commitment to safety.

In our view, the ability to continuously learn, to develop our digital mindset, and to find ways to contribute to the well-being and physical and mental health and safety of our colleagues, will all be key competencies in a post-Covid era.

We have used employee surveys, and will continue to do so, to ensure that real-time, data-driven insights shape the way leadership makes decisions and determines a course of action. In addition to finding out whether our employees are motivated at work, we are also seeking to understand whether there are barriers that make efficient and effective performance difficult, and to learn about the work/life balance of our employees and their well-being.

We have set ambitious targets, and are looking to renew our organization through increased diversity, while continuing to offer value and operational excellence to our customers. We need to foster a working environment that is inclusive and that welcomes diversity of thought and perspective. If we succeed in this, research shows that we can expect a positive return on our ability to make decisions, be innovative and drive business value.

Diversity and inclusion
at Odfjell

Diversity goes beyond gender, and it goes beyond age and nationality. It is about all people, all backgrounds, all phases of life. It is about ethnicity, experience, educational background, age, competence, culture, point of view, sexual orientation, religion, and disability. It is also about different perspectives and diversity of thought. Inclusion puts diversity into action by creating an environment of belonging, respect, and connection.

Historically, our industry has predominantly attracted male employees both at sea and onshore. For more than a century, we have proven our ability to adapt to shifts in markets and societies.

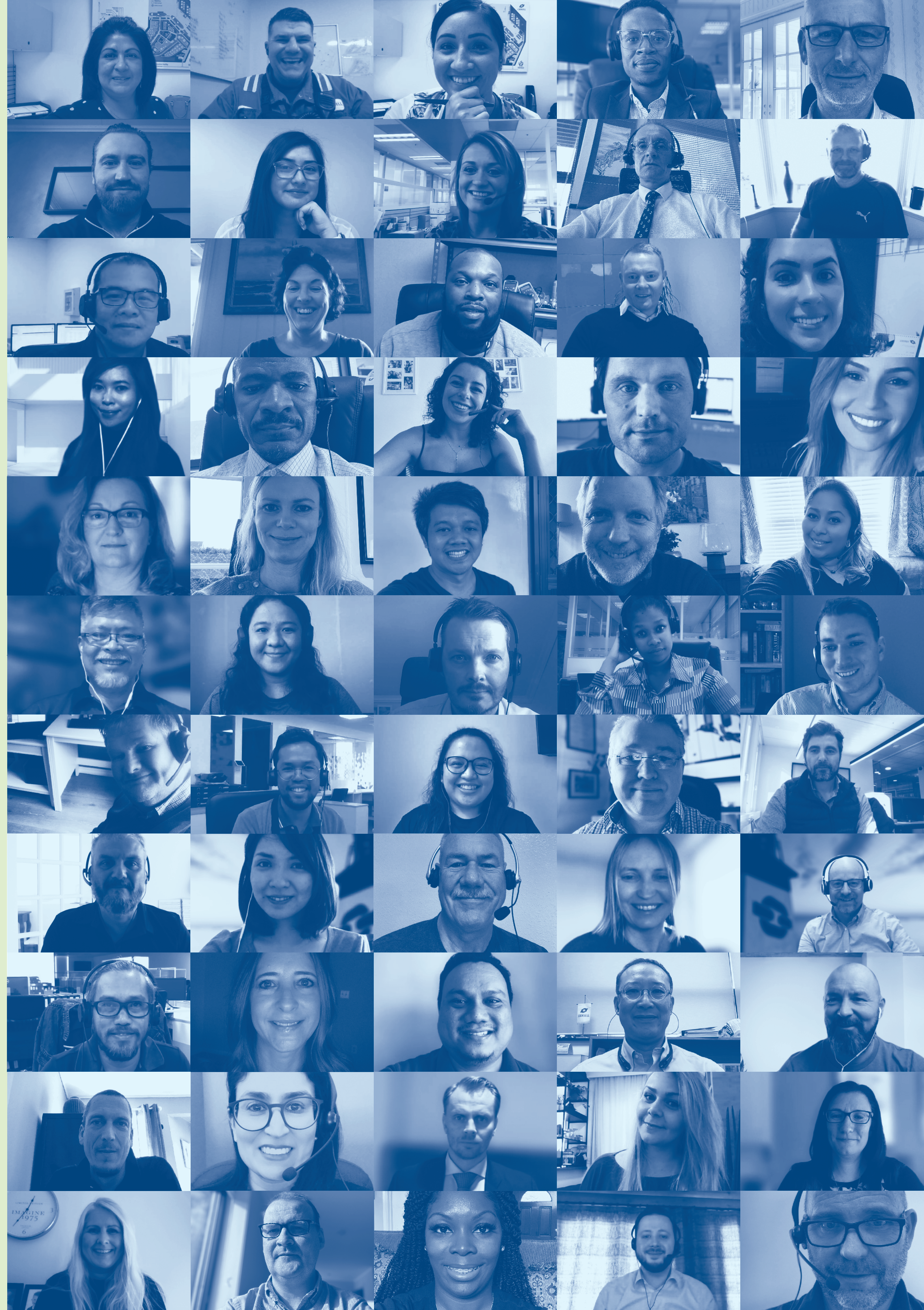
We have a strong and proud legacy at Odfjell. Moving forward, we need to continue delivering world-class services, while renewing our organization to keep our competitiveness over the long run. This includes developing more diverse and inclusive teams, with a range of expertise, experience and backgrounds, that will work together to solve the challenges of tomorrow.

> We are committed to increasing diversity and putting our words into action. We have set a key target for our shipping shore organization to reach a minimum 30% gender balance, at all levels, by 2030. This is an ambitious target for Odfjell, as we have a gender imbalance at several levels today.

Our Executive Management and Board are committed to increasing the diversity of our organization. Beyond established efforts, we have started implementing several new initiatives to boost gender balance and diversity in the areas of recruitment, performance management, retention, compensation review and rhetoric. We also work with, and support, industry networks in parallel initiatives.

> "We believe that accessing and providing opportunities to a wider talent pool is the right thing to do. Also, we are here to stay. We aim for sustainable and long-term success. We want to provide a representative and inclusive workplace for all, where uniqueness is valued, and everyone is treated with respect. A workforce that will retain and attract tomorrow's talent. We believe that increased diversity will improve our ability to innovate, solve problems and stay relevant."
>
> Kristian Mørch, CEO

To get to increased diversity, we will need to work systematically over time. We will need to take specific actions on how we engage with employees. And it starts even before that – it starts when potential employees out there first learn about Odfjell. We are not talking about quotas, and we will continue to seek the best hire while working hard to ensure a balanced pool of candidates. We will systematically pursue this goal, work together to overcome barriers, strive to advance diversity and become more accepting of diversity in all its shapes and forms. This will benefit us as individuals, businesses, and societies.



For our shore organization, one of the most significant changes in 2020 was the move to home office. Digital team meetings suddenly became the new normal.

Executive Management

Harald Fotland
COO

Harald Fotland (1964) was appointed as Odfjell's first Chief Operating Officer (COO) in January 2018. He joined Odfjell in 2010 as Chief of Staff, and was appointed Senior Vice President of Odfjell Tankers in 2015. Since January 2017 he also held the position as intermediate Senior Vice President of Odfjell's Ship Management. Before joining Odfjell, Fotland was Vice President for Gard AS, and held various positions within the Royal Norwegian Navy. Norwegian citizen. Owns 27,555 A-shares, 4,000 B-shares, no options.

Kristian Mørch
CEO

Kristian Mørch (1967) joined Odfjell as Chief Executive Officer (CEO) in 2015. He came to Odfjell from the position as Partner and Group CEO of Clipper Group, and prior to that with a career at A.P.Moller-Maersk, latest as COO of Maersk Tankers. He was also a member of the Odfjell Board of Directors from May 7, 2014, until the start as CEO August 1, 2015. Danish citizen. Owns 179,622 A-shares (including related parties), 3,500 B-shares, no options.

Øistein Jensen
CSO

Øistein Jensen (1972) joined Odfjell as Chief of Staff in February 2016. He came from the position as Director at PWC, and has previously held various managerial positions in the Royal Norwegian Navy. In August 2020, he was appointed as Odfjell's first Chief Sustainability Officer. Norwegian citizen. Owns 31,320 A-shares (including related parties), no options.

Terje Iversen
CFO

Terje Iversen (1969) joined Odfjell as Senior Vice President Finance/Chief Financial Officer (CFO) in 2011. Previous positions include CFO of Bergen Group, and various managerial positions at Odfjell Drilling and PWC. Norwegian citizen. Owns 31,744 A-shares, no options.

From left: Harald Fotland, Kristian Mørch, Øistein Jensen, and Terje Iversen.

Our organization

ODFJELL SE

The ultimate parent company of the Odfjell Group. Public limited company traded on the Oslo Stock Exchange.

ODFJELL GROUP

Includes Odfjell SE, subsidiaries incorporated in several countries, and the share of investments in joint ventures.

BOARD OF DIRECTORS

EXECUTIVE MANAGEMENT

CORPORATE FUNCTIONS AND FINANCE

ODFJELL TANKERS

- Chartering and operations organization. In charge of sales, customer relations contract, management and commercial operations worldwide.
- Controls and operates a fleet of around 89 ships, including owned, pools, time- and bareboat chartered vessels.
- Operates globally and regionally with tonnage ranging from 5,000 dwt to 75,000 dwt. The majority of the tonnage is owned and managed by Odfjell.

Locations* & Teams

Bergen, Norway
- Asia
- Asia Pacific
- Middle East, India & Africa
- Transatlantic / South America
- US / South America
- Fleet Scheduling / CPP
- Pool Management

Houston, USA
Singapore
São Paulo, Brazil
- Flumar
- Odfjell Brazil

Dubai, UAE
Durban, South Africa
Mumbai, India
Buenos Aires, Argentina
Ulsan, Korea
Seoul, Korea
Shanghai, China
Tokyo, Japan
Santiago, Chile

*Offices in Argentina, India and Chile are manned by authorized representatives.

SHIP MANAGEMENT

- Offers complete in-house services.
- Provides direct support to ships operating in regional trades, and ships in the deep-sea fleet, as well as professional crew management.
- Monitors the services of external ship managers.

Locations & Teams

Bergen, Norway
- Fleet Management
- Maritime Personnel
- Procurement and logistics SM
- Technology
- Risk Management
- Project/Newbuilding

Manila, Philippines
- Crewing
- Shared services

São Paulo
- Flumar Ship Management

ODFJELL TERMINALS

- Operates five tank terminals at strategic locations in USA, Korea and China.
- Offers a total 1.3 million cbm of storage space in 470 tanks.
- Non-operating partner in the Noord Natie Odfjell Antwerp Terminal in Belgium.
- Includes joint venture partners.
- Cooperation with another 12 terminals in South America, partly owned by related parties.

Locations

Antwerp, Belgium
Charleston, USA
Houston, USA
Ulsan, Korea
Nangang, China

Associated terminals, South America:
- Two in Argentina
- Seven in Brazil
- Two in Chile
- One in Peru

Bow Condor alongside Odfjell Terminals Terquim in Chile. Photo by B&M Agencia Maritima.

Board of Directors' report 2020

"The unpredictability and rapid changes in market dynamics over the last year have proved to be the ultimate test for our global platform and demonstrated just how resilient and flexible it is.

We remain committed to our long-term strategy of enhancing our position as a leading company in the global market for the transportation and storage of bulk liquid chemicals, acids, edible oils and other special products.

By focusing on the safe and efficient operation of a versatile, sophisticated and flexible fleet of global and regional chemical tankers with cargo consolidation at our tank terminal network, we aim to enhance product stewardship in the solutions we provide to our customers."

Board of Directors

Board of Directors

Laurence Ward Odfjell
Chair of the Board since May 4, 2010

Laurence Ward Odfjell (1965) is a member of the founding family of the Company and former President of Odfjell Terminals BV. He holds a Master's Degree in Architecture from Yale University. Norwegian citizen. Owns 463,012 B-shares. Norchem AS, in which Laurence Odfjell has a controlling interest, owns 25,966,492 A-shares and 7,668,450 B-shares, and in addition he controls A/S Rederiet Odfjell which owns 3,497,472 A-shares. No options.

Christine Rødsæther
Board member since May 4, 2010

As a partner in Simonsen Vogt Wiig law firm, Christine Rødsæther's (1964) practice areas are international shipping and offshore related transactions, restructurings, banking and finance. Previously, she was a partner in Andersen Legal ANS and a lawyer at Wikborg, Rein & Co. Rødsæther has extensive board experience, and also serves on the board of Norwegian Finans Holding ASA/Bank Norwegian AS and Tufton Oceanic Assets Limited. Norwegian citizen. Independent board member, owns no shares or options.

Jannicke Nilsson
Board member since May 8, 2012

Jannicke Nilsson (1965) is Chief Operating Officer in Equinor. She has previously held different management positions within Equinor, and central management positions in the upstream oil and gas industry. She also serves on the board of Jotun. Norwegian citizen. Independent board member, owns no shares or options.

Åke Gregertsen
Board member since May 6, 2013

Åke Gregertsen (1955) has held several positions in Odfjell, including President of Odfjell Terminals Houston from 1996 to 2001, and SVP at Odfjell Terminals from 2001 to 2002. Previously a consultant for Odfjell Terminals BV, of which he was also interim President in 2012. CEO of Star Shipping from 2002 to 2008 and Jebsen Management AS from 2009 to 2011. Norwegian citizen. Independent board member, owns 3,000 A-shares and 28,332 B-shares. No options.

Åse Aulie Michelet
Board member since May 11, 2017

Åse Aulie Michelet (1952) has extensive experience as a board member of major Norwegian listed corporations. She is currently Chair of Inven2 AS, Spin Chip Diagnostics AS, CSAM Health Group AS and BI Norwegian Business School, and a board member of Terveystalo Plc. She is a member of DNV Council and the Control Committee. Previously, Michelet was CEO of the leading seafood producer Marine Harvest ASA (now Mowi), and has held several CEO and managerial positions at international medical companies. Norwegian citizen. Independent board member, owns no shares or options.

Nils Petter Dyvik
Board member since January 20, 2020

Nils P. Dyvik (1953) has served in various capabilities for the global maritime group Wilh. Wilhelmsen. He was appointed Deputy CEO of Wilhelmsen Lines AS in 1996, followed by a period as Deputy CEO of Wilh. Wilhelmsen, CEO of Wallenius Wilhelmsen, and finally as Group CFO from 2007 to 2016. Previously, he held several managerial positions at various industry and financial companies. He has extensive board experience, lately of TGS Nopec Geophysical Co. AS, and currently at the Norwegian Society for Sea Rescue. He is also member of the election committee of Nordic Defence Club and Norwegian Hull Club. Norwegian citizen. Independent board member, owns 2,719 A-shares, no options.

Board of Directors' report 2020

The consolidated 2020 net result for the Odfjell Group amounted to a profit of USD 28 million, compared with a net result loss of USD 37 million in 2019. Total assets at year-end amounted to USD 2,220 million, up from USD 2,018 million at the end of 2019. The cash flow from operations was USD 155 million in 2020, compared with USD 99 million in 2019. Cash and cash equivalents end of 2020 were USD 103 million, excluding undrawn loan facilities of USD 42 million. Total equity at the end of 2020 amounted to USD 576 million, compared to USD 551 million at the end of 2019, and the equity ratio decreased to 25.9%, from 27.3%, during the year principally due to increased debt related to newbuilding deliveries.

The operating result (EBIT) was positive with USD 115 million in 2020, compared to USD 50 million in 2019. The Company showed improved financial results in 2020, and the year ended with a positive result of USD 28 million. The chemical tanker markets improved further in 2020, and the contract portfolio continued to be renewed at increased rate levels. The Board is satisfied with the financial results, especially given the challenging circumstances related to the Covid-19 pandemic, and the Board is also pleased with the Company's continued progress to increase our competitiveness. In 2020, the Company concluded the largest fleet renewal program in our history, and now controls the world's largest and most fuel efficient deep-sea chemical tanker fleet.

Sustainability is an integral part of our business strategy. We take an active role in various industry Environmental, Social and Governance (ESG) related initiatives, and continuously seek improvements to remain at the forefront of our industry. Over the last year, Odfjell allied itself even closer to ESG matters. We announced new climate targets to reduce the carbon intensity of our own fleet with 50% by 2030, compared to 2008 levels, and to be climate-neutral by 2050. These targets go beyond the targets set by the International Maritime Organization (IMO).

In 2020, we completed our terminal restructuring and we now operate a smaller and healthier terminal portfolio which allows us focus on operational excellence and accretive growth at these existing terminals. The terminal corporate functions have been substantially reduced and now operate out of the Group's headquarters in Bergen, that will strengthen the cooperation and synergies with our tanker business. The priority in terms of capital expenditures of our terminal division will be to exploit accretive growth opportunities at our terminal in Houston, and also to finalize our partners' exit from the remaining terminal in China.

Odfjell has an uncompromising commitment to Health, Safety and Environment. All our operations, new projects and initiatives, long-term planning and the everyday tasks - whether on board the ships, at the terminals or in the offices, have the single most important precept, safety. During most of 2020, Covid-19 has substantially impacted our business and operations. We have faced extraordinary challenges on board our ships, at our terminals, in our offices and in our private lives. Thanks to the extraordinary efforts of the management team and the organization with constant diligence and agility, all our people have been safe, our ships sailing and our terminals operational despite the pandemic. We also saw a continued improvement in our safety performance for 2020, with no work-related injuries resulting in permanent disability.

Odfjell paid dividends for FY 2016 and 2017, with a dividend of NOK 1.50 per share, both of which were supported by gains from divestments of terminals. Based on the uncertainty driven by Covid-19 and the current challenging spot market, and to ensure we maintain a strong balance sheet, the Board will not propose a dividend for FY 2020 at the 2021 Annual General Meeting.

Despite the positive net result in 2020, our balance sheet has weakened over the last few years due to negative results and increased debt associated with our fleet renewals, but it is still adequate given the very low capital commitments in following years, with a well-diversified debt structure and access to a wide range of funding sources and structures. During 2020, Odfjell drew down USD 338 million on existing and new credit facilities, of which USD 170 million was related to newbuildings, and repaid USD 170 million on various loan facilities. Odfjell successfully issued a NOK 850 million, four-year sustainability-linked bond on January 21, 2021, which is the first sustainability-linked bond in the world within the shipping sector. There is limited refinancing requirements in Odfjell until the second quarter of 2022.

Odfjell continues to make strategic progress and we have achieved our ambition to renew and expand our fleet. We now operate the world's largest and most efficient and competitive deep-sea stainless-steel fleet. In 2020, spot rates improved compared to 2019, and the momentum in renewals of our Contracts of Affreightments (CoAs), which began in 2019, continued. Future tonne-mile demand outlook appears robust, and slower supply growth should ensure a continued recovery of our markets. The main risk scenario is a prolonged economic slowdown and potentially, the influx of more swing tonnage. As a company we are prepared for different scenarios with our contingency plans.

Chemical tanker spot freight rates improved materially in the first half of 2020, but weakened as the year progressed, and ended the year softer than at the beginning of the year. Chemical tanker front haul routes have performed well throughout most of the year, while the back-haul routes and routes often closely linked to the CPP rate, which has been volatile, have suffered. The number of trading days, including external pool vessels, increased to 29,453 from 28,666 days, while trading days, excluding external pool vessels, was stable at 20,877 days. Total volumes carried in 2020 were 15.2 million tonnes, compared to 14.4 million tonnes in 2019. This relates mainly to the growth of our external pool vessels, combined with a cargo mix throughout the year that included larger parcels.

Nominations under our CoAs were lower than 2019 levels. The contract coverage for the year decreased to 46% of total volume shipped, against 54% in 2019. The main reason for the decrease in CoA coverage was a larger drop in the second quarter, as a consequence of Covid-19, but it has since recovered and is back at more normal levels. Our decision not to renew CoAs at unprofitable levels has continued in 2020, and these volumes have been replaced by new CoAs and spot volumes for a shorter period.

2020 was a challenging year that proved the resilience of our global platform and business model. Despite the pandemic, Odfjell delivered stronger results and performed well on important operational and safety measures. The biggest fallout from the pandemic was the heavy burden placed on our seafarers, as crew changes became impossible for an extended period. Even today, crew changes remain a challenge. We had to contend with often unreasonable port states across the globe, a severe lack of flights, community lockdowns by governments, greatly increased response times from relevant authorities, and extensive quarantine arrangements. This led to many seafarers being unable to sign off or sign on, and in some cases, being on board vessels for more than a year. Despite these challenges, our operational and safety performance remained at an all-time high.

The pandemic led to a lot of volatility in our markets, in terms of volume and rates, which affected our commercial planning as we dealt with numerous unforeseen events. But the unpredictability and rapid changes in market dynamics over the last year have proved to be the ultimate test for our global platform and demonstrated just how resilient and flexible it is. In the initial phase of the pandemic, as customers tried to manage their inventory levels, we were able to quickly pivot from low CoA nominations to negotiating attractive spot volumes in a very strong CPP, vegetable oil and commodity chemical market. Once chemical producers began to return to normal, we maneuvered back with higher contract volumes and we reduced our exposure to materially weaker CPP and vegetable oil markets. This would not have been possible without the robust operational platform of our global, experienced, and dedicated team operating a flexible fleet.

We concluded our largest fleet renewal program by taking delivery of the last supersegregator newbuilding in October 2020. The fleet renewal program has been concluded through newbuildings, acquisitions, long-term charters, pool establishments and many replacements within our short-term time charter portfolio. We have established two new coated pools consisting of coated MR and handysize tonnage. With this, we have taken steps to rebuild our presence in the coated chemical tanker market in a capital efficient way, while contributing to the consolidation of our market. All our fleet initiatives have ensured that we now operate a balanced, flexible fleet that is ready to meet changes in market dynamics. We now have limited capital expenditure, for the coming years, and are well placed to benefit from an expected upturn in the market. Our determination not to renew unsustainably low CoA rates continued in 2020, and those that we did renew were on average 5% higher.

The transition to new, sulfur-compliant fuel was seamless. The concern of escalating bunker costs having a competitive disadvantage in relation to competitors with scrubbers already installed, did not materialize. Our focus is now set on 2030 and 2050, when new regulations for the shipping industry to reduce its carbon footprint will come into force. Through our fleet renewal and structured long-term work on reducing our emissions, we are well positioned and have a detailed road map to meet regulations for 2030. Part of this map has been included in our sustainability framework. We have set a target of operating a climate neutral fleet by 2050 and will only order vessels with zero-emission technology from 2030. As a part of this strategy, we are involved in a unique trial project where a fuel cell will be tested on one of our vessels in 2022.

Our tank terminal division continued to improve its results and performance in 2020. While the tank terminal market experienced volatility related to initial inventory buildup and changes in throughput levels as a result of the pandemic, the US market remained robust with strong activity, while Europe and Asia experienced stable activity. We continued to streamline our portfolio in 2020 by concluding the sale of Odfjell Terminals Dalian (OTD), and we increased our stake in Odfjell Terminals Korea (OTK) to 50% by acquiring a 24.5% share controlled by Lindsay Goldberg. The sale of OTD resulted in an attractive equity and cash gain and was another testament to the value of Odfjell Terminals. The acquisition of OTK was concluded at an attractive price and represents a good fit with our strategy for our terminal division. As such, this represented another milestone in completing the restructuring of our terminal portfolio and make good on our strategy to focus on chemical terminals where we can harvest synergies with Odfjell Tankers or have another angle for further value creation by and for Odfjell.

At the end of 2020, our total chemical tanker fleet was made up of 89 vessels, including 36 owned, 13 leased, 7 bareboat chartered, 15 time chartered vessels and 18 pool vessels. We are predominantly a deep-sea operator and 86 of the 89 vessels are larger than 12,000 dwt.

As of January 20, 2020, the Board is composed of Laurence Ward Odfjell (Chair), Christine Rødsæther, Åke Gregertsen, Åse Aulie Michelet, Jannicke Nilsson, and Nils Petter Dyvik. The Audit Committee is made up of Åke Gregertsen (Chair) and Jannicke Nilsson. The Nomination Committee consists of (Chair) Bjørg Ekornrud, acting as an external, independent member, Christine Rødsæther, and Laurence Ward Odfjell. The Board also has a separate Remuneration Committee which is composed of Laurence Ward Odfjell (Chair), Åse Aulie Michelet and Åke Gregertsen.

Sustainability

2020 has been a challenging year for the shipping industry. The ability to rotate crew has been significantly affected by the pandemic and subsequent global restrictions. The social repercussions and well-being of people have certainly been a focus in Odfjell. Climate change and actions to reduce greenhouse gas emissions were important drivers as Odfjell last year announced new climate targets to reduce the carbon intensity of our own fleet by 50% by 2030, compared to 2008 levels, and to be climate-neutral by 2050. These targets go beyond the targets set by the International Maritime Organization (IMO).

Odfjell appointed its first Chief Sustainability Officer to Executive Management in 2020, to further ensure sustainability is deeply anchored in the organization. We recognize that our company has an impact on the environment, people and societies, and the Board has frequently discussed climate risk, the impact of industry regulations and has been involved in setting new climate targets during 2020. Climate risk is included as corporate risk reporting at all board meetings and follows the format of the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations. The Board prioritizes the Sustainability agenda.

Fuel efficiency measures, and subsequent reduction in emissions, continue to be a priority. Odfjell reports, through the Annual Report and the Communication on Progress, to the UN Global Compact and participates in the Carbon Disclosure Project (CDP). Details on emissions are presented in the sustainability section of the Annual Report. Climate change and the industry's transition to decarbonization will also present new opportunities. Following the zero-carbon target, Odfjell sees several opportunities to develop the fleet and services for the future. The Board is pleased to see the continued improvement of emission reduction and efficiency in the fleet.

In 2020 we continued our efforts to support the UN Global Compact Sustainable Development Goals' achievements by focusing on relevant targets and material matters for Odfjell and for our stakeholders. Odfjell's development of a Sustainability Linked Financing Framework is an excellent example of how Odfjell is willing to commit to ambitious targets and link them to financing. Odfjell's Sustainability Linked Bond, issued under this framework, was the first in the industry and attracted substantial investor interest.

Odfjell promotes diversity, inclusion, and equal opportunities for our employees. We believe it is of value to the business to have diversity in our organization, and it is also essential for us to attract talent from a broad population. Odfjell is part of the growing Maritime Anti-Corruption Network (MACN). We take an active role in this network to fight global corruption and facilitation payments and are pleased to note progress in many problematic locations due to this joint industry initiative.

We are aware of a growing interest from stakeholders in our ESG performance. We are transparent and we follow the Norwegian Shipowners' Association's (NSA's) Guidelines for ESG reporting, Euronext's guidance on ESG, and use Sustainability Accounting Standards Board (SASB) standards.

Health, Safety, Security (HSS)

Our shipping-related Lost Time Injury Frequency (LTIF) indicator was 0.21 in 2020. This was an improvement of 76% from 2019. We had two injuries classified as LTI, fortunately neither was serious. The LTIF of the terminals operated and managed by Odfjell was zero in 2020, compared to 0.51 in 2019. The Board is pleased to see this very positive development. The goal is zero incidents and injuries. The organization has LTIF as a KPI in the incentive system.

In January 2020, our vessel, the Bow Fortune, made contact with a fishing boat at the entrance to Galveston Bay in the USA. At the time of the incident, there was heavy fog, and the Bow Fortune was inbound, under pilotage, as the first vessel in convoy. Tragically, three crew members from the fishing boat lost their lives when their vessel capsized after making contact with Bow Fortune. After the initial interviews and investigation were done, the Bow Fortune was allowed to complete her program and leave US waters. The cause of the collision is still under investigation. Odfjell supports and assists the United States Coast Guard and National Transportation Safety Board to establish the course of events that led to this tragic incident.

In December 2020, our terminal in Houston experienced a fire in connection with a hydraulic power unit that powers all the product pumps in the terminal. The fire was under control within 30 minutes and extinguished within three hours. There were no injuries, no impact to storage tanks, nor loss of containment of any product stored at the terminal. The Board wants to thank the Emergency Response Team and the local fire department for their quick and effective response.

There have been no security incidents on Odfjell ships in 2020, although piracy and armed robberies continue to be a concern. Privately contracted security personnel are still being used to protect some transits. There have been no security incidents at our terminals. Cybercrime continues to pose a threat, and the Board monitors risks, and mitigate actions in the continuous work on cybersecurity.

Corporate Governance

The framework for our corporate governance is the Norwegian Code of Practice for Corporate Governance of October 17, 2018. Odfjell is committed to high ethical business practices complying with antitrust, antibribery and all laws affecting our business. This includes adherence to high standards of corporate governance. The Board's statement regarding corporate governance is part of the Group's Annual Report. Our Corporate Social Responsibility Policy also focuses on quality, health, safety and care for the environment, as well as human rights, non-discrimination and anti-corruption. The Company has its own Code of Conduct that addresses several of these matters. All Odfjell employees are obliged to comply with the Code of Conduct, the same as our main suppliers which adhere to our Supplier Code of Conduct.

Business summary

We remain committed to our long-term strategy of enhancing our position as a leading company in the global market for the transportation and storage of bulk liquid chemicals, acids, edible oils and other special products.

By focusing on the safe and efficient operation of a versatile, sophisticated and flexible fleet of global and regional chemical tankers and with cargo consolidation at our tank terminal network, we aim to enhance product stewardship in the solutions we provide to our customers. The fleet is operated in complex and extensive trading patterns, meeting our customers' demand for safety, compliance, product stewardship, regularly scheduled sailings and the highest standards of service. Our fleet has a critical mass that enables efficient trading patterns and optimal fleet utilization. The industry in general continues to suffer from congestion in port due to lagging investment in port infrastructure. Comments to segment figures below are by the proportionate consolidation method.

Chemical Tankers

Gross revenues from our chemical tanker activities amounted to USD 938 million in 2020, an increase from USD 871 million in 2019. EBITDA came in at USD 254 million and EBIT at USD 102 million, compared with USD 184 million and USD 39 million respectively in 2019. There were no impairments in 2020 impacting our figures. In 2019, impairments were USD 2 million. Corporate cost related to Odfjell SE are included in the general and administrative expenses for chemical tankers. Total assets at year-end stood at USD 2,019 million.

The operation of chemical tankers is complex. During 2020, our ships loaded more than 600 different products comprising close to 6,000 individual parcels. Unlike vessels in most other shipping segments, our vessels may call at several berths in each port, both for loading and discharge. This is a time-consuming and costly process. During 2020, the focus has been on our operational performance, to ensure we remain responsive and deliver on our commitments, despite the almost innumerous challenges caused up by the pandemic. The considerable changes implemented by the company in recent years, with respect to cost, fleet renewals and strategic focus, have allowed us to concentrate on the here and now, and operate successfully in 2020.

In combination with, and as an extension of, our worldwide deep-sea service, our regional shipping activities encompass two distinct geographical regions: The Far East and the South America East Coast. In 2020, we established two new coated pools, adding new, quality tonnage to the Odfjell Tankers fleet, improving our economy of scale and contributing further to the consolidation of the industry.

In South America, five vessels are managed and operated by our wholly owned Brazilian subsidiary, Flumar. The fleet is supplemented by our deep-sea vessels trading in South America. Odfjell also owns and operates one smaller chemical tanker which mostly trades on the West Coast of South America. Flumar has chartered our two LPG carriers and these, in turn, have been chartered out to a major chemical producer on an 18-month time charter contract.

Tank Terminals

Odfjell Terminals owns its tank terminal business through 100% subsidiary Odfjell Terminals BV (OTBV). Through the course of 2020, Odfjell has completed the restructuring of our terminal platform. A lean and dynamic headquarters has been established in Bergen, allowing for better integration and synergies with the broader Odfjell structure. Through the sale of the Dalian terminal and the increased ownership in Odfjell Terminals Korea, Odfjell Terminals now has a portfolio of terminal assets that is well aligned with a strategy of focusing on terminals in global chemical hubs that either present potential for synergies with Odfjell Tankers or other opportunities for value creation. We believe this provides a strong platform for the continued development and growth of Odfjell Terminals.

Safety and quality of service remain at the core of what Odfjell Terminals do and faced with the Covid-19 pandemic, the priority in 2020 has been for the terminals to continue operating safely and provide uninterrupted service to our customers. Extensive preventive measures have allowed all terminals to maintain normal operations throughout the crisis, and considering the unprecedented circumstances, we are particularly pleased to note a continued positive development in key safety indicators for 2020.

On December11, 2020, OTH experienced a fire incident in in connection with a hydraulic power unit. The incident did not cause any injuries, spills or loss of containment of any products stored at the terminal. The quick response to the fire showcased the critical importance of continued training when it comes to safety. The way the first responders and the broader local team acted during, and following, the incident was instrumental in preserving the safety of people and assets, and in quickly bringing the terminal back to regular operations.

Despite the challenges experienced in 2020, the demand for storage remained relatively strong across the portfolio, with most of the terminals at full, or near-to-full, commercial occupancy. Terminals in the US and Europe experienced a sharp drop in throughput and handlings in the second quarter, as the first wave of the pandemic led to local lockdowns, as well as a decline in imports and exports. The drop in activity largely recovered in the second half of 2020. Our terminal in Korea recorded a strong year, with a high average occupancy rate and increasing throughput levels. The average occupancy of commercially available tanks for the portfolio as a whole, excluding divested terminals, ended at 98% in 2020, versus 96% in 2019.

For 2020, gross revenues from Odfjell's tank terminal activities came in at USD 66 million, compared with USD 70 million in 2019, while EBITDA for 2020 amounted to USD 30 million, up from USD million 27 in 2019. EBIT amounted to USD 18 million, same as the previous year. Included in the EBIT is the gain of USD 10 million from the sale of Odfjell Terminals (Dalian) Co Ltd. At year-end 2020, the book value of Odfjell's share of tank terminal assets was USD 381 million, compared with USD 353 million at the end of 2019.

Gas Carriers

The two remaining gas carriers have been withdrawn from the Lauritzen Kosan pool, and have been taken on time charter by Odfjell SE, and in turn, we concluded time charters with a major petrochemical producer for 18 months through Flumar. Gross revenues from our share in gas carrier activities in 2020 came in at USD 6 million, compared with USD 8 million in 2019. EBITDA ended at USD 1 million in 2020 compared with USD 2 million in 2019. EBIT for 2020 ended at USD 0 million, compared with USD 4 million in 2019.

In March 2021, Odfjell SE purchased the 50% shares in Odfjell Gas AS from its joint venture partners, and now owns 100% of the shares in Odfjell Gas AS. The purchase price was USD 16.7 million.

Profit & loss for the year - consolidated

The Group's accounts have been prepared in accordance with IFRS. Gross revenues for the Odfjell Group came in at USD 939 million, up 7.7% from the preceding year. The consolidated result, before taxes, in 2020 was positive USD 31 million, compared with negative USD 34 million in 2019. The tax in 2020 amounted to an expense of USD 3 million, same as in 2019.

EBITDA for 2020 totaled USD 268 million, compared with USD 196 million the preceding year. The increase in EBITDA in 2020 was mainly driven by improved market conditions and reduced time charter expenses. EBIT was positive USD 115 million in 2020, compared with positive USD 50 million in 2019. The net result for 2020 amounted to positive USD 28 million, compared with negative USD 37 million in 2019.

Net result from associates and joint ventures was stable at positive USD 13 million in 2019 and 2020. The net result includes Odfjell's share of the gain from the sale of Odfjell Terminals Dalian, of USD 10 million in 2020, and a gain from the sale of Odfjell Terminals Jiangyin, of USD 14 million in 2019.

Net financial expenses for 2020 totaled USD 84 million, compared with USD 84 million in 2019. The average USD/NOK exchange rate in 2020 was 9.37, compared to 8.79 in 2019. The NOK strengthened against the USD to 8.54 by December 31, 2020, from 8.78 at year-end 2019.

The cash flow from operations was USD 155 million in 2020, compared with USD 99 million in 2019.The net cash flow from investments was negative USD 215 million, mainly related to investment in newbuildings and increased ownership in Odfjell Terminals Korea. The cash flow from financing activities in 2020 was USD 63 million.

The parent company (Odfjell SE) delivered a net result for the year of negative USD 37 million compared to negative USD 21 million in 2019. The net loss for 2020 will be allocated to other equity. As of December 31, 2020, total equity amounted to USD 749 million.

The Annual General Meeting will be held on May 5, 2021 at 16:00 hours CET at the Company's headquarters in Bergen, Norway.

According to §3.3 of the Norwegian Accounting Act, we confirm that the financial statements have been prepared on the going concern assumption.

Shares and shareholders

The Company is an SE (Societas Europaea) company subject to Act No 14 of April 1, 2005 relating to European companies. The Company's registered office is in the city of Bergen, Norway.

The object of the Company is to engage in shipping, ship agency, tank terminals, real estate, finance and trading activities, including the transportation of freight in the Company's own vessels or chartered vessels, the conclusion of freight contracts, ownership and operation of tank terminals, as well as investment and participation in other enterprises with a similar object and other activities related thereto.

Total shares as of end of December were 86,768,948 shares, with 65,690,244 A-shares and 21,078,704 B-shares. The total shares include Odfjell SE treasury shares of 5,669,955 A-shares and 2,322,482 B-shares. By end of December 2020, Odfjell A- and B-shares were trading at NOK 27.40 and NOK 26.40 respectively, against NOK 26.50 and NOK 26.20 respectively at the close of 2019. In the same period, the Oslo Stock Exchange Shipping Index was negative with 11%.

Key figures

The return on equity for 2020 was 4.9% and return on total assets was positive 5.2%. The corresponding figures for 2019 were (6.4)% and the return on total assets was 2.5%. The return on capital employed (ROCE) was 6.1% in 2020. Earnings per share in 2020 amounted to USD 0.35 (NOK 3.0), compared with negative USD 0.47 (NOK (4.1)) in 2019.

Financial risk and strategy

With the global market as our arena, Odfjell is exposed to numerous risks. Our financial strategy is to be sufficiently robust to withstand prolonged adverse conditions, including long-term downturns in our markets or challenging conditions in the financial markets.

Odfjell adopts an active approach to manage risk in the financial markets. This is achieved through funding from diversified sources, maintaining high liquidity or credit reserves, and through systematic monitoring and management of financial risks related to currencies, interest rates and bunkers. Hedging instruments are used to reduce the Company's exposure to fluctuations in the above-mentioned financial risks. At the same time, it may limit Odfjell's upside potential from favorable movements in these same risk factors. We closely monitor the risk related to market valuation of the hedging instruments, and the effect this may have on the equity ratio.

The largest, single cost component affecting time charter earnings is bunkers. In 2020, gross bunker costs, before Bunker Adjustment Clauses, hedging and 3rd party vessels, amounted to USD 169 million, equivalent to 49% of total voyage expenses. A change in the average bunker price of USD 50 per tonne equals about USD 20 million per year (or USD 764 per day) change in time charter earnings (excluding the effect of bunker adjustment clauses). A certain portion of our bunker exposure is hedged through BACs in the freight contracts, Contracts of Affreightment (CoA). The bunker clauses in CoAs covered about 50% of the bunker exposure this year. Odfjell has hedged approximately 20% of estimated bunkers consumption in FY2021 that is not related to bunker adjustment clauses.

All interest-bearing debt, except bonds in the Norwegian bond market and debt borne by tank terminals outside the US, is denominated in USD. Interest rates are generally based on USD LIBOR rates. We have estimated that a 1% increase in the interest rate would reduce the result, before taxes, for 2020 by around USD 12 million, ignoring the effect of any interest rate hedging in place. With our current interest rate hedging in place, about 37% of our loans were at fixed interest rates at year-end.

The Group's revenues are primarily denominated in USD. Our currency exposure relates to the net result and cash flow from voyage-related expenses, ship-operating expenses and general and administrative expenses denominated in non-USD currencies, primarily NOK. We have estimated that a 10% decrease of the USD against the NOK would reduce the result, before taxes, for 2020 by around USD 7 million, ignoring the effect of any currency hedging in place. Tank terminals outside the US generate income in non-USD currencies. Our currency hedging at the end of 2020, under which we sold USD and purchased NOK, covered about 47% of Odfjell's estimated 2021 NOK exposure. Future hedging periods may vary depending on changes in market conditions.

Liquidity and financing

Total nominal interest-bearing debt as of December 31, 2020, was USD 1,256 million, compared with USD 1,144 million at the start of the year. Total debt, including debts related to rights of use of assets (IFRS16 leases) was USD 1,526 million. Cash and cash equivalents totaled USD 103 million as of December 31, 2020, and undrawn commitments under long-term bank facilities totaled USD 42 million. The equity ratio was 25.9% at year-end compared to 27.3% as of December 31, 2019.

As a preventive measure against the financial turbulence and Covid-19 uncertainties, Odfjell proactively anticipated refinancing of ships and built liquidity reserves throughout 2020. In February 2020, we completed tap issues in two unsecured bonds, maturing in June 2022 and September 2023, for a total of NOK 300 million. Maturing mortgaged loans were refinanced with close relationship banks, and four vessels were refinanced to increase liquidity reserves for total net proceeds of USD 45 million. USD 50 million was subsequently repaid on a revolving credit facility. In addition, the Group secured a USD 50 million short-term liquidity facility, earmarked for the January 2021 bond, of NOK 700 million. The short-term liquidity facility remained undrawn and was cancelled following the successful issuance of a NOK 850 million four-year sustainability-linked bond on January 21, 2021. USD 170 million was also drawn on existing facilities related to the Group's newbuild program, which is now complete.

The average maturity of the Group's total interest-bearing debt, after the bond refinancing in January 2021, is 5.9 years (5.3 years in 2019). Average maturity on mortgaged loans from financial institutions is 3.2 years (3.8 years in 2019), financial leases mature on average in 8.6 years (7.7 years in 2019) and unsecured bonds mature on average in 2.9 years (2.3 years in 2019). Odfjell has limited refinancing needs until second quarter 2022, but will continue to optimize the debt portfolio, including the refinancing of vessels to reduce outstanding debt and cash break-even for our fleet.

Organization, working environment and job opportunities

Our organization around the world was, like so many others, truly put to the test in 2020. It passed with excellence. The strong safety-first culture prevailed, while we proved our ability to adjust, adapt and work in new ways. We changed work habits through new technology that enabled continued communication and teamwork. We also see the need to evolve for the future when our employees work together across functions and geographies to meet future targets, for example on sustainability. Together with our employees, we aim to foster an inclusive workplace for all, where everyone can contribute and is treated with respect. We believe that such a workforce will retain and attract tomorrow's talent.

We strive for an organizational culture that puts safety first, always, and that welcomes feedback on both safety and in general. We take steps to develop our leaders and to create a good and constructive ship-shore interaction. In 2020 digitization brought us forward in this regard. Due to Covid-19 restrictions and the crewing situation, we have not been able to arrange any Odfjell Leadership courses or Elite programs for candidates for promotion to Captain and Chief Engineer in 2020. Officers and crew have, however, attended a range of internet based soft skills leadership and mental health programs. Newly hired seafarers have attended web based Elite Intro and HSSE courses. We will continue the Odfjell Leadership Courses and the Elite programs as soon as the pandemic situation will allow. This is a five-day training program designed to improve leadership, mental health, and communication on board. The program is extended to include a session on health care for seafarers. Our organization has maintained a below-industry absence rate. In 2020, the recorded absence rate at headquarters was 1.83%. For our own pool of Odfjell and Flumar seafarers, the 2020 absence was 1.15%. As indicated by our low absence and low employee turnover rates of 3,7% at the headquarters and 1,9% for seafarers, we consider the working environment onshore and at sea healthy. However, we are concerned about the strain on many seafarers, terminal operators, office employees and their families due to delayed crew changes and all the extra efforts needed to perform their duties and at the same time to support their relatives in these challenging times.

Our annual wheel for performance management ensures a 1:1 dialogue between our onshore employees and their direct manager. Part of this process relates to individual goals, both objectives that are aligned with organizational objectives to support the strategic direction and individual development goals for competence growth and training. We support freedom of association and, in line with local norms and regulations, adhere to various collective bargaining agreements for members of our workforce, onshore and at sea.

We promote diversity, inclusion, and equal opportunities for our employees. Of about 174 employees at the headquarters in Bergen, 68% are men (71% in 2019) and 32% are women (29% in 2019), while the corresponding global figures are 66% (67% in 2019) and 34% (33% in 2019) respectively. At our headquarters, for the second year in a row, half of our new hires in 2020 were women. Three of the six Directors of the Board of Odfjell SE are women. Odfjell will follow up the requirements of Equality and Anti-Discrimination Act §26 with analysis, actions and reporting for 2020, made available on our webpages.

The Board would like to thank all employees for the many positive achievements in 2020. A special thanks to all our seafarers for enduring the difficulties of crew changes and for all those working tirelessly to make each and every crew change possible.

Remuneration of the Executive Management group

The Remuneration Committee handles the salary and other remuneration for the Executive Management group and makes its recommendations to the Board. A description of the remuneration of the Executive Management group and the Group's remuneration policy, including the scope and organization of bonus and share-price-related programs, is given in the Board of Directors' statement of guidelines for the remuneration of the Executive Management group. A ceiling has been set for performance-related remuneration. The Board of Directors' statement of guidelines is considered by the General Meeting and made available to shareholders together with the Notice of the Annual General Meeting. See Note 21 in the Odfjell Group accounts for details about the remuneration of management in 2020.

Market development

2020 got off to a good start for the chemical tanker market, successfully building on the stronger markets that emerged in the second half of 2019. The trend was interrupted by Covid-19 emerging in China, a major importer of liquid chemicals, before the market improved significantly when the oil price war began in April and floating storage led to a material reduction in supply, which exceeded the initial reduction in demand for chemicals. Chemical tanker demand recovered quickly in the aftermath of government lockdowns, and remained positive until destocking, and a new round of lockdowns, hurt demand and weakened the market towards the end of the year. Second half of the year, this was paired with increased competition from swing tonnage due to a weakened CPP and crude oil tanker market.

Covid-19 has had a material impact on Global GDP growth in 2020, with the IMF now estimating a drop in Global GDP of 3.5%. We have seen the pandemic and its impact on GDP differ materially across the globe, with the eastern hemisphere coping better than the western hemisphere. Advanced economies are estimated to see a GDP drop of -4.9% in 2020, and GDP growth in emerging markets is estimated to be -2.4%. The variations in economic activity during the pandemic impacted chemical tanker trade positively, as exports of surplus product across regions stimulated trading activity as seen in the increased tonne-miles. The drop in feedstock prices, and commodity prices in general, contributed positively to trade as importers saw lower prices as an opportunity to build inventories.

The US is our single most important hub for exports and imports. We depend on economic development in the United States. The US GDP declined by 3.4% through 2020, and is expected to expand by 5.1% in 2021, and 2.5% in 2022. All other regions relevant to us experienced reduced economic growth. Brazil, which is a key area in our trades, saw GDP drop by 4.5% in 2020. South American imports and exports have therefore been weak but we have performed comparatively stronger here than in our other major trade routes.

Asia, the most important demand driver for chemicals, has coped better than the western hemisphere, which has led to continued positive development of long-haul shipments. China, the most important market, is estimated to grow by 2.3% in 2020 and reported a 4Q20 GDP annualized growth rate at pre-Covid levels of 6.5%. The key growth region for chemical tanker demand going forward is Asia, and China in particular. Economists are forecasting large fiscal stimulus in Asia and around the world to ensure countries recover from the pandemic. This is expected to impact chemical demand positively, but also commodity prices. The Asian region is, by and large, dependent on crude-based Naphtha feedstock. Oil prices are therefore an important driver that will impact trade flow into Asia from low-cost producers in the US and Middle East in the years to come, another key driver for chemical tanker tonne-mile demand in the future.

As for the tanker markets in general, 2020 was, overall, an improvement on 2019 with the oil price war, Covid-19 and floating storage positively impacting the market in the first half, and oil production cuts, reduced demand and destocking negatively impacting the market in the second half. As with most markets, a recovery in the general tanker market is dependent on vaccination levels and how economies recover post Covid-19. Beyond the risks and opportunities related to Covid-19, the crude and CPP tanker markets are expected to benefit from positive underlying fundamentals, in particular a low orderbook and limited fleet growth in the years to come.

For chemical tanker demand, preliminary figures report a growth of 0.3% in 2020, compared to a fleet growth of 2.5%. Tonne-mile demand growth is forecast to grow faster in 2021 by Odfjell's research department, and lead to a tonne-mile demand growth of 6%. For the next three years, chemical tanker demand is expected to average 3% per year, versus a net fleet growth of 1% per year.

Company strategy and prospects

Odfjell strives to provide safe, efficient, and cost-effective chemical tanker and tank terminal services to our customers worldwide. Close cooperation between our shipping activities and our tank terminals offers operational and commercial benefits. In addition, the tank terminals themselves have generally proven a stabilizing factor in our overall financial performance over time, as earnings from this area are less volatile compared to earnings from our shipping activities.

Even though we saw increasing market rates in 2020 and delivered our strongest results in many years, the market has continued to be challenging for our chemical tankers. Main negative drivers have been continued increased fleet, in addition to increased swing tonnage from the product tanker fleet. Ordering of new chemical tankers, however, has drastically fallen over the last few years, and the chemical tanker order book is now at 5.6% of current fleet, which is considered low from a historical perspective. Consequently, we expect the supply/demand imbalance to continue to improve in the near-term. New environmental regulations seem to trigger the need for new propulsion systems and designs, which may discourage the shipping industry from placing large orders for vessels running on fossil fuels going forward. These regulations, coupled with financial institutions continuing to reduce their exposure to the shipping industry, could prevent another speculative wave of orders.

World GDP growth, one of the main factors affecting overall chemical tanker demand, is expected to strengthen considerably after the pandemic, driven by large policy stimuli and energetic economic activity to rebuild economies around the world. Risks that could hamper a recovery would be a further influx of swing tonnage and a slower economic recovery from the pandemic than currently expected. Long term, US ten-year interest swaps have recently strengthened, an indication that the global economy is expected to recover.

Our main risks relate to enduring competitive markets in 2021, fuel cost and growing protectionism on intercontinental trade and cooperation. A prolonged and intensified trade war between US and China, despite the political changes in the US, could potentially add further risk to all shipping segments, including chemical tankers. However, longer-term, we believe that the chemical tanker market is fairly healthy, and we still believe that after the market low of 2018, it should continue to improve for the third consecutive year in 2021.

Going forward, the shipping business, both general shipping and chemical tankers, will continue to face new challenges and opportunities. In 2018, the IMO outlined their initial 2050 strategy to reduce overall emissions from shipping by 50%. Odfjell is well prepared to meet stricter regulations but needs to act both in the short and long term to ensure that we stay ahead. As an integrated company, Odfjell has a history of being at the forefront of the industry, and we plan to continue playing an active role in shaping our industry and staying ahead of the curve.

Odfjell is finally emerging from a turnaround operation of the last few years and is, today, a more competitive and leaner company as the delivery of new, fuel-efficient vessels to our fleet has been completed. With limited capital expenditures in the years to come, we will continue to build financial strength with an aim to deleverage and reduce our cash break-even level, thus being in position to pay dividends to shareholders throughout the cycles.

While taking delivery and operating new tonnage, we need to continue to strive to be world class when it comes to safety and quality performance, across the board, and improve our performance to ensure that we maintain and improve our profitability levels. Our mission remains clear: our core business is handling hazardous liquids, safely and more efficiently than anyone else in the industry.

Corporate Governance

Odfjell SE (Odfjell or the Company), which is the parent company in the Odfjell Group of companies (the Group), is established and registered in Norway and is governed by Norwegian law, including laws and regulations pertaining to companies and securities. The Group aims to comply with all relevant laws and regulations in all jurisdictions it operates in, as well as the Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES) on October 17, 2018 (the Code of Practice or the Code).

The Company's Board of Directors has, on February 10, 2021, approved the Corporate Governance Policy as the Company's policy for sound corporate governance in accordance with the Code of Practice. This statement is in compliance with the Corporate Governance Policy approved by the Board of Directors.

Background and applicable regulations

The Company is an SE company (Societas Europaea), subject to the Norwegian Act no. 14 of April 1, 2005 relating to European companies, as well as the Norwegian Public Limited Liability Companies Act. The Company is listed on the Oslo Stock Exchange, and thus subject to Norwegian securities legislation and stock exchange regulations.

The Norwegian Public Limited Liability Companies Act section 5-6 (4), requires that the Annual General Meeting approve the statement of Corporate Governance. Consequently, this report will be presented to the Annual General Meeting.

In accordance with the Norwegian Accounting Act section 3-3 b, Odfjell is required to give a statement on our corporate governance. The information required by the Accounting Act is included below:

1. "An overview of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with" is included in section 1 below.
2. "Information on where the recommendations and regulations mentioned in no. 1 are available to the public" is included in section 1 below.
3. "Reasons for any non-conformance with the recommendations mentioned in no. 1" is covered under sections 4 and 7 below.
4. "A description of the main elements in the enterprises, and for entities that prepare consolidated financial statements, also the Group's (if relevant) internal control and risk management system linked to the financial reporting process" is covered under section 10 below.
5. "Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act" is covered under section 6 below.
6. "The composition of the Board of Directors, the Corporate Assembly, the Committee of Shareholders' Representatives and the Control Committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees" is covered under sections 8 and 9 below.
7. "Articles of Association governing the appointment and replacement of Directors" is covered under section 8 below.
8. "Articles of Association and authorizations empowering the Board of Directors to decide that the enterprise is to buy back or issue its own shares or equity certificates" is described in section 3 below.

1

Implementation and reporting on Corporate Governance

The framework for corporate governance, the Norwegian Code of Practice for Corporate Governance, was last updated October 17, 2018. The code can be found at Nues.no. The Code is based on a principle of 'comply or explain', implying that eventual deviations from the Code shall be explained.

Odfjell is committed to ethical business practices, honesty, fair trading and compliance with all laws and regulations affecting our business. This includes adherence to high standards of corporate governance. The Board of Directors reviews, on an annual basis, the Company's Corporate Governance Policy.

In addition to the Company's Corporate Governance Policy, Odfjell has a Corporate Social Responsibility Policy which emphasizes quality, health, safety and care for the environment, as well as human rights, non-discrimination and anti-corruption. The Company's Corporate Code of Conduct also addresses several of these issues. All Odfjell employees are obliged to comply with the Corporate Code of Conduct. The Company's Corporate Governance Policy, Corporate Social Responsibility Policy and Corporate Code of Conduct can all be found on the Company's website.

The statement below describes Odfjell's compliance with respect to each of the elements of the Norwegian Code of Practice for Corporate Governance, including explanations of any deviations.

Deviations from the Code: None.

2

Business

Odfjell is a leading company in the global market for the transportation and storage of bulk liquid chemicals, acids, edible oils and other specialized products. Odfjell owns and operates chemical tankers in global and regional trades, as well as a joint venture network of tank terminals.

Article 3 of Odfjell's Articles of Association states: The object of the Company is to engage in shipping, ship agency, tank terminals, real estate, finance and trading activities, including the transportation of freight in the Company's own vessels or chartered vessels, the conclusion of freight contracts, co-ownership agreements and cooperation agreements, ownership and operation of tank terminals, as well as investment and participation in other enterprises with a similar object and other activities related thereto.

The Article of Association can be found on the Company's website under the heading 'Corporate Governance'. The Company's Mission Statement and strategy can be found on page 12 of this annual report. The Company's strategy is to maintain its position as a leading logistics service provider for customers across the world through the safe, sustainable and efficient operation of deep-sea and regional chemical tankers and tank terminals worldwide.

Deviations from the Code: None.

3

Equity and dividends

Equity

Odfjell shall maintain an equity base deemed sufficient to support the Company's objectives and strategy, and to be able to withstand a prolonged period of adverse market conditions. The normal target is that the equity ratio for the Group shall remain between 30% and 40% of total assets. The Group had book equity of USD 575.9 million as of December 31, 2020, corresponding to an equity ratio of 25.9% using the equity consolidation method.

Subscription rights

There are currently no outstanding subscription rights as of December 31, 2020. The issuance of subscription rights must be approved by the General Meeting.

Dividend policy

Odfjell aims to provide competitive, long-term returns on the investments for its shareholders. The Company embraces an investor-friendly dividend policy and seeks to make regular dividend payments at a sustainable level.

The Board of Directors may be authorized by the General Meeting to pay dividends based on the annual accounts.

Mandates granted to the Board of Directors

According to the Norwegian Code of Practice for Corporate Governance, mandates granted to the Board of Directors to increase the Company's share capital, or purchase own shares, should be intended for a defined purpose. Mandates granted to the Board shall be limited in time to no later than the date of the next Annual General Meeting.

Power of Attorney to the Board of Directors to increase the share capital

The Board has not been assigned authority to issue new shares. Any such mandate must be approved by the General Meeting and shall be limited in time until the next Annual General Meeting.

Power of Attorney to acquire own shares

The Annual General Meeting on May 6, 2020 re-authorized the Board of Directors to acquire treasury shares limited to 17,353,788 shares with a total nominal value of NOK 43,384,474. However, the Company may not at any time own more than 10% own shares. The minimum and maximum price that is payable for the shares is respectively NOK 2.50 and NOK 250.

Within this mandate, the Board decides if, and in what way, the own shares shall be acquired and sold. New own shares can be acquired as compensation for own shares that are sold. Both the Company and its subsidiaries can acquire shares in the Company.

The present authorization is valid until the next ordinary General Meeting, but at any rate not longer than until June 30, 2021.

Deviations from the Code: None.

4

Equal treatment of shareholders and transactions with close associates

Transactions in own shares
Any transactions carried out by the Company in own shares shall be conducted over the Oslo Stock Exchange, or at prevailing arm's length prices if carried out in any other way. Such transactions will be reported to the Oslo Stock Exchange and to the wider market through immediate stock exchange releases and press releases.

Transactions with close associates
Any not immaterial transaction between the Company and any shareholder, Board Member, member of Management or any related party of these shall be reviewed by an external third party before being concluded. Material agreements shall be approved by the General Meeting according to the Norwegian Public Limited Liability Companies Act. Independent valuations shall also be obtained in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Members of the Board of Directors and Management shall notify the Board in advance if they have any material interest, direct or indirect, in any transaction entered into by the Company. In such cases they are deemed biased and not eligible to participate in the discussions or decisions.

The Board has established a policy in respect of share trading. The policy is in line with the Guidelines for Insiders issued by the Oslo Stock Exchange and applies to all employees who, in connection with their work, may gain access to price sensitive, non-public information.

Deviations from the Code: None.

5

Shares and negotiability

Class of shares
The Company's share capital is NOK 216,922,370, divided between 65,690,244 class A-shares, each with a nominal value of NOK 2.50, and 21,078,704 class B-shares, each with a nominal value of NOK 2.50. The Company's shares shall be registered with the Norwegian Central Securities Depository (VPS).

Only holders of class A-shares shall have voting rights at Annual and Extraordinary General Meetings. In all other respects, the two classes of shares are equal, and have the same rights to dividends. In the event of issuance of bonus shares, holders of class A-shares shall be entitled to new class A-shares, and holders of class B-shares shall be entitled to new class B-shares, unless otherwise decided by the General Meeting.

The existence of two classes of shares is due to historical reasons. This is no longer a common practice on the Oslo Stock Exchange.

The Company's shares are listed on the Oslo Stock Exchange and are freely negotiable. There is no form of restriction or pre-emptive rights affecting negotiability included in the Company's Articles of Association. The Board is not aware of any agreements that may secure any shareholder beneficial rights to own or trade shares at the expense of other shareholders. The shares are registered in the Norwegian Central Securities Depository (VPS).

Odfjell has a self-declared trade prohibition period for Primary Insiders, starting on the day the reporting period ends (March 31, June 30, September 30 and December 31) and lasting to the public release of the periodic report. This means that, during this trade prohibition period, Primary Insiders are prohibited from trading in financial instruments issued by and/or relevant to Odfjell, or by companies in the same group.

Deviation from the Code: Odfjell has two classes of shares due to historical reasons.

6

The General Meetings of shareholders

Articles 7 and 8 of the Company's Articles of Association regulates the agenda of the Annual General Meeting, notice period and attendance.

The Board is responsible for convening both Annual and Extraordinary General Meetings. The Company shall arrange for the Annual General Meeting to be held within six months of the end of each financial year. Extraordinary General Meetings may be called in accordance with the provision of the Norwegian Limited Liability Companies Act.

The General Meeting shall elect the Chair of the Meeting.

The Chair of the Board, representatives of the Board, the Nomination Committee, the Company's auditor and representatives from the Management shall participate in the Annual General Meeting.

The Annual General Meeting represents an important venue for the Board to meet and discuss with shareholders face-to-face, and to decide on important issues such as dividend payments, election and re-election of Board Members and the appointment of the auditor.

The notice convening the meeting, and other documents regarding the General Meeting, shall be available on the Company's website no later than 21 days before the date of the General Meeting. The notice shall provide sufficient information on all resolutions to be considered by the General Meeting, voting instructions and how to vote by proxy. When documents concerning matters that are to be considered by the General Meeting have been made available to the shareholders on the Company's website, the requirement of the Norwegian Public Limited Liability Companies Act, that the documents shall be sent to shareholders, does not apply. This also applies to documents that are required by law to be included in, or enclosed with, the notice of the General Meeting. A shareholder may nonetheless ask to have documents sent that concern matters to be considered by the General Meeting. Shareholders who wish to attend the General Meeting must notify the Company no later than five days before the General Meeting. It is possible to register for the Annual General Meeting by mail or email.

Matters discussed at the General Meeting are restricted to those set forth in the agenda. The following matters shall be the business of the Annual General Meeting:

1. Adoption of the annual accounts and the Board of Directors' report

2. Application of any profit for the year, or coverage of any loss for the year, in accordance with the adopted balance sheet, and the declaration of dividend

3. Election of members of the Board of Directors

4. Adoption of the remuneration of the Board of Directors

5. Any other matters that by law or pursuant to the Company's Articles of Association or as stated in the notice of the Annual General Meeting

The Board, and the person that chairs the General Meeting, shall organize the election of Board Members in such a manner that the shareholders can vote on each of the proposed candidates separately. Proposals that shareholders wish the General Meeting to consider must be submitted in writing, to the Board of Directors, in sufficient time to be included in the notice of the General Meeting.

Deviations from the Code: None.

7

Nomination Committee

The Company has a Nomination Committee regulated by Article 9 of the Articles of Association. The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chair and members of the nomination committee, and determine the committee's remuneration.

According to Article 9, the Nomination Committee shall consist of three members, of which at least one member shall be independent of the Board and the Company's senior management. According to the Code, the majority of the Nomination Committee shall be independent of the Board and Management. The Nomination Committee should be composed in a manner to safeguard the common interests of all the shareholders. The Nomination Committee shall propose candidates to the Board and also propose the remuneration to the Board Members. The Nomination Committee must justify its recommendations. The Nomination Committee shall aim to achieve a Board composition that acknowledges the objective of generating shareholder results, independence and experience in the relevant sectors of the Group's business activities.

The Nomination Committee currently consists of Christine Rødsæther, Laurence Ward Odfjell and (Chair) Bjørg Ekornrud. In its work of suggesting new Board Members, the Nomination Committee should have contact with shareholders, members of the Board and the Company's Management.

Deviation from the Code: None.

8

Board of Directors - composition and independence

The Board of Directors is regulated by Article 5 of the Company's Articles of Association. The Company's Management is organized in accordance with a single-tier system and it shall have an administrative body (Board of Directors).

The Company's Board of Directors shall consist of between five and seven members.

The Annual General Meeting shall elect the Board. According to Article 5 of the Articles of Association, the Chair of the Board is elected by the Annual General Meeting for one year at a time. Board Members shall be elected for two years at a time.

The Company has no Corporate Assembly. The interests of the employees are safeguarded through an agreement between the employees and Odfjell, ensuring the involvement of employees. The employees have established a permanent Employee Representative Body. The Employee Representative Body consists of up to six representatives, from the main office in Bergen and the maritime Officers' Council.

Employee involvement at corporate level, and in most subsidiaries abroad, is also secured by various committees and councils in which Management and employee representatives - both onshore personnel and seafarers - meet to discuss relevant issues.

The Board shall be composed in a manner to safeguard the joint interests of the shareholders while taking into account the Company's need for expertise, capacity and diversity. It must be taken into consideration that the Board is able to function like a collegiate body.

The Board shall also be composed such that it can act independently of special interests. The majority of the Board Members shall be independent of the Management and important business connections, and no member of Management shall be a Board Member. In addition, at least two of the Board Members shall be independent of the Company's principal shareholders, i.e. shareholders owning more than 10% of the Company's shares or votes.

Since May 6, 2020, the Board has comprised Laurence Ward Odfjell (Chair), Christine Rødsæther, Åke Gregertsen, Åse Aulie Michelet, Jannicke Nilsson and Nils Petter Dyvik. Laurence Ward Odfjell and related parties control a significant shareholding in Odfjell SE. Åke Gregertsen, Christine Rødsæther, Åse Aulie Michelet, Jannicke Nilsson and Nils Petter Dyvik are all independent Board Members. The Company believes that the Board is well positioned to act independently of the Company's Management and exercise proper supervision of the Management and its operations.

The annual report and the Company's home page contain a presentation of the Board of Directors and details of the shareholdings of all Directors, as well as information on the experience, expertise and capacity of the Board Members.

Two of the existing Board Members, Åke Gregertsen and Åse Aulie Michelet are up for election at the 2021 Annual General Meeting.

The proportionate representation of gender of the Board is within the legislated target.

Deviations from the Code: None.

9

The work of the Board of Directors

The Company shall be led by an effective Board with collective responsibility for the success of the Company. The Board represents, and is responsible to, the Company's shareholders.

The Board of Directors should ensure that members of the Board of Directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the Board of Directors.

The Board's obligations include strategic management of the Company, effective monitoring of the Management, control and monitoring of the Company's financial situation, and the Company's responsibility to, and communication with, the shareholders. The Board is ultimately responsible for determining the Company's objectives, and for ensuring that the necessary means for achieving them are in place. The Board of Directors determines the Company's strategic direction and decides on matters of significance in relation to the Company's overall activities. Such matters include strategic guidelines, approval of the budgets as well as decisions on major investments and divestments. Furthermore, the Board ensures a correct capital structure and defines the dividend policy. The Board also appoints the CEO and determines his/her remuneration.

The Board shall ensure that the Company is well organized and that activities are managed in accordance with relevant laws and regulations, the Company's objectives pursuant to the Articles of Association and the applicable guidelines set by the shareholders through the General Meeting.

It is the responsibility of the Board to ensure that the Company, its management and employees operate in a safe, legal, ethical and socially responsible manner. To emphasize the importance of these issues, a company-specific Corporate Social Responsibility Policy and a Corporate Code of Conduct have been decided and implemented and apply to all throughout the organization. The Corporate Code of Conduct focuses on aspects of ethical behavior in day-to-day business activities. The Company also adheres to the UN Global Compact and reports its Corporate Social Responsibility performance accordingly. The Board shall perform such reviews which it deems necessary to fulfill its tasks. The Board shall also perform reviews requested by one or more Board Members.

Members of the Board of Directors shall notify the Board, in advance, if they have any direct or indirect not immaterial interest in any transaction planned to be entered into by the Company. In this case they are biased and not eligible to participate in the discussions. A deputy Chair shall be elected to function as Chair of the Board when the Chair of the Board for such or other reasons cannot, or should not, lead the Board's work. The Board shall plan its work, as well as the work of the Management, according to a cycle of setting objectives, performance reviews, risk reviews, periodic reporting, regular reviews of short- and long-term strategy formulation and implementation. The roles of the Board and the CEO are separate, and the allocation of responsibilities shall be specified in writing through existing chart of authorities and job descriptions.

Each year the Board shall evaluate its performance over the previous year. The Board shall evaluate its own efforts, the performance of the Committees and the individual Board Members. In order for the evaluation to be effective, the Board shall set objectives at both the collective and individual levels, against which the performances shall be measured. The results from the evaluation will not be made public but shall be available to the Nomination Committee.

The Board held seven ordinary meetings and one extraordinary meeting in 2020, with 98% Director attendance. The Board carried out a self-assessment of its work.

Audit Committee

The Audit Committee is elected by the Board and consists of minimum two Board Members; currently Åke Gregertsen (Chair) and Jannicke Nilsson. The Audit Committee reports to, and acts as a preparatory and advisory working committee for the Board. The Audit Committee acts according to an audit charter. The Company's auditor, CFO, VP Financial Control, Chief Sustainability Officer and Head of Group Controlling usually attend the committee's meetings.

The establishment of the Committee does not alter the Board's legal responsibilities or tasks.

Deviations from the Code: None.

10

Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal controls and the systems should also encompass the Company's corporate values and ethical guidelines.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The risk management process and the system of internal control of Odfjell shall be sufficient to ensure safe, controlled, legal and ethical business conduct and operations in all its activities around the world.

Business strategies are prepared at executive level and approved by the Board. In addition, the Board reviews annual budgeting and strategic planning processes. Financial forecasts are prepared every quarter. Actual performance is compared to budget, latest forecast and prior year on a monthly basis. Significant variances are investigated and explained through normal monthly reporting channels.

The Company has established an organizational structure supporting clear lines of communication and accountability, and rules for delegation of authority that specify responsibility.

The Company focuses on regular and relevant management reporting of both operational and financial matters, both in order to ensure adequate information for decision making and to quickly respond to changing conditions. Evaluation and approval procedures for major capital expenditure and significant treasury transactions are established.

The Board receives monthly reports on the Company's financial performance and status reports on the Group's key individual projects. The Group also regularly conducts internal audits of individual units' adherence to systems and procedures.

Financial performance is also reported on a quarterly basis to the Board and to the Oslo Stock Exchange.

The Company's Board is kept updated on Management and Company activities through monthly reports and board updates. A safety (QHSE) update is normally the first item on the agenda of all ordinary meetings of the Board of Directors.

Odfjell's Compliance Officer ensures that the Company, and its employees, act in accordance with applicable laws and regulations, the Company's Code of Conduct, and that the Company acts in an ethical and socially responsible way. Particular attention is paid to competition law compliance, environmental licenses to operate and anti-corruption measures. Regular updates on new rules and regulations are issued to all relevant personnel in order to ensure continuous compliance. The Compliance Officer reports directly to the CEO.

The Company also regularly conducts internal audits of individual units' adherence to systems and procedures. The internal audit function provides additional assurance to the Board and the Audit Committee that key controls are operating as intended. The Company is also subject to external control functions, including auditors, ship classification societies, customer vettings, port and flag state control, and other regulatory bodies including the IMO.

Deviations from the Code: None.

11

Board Members' remuneration

The remuneration of the Board shall reflect the Board's responsibilities, expertise, time commitment and the complexity of the Company's activities.

Remuneration to Board Members shall be determined by the shareholders at the General Meeting. The Nomination Committee shall provide recommendations and give its reasons thereof to the General Meeting for annual remuneration to all Board Members.

Board Members are encouraged to own shares in the Company and can be paid part of their remuneration in shares.

Members of the Board do not take part in any incentive or share option schemes. The remuneration of the Board of Directors is not linked to the Company's performance. Board Members should not take on assignments for the Company.

Information regarding all remuneration to the individual Board Members shall be provided in the annual report. If remuneration has been paid in addition to normal directors' fees, this shall be specifically identified.

Deviations from the Code: None.

12

Management remuneration

Pursuant to Section 6-16 a) of the Norwegian Public Limited Companies Act, the Board of Directors has issued a statement regarding the determination of salaries and other remuneration for the Management. The statement is disclosed in note 21of the annual accounts and as a separate document presented to the Annual General Meeting.

Management shall be offered competitive terms of employment in order to ensure continuity in the Management and to enable the Company to recruit suitably qualified personnel. The remuneration shall not be of such a nature or magnitude that it may impair the Company's interest or reputation.

A basic, fixed salary is the main component of the remuneration. However, in addition to the basic salary, other supplementary benefits may be provided, including, but not limited to, payments in kind, incentive/recognition pay, termination payments and pension and insurance schemes.

Deviations from the Code: None.

13

Information and communication

Through its Corporate Governance Policy, the Board has implemented guidelines for disclosure of Company information. Reporting of financial and other information shall be based on openness and equal treatment of all interested parties. The Company provides shareholders, and the market as a whole, with information about the Company. Such information takes the form of annual reports, quarterly reports, stock exchange bulletins, press releases, information on the Company website and investor presentations, when appropriate. The Company seeks to treat all shareholders equally, in line with applicable regulations. Information distributed through the Oslo Stock Exchange, or otherwise in press releases, is published simultaneously on the Company's website, Odfjell.com. The Company aims to hold regular presentations. The financial calendar is available through stock exchange announcements and on the Company's website.

Open investor presentations are held at least twice a year in connection with Odfjell's quarterly reports. The CEO reviews and makes comments on results, market developments and prospects. Odfjell's CFO also participates in these presentations.

The presentations of the annual and quarterly reports are published via the Oslo Stock Exchange and posted on the corporate website at the same time as presented. The annual and mid-year results are presented via a live presentation, whereas reports following publication of first and third quarter results are made available through webcasts. Odfjell also maintains an ongoing dialogue with, and makes presentations to, selected analysts and investors. Care is taken to secure impartial distribution of information when dealing with shareholders, investors and analysts.

The Board shall ensure that the Company's quarterly and annual financial statements provide a correct and complete picture of the Group's financial and business position, including the extent to which operational and strategic goals have been achieved.

The Chair of the Board shall ensure that valid and relevant views of the shareholders are communicated to the entire Board.

Deviations from the Code: None.

14

Takeovers

During the course of any take-over process, the Board and Management shall do their best to ensure that all the shareholders of the Company are treated equally. The Board shall also do its best to ensure that sufficient information to assess the takeover bid is provided to the shareholders.

In the event of a take-over bid for the shares in the Company, the Board shall not seek to prevent or obstruct take-over bids for the Company's activities or shares, unless there are particular reasons for such actions. The Board shall not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the General Meeting following the announcement of the bid. In particular, the Board shall not, in such circumstances, without the prior approval of the General Meeting (i) issue shares or any other equity instruments in the Company, (ii) resolve to merge the Company with any other entity, (iii) resolve on any transaction that has a material effect on the Company's activities, or (iv) purchase or sell any shares in the Company.

If an offer is made for the shares in the Company, the Board shall issue a statement evaluating the offer and make a recommendation as to whether the shareholders should accept the offer. If the Board finds itself unable to provide such a recommendation, it shall explain and state the reasons why. The Board's statement on a take-over bid shall state whether the Board's view is unanimous, and if not, the statement shall explain the basis on which members of the Board have a deviating view. The Board shall consider whether to engage financial advisors in this respect and whether to have a valuation from an independent expert. If any member of the Board or the Management, or close associates of such persons, or anyone who has recently held such a position, is either the bidder or has a similar particular interest in the bid, the Board shall in any case arrange an independent valuation. This shall also apply if the bidder is a major shareholder in the Company. Any such valuation should be either attached to the Board's statement, be reproduced in the statement or be referred to in the statement.

Deviations from the Code: None.

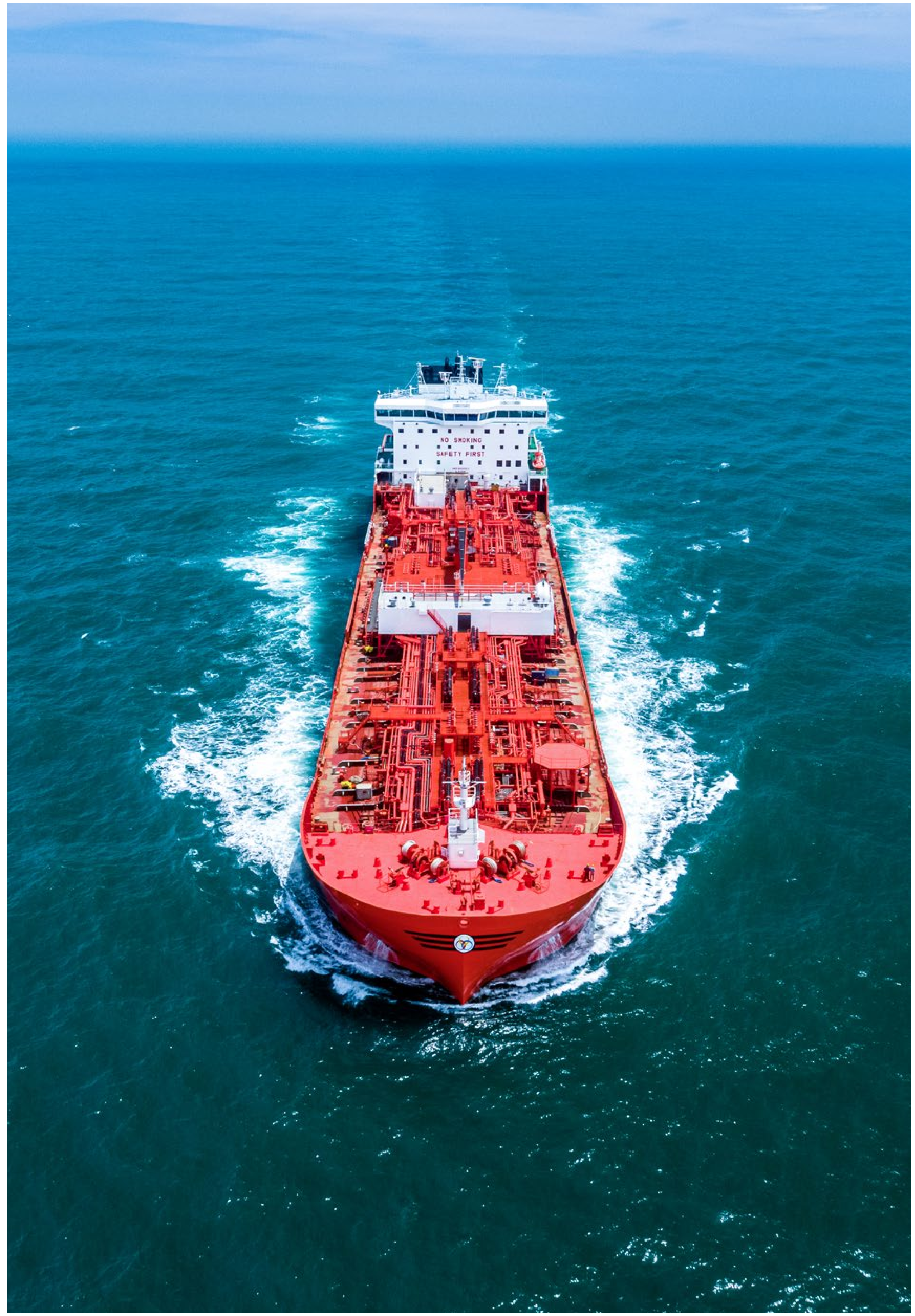
15

Auditor

The Company emphasizes keeping a close and open relationship with the Company's auditor. The auditor participates in Board meetings for approval of the annual accounts. The Company's auditor shall present an annual plan for its audit work to the Audit Committee. In addition, the auditor shall review and report on the Company's internal control procedures, including identifying weaknesses and proposing improvements. The Board shall meet at least once a year with the auditor and without the Management's presence. The auditor's fees for auditing and other services are presented to the Annual General Meeting and are included in the notes to the annual accounts. The Board continuously evaluates the need for written guidelines concerning the employment of the auditor for services other than auditing. The Board believes that the auditor's independence of the Company's Management is assured. The auditor shall issue a written annual declaration confirming the auditor's independence.

In order to secure consistency in control and audits of the Group, Odfjell generally uses the same audit firm for all its subsidiaries worldwide, and currently engages EY as the Company's independent auditor.

Deviation from the Code: None.



In 2020, we concluded one of the largest newbuilding programs in Odfjell's history. Among the new ships is the 38,000 dwt advanced stainless steel chemical tanker Bow Explorer. Photo by Hudong Zhonghua.

Shareholder information

Odfjell SE shares have been listed on the Oslo Stock Exchange since 1986. We have two share classes split into A- and B-shares, where B-shares do not include voting rights.

At year-end, Odfjell A- and B-shares were trading at NOK 27.40 and NOK 26.40 respectively, with a market capitalization of NOK 2,159 million. Total return for Odfjell SE shareholders in 2020 was 3.5%. Over the same period, the Oslo Stock Exchange Benchmark index increased by 4.6% and the Shipping Index decreased 11%.

Dividend information

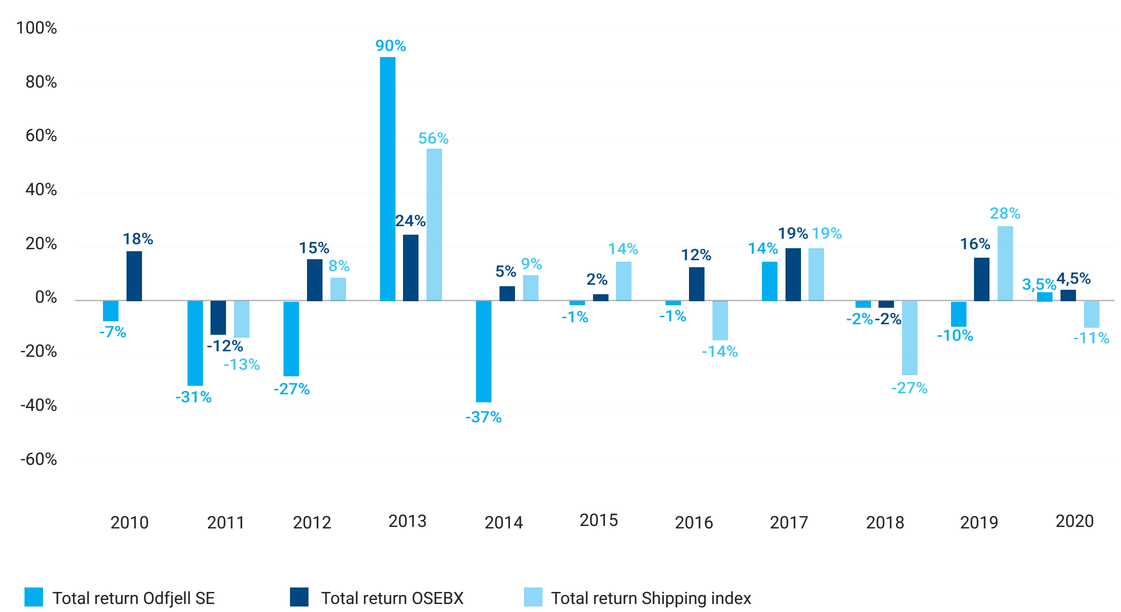
Odfjell paid dividends in 2016 and 2017, with a dividend of NOK 1.50 per share, both of which were supported by gains from divestments of terminals. Based on the uncertainty driven by Covid-19 and a current challenging market, and to ensure we maintain a strong balance sheet, the Board will not propose a dividend for FY 2020 at the 2020 Annual General Meeting. However, the Board will review a possible dividend later in 2021.

We embrace an investor-friendly dividend policy and aim for regular dividend payments at sustainable levels, that reflect the company's current and future cash flow generation. We regularly review our investment needs and debt targets, but have a long-term objective to reduce outstanding debt. By reducing debt, we enable the company to generate attractive dividends, while making investments and debt repayments through all shipping cycles.

Shareholders

At the end of 2020, there were 1,347 holders of Odfjell A-shares and 496 holders of Odfjell B-shares. The total number of shareholders was 1,566, reflecting that some shareholders own shares in both classes.

Historical total return Odfjell vs Oslo Stock Exchange & Shipping index



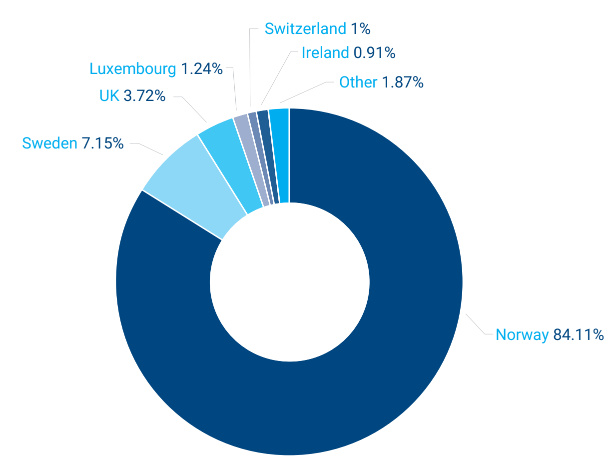
20 largest shareholders as per December 31, 2020 (based on shareholders analysis)

Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
Laurence Ward Odfjell [1]	29 463 964	8 131 462	37 595 426	49.15%	47.77%
Odfjell SE [2]	5 669 955	2 322 482	7 992 437	[2]	9.21%
Odfjell Shipping Bermuda	2 580 270	1 070 480	3 650 750	4.30%	4.64%
Pareto Asset Management AS	2 143 933	1 396 677	3 540 610	3.58%	4.50%
Rederiet Jacob Christensen AS	2 880 516	572 546	3 453 062	4.80%	4.39%
Farvatn Capital AS	3 225 000	–	3 225 000	5.38%	4.10%
Nordea Investment Management AB (Denmark)	2 469 081	312 327	2 781 408	4.12%	3.53%
Holmen Fondsforvaltning AS	2 000 000	–	2 000 000	3.34%	2.54%
Axelsson Anna	640 000	1 010 000	1 650 000	1.07%	2.10%
Egd Shipholding AS	1 630 964	–	1 630 964	2.72%	2.07%
B.O. Steen Shipping AS	219 000	885 000	1 104 000	0.37%	1.40%
Forsvarets Personellservice	916 900	–	916 900	1.53%	1.16%
Fisch Asset Management AG	549 600	288 500	838 100	0.92%	1.06%
AS SS Mathilda	600 000	150 000	750 000	1.00%	0.95%
Meteva AS	–	700 000	700 000	0.00%	0.89%
Dimensional Fund Advisors LP	661 114	–	661 114	1.10%	0.84%
H. Lundén Holding AB	500 000	–	500 000	0.83%	0.64%
Dbs Bank (Hong Kong) Ltd. (Private Banking)	–	463 012	463 012	0.00%	0.59%
Bergen Kommunale Pensjonskasse	–	400 000	400 000	0.00%	0.51%
Bjørn Arvid Olsen	140 650	212 109	352 759	0.23%	0.45%
Total 20 largest shareholders	56 150 297	17 702 486	73 852 783	84%	92.9%
Other shareholders	9 539 947	3 376 218	12 916 165	15.8%	7.1%
Total	65 690 244	21 078 704	86 768 948	100.0%	100.0%

[1] Shares owned/controlled by and includes related parties
[2] No voting rights for own shares ref. Public Limited Companies Act § 5 -4

Source: Euronext

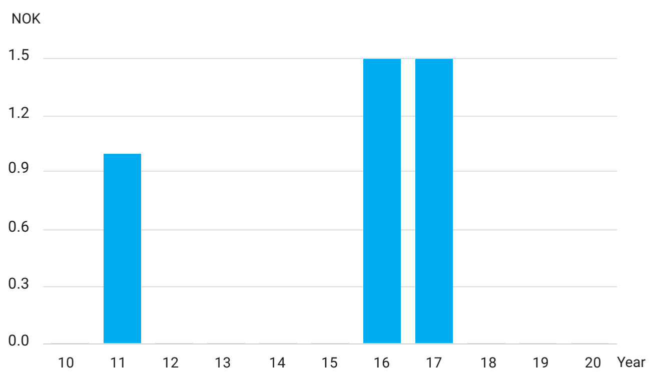
Shareholders: Geographical overview



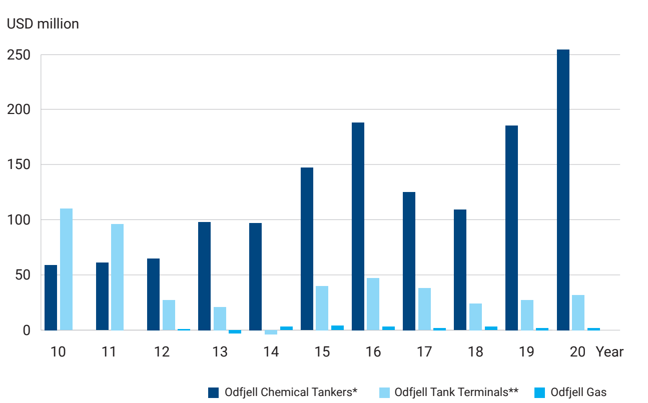
Development Odfjell shares 2020

Source: Euronext

Dividends per share



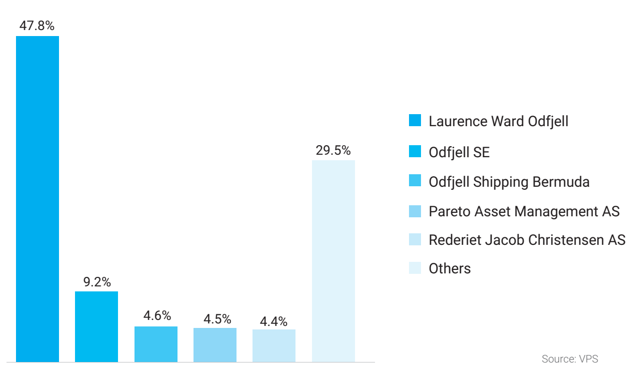
EBITDA per segment (Proportionate consolidation method)



* This segment also includes "corporate"
** Reflection of actual historical Odfjell ownership share

Source: Odfjell

Shareholder structure (A- and B-shares)



Source: VPS

Bow Orion in Norwegian waters. The ship was in 2019 the first delivery of four 49,000 dwt newbuildings from the Hudong Zhonghua shipyard. To date, these ships are the largest chemical tankers in the world. Photo by Morten Wanvik.

Financial risk management
& Sensitivities

With the global market as our arena, Odfjell is exposed to a number of risks. Our financial strategy is designed to be sufficiently robust to withstand prolonged adverse financial conditions, including long-term downturns in our markets or disruptive financial markets.

Odfjell adopts an active approach to managing financial risk. This is achieved through ensuring funding from diversified structures and sources, maintaining adequate liquidity or credit reserves at all times, and through the systematic monitoring and management of risks related to currencies, interest rates, and bunkers.

Financial derivatives are used to reduce unwanted fluctuations in the Company's net result and cash flows caused by movements in currencies, interest rates and bunker prices to which Odfjell is exposed to. Similarly, financial derivatives may be used to lock-in a target return on an investment, financing, project or contract. This may also limit Odfjell's upside potential from favorable movements in the same financial risks.

Earnings

Earnings within the chemical tanker markets are less volatile than in many other shipping segments, as the universe of cargo products we transport is diversified, and our customers are industrial companies with stable logistics needs, unlike comparable tanker segments, where traders play a larger part in the overall demand drivers.

The portfolio of trade lanes, and the products we transport, have historically provided a partial hedge against the negative impact of a general slowdown in demand for chemical tanker freight.

Our time charter earnings are influenced by external factors such as global economic growth, the general ship-freight market, bunkers prices and factors such as cargo type and cargo volume, trading pattern required by our customers, contract and spot rates, and operational efficiency. Time is of the essence, and optimal utilization of the fleet and an expedient composition of cargoes with minimal time in port, are vital to maximize our time charter earnings.

The largest single cost component affecting time charter earnings is bunkers, and Odfjell makes physical purchases of bunkers worldwide. In 2020, this amounted to USD 169 million, equivalent to 49% of voyage costs. A substantial part of the Group's exposure is hedged through bunkers adjustment clauses in contracts of affreightments. Bunkers consumption from contracts without bunkers adjustment clauses and spot volumes are considered for financial hedging. As of December 31, 2020, Odfjell has hedged approximately 22% of bunkers consumption in FY2021 that is not related to bunkers adjustment clauses.

Sensitivity analyses show that a change in time charter earnings of 5% for our chemical tankers in freight rates after voyage costs, will impact the pre-tax net result by approximately USD 25 million. Odfjell is not engaged in the derivative market for forwarding freight agreements. Our tank terminal activities have historically shown more stable earnings than our shipping activities.

A substantial part of the tank terminal costs is fixed, and the main drivers for earnings within a tank terminal are the general market conditions, occupancy rate, the volume of cargoes handled through and by the terminal, and operational efficiency.

Interest rates

All interest-bearing debt, except bonds in the Norwegian bond market and debt borne by tank terminals outside the USA, is denominated in USD. The majority of these loans are floating rate with USD LIBOR as a benchmark. We use financial interest rate derivatives, mainly interest rate swaps, to reduce the variability of interest expenses on loans that arise because of changes in the USD LIBOR. As of December 31, 2020, interest rate payments corresponding to USD 375 million of loans have been swapped from floating to fixed rates, and Odfjell's nominal interest-bearing debt was USD 1,256 million, of which approximately 37% is fixed.

Currency

The Group's revenues are primarily denominated in USD. Currency risk relates mainly to the net result and cash flow from voyage related expenses, ship operating expenses, general and administrative expenses and financial expenses denominated in non-USD currencies, mainly NOK and EUR. Our NOK and EUR exposure is relatively long-term, visible and stable, and we hedge expected cash flow from these currencies for a period of up to two years, primarily through the use of forward exchange contracts. As of December 31, 2020, approximately 47% of the estimated recurring NOK exposure in FY2021 is covered by forwards.

Financing and liquidity

Odfjell has a diversified debt structure and has access to a wide range of funding sources and structures from top-tier banks, export credit agencies, leasing houses and from the bond markets. Although funding is available to Odfjell from a wide range of funding sources, shipping debt markets have changed. Several Western banks and credit investors have pulled out of, or reduced their exposure to shipping.

Leasing structures, primarily from China, and the private equity and project finance markets have gained significant market share.

> Sustainable finance and ESG have become increasingly important when it comes to access to financing and access to capital. This is a welcome trend that we encourage and expect to gain from, given our strong track record and active role in various ESG initiatives.

We have adapted to remain competitive and this is reflected in our current capital structure. Bank loans still cover the core part of our fleet, but financial leases, time charter and bareboat agreements have financed much of our recent tonnage renewal and growth initiatives.

We are also a frequent issuer of bonds and a household name in the Norwegian high yield market, and on January 21, 2021, we issued the first sustainability-linked bond in shipping and in the Nordics across industries.

As of December 31, 2020, Odfjell's total nominal debt was USD 1,526 million, of which 24% was mortgaged loans, 43% was financial leases, 15% was senior unsecured bonds, and 18% was debt related to long-term time charter and bareboat agreements (IFRS 16 leases). The average maturity of the Group's total interest-bearing debt, after the bond refinancing in January 2021, is 5.9 years. In an effort to lower interest rate expenses and overall cost of capital, surplus liquidity is placed in bank deposits and money market funds, or as repayment on our revolving credit facility. As of December 31, 2020, the size of the Group's revolving credit facility is USD 160 million, of which USD 42 million is undrawn.

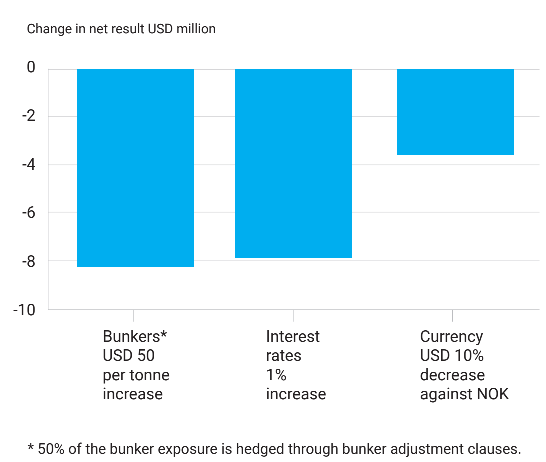
Cash break-even

Odfjell is exposed to the natural cyclicality of the shipping industry and it is important that we have a sustainable cash flow generation across cycles to secure flexibility on capital allocation. A strategic focus is therefore to reduce our cash break-even levels by deleveraging, and extend amortization profiles to better match our vessels' trading strategy and economic life. Our target is to reach a cash break-even level of USD 18,000 to USD 19,500 per day, which will ensure that we can generate positive cash flows throughout cycles, which again will reduce the overall market risk for Odfjell.

Tax

The Odfjell Group operates within a number of jurisdictions and tax regimes, including the Norwegian tonnage tax system and the Approved International Shipping system in Singapore. In addition, we operate under the local tax systems in Brazil. Our tank terminal activities are generally subject to the ordinary corporate tax rates within the country in which the activity is located.

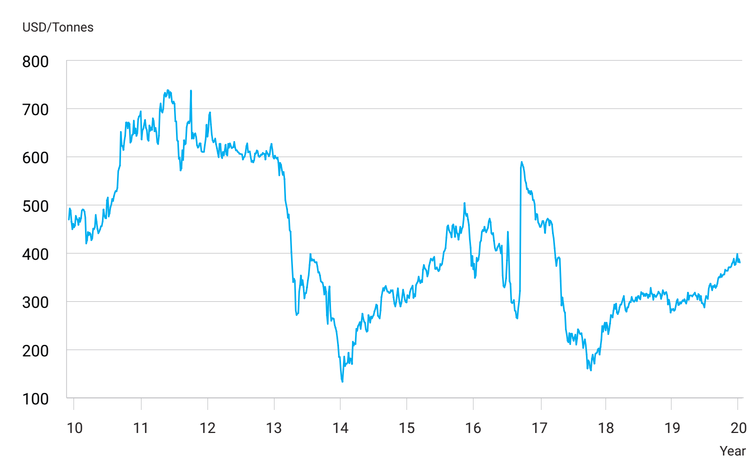
Sensitivity (after derivatives and bunker adjustment clauses)



* 50% of the bunker exposure is hedged through bunker adjustment clauses.

Source: Odfjell

Bunkers (3.5% barges Rotterdam)



Source: Bloomberg

Financial statements & Notes

Odfjell Group

Odfjell SE

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Financial statements
Odfjell Group

Consolidated statement of profit or loss and other comprehensive income

(USD 1 000)	Note	2020	2019
Consolidated statement of profit or loss			
Gross revenue	4, 24, 25	939 060	872 299
Voyage expenses	18	(346 970)	(352 682)
Pool distribution	3	(79 641)	(55 482)
Time-charter earnings		**512 449**	**464 135**
Time charter expenses	12	(32 689)	(45 453)
Operating expenses	19	(144 911)	(145 442)
Operating expenses, service element of leases IFRS 16	12	(21 254)	(22 096)
Gross result		**313 594**	**251 143**
Share of net result from associates and joint ventures	28	13 450	13 267
General and administrative expenses	20, 21	(58 740)	(68 196)
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		**268 305**	**196 214**
Depreciation and amortization	11	(94 564)	(93 137)
Depreciation, IFRS 16	12	(58 455)	(49 986)
Impairment of property, plant and equipment	13	—	(2 727)
Capital gain (loss) on property, plant and equipment	11	20	(320)
Operating result (EBIT)		**115 306**	**50 044**
Interest income		889	4 292
Interest expenses	8	(69 290)	(74 217)
Interest expenses IFRS 16	12	(13 948)	(12 670)
Other financial items	22, 23	(1 647)	(1 114)
Net financial items		**(83 996)**	**(83 709)**
Result before taxes		**31 310**	**(33 665)**
Income tax expense	9	(3 481)	(2 979)
Net result		**27 829**	**(36 644)**
Other comprehensive income			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges changes in fair value	6	(23 186)	(19 522)
Cash flow hedges reclassified to profit or loss on realization	6	15 465	9 464
Translation differences on investments of foreign operations		—	109
Share of comprehensive income on investments accounted for using equity method	28	5 853	(1 388)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:			
Net actuarial gain/(loss) on defined benefit plans		(538)	(765)
Other comprehensive income		(2 406)	(12 102)
Total comprehensive income		**25 423**	**(48 746)**
Total comprehensive income allocated to:			
Non-controlling interests		—	—
Equity holders of Odfjell SE		25 423	(48 746)
Earnings per share (USD) - basic/diluted	14	0.35	(0.47)

Consolidated statement of financial position

Assets as per December 31 (USD 1 000)	Note	2020	2019
Non-current assets			
Deferred tax assets	9	669	673
Real estate	11	1 498	1 712
Ships	3, 11, 13	1 515 109	1 328 644
Newbuilding contracts	11	—	74 395
Right of use assets	12	258 846	207 904
Office equipment and cars	11	8 206	7 309
Investments in associates and joint ventures	28	200 446	161 592
Derivative financial instruments	6	1 675	—
Net defined pension assets	10	1 805	1 778
Non-current receivables		4 756	11 497
Total non-current assets		**1 993 010**	**1 795 504**
Current assets			
Current receivables	24	92 136	89 202
Bunkers and other inventories		25 169	28 628
Derivative financial instruments	6	6 663	20
Cash and cash equivalents	17	103 111	100 802
Assets classified as held for sale	29	—	4 116
Total current assets		**227 079**	**222 769**
Total assets		**2 220 089**	**2 018 273**

Equity and liabilities as per December 31 (USD 1 000)	Note	2020	2019
Equity			
Share capital	26	29 425	29 425
Treasury shares		(2 546)	(2 546)
Share premium	26	172 388	172 388
Other equity		376 628	351 888
Total equity		**575 896**	**551 156**
Non-current liabilities			
Deferred tax liabilities	9	299	308
Pension liabilities	10	6 140	5 713
Derivative financial instruments	6	25 652	20 358
Non-current interest bearing debt	8	1 059 763	978 838
Lease liability, IFRS16	8, 12	209 562	167 302
Other non-current liabilities		437	391
Total non-current liabilities		**1 301 853**	**1 172 909**
Current liabilities			
Current portion of interest bearing debt	8	178 790	153 428
Lease liability, IFRS16	8, 12	59 649	46 263
Taxes payable	9	333	246
Derivative financial instruments	6	8 442	10 756
Other current liabilities	8, 25	95 126	83 514
Total current liabilities		**342 340**	**294 207**
Total liabilities		**1 644 193**	**1 467 117**
Total equity and liabilities		**2 220 089**	**2 018 273**
Guarantees	16	6 987	11 732

The Board of Directors of Odfjell SE

Bergen, March 17, 2021

Laurence Ward Odfjell
Chair

Christine Rødsæther

Åke Gregertsen

Jannicke Nilsson

Åse Aulie Michelet

Nils Petter Dyvik

Kristian Mørch
CEO

ODFJELL GROUP

Consolidated statement of cash flow

(USD 1 000)	Note	2020	2019
Cash flow from operating activities			
Result before taxes		31 310	(33 665)
Taxes paid in the period		(3 639)	(2 403)
Depreciation, impairment and capital (gain) loss fixed assets	13	153 137	146 443
Change in inventory, trade debtors and creditors (increase) decrease		(9 511)	(7 346)
Share of net result from associates and joint ventures	28	(13 356)	(13 267)
Net interest expenses		82 325	82 595
Interest received		992	4 242
Interest paid		(85 265)	(88 745)
Effect of exchange differences and changes in unrealized derivatives		(1 287)	1 059
Other current accruals		460	9 670
Net cash flow from operating activities		**155 166**	**98 583**
Cash flow from investing activities			
Sale of ships, property, plant and equipment	11	4 113	2 048
Investment in ships, property, plant and equipment	11	(207 167)	(146 807)
Dividend received / share capital reduction in joint ventures	28	1 403	20 735
Investment in associates and joint ventures	28	(19 000)	–
Changes in non-current receivables		6 067	760
Net cash flow from investing activities		**(214 584)**	**(123 265)**
Cash flow financing activities			
New interest bearing debt (net of fees paid)	8	323 111	369 891
Loans from associates and joint ventures	8	19 000	–
Repayment of interest bearing debt	8	(175 112)	(367 169)
Repayment of drawing facilities	8	(50 000)	–
Repayment of lease debt related to right of use assets	8	(53 920)	(44 930)
Net cash flow from financing activities		**63 079**	**(42 208)**
Effect on cash balance from currency exchange rate fluctuations		(1 356)	(111)
Net change in cash and cash equivalents		**2 305**	**(67 000)**
Cash and cash equivalents as per January 1		100 802	167 802
Cash and cash equivalents as per December 31	17	**103 111**	**100 802**

Consolidated statement of changes in equity

(USD 1 000)	Share capital	Treasury shares	Share premium	Translation differences	Cash flow hedge reserve	Pension remea-surement	OCI associates and joint ventures	Retained earnings	Total other equity	Total equity
Equity January 1, 2019	29 425	(2 566)	172 388	159	(3 641)	(495)	6 048	399 268	**401 339**	**600 586**
Other comprehensive income	–	–	–	109	(10 058)	(765)	(1 388)	–	**(12 102)**	**(12 102)**
Net result	–	–	–	–	–	–	–	(36 643)	**(36 643)**	**(36 643)**
Dividend payment	–	–	–	–	–	–	–	–	**–**	**–**
Sale of treasury shares	–	20	–	–	–	–	–	190	**190**	**210**
Other adjustments	–	–	–	–	–	–	–	(896)	**(896)**	**(896)**
Equity as at Equity December 31, 2019	**29 425**	**(2 546)**	**172 388**	**268**	**(13 699)**	**(1 260)**	**4 660**	**361 919**	**351 888**	**551 156**
Equity January 1, 2020	29 425	(2 546)	172 388	268	(13 699)	(1 260)	4 660	361 919	**351 888**	**551 155**
Other comprehensive income	–	–	–	–	(7 721)	(538)	5 853	–	**(2 406)**	**(2 406)**
Net result	–	–	–	–	–	–	–	27 829	**27 829**	**27 829**
Dividend payment	–	–	–	–	–	–	–	–	**–**	**–**
Sale of treasury shares	–	–	–	–	–	–	–	–	**–**	**–**
Other adjustments	–	–	–	–	–	(200)	–	(483)	**(683)**	**(683)**
Equity December 31, 2020	**29 425**	**(2 546)**	**172 388**	**268**	**(21 420)**	**(1 998)**	**10 513**	**389 265**	**376 628**	**575 896**

Notes to the Financial statement

Note 1
Corporate information

Odfjell SE, Conrad Mohrs veg 29, Bergen, Norway, is the ultimate parent company of the Odfjell Group. Odfjell SE is a public limited company traded on the Oslo Stock Exchange with the tickers ODF and ODFB. The consolidated financial statement of Odfjell for the year ended December 31, 2020 was authorized for issue in accordance with a resolution of the Board of Directors on March 17, 2021. The Odfjell Group includes Odfjell SE, subsidiaries incorporated in several countries (see note 27 for an overview of consolidated companies), and our share of investments in joint ventures (see note 28).

Odfjell is a leading company in the global market for transportation and storage of bulk liquid chemicals, acids, edible oils and other specialty products. Through its various subsidiaries and joint ventures Odfjell owns and operates chemical tankers, gas carriers and tank terminals. The principal activities of the Group are described in note 4.

Unless otherwise specified, the 'Company', 'Group', 'Odfjell' and 'we' refer to Odfjell SE and its consolidated companies.

Note 2
Summary of significant accounting principles

2.1 Basis for preparation

The Odfjell Group has prepared its consolidated financial statements according to International Financial Reporting Standards (IFRS) approved by the EU. The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Changes in accounting principles

The accounting policies adopted are consistent with those of the previous financial year.

The following new standards and amendments became effective as at January 1, 2020:

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest rate benchmark reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 16 Covid-19 related rent concessions

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause the hedge accounting to terminate.

The amendments to IAS 1 and IAS 8 provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.This amendment had no impact on the consolidated financial statements of the Group.

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

2.3 Revenues from contract with customers

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Freight revenue from transportation of liquids by sea
The Group recognizes revenue from rendering of transportation services over time, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognizes freight revenue over time from load port to discharge port by measuring the progress towards complete satisfaction of the services. Number of days sailed from load port compared to total estimated days until discharge port is used as a measure of progress. The method applied is the one that most faithfully depicts our progress towards complete satisfaction of the performance obligation.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception or when changes in circumstances occur and is recognized as revenue if it is highly probable that there will not be a significant reversal of revenue in a future period. The Group is estimating demurrage revenue as a variable consideration when delays occur and the vessel is prevented from loading or discharging cargo within the stipulated laytime. The variable consideration based on contracted price terms and estimated excess time taken to discharge or load are being recognized as part of the freight service revenue over time for the remaining voyage (from the delay occur to the discharge port).

Contract balances
Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are recognized revenue for freight services partly satisfied from voyages that have commenced but are not completed and invoices have not been issued as per December 31. Contract assets are reclassified to receivables from contracts with customers once the freight service is being invoiced to the customer, at the latest when the voyage is completed. Contract assets include variable consideration only when it is highly probable there will be no significant reversal at a later date when the uncertainty related to the variable payment is resolved.

Trade receivables: A receivable represents the Group's right to an amount of consideration that is unconditional.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group fulfills the performance obligation(s) under the contract.

Cost to obtain a contract
The Group has elected to apply the optional practical expedient for costs to obtain a contract, e.g. broker commissions, which allows the Group to immediately expense such costs when the related revenue is expected to be recognized within one year.

External pool vessels
Odfjell operates pools of ships delivering freight services to customers and external ships participate in the pools. Under IFRS 15, Odfjell acts as a principal for the external ships in the pool since the freight service delivered to the customer is controlled by Odfjell. Revenues generated by external ships in the pool are therefore recognized as gross revenue in the income statement.

2.4 Segments

Operating segments are reported in the manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board and Executive Management which makes the strategic decisions. In the internal reporting, the proportionate consolidation method is used for the Group's share of investments in joint ventures and associates. The proportionate consolidation method means that we include the Group's share of revenue and expenses in addition to our share of assets and liabilities. In the consolidated financial statements, investments in joint ventures and associates are accounted for according to the equity method. Transactions between the individual business areas are priced at market terms and are proportionately eliminated in the consolidated accounts.

2.5 Property, plant and equipment

Property, plant and equipment – including Ships, newbuilding contracts, real estate, office equipment and cars - are measured at historical cost, which includes purchase price, capitalized interest and other

ODFJELL GROUP

expenses directly related to the assets. The carrying value of property, plant and equipment represents the cost less accumulated depreciation and any impairment charges. Newbuilding contracts include payments made under the contracts, capitalized loan interest and other costs directly associated with the newbuilding and are not depreciated until the asset is available for use.

The investment is depreciated over the remaining useful life of the asset. We estimate residual value at the estimated time of disposal of assets, which is generally at the end of their useful life. To assess the residual value of ships we use the current estimated recycling value. The residual value for ships is estimated by distributing the total lightweight of the ships in a stainless steel part and a carbon steel part. Steel are estimated to the market value of steel at year end. Stainless steel is valued at 10% of the quoted nickel price at London Metal Exchange at the balance sheet date. The residual values are measured on a yearly basis and any changes have an effect on future depreciations.

Each component of property, plant and equipment that is significant to the total cost of the item is depreciated separately. The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates separately each such component over their useful lives. The carrying amount of ships is split into two components, ships and periodic maintenance.

Day-to-day repairs and maintenance costs are charged to the income statement in the period they incurred. The cost of major renovations and periodic maintenance is included in the asset's carrying amount. At the time of investing in a ship a portion of the purchase price is defined as periodic maintenance, and this component is depreciated over the period until the next periodic maintenance.

Expected useful lives of property, plant and equipment are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciations are adjusted accordingly. Changes are valid as from the dates of estimate changes.

Capital gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the operating result. When the carrying amount of a property, plant and equipment will be recovered principally through a sale transaction rather than through continued use they are reported at the lower of the carrying amount and the fair value less selling costs.

Property, plant and equipment are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Impairment of property, plant and equipment

The carrying amount of the Group's tangible assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Assets held for sale are excluded from the cash generating units and are assessed separately for impairment.

The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and value in use. The value in use is the net present value of future estimated cash flow from the employment of the asset. The net present value is calculated using the weighted average cost of capital as discount rate. If the recoverable amount is lower than the book value, impairment has occurred and the asset shall be revalued. Impairment losses are recognized in income statement.

Impairment losses recognized in the income statement for previous periods are reversed when there is information that the basis for the impairment loss no longer exists. This reversal is classified in the income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

2.6 Leasing

To a large extent, the Group leasing activity relates to ships where Odfjell is the lessee. The leasing contract are either bareboat or time-charter parties. They are typically made for fixed periods of 1 year to 10 years. Lease payments are normally fixed for the whole lease period.The Group also leases offices in various areas. Most charter contracts entitles the Group to either extend the lease period and / or to purchase the asset after a certain period.

Bareboat lease contracts relates to the lease of a specific ship, while time-charter contracts include the lease of the specific ship and in addition a non-lease component (crew and maintenance; operating expense). We have separated the non-lease component by estimating the operating expense based on internal and external sources (benchmark of ships on external management) for ships of similar classes as ships on time-charter contracts. Therefore, only payments for the bareboat element are included when estimating the lease liability.

The existence of extension options and option to purchase the ships are used to maximize operational flexibility and to reduce residual value risks associated with legal ownership. The extension and purchase options are exercisable only by Odfjell. Consideration payable for extension or purchasing the underlying ship are included when estimating the lease payments and lease term only to the extent it is reasonably certain that Odfjell will exercise its options. A significant part of the leased assets relates to ships where the minimum lease term are up to 8 - 10 years. The likelihood of exercising options is made at commencement date, the date when the underlying asset is made available to Odfjell.

If significant circumstances changes as a consequence of significant events within the control of the Group, the likelihood of exercising the options is reassessed. Such event could be that one or more of the leased ships are needed to fulfill the Group's contracts obligations towards customers. Refer to note 3 for further information on the assessment of lease terms and options.

From January 1, 2019, leases are recognized as a right of use of assets and a corresponding liability at the date which the leased asset is available for use by Odfjell. Assets and liabilities are measured on a present value basis. The discount rate used is the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. Lease liabilities include the net present value of the bareboat element.

Right of use assets are measured at cost comprising the amount initial measurement of the lease liability and direct external cost associated with negotiation of the lease contract.

For right of use assets where Odfjell is obliged to ensure dry-docking, we estimate the expense for the first dry-docking, separate this from the right of use asset and depreciate the estimated dry-docking over the period from the commencement of the lease until the estimated time of dry-docking. Once the dry-docking has taken place, the Group capitalizes these expenses and depreciate over the shorter period until the next scheduled dry-docking or the remaining lease term.

The non-lease element, deducted from nominal lease payments when calculating the net present value of the lease liability, is charged to the income statement classified as 'Operating expenses, service element of leases IFRS 16'.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period producing a constant periodic rate of interest on the remaining balance of the liability each period.

Payments associated with short term leases of ships, other equipment and all leases of low value assets are recognized on a straight line basis as an expense in the income statement. Assets regarded as low value assets are equipment which need electricity to operate (e.g. copy machine, coffee machine). Short term leases of ships are classified as 'time charter expenses' in the Group's income statement. Other short term leases and leases of low value assets are classified as 'General and administrative expenses'.

Short term leases are those where the lease term are 12 months or less. Options to extend the lease term are included in assessment of the lease term once the extension is agreed.

The Group regularly enters into sale-leaseback transactions related to ships. For these transactions, the Group evaluates whether the transfer of the asset satisfies the requirements of IFRS 15 to account for the transfer as a sale. For transactions where the Group retains control of the asset, and obtains substantially all of the remaining benefits based on the length of the lease and/or rights to purchase the asset through options, the transaction is accounted for as a financial arrangement in accordance with IFRS 9.

For transactions which meet the criteria as a sale, the asset is derecognized and the Group recognizes a right-of-use asset equal to a proportion of the previous carrying amount consistent with the right of use retained in the transaction.

The Odfjell Group is acting as pool manager for four pools with external pool participants. The lease payments to external pool participants are entirely variable and therefore not included when calculating the lease liability. The variable lease payment, less management fee, is charged to income statement as 'pool distributions'.

2.7 Consolidation

The consolidated statements consist of Odfjell SE and its subsidiaries as at December 31 each year.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and continues to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control, but the Group considers all facts and circumstances when assessing whether it has power over the investee.

Identified excess values have been allocated to those assets and liabilities to which the value relates. Fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the balance sheet date. Excess values are depreciated over the estimated useful lives for the relevant asset and liabilities.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.8 Investment in joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control have the right to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in joint ventures and associates are accounted for by using the equity method. Under this method, the investment is initially recognized at cost. Goodwill relating the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually. The income statement reflects the Group's share of the net result after tax of the associate or joint venture. Any depreciation or amortization of the Group's excess values, net of deferred tax, are included in the net result from the joint ventures.

Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting principles in line with those of the Group.

Impairment of joint ventures and associates

The Group determines whether it is necessary to recognize an impairment loss on its investments in joint ventures or associates. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognized as 'share of profit or loss from joint venture and associates'.

The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investments are tested for impairment as one single asset.

2.9 Currency

The consolidated financial statements are presented in USD as the Group operates in an international market where the functional currency is mainly USD. The functional currency of the parent company is USD.

Transactions in non-USD currency are recorded at the exchange rate on the date of the transaction. Receivables and liabilities in non-USD currencies are translated at the exchange rate on the balance sheet date. All exchange rate differences are taken to the Income statement.

The balance sheet of foreign subsidiaries with functional currency other than USD is translated at the rate applicable on the balance sheet date, while the income statement is translated using the monthly average exchange rate for the accounting period. Exchange rate differences that arise as a result of this are included as exchange rate differences in other comprehensive income. When a foreign subsidiary is sold, the accumulated translation adjustment related to that subsidiary is taken to the income statement.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition

Financial assets and liabilities are recognized in the statement of financial position at the date the Group becomes a party to the contractual provisions of the financial instruments. Financial instruments are recognized at fair value, which normally equals their transaction price. Trade receivables are measured at transaction price. Transaction costs are recognized in profit or loss, with the exception of transaction costs related to financial instruments measured at amortized cost or fair value through OCI where transaction costs adjust the instruments carrying amount and are amortized over the expected life of the instruments.

A financial asset is derecognized when the right to receive and retain cash flows from the asset has expired, or when the rights to receive the cash flows from the financial asset and substantially all the risks and rewards from ownership of the financial asset has been transferred. A financial liability is derecognized when it is extinguished, i.e. when the financial liability is discharged, canceled or expires.

Classification and measurement

Financial assets are measured at amortized cost if their contractual cash flows are solely payment of principal and interest on the principal amount outstanding, and they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. All financial assets of the Group that are not derivatives or equity instruments meet these conditions and are measured at amortized cost. Derivatives and equity instruments are measured at fair value through profit or loss, with the exception of derivative instruments that are designated as hedging instruments in qualifying hedging relationships.

The Odfjell Group has the following financial assets; loan to associates and joint ventures, trade receivables (included in current receivables), derivative financial instruments and cash and cash equivalents.

Financial liabilities are accounted for at amortized cost, unless they are held for trading, designated at fair value through profit or loss or are derivatives. Financial liabilities of the Group are measured at amortized cost, with the exception of derivatives which are either measured at fair value through profit or loss or are designated as hedging instruments in qualifying hedging relationships.

The Odfjell Group has the following financial liabilities; Long and short term interest bearing debt, trade and other payables (included in 'other current liabilities' in the statement of financial position) and derivative financial instruments.

Impairment

Impairments are recognized based on a three-step model, where assets are classified in step 1 at initial recognition and in subsequent periods if the credit risk of the assets has not increased significantly after initial recognition. Impairment losses for assets classified in step 1 are measured as the 12-months expected credit loss. If the credit risk has increased significantly after initial recognition, the financial assets shall be classified in step 2 or 3, and expected credit loss is measured at lifetime expected credit loss. When estimating expected credit loss, the Group takes into consideration historical loss experience, information about current conditions and expectations for future developments.

A simplified impairment model applies for trade receivables, where impairment losses are measured at lifetime expected credit loss irrespective of whether credit risk has increased significantly or not.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge interest rates, foreign currency risk and commodity price risk (bunkers). Derivative financial instruments are forward currency contracts, interest rate swaps and forward commodity contracts. Such derivative financial instruments are initially recognized at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. Derivatives are recognized as assets if the fair value is positive and as a liability when the fair value is negative.

For the purpose of hedge accounting, the derivatives are classified as cash flow hedges and hedges

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highly probable future cash flows. Forward currency contracts hedges future highly probable cash outflows in NOK and forward commodity contracts hedges highly probable future purchase of bunkers nominated in USD. Interest rate swaps hedges future interest payments.

At the inception of the hedging relationship, the Group formally designates and documents the hedge relationship aligned with the risk management objective and hedging strategy.

Until the highly probable future transaction occurs, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve. Any ineffective portion is recognized in the income statement immediately as other financial items. The amount accumulated in the cash flow reserve is reclassified to profit and loss as an adjustment in the same period as the hedged cash flow affect profit and loss. In the income statement, adjustments related to forward commodity contracts are included in the line voyage expense. The adjustments related to forward currency contracts are recognized in operating expenses and general and administrative expenses. Adjustments associated with interest rate swaps are included as interest expense.

Derivative financial contracts used as hedging instruments are classified as current assets or current liabilities if they mature within 12 months after the balance sheet date. Derivative financial contracts maturing more than 12 months after the balance sheet date are classified as non current assets or non current liabilities.

2.11 Inventories

Bunkers, spare parts and consumables are accounted for at purchase price, on a first-in, first-out basis.

Inventories are measured at the lower of cost and net realizable value. If inventory is written down to net realizable value, the write down is charged to the income statement.

2.12 Cash and cash equivalents

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash in hand and in bank, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

The amount of cash and cash equivalents in the cash flow statement does not include available credit facilities.

2.13 Equity

Paid in equity
(i) Share capital
Ordinary shares (A- and B-shares) are classified as equity. The paid in equity equals the nominal value per share.

(ii) Treasury shares
Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are canceled or reissued.

When such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(iii) Share premium
The excess value of the total paid-in-capital is not reflected in the nominal value of the shares. Transaction costs of an equity transaction are accounted for as a deduction in share premium, net of any related income tax benefit.

Other equity
(i) Translation differences
Translation differences arise in connection with currency differences when foreign entities, joint ventures and associates are consolidated. When a foreign operation is sold, the accumulated translation differences linked to the entity are reversed and recognized in profit or loss in the same period as the gain or loss on the sale is recognized.

(ii) Cash flow hedge reserve
The cash flow hedge reserve includes the total net unrealized change in the fair value of the cash flow hedge derivatives. When the hedged cash flow matures or is no longer expected to occur, the net change in fair value is transferred to the income statement.

(iii) Retained earnings
The net result attributable to and available for distribution to the shareholders. Dividends are recorded as a deduction to Other equity in the period in which they are approved by the shareholders.

(iv) Pension remeasurement
The Group holds some minor defined benefit plans. Remeasurement of these defined pension obligations as a consequence of changes in assumptions, are recognized directly in equity.

(v) Other comprehensive income from associates and joint ventures
Our share of items charged directly to equity in associates and joint ventures are charged directly to Odfjell's equity as classified into this sub item of the equity.

2.14 Taxes

The shipping activities are operated in several countries and under different tax schemes, including the ordinary tax system in Norway, the Norwegian shipping tax system and the Approved International Shipping system in Singapore. In addition, we operate under local tax systems, most importantly in Brazil.

The Group's taxes include taxes of Group companies based on taxable profit for the relevant financial period, together with tax adjustments for previous periods and any change in deferred taxes. Withholding tax on dividend received and withholding tax on capital gains are classified as income tax. Tax credits arising from subsidiaries' distribution of dividends are deducted from tax expenses.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognize formerly unrecognized deferred tax assets to the extent that it has become probable that we can utilize the deferred tax asset. Similarly, the Company will reduce its deferred tax assets to the extent that it no longer can utilize these.

Deferred tax and deferred tax assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the relevant tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax and deferred tax assets are recognized irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognized at their nominal value and are classified as non-current liabilities (non-current assets) in the balance sheet.

Companies taxed under special shipping tax systems will generally not be taxed on the basis of their net operating profit. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance with certain requirements, and breach of such requirements may lead to a forced exit of the regime.

Tax payable and deferred taxes are recognized directly in equity to the extent that they relate to factors that are recognized directly in equity.

2.15 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are based on best estimates. Provisions are reviewed on each balance sheet date and reflect the best estimate of the liability. If the effect of the time value of money is material, normally more than twelve months, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.17 Pension cost and liabilities

The Group operates a number of pension plans in accordance with the local conditions and practices in the countries in which it operates. Such pension plans are defined benefit plans or contribution plans according to the customary pension plans prevailing in the country concerned.

Defined benefit pension plans are pension plans with retirement, disability and termination income benefits. The retirement income benefits are generally a function of years of employment and final salary with the Company. Generally, the schemes are funded through payments to insurance companies. The liability in respect of defined benefit pension plans is the present value of the accumulated defined benefit obligation at the balance sheet date less the fair value of plan assets. The net pension liability is calculated based on assumptions with regards to interest rates, future salary adjustments etc. These assumptions are based on historical experience and current market conditions. The cost of providing pensions is charged to income statement so as to spread the regular cost over the vesting period of the employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income.

For defined contribution plans, contributions are paid to pension insurance plans. Once the contributions have been paid, there are no further payment obligations. Contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

2.18 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

2.19 Comparatives

Comparative figures have been reclassified to conform to changes in presentation in the current year when there are changes in accounting principles, corrections of errors or operations defined as discontinued.

2.20 Related parties

In the normal course of the conduct of its business, the Group enters into a number of transactions with related parties. The Company considers these arrangements to be on reasonable market terms.

2.21 Classification in the financial statement

Odfjell has used a classification based on a combination of nature and function in the income statement.

2.22 Alternative performance measures

From 2019, the Group has added the alternative performance measure 'Time-charter earnings' to the income statement.

The subtotal consists of the line items gross revenue, less voyage expenses and pool distribution. The subtotal has been added in order to better inform the user about the Group's financial performance, and may be used in conjunction with other information to provide a better understanding of the Group's TCE/day.

Reconciliation of gross result to time-charter earnings	2020	2019
Gross result	**313 594**	**251 143**
Operating expenses, service element of leases	21 254	22 096
Operating expenses	144 911	145 442
Time charter expenses	32 689	45 453
Time-charter earnings	**512 449**	**464 135**

Note 3
Critical accounting judgment and key sources of estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving higher degree and judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

Revenue from contract with customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(i) Timing of freight revenue
The Group generates its revenue from contract with customers from the transportation of liquids by sea. After commencement of a sea voyage, estimated revenue is recognized and prorated over time from a cargo is loaded to the estimated time of discharge. Estimated revenue and time from load to discharge is being updated as the voyage processes to include most recent data, and changes in estimates will impact revenue and contract balances. See note 24 and note 25 for information about contract balances.

(ii) Variable consideration - demurrage
The Group is estimating demurrage revenue as a variable consideration when delays occur and the vessel is prevented from loading or discharging cargo within the stipulated laytime. The variable consideration based on contracted price terms and estimated excess time taken to discharge or load are being recognized as part of the freight service revenue over time for the remaining voyage (from the delay occur to the discharge port). Changes in estimates related to demurrage will impact revenue and contract balances.

(iii) Principal versus agent considerations
Odfjell operates pools of ships delivering freight services to customers and external ships participate in the pools. The Group determined that it does act as a principal, not as an agent, for those external ships in the pool since the operations of the external vessels and the freight service delivered to the customer is controlled by Odfjell. Revenues generated by external ships in the pool are therefore recognized as gross revenue in the income statement.

If some vessels have been on commercial management with Odfjell (prior to entering into pool participation agreements), the Group determines that it does act as an agent, not a principal, for the ships on commercial management since Odfjell does not have the risk or ability to direct and control the freight services provided by these ships. Revenues generated by ships on commercial management are therefore not recognized as gross revenue in the income statement.

Depreciation and residual value of ships
Ships are recognized at historical cost less accumulated depreciation and any impairment charges. The cost of the ships includes the contract price, expenses related to site team and pre-delivery borrowings incurred. The cost less residual value is depreciated on a straight-line basis over the ships' estimated useful life.

The cost of the ships is divided into separate components for depreciation purposes. Estimated cost of first time dry-docking is deducted from the cost of the ship and depreciated separately over a period until the next dry-docking. The residual value of these the dry-docking components is zero.

Residual value is estimated based upon the latest available steel-price/stainless steel price and the lightweight of the ships. Stainless steel part of the lightweight of the ships is separately assessed and valued as part of the total residual value. Residual values are updated once a year.

Estimated useful life of the ships is 25-30 years. Estimated cost of dry-docking is depreciated over an estimated period of 5 years for ships not older than 15 years. Capitalized dry-docking for ships older than 15 years are depreciated over 2.5 years. If actual useful life of the ships differs from estimated useful life an impairment loss could occur.

If residual value is incorrect, the future depreciation would be affected, either as a reduction if residual value is understated or as an increase in depreciation if residual value is overstated.

Determination of the lease term for right of use assets
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Extension options and / or purchase options for ships are not included in the lease liability because the group could replace the ships without significant cost or business disruption. Further, future technological development increases the likelihood of not exercising the options to extend and not to exercise purchase options. Thus, it is assessed that exercising the options is not reasonably certain. The nominal amount of lease payments not included in the lease liability is included in Note 12 .

Impairment test chemical tanker vessels
The chemical tanker fleet is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet may not be recoverable. Management measures the recoverable amount of an asset or Cash Generating Unit (CGU) by comparing its carrying amount to the higher of its fair value less cost of disposal or value in use that the asset or CGU is expected to generate over its remaining useful life.

In determining fair value less cost of disposal we use indicative broker values from independent ship

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brokers. In assessing value in use, the estimated future cash flows are discounted to their present value using an average weighted cost of capital that reflects current market assessments.

CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows form other assets or group of assets. The Group has identified two CGUs within the chemical tanker segment, the deep-sea trade together with the regional South America trade, and the regional Asia trade. The Groups' right-of-use assets in the Ships category are included in the deep-sea CGU.

As the Odfjell vessels within each CGU are interchangeable through a logistical system / fleet scheduling and that customer contracts are not linked to a specific vessel, cash inflows are therefore dependent of this scheduling and chemical tanker vessels are seen together as a portfolio of vessels. In addition, the pool of officers and crew are used throughout the fleet. Odfjell has a strategy of a total crew composition and how the crew is dedicated to the individual vessels varies. Changing the crew between two vessels can change the net present value per vessel without any effect for the Group. Vessels will only be impaired if the total recoverable amount of the vessels within each CGU is lower than the carrying amount related to that CGU.

If an asset or CGU is considered to be impaired, impairment is recognized in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable since the last impairment loss was recognized. Any reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognized for the asset in prior years.

Factors that indicate impairment which trigger impairment testing may be significant decline in chemical tanker freight rates, significant decline in market values of vessels, significant underperformance compared to projected operating results, change in strategy for the business, significant negative industry or economic trends, significant loss of market share, significant unfavorable regulatory decisions. In addition, the company's market capitalization below the book value of equity would be an indicator of impairment.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

Impairment test of investments in joint ventures
According to the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognized in the Income Statement as 'share of profit or loss from joint venture and associates'.

The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investment is tested for impairment as one single asset/one cash generating unit. If the joint venture is a group itself (a joint venture sub-group), we estimate our share of the recoverable amount of the total investment in the joint venture by adding up estimated share of the fair value less cost to sell or value in use for each underlying cash generating unit in the joint venture sub-group.

We test the investment in the Tank Terminals joint ventures for impairment. We estimate the fair value less cost to sell or value in use for the investment based on adding up Odfjell's share of the estimated values for each tank terminal which represents underlying CGUs in the joint venture.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 28.

Note 4
Segment information and disaggregation of revenues

The operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has three reportable operating segments: Chemical Tankers, Tank Terminals and Gas Carriers.

The Chemical Tankers involve a 'round the world' service, servicing ports in Europe, North and South America, the Middle East and Asia, Australia and Africa. Our fleet composition enables us to offer both global and regional transportation.

The Tank Terminals segment offers storage of various chemical and petroleum products and is operated through joint ventures with our share owned by the subsidiary Odfjell Terminals BV. In addition, this segment plays an important operational role in our cargo-consolidation program so as to reduce the time our vessels spend in ports, thereby reduce emission in port, and enable us to be one of the world leaders in combined shipping and storage services.

The Gas Carriers segment is a joint venture who operates two LPG/Ethylene carriers. Pricing of services and transactions between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expenses and segment results include transactions between operating gross segments. These transactions are proportionately eliminated in below operating segment data.

The Group provides geographical data for revenue and total assets, as the reliability measurement criteria cannot be met for other items. The Group's activities are mainly divided among the following regions: Europe, North and South America, the Middle East and Asia, Australia and Africa. Vessels and newbuilding contracts are not allocated to specific geographical areas as they generally trade worldwide.

The Chemical Tankers segment also includes Corporate functions for the Group. Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting, and according to the equity method in the consolidated income statement and balance sheet.

Operating segment data (according to the proportionate consolidation method):

	Chemical Tankers		Tank Terminals		Gas Garriers		Eliminations		Total	
(USD mill)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gross revenue	938	871	66	70	6	8	(1)	–	**1 009**	**950**
Voyage expenses	(347)	(353)	–	–	(3)	(4)	–	–	**(350)**	**(356)**
Pool distribution	(80)	(56)	–	–	–	–	–	–	**(80)**	**(56)**
Time charter expenses	(34)	(46)	–	–	–	–	1	–	**(33)**	**(46)**
Operating expenses	(166)	(168)	(25)	(27)	(2)	(2)	–	–	**(194)**	**(197)**
General and administrative expenses	(58)	(66)	(10)	(16)	–	–	–	–	**(68)**	**(82)**
Operating result before depreciation (EBITDA)	**254**	**184**	**30**	**27**	**1**	**2**	**–**	**–**	**286**	**213**
Depreciation	(95)	(93)	(21)	(21)	(1)	(1)	–	–	**(117)**	**(115)**
Depreciation, IFRS 16	(58)	(50)	–	–	–	–	–	–	**(58)**	**(50)**
Impairment	–	(2)	(1)	(2)	–	–	–	–	**(1)**	**(5)**
Capital gain/loss on fixed assets/sale of business	–	–	10	15	–	2	–	(2)	**10**	**15**
Operating result (EBIT)	**102**	**39**	**18**	**18**	**–**	**4**	**–**	**(2)**	**120**	**59**
Net finance	(84)	(84)	(4)	(6)	–	–	–	–	**(89)**	**(90)**
Income taxes	(4)	(3)	–	(3)	–	–	–		**(3)**	**(6)**
Net result	**14**	**(47)**	**14**	**9**	**–**	**3**	**–**	**(2)**	**28**	**(37)**
Non-current assets	1 787	1 633	326	306	17	19	–	1	**2 130**	**1 958**
Cash and cash equivalents	97	98	39	16	2	2	–	–	**139**	**115**
Other current assets	135	121	15	31	–	1	(10)	(18)	**140**	**135**
Total assets	**2 019**	**1 851**	**381**	**353**	**20**	**21**	**(10)**	**(16)**	**2 409**	**2 209**
Equity	392	389	168	147	16	16	–	(1)	**576**	**551**
Non-current interest bearing debt	1 060	974	136	37	–	–	–	–	**1 196**	**1 010**
Non-current debt, right of use assets	209	167	3	1	–	–	–	–	**212**	**168**
Other non-current liabilities	33	27	28	26	–	–	–	2	**61**	**55**
Current interest bearing debt	179	159	7	100	3	5	–	–	**189**	**264**
Current debt, right of use assets	56	46	–	–	–	–	–	–	**57**	**47**
Other current liabilities	91	89	38	42	1	–	(10)	(18)	**119**	**113**
Total equity and liabilities	**2 019**	**1 851**	**381**	**353**	**20**	**21**	**(10)**	**(16)**	**2 409**	**2 209**
Reconciliations:										
Total segment revenue	938	871	66	70	6	8	(1)	–	**1 009**	950
Segment revenue from joint ventures	–	–	(65)	(69)	(6)	(8)	1	–	(70)	(77)
Consolidated revenue in income statement	**938**	**871**	**1**	**1**	**–**	**–**	**–**	**–**	**939**	**872**
Total segment EBIT	102	39	18	18	–	2	–	–	120	59
Segment EBIT from joint ventures	–	–	(18)	(20)	–	(2)	–	–	(18)	(22)
Share of net result from joint ventures	–	–	14	12	–	2	–	–	14	13
Consolidated EBIT in income statement	**102**	**39**	**13**	**10**	**–**	**2**	**–**	**–**	**115**	**50**
Total segment asset	2 019	1 851	381	353	20	21	(2)	(17)	**2 417**	**2 209**
Segment asset	–	–	(372)	(346)	(20)	(21)	(5)	15	**(397)**	**(352)**
Investment in joint ventures	–	–	185	146	16	16		–	**200**	**162**
Total consolidated assets in statement of financial position	**2 019**	**1 851**	**193**	**153**	**16**	**16**	**(8)**	**(1)**	**2 220**	**2 018**
Total segment liabilities	1 627	1 462	212	206	4	5	(2)	(16)	**1 841**	**1 657**
Segment liability	–	–	(209)	(200)	(4)	(5)	16	15	**(197)**	**(190)**
Total consolidated liabilities in statement of financial position	**1 627**	**1 462**	**3**	**6**	**–**	**–**	**14**	**(1)**	**1 644**	**1 467**
Capital expenditure	**(207)**	**(147)**	**(20)**	**(13)**	**–**	**–**	**–**	**–**	**(227)**	**(160)**

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Gross revenue and assets per geographical area (according to the equity method)

Shipping revenue is allocated on the basis of the area in which the cargo is loaded. Total assets are allocated to the area where the respective assets are located while ships and new building contracts are not allocated to a certain area as the ships sail on a worldwide basis.

	Gross revenue		Assets	
(USD 1 000)	2020	2019	2020	2019
North America	263 925	249 549	4 424	4 113
South America	164 869	188 714	16 532	18 352
Norway	4 261	409	197 505	195 908
The Netherlands	72 533	47 493	7 728	3 712
Other Europe	55 652	65 464	—	—
Middle East and Asia	305 881	259 957	17 309	18 776
Africa	60 510	53 705	2 189	2 323
Australasia	11 428	7 008	—	16
Investment in associates and joint ventures	—	—	200 446	161 592
Unallocated ships and newbuilding contracts	—	—	1 773 956	1 613 483
Total	**939 060**	**872 299**	**2 220 089**	**2 018 273**

Disaggregation of revenue (according to the equity method)

The Group's gross revenue (Chemical Tankers segment only) has been disaggregated and presented in the tables below:

(USD 1 000)	2020	2019
Revenue from contract with customers	931 024	862 861
Other revenue	8 036	9 438
Gross revenue	**939 060**	**872 299**
Revenue from contract with customers disaggregated by type of contract:		
Charter of Affreightment contracts	482 774	469 277
Spot contracts	448 250	393 584
Revenue from contract with customers	**931 024**	**862 861**

Note 5
Financial Risk Management

Financial risk management is carried out by the Group's treasury function. The Group has an active approach to managing financial risk, through systematic monitoring and management of risks related to currencies, interest rates and bunkers. Financial derivatives are used to reduce unwanted fluctuations in net result and cash flows caused by movements in currencies, interest rates and bunkers to which the Group is exposed to. Similarly, financial derivatives may be used to lock-in a target return on an investment, financing, project, or contract. This may also limit the Group's upside potential from favorable movements in the same financial risks.

Derivatives may not be used for speculative arbitrage or investment purposes, and may not be leveraged.

Financial hedging instruments used are presented in note 6.

The table below shows sensitivities to the Group's net result before taxes, before and after financial derivatives and bunkers adjustment clauses (BAC), due to changes in major cost components on an annual basis. The Group applies hedge accounting for bunkers, interest rates and currency hedging.

Sensitivity analysis as per December 31, 2020:

Cost component	Net result effect before hedges and BACs	Effect of hedges and BACs	Net result effect after hedges and BACs	Impact on derivatives in the statement of financial position	Impact on equity [2]
Bunkers, USD 50 per tonne increase [1]	(19.1)	10.8	(8.3)	2.3	(6.0)
Interest rates, 1% increase	(11.6)	3.8	(7.9)	13.9	6.0
Currency, USD 10% decrease vs NOK	(6.8)	3.2	(3.6)	5.2	1.6

As per December 31, 2019:

Cost component	Net result effect before hedges and BACs	Effect of hedges and BACs	Net result effect after hedges and BACs	Impact on derivatives in the statement of financial position	Impact on equity [2]
Bunkers, USD 50 per tonne increase [1]	(18.7)	10.1	(8.7)	—	(8.7)
Interest rates, 1% increase	(10.4)	3.5	(6.9)	15.2	8.3
Currency, USD 10% decrease vs NOK	(6.5)	4.6	(1.9)	4.6	2.6

[1] VLSFO equivalent.
[2] Sum of net result effect after hedges and BACs and impact on derivatives in the statement of financial position.

Credit risk

Credit risk includes the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by assessing the credit quality of all customers. Outstanding customer receivables and contract balances are regularly monitored, and an impairment analysis is performed at each reporting date on outstanding trade receivables and demurrage claims. The Group considers the concentration of risk with respect to trade receivables as low.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury function in accordance with the Group's policy for financial risk management, deposits and placements. The Group maintains a low risk profile in its placement of surplus funds, and considers the concentration of risk with respect to financial derivatives and placements as low.

Maximum credit risk exposure is the carrying amount of derivatives and financial assets at amortized cost. See note 6 for details.

Liquidity risk

The Group' strategy is to ensure sufficient liquidity is available at all times to withstand prolonged adverse conditions in the markets where we operate. Surplus liquidity is placed in deposits, money market funds or bonds with a high credit rating. The Group also has a revolving credit facility.

Total interest-bearing debt (excluding IFRS 16 leases) as of December 31, 2020 was USD 1 256.4 million, while cash and cash equivalents amounted to USD 103.1 million, both figures excludes joint venture companies not consolidated in the Group's accounts. The equity ratio was 25.9% compared to 27.3% per December 31, 2019.

In 2020, Odfjell drew down USD 297 million on new credit facilities. The new facilities were mainly related to the Group's newbuilding program. Odfjell also completed tap issues in two outstanding unsecured bond issues for total NOK 300 million. Proceeds were swapped to USD 33 million. See note 8 for information about interest-bearing debt maturities.

Currency risk

Currency risk relates mainly to the net result and cash flow from voyage related expenses, ship operating expenses, general and administrative expenses and financial expenses denominated in non-USD currencies, mainly NOK and EUR. As of December 31, 2020, approximately 47% of the estimated recurring NOK exposure in FY2021 is covered by forwards. For further information on currency exposure, see notes 6 and 23.

Bunkers risk

Bunkers is the single largest component of voyage related expenses, and the Group makes physical purchases of bunkers worldwide. A substantial part of the Group's exposure is hedged through bunkers adjustment clauses in contracts of affreightments. Bunkers consumption from contracts without bunkers adjustment clauses and spot volumes are considered for financial hedges. As of December 31, 2020, Odfjell has hedged approximately 12% of total bunkers consumption for 2021.

Interest rate risk

The Group uses financial interest rate derivatives, mainly interest rate swaps, to reduce the variability of interest expenses on loans that arises because of changes in the USD LIBOR. Per 31 December, 2020, interest rate payments corresponding to USD 375 million of loans has been swapped from floating to fixed rate.

Note 6
Financial assets and financial liabilities

Assets and liabilities are classified in the Statement of Financial position sheet as follows:

Classification of assets and liabilities as at December 31, 2020:

(USD 1 000)	Held for sale	Derivatives held as hedge instrument[1]	Derivatives at fair value through profit and loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/ liabilities	Carrying amount 2020
Assets							
Cash and cash equivalents	—	—	—	103 111	—	—	**103 111**
Derivative financial instruments	—	—	8 338	—	—	—	**8 338**
Current receivables	—	—	—	86 549	—	5 588	**92 136**
Non-current receivables	—	—	—	4 756	—	1 805	**6 561**
Loan to associates and joint ventures	—	—	—	—	—	—	**—**
Other non-financial assets	—	—	—	—	—	2 009 943	**2 009 943**
Assets held for sale	—	—	—	—	—	—	**—**
Total assets	**—**	**—**	**8 338**	**194 415**	**—**	**2 017 337**	**2 220 089**
Liabilities							
Other current liabilities	—	—	—	—	38 547	56 579	**95 126**
Derivative financial instruments	—	33 432	661	—	—	—	**34 094**
Interest bearing debt	—	—	—	—	1 507 764	—	**1 507 764**
Other non-current liabilities	—	—	—	—	437	—	**437**
Other non-financial liabilities	—	—	—	—	—	6 773	**6 773**
Total liabilities	**—**	**33 432**	**661**	**—**	**1 546 747**	**63 352**	**1 644 193**

Classification of assets and liabilities as at December 31, 2019:

(USD 1 000)	Held for sale	Derivatives held as hedge instrument [1]	Derivatives at fair value through profit and loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/ liabilities	Carrying amount 2019
Assets							
Cash and cash equivalents	–	–	–	100 802	–	–	**100 802**
Derivative financial instruments	–	–	20	–	–	–	**20**
Current receivables	–	–	–	83 899	–	5 304	**89 202**
Non-current receivables	–	–	–	13 276	–	–	**13 276**
Loan to associates and joint ventures	–	–	–	–	–	–	**–**
Other non-financial assets	–	–	–	–	–	1 810 857	**1 810 857**
Assets held for sale	4 116	–	–	–	–	–	**4 116**
Total assets	**4 116**	**–**	**20**	**197 976**	**–**	**1 816 161**	**2 018 273**
Liabilities							
Other current liabilities	–	–	–	–	40 163	43 352	**83 514**
Derivative financial instruments	–	19 371	11 743	–	–	–	**31 114**
Interest bearing debt	–	–	–	–	1 345 832	–	**1 345 832**
Other non-current liabilities	–	–	–	–	391	–	**391**
Other non-financial liabilities	–	–	–	–	–	6 266	**6 266**
Total liabilities	**–**	**19 371**	**11 743**	**–**	**1 386 385**	**49 618**	**1 467 117**

[1] Items measured at fair value.

Fair value of financial instruments

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity access at the measurement date, and level 2 is input other than quoted prices that are observable for the asset or liability, either directly or indirectly. For derivatives classified as level 2, fair value is calculated by using observable forward curves. For interest rate swaps, fair value is determined by the expected cash flows for the floating rate leg using the forward interest rate curve at the balance sheet date, less fixed rate payments. Currencies and commodities are determined based on the current forward rate compared to contractual rates for the same time period. For some non-derivative financial assets and liabilities we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. interest bearing debt except bond loans, current receivables and payables.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Derivative financial instruments are recognized in the balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets. For cash and cash equivalents and current liabilities the carrying amount is considered to be a reasonable estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be a reasonable estimate of fair value due to short maturity date and valid terms. Fair value of bonds is calculated based on quoted market prices.

The Group's bond debt had a market value of USD 234 million as per December 31, 2020 same as carrying amount of USD 234 million. Correspondingly market value was USD 197 million as per December 31, 2019 compared to carrying amount of USD 194 million.

	2020		2019	
(USD 1000)	Level 1	Level 2	Level 1	Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - non hedging	–	–	–	20
Derivatives instruments - hedging	–	8 338	–	–
Financial liabilities at fair value:				
Bond debt	234 056	–	196 947	–
Derivatives instruments - non hedging	–	341	–	11 743
Derivatives instruments - hedging	–	33 432	–	19 371

Cash flow hedging

The Group's currency, interest and bunkers exposure is long-term, visible and relatively stable. Derivatives used to hedge these expenses is usually classified as cash flow hedges and accounted for at fair value. Changes in fair value prior to maturity is accounted for under assets or liabilities and other comprehensive income. At maturity, the result of the hedging transactions is accounted for in the account to the underlying exposure e.g. voyage-, operating-, general and administrative-, or financial expenses.

Currency
Future expenses in the major non-USD currencies are estimated based on actual periodic expenses, adjusted for anticipated changes. Expected cash flows are hedged in accordance with the Group's guidelines, primarily by the use of forward exchange contracts for a period of up to two years.

Significant non-recurring exposures relating to e.g. dividends, investments or sales, can be hedged as the obligation is fixed and definite, but would typically not qualify for hedge accounting and thus be classified as non-hedging.

Bunkers
A substantial part of the Group's bunkers exposure is covered through bunkers adjustment clauses in contracts of affreightments. Bunkers consumption from contracts without bunkers adjustment clauses and spot volumes are considered for financial hedges using forward purchase contracts and options for a period of up to two years. Bunkers adjustment clauses in new contracts for larger volumes or longer contract periods can be tightened in the financial markets on a case-by-case basis.

Interest rates
The Group uses financial interest rate derivatives, mainly interest rate swaps for a period of up to ten years, to reduce the variability of interest expenses that arises because of changes in the USD LIBOR on mortgaged loans, other financial liabilities and unsecured bonds.

Fair value hedging

From time to time, the Group will issue non-USD denominated debt instruments and swap interest payments and principal back to USD if the combined cost of the debt instrument and swap is deemed lower than issuing the same in USD. These cross-currency derivatives are classified as fair value hedges and measured at market value with a corresponding offsetting change in market value of the underlying debt instrument.

Per December 31, 2020, unsecured NOK bonds total NOK 2 000 million has been hedged to USD 234 million.

Non hedging

Changes in market value prior to maturity for derivatives that do not qualify for hedge accounting, and the result of the derivative transaction at maturity, are accounted for under Other financial items in the Group's net result.

The below overview reflects status of hedging and non-hedging exposure December 31, 2020 (figures in 1 000):

					Time to maturity – USD amounts			
Currency	**Sold**	**Bought**	**Avg. rate**	**MTM [1]**	**<1 year**	**1 – 5 years**	**> 5 years**	**Total**
Cash flow hedging	USD 42 556	NOK 401 250	9.43	4 308	26 017	16 539	–	42 556
	USD 1 128	EUR 1 000	1.13	99	1 128	–	–	1 128

					Time to maturity – USD amounts			
Interest rates	**Sold**		**Avg. rate**	**MTM [1]**	**<1 year**	**1 – 5 years**	**> 5 years**	**Total**
Cash flow hedging	USD 375 000		2.87%	(33 432)	100 000	100 000	175 000	375 000

					Time to maturity – USD amounts			
Cross currency interest rate swaps	**Sold**		**Avg. rate**	**MTM [1]**	**<1 year**	**1 – 5 years**	**> 5 years**	**Total**
Fair value/Non hedge [3]	USD 234 357	From NOK to USD	5.83%	(661)	82 500	151 857	–	234 357

					Time to maturity – tonnes			
Bunkers			**Avg. Price**	**MTM [1]**	**<1 year**	**1 – 5 years**	**> 5 years**	**Total**
Cash flow hedging	VLSFO 38 400	tonnes	USD 285.75	3 236	38 400	–	–	38 400
	MGO 7 200	tonnes	USD 325.63	695	–	7 200	–	7 200

The below overview reflects status of hedging and non-hedging exposure December 31, 2019 (figures in 1 000):

					Time to maturity – USD amounts			
Currency	**Sold**	**Bought**	**Avg. rate**	**MTM [1]**	**<1 year**	**1 – 5 years**	**> 5 years**	**Total**
Cash flow hedging	USD 41 065	NOK 360 000	8.77	(83)	41 065	–	–	41 065
	USD 13 748	EUR 12 000	1.15	(122)	13 748	–	–	13 748

					Time to maturity – USD amounts			
Interest rates			**Avg. rate**	**MTM [1]**	**<1 year**	**1 – 5 years**	**> 5 years**	**Total**
Cash flow hedging	USD 350 000		2.98%	(19 166)	–	100 000	250 000	350 000
Non hedge, index swap [2]	USD 3 000		1.96%	20	3 000	–	–	3 000

					Time to maturity – USD amounts			
Cross currency interest rate swaps			**Avg. rate**	**MTM [1]**	**<1 year**	**1 – 5 years**	**> 5 years**	**Total**
Fair value/Non hedge [3]	USD 201 802	From NOK to USD	5.92%	(11 743)	–	201 802	–	201 802

[1] Mark to market valuation.
[2] All non hedge interest rate swaps are classified as current assets/liabilities.
[3] Related to NOK bonds issued by Odfjell SE.

Negative value MTM of the cross currency swaps related to the three outstanding bond loans of total USD 234.3 million (USD 193.6 million in 2019), amounts to USD 0.7 million per December 31, 2020 (USD 11.7 million in 2019). Accumulated currency gain recognized related to the same bond loans amounts to USD 2.3 million as of December 31, 2020 (USD 10.6 million as of December 31, 2019).

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Derivative financial instruments recognized as assets/liabilities on the balance sheet:

(USD 1000)	2020	2019
Bunkers	3 931	—
Currency	4 407	(205)
Basis swaps (interest and currency)	(34 094)	(30 889)
Derivative financial instruments	**(25 756)**	**(31 094)**

Hedging reserve recognized in statement of other comprehensive income

The table below shows fluctuations in the hedging reserve in the statement of other comprehensive income from cash flow hedges (see Statement of other comprehensive income) divided between the different types of hedging contracts:

(USD 1 000)	Interest rate swaps	Currency exchange contracts	Bunker contracts	Total hedging reserve
Balance sheet as at January 1, 2019	**—**	**(2 481)**	**(1 161)**	**(3 641)**
Fluctuations during the period:				
-Gains/losses due to changes in fair value	(20 367)	(1 293)	2 139	(19 522)
-Transfer to income statement	6 872	3 570	(978)	9 464
-Transfers to investment	—	—	—	—
Balance sheet as at December 31, 2019	**(13 495)**	**(204)**	**—**	**(13 699)**
Fluctuations during the period:				
-Gains/losses due to changes in fair value	(24 198)	(623)	1 635	(23 186)
-Transfer to income statement	9 932	3 236	2 296	15 465
Balance sheet as at December 31, 2020	**(27 762)**	**2 410**	**3 932**	**(21 420)**

Note 7
Capital management

The main objective of the Group's capital management policy is to maintain healthy capital ratios and ensure sufficient availability of liquidity to support the general business and take advantage of investment opportunities. Another objective is to ensure the Group has a robust capital structure that is able to withstand prolonged adverse conditions in significant risk factors, such as long-term down-cycles in our markets and unfavorable conditions in the financial markets.

The Group manages the capital structure and makes adjustments to maintain a structure adapted to current economic conditions. In order to maintain or adjust the capital structure, the Company may adjust dividend payments, buy treasury shares, redeem shares or issue new shares.

The Group monitors its capital using the book equity ratio and available liquidity, being the sum of cash and cash equivalents and available drawing facilities, as the primary measurements. The Group's policy is to maintain an equity ratio between 30% and 40% and available liquidity of USD 150 - 200 million throughout market cycles.

(USD 1 000)	2020	2019
Equity	575 896	551 156
Total assets	2 220 090	2 018 273
Equity ratio (equity method)	25.9%	27.3%
Current ratio	0.7	0.7
Cash and cash equivalents	103 111	100 802
Undrawn loan facilities	41 915	—
Total available liquidity	**145 026**	**100 802**

For liquidity risk see note 5.

Note 8
Total debt

Total debt includes interest bearing debt and debt related to right of use of assets. Interest bearing debt includes mortgage loans from financial institutions, unsecured bonds and other financial liabilities. Interest rates are generally floating rate. Debts related to right of use of assets are fixed rate.

(USD 1 000)	Interest rate year-end [1]	2020	2019
Mortgaged loans from finance institutions	2.73%	371 838	448 516
Other financial liabilities [2]	3.65%	650 295	502 172
Unsecured bonds	6.05%	234 261	193 615
Lease liability, IFRS 16	5.25%	269 211	213 565
Subtotal debt	**4.08%**	**1 525 605**	**1 357 868**
Debt transaction fees [3]		(17 841)	(12 035)
Total debt		**1 507 764**	**1 345 832**
Current portion of interest bearing debt		(178 790)	(153 428)
Current portion debts related to right of use of assets		(59 649)	(46 263)
Non-current total debt		**1 269 326**	**1 146 140**

[1] Interest rate is the weighted average of interest ratest (margin + benchmark), excluding hedges as per end of 2020.
[2] Includes debt related to sale-leaseback transactions.
[3] Amortized and included in interest expense.

During 2020, the Group refinanced and drew down on mortgaged loans from financial institutions total USD 104 million, of which USD 40 million was related to newbuildings. Interest rates on new loans ranges from LIBOR + 2.3% to 2.5% and the maturity varied from two to five years. Repayment on revolving credit facility amounted to USD 50 million and balloon installments totaled USD 78 million for the year. As of December 31, 2020 we have USD 42 million in undrawn loan commitments.

The Group also drew down on debt related to sale-leaseback transactions total USD 193 million, of which USD 130 million was related to newbuildings. Interest rates on new sale-leaseback transactions range from LIBOR + 3.2% to 3.4%, and the maturities range from 10 to 15 years. All sale-leaseback transactions have embedded purchase options to the Group.

In February 2020, the Group completed tap issues in two of its outstanding unsecured bonds maturing in June 2022 and September 2023 for total NOK 300 million. Proceeds were swapped to USD 33 million with a weighted average interest rate of LIBOR + 5.2%. On January 21, 2021, Odfjell issued the worlds' first sustainability-linked bond in shipping and the first in the Nordics across industries for total NOK 850 million. Proceeds were swapped to USD 100 million with a weighted average interest rate of LIBOR + 6.13%.

The lease liability after IFRS 16 is mainly related to 17 time charter and bareboat agreements with tenors longer than 12 months from delivery. From January 1, 2019, the liability is recognized as part of Total debt in the Group's balance sheet. During the year, debts related to right of use assets increased with total USD 56 million related to new and extended time charter contracts.

Transaction expenses from financing transactions are charged to net result over the life of the underlying debt facility using the effective interest rate method. During 2020, transaction expenses charged to the net result totaled USD 4.2 million (USD 4.0 million in 2019).

Summary of changes in total debt during 2020:

Changes in liabilities arising from financing activities	Jan 1, 2020	Cash inflows	Cash outflows	Foreign exchange movements	New leases	Other [1]	Dec 31, 2020
Current interest bearing loans and borrowings	153 428	—	(153 428)	—	—	178 790	178 790
Current lease liabilities, IFRS 16	46 263	—	(53 920)	—	26 930	40 376	59 649
Non-current interest bearing loans and borrowings	978 838	323 111	(71 684)	8 286	—	(178 790)	1 059 763
Non-current lease liabilities, IFRS 16	167 302	—	—	—	82 636	(40 376)	209 562
Total liabilities from financing activities	**1 345 832**	**323 111**	**(279 032)**	**8 286**	**109 566**	**—**	**1 507 764**
Loans from associates and joint ventures classified as other current liabilities (see note 25)	—	19 000	—	—	—	—	19 000
Total including short-term loans from joint ventures	**1 345 832**	**342 111**	**(279 032)**	**8 286**	**109 566**	**—**	**1 526 764**

[1] Other includes movements between non-current and current liabilities due to the passage of time.

Summary of changes in total debt during 2019:

Changes in liabilities arising from financing activities	Jan 1, 2019	Cash inflows	Cash outflows	Foreign exchange movements	New leases	Other [1]	Dec 31, 2019
Current interest bearing loans and borrowings	212 880	—	(212 880)	—	—	153 428	153 428
Current lease liabilities, IFRS 16	—	—	(44 930)	—	43 393	47 800	46 263
Non-current interest bearing loans and borrowings	909 743	369 891	(154 289)	(3 773)	—	(142 734)	978 838
Non-current lease liabilities, IFRS 16	—	—	—	—	26 672	140 630	167 302
Total liabilities from financing activities	**1 122 623**	**369 891**	**(412 099)**	**(3 773)**	**70 065**	**199 124**	**1 345 832**

[1] Other includes movements between non-current and current liabilities due to the passage of time, along with implementation effects of IFRS 16 from January 1st, 2019.

Debt agreements do not contain restrictions on the Group's dividend policy. Financial covenants are aligned across all debt agreements. The Group shall at all times maintain free liquid assets of the minimum the higher of USD 50 million and 6% of interest bearing debt (excluding debts related to right of use of assets). The Group's leverage shall not at any time exceed 75% (excluding debts related to right of use of assets).

The Group was in compliance with its financial covenants throughout 2020 and 2019.

Maturity of total debt as at December 31, 2020:

(USD 1 000)	2021	2022	2023	2024	2025	2026+	Total
Mortgaged loans from financial institutions	43 555	58 102	73 095	151 904	45 182	—	**371 838**
Other financial liabilities	53 244	53 841	54 271	136 270	43 131	309 538	**650 295**
Unsecured bonds	81 991	70 278	81 991	—	—	—	**234 261**
Lease liability, IFRS 16	59 649	47 619	39 316	40 321	31 945	50 361	**269 211**
Subtotal debt	**238 439**	**229 841**	**248 673**	**328 494**	**120 258**	**359 900**	**1 525 605**
Estimated interest payable	61 041	53 132	48 863	45 231	23 118	52 773	**284 157**
Total debt	**299 479**	**282 972**	**297 536**	**373 726**	**143 376**	**412 672**	**1 809 752**

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Maturity of total debt as at December 31, 2019:

(USD 1 000)	2020	2021	2022	2023	2024	2025+	Total
Mortgaged loans from financial institutions	114 212	53 615	56 538	63 368	150 283	10 500	**448 516**
Other financial liabilities	39 217	50 371	49 821	47 378	128 427	186 958	**502 172**
Unsecured bonds	—	79 724	56 946	56 946	—	—	**193 615**
Lease liability, IFRS 16	46 263	40 376	32 172	28 626	29 461	36 667	**213 565**
Subtotal debt	**199 691**	**224 086**	**195 477**	**196 317**	**308 170**	**234 126**	**1 357 868**
Estimated interest payable	69 659	57 655	50 226	41 704	27 101	59 489	**305 833**
Total debt	**269 350**	**281 741**	**245 703**	**238 021**	**335 271**	**293 614**	**1 663 701**

The average maturity of the Group's total interest-bearing debt is 5.6 years (5.3 years in 2019). Average maturity on mortgaged loans from financial institutions is 3.2 years (3.8 years in 2019), other financial liabilities mature on average in 8.6 years (7.7 years in 2019) and unsecured bonds mature on average in 1.4 years (2.3 years in 2019). The average maturity of the Group's total interest-bearing debt after the bond refinancing in January 2021 is 5.9 years.

Security for mortgaged loans from financial institutions is made through first priority vessel mortgage, Group guarantees and assignments of earnings and insurances from the relevant vessels. Other financial liabilities are secured by Group guarantees and assignment of earnings and insurances from the relevant vessels. Debts related to rights of use of assets are generally unsecured.

The table below provides an overview of the carrying amount of vessel financing and related assets.

(USD 1 000)	2020	2019
Mortgaged loans from financial institutions	371 838	448 516
Other financial liabilities	650 295	502 172
Lease liability, IFRS 16	269 211	213 565
Nominal amount preferred vessel financing	**1 291 344**	**1 164 253**
Carrying amount of assets under mortgaged loans	746 808	796 001
Carrying amount of assets under other financial liabilities	735 407	555 809
Carrying amount of rights of use of assets	258 846	207 904
Total carrying amount of assets financed	**1 741 061**	**1 559 714**

The Group's sale-leaseback transactions, presented under 'Other financial liabilities' above, vary from 3 to 14 years from inception. In addition to the payment of hire, the Group has obligations relating to the insurance and maintenance of the relevant vessels, similar to owning the vessels. Based on the terms of the agreement, they are considered financial arrangements in accordance with IFRS 9. All sale-leasebacks have embedded purchase options to the Group.

The table below summarizes total debt by currency:

(USD 1 000)	2020	2019
USD	1 291 344	1 164 252
NOK	234 261	193 615
Debt transaction fees	(17 841)	(12 035)
Total debt	**1 507 764**	**1 345 832**

Note 9 Taxes

(USD 1 000)	2020	2019
Change in deferred tax, Norway – ordinary tax	–	–
Change in deferred tax, other jurisdictions	276	(954)
Taxes payable, other jurisdictions	(3 757)	(2 025)
Total tax income (expenses)	**(3 481)**	**(2 979)**

(USD 1 000)	2020	2019
Result before taxes	31 310	(33 665)
Tax calculated at Odfjell's statutory income tax rate 22%	(6 888)	7 406
Tax effect of:		
Income and expenses not subject to tax	5 683	(6 973)
Share of result from joint ventures and associates	2 959	2 919
Withholding tax	(103)	(170)
Non deductible expenses for tax purposes - impairment	–	(525)
Differences in tax rates	(388)	(538)
Deferred tax asset not recognized	(3 160)	(5 098)
Other differences	(1 584)	–
Tax income (expenses)	**(3 481)**	**(2 979)**
Effective tax rate	6.06%	(8.85%)

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2020	Change in temporary differences	2019
Pensions	1 867	1 303	564
Financial instruments/finance items	33 460	19 405	14 055
Provisions	1 968	(1 769)	3 737
Loss carried forward	241 923	22 371	219 552
Non-deductible interest carried forward	26 776	7 729	19 047
Total negative temporary differences	**305 994**	**49 039**	**256 955**
Differences related to depreciation of non-current assets	5 315	(148)	5 463
Deferred gain related to sale of non-current assets	3 322	(715)	4 037
Differences related to long-term debt	1 212	(1 454)	2 666
Total positive temporary differences	**9 849**	**(2 317)**	**12 166**
Net temporary differences	**296 145**	**51 356**	**244 789**
Temporary differences not accounted for	294 468	51 338	243 130
Temporary differences – basis for calculation of deferred tax	**(1 677)**	**(18)**	**(1 659)**
Deferred tax liability (asset) in statement of financial position	**(370)**		**(365)**
Tax rate	17% - 34%		17% - 34%

The Group's Norwegian companies have a total loss carried forward of USD 242 million at December 31, 2020 (USD 220 million in 2019), that is available indefinitely to offset against future taxable profits of the companies in which the losses arose. Tax Group contributions are also available within the same country and within the same tax regime.

Deferred tax assets are not recognized for companies where there is uncertainty regarding the future utilization of temporary differences.

Any distribution of dividend to the Odfjell SE's shareholders does not affect the Company's payable or deferred tax.

Note 10
Pension liabilities

The Group operates different types of pension schemes for the employees.

Defined benefit plan expenses

(USD 1 000)	2020	2019
Defined benefit plan cost - Norway	498	485
Defined benefit plan cost - Overseas offices	1 111	1 068
Total	**1 609**	**1 552**

In 2020, The Group has converted its defined benefit plan in Norway for crew to a defined contribution plan. The book amount for accrued defined benefit in 2020 was therefore USD 0 (USD 0.6 million in 2019).

Defined contribution plan expenses

(USD 1 000)	2020	2019
Defined contribution cost - Norway	1 852	1 663
Defined contribution cost – overseas offices	975	1 089
Total contribution	**2 826**	**2 752**
Number of employees	449	453

In the Norwegian companies all employees are included in a defined contribution plan. The Odfjell Group pays a fixed percentage of the salary as contribution to the plan limited to 12 times the base amount (G). In addition, Executive Management are entitled to additional annual contribution limited to 18G. Several of the Group foreign subsidiaries have defined contribution plans in accordance with local legislation.

Pension liabilities

(USD 1 000)	2020	2019
Crew - Norway	–	564
Executive Management - Norway	417	356
Other - Norway	1 409	1 339
Overseas offices	4 314	3 454
Total	**6 140**	**5 713**

Some of the Group's Norwegian subsidiaries are bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme. The Group's pension scheme meets the requirements of this Act.

Other pension liabilities for employees in Norway relates to defined contribution (12G-18G) not paid, and 'other Norway' relates to fully vested contribution for former employees.

Regarding net defined pension assets in the balance sheet total USD 0.4 million is prepaid premium related to defined contribution plan. In addition, total USD 1.4 million is paid into a secured bank account for one former employee, expats and the additional pension scheme for the Executive Management, ref. note 21.

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Note 11
Property, plant and equipment

(USD 1 000)	Real estate	Ships and newbuilding contracts	Periodic maintenance	Office equipment and cars	Total
Net carrying amount January 1, 2019	1 493	1 343 721	16 134	6 867	**1 368 215**
Investment	367	133 449	10 188	2 802	**146 807**
Reclassification	–	(2 981)	–	–	**(2 981)**
Depreciation 2019	(148)	(74 662)	(16 309)	(2 018)	**(93 137)**
Impairment 2019	–	(2 385)	–	(342)	**(2 727)**
Reclassified to assets held for sale (book value)	–	(4 116)	–	–	**(4 116)**
Net carrying amount December 31, 2019	**1 712**	**1 393 026**	**10 013**	**7 309**	**1 412 060**
Investment	25	179 257	24 902	3 133	**207 317**
Depreciation 2020	(239)	(76 758)	(15 331)	(2 237)	**(94 565)**
Net carrying amount December 31, 2020	**1 498**	**1 495 525**	**19 584**	**8 206**	**1 524 813**
Cost	4 273	2 541 568	34 080	30 415	**2 610 337**
Accumulated depreciation	(2 780)	(1 190 392)	(17 946)	(23 548)	**(1 234 666)**
Accumulated impairment	–	(5 000)	–	–	(5 000)
Reclassified to assets held for sale	–	(2 456)	–	–	(2 456)
Net carrying amount January 1, 2019	**1 493**	**1 343 721**	**16 134**	**6 867**	**1 368 215**
Cost	4 640	2 664 581	26 322	33 218	**2 728 761**
Accumulated depreciation	(2 928)	(1 265 054)	(16 309)	(25 566)	**(1 309 857)**
Accumulated impairment	–	(2 385)	–	(342)	**(2 727)**
Reclassified to assets held for sale	–	(4 116)	–	–	**(4 116)**
Net carrying amount December 31, 2019	**1 712**	**1 393 026**	**10 013**	**7 309**	**1 412 060**
Cost	4 665	2 839 722	51 224	36 351	**2 931 962**
Accumulated depreciation	(3 167)	(1 341 812)	(31 640)	(27 803)	**(1 404 422)**
Accumulated impairment	–	(2 385)	–	(342)	**(2 727)**
Net carrying amount December 31, 2020	**1 498**	**1 495 525**	**19 584**	**8 206**	**1 524 813**

Depreciation periods

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows (in years):

Real estate	up to 50
Ships	25 - 30
Periodic maintenance of ships	2.5 - 5
Office equipment and cars	3 - 5

Assets financed under sale-leaseback

The carrying amount of ships financed under sale-leaseback were USD 735.4 million and USD 555.8 million at December 31, 2020 and December 31, 2019 respectively. See note 8 for future sale-leaseback obligations.

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Note 12
Leases

(USD 1 000)	Real estate	Ships	Periodic maintenance	Total
Capitalized right of use assets January 1, 2020	11 066	194 824	2 014	207 904
Additions	1 277	107 370	750	109 397
Depreciation	(2 378)	(55 885)	(193)	(58 455)
Carrying amount right of use assets December 31, 2020	**9 965**	**246 309**	**2 571**	**258 846**

(USD 1 000)	Real estate	Ships	Periodic maintenance	Total
Capitalized right of use assets January 1, 2019	12 164	173 414	2 250	187 828
Additions	1 500	67 812	750	70 062
Depreciation	(2 598)	(46 402)	(986)	(49 986)
Carrying amount right of use assets December 31, 2019	**11 066**	**194 824**	**2 014**	**207 904**

Information about variable lease payments made during 2020

Variable lease payments made in 2020 are related to pool distributions to external participants in the pools. The total amount distributed in 2020 equals USD 79.6 million, including non-lease component. (USD 55.5 million in 2019)

Information about lease payments made	2020	2019
Total nominal lease payments (including short term, long term and variable leases) made in 2020	201 365	179 670
Of which short term lease expenses in 2020 (including non-lease component)	32 689	45 453

Information about commitments for commenced leases (not included in lease liability)	2020	2019
Lease commitments associated with short term leases (undiscounted)	32 689	36 410
Non-lease component (OPEX) right of use assets, not included in lease liability (undiscounted)	44 636	56 290

The non-lease component refers to time-charter contracts including a service element. Refer to note 2.6 for a description of the Groups accounting policies related to said contracts.

Information about extension options	2020	2019
Extension options (undiscounted) not included in lease liability, bareboat element	103 312	86 890
Extension options (undiscounted) not included in lease liability, OPEX element	33 742	38 487
Total extension options (undiscounted) not included in lease liability	**137 054**	**125 377**

Information about leases not yet commenced but where the Group is Committed		
Nominal amount of future lease payments for time charter and bareboat leases where lease term exceeds 12 months	142 448	102 256

Maturity of debt related to right-of-use assets as per December 31, 2020:

(USD 1 000)	2021	2022	2023	2024	2025	2026+	Total
Installments	59 649	47 619	39 316	40 321	31 945	50 362	**269 211**
Interest expense	12 636	9 748	7 483	5 367	3 335	4 955	**43 525**
Sum	**72 285**	**57 367**	**46 799**	**45 688**	**35 280**	**55 317**	**312 722**

Maturity of debt related to right-of-use assets as per December 31, 2019:

(USD 1 000)	2020	2021	2022	2023	2024	2025+	Total
Installments	46 263	40 376	32 172	28 626	29 461	36 667	**213 565**
Interest expense	10 695	8 274	6 245	4 525	2 870	1 607	**34 216**
Sum	**56 958**	**48 650**	**38 417**	**33 151**	**32 331**	**38 275**	**247 782**

Refer to note 8 for an analysis of the maturity of total debt.

Sale-leasebacks

The Group has entered into two sale-leaseback agreements during 2020 which are considered financial agreements and accounted for in accordance with IFRS 9. Refer to note 8 for further details.

Applying IFRS 16 in 2019, Odfjell estimated the dry-docking expenses at commencement of the lease and increased the carrying amount of the leased vessels. The change in accounting for dry-docking related to right of use assets resulted in an increase in operating profit of USD 0.9 million (reduced depreciation) and decrease in right of use assets of USD 2.8 million. Comparable figures (in income statement and statement for financial position) for 2019 are not changed since the change is regarded as not material.

Note 13
Impairment of non-current assets

As of December 31, 2020 the market capitalization for the Group was below the book value of its equity.

Management has therefore tested assets and cash generating units for impairment.

No impairment was recognized in 2020.

When calculating the value in use at the balance sheet date for the deep-sea/regional South-America CGU, the following key assumptions are applied. This CGU also contains the Group's right of use assets in the Ships category.

Key assumptions	2020	2019
Weighted average cost of capital	7.7%	7.7%
Average annual growth in time charter earnings the first four years after the balance sheet date (arithmetic average)	4.0%	5.4%
Estimated useful life of vessels	25-30 years	25-30 years

For the remaining useful life of the vessels, an average annual growth of 2% in time-charter earnings is applied. Operating expenses and general and administrative expenses are assumed to increase with 2% in the entire remaining useful life of the vessels.

Applying the above assumptions, the value in use calculation did not reveal any need for impairment.

The Group has also performed a sensitivity analysis on the discount rate, with an increase in the range 0-0.5%. The analysis did not indicate any impairment in the specified range.

A similar analysis was performed on annual growth in time-charter earnings with a decrease in the range 0-2%. A reduction of time-charter earnings in the specified range for the first four years did not result in any impairment of the vessels in the deep-sea/regional South-America CGU.

The recoverable amount of the regional Asia trade is determined by reference to indicative broker values. The book value of these vessels is USD 44 million (USD 47 million in 2019). Any material decline in the indicative brokers value would result in an impairment. We have made assessment of the brokers' estimate and concluded that they represent a reasonable estimate of fair value. See note 3 for further information about impairment testing.

In 2019 an impairment of USD 2.7 million was recognized. This impairment was related to one vessel held for sale (USD 2.4 million) and the remaining to office equipment (USD 0.3 million). The vessel was valued separately and was not part of the CGU. The recoverable amount was the estimated sales price less cost of disposal.

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Note 14
Earnings per share

The basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share are the same, as the Company has no convertible bond loan or stock option plan.

(USD 1 000/1 000 shares)	2020	2019
Profit/(loss) and diluted profit for the year due to the holders of ordinary shares	27 829	(36 644)
Weighted average number of ordinary shares for basic earnings per share /diluted average number of shares outstanding	78 630	78 630
Basic/diluted earnings per share	**0.35**	**(0.47)**

Note 15
Transactions with related parties

The Group has carried out various transactions with related parties. All transactions have been carried out as part of the ordinary operations, based on the arm-length principle. Transactions with related parties are settled on a regular basis and the balances as per December 31, 2020 were immaterial.

The Odfjell Group shares offices in Brazil with a local terminal company related to Chair of the Board, Laurence Ward Odfjell. The Chair's family also has ownership interest in a company, which acts as Brazilian port agent for Odfjell. In addition to reimbursement of actual expenses and expenditures incurred, Odfjell Tankers AS and Flumar Transportes de Quimicos e Gases Ltda paid these companies USD 1.5 million in agency fees in 2020 (USD 1.5 million in 2019), while Flumar Transportes de Quimicos e Gases Ltda and Odfjell Brasil – Representacoes Ltds paid USD 0.5 million for administrative services in 2020 (USD 0.4 million in 2019).

From October 2020, Flumar Transportes de Quimicos e Gases Ltda has taken the two gas vessels owned by Odfjell Gas Shipowning AS on lease, classified as right of use assets in the balance sheet. The lease liability from this transaction is USD 8.3 million

Odfjell Management AS rent offices in Norway from a company related to Chair of the Board, Laurence Ward Odfjell. The annual lease for 2020 was USD 1.6 million.

Note 16
Commitments, guarantees and contingencies

Capital commitment

Odfjell has no capital commitment as per December 31, 2020.

Guarantees

(USD 1 000)	2020	2019
100% owned subsidiaries (third party guarantees)	187	182
Joint ventures (credit facilities)	6 800	11 550
Total guarantees	**6 987**	**11 732**

Odfjell guarantees for a credit facility in the joint venture Gas Carriers. See also note 28 for guarantees within the joint venture structure.

Contingencies

The Group maintains insurance coverage for its activities consistent with industry practice. The Group is involved in claims typical to the Chemical Tanker, Gas Carriers and Tank Terminal industry, but none of these claims have resulted in material losses for the Group since such claims have been covered by insurance or have been settled.

Note 17
Cash and cash equivalents

Cash at banks earn interest at floating rates based on bank time deposit rates. Short-term deposits and other liquid investments are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term rates. Restricted cash consists of USD 3.0 million (USD 1.5 million in 2019) in funds for withholding taxes relating to employees in Odfjell Management AS and Odfjell Maritime Services AS.

(USD 1 000)	2020	2019
Cash at banks and in hand	39 807	46 492
Short-term deposits	63 304	54 310
Total cash and cash equivalents	**103 111**	**100 802**

Note 18
Voyage expenses

Voyage expenses are expenses directly related to the ship voyage.

(USD 1 000)	2020	2019
Port expenses	95 226	92 377
Canal expenses	25 627	19 703
Bunkers expenses	171 713	187 244
Transshipment expenses	10 252	14 411
Commission expenses	29 434	28 222
Other voyage related expenses	14 718	10 725
Total voyage expenses	**346 970**	**352 682**

Note 19
Operating expenses

Operating expenses consist of expenses for operating ships (for example wages and remunerations for crew and operational personnel, and materials and equipment for ships).

(USD 1 000)	2020	2019
Crew expenses	72 937	74 996
Other ship management expenses	70 430	68 928
Currency hedging	1 266	1 265
Other	278	253
Total operating expenses	**144 911**	**145 442**

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Note 20
General and administrative expenses

General and administrative expenses consist of expenses for headquarter activities and international activities for brokerage and agency.

(USD 1 000)	2020	2019
Salary expenses	47 086	44 567
Other expenses	9 683	21 651
Currency hedging	1 971	1 978
Total general and administrative expenses	**58 740**	**68 196**

Including in the above is auditor's remuneration for (exclusive of VAT):

(USD 1 000)	2020	2019
Statutory auditing	437	436
Other assurance services	118	69
Tax advisory services	58	63
Other non-audit services	15	75
Total remuneration	**628**	**642**

Note 21
Salary expenses, number of employees and benefits to Board of Directors and Management

Salary expenses are included in ship operating expenses and general and administrative expenses according to the activity.

(USD 1 000)	2020	2019
Salaries	103 884	102 706
Social expenses	10 966	11 860
Pension expenses defined benefit plans (note 10)	1 609	1 553
Pension expenses defined contribution plans (note 10)	2 826	2 752
Other benefits	738	691
Total salary expenses	**120 023**	**119 563**

Average man-years of employees including crew:

(USD 1 000)	2020	2019
Europe	281	279
North America	23	23
Southeast Asia	1 520	1 531
South America	161	167
Other	15	18
Total average man-years of employees	**1 999**	**2 016**

At the end of 2020 the Board of Directors consists of six members. Compensation and benefits to the Board of Directors:

(USD 1 000)	2020	2019
BoD Remuneration	346	414

For more specification – see Odfjell SE note 11.

Compensation and benefits paid to the Management Group:

(USD 1 000)	Salary	Bonus	Pension cost	Other benefits	Total
CEO, Kristian V. Mørch	747	525	26	28	**1 326**
COO, Harald Fotland	305	107	26	23	**462**
CFO, Terje Iversen	257	90	25	22	**394**
COS, Øistein H. Jensen	203	71	26	21	**321**
Total	**1 512**	**794**	**102**	**94**	**2 502**

The KPIs in the long-term incentive program were not met and no shares were issued to the executive management in 2020.

The Board of Directors' declaration of determination of salary and other remuneration to the President/CEO and other management employees

This statement is based on the Board's guidelines for remuneration of management, which were submitted to the general meeting in 2020 for an advisory vote. The guidelines for remuneration of management shall clarify the main principles for determining salaries and other remuneration. The guidelines shall contribute to ensuring consistency between the shareholders' and management's financial interests.

Salaries and other remuneration to the CEO shall be determined by the Board. All parts of the remuneration of the CEO and the total remuneration of the management shall be stated in the annual report.

Performance-based remuneration of the Management Group in the form of share options, bonus programs or the like shall be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, shall provide an incentive to perform and be based on quantifiable factors which the employee in question can influence. The guidelines for share based programs and remuneration linked to shares and other developments in the price of the Company's shares are to be approved by the General Meeting, cf. the then current provision in the Public Limited Liability Companies Act § 6-16 a (1) no. 3.

(1) Salary and other remuneration to Management employees are listed in the table above.

(2) Guidelines for determining salary and other remuneration for management employees.

The Board submits the following statement for the determination of salaries and other remuneration of the management for the financial year 2020, for an advisory vote at the Annual General Meeting for 2021:

The CEO and Executive Management reporting directly to him are included in the Company's defined contribution plan, see note 10. For the Executive Management the Company has an additional pension scheme covering salary over 12G, capped to 18G. This implies that 16% of the salary basis between 12G and 18G is covered in this additional scheme. The scheme is secured by payments to a secured bank account.

The Executive Management shall be offered competitive terms of employment in order to ensure continuity in the Management Group and to enable the Company to recruit qualified personnel. The remuneration should be composed so that it promotes the creation of value in the Company. The remuneration shall not be of such a kind, or of such a magnitude, that it may impair the public reputation of the Company.

Salary and other remuneration to the CEO shall be determined by the Board. A basic, straight salary is the main component of the remuneration. However, in addition to a basic salary there may also be other supplementary benefits, hereunder but not limited to payment in kind, incentive/recognition pay, termination payments and pension and insurance schemes.

The Company does not run any share option schemes, nor other benefit programs as mentioned in "Regulation on guidelines and report on remuneration to management employees", section 2 subsection 1 no. 3. The Annual General Meeting on 9 May 2016 approved a new long-term Incentive Plan (LTI) / Performance Restricted Share Plan for the CEO, the Executive Management and Global Heads (the "Participants"), effective from January 1, 2016, as follows:

- The total number of Restricted Shares (RS) available for awards to the Participants under the Plan shall annually be distributed with a three-year restriction period in accordance with the rules of the Plan. The Participants will receive a cash amount up to 50% of annual base salary for the CEO and up to 33% of annual base salary for the other Participants, where the net amount less withholding tax shall be used to purchase RS in Odfjell.The number of awarded RS depends on the achievement of certain Key Performance Indicators (KPIs). These KPIs have been derived from strategic goals and consist of Share Price development, Return on Capital Employed (ROCE) and a discretionary element to be assessed by the Board at year end.
- The Board has implemented a short-term performance-related incentive scheme for all on-shore employees which is linked to the Company's earnings performance and defined operational goals over time and contains a cap of maximum six months' salary. If the performance-related incentive scheme does not meet trigger points for payments, the Board may on a discretionary basis grant recognition payments for certain employees including Management.

Only the CEO, of the of the Executive Management, has a defined agreement with regard to severance pay. In case the Company terminates the employment, the CEO is, in addition to payment of salary and other remuneration during the notice period, also entitled to 6 months' base salary and annual short term incentives earned but not paid prior to such termination.

Remuneration to Management in 2020 was in compliance with the above guidelines.Remuneration to Management in 2020 was in compliance with the above guidelines.

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Note 22
Other financial items

(USD 1 000)	2020	2019
Financial assets and liabilities at fair value through profit or loss statement	10 761	2 381
Currency gains (losses) – see note 23	(10 820)	(2 009)
Other financial income	114	2 191
Other financial expenses	(1 701)	(3 677)
Total other financial items	**(1 647)**	**(1 114)**

See note 6 for overview of hedging exposure, and note 23 for specification of currency gains (losses).

Note 23
Currency gains and losses

(USD 1 000)	2020	2019
Currency gains (losses) on non-current receivables and liabilities	(10 077)	3 653
Currency gains (losses) on cash and cash equivalents	177	(267)
Currency gains (losses) on other current assets and current liabilities	(920)	(5 396)
Total currency gains (losses)	**(10 820)**	**(2 009)**

See note 6 for overview of currency hedging exposure.

Note 24
Current receivables

(USD 1000)	2020	2019
Trade receivables from contract with customers	58 250	59 244
Other receivables	16 542	13 851
Contract asset (accrued revenues)	13 913	12 563
Prepaid costs	5 588	5 304
Allowance for expected credit losses	(2 156)	(1 759)
Total current receivables	**92 136**	**89 202**

Trade receivables are primarily related to revenue from contract with customers with payment terms shortly after bill of lading to upon delivery. Allowance for expected credit losses relates to trade receivables; see Note 5 for information on credit risk management.

Contract assets arise from revenue for freight services partly satisfied on voyages that have commenced, but are yet to be completed. Freight services are invoiced at the latest when the voyage is completed. At this point, contract assets will be reclassified to receivables from contract with customers. Contract assets include variable consideration only when it is highly probable there will be no significant reversal when the uncertainty related to the variable payment is resolved.

As the voyages and related contracts have a duration of less than a year, the Group does not disclose separately the transaction price related to partially unfulfilled contracts at the reporting date, refer to IFRS 15.121.

As at December 31, the aging analysis of trade receivables, contract assets and other current receivables are as follows:

				Days past due			
(USD 1000)	Total	Contract asset	Current	<30 days	30-60 days	60-90 days	>90 days
2020	88 705	13 913	20 707	27 572	9 081	3 549	13 883
2019	85 657	12 563	24 149	22 539	5 168	3 485	17 754

The table below summarizes total current receivables into different currencies:

(USD 1000)	2020	2019
USD	86 396	83 344
EUR	3 296	3 365
SGD	122	130
Other currencies	2 321	2 362
Total current receivables	**92 135**	**89 202**

Note 25
Other current liabilities

(USD 1000)	2020	2019
Trade payables	27 987	29 536
Accrued voyage expenses	12 250	16 080
Accrued expenses Ship Management	6 112	6 022
Accrued dry-docking expenses related to ships on bareboat hire	–	752
Accrued interest expenses	4 888	5 133
Other accrued expenses	5 355	4 472
Employee taxes payable	10 560	7 950
Contract liabilities (prepaid revenue from customer contracts)	207	–
Working capital liabilities to pool partners	5 339	3 358
Other current liabilities	3 429	10 211
Loans from Joint Ventures	19 000	–
Total other current liabilities	**95 126**	**83 514**

Contract liabilities are being recognized as revenue from contracts with customers within the completion of the voyage (at the latest a few months after the prepayment).

As per December 31, 2020 the Group has the following remaining performance obligations (amounts not disclosed):

- For voyages in progress, revenues related to the remaining freight services will be recognized as the voyage progress. All voyages in progress will be completed within a few months.
- In addition the Group has freight commitments related to contracts of affreightment entered into for future shipments.

The table below summarizes the maturity profile of the Group's other current liabilities:

(USD 1000)	Total	On demand	< 3 months	3-6 months	6-9 months	> 9 months
2020	95 126	85 603	6 533	1 060	1 349	581
2019	83 514	70 487	10 476	782	105	1 663

The table below summarizes other current liabilities into different currencies:

(USD 1 000)	2020	2019
USD	75 978	59 769
SGD	505	641
Other currencies	18 643	23 105
Total current liabilities	**95 126**	**83 514**

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Note 26
Share capital and premium

	Number of shares (1 000)		Share capital (USD 1 000)		Share premium (USD 1 000)	
	2020	2019	2020	2019	2020	2019
A-shares	65 690	65 690	22 277	22 277	130 511	130 511
B-shares	21 079	21 079	7 148	7 148	41 877	41 877
Total	**86 769**	**86 769**	**29 425**	**29 425**	**172 388**	**172 388**

Per December 31, 2020 Odfjell SE holds 5,669,954 A - shares and 2,322,482 B - shares.

The shares are all authorized, issued and fully paid. Nominal value is NOK 2.50, equivalent to USD 0.29 as per December 31, 2020. All the shares have the same rights in the Company, except for B-shares which have no voting rights.

Shares owned/controlled by members of the Board of Directors, CEO and other members of the Executive Management (including related parties) are:

	2020		2019	
	A-shares	B-shares	A-shares	B-shares
Chair of the Board of Directors, Laurence Ward Odfjell	29 463 964	8 131 462	29 463 964	8 131 462
Director, Åke Gregertsen	3 000	28 332	3 000	28 332
Director, Nils Petter Dyvik	2 719	–	–	–
CEO, Kristian Mørch	179 622	3 500	179 622	3 500
CFO, Terje Iversen	31 744	–	31 744	–
COO, Harald Fotland	27 555	4 000	27 555	4 000
CSO, Øistein Jensen	31 320	–	31 320	–

Note 27
List of subsidiaries

The following subsidiaries are fully consolidated in the financial statements as per December 31, 2020:

Company	Country of registration	Ownership share	Voting share
Odfjell Argentina SA	Argentina	100%	100%
Odfjell Chemical Tankers Ltd	Bermuda	100%	100%
Flumar Transportes de Quimicos e Gases Ltda	Brazil	100%	100%
Odfjell Brasil Ltda	Brazil	100%	100%
Odfjell Chile Ltd	Chile	100%	100%
Odfjell Japan Ltd	Japan	100%	100%
Odfjell Korea Ltd	Korea	100%	100%
Odfjell Terminals BV	Netherlands	100%	100%
Odfjell Terminals Management BV	Netherlands	100%	100%
Norfra Shipping AS	Norway	100%	100%
Odfjell Chemical Tankers AS	Norway	100%	100%
Odfjell Insurance & Properties AS	Norway	100%	100%
Odfjell Management AS	Norway	100%	100%
Odfjell Maritime Services AS	Norway	100%	100%
Odfjell Tankers AS	Norway	100%	100%
Odfjell MR Coated Pool AS	Norway	100%	100%
Odfjell Asia Shipholding AS	Norway	100%	100%
Odfjell Terminals AS	Norway	100%	100%
Odfjell Terminals II AS	Norway	100%	100%
Odfjell Peru S.A.C.	Peru	100%	100%
Odfjell Ship Management (Philippines) Inc	Philippines	100%	100%
Odfjell Asia II Pte Ltd	Singapore	100%	100%
Odfjell Singapore Pte Ltd	Singapore	100%	100%
Odfjell Durban South Africa Pty Ltd	South Africa	100%	100%
Odfjell Mazibuko SA Pty Ltd	South Africa	55%	55%
Odfjell Middle East DMCC	United Arab Emirates	100%	100%
Odfjell USA (Houston) Inc	United States	100%	100%
Odfjell Terminals Management Inc	United States	100%	100%

Note 28
Investments in joint ventures and associates

Odfjell Terminals BV, is acting as holding company for the Group's investments in terminals. In Odfjell Terminals BV, the terminal investments are structured as joint ventures, with a separate holding company owned by the respective joint venture partners.

The holding company in USA is Topco LLC. This holding company owns the terminals in USA (Houston and Charleston) 100%. Odfjell Terminals BV owns 51% of Topco LLC while Northleaf owns the remaining 49% of the shares.

The holding companies for the Asia terminals are Odfjell Terminals Asia Holding Pte Ltd and Odfjell Terminals AS, which owns the terminals in China and Korea. Odfjell Terminals Asia Holding Pte Ltd ownership in the Asia terminals varies from 40%-50%. Odfjell Terminals AS owns 50% in the terminal in Korea. In December 2020 Odfjell Terminals BV acquired 50% of the shares in Odfjell Terminal AS, and now owns 100% of Odfjell Terminals AS and indirectly 50% of Odfjell Terminals (Korea) Co Ltd. Lindsay Goldberg owns the remaining 49% of Odfjell Terminals Asia Holding Pte Ltd.

The investment in Noord Natie Odfjell Antwerp Terminal NV is owned directly by Odfjell Terminals BV.

Odfjell and its joint venture partner continue to share control over the investments, thus the investments in the terminal holding companies are accounted for as investments in joint ventures, applying the equity method.

Odfjell has also established a joint venture with Breakwater Capital and Oak Hill Advisors, L.P. to include Odfjell's Gas Carriers business. This investment is done through the holding company Odfjell Gas AS (ref. note 4).

See note 16 for further information about guarantees issued on behalf of joint ventures.

The investment in joint ventures and associates includes the following companies accounted for according to the equity consolidation method during 2020:

Joint ventures and associates	Country of registration	Business segment	Ownership share
Gas Carriers:			
Odfjell Gas AS	Norway	Gas Carriers	50.0%
Odfjell Gas Shipowning AS	Norway	Gas Carriers	50.0%
Odfjell Gas Carriers AS	Norway	Gas Carriers	50.0%
Tank Terminals:			
Tank Terminals entities in Europe			
Noord Natie Odfjell Antwerp Terminal NV	Belgium	Tank Terminals	25.0%
Tank Terminals entities in USA			
Topco LLC	United States	Tank Terminals	51.0%
Odfjell Holdings (USA) Inc	United States	Tank Terminals	51.0%
Odfjell Terminals (Charleston) LLC	United States	Tank Terminals	51.0%
Odfjell Terminals (Houston) Inc	United States	Tank Terminals	51.0%
Odfjell USA Inc	United States	Tank Terminals	51.0%
Tank Terminals entities in Asia			
Odfjell Terminals (Dalian) Co Ltd - sold in 2020	China	Tank Terminals	25.5%
Odfjell Nangang Terminals (Tianjin) Co Ltd	China	Tank Terminals	25.0%
Odfjell Dalian Port Consulting Co. Ltd.	China	Tank Terminals	25.5%
Odfjell Changxing Terminals (Dalian) Co Ltd	China	Tank Terminals	20.4%
Odfjell Terminals (Korea) Co Ltd	South Korea	Tank Terminals	50.0%
Odfjell Terminals Asia Pte Ltd	Singapore	Tank Terminals	51.0%
Odfjell Terminals (China) Pte Ltd	Singapore	Tank Terminals	51.0%
Odfjell Terminals Asia Holding Pte Ltd	Singapore	Tank Terminals	51.0%

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The share of result and balance sheet items for investments in joint ventures and associates are recognized based on equity method:

	2020						2019					
(USD 1 000)	Tank Terminals Europe	Tank Terminals USA	Tank Terminals Asia	Total Tank Terminals	Gas Carriers	Total	Tank Terminals Europe	Tank Terminals USA	Tank Terminals Asia	Total Tank Terminals	Gas Carriers	Total
Gross revenue	46 863	89 701	14 132	150 697	12 621	**163 318**	46 417	91 740	21 150	159 307	16 730	**176 037**
EBITDA	22 670	41 424	6 361	70 455	2 879	**73 334**	22 373	40 436	3 695	66 503	4 639	**71 143**
EBIT	9 630	23 412	24 815	57 856	281	**58 137**	11 035	21 752	34 384	67 171	3 729	**70 900**
Net result	**6 614**	**14 674**	**21 982**	**43 270**	**(229)**	**43 040**	**7 329**	**8 135**	**28 787**	**44 251**	**2 916**	**47 168**
Discontinued operations	—	—	—	—	—	—	—	—	(1 695)	(1 695)	—	**(1 695)**
Other comprehensive income	—	—	—	—	—	—	—	—	(363)	(363)	—	**(363)**
Total comprehensive income	**6 614**	**14 674**	**21 982**	**43 270**	**(229)**	**43 040**	**7 329**	**8 135**	**26 728**	**42 193**	**2 916**	**45 109**
Odfjell owner interest	1 654	7 484	11 211	20 348	(115)	**20 233**	1 832	4 149	14 682	20 664	1 458	**22 122**
Depreciation excess values net of deferred	(1 683)	(5 100)	—	(6 783)	—	**(6 783)**	(1 666)	(5 100)	(31)	(6 797)	—	**(6 797)**
Group's share of profit for the year	**(29)**	**2 384**	**11 211**	**13 565**	**(115)**	**13 450**	**166**	**(951)**	**12 593**	**11 809**	**1 458**	**13 267**
Dividend received	1 403	—	—	1 403	—	**1 403**	—	—	20 735	20 735	—	**20 735**
Non-current assets	97 352	243 677	128 324	469 353	34 484	**503 837**	85 730	229 419	147 377	462 526	37 397	**499 923**
Current assets	10 164	43 845	63 284	117 293	4 959	**122 253**	11 952	30 388	22 012	64 352	5 375	**69 727**
Total assets	**107 516**	**287 522**	**191 609**	**586 646**	**39 444**	**626 090**	**97 683**	**259 807**	**169 390**	**526 880**	**42 772**	**569 652**
Non-current liabilities	43 531	225 112	69 436	338 079	—	**338 079**	41 839	28 074	70 235	140 148	—	**140 148**
Current liabilities	18 500	27 156	23 373	69 029	7 755	**76 785**	14 818	210 528	25 201	250 547	10 741	**261 288**
Total liabilities	**62 031**	**252 268**	**92 809**	**407 108**	**7 755**	**414 864**	**56 657**	**238 602**	**95 437**	**390 696**	**10 741**	**401 437**
Total equity closing balance	**45 484**	**34 894**	**98 800**	**179 178**	**31 688**	**210 867**	**41 026**	**21 205**	**73 953**	**136 184**	**32 031**	**168 214**
Odfjell owner interest	11 371	17 796	73 080	102 247	15 844	**118 091**	10 256	10 815	37 716	58 787	16 015	**74 802**
Excess values	34 185	48 170	—	82 355	—	**82 355**	33 519	53 270	—	86 789	—	**86 789**
Carrying amount	**45 556**	**65 966**	**73 080**	**184 601**	**15 844**	**200 446**	**43 776**	**64 085**	**37 716**	**145 576**	**16 015**	**161 592**
Capital expenditure, Odfjell share	(4 184)	(14 832)	(1 033)	(20 049)	—	**(20 049)**	(4 289)	(7 507)	(1 690)	(13 486)	—	**(13 486)**

The table above illustrates that Odfjell now owns its terminal investments through separate joint ventures. Tank Terminals Europe include financial information for the Noord Natie Odfjell Antwerp Terminal NV. Tank Terminals USA represent the summarized financial information from the consolidated US Holdings Inc for the whole year. Similarly, Tank Terminals Asia represent the summarized financial information from the consolidated Odfjell Terminals Asia Holding Pte Ltd for the whole year.

The Group received dividend from Nord Natie Terminals NV in 2020, USD 1.4 million, and from Odfjell Terminals Asia Holding Pte Ltd in 2019, USD 20.7 million.

A capital gain of USD 10.6 mill (Odfjell share) related to the sale of Odfjell Terminal (Dalian) Co. Ltd. is included in the 2020 total comprehensive income for Tank Terminals. In 2019, a capital gain of USD 14 mill (Odfjell share) related to the sale of Odfjell Terminal (Jiangyin) Co. Ltd. was included.

Tank Terminals recognized in 2019 an impairment loss of the equity in Odfjell Changxing Terminals (Dalian) Co Ltd of USD 0.4 million

Tank Terminals recognized in 2018 an impairment loss of the non-current assets in Odfjell Nangang Terminal (Tianjin) Co. Ltd. The Odfjell Group's share of this impairment is USD 10.0 million, of which USD 5.8 million was a receivable and USD 4.2 million was equity investment. After recognizing the impairment, the book value of the investment in the Odfjell Nangang Terminal (Tianjin) is zero. A subsidiary of Odfjell Terminals Asia Holding Pte Ltd has issued a guarantee for its share of the interest bearing debt in the Odfjell Nangang Terminal (Tianjin). At the end of 2020, the Odfjell share of this debt was USD 23.5 million. Accumulated net loss of USD 1.4 million related to Odfjell Nangang Terminal (Tianjin) is not recognized in 2020 (USD 2.4 million in 2019).

(USD 1000)	2020	2019
Loan to / from associates and joint ventures	19 000	—

All transactions are considered being at commercial reasonable market terms.

Note 29
Held for sale

As per December 31, 2020 no assets were classified as held for sale. As per December 31, 2019 the ship Bow Andes, 16 020 dwt and built in year 2000, was classified as held for sale. An impairment loss of USD 2.4 million was recognized to adjust carrying amount to fair value of USD 4.1 million, see note 13.

Note 30
Contingent liabilities

In the ordinary course of business, the Group is party to certain disputes etc. of various scopes. The resolution of these disputes etc. is associated with uncertainty, as they depend on legal proceedings, such as negotiations between the parties affected. At the end of 2020, neither the parent company nor its consolidated subsidiaries were involved in disputes etc. where the likely outcome could be material for the Group.

Note 31
Subsequent events

Subsequent events are those events that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

On January 14, 2021 Odfjell successfully completed a new sustainability-linked senior unsecured bond issue of NOK 850 million with maturity date January 21, 2025. This bond is the first of its kind in the international shipping industry, and the first to be issued under Odfjell's newly established Sustainability-Linked Finance framework. The bond carries a coupon of three-month NIBOR plus 5.75% p.a. with quarterly interest payments.

In March 2021, Odfjell SE purchased 50% of the shares in Odfjell Gas AS from its joint venture partners, and now owns 100% of the shares in Odfjell Gas AS. The purchase price was USD 16.7 million.

Note 32
Covid-19

The outbreak of the Coronavirus (Covid-19) continues to put constrains on businesses around the world. During 2020, the outbreak did not have a severely negative effect on the Group's financial performance. The impact from Covid-19 continues in 2021.

The extent and duration of these conditions over the longer term remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time. Odfjell is closely monitoring the impact of the ongoing virus outbreak and will implement measures required to minimize the adverse impact on our employees, operations and financial results.

Note 33
Exchange rates of the Group's major currencies against USD

	Norwegian kroner (NOK)		Euro (EUR)		Singapore dollar (SGD)	
	Average	Year-end	Average	Year-end	Average	Year-end
2020	9.37	8.54	1.14	1.23	1.38	1.32
2019	8.79	8.78	1.12	1.12	1.36	1.35

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Financial statements
Odfjell SE

Statement of profit or loss and other comprehensive income

(USD 1 000)	Note	2020	2019
Statement of profit or loss			
Operating revenue (expenses)			
Gross revenue		–	414
General and administrative expenses	6, 11	(7 535)	(7 770)
Operating result (EBIT)		(7 535)	(7 356)
Financial income (expenses)			
Impairment shares	12	–	–
Income on investment in subsidiaries and joint ventures	8	2 400	20 736
Interest income	8	1 027	9 978
Interest expenses	8	(26 604)	(34 147)
Other financial items	8	3 516	(6 967)
Currency gains (losses)	9	(9 565)	(2 945)
Net financial items		(29 227)	(13 346)
Result before taxes		(36 762)	(20 701)
Income taxes	4	–	–
Net result		(36 762)	(20 701)
Other comprehensive income			
Cash flow hedges transferred to statement of comprehensive income		–	–
Net gain/(loss) on available-for-sale investments		–	–
Other comprehensive income		–	–
Total comprehensive income		(36 762)	(20 701)

Statement of financial position

Assets as per December 31 (USD 1 000)	Note	2020	2019
Non-current assets			
Shares in subsidiaries	12	1 008 925	1 007 689
Shares in joint ventures	12	15 068	15 068
Loans to Group companies and joint ventures	10	–	6 997
Other non-current receivables		27	–
Total non-current assets		1 024 020	1 029 754
Current assets			
Current receivables		598	126
Receivables from Group companies and joint ventures		64 314	47 894
Cash and bank deposits	15	69 544	73 252
Total current assets		134 456	121 272
Total assets		1 158 476	1 151 026

Equity and liabilities as per December 31	Note	2020	2019
Equity			
Share capital	5,13	29 425	29 425
Treasury shares	5,13	(2 546)	(2 546)
Share premium	5	172 388	172 388
Other equity	5	550 040	586 802
Total shareholders' equity		749 307	786 069
Non-current liabilities			
Derivatives financial instruments	2	25 652	20 358
Loans from subsidiaries	3	6 496	6 065
Long-term interest bearing debt	3	188 733	234 498
Total non-current liabilities		220 880	260 921
Current liabilities			
Proposed dividend	7	–	–
Derivative financial instruments	2	8 441	10 551
Current portion of long term interest bearing debt	3	95 071	22 160
Other current liabilities		3 032	2 841
Loans from Group Companies		81 744	68 486
Total current liabilities		188 289	104 038
Total liabilities		409 169	364 959
Total equity and liabilities		1 158 476	1 151 026
Guarantees	14	949 430	865 558

The Board of Directors of Odfjell SE

Bergen, March 17, 2021

Laurence Ward Odfjell
Chair

Christine Rødsæther

Åke Gregertsen

Jannicke Nilsson

Åse Aulie Michelet

Nils Petter Dyvik

Kristian Mørch
CEO

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Statement of cash flow

(USD 1 000)	2020	2019
Cash flow from operating activities		
Result before taxes	(36 762)	(20 701)
Effect of currency loss/(gain)	9 642	939
Unrealized changes in derivatives	3 185	13 495
Dividends and (gain)/loss from sale of shares	(2 400)	(20 736)
Other short-term accruals	(294)	(5 558)
Net cash flow from operating activities	**(26 630)**	**(32 561)**
Cash flow from investing activities		
Dividend received/share capital reduction in joint ventures	2 400	20 736
Loans to/from subsidiaries	3 031	194 011
Net cash flow from investing activities	**5 431**	**214 747**
Cash flow from financing activities		
New interest bearing debt	32 333	–
Repayment of interest bearing debt	(13 486)	(243 211)
Repurchase/sale of treasury shares	–	230
Net cash flow from financing activities	**18 847**	**(242 981)**
Effect on cash balances from currency exchange rate fluctuations	(1 356)	(873)
Net change in cash balances	**(3 708)**	**(61 668)**
Cash balances as per January 1	73 252	134 920
Cash balances as per December 31	**69 544**	**73 252**

Note 1
Accounting principles

The parent's separate financial statements have been prepared in accordance with the simplified IFRS. The functional and presentation currency of the company is USD. The accounting principles are based on the same accounting principles as the Group financial statement with the following exceptions:

Investments in subsidiaries and joint ventures

Subsidiaries and investments in joint ventures are presented according to the cost method. Group relief received is presented as dividend from subsidiaries. Group contribution and dividends from subsidiaries are recognized in the year for which it is proposed by the subsidiary to the extent the parent company can control the decision of the subsidiary through its shares holdings.

Shares in subsidiaries, joint ventures and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Accordingly, a reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Derivative financial instruments

The Company, on behalf of subsidiaries, enters into derivative financial instruments to reduce currency and bunkers exposure in subsidiaries. Fair value and changes in fair value of these financial instruments are charged to the respective subsidiary and therefore not recognized in the balance sheet nor net result.

The Company uses various derivative financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates and interest rates. Derivatives are classified as current asset/liability if payments occur within 12 months after the balance sheet date. Derivatives where payment takes place more than 12 months after the balance sheet date are classified as non-current.

Changes in fair value of derivatives are recognized in the income statement together with changes in the fair value of the hedged item. This also applies to derivatives that qualify for hedge accounting in the Group financial statements.

See note 5 to the Group Financial Statements for more details regarding risk management.

Income taxes

Deferred tax is calculated using the liability method on all temporary differences arising between the tax base of the assets and liabilities and their carrying amount in the financial statements.

Deferred tax is determined using the tax rate and laws which have been enacted on the balance sheet date. Deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available. Deferred tax asset/deferred tax is not calculated on temporary differences arising on investments in subsidiaries, joint ventures and associates.

Note 2
Financial assets and financial liabilities

Classification of financial assets and liabilities as at December 31, 2020:

(USD 1000)	Derivatives at fair value through profit and loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/liabilities	Carrying amount 2020
Assets					
Cash and cash equivalents	–	69 544	–	–	69 544
Current receivables	–	64 912	–	–	64 912
Non-current receivables	–	–	–	–	–
Loan to Group companies	–	–	–	–	–
Other non-financial assets	–	–	–	1 024 020	1 024 020
Total assets	**–**	**134 456**	**–**	**1 024 020**	**1 158 476**
Liabilities					
Proposed dividend	–	–	–	–	–
Other current liabilities	–	–	84 776	–	84 776
Loan from subsidiaries	–	–	6 496	–	6 496
Derivative financial instruments	34 094	–	–	–	34 094
Interest bearing debt	–	–	283 804	–	283 804
Total liabilities	**34 094**	**–**	**375 076**	**–**	**409 169**

Classification of financial assets and liabilities as at December 31, 2019:

(USD 1000)	Derivatives at fair value through profit and loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/ liabilities	Carrying amount 2019
Assets					
Cash and cash equivalents	–	73 252	–	–	**73 252**
Derivative financial instruments	–	–	–	–	**–**
Current receivables	–	48 020	–	–	**48 020**
Loan to Group companies	–	6 997	–	–	**6 997**
Other non-financial assets	–	–	–	1 022 757	**1 022 757**
Total assets	**–**	**128 269**	**–**	**1 022 757**	**1 151 026**
Liabilities					
Proposed dividend	–	–	–	–	**–**
Other current liabilities	–	–	71 326	–	**71 326**
Loan from subsidiaries	–	–	6 065	–	**6 065**
Derivative financial instruments	30 909	–	–	–	**30 909**
Interest bearing debt	–	–	256 659	–	**256 659**
Total liabilities	**30 909**	**–**	**334 050**	**–**	**364 959**

Fair value of financial instruments

Odfjell SE classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date, and level 2 are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly. For some non-derivative financial assets and liabilities, we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. current receivables and payables.

The fair value of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Derivative financial instruments and available-for-sale-investments are recognized in the balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets or based on third party quotes. For cash and cash equivalents and current liabilities the carrying amount is considered to be the best estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. For dividend payable the carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. Fair value of bonds is calculated based on market values on the bonds.

Bond debt has a market value of USD 234 million per December 31, 2020 same as carrying amount of USD 234 million. Correspondingly market value was USD 197 million as per December 31, 2019 compared to carrying amount of USD 194 million.

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	2020		2019	
(USD 1 000)	Level 1	Level 2	Level 1	Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - non hedging	–	–	–	–
Available - for - sale - investments	–	–	–	–
Financial liabilities at fair value:				
Bond debt	234 056	–	196 947	–
Derivatives instruments - non hedging	–	34 094	–	30 909
Derivatives instruments - hedging	–	–	–	–

Hedging

The Company uses various derivative financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates, interest rates and bunker prices. Derivatives are classified as current asset/liability if payments occur within 12 months after the balance sheet date. Derivatives where payment takes place more than 12 months after the balance sheet date are classified as non-current asset/liability.

See note 5 to the Group Financial Statements for more details regarding risk management.

Below overview shows status of hedging exposure per December 31, 2020 (figures in 1 000):

(USD 1 000)					Time to maturity – USD amounts			
Interest rates	Sold		Avg. rate	MTM	<1 year	1 – 5 years	> 5 years	Total
Non hedge, interest rate swaps	USD 375 000		2.87%	(33 432)	100 000	100 000	175 000	375 000

					Time to maturity – USD amounts			
Cross currency interest rate swaps	Sold		Avg. rate	MTM	<1 year	1 – 5 years	> 5 years	Total
Fair value/Non hedge	USD 234 357	From NOK to USD	5.83%	(661)	82 500	151 857	–	234 357

Below overview shows status of hedging exposure per December 31, 2019 (figures in 1 000):

(USD 1 000)					Time to maturity – USD amounts			
Interest rates	Sold		Avg. rate	MTM	<1 year	1 – 5 years	> 5 years	Total
Non hedge, interest rate swaps	USD 350 000		2.98%	(19 166)	–	100 000	250 000	350 000

					Time to maturity – USD amounts			
Cross currency interest rate swaps	Sold		Avg. rate	MTM	<1 year	1 – 5 years	> 5 years	Total
Fair value/Non hedge	USD 201 802	From NOK to USD	5.92%	(11 743)	–	201 802	–	201 802

Negative value MTM of the cross currency swaps related to the three outstanding bond loans of total USD 234 million (USD 194 million in 2019), amounts to USD 1.0 million per December 31, 2020 (USD 11.7 million in 2019). Positive accumulated currency gain booked related to the same bond loans per December 31, 2020 amounts to USD 2.3 million (USD 10.6 million in 2019).

In addition to the derivatives above, Odfjell SE held currency forwards to reduce exposure in subsidiaries. The result of these contracts is transferred to the respective subsidiary at maturity and therefore not recognized in Odfjell SE's separate financial statement. Fair values of these contracts are:

(USD 1 000)	2020	2019
Bunkers	3 931	–
Currency	4 407	(205)
Derivative financial instruments	**8 338**	**(205)**

Note 3
Interest bearing debt

The long-term debt is a combination of debt guaranteed by subsidiaries and unsecured bonds in the Norwegian bond market. Interest rates are generally based on floating LIBOR-rates on less than 12 months. See note 8 to the Group Financial Statements for more information about interest bearing debt and covenants.

(USD 1 000)	Interest rate year-end	2020	2019
Mortgage loans from finance institutions	2.73%	50 956	64 804
Bonds – unsecured	6.05%	234 261	193 615
Subtotal interest bearing debt	5.46%	285 216	258 419
Debt transaction fees		(1 413)	(1 760)
Total interest bearing debt		**283 804**	**256 659**
Current portion of long term interest bearing debt		(95 071)	(22 160)
Total non-current interest bearing debt		**188 732**	**234 498**

Maturity of interest bearing debt as per December 31, 2020:

(USD 1 000)	2021	2022	2023	2024	2025	2026+	Total
Mortgage loans from financial institutions	13 080	20 739	17 137	–	–	–	**50 956**
Bonds – unsecured	81 991	70 278	81 991	–	–	–	**234 261**
Sub total interest bearing debt	**95 071**	**91 017**	**99 128**	**–**	**–**	**–**	**285 216**
Estimated interest payable	15 748	15 738	15 931	–	–	–	**47 417**
Total interest bearing debt	**110 819**	**106 754**	**115 060**	**–**	**–**	**–**	**332 633**

Maturity of interest bearing debt as per December 31, 2019:

(USD 1 000)	2020	2021	2022	2023	2024	2025+	Total
Mortgage loans from financial institutions	22 160	12 955	14 614	15 075	–	–	**64 804**
Bonds – unsecured	–	79 724	56 946	56 946	–	–	**193 615**
Sub total interest bearing debt	**22 160**	**92 679**	**71 559**	**72 021**	**–**	**–**	**258 419**
Estimated interest payable	18 235	17 717	10 780	5 414	–	–	**52 146**
Total interest bearing debt	**40 395**	**110 396**	**82 339**	**77 435**	**–**	**–**	**310 565**

The average maturity of the Company's total interest bearing debt is about 1.5 years (2.3 years in 2019). Average maturity of loans from financial institutions is 1.9 years (2.5 years in 2019), while average maturity of bonds is 1.4 years (2.3 years in 2019). The average maturity of the Company's total interest bearing debt after bonds issued in January 2021 is 2.7 years.

Long term loans from subsidiaries:

	Currency	Average interest rate	2020	2019
Loans from Group companies	USD	6.99%	6 496	6 065

Loans from Group companies generally have no fixed repayment schedule. Repayment is based on available liquidity. Loans to and from Group companies are priced on an arm's-length basis.

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Note 4
Taxes

(USD 1 000)	2020	2019
Taxes payable related to withholding tax on received dividend	–	–
Prior years adjustments	–	–
Total tax expenses (income)	–	–
Effective tax rate	N/A	N/A

Taxes payable:

(USD 1 000)	2020	2019
Result before taxes	(36 762)	(7 206)
Permanent differences	(2 166)	(18 608)
Changes temporary differences	3 252	(1 304)
Basis taxes payable	**(35 676)**	**(27 117)**
Group contribution with tax effect (received)	377	–
Utilization of carried forward losses	–	–
Losses brought forward	35 299	27 117
Basis taxes payable after Group contribution	**–**	**–**

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2020	2019
Non-current assets	1 213	1 311
Other long-term temporary differences	2 253	2 739
Financial instruments/finance expenses	(33 460)	(14 055)
Tax-loss carried forward	(202 276)	(177 390)
Non-deductible interest	(17 098)	(9 988)
Net temporary differences	**(249 367)**	**(197 383)**
Tax rate	22%	22%
Total deferred tax (deferred tax assets)	(54 861)	(43 424)
Total deferred tax assets not recognized	54 861	43 424
Deferred tax assets	**–**	**–**

Deferred tax asset is not accounted for due to uncertainty of future utilization of temporary differences. Temporary differences are translated to USD from NOK at closing rate. Basis for calculating taxes payable is average exchange rate, while deferred tax/deferred tax assets are calculated using end exchange rate.

Note 5
Shareholders' equity

	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
Shareholders' equity as per 31 December 2018	**29 425**	**(2 566)**	**172 388**	**607 292**	**806 539**
Comprehensive income	–	–	–	–	**–**
Purchase of Treasury shares	–	20	–	211	**231**
Proposed dividend	–	–	–	–	**–**
Net result	–	–	–	(20 701)	**(20 701)**
Shareholders' equity as per 31 December 2019	**29 425**	**(2 545)**	**172 388**	**586 803**	**786 069**
Comprehensive income	–	–	–	–	**–**
Purchase of Treasury shares	–	–	–	–	**–**
Proposed dividend	–	–	–	–	**–**
Net result	–	–	–	(36 762)	**(36 762)**
Other adjustments	–	–	–	–	**–**
Shareholders' equity as per 31 December 2020	**29 425**	**(2 545)**	**172 388**	**550 040**	**749 307**

Note 6
Related parties

In the normal course of the conduct of its business, Odfjell enters into a number of transactions with related parties. The Company considers these arrangements to be according to arm-length principles and on commercially reasonable market terms. There were no material outstanding balances as per December 31, 2020.

Odfjell SE also has service fee agreements and several financial transactions with Group companies, all considered being at commercial reasonable market terms. Management fee from wholly owned subsidiaries is charged with USD 6.7 million (USD 6.4 million in 2019).

Note 7
Subsequent events

On January 14, 2021 Odfjell successfully completed a new sustainability-linked senior unsecured bond issue of NOK 850 million with maturity date January 21, 2025. This bond is the first of its kind in the international shipping industry, and the first to be issued under Odfjell's newly established Sustainability-Linked Finance framework. The bond carries a coupon of three-month NIBOR plus 5.75% p.a. with quarterly interest payments.

In March 2021, Odfjell SE purchased 50% of the shares in Odfjell Gas AS from its joint venture partners, and now owns 100% of the shares in Odfjell Gas AS. The purchase price was USD 16.7 million.

Refer to note 31 in the Group financial statements for subsequent events for the Group as a whole.

Note 8
Financial income and expenses

(USD 1 000)	2020	2019
Dividend/Sale of shares/Group contribution	2 400	20 736
Impairment of shares in subsidiaries (ref. note 12)	–	–
Inter-company interest income	446	7 451
Other interest income bank deposit	581	2 527
Total interest income	**1 027**	**9 978**
Inter-company interest expenses	(437)	(431)
Interest expenses, loans	(26 168)	(33 716)
Total interest expenses	**(26 604)**	**(34 147)**
Other financial income	9 252	8 530
Other financial expenses	(234)	(17 877)
Financial assets and liabilities at fair value through net result	(5 503)	2 381
Sum other financial income/expenses	**3 516**	**(6 967)**
Net currency gains (losses) - see note 9	(9 565)	(2 945)
Net financial items	**(29 227)**	**(13 346)**

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Note 9
Currency gains (losses)

(USD 1 000)	2020	2019
Non-current receivables and debt	(8 288)	3 773
Cash and cash equivalents	(1 356)	(873)
Other current assets and current liabilities	78	(5 845)
Total currency gains (losses)	**(9 565)**	**(2 945)**

Note 10
Loans to Group Companies and joint ventures

(USD 1 000)	Currency	2020	2019
Odfjell Chemical Tankers AS	USD	–	6 997
Total loans to Group companies and joint ventures		**–**	**6 997**

Note 11
Salaries, number of employees, benefits to Board of Directors, CEO, other members of the Management Group and auditor's remuneration

For 2020 the Company has no employees and the Company is not bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme.

Compensation and benefits paid to Board of Directors in 2020:

(USD 1 000)	Compensation	Other benefits	Total
Laurence Ward Odfjell (Chair)	109	–	**109**
Åke Gregertsen	57	–	**57**
Hans Smits	49	–	**49**
Jannicke Nilsson	45	–	**45**
Christine Rødsæther	44	–	**44**
Åse Aulie Michelet	41	–	**41**
Total	**346**	**–**	**346**

Auditor´s remuneration 2020 (exclusive of VAT):

(USD 1 000)	2020	2019
Statutory auditing	97	101
Other assurance services	56	18
Tax advisory services	9	16
Non-audit services	5	39
Total remuneration	**168**	**174**

Note 12
Shares in subsidiaries and joint ventures

Subsidiaries and activities under joint control are included in the parent company financial statement based on historical cost.

Subsidiaries

	Registered office	Share/voting rights	Book value	Result 2020	Equity 2020
Odfjell Argentina SA	Argentina	90%	129	–	195
Odfjell Chemical Tankers Ltd	Bermuda	100%	319 486	379	326 030
Odfjell Brasil - Representacoes Ltda	Brazil	100%	983	(170)	1 122
Odfjell Terminals BV	Netherland	100%	199 172	13 528	168 318
Norfra Shipping AS	Norway	100%	444 848	4 041	465 752
Odfjell Insurance & Properties AS	Norway	100%	843	(20)	637
Odfjell Management AS	Norway	100%	21 858	4 376	24 754
Odfjell Maritime Services AS	Norway	100%	1 929	(158)	943
Odfjell Tankers AS	Norway	100%	9 858	(626)	9 782
Odfjell Terminals II AS	Norway	100%	5 248	174	10 296
Odfjell Asia Shipholding AS	Norway	100%	4	–	4
Odfjell Peru	Peru	100%	195	–	70
Odfjell Ship Management (Philippines) Inc	Philippines	100%	2 600	(97)	1 983
Odfjell Singapore Pte Ltd	Singapore	100%	13	168	471
Odfjell Korea Ltd	South Korea	100%	43	(91)	31
Odfjell Middle East DMCC	United Arab Emirates, Dubai	100%	1 717	74	544
Odfjell USA (Houston) Inc	USA	100%	–	655	3 153
Total			**1 008 926**		

Shares in joint ventures

	Registered office	Share/voting rights	Book value	Result 2020	Equity 2020
Odfjell Gas AS	Norway	50%	15 068	(115)	15 844
Total shares in joint ventures			**15 068**		

The Company has tested investments for impairment in accordance with requirements in IAS 36. No impairment has been recognized for 2020.

Note 13
Share capital and information about shareholders

	Number of shares	Nominal value (NOK)	(NOK 1 000) 2020	(NOK 1 000) 2019
A-shares	65 690 244	2.50	**164 226**	164 226
B-shares	21 078 704	2.50	**52 697**	52 697
Total	**86 768 948**		**216 922**	**216 922**

All shares have the same rights in the Company, except that B-shares have no voting rights.

20 largest shareholders as per December 31, 2020 according to VPS:

Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1. Norchem A/S	25 966 492	7 668 450	33 634 942	43.26%	38.76%
2. Odfjell SE	5 669 955	2 322 482	7 992 437	2)	9.21%
3. Svenska Handelsbanken AB 1)	3 226 705	2 080 480	5 307 185	5.38%	6.12%
4. Pareto Aksje Norge Verdipapirfond	2 143 933	1 396 677	3 540 610	3.57%	4.08%
5. Rederiet Odfjell AS	3 497 472	–	3 497 472	5.83%	4.03%
6. Rederiet Jacob Christensen AS	2 880 516	572 546	3 453 062	4.80%	3.98%
7. Farvatn Capital AS	3 225 000	–	3 225 000	5.37%	3.72%
8. Holmen Spesialfond	2 000 000	–	2 000 000	3.33%	2.30%
9. EGD Shipholding AS	1 630 964	–	1 630 964	2.72%	1.88%
10. Verdipapirfondet Nordea Norge Verd	1 157 369	286 799	1 444 168	1.93%	1.66%
11. B.O. Steen Shipping AS	219 000	885 000	1 104 000	0.36%	1.27%
12. Forsvarets Personellservice	916 900	–	916 900	1.53%	1.06%
13. Credit Suisse (Switzerland) Ltd 1)	549 600	288 500	838 100	0.92%	0.97%
14. AS SS Mathilda	600 000	150 000	750 000	1.00%	0.86%
15. Meteva AS	–	700 000	700 000	0.00%	0.81%
16. Verdipapirfondet Nordea Kapital	552 179	–	552 179	0.92%	0.64%
17. Skandinaviska Enskilda Banken AB 1)	500 000	–	500 000	0.83%	0.58%
18. The Bank of New York Mellon 1)	–	463 012	463 012	0.00%	0.53%
19. Verdipapirfondet Nordea Avkastning	425 566	–	425 566	0.71%	0.49%
20. Bergen Kommunale Pensjonskasse	–	400 000	400 000	0.00%	0.46%
Total 20 largest shareholders	**55 161 651**	**17 213 946**	**72 375 597**	**82.46%**	**83.41%**
Other shareholders	10 528 593	3 864 758	14 393 351	17.54%	16.59%
Total	**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
International shareholders	9 296 609	4 494 172	13 790 781	15.49%	15.89%
Treasury shares 2)	5 669 955	2 322 482	7 992 437	–	9.21%
Cost price treasury shares (USD 1 000)	1 926	788	2 714		

1) Nominee account
2) No voting rights for own shares ref. Public Limited Companies Act §5 -4

Source: Norwegian Central Securities Depository (VPS).

For an analysis of the 20 largest shareholders of December 31, 2020, see text in section Shareholder Information. See note 26 in the Group Financial Statements for details regarding shares owned by members of the Board and Executive Management (including related parties).

Note 14
Guarantees

(USD 1 000)	2020	2019
100% owned subsidiaries (credit facilities)	939 630	851 008
Joint ventures (credit facilities)	6 800	11 550
100% owned subsidiaries (third party guarantees)	3 000	3 000
Total guarantees	**949 430**	**865 558**

Odfjell SE issues guarantees on behalf of subsidiaries as part of our day-to-day business, and to joint ventures on a case-by-case basis.

The Company has issued guarantees on behalf of 100% owned subsidiaries for bunkers purchases and credit facilities totaling USD 943 million. Odfjell SE has also guaranteed for credit facilities on behalf of JVs amounting to USD 6.8 million (USD 11.6 million in 2019).

Guarantees to and from Group companies are entered into on arm's-length basis.

Note 15
Cash and Cash Equivalents

In the 2019 financial statements, reported cash and cash equivalents were USD 58.3 million.

Based on a reassessment of the Group's cash pool arrangement, deposits into the cash pool from other participants have been reclassified to loans to/from Group companies. The USD 58.3 million have therefore been restated to USD 73.3 million in the comparative figures in this year's financial statement. Loans to/from Group companies have been restated with a similar amount.

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period January 1 to December 31, 2020, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the Group and Company's consolidated assets, liabilities, financial position and results of operations, and that the report from the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with description of the principal risks and uncertainties facing the Company and the Group.

The Board of Directors of Odfjell SE
Bergen, March 17, 2021

Laurence Ward Odfjell
Chair

Christine Rødsæther

Jannicke Nilsson

Åke Gregertsen

Nils Petter Dyvik

Åse Aulie Michelet

Kristian Mørch
CEO

Auditor's report

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Odfjell SE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Odfjell SE comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2020, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures

performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment evaluation of vessels

Due to price/book ratio below 1, management identified impairment indicator and tested recoverable amounts of the Group's vessels and right of use assets (vessels). Management measured the recoverable amounts of vessels or cash generating units ("CGUs") by comparing its carrying amount to the highest of fair value less cost to sell and value in use. The Group's vessels operate within trades (the deep-sea and regional South America trade and the regional Asia trade), which are assessed to be separate CGUs. Right of use assets (vessels) were part of the deep-sea and regional South America CGUs.

As per 31 December 2020 book value of the Group's vessels including right of use assets (vessels) amounted to USD 1 764,0 million, representing 79,5 % of Group's total assets. No impairment charge was recognized on the vessels and right of use assets (vessels) in 2020.

The recoverable amounts of the deep-sea and regional South America CGUs was determined based on value in use calculations. Key assumptions for the value in use calculation were forecasted time-charter earnings, estimated useful life of vessels, and discount rate. The recoverable amount of the regional Asia CGU was determined based on fair value less cost of disposal. Management obtained external broker valuation as evidence of fair value less cost to sell.

Considering the extent of estimates and assumptions applied in the impairment evaluation, and management's involvement and significant judgement in establishing them, we assess impairment evaluation of vessels and right of use assets (vessels) as a key audit matter.

We evaluated the appropriateness of management's identification of the Group's CGUs.

For the value in use calculation, we compared estimated time charter earnings to the Group's historical data and external long-term expectations for the chemical tanker market. We compared expenses to approved budget, historical data and external long-term expectations. We performed an assessment of the reliability of management's forecast through a review of actual performance against previous forecasts and the consistency of valuation methodology applied. We involved an internal valuation specialist in testing of the mathematical accuracy of the value in use calculation, and in the assessment of the discount rate applied. Furthermore, we performed sensitivity analysis of management's assumptions.

For fair value less cost of disposal, we obtained the external broker valuation applied by management. We performed inquires of the broker and compared the valuation to external transactions of similar vessels and newbuilding contracts. Furthermore, we compared the broker valuation to management's value in use calculation, including the assumptions applied and performed sensitivity analysis.

We refer to note 2.5, 3 and 13 of the consolidated financial statements.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 17 March 2021
ERNST & YOUNG AS

Jørn Knutsen

Jørn Knutsen
State Authorised Public Accountant (Norway)

Independent auditor's report - Odfjell SE

A member firm of Ernst & Young Global Limited

Climate risk assessment in accordance with TCFD recommended disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosures

Governance

a) Describe the Board's oversight of climate-related risks and opportunities.

- The corporate risk assessment (including climate-related risks) is presented and discussed at all Board meetings.
- Management reports status and progress on ESG at all Board meetings.
- The Chief Sustainability Officer also reports to the Board's audit committee.
- The global and geopolitical long-term risk is always a part of the Board's risk discussions and strategy agenda.
- The risks and opportunities are fundamental for setting Odfjell's ambitious climate targets and are integral to our strategy.

b) Describe Management's role in assessing and managing climate-related risks and opportunities.

- Management discusses current risk assessment, including climate risk, bi-weekly.
- Management adopts transition risk as an integrated part of strategic planning, fleet development and capex plans. Climate-related transition risk is one of the key drivers for the fleet transition plan.
- The physical risk, with a focus on weather and rising sea levels, is particularly relevant for route planning and how we design, operate, and draw up contingency plans for our terminals.
- Odfjell Management has appointed a Chief Sustainability Officer as a part of Executive Management.
- Management has established a new R&D department in the organization to drive the fleet transition towards zero-carbon.

Strategy

a) & b) Describe a) the climate-related risks and opportunities the organization has identified over the short, medium, and long term, and b) the impact on the organization's businesses, strategy, and financial planning.

Opportunities

- The Odfjell fleet has recently been renewed to be modern and fuel efficient. Reducing emissions is good for business and we are ahead on the journey towards decarbonization. Solving the issue of zero emissions creates opportunities.
- Partnering with industry for new solutions, e.g., Fuell cell project.
- Increased use of technology drives changes in business models.
- Being a leader in ESG is viewed positively by stakeholders.
- We are linking ambitious climate targets with financing, which attracts new capital and iimproves capital cost.

Risks

- Climate change is a source of long term geopolitical risks. (e.g., instability, conflicts, growth, disruptions, migrations).
- Severe weather can impact ships and our terminals. We are collaborating with Storm Geo, and we have a separate performance section to analyze and optimize route planning to avoid severe weather on our routes.
- On the journey towards low carbon operation, it is a risk that assets will not meet the demands of the future. This risk is mitigated through the fleet transition plan with continuous improvement and renewal.
- Capex and technology risk related to renewal and upgrades. We have a dedicated department to work on this.
- Increased taxation on GHG will increase costs. We are closely monitoring the effects and design of a possible taxation, and how any increased costs would be distributed across the value chain.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

- Odfjell is resilient, in the short term, to the risk of a 2-degree climate change scenario in the short term.
- Long-term effects of more severe weather and rising sea levels operate our terminals and manage our terminal investments.

Risk Management

a) Describe the organization's processes for identifying and assessing climate-related risks.

- Efficiency and emission reduction are material for Odfjell. GHG emissions are central to our business. We have made ambitious plans to reduce emissions, mitigating the climate risk of capex, taxation, non-compliance, and negative attractiveness of the sector.
- For the long term risk assessment, we have used the 2-degree scenario in our risk assessment, focusing on:
  - Oceans
  - Economy
  - Storms and flooding
- Using the Carbon Brief extracted data from 70-peer review climate studies as reference for the 2-degree scenario[1].

b) Describe the organization's processes for managing climate-related risks.

- Climate risk is a part of the integrated enterprise risk assessment. The risk assessment follows the COSO guidance.
- Odfjell has created an executive role to focus on sustainability, including climate risk.
- Climate risk assessment is a tool in the risk management process.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

- Climate risks are included in the risk assessment and are an integral part of the corporate risk assessment.
- We are using a 2-degree scenario to estimate the impact of climate change and risk to our business.
- We continuously work to reduce emissions and environmental footprint, and seek climate neutral solutions to contribute to climate targets and investigate new opportunities.

Metrics and Targets

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

- In the ESG table, we provide metrics for emissions in line with the SASB metrics and the metrics in the ESG reporting framework developed for the Norwegian Shipowners' Association.
- Primary metrics for CO_2 emissions are metric tons in accordance with SASB TR-MT-110a1. These numbers are used in the calculations of Energy Efficiency Indicator (EEOI) and Annual Efficiency Ratio (AER) as used by IMO.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

- GHG emissions are listed in the ESG table.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

- Odfjell has in 2020 set four climate targets as described in the chapter on sustainability in the annual report.

[1] https://interactive.carbonbrief.org/impacts-climate-change-one-point-five-degrees-two-degrees/

ESG report

In 2018, we presented our approach and sustainability strategy in the document 'Global Operations – Our Responsibility'. For the 2020 ESG reporting, we follow the guidance of the Norwegian Shipowners' Association and the SASB framework. The climate risk assessment follows the TCFD guidance, and the reporting is in line with the Euronext ESG reporting guidance.

We also report emissions to the EU MRV, the IMO DCS, the CDP, and the Poseidon Principles. We annually present Communication of Progress to the UN Global Compact and also report sustainability data to EcoVadis. Our sustainability strategy and documentation are published on Odfjell.com.

ENVIRONMENT

TOPIC	ACCOUNTING METRIC	UNIT	REF
Climate risk and climate footprint	**Scope 1 GHG emissions** Gross global Scope 1 GHG emissions to the atmosphere are reported in line with the GHG Protocol. In 2020, Odfjell increased the amount of CO_2 emission by 3 % compared to 2019 due to a larger fleet. The fleet is more energy-efficient, and this is reflected in the reduced carbon intensity numbers. Odfjell reports CO_2 emissions to the Carbon Disclosure Project (CDP), the source for metrics used for banks, in accordance with the Poseidon Principles. Odfjell also reports CO_2 via the EU MRV and the IMO DCS protocol. Shipping emissions represent 99% of our total Scope 1 emissions. Odfjell has set a target to have a climate-neutral fleet by 2050. Vessels included in the emission calculations are all vessels operated by Odfjell Tankers, Odfjell Asia & Flumar.	1,375,770 metric tonnes CO_2, compared to 1,321,185 in 2019	SASB TR-MT-110a.1 GRI 305-1 Poseidon Principles SDG 13 CDP C6-C8 IMO strategy on reduction of GHG emissions 2030-2050 IMO DCS EU MRV
	Scope 2 GHG emissions Odfjell converts purchased electricity to metric tonnes of CO_2 equivalents location-based. These numbers are reported in the Carbon Disclosure Project (CDP). Scope 2 emissions represent less than 2% of Scope 1. Terminals represent 98,4% of our total Scope 2 emissions.	10,998 metric tonnes CO_2, compared to 18,290 in 2019	GRI 305-2 GRI 305-2 SDG 13 CDP C6-C8
	GHG emission intensity Odfjell uses the Energy Efficiency Operational Indicator (EEOI) and Annual Efficiency Ratio (AER) to monitor fleet efficiency performance over time. The indicators enable us to measure the fuel efficiency of the fleet and to gauge the effect of any improvement initiatives. Odfjell has previously not reported its AER, but will include AER from 2020 as this emerges as the new industry standard and is a metric in the Odfjell Sustainability Linked Financing Framework. Odfjell has set a climate target to reduce carbon intensity (using AER) by 50% by 2030 compared to 2008. Numbers are for operated fleet.	In 2020, Odfjell reduced its EEOI by 2.4 % to 15.69 compared to 2019 (16.06). In 2020, Odfjell reduced its AER by 5.1 % to 8.64 compared to 2019 (9.1).	GRI 305-4 SDG 13

TOPIC	ACCOUNTING METRIC	UNIT	REF
	GHG emission management Odfjell supports the Paris Agreement and the IMO strategy to reduce GHG emissions and global warming. Odfjell will contribute to the achievement of SDG 13 to combat climate change and its impacts by reducing GHG emissions. Odfjell has in 2020 set ambitious climate targets that go beyond IMO's levels of ambitions/targets. Odfjell's climate targets are approved by the Board of Directors. Odfjell: 1) will cut the carbon intensity of our fleet by 50% by 2030 compared to 2008 2) is dedicated to pursuing a zero-emission strategy and will only order vessels with zero-emission technology from 2030 3) will have a climate-neutral fleet from 2050 4) will actively support initiatives to develop technology and infrastructure for zero emissions, and support international regulation to drive zero-emission for our industry Currently, there are no viable alternatives to combustion engines in the transportation of great volumes over great distances. Odfjell has, since 2008, improved the energy efficiency of its managed fleet by more than 30%. To achieve our goals, we, and the industry as a whole, will need to find a new energy source. To date, we have joined several industry initiatives (e.g., the Getting to Zero Coalition) and R&D projects (e.g., fuel cell technology) to find a solution for zero-emission tankers, and to accelerate the reduction of emissions. This work is central to our strategy. By setting ambitious climate targets, Odfjell is committed to reducing GHG emissions and has prepared a fleet transition plan to achieve that goal. The plan and performance of targets are audited annually by a third-party assessor under the Sustainability Linked Bond Framework. Scope 2 emissions represent less than 2% of Scope 1, and targets have not yet been set. Still, we are dedicated to the efficient use of energy, and have made several energy improvements at our headquarters.	For 2020 we are in line with our carbon intensity trajectory to achieve our 2030 target.	SASB TR-MT-110a.2 GRI-DMA 305-1 GRI 305-5 SDG 13 IMO strategy on reduction of GHG emissions 2030-2050 Odfjell Sustainability Linked Finance Framework
	Climate risk reporting See separate table on climate risk reporting in accordance with the TCFD Recommended Disclosures and the guidelines of Euronext ESG reporting (page 120).		TCFD GRI 201-2 SDG 18 CDP C1-C4
	Energy mix In 2020 Odfjell stopped using Heavy Fuel Oil (HFO) and moved to Very Low Sulphur Fuel Oil (VLFSO) and Marine Gas Oil (MGO). Fuel consumption in 2020 was as follows: • 0.06% HFO (81% in 2019) • 16.3% MGO (17% in 2019 • 83.6% VLSFO (3% in 2019) Total energy consumption is calculated based on a model from CDP that includes all energy consumed related to purchased electricity for terminals and offices as well as consumed fossil fuels and gases for vessels, terminal sites, and owned cars.	1) Total energy consumption 18,086,312 GJ, compared to 18,646,860 GJ in 2019 2) 0% Heavy Fuel 3) 3% Renewable/ Low carbon energy, compared to 3,7 % in 2019	SASB TR-MT-110a.3 GRI 302-1 SDG 13 CDP C8

TOPIC	ACCOUNTING METRIC	UNIT	REF
Air pollution	**Other air emissions** We are not able to monitor SO_2 emissions directly, but we can calculate a weighted average based on all bunker delivery notes for purchase in 2020. None of Odfjell's owned ships are fitted with open- or closed-loop scrubbers. Two ships owned by TRF entered an Odfjell commercial pool in 2020. These vessels are fitted with an open-loop scrubber. At Odfjell Terminals, our storage tanks are sealed and pressurized. This reduces emissions more than regular atmospheric storage tanks for chemicals. Vapors generated by product movements are managed through vapor balancing to reduce emissions, and any remaining vapors are flared, along with breathing losses from products requiring vapor treatment.	Total SO_2 emissions in 2020 were 3,264 tonnes, down from 16,757 in 2019. Sulphur emission based on total fuel consumption was 1,634 tonnes, down 80% from 8,319 tonnes in 2019.	SASB TR-MT-120a.1 GRI 305-7 SDG 3
Sea and land pollution	The Odfjell fleet is, or will be, fitted with ballast water treatment systems (BWTS) to prevent the spread of harmful aquatic organisms from one region to another, thus complying with the BWM regulation. As of 2020, Odfjell has 56 ships that fall within the scope of the requirements and of those, 44 have BWTS. All pool and time-charter vessels in the Odfjell fleet are in compliance with the BWM regulation. The fleet is fitted with compliant and class-approved systems to handle effluent water, wastewater, and oily water. The systems are registered and subject to inspections by authorities. Throughout our organization, we continue to strive to reduce our waste. By modifying the processes for correctly segregating waste, we can further recycle the waste generated or dispose of it properly. At our terminals, we have wastewater treatment systems for effluent management. The remaining waste at our Houston terminal is treated off-site by the Houston terminal Gulf Coast Waste Disposal Authority (GCWDA), to which we are connected by pipeline for wastewater. Our storage tanks are designed to reduce hazardous waste. The sloped design of the tank bottoms limits residual product in tanks, making cleaning easier and better. We use infrared inspection techniques to detect heat leaks due to damaged insulation, which is then repaired, reducing heat losses and thereby reducing energy consumption. We also employ acoustic inspection techniques for nitrogen and compressed air systems to eliminate small leaks and reduce energy consumption.	In 2020, 79% of our fleet was fitted with BWTS. All ships in scope will be fitted by March 2023.	International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM)

TOPIC	ACCOUNTING METRIC	UNIT	REF
Ship recycling	**Responsible ship recycling** Odfjell supports and follows the recommendations of the Norwegian Shipowners' Association, the EU and the IMO. Responsible and compliant ship recycling is a notable part of the circular economy, keeping resources in use for as long as possible and minimizing waste. Ship recycling is an important industry for sustainable production, and it supports the developing economies of several countries. We are an active participant in the Recycling Forum of the Norwegian Shipowners' Association and have dedicated personnel to follow up on recycling issues. We encourage ratification and implementation of the IMO Hong Kong convention to have a mandatory international regulation for ship recycling. Odfjell has not sent a ship for recycling since 2016. Should an Odfjell ship be earmarked for recycling, the process shall be fully in compliance with applicable rules and regulations of the flag state of the ship and international rules and regulations, including but not limited to The Basel Convention, including the Ban Amendment and the EU Regulation on Shipments of Waste. The Ship Recycling Facility shall be compliant with the rules and regulations of the flag state of the ship and applicable international conventions.	Zero ships recycled since 2016. No recycling of vessels are planned for 2021.	EU Ship Recycling Regulation (EU 1257/2013) FOR-2018-12-06-1813 Hong Kong Convention Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and Ban Amendment EU Regulation on Shipments of Waste. Responsible Ship Recycling Standard SDG 8, 12, 14
Ecological Impacts	**Shipping duration in marine protected areas and areas of protected conservation status** Our shipping operations follow the main routes between major ports around the world. We follow international and local regulations and guidance to avoid protected areas. We do not currently track time and operations in areas of protected conservation status in accordance with UNEP WCMC. Emission Control Areas (ECAs), or Sulphur Emission Control Areas (SECAs), are sea areas in which stricter controls are established to minimize airborne emissions from ships, as defined by the MARPOL Protocol.	Of total days, the Odfjell fleet operated 5,597 days in ECA areas (including days in port), representing 19.3% of total days (including days in port).	SASB TR-MT-160a.1 SDG 14 Annex VI[1] of the 1997 MARPOL Protocol GRI 304-2 UNEP World Conservation Monitoring Centre (UNEP WCMC)
	Number and aggregate volume of spills and releases to the environment For our fleet, all spills of any substance – harmful or not – are registered and handled as a spill. We also register whether the spill has been contained on board or affected the environment beyond. At our terminals, we strive to further reduce the number of spills through better inspections and additional operational training. There was no pollution outside the terminals caused by spills in 2020. None of the spills had to be reported to the authorities. Terminals are complying with the regulations mentioned in their permits.	38 registered spills contained on board and no pollution of the environment in 2020 on our managed ships. Terminals' number of spills > 5 liters was 19 (improved from 33 in 2019). LOPC (Loss of Primary Containment) was 35 (improved from 45 in 2019).	SASB TR-MT-160a.3 SDG 14 GRI 306-3
Sustainable Procurement	Sustainable procurement is important to Odfjell, and we follow up and ensure suppliers will follow our Suppliers Conduct Principles. Odfjell annually reports its status to EcoVadis status on green and sustainable procurement, and how we interact with our suppliers and suppliers' performance in ESG audits, ESG clauses in contracts, training etc.		

SOCIAL

TOPIC	ACCOUNTING METRIC	UNIT	REF
Accidents, Safety, and Labor Rights	**Lost Time Incident Frequency (LTIF)** At Odfjell, we have a goal of zero accidents and incidents. We monitor and track all Lost Time Injuries (LTIs), Restricted Work Cases (RWC), Medical Treatment Cases (MTC) and First Aid Cases (FAC). Management and the organization have incentive KPIs related to LTIF. LTIF for shipping is calculated as lost time incidents * 1,000,000) / number of Exposure Hours. LTIF for terminals is calculated as lost time incidents * 200,000) / number of Working Hours.	For 2020 LTIF for our managed fleet is 0.21. We have reduced LTIF by 76% since 2019 (0.89). For 2020 LTIF for Terminals consolidated is 0. We have reduced LTIF by 100% since 2019 (0,51).	SASB TR-MT-320a.1 GRI 403-9 IMO ISM Code SDG 8
	Safety Safety is more than a priority at Odfjell. It is a core value and part of our license to operate. We are relentless about ensuring the safety of our employees and surrounding communities by improving the way we operate as a company. We continually review personal protective equipment to find the best for our employees, so that they can safely perform their tasks. We strive to ensure our employees do things the right way, and only the right way. We continuously develop and monitor our safety training, and we do not compromise on safety. For all operations, we conduct safety hazard identification and safety risk assessment to ensure that all risks are mitigated, and to ensure the safety of our people and the environment. Odfjell has dedicated emergency preparedness policy procedures and systems, a dedicated contingency/operations room, and we conduct regular training and exercises with the Emergency Response Management Team (ERMT). Odfjell has implemented safety standards in accordance with the requirements of the flag state of vessels and Odfjell's policies. To raise awareness and employee involvement, Odfjell has implemented a minimum target of safety observation rounds (SOR) per employee, per month at our terminals.	Total Recordable Case Frequency for our managed fleet is 1.16 in 2020. This is an improvement of 31% since 2019 (1.68). Two LTI cases in month of December 2020. Both cases were eye injury due to exposure during routine tasks. A safety campaign on the subject will be released 1H 2021.	ISM Code
	Diversity Odfjell promotes diversity, inclusion, and equal opportunities for our employees. We believe that recruiting from a wide talent pool, increasing diversity, and creating an inclusive organization adds business value. In 2019, we implemented a policy to actively improve gender diversity in Odfjell, which is now bearing fruit. We have taken steps to collaborate with industry networks in driving the diversity agenda, as we believe that this is a missed opportunity in our industry today. We support offshore career initiatives and recruiting initiatives to drive gender balance. We have a goal to increase the ratio of females in leadership positions and to improve the gender balance at all levels. In 2020, we have set a diversity target of having a minimum 30% gender balance at all levels by 2030 in our shipping shore-based organization. Odfjell has entered the SHE index and will report diversity status and progression under this reporting framework. Odfjell will follow up the requirements of the Norwegian Equality and Anti-Discrimination Act §26 with analysis, actions and reporting for 2020, made available on our website.	At our headquarters in Bergen, Norway, the employees are 68% male and 32% female. (71/29% in 2019) Corresponding global figures are 66% and 34%. (67/33% in 2019) At our headquarters, 50% of our new hires in 2019 and 2020 were women. 50% of Directors of the Board of Odfjell SE are women. All four members of the Executive Management are men.	GRI 405-1 SDG 5, SDG 10

TOPIC	ACCOUNTING METRIC	UNIT	REF
	Labor rights Odfjell is a signatory to the UN Global Compact and supports all the ten principles. Principles 3 to 6 concern labor rights. Odfjell supports freedom of association and, in line with local norms and regulations, adheres to various collective bargaining agreements for elements of our workforce. Odfjell has established work councils with employee representatives and local management. Odfjell complies with the Maritime Labor Convention (MLC), and all our vessels are externally audited and carry a certificate of compliance with the MLC. Odfjell has no people < 18 years working or living at sites.		MLC, 2006 GRI 102-41 SDG 8
	Human Rights Human rights actions are managed by our Human Rights Management System, and policies are reflected in several of Odfjell's policies and reporting, such as our human rights policy and Communication of Progress (COP) to the UN. We also expect the same from our suppliers, who must sign our Suppliers Code of Conduct principles and which also covers human rights. Odfjell expects suppliers to support and respect the protection of internationally proclaimed human rights and to ensure that they are not complicit in human rights abuses or child labor. Human rights and child labor are a part of the integrity risk assessments that are conducted by Odfjell. This assessment is also presented to the Board of Directors. We implement mitigating actions where needed, in line with the UN Guiding Principles of Human Rights and the ILO conventions on child labor. In our reviews and risk assessment, we score the risk of direct non-compliance with the regulation on human rights and child labor as low. Odfjell cooperates with the Rafto Foundation for Human Rights to continuously develop and improve our policies and best practice on human rights, and we also support the development of Ship Lifecycle Principles with the Rafto Foundation, Institute for Human Rights and Business, and the Danish Institute for Human Rights. Our policies on human rights are in line with the new law proposals on ethics information in Norway as presented in Norway (August 2020). Due to Covid-19, there have been no on-site audits of suppliers with regards to human rights.	No ethical incidents or legal actions required in 2020.	GRI 412 GRI 408 SDG 8 SDG 4 SDG 16 ILO Maritime Labour Convention (MLC), International Maritime Organisation (IMO) Conventions, the UN Convention on the Law of the Sea (UNCLOS), Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, UNGP OECD Guidance
	Working Hours Odfjell has a policy on working hours, but due to our global presence, this will differ from country to country depending on local regulations. The policies are built into our HR systems to ensure overtime and/or extra time is calculated, monitored, compensated and to ensure that it is compliant with local regulation. Work and rest hours on board are regulated under ILO MLC regulations. Any violations of work/rest are reported and monitored, and records are audited.		MLC 2006 ML 2.3
	Port State Control (PSC) is the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations and that the ship is manned and operated in compliance with these rules. Management and organization in Odfjell have incentives with KPIs related to Port State Control (PSC) findings.	In 2020, Odfjell had 0.66 findings per PSC inspection (0.77 in 2019). We had one detention of one managed vessel in 2020 in Bilbao due to an error on Auto Start of Emergency Generator.	SASB TR-MT-540a.3 SDG 8, 14

TOPIC	ACCOUNTING METRIC	UNIT	REF
	Marine casualties Odfjell defines a marine casualty in accordance with the UN IMO's Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident, MSC resolution 255(84). On January 14, 2020, the vessel Bow Fortune made contact with a fishing boat in the Galveston Bay entrance. At the time of the incident, Bow Fortune was inbound and under pilotage as the first vessel in a convoy. There was heavy fog in the area at the time. Tragically, three crew members of the fishing boat lost their lives when their boat capsized after it made contact with Bow Fortune. For more information, see page 34.	One incident in which an Odfjell vessel, in an inbound convoy to Houston, collided with a fishing vessel.	SASB TR-MT-540a.1 SDG 8
	Process Safety Terminals Odfjell follows the reporting guidelines and practices of the American Petroleum Institute (API) Recommended Practice (RP) 754, Process Safety Performance Indicators for the Refining and Petrochemical Industries. Tier 1 and 2 include LOPC (see more on page 124). On December 12, 2020, our terminal in Houston experienced a fire in the building housing its hydraulic power unit. Thanks to the quick and effective response from Odfjell's Emergency Response Team and local fire department, the fire was under control within 30 minutes and extinguished within three hours. There were no injuries, no impact to storage tanks nor loss of containment of any products stored at the terminal. For further information, see page 23.	Tier 1 and 2 events in 2020 were 6 compared to 11 in 2019	API RP 754

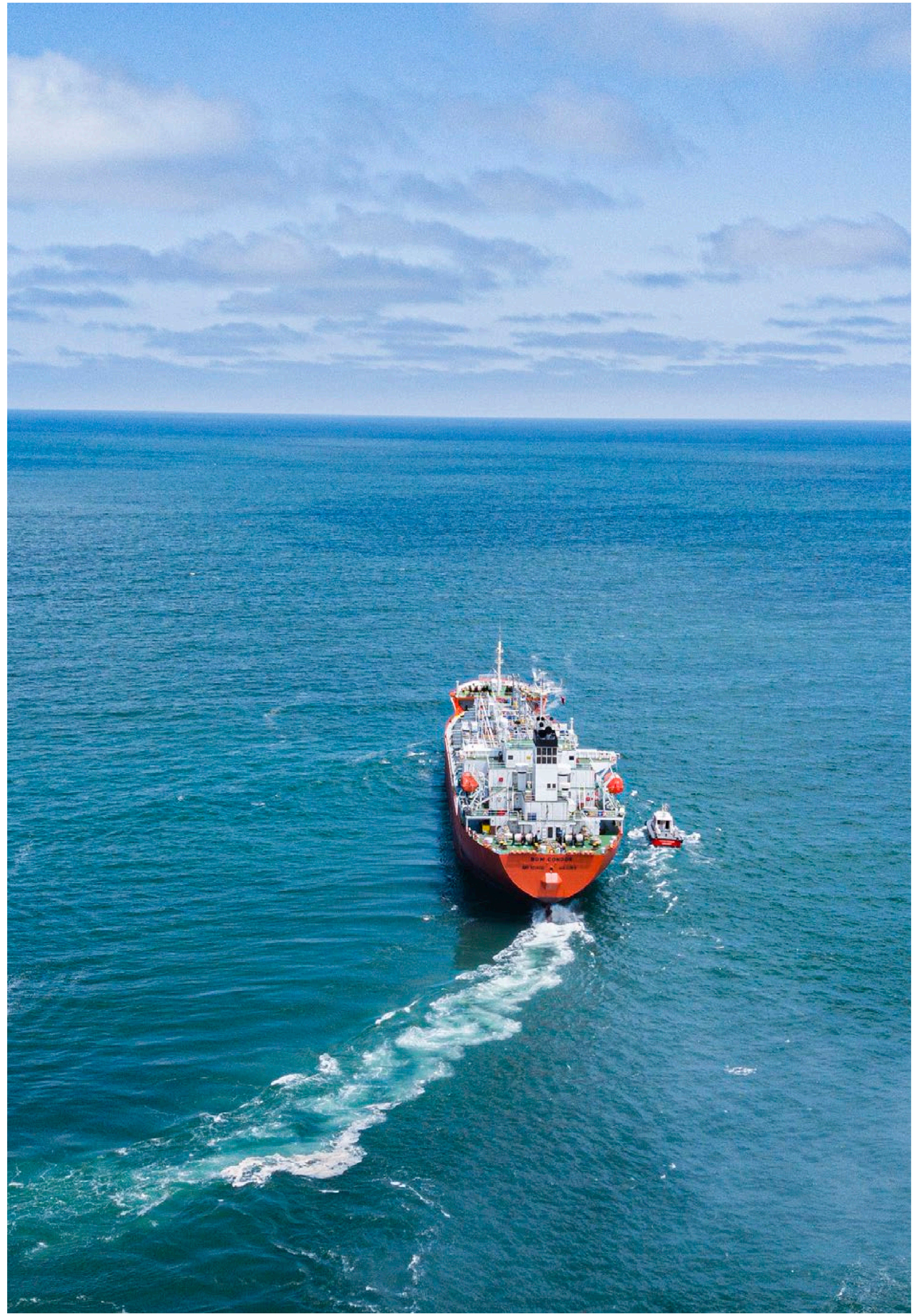
GOVERNANCE

TOPIC	ACCOUNTING METRIC	UNIT	REF
Business Ethics	**Anti-corruption and integrity framework** Odfjell has a clearly stated zero-tolerance policy on corruption. We have an anti-corruption and integrity framework based on the UK Bribery Act Guidance and Norwegian anti-corruption regulation. We conduct an annual risk assessment from which we devise an action plan on anti-corruption work for the company. We do annual mandatory training and signing of Code of Conduct and anti-corruption policies and procedure for Board Members, all of our employees, consultants and we include relevant integrity clauses in all our contracts. Odfjell is a member of the Maritime Anti-Corruption Network (MACN), and we have implemented and supported the MACN 'Say No' campaign on all our ships. We also track requests for facilitation globally with mandatory reporting from all port visits. We have established a reporting hotline, available internally and externally, for the reporting of any compliance-related matters. Odfjell has an Integrity Council that coordinates all actions under the framework from all areas of our business. All employees sign the Code of Conduct and the Anti-corruption policy , among other corporate policies, in an annual compliance sign-off campaign based in our compliance management system (GAN Integrity Solutions). The Board of Directors has annual training in Anti-Corruption. The Corporate Compliance Officer delivers a status and progress report on an integrity work plan to the Board's Audit Committee. The Board of Directors is involved in the work of Odfjell's integrity risk assessment and integrity work plan.		UK Bribery act
	Corruption risk Number of port calls or net revenue in countries that rank in the bottom of Transparency International's Corruption Perception Index.	0 port calls in 2020 and 0 revenue in 20 lowest countries in 2020	SASB TR-MT-510a.1 SDG 16
	Facilitation payments The number of incidents where facilitation payments or bribes have been requested. Odfjell follows MACN's 'Say No' campaign adopted for Suez, and has implemented the same policy and reporting globally for all ports.	7 incidents compared to 17 in 2019.	SDG 16
	Fines The total monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with laws and/or regulations.	Zero	GRI 419-1 SASB TR-MT-510a.2 SDG 16
	Anti-Money Laundering (AML) Odfjell has established a new training module and policy on AML and counter-terrorist financing. All relevant employees will have to go through mandatory training and testing of AML risks and policy.		GRI 205-2

TOPIC	ACCOUNTING METRIC	UNIT	REF
ESG governance	**Main policies** Corporate Strategy and Values, Code of Conduct, Health, Safety and Environmental Policy, Governance Policy, Anti-corruption Policy, Environmental Policy of Ship Management, Supplier Conduct Principles, Supplier Audits incl. ESG, Audits of Yards, Sanctions Policy, Antitrust/Competition Policy, Whistleblowing Policy, Security & Contingency Policy, Anti-Money Laundering & Counter-Terrorist Financing Policy, Data Privacy & Protection Policy, among many others. Our document "Global Operations – Our Responsibility" describes our ESG strategy and actions. **Environmental policy** Odfjell is committed to environmental protections and creates environmental awareness within our organization. The climate targets have been approved by the Board of Directors. Odfjell has published an impact statement that commits Odfjell to work to achieve the Sustainability Development Goals as a part of the strategy. Our environmental policy is presented in our policies and our document "Global Operations – Our responsibility", available on our website. **Environmental Management System** We have implemented an environmental management system to ensure we are in compliance with the IMO MARPOL convention. Odfjell has a fleet transition plan that is audited by a third party, that outlines details on how to achieve climate targets for the fleet. In addition, ships have the following certifications covering compliance with international environmental rules and policies (not complete list): • Document of compliance for the company covering International Safety Management (ISM) certification. • Document of compliance for the ship covering International Safety Management (ISM) certification. • IOPP (International Oil Pollution Prevention) Certificate. • ISPP (International Sewage Pollution Prevention) Certificate. • IAPP (International Air Pollution Prevention) Certificate. • International Anti-Fouling System Certificate. • International Energy Efficiency Certificate. • International Ballast Water Management Certificate • Certificates of Civil Liability for Oil Pollution Environmental Management systems are also audited as a part of the TMSA audit, in accordance with OCIMF TMSA-3 Best Practice Guidance. The Board of Directors' role in ESG Governance is described under the Climate Risk assessment framework. ESG matters are reported to the Board of Directors' Audit Committee through Corporate Compliance.		GRI Disclosure of Management Approach IMO MARPOL OKIMP TMSA-3
Emergency Response	Odfjell has dedicated teams and procedures for emergency response (ERMT). Odfjell conducts frequent training, with external facilitators. The emergency response procedures are audited according to ISM Code. Oil majors and hired experts will do the TMSA audit of the Emergency Response in accordance with OCIMF TMSA-3 Best Practice Guidance.		

TOPIC	ACCOUNTING METRIC	UNIT	REF
Standards	International standardization continues to be a focus across the terminal organization. All terminals are compliant with the international standards ISO 9001, ISO 14001, and Chemical Distribution Institute-Terminals (CDI-T), and are audited by a third party to ensure compliance with these standards. The focus on standardization allows the terminals to have consistent management processes and common systems.		ISO 9001 ISO 14001 CDT-T
Whistle-blowing	Odfjell has a whistleblowing policy and procedure, including an anonymous reporting hotline, available both internally and externally.	Total 14 reports in 2020. None regarded as material.	
Executive pay	Executive pay policy is explained in the declaration in the annual report. Incentive plans are in place for the different parts of the business and approved annually by the Board of Directors. The incentive systems have KPIs linked to safety, quality, performance, and financial results.		Norwegian Code of Practice for Corporate Governance Ch 12
Corporate tax	The shipping activities are operated in several countries and under different tax schemes, including the ordinary tax system in Norway, the Norwegian shipping tax system and the Approved International Shipping system in Singapore. In addition, we operate under local tax systems, most importantly in Brazil. Companies taxed under special shipping tax systems will generally not be taxed on the basis of their net operating profit. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance with certain requirements, and breach of such requirements may lead to a forced exit of the regime. We report tax in our annual reports in accordance with IFRS and accounting regulations.		GRI 207
Political contributions	Political involvement is regulated by our Code of Conduct. Odfjell does not make political contributions.		Norwegian Code of Practice for Corporate Governance Ch 12

SASB Activity metric table		UNIT OF MEASURE	CODE
Number of shipboard employees	1 632	Number	TR-MT-000.A
Total distance traveled by vessel	4 687 645	Nautical miles	TR-MT-000.B
Operating days	28 848	Days	TR-MT-000.C
Deadweight tonnage (Operated fleet per December 2020)	2 526	Thousand Deadweight tonnes	TR-MT-000.D
Number of vessels in total shipping fleet (Operated fleet per December 2020)	89	Number	TR-MT-000.E
Number of vessels port calls	410	Number	TR-MT-000.F



Drone photo of Bow Condor as the chemical tanker departs the Odfjell Terminals Terquim in Chile. Photo by B&M Agencia Maritima.

Fleet overview

as per December 31, 2020

Vessel type	Chemical tankers	dwt	Built	Ownership	cbm	Stainless steel, cbm	Tanks
Supersegregator	Bow Sea	49 592	2006	Owned	52 244	52 244	40
Supersegregator	Bow Summer	49 592	2005	Owned	52 252	52 252	40
Supersegregator	Bow Saga	49 559	2007	Owned	52 243	52 243	40
Supersegregator	Bow Sirius	49 539	2006	Owned	52 242	52 242	40
Supersegregator	Bow Star	49 487	2004	Owned	52 222	52 222	40
Supersegregator	Bow Sky	49 479	2005	Leased	52 222	52 222	40
Supersegregator	Bow Spring	49 429	2004	Owned	52 252	52 252	40
Supersegregator	Bow Sun	42 459	2003	Owned	52 222	52 222	40
Supersegregator	Bow Chain	37 518	2002	Owned	40 966	40 966	47
Supersegregator	Bow Faith	37 479	1997	Owned	41 960	34 681	52
Supersegregator	Bow Cedar	37 455	1996	Owned	41 947	41 947	52
Supersegregator	Bow Cardinal	37 446	1997	Owned	41 953	34 674	52
Supersegregator	Bow Firda	37 427	2003	Owned	40 994	40 994	47
Supersegregator	Bow Fortune	37 395	1999	Leased	41 000	41 000	47
Supersegregator	Bow Fagus	37 375	1995	Owned	41 952	34 673	52
Supersegregator	Bow Flora	37 369	1998	Leased	41 000	33 721	47
Supersegregator	Bow Cecil	37 369	1998	Bareboat	41 000	33 721	47
Supersegregator	Bow Clipper	37 221	1995	Owned	40 775	33 496	52
Supersegregator	Bow Flower	37 221	1994	Owned	41 492	34 673	52
Supersegregator	Bow Hercules	40 847	2017	Bareboat	44 085	44 085	30
Supersegregator	Bow Gemini	40 895	2017	Bareboat	44 205	44 205	30
Supersegregator	Bow Aquarius	40 901	2016	Bareboat	44 403	44 403	30
Supersegregator	Bow Capricorn	40 929	2016	Bareboat	44 184	44 184	30
Supersegregator	Bow Orion	49 042	2019	Owned	55 186	55 186	33
Supersegregator	Bow Olympus	49 000	2019	Owned	55 186	55 186	33
Supersegregator	Bow Odyssey	49 000	2020	Owned	54 175	54 175	33
Supersegregator	Bow Optima	49 042	2020	Owned	55 186	55 186	33
Supersegregator	Bow Explorer	38 236	2020	Owned	45 118	45 118	40
Supersegregator	Bow Excellence	38 234	2020	Owned	45 118	45 118	40
Large Stainless steel	Bow Persistent	36 225	2020	Bareboat	39 221	39 221	28
Large Stainless steel	Bow Performer	35 118	2018	Time charter	37 987	37 987	28
Large Stainless steel	Bow Prosper	36 221	2020	Bareboat	39 234	39 234	28
Large Stainless steel	Bristol Trader	35 863	2016	Time charter	39 828	39 828	18
Large Stainless steel	Bow Precision	35 155	2018	Time charter	36 668	36 668	28
Large Stainless steel	Bow Hector	33 694	2009	Time charter	36 639	36 639	16
Large Stainless steel	Bow Harmony	33 619	2008	Leased	39 758	39 758	16
Large Stainless steel	Bow Compass	33 609	2009	Owned	38 685	38 685	16
Large Stainless steel	Bow Engineer	30 086	2006	Leased	36 970	36 970	28
Large Stainless steel	Bow Architect	30 058	2005	Leased	36 956	36 956	28
Large Stainless steel	Sagami	33 615	2008	Time charter	37 238	37 238	16
Large Stainless steel	Liberty	33 608	2008	Time charter	35 755	35 755	16
Medium Stainless steel	RT Star	26 199	2011	Time charter	30 391	30 391	18
Medium Stainless steel	Southern Quokka	26 077	2017	Time charter	29 049	29 049	26
Medium Stainless steel	Southern Owl	26 057	2016	Time charter	29 048	29 048	26
Medium Stainless steel	Southern Puma	26 071	2016	Time charter	29 055	29 055	26
Medium Stainless steel	Southern Shark	26 051	2018	Time charter	27 112	27 112	26
Medium Stainless steel	Bow Platinum	27 500	2017	Leased	28 059	28 059	24
Medium Stainless steel	Bow Neon	27 500	2017	Leased	29 041	29 041	24
Medium Stainless steel	Bow Titanium	27 500	2018	Leased	29 006	29 006	24
Medium Stainless steel	Bow Palladium	27 500	2017	Leased	28 051	28 051	24
Medium Stainless steel	Bow Tungsten	27 500	2018	Leased	28 067	28 067	24
Medium Stainless steel	Southern Koala	21 290	2010	Time charter	20 008	20 008	20
Medium Stainless steel	Bow Santos	19 997	2004	Owned	22 626	22 626	22
Medium Stainless steel	Flumar Maceio	19 975	2006	Owned	21 713	21 713	22
Medium Stainless steel	Moyra	19 806	2005	Time charter	23 707	23 707	18
Medium Stainless steel	Pacific Endeavor	26 197	2011	Time Charter	27 591	27 591	16
Coated	Bow Pioneer	75 000	2013	Owned	87 330	0	31
Coated	Flumar Brasil	51 188	2010	Owned	54 344	0	12
Coated	Bow Triumph	49 622	2014	Owned	54 595	0	22
Coated	Bow Trident	49 622	2014	Owned	54 595	0	22
Coated	Bow Tribute	49 622	2014	Leased	54 595	0	22
Coated	Bow Trajectory	49 622	2014	Leased	54 595	0	22
Coated	Bow Elm	46 098	2011	Owned	49 996	0	29
Coated	Bow Lind	46 047	2011	Owned	49 996	0	29
Regional	Bow Oceanic	17 460	1997	Owned	19 224	19 224	24
Regional	Bow Atlantic	17 460	1995	Owned	19 848	19 848	24
Regional	Bow Condor	16 121	2000	Owned	16 642	16 642	30
Regional	ASL Orchid	12 571	2011	Time charter	14 419	14 419	16
Regional	Bow Nangang	9 124	2013	Owned	11 074	11 074	14
Regional	Bow Dalian	9 156	2012	Owned	11 094	11 094	14
Regional	Bow Fuling	9 156	2012	Owned	11 080	11 080	14
Total chemical tankers:		2 526 497			2 780 674	2 270 135	2 130

3rd party * vessel type	Chemical tankers	dwt	Built	Ownership	cbm	Stainless steel, cbm	Tanks
Supersegregator	SC Taurus	40 963	2017	Pool	44 156	44 156	30
Supersegregator	SC Scorpio	40 964	2017	Pool	44 150	44 150	30
Supersegregator	SC Virgo	40 870	2017	Pool	42 787	42 787	30
Supersegregator	SC Draco	40 870	2017	Pool	42 787	42 787	30
Medium Stainless steel	CTG Cobalt	27 500	2018	Pool	28 036	28 036	24
Medium Stainless steel	CTG Argon	27 500	2017	Pool	28 036	28 036	24
Medium Stainless steel	Navig8 Stellar	25 193	2016	Pool	29 709	29 709	18
Medium Stainless steel	Navig8 Spark	25 197	2016	Pool	29 718	29 718	18
Medium Stainless steel	Navig8 Spica	25 269	2017	Pool	28 570	28 570	18
Medium Stainless steel	Navig8 Sky	25 193	2016	Pool	29 710	29 710	18
Coated	TRF Mandal	37 596	2016	Pool	41 619	0	16
Coated	TRF Mongstad	37 596	2016	Pool	41 619	0	16
Coated	Navig8 Tanzanite	49 780	2016	Pool	51 723	0	16
Coated	Navig8 Topaz	49 560	2015	Pool	51 723	0	16
Coated	Navig8 Tourmaline	49 513	2016	Pool	51 723	0	16
Coated	Navig8 Turquoise	49 516	2016	Pool	51 723	0	16
Coated	Navig8 Victoria	49 126	2015	Pool	50 699	0	20
Coated	Navig8 Violette	49 126	2015	Pool	50 699	0	20
Total 3rd party:		691 332			739 187	347 659	376

* Pool participation and commercial management

Summarized	Number	dwt	cbm	Stainless steel, cbm	Tanks
Owned	36	1 380 988	1 530 527	1 143 736	1 223
Time charter	15	417 372	454 495	454 495	314
Leased	13	454 750	499 320	382 851	370
Bareboat	7	273 387	296 332	289 053	223
Pool	18	691 332	739 187	347 659	376
Commercial Management	0	0	0	0	0
Total chemical tankers:	89	3 217 829	3 519 861	2 617 794	2 506

Tank terminals overview

as per December 31, 2020

Tank terminals	Location	Ownership [1]	cbm	Stainless steel, cbm	Number of tanks
Odfjell Terminals (Houston) Inc.	Houston, USA	51%	379 981	113 180	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51%	79 243	0	9
Odfjell Terminals (Korea) Co. Ltd	Ulsan, Korea	50%	313 710	15 860	85
Odfjell Nangang Terminals (Tianjin) Co. Ltd	Tianjin, China	24.99%	137 800	7 000	26
Noord Natie Odfjell Antwerp Terminal NV	Antwerp, Belgium	25%	389 531	84 832	231
Total terminals	5 terminals		1 300 265	220 872	470

Tank terminals partly owned by related parties	Location	cbm	Stainless steel, cbm	Number of tanks
Depositos Quimicos Mineros S.A.	Callao, Peru	66 230	1 600	55
Granel Quimica Ltda	Santos, Brazil	51 910	0	18
Granel Quimica Ltda	Rio Grande, Brazil	70 385	2 900	35
Granel Quimica Ltda	Sao Luis, Brazil	125 380	0	49
Granel Quimica Ltda	Ladario, Brazil	8 050	0	6
Granel Quimica Ltda	Teresina, Brazil	7 640	0	6
Granel Quimica Ltda	Palmas, Brazil	16 710	0	12
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina	38 720	530	60
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68 670	10 190	102
Terquim S.A.	San Antonio, Chile	33 590	0	25
Terquim S.A.	Mejillones, Chile	16 840	0	7
Total tank terminals partly owned by related parties	11 terminals	504 125	15 220	375

Projects and expansions, tank terminals partly owned by related parties	Location	cbm		Estimated completion
Granel Quimica Ltda	Sao Luis, Brazil	24 800	0	4Q 2021
Grand total	**16 existing terminals**	1 804 390	236 092	

[1] Odfjell SE's indirect ownership share

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