

GOLDEN OCEAN GROUP LTD

Corporate Social Responsibility Report 2017



GOLDEN OCEAN™



Company Summary

Golden Ocean Group Ltd. (“Golden Ocean” or the “Company”) is a leading international dry bulk shipping company owning and operating primarily Capesize, Panamax and Supramax dry bulk carriers. The Company is listed on NASDAQ and the Oslo Stock Exchange under the symbol “GOGL”.

In 2015, a merger between Knightsbridge Shipping Ltd. and the former Golden Ocean Group Ltd. created the new Golden Ocean Group Ltd.



Knightsbridge Shipping Ltd. was formed as Knightsbridge Tankers Ltd. in September 1996 as a crude oil tanker company. It later changed its focus from tankers to the dry bulk market by acquiring vessels in the Capesize segment.

Golden Ocean was established in December 2004 as a spin-off from Frontline Ltd., to focus on the markets for Capesize, Panamax and Supramax dry bulk carriers. Growth was mainly achieved through newbuilding orders.

Following the 2015 merger, the Company’s on the water fleet continued to grow as newbuildings were delivered.

In March 2017, the Company announced that it had entered into agreements to acquire 16 dry bulk vessels through an all-share transaction, including assumption of debt (the Quintanaⁱ fleet and Hemen fleetⁱⁱ).

Golden Ocean’s strategy is to position itself as an attractive investment vehicle for investors seeking exposure to the dry bulk shipping industry and is currently the largest US listed dry bulk company in terms of both market capitalization and dwt under control. Our shareholder-oriented focus is founded on transparency,

sound corporate governance principles, strong management and a competitive cost base.

Mission

Our mission is to provide customers with flexible, safe and reliable transportation services and develop strong relations with partners and customers, leading to superior return to the Company’s shareholders, while remaining committed to the pillars of corporate and social responsibility described herein.

Structure

Golden Ocean operates with a fully integrated commercial management structure responsible for all vessels and contracts. Technical supervision of all owned vessels is outsourced to subsidiaries of Frontline Ltd., which in turn outsource crewing and ship management to several leading third party ship management companies.

Office Locations

- Oslo, Norway
- Singapore, Republic of Singapore
- Hamilton, Bermuda

Employees

- Onshore: 32
- Offshore: ~1700 (at any given time)

Fleet

Golden Ocean owns and operates, through its subsidiaries, a fleet of 83 dry bulk carriers, including newbuilding scheduled for delivery in 2018. The Company also provides commercial management services to an additional 44 vessels on behalf of third parties.

Each of Golden Ocean’s vessels has been flagged in the Marshall Islands, Panama or Hong Kong. The total carrying capacity of Golden Ocean’s fleet is approximately 11.0 million dwt.

Overview

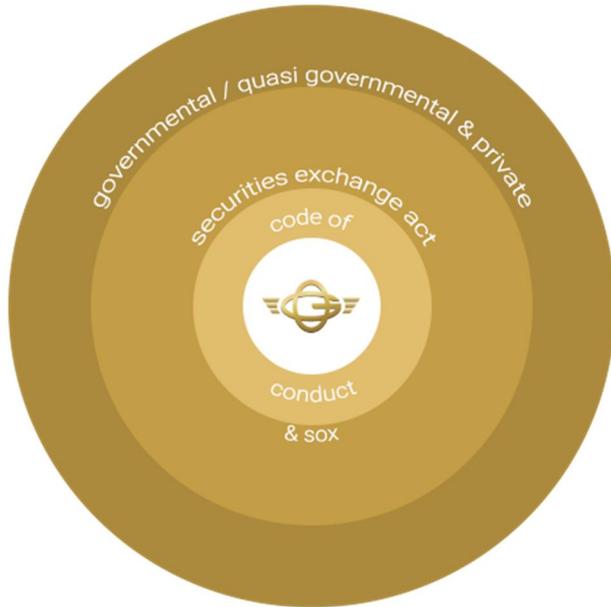
Dry bulk shipping is an essential component of international trade and represents the most efficient means of transporting large volumes of commodities. Our vessels transport iron ore, coal, grain and other commodities, which help to fulfill the world's needs for energy and food and provide input to construction and development. The global fleet of dry bulk vessels above 10,000 dwt comprises around 10,000 vessels, with a total carrying capacity of close to 800 mdwt. Capesize vessels transport mainly iron ore and coal, Panamax vessels transport coal, grain and various commodities while smaller vessels transport a wider range of commodities. Iron ore and met coal are input factors for production of steel, thermal coal is primarily used for electricity production, and grain and other agri products are used for food or for feed.

As one of the world's largest publicly listed owners and managers of dry bulk vessels, Golden Ocean recognizes its leadership position in the industry and the global responsibility that comes with it. With this in consideration, Golden Ocean introduces its Corporate Social Responsibility ("CSR") Report. The report details Golden Ocean's strategic and managerial approach towards more sustainable business practices and commercial operations beyond financial gains. The primary aim of this report is to address shareholder and stakeholder concerns, including transparent corporate governance, environmental impact assessment and control and crew safety among others, whilst simultaneously highlighting the measures Golden Ocean has taken to implement sustainable practices.

Throughout this report, unless the context otherwise requires, "Golden Ocean," the "Company," "we," "us," and "our" refer to Golden Ocean Group Limited.



Corporate Social Responsibility Policy



Our CSR policy (the “Policy”) has been shaped by many factors, of which several are natural consequences of the industry we operate in, while others are more intrinsically a reflection of Golden Ocean’s own values.

As a result, the Policy takes a dynamic layered form, as described further in this report.

International Conventions, Laws & Regulations

Shipping is a heavily regulated industry, and Golden Ocean strives to comply with all industry standards, including international conventions, national, state and local laws and regulations in force in the countries in which our vessels or subsidiaries may operate.

Governmental/Quasi Governmental & Private

We also strive to comply with the standards of a variety of governmental, quasi governmental and private organizations, including local port authorities, national authorities, harbor masters or equivalents, classifications societies, flag state administrations and charterers.



Securities Exchange Act Including SOX

Our public listing on NASDAQ binds us to comply with the legal requirements promulgated under the Securities Exchange Act of 1934, as amended, and the expanded requirements of the Sarbanes–Oxley Act of 2002ⁱⁱⁱ more commonly known as SOX. Golden Ocean also has a secondary listing on the Oslo Stock Exchange and also complies with the listing requirements of the Oslo Stock Exchange.

The Code of Conduct

At the core of the Policy is our [Corporate Code of Business Ethics and Conduct](#) (the “Code of Conduct”), which applies to all entities controlled by us and all of our employees, directors, officers and agents.

Golden Ocean believes that commitment to honesty, ethical conduct and integrity is a valuable asset that builds trust with our customers, suppliers, employees, shareholders and the communities in which we operate. We have developed our Code of Conduct to formalize this commitment. The Code of Conduct has also been designed to deter wrongdoing and to promote honest and ethical conduct even when conflict of interest exists.

The Code of Conduct illustrates Golden Ocean’s requirements and expectations relating to: Compliance with Laws and Regulations, Honest and Fair Dealing, Conflict of Interest and Corporate Opportunity, Anticorruption, Confidentiality and Privacy, Proper use of Company assets, Antidiscrimination and Harassment and Integrity of corporate records. The Code of Conduct specifies how a violation of any of those standards is managed. The Code of Conduct obliges employees who observe or become aware of a situation they believe to be in violation of the Code of Conduct to promptly notify their manager.



In order to facilitate reports of wrongdoing, procedures under which good faith complaints regarding business and accounting matters may be reported have been

established.

The Company’s [“Whistle Blowing” program](#) allows employees to confidentially and anonymously submit concerns without fear of retaliation.

Golden Ocean & its Employees

Human Rights / Work Environment

Golden Ocean through its employment policy follows and enforces the principles outlined in the United Nations Universal Declaration of Human Rights.

It is of utmost importance to Golden Ocean that all of the Company's employees receive fair and equal treatment irrespective of race, gender, color, religion, age, sexual orientation, marital status, national origin, disability, ancestry, political opinion or any other basis prohibited by the laws that govern its operations. Golden Ocean strictly prohibits discrimination or harassment in any way or fashion. Harassment includes any conduct likely to cause offense or humiliation to an individual or that might, on credible grounds, be perceived by a reasonable person to place a condition on employment or on any opportunity for training or promotion.

Golden Ocean advocates fair competition and equal opportunities for all its current and future employees.

Onshore Employees

We believe in having a focused and transparent business model.

Our offices in Oslo and Singapore operate with lean and effective teams, primarily divided into the following three departments:

- Chartering
- Operations and bunkering
- Finance and accounting

Each department has a manager who functions as a direct link to senior management. Senior management directly or by way of a designated supervisor ensures that all internal controls practices are followed, including:

- Our [Code of Conduct](#)
- [Whistle Blower](#) Policies
- SOX Controls
- Delegation of Responsibilities & Authority

With the lean set-up of the Company, all employees work closely together on an everyday basis. Therefore, cooperation and open lines of communication amongst employees function as cornerstones for a good working environment. Any signs of group dynamics and cohesion are paid close attention to. The Company values the input and insights its employees have to offer and strives to foster an environment where open dialogue can thrive and employees feel comfortable voicing their concerns.

Management makes a conscious effort to be accessible and responsive to employee needs. Additional measures are also taken on a more general basis in order to gauge the environment.

Yearly surveys are sent out to employees for them to fill out anonymously, which cover relevant topics surrounding the theme of work environment and work life satisfaction.

Golden Ocean aims to offer competitive salary amongst industry rivals and maintains a flexible position regarding schedules and daily work routines in order to ensure employee satisfaction.

Offshore Employees

All of Golden Ocean's offshore staff is employed via leading ship management companies. We aim to provide secure and professionally fulfilling careers for all our offshore employees.

The Company recognizes crew as one of the most important contributors in our daily operations and has high standards when outsourcing to technical managers. All our managers support the continuing education, competence building and career development of our seafarers.

Moreover all offshore staff is employed in compliance with ITF (International Transport Workers Federation) and MLC (The Maritime Labour Convention) to ensure all employees receive a proper salary and protection by law.

Safety at Sea

The working conditions and safety of our employed seafarers are of great importance at Golden Ocean. Our Code of Conduct extends to our off-shore employees, ensuring that their work environment is up to standard and that all employees are treated with dignity and respect. Moreover, we strictly believe that a safe working environment is critical to a company's success and reputation, and we are committed to comply with all safety regulations to the best of our abilities.

The International Maritime Organization (“IMO”) ^{iv} has rigorous regulations when it comes to safety onboard and has recently strengthened requirements under the International Management Code for the Safe Operation of Ships and for Pollution Prevention (“ISM Code”) promulgated under SOLAS. The ISM Code requires that the party with operational control of a vessel develop an extensive safety management system. It is our technical managers' duty to be fully compliant with all applicable safety conventions. Technical managers are regularly supervised and formally audited annually in order to ensure compliance.

SOLAS: Is the International Convention for the Safety of Life at Sea (SOLAS) which requires flag states to guarantee that ships flagged by them comply with minimum safety standards in regards to construction, equipment and operation. It is easily considered as the most important of all international treaties concerning the safety of merchant ships

Golden Ocean contracts various services from subsidiaries of Frontline Ltd., including Frontline Management Ltd. (Bermuda) (“Frontline Management”), which includes technical supervision and administrative services. In turn, Frontline Management outsources the crewing and technical operation to leading ship management companies. Frontline Management retains oversight to ensure that these third party service providers comply with all applicable rules and regulations.



All our third party technical managers are ISO 9001 and OHSAS 18001 certified to ensure that safety standards onboard are kept up in a compatible manner.

ISO 9001 & OHSAS 18001 are compatible standards that facilitate the integration of health and safety management systems.

We take the safety of our crew very seriously, and all accidents and incidents on our vessels are carefully documented by our ship managers and later consolidated and reevaluated by a reliable third party, SeaTec ^v Safety. The objective of such careful documentation is threefold: firstly, to provide a measure of effectiveness of the safety management systems in place by our appointed ship managers; secondly, to facilitate comparison of the safety performance to industry average (Intertanko); lastly, to coordinate practices and policies to reduce the frequency of injuries to seafarers.

Accident Analysis Report

SeaTec Safety provides Golden Ocean with detailed analysis of accidents and incidents for the entire fleet in accordance with the OCIMF guidelines on Lost Time Injuries (LTIs) and Total Recordable Cases and Frequency (TRC and TRCF). The figures are reported as total number of incidents per million man hours. We use these reports to identify the root causes of these reported incidents and as a tool for future improvement of our safety policy. Proactive measures are taken to ensure that all accidents, incidents and near misses are reported and to encourage our crew to report these with no hesitation and with support of their managers.

Safety Incentives

With the intention of fulfilling our commitment to improving incident reporting, communication channels and overall crew safety, Golden Ocean and Frontline Management have created a partnership with media mentor Blå ^{vi}. Our Technical Management team along with Blå, have created a programme focused on Quality and Safety. The main purpose of the programme is to show crew and officers the important role the human factor and team work play in raising safety standards. Regardless of ranking or role we must all work together to improve safety standards. The programme sets focus on the human aspect and seeks to give a voice to the crew.

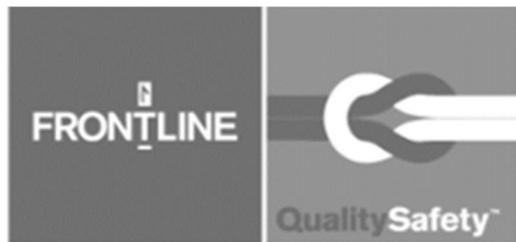
The programme is based on the Maritime Crew Resource Management (MCRM) principles.



Our partner Blå was one of the first companies to obtain certification to conduct MCRM training. All of our crew have the responsibility to complete a course in MCRM training.

MCRM stands for Maritime Crew Resource Management. The method provides an effective way for reducing risk and preventing accidents. The IMO has made it mandatory for seafarers to receive training in the MCRM method.

The programme seeks to instill positive attitudes and strong work practices amongst our crew members. The end goal is for crew members to apply the MCRM-method in everything they do. All parties involved should understand that “Safety is not something they have, but that it is something they must create every day.” Our policy is to ensure that the human factor in safety is always taken into consideration. Therefore, our primary focus is on learning and keeping open communication lines.

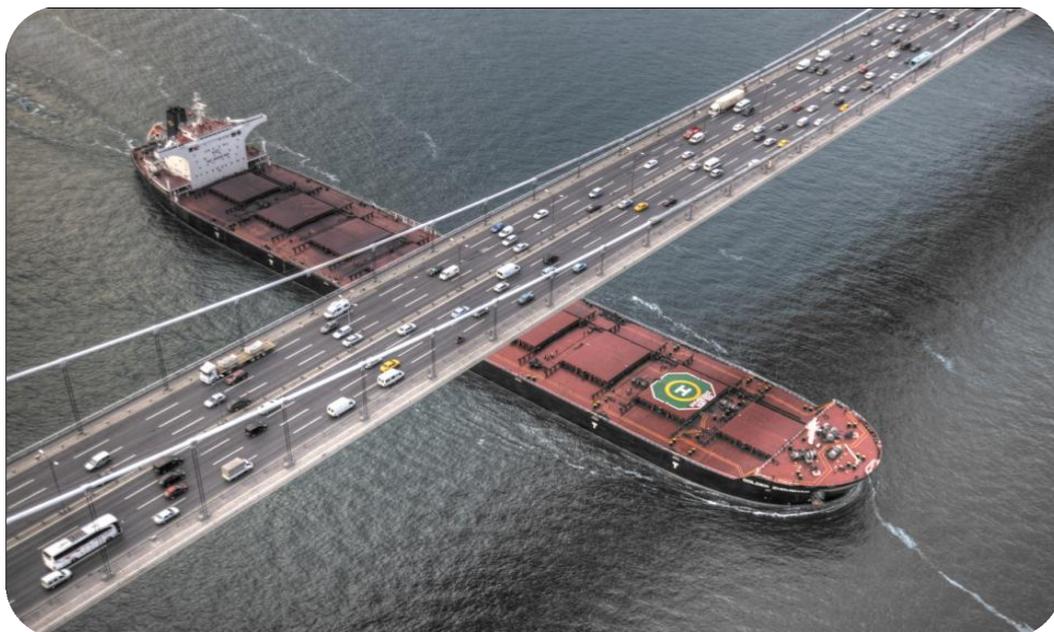


Reaching Our Safety Goals

In order to ensure we achieve our safety goals, we believe in taking a hands-on approach to augment the MCRM training our crew has received. With the intention of reinforcing learning and open dialogue, additional programs and conventions have been established.

Blå has produced and makes readily available a series of training materials on the MCRM method as a tool to ensure safe and efficient operations. These include: booklets, films, safety conferences and training for officers, workbooks, safety coach training, newsletters and interactive learning programs. *Each vessel has been equipped with its own Safety Toolbox containing relevant safety training material. Officers and Captains have the responsibility to assemble crew members once a month to review topics from the Safety Toolbox as part of a continuous onboard training.*

Our technical managers and Operations Department actively participate in Crew and Safety Conventions twice a year. Our operators and technical managers conduct seminars and engage in open dialogue with crew members with the aim of answering questions and addressing concerns. We believe that good relationships and honesty are crucial when it comes to reaching our safety goals.



Golden Ocean and the Environment

The shipping industry is governed by a global and uniform regulatory framework. This framework, created by the IMO, has significantly contributed to lessening the industry’s impact on the environment by enforcing the adoption of certain technical and operational measures to reduce the industry’s impact on the environment. One of the basic frameworks of the IMO has been the International Convention for the Prevention of Pollution from Ships, or MARPOL. Since its ratification in 1973, MARPOL has undergone numerous amendments, continuously expanding its framework to require increasing compliance from the shipping industry.

MARPOL is The International Convention for the Prevention of Pollution from Ships



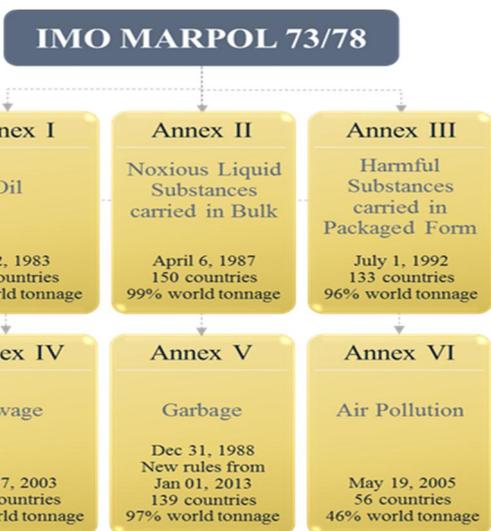
MARPOL 73/78 ratifying states

At Golden Ocean, it is our belief that the heightened levels of environmental and quality concerns will remain and continue to intensify, leading to greater inspection and safety requirements on all vessels. We make every effort to ensure that our vessels and practices are up to date with the current industry standards, laws and regulations, and believe our good standing can become a competitive advantage for Golden Ocean.

With an average age of approximately four years, Golden Ocean controls one of the youngest and most modern dry bulk fleets in the industry. A large portion of our fleet is compliant with the new Energy Efficiency Design Index (EEDI) ^{vii} for new ships established by the IMO. We believe that the modernity of our fleet has intrinsically mitigated many of our mechanical, technical and environmental risks. In addition, following the amendments made to the MARPOL Convention (Annex VI), we have taken measures to improve our general Ship Energy Efficiency in order to solidify our commitment to the continuous improvement of vessel operations.

	2017*	2016	2015
Number of ships	77	57	51
Owned	66	46	40
Capital Lease	1	1	1
Operating Lease - SFIL	8	8	8
Joint Venture	1	1	1
Operating lease	1	1	1
	77	57	51
Age range 0 - 5	45	36	34
Age range 5 -10	32	21	17
	77	57	51
Age range 0 - 5	58%	63%	67%
Age range 5 -10	42%	37%	33%
Average fleet age	4.36	3.40	2.57

* Estimated year-end; includes pro forma Quintana fleet



Our fleet managers have processes in place to ensure compliance with environmental protection obligations on board. All our managers are ISO 14001 certified and strictly follow ISM Code requirements to make sure environmental compliance is reinforced and addressed. On that basis, the crew manning our vessels is properly trained in regard to the equipment they operate and are aware of their reporting obligations in regards to compliance.

In-class Certification

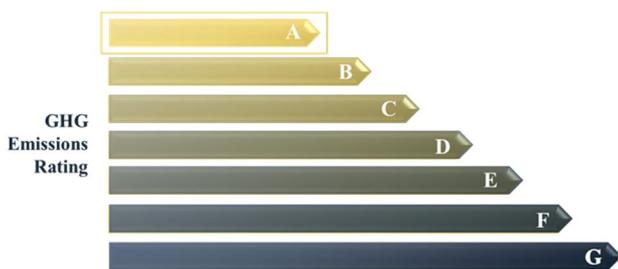
All our vessels are certified as being “in-class” by recognized classification societies.

This signifies that a vessel has been built and maintained in accordance with the rules of a classification society and complies with applicable rules and regulations of the vessel’s country of registry and of the international conventions of which that country is a member.

In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

RightShip

Our fleet has also been rated and approved by RightShip^{viii}. RightShip is an organization that has developed a Quality Index (QI) which builds on a previously existing comprehensive Ship Vetting Information System, which manages marine risk. QI analyzes vessels by name and IMO number and uses an algorithm to evaluate over 50 risk factors. These risk factors are then represented as a ‘score’ which determine the vessel’s overall star rating, which ranges from one star (highest risk) to five stars (lowest risk) relative to sister ships. The average is 3 stars. Our fleet has scored an average of 3.80 stars at the start of 2017.

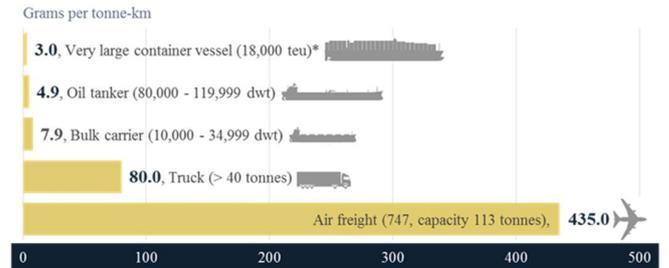


RightShip also performs an environmental evaluation which calculates Green House Gas (GHG) emissions and compares the relative efficiency of vessels that are of a similar size and type. Any interested party may review our vessels’ ratings using the RightShip website by name or IMO number (<http://site.rightship.com/>).

CO2 efficiency

The shipping industry is the most carbon efficient mode of commercial transportation when calculated in grams per tonne-km.

Comparison of typical CO₂ Emissions Between Modes of Transport



Source: IMO GHG Study, 2009 (*AP Moller-Maersk, 2014)

In a world where an estimated 90% of all goods are transported via ship, GHG emissions of vessels receive great interest from environmental groups. Despite the relative efficiency of seaborne transport compared to other transportation modes, the IMO works arduously to constantly reduce emissions. With the ratification of the amendment to MARPOL Annex VI, which entered into force January 2013, the IMO has set very clear goals on GHG reductions and seeks to reduce emission by 50% by 2050.

CO2 emissions are directly linked to marine fuel consumption. We therefore evaluate our CO2 emission controls by focusing on vessel fuel efficiency and voyage efficiency/optimization. In doing so, we abide by the guidelines established by the IMO’s Ship Energy Efficiency Management Plan.

IMO Agreement On Technical Regulations Will Reduce Ships’ CO₂



Golden Ocean maintains a young, modern fleet, ensuring that average emissions are kept low due to technical efficiencies. Our Chartering, Operations and Bunkering departments work closely together to optimize vessel routing and speed in order to increase voyage efficiency. These departments also closely interact with our Technical department, which actively tests innovative ship energy management technologies with the purpose of further improving energy efficiency. Incentives to optimize and reduce fuel consumption are significant in the shipping industry.

Recycling

Golden Ocean currently has a young fleet. Its oldest vessel is built in 2008. Recycling of vessels is therefore not relevant in the near future. However, in the event that Golden Ocean should recycle vessels in the future we expect this will be done in accordance with the Hong Kong Convention.

Other pollutants and objectives

The quality of a fleet plays a significant role in reducing pollutants. Golden Ocean takes part in other forms of environmental management to minimize the Company's effect on the environment as a whole.

SO_x

The burning of fossil fuels releases Sulphur oxides (SO_x) into the air, which can result in various negative health and environmental impacts. Sulphur Emission Control Areas - the Baltic and North Seas - began to enforce limits on Sulphur emissions to 0.10% in January 2015. In October 2016, the IMO affirmed a new regulation mandating that the global limits on Sulphur emissions are to be decreased to 0.50% from 3.50% by 2020, with the possibility to delay this deadline to 2025 depending on the availability of fuels. In order to be compliant with the new regulation, vessels either need to install scrubbers, or run on bunker fuel with lower Sulphur content. Golden Ocean is currently evaluating various ways to decrease the Sulphur emissions of its vessels.

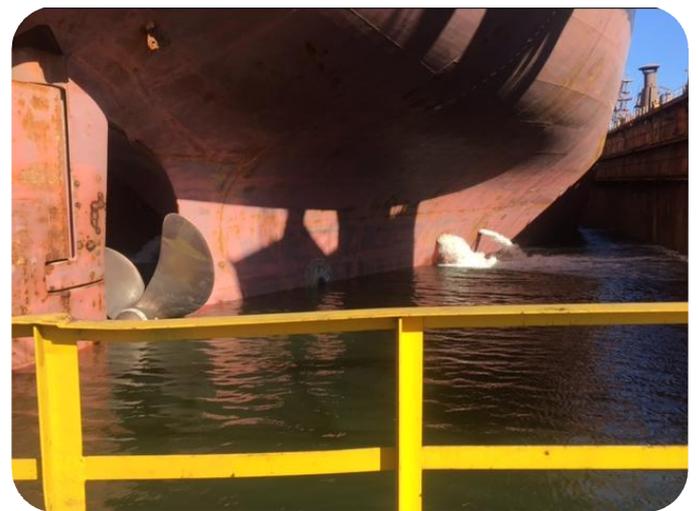
Ballast water

Water has been used to stabilize vessels at sea since the introduction of steel-hulled vessels over 100 years ago. Ballast water pumped into the hull of a vessel can contain thousands of aquatic microbes, algae and other forms of life which are then disposed of into ecosystems where they are not natively found. This can have devastating consequences for local ecosystems as foreign hosts may establish a new reproductive population in the local environment.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments ("BWM Convention") is set to enter into force on September 8, 2017. Golden Ocean plans to install BWM treatment systems during the course of its vessels' ordinary dry docking schedules.

The BWM Convention requires all vessels to implement a ballast water management system that is approved by national authorities.

Ahead of the ratification of the BWM Convention, Golden Ocean proactively took measures to insure compliance. All of our vessels have been constructed in a way that allows for installation of ballast water treatments. Moreover, we are proud to announce that all of our vessels constructed from 2014 onwards are already equipped with ballast water treatment systems.



ⁱ Quintana fleet; on March 14, 2017 entered into an agreement with Quintana Shipping to acquire fourteen vessels.

ⁱⁱ Hemen fleet; Hemen Holding is a Cyprus holding company and primary shareholder in Golden Ocean Group Ltd. deemed to beneficially own 42,2 % as of release of 2016 20F. In March 14, 2017, we entered into an agreement to acquire two vessels from Hemen Holding.

ⁱⁱⁱ Sarbanes Oxley Act Of 2002; The new Golden Ocean became officially compliant with SOX accounting regulations from the time the merger was completed March 31 ,2015

^{iv} International Maritime Organization (IMO); Specialized agency with responsibility for the safety and security of shipping.

^v Seatec Safety; Originally formed in 1987 as Acomarit Consulting to provide ship inspection and superintendence services.
<http://seatec-services.com>

^{vi} Blaa; Media mentor <http://www.blaa.com>

^{vii} Energy Efficient Design Index; Formula developed by the IMO and supported by governments to calculate the energy effectiveness of vessels of various types.

^{viii} RightShip; <http://site.rightship.com>

Documents available for download:

- [Code of Business Ethics and Conduct](#)
- [Audit Committee Charter](#)
- [Complaints Procedure](#)
- [Annual Report on Form 20-F](#)

Disclaimer

This Corporate Social Responsibility Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. All statements other than statements of historical fact, including without limitation, those with respect to the Company's goals, plans, expectations and strategies set forth herein are forward-looking statements. You can identify forward-looking statements by words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "targets," "projects," "likely," "will," "would," "could" or other similar expressions. Forward-looking statements represent the Company's management's current expectations and are inherently uncertain. For a detailed discussion of cautionary statements that may affect the Company's future results of operations and financial results, please refer to the Company's filings with the U.S. Securities and Exchange Commission, including the Company's most recent Annual Report on Form 20-F. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made. Except to the extent required by applicable law or regulation, the Company undertakes no obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this report

"Data in this report, unless otherwise mentioned, are from 23.05.2017".