



ULSTEIN®

SUSTAINABILITY REPORT 2018



SUSTAINABLE
DEVELOPMENT GOALS



VISION

Ulstein's vision is to create tomorrow's solutions for sustainable marine operations. We care for the environment and the society we are a part of, and sustainable growth is at the core of what we do. We have been around for 100 years, and we aim to keep going for generations to come.



Innovation

Innovation is at our core. Through future-oriented products and services, we contribute to the competitiveness of our customers.



Expertise

Expertise is essential for success. Through expanding the expertise we have acquired during more than a century, we safeguard the quality and reliability of our deliveries.



Quality

Quality is key to long-term competitiveness. Reliability and thoroughness in every step of the process from idea to delivery ensure lasting returns for our customers.



Added value

Through our dedication to innovation and expertise and our commitment to quality, we give our customers added value.

NOTE FROM THE CEO

Ulstein Group ASA supports the Sustainable Development Goals, and is committed to making the prioritised SDGs part of the strategy, culture and operation of our company. With this COP we express our intent to advance these SDGs within our sphere of influence.

Gunvor Ulstein
CEO Ulstein Group ASA

SIX PRIORITY GOALS

Ulstein's activities are focused on ship designs and solutions, shipbuilding, marine systems and products. In addition we have ownership interests in some vessels.

Shipbuilding

Several of the Sustainable Development Goals (SDGs) are highly relevant to the Shipbuilding area, due to the nature of the work carried out. Ulstein can make a difference when it comes to the impact of our activities, and this reflects our priority of goals.

Ship design

The design and solutions business area holds the key to the development of the future fleet of ships and their effect on the environment. We can make a change by working to improve our designs and the ships' performance, and this has further influenced our priority of goals.

Innovation

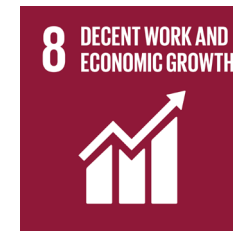
R&D is paramount for the continued development of Ulstein Group's product and service portfolios. Several of our companies participate in, and initiate projects within research, innovation and competence building. We develop our activities in areas that provide added value for our customers. Life-long learning for our employees comes as a natural consequence.

International standards

Ulstein is a global player, and is active in our work against corruption, inequality and discrimination. Partnerships and the joint effort to take care of the natural environment are important to our business. We continuously follow up that our Code of Conduct, international law, rules and regulations are adhered to.

Six priority goals

Due to our key focus areas, and the areas where we have identified the possibilities to make a major change, we have decided to focus on six priority goals.



EQUALITY

WE DO NOT ACCEPT ANY KIND OF DISCRIMINATION

Equal rights to education and work

The purpose of the Norwegian Anti-discrimination Act is to promote equality, secure equal opportunities and rights and prevent discrimination. Ulstein is focused and systematic in promoting the purpose of the law within our operations. Activities include recruitment, wages and working conditions, career and development opportunities and protection against harassment.

Our statement of Human Value: All members of Ulstein have the same value. No discrimination of any kind is acceptable. It would be desirable to have a higher percentage of women, particularly within middle management and technical disciplines. We have established processes for career development and life-time training.

Measuring: Equal pay for equal work. Employees undergoing further coursing and education. Percentage of women working full time. Increased overall percentage of female workers (22% female workers in 2017). Increased percentage of female workers in middle management. Keep same level of women in the group management and group board, in 2017 approx. 50% in both.

Social responsibility

Ulstein supports families and communities in becoming self-sustainable, so they can provide for their children in the future. Ulstein is a long-time supporter of SOS Children's Villages. In 2018, we supported their Family Strengthening program in Lubango, Angola with NOK 250,000.

Measuring: Reports by SOS Children's Villages.

Business-school cooperation

We participate in a school-company-community educational program. This includes company visits from schools, guest lectures and lecturers from our company to schools on regular basis and on request. We are hiring apprentices and TAF (technical general education) students and trainees. It is very important for the further development of Ulstein Group that more young individuals choose vocational and higher education within the group's core areas. We are engaged in projects for long-term recruitment targeted to get more young people to choose vocational studies and higher education within the group's core areas, including to increase the percentage of females in these core areas.

Measuring: Numbers of involvements for educational purposes, presentations and visits to/from schools, number of apprentices, TAF students, company trainees, bachelor/master/doctor theses.



DECENT WORK

LABOUR RIGHTS AND SAFE WORK CONDITIONS

Increase economic productivity

Achieve higher levels of economic productivity through our overall strategy of achieving sustainable growth and promoting our international position through dedicated innovation processes and respect for diversity.

Measuring: Group overall result. Percentage of R&D expenses in group expenses.

Labour rights

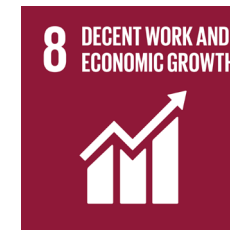
Ethical procurement, sales and project management. We disapprove of all forms of corruption. Implementation through Ulstein Code of Conduct. Ethical guidelines. Personnel handbook.

Measuring: Zero tolerance, continuously monitoring through audits of sub-contractors.

Safe and secure work conditions

An overall goal is secure work conditions in vessels designed by Ulstein, followed up by design innovations, and in our companies. We have a forum for collective bargaining and a Corporate Committee. All employees are entitled to medical insurance, we have an Inclusive Worklife (IA) agreement, Occupational Health Service, an HSE annual report and action plan, and emergency response and crisis support from the Norwegian Seamen's Church.

Measuring: Design vessels to be safe and reliant. The X-BOW and X-STERN reduce green sea and secure undisturbed rest for the crew, while Ulstein Blue Box analyses can improve quality in operations. Onshore activities: Sickness rate for Ulstein Group below 4.5%. The voluntary employee turnover below 7 %. Implemented feedback system in all companies. Increase feedback on unwanted incidents and HSE observations. Reduce risk of injuries by increased percentage of Skype/phone meetings.



INNOVATION

PROVIDE ADDED VALUE FOR THE CUSTOMER

Research & Development

Innovation involves the realisation and capitalisation of inventions. Research and development (R&D) is paramount for the continued development of Ulstein Group's product and service portfolios. Several of Ulstein Group's companies participate in, and initiate projects within research, innovation and competence building, partly financed by Norwegian government authorities through organisations such as NFR, NAV and Innovation Norway. Ulstein Group develops its activities in areas that provide added value for the customer.

Measuring: Investing in R&D activities which lead to the development of a prototype. Participate in and initiate projects within research, innovation and competence building. Annual R&D investments and activities. Ulstein Group defines R&D as the process up to, and including, the development of a prototype. Based on this definition, Ulstein Group had NOK 232.0 million in R&D expenses in 2017, of which NOK 8.2 million (3.5 %) was government supported, 2018 numbers not summed up at time of this report.

Increased efficiency in our vessel designs and product development

When designing a ship or developing a product, we keep in mind their life cycle environmental impact. Any product will have an impact when being produced, when being in use, and when taken out of use. We keep updated on new environmental standards and safety regulations. Ulstein Blue Box enables ship owners to analyze big data in order to reduce e.g. fuel consumption.

Measuring: Reduced fuel consumption/increased efficiency in comparable vessels and products. In 2018, a shipowner reported 10% fuel reduction by analysing ship data with Ulstein Blue Box, and the ship owner has thus ordered two more Blue Box systems.

Support scientific research

Ulstein is financially supporting professorates and cooperates with higher educational institutions in master theses and PhD work.

Measuring: Included in and monitored through the overall R&D expenses.



SUSTAINABLE CONSUMPTION

RESPONSIBILITY, WASTE REDUCTION AND ENERGY MANAGEMENT

Waste management

Our Shipbuilding area is working to reduce waste and increase recycling through a revised waste management plan (2018). This includes the production area, as well as all offices and canteens in the Ulstein companies in Ulsteinvik, and will be followed up by employee training.

Measuring: The waste from the Shipbuilding area is sorted in 24 different fractions. 76% of the waste is recycled, of this is 40% energy recycling and 36% material recycling. 24% was deposited. The waste management plan aims to increase the percentage of material recycled waste. 22% of the waste is sandblasting sand, a type of waste which cannot currently be recycled. Potential reuse or reduction of use of this sand will minimise waste from the Shipbuilding area.

Responsible, low-consumption energy management at our sites

Our Shipbuilding area is currently investing in several energy efficiency and energy reduction efforts through an Energy Management plan.

Measuring: 18% annual reduction in energy consumption Shipbuilding area in 2020, compared to 2014.

Increased efficiency and alternative energy management in ships and products

Holistic design thinking. Implementing alternative energy sources and methods of storing and transferring energy through battery and capacitor technologies. Using low power and high efficiency solutions in ship designs and product development. Keep updated on new environmental standards and safety regulations.

Measuring: Reduced fuel consumption and increased efficiency in vessels and products. Increased number of vessels with heat recovery systems and hybrid, battery or alternative fuel systems. Currently constructing the world's largest plug-in hybrid RoPax vessel.

Quality, Energy and Environmental Management

Improve efficiency in consumption and production and endeavour to decouple economic growth from environmental pollution by ensuring that Ulstein keeps a high quality, energy and environmental standard. Three companies certified to Quality Management (ISO9001:2015), the most recent Ulstein Verft (2017) and Ulstein Belga Marine (2018).

Measuring: Annual revisions according to ISO9001:2015. Waste management and environmental management in the shipbuilding area reduce energy consumption and waste production and increase waste sorting.



LIFE BELOW WATER

REDUCED EMISSIONS

Reduced emissions to air and water - landbased activities

We work consistently to reduce emissions from the landbased activities. The waste management plan and our energy management efforts in our shipbuilding area will influence this. All vessel paint and other material are in accordance with international standards and regulations. All sea water from the yard's dock hall is cleansed through sludge separator (oil and debris) before returned to sea.

Measuring: An estimated reduction of CO2 emissions in the shipbuilding area of 1,114 tonnes from 2014 to 2020. Annual waste management reports.

Reduced emissions caused by vessels

Hybrid propulsion solutions, on-board waste management and onshore waste handling, ballast water treatment, comply to international environmental standards, environmentally conscious materials in product innovation and production, recording product substances used in production, analysis of vessel's big data to make ship owner able to reduce fuel.

Measuring: Vessel reporting. Big data analysis. High vessel score on the Environmental Ship Index (ESI), a World Ports Sustainability Program initiative.

Sustainable tourism

We design and build vessels for travelling and tourism. Our vessels comply to international environmental and safety standards and regulations. One of the main drivers is to minimise emissions.

Measuring: Efficiency and fuel consumption measurements conducted on built vessels to verify the calculation analyses, in order to improve the next generation of vessel designs. The Environmental aspect is an integrated part in Project Charters for Innovation projects. High vessel score on the ESI Index.



PARTNERSHIPS

WORKING TOGETHER TO MAKE CHANGE

Sustainable growth

Sustainable growth is a way to describe how companies can be competitive in the long run. That is not only based on the financial situation of the companies, but also includes the responsibility they take on for the community and the nature we all are part of.

Measuring: We cooperate with many companies such as educational and financial institutions, local and regional authorities, customers and suppliers, and classification societies. We can make a change through the demands we set when acquiring products, through our reduction of waste and waste handling, through energy management, through the development of designs and new ways of doing things. Innovation is key to advancing our industry. Measuring tools: Annual R&D expenses, annual group report, reporting to UN Global Compact.

Presentations and meetings

Throughout a year we meet stakeholders and other key partners at exhibitions, schools, meetings, and we hold presentations and speeches. We implement the Sustainable Development Goals in our presentation material, and educate our workers to follow up.

Measuring: Through our Code of Conduct and statement of Human Value, we are dedicated to follow up areas such as equality, environment, human rights, anti-corruption and labour rights, including in our presentations to schools, visitors and stakeholders. The presentations are part of our goal to influence our stakeholders to acquire knowledge and skills in sustainability and equality. Measuring tool: Presentations that include slides on e.g. sustainability and equality.

Cooperation

Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships by partnering up with organisations and associations who share a vision of safety and sustainability in the marine area.

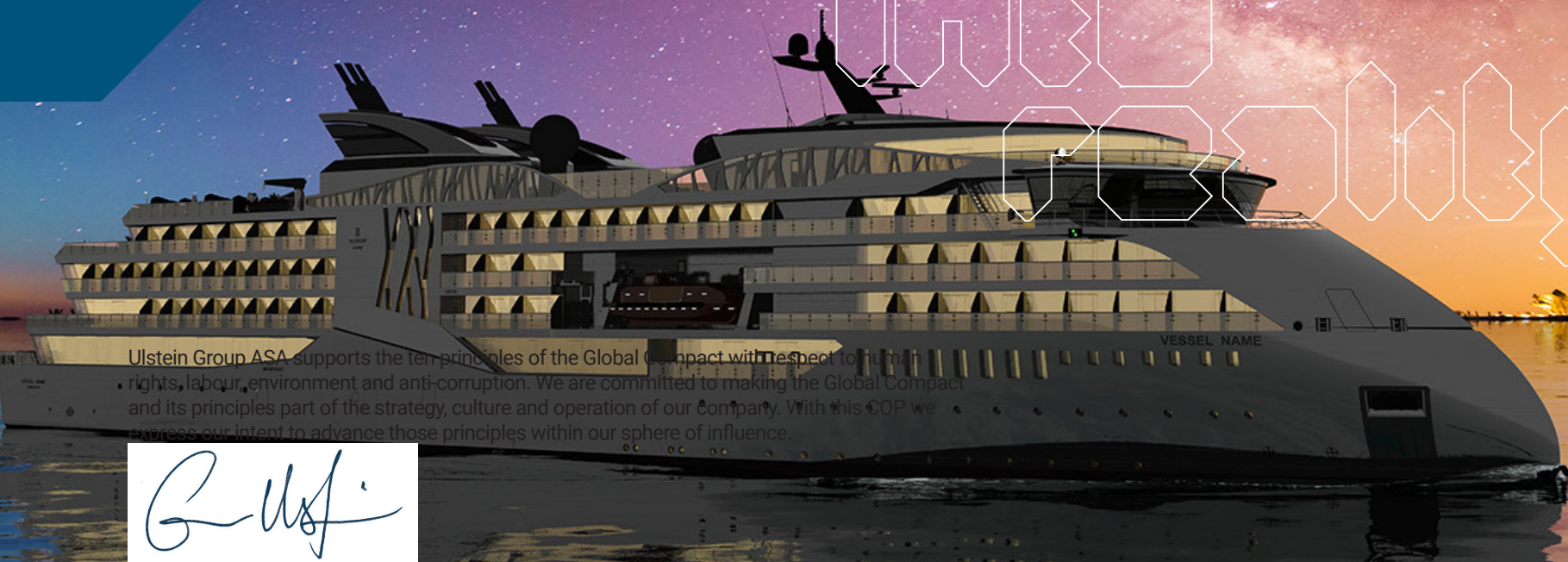
Measuring: Existing cooperation through years with marine organisations such as IMO, class societies, employer and employment associations, educational institutions, regional and national marine organisations, as well as suppliers, customers, financial institutions etc. A benefactor to the Norwegian Society for Sea Rescue through our financing of the major part of the rescue vessel 'RS Idar Ulstein'. Annual reporting of the SDGs.





ULSTEIN®

TURNING VISIONS INTO REALITY



Ulstein Group ASA supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. We are committed to making the Global Compact and its principles part of the strategy, culture and operation of our company. With this COP we express our intent to advance those principles within our sphere of influence.

Erling Ulstein
CEO Ulstein Group ASA

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ULSTEIN GROUP

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