



ULSTEIN®

# SUSTAINABILITY REPORT 2019

 SUSTAINABLE  
DEVELOPMENT GOALS





# SUPPORTING THE SDGS

Ulstein's vision is to create tomorrow's solutions for sustainable marine operations. Our 2019 Sustainability Report on the Sustainable Development Goals (SDGs) serves as our Communication on Progress (CoP) in terms of implementing the Ten Principles in the areas of human rights, labour, environment and anti-corruption.

## Human rights

All employees in Ulstein Group have equal value. No discrimination is accepted. We aspire to be a corporation that develops diversity and equality, being conscious to hire people with various backgrounds. For many years we have supported SOS Children's Villages Family Life Project in Angola to secure learning opportunities and build self-sustainable communities.

## Labour

Ulstein has a strong tradition to work for co-determination and to maintain good dialogues between management and trade unions. We are continuously working to ensure equal career opportunities. We inspire young females to choose specialisation within technical subjects.

## Environment

Stated in our HSE Policy, we will strive for all our activities and products to have low negative effect on the environment and work to comply with all relevant laws and regulations. We are involved in a wide range of actions, initiatives and projects that have positive impacts on the society and the environment. We are particularly focused on the eco footprint caused by the vessels we design and deliver.

## Anti-corruption

We are continuously working to comply with all laws and regulations. The Principles for Corporate Governance have been approved by the Group's Board of Directors. Our Code of Conduct states that Ulstein Group disapproves of all forms of corruption. Corruption undermines all kinds of business.

## NOTE FROM THE CEO

Ulstein Group ASA supports the Sustainable Development Goals. With this COP we express our intent to continue our work towards a sustainable future and commit to making the prioritised SDGs part of the strategy, culture and operation of our company.



Gunvor Ulstein  
CEO Ulstein Group ASA



## 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.

# SIX PRIORITY GOALS

Ulstein's activities are based on ship designs and solutions, shipbuilding, marine systems and products. Due to the nature of our business, we have identified six prioritised goals where we see the possibilities to make major changes.

We will continue our efforts in reducing the CO2 emissions caused by our land-based activities. We will put more focus ahead on finding solutions to reduce the CO2 emissions in vessels that have been designed or built by us, and work to develop greener solutions for new vessels.

## Ship design

The design and solutions business area holds the key to the development of the existing and future fleet of ships and their effect on the global environment. We can make a change by continuing to improve our designs and the ships' performance.

## Shipbuilding

Several of the 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 shipbuilding activities, particularly regarding energy consumption, waste reduction/reuse and waste handling.

## 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 actively working 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.



# 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 is that all employees in Ulstein have the same value. No discrimination of any kind is accepted. It would be desirable to have a higher percentage of women, particularly in middle management and technical disciplines, as we believe that increased diversity will enhance our competitiveness. We actively support career development and life-time training.

**Measuring:** Equal pay for equal work. Annual appraisal dialogue includes question of further coursing and education. Percentage of women working full time. The overall percentage of female workers has been reduced from 2018 to 2019 (down 1 per cent to 20 %), this is a situation we aim to reverse. Increase the percentage of female workers in middle management. Keep same level of women in the group management and group board - in 2019 40 % in group board, 60 % in group management. Annual management audit. Leader coaching and training.

### Social responsibility

The aim of our sponsorship activities is to contribute to the communities we are part of, to express our values 'to innovate, engage and advance' and to secure equality and non-discrimination. We are a long-time supporter of SOS Children's Villages, who are working for families and communities to become self-sustainable so they can provide for their children in the future. In 2019, we supported their Family Strengthening program in Lubango, Angola with NOK 250,000.

**Measuring:** Reports by SOS Children's Villages. Sponsorship agreements promoting equality.

### Business-school cooperation

We participate in a school-company-community educational programme. This includes school visits to our sites and Ulstein employees functioning as tutors at schools on regular basis and on request. We are hiring apprentices and TAF (technical general education) students and trainees. We are engaged in projects for long-term recruitment targeted to get more young people to choose education within the group's core areas, including to increase the percentage of females in these core areas.

**Measuring:** Annual fixed plan for school-company programme defines number of involvements for educational purposes, presentations and visits to/from schools. Number of apprentices and TAF students is increasing due to increased ship-building activity - 200 % increase in 2019 compared to 2018. Number of bachelor/master/doctor theses involvements. Professorate sponsoring.





---

# 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.

**Measuring:** Group overall result. Percentage of R&D expenses in group expenses - The past 5 years have been characterised by increased costs in adapting to new markets, customers and by developing new products.

### Labour rights

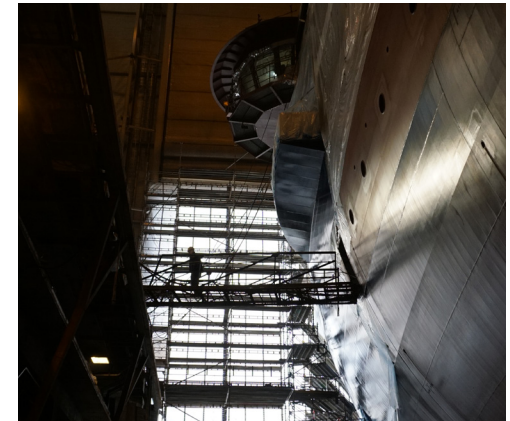
Ethical procurement, sales and project management. We disapprove of all forms of corruption. Implementation through Ulstein Code of Conduct. Ethical guidelines. Respect for diversity. Personnel handbook. We focus on continuous and thorough communication between unions and the management, with quarterly cooperative meetings.

**Measuring:** Continuous monitoring through audits of sub-contractors. Respect for diversity means that all are equal - this is included in annual training programmes for employees, hired personnel and sub-contractors.

### Safe and secure work conditions

An overall goal is safe work conditions in our companies and in vessels designed by Ulstein, the latter followed up by design innovations. 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. Annual mandatory HSE training for all working in the production area (own employees, hired personnel and sub-contractors), mandatory HSE training all project organisations and supervisors shipbuilding area.

**Measuring:** The X-BOW® and X-STERN™ reduce green sea and secure undisturbed rest for the crews and passengers, while Blue Box analyses can improve quality in operations. Onshore activities: Sickness rate goal for Ulstein Group to be below 4.5 % - as of Nov 2019, we were slightly above, a situation we aim to reverse. Carry out 5-day HSE training for safety delegates in hired-in companies. Implement feedback system in all companies. Increase feedback on unwanted incidents and HSE observations.





# 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 stakeholders.

**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 184.2 million in R&D expenses in 2018, of which NOK 5 million (2.7 %) was government supported, 2019 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. An ULSTEIN X-BOW® Platform Supply Vessel vessel has a power demand which is 7-8 % lower than the conventional bulbous bow vessel, resulting in reduced fuel consumption and emissions. Operating the ULSTEIN X-STERN™ towards weather requires 60 % less power than for a conventional, transom stern arranged vessel.

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. Blue Box enables ship owners to analyse big data in order to reduce e.g. fuel consumption.

**Measuring:** Reduced fuel consumption/increased efficiency in comparable vessels and products. Introduction of X-BOW® in cruise vessels. In 2019 we launched several fuel saving solutions, such as hydrogen and hybrid vessels. Number of sales of Blue Box, which enables ship owners to analyse ship data and consequently reduce fuel. Design vessels for the renewable energy markets and other sustainability-wise operations.

### Support scientific research

Ulstein is actively cooperating with higher educational institutions in areas such as professorates, master theses and PhD work. We financially support research programmes and projects such as MAROFF (Norwegian Research Council), OPEN-BRIDGE (AHO, Oslo), EDIS (NTNU, Ålesund / UCL), SIMOSYS (NTNU, Trondheim/MIT).

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





# SUSTAINABLE CONSUMPTION

## RESPONSIBILITY, WASTE REDUCTION AND ENERGY MANAGEMENT

### Waste management

In order to reduce strain on the environment, we first and foremost aim to reduce waste and initiate reuse, next in line is material recycling and energy recycling, while deposit is the last option. We are currently working to reduce waste and increase reuse and recycling in our companies at the Head Office in Ulsteinvik, including the Shipbuilding production area. This is followed up by employee training.

**Measuring:** Eliminate single-use plastic for eating/drinking purposes and reduce single-use items of other materials. Start sorting of plastic packaging, glass and tins in 2020 in our offices and/or canteens, consider sorting of food waste. The waste from the Shipbuilding area is sorted in 30 different fractions (2019), a 20 % increase in waste sorting since 2017; 74 % of the waste is sorted, 66 % of the waste is sent to recycling. Percentage of material recycled waste.

### Responsible, low-consumption energy management at our sites

Our Shipbuilding area has lately invested in several energy efficiency and energy reduction efforts through an Energy Management plan. Service level agreement: Remote control can reduce travelling.

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

In 2019, the energy consumption was higher compared to the previous year, caused by increased activity. But, due to the investments, we saved 19.8 % per production hour. Investments done in 2019, such as installation of LED lights as work lights will lead to further energy reductions. New compressor, installed 2019, will lead to a minimum of 20 % reduced energy consumption compared to the previous one.

### Increased efficiency and alternative energy management in ships and products

Most CO2 emissions caused by Ulstein come from vessels that we have designed or built. We aim to take a position in holistic design thinking and product development. Cooperation with suppliers in development process to implement alternative energy sources. Keep updated on new environmental standards and safety regulations.

**Measuring:** Reduced fuel consumption and increased efficiency in vessels and products. Smart solutions to reduce transport e.g. using one vessel instead of two. Increased number of vessels with eco-friendly solutions, e.g. heat recovery systems and hybrid, battery or alternative fuel systems.





---

# 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 separating (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 due to energy reduction investments - equal to approx. 920 diesel cars each driving 10,000 kms per year. Annual waste management reports. Increase in sorted waste fractions and waste sent to reuse or recycling.

### Reduced emissions caused by vessels

This is our main focus, starting from the early design process and meetings with customers. Alternative energy solutions, wise set-up of systems, development of basic and detail designs. 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. The X-BOW® and X-STERN™ are innovations that reduce fuel consumption and, thus, emissions.

**Measuring:** Percentage of vessels of our design or built which have eco-conscious solutions, particularly when it comes to hull shape (X-BOW®/X-STERN™), propulsion, and energy source. 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:** Meet-ups with customer in pre-design phase with focus on eco-friendly solutions. 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 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, the development of new sustainable ship designs and solutions. Innovation is key to advancing our industry. Measuring tools: Annual R&D expenses, annual group report, reporting to UN Global Compact.

### Presentations and meetings

Through the span of 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 through group updates, HSE training, internal presentations.

**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.

### 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, The Norwegian Maritime Authority, political authorities, NHO/Norsk Industri, other 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®**

# WORLD'S LARGEST PLUG-IN HYBRID VESSEL

The 'Color Hybrid' was delivered 2019. The vessel runs on battery power for 20 % of her journey, resulting in zero emissions.



**0**

**Life below water:**  
Zero emissions when battery powered



**5+**

**Decent work and economic growth:**  
Each work place in the shipbuilding industry creates more than five other workplaces.



**150+**

**Partnerships:**  
More than 150 suppliers were contracted for the 'Color Hybrid' deliveries.



**70 %**

**Innovation:**  
The Norwegian maritime cluster is strong and complete. Approx. 70 per cent of all suppliers to this project are Norway-based.



.....

## ULSTEIN GROUP

P.O. Box 158  
NO-6067 Ulsteinvik, Norway  
gr@ulstein.com  
Tel.: +47 7000 8000  
ulstein.com

