

# ESG Report 2020

## Sustainable Business



HÖEGH AUTOLINERS



# Statement from CEO



“Höegh Autoliners continues to support the ten principles of the Global Compact. We have incorporated this into how we work and behave and it is an integrated part of our culture. We aspire to create long-term value for our stakeholders and communities. ”

ANDREAS ENGER  
Chief Executive Officer

As a signatory to the UN Global Compact and patron of the UN Global Compact Action Platform for Sustainable Ocean Business, we are committed to conducting business in a safe, responsible and transparent manner. We have focused our efforts on four areas which define the approach we take to addressing our environmental, social and governance (ESG) responsibilities and form the four pillars of our sustainability framework.

- A responsible business partner
- Protecting life below sea
- Reducing our environmental footprint
- Creating a safe and inclusive place to grow

Being a signatory of the UN Global Compact reinforces our values and demonstrates our commitment to sustainable business and sets the framework for how we engage with our stakeholders.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to sharing this information with our stakeholders using our primary channels of communication.



# Our approach to sustainable business

Höegh Autoliners is committed to a business model where we support the growing world trade through sustainable service offerings. We aim to contribute to sustainable development by operating as a socially responsible shipping company; actively working to reduce social and environmental risks and leverage opportunities in our business operations.

As a patron of the UN Global Compact (UNGC) Action Platform for Sustainable Ocean Business, we are committed to conducting business in a safe, responsible and transparent manner. We have focused our sustainability activities in four main areas. They are Responsible Business Partner, Reducing Our Environmental Footprint, Creating a Safe and Inclusive Place To Grow and Protecting Life At Sea. Within each of these categories, we have identified several different projects and workstreams related to the Sustainability Development Goals (SDGs) and the ten principles of UNGC.

**RESPONSIBLE BUSINESS PARTNER**

**REDUCING OUR ENVIRONMENTAL FOOTPRINT**

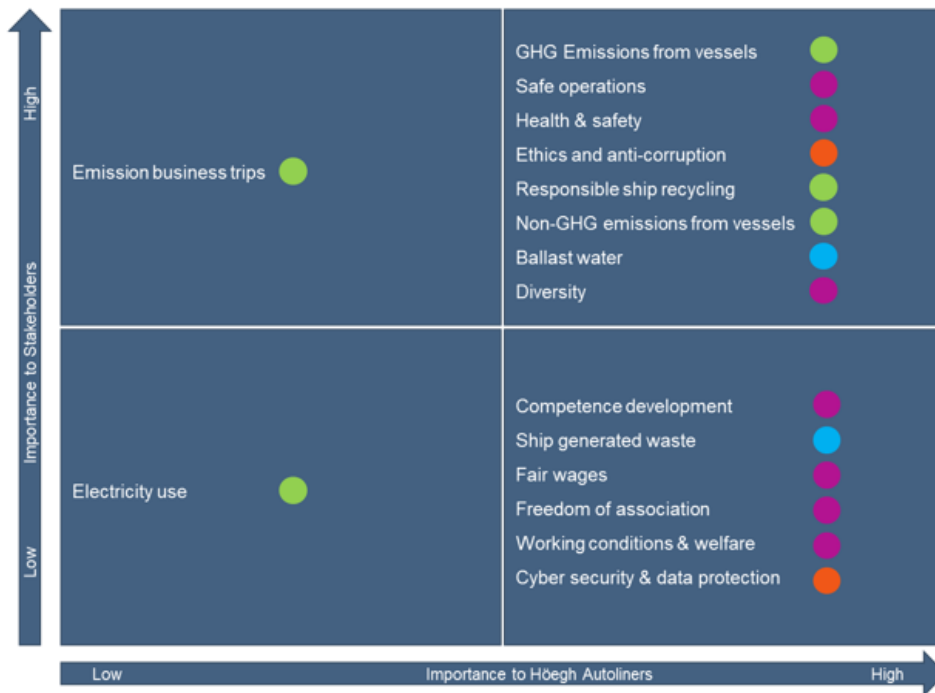
**CREATING A SAFE AND INCLUSIVE PLACE TO GROW**

**PROTECTING LIFE BELOW SEA**

# Results of Materiality Assessment

Our materiality assessment helps us understand the impacts that matter most to us and our stakeholders; how our business and related activities are perceived along our value chain. It further enables us to capture our impact across a range of non-financial parameters relevant to our business operations, helps us prioritize and defines our strategy going forward.

Items that are considered of high importance to both Høegh Autoliners and our stakeholders are presented in the materiality table below.



Item	Color	Focus area
Emission business trips	Green	Reducing our environmental footprint
Electricity use	Green	Reducing our environmental footprint
GHG Emissions from vessels	Green	Reducing our environmental footprint
Safe operations	Magenta	Creating a safe and inclusive place to grow
Health & safety	Magenta	Creating a safe and inclusive place to grow
Ethics and anti-corruption	Orange	Responsible business partner
Responsible ship recycling	Green	Reducing our environmental footprint
Non-GHG emissions from vessels	Green	Reducing our environmental footprint
Diversity	Magenta	Creating a safe and inclusive place to grow
Competence development	Magenta	Creating a safe and inclusive place to grow
Ballast water	Cyan	Protecting life below sea
Ship generated waste	Cyan	Protecting life below sea
Fair wages	Magenta	Creating a safe and inclusive place to grow
Freedom of association	Magenta	Creating a safe and inclusive place to grow
Working conditions & welfare	Magenta	Creating a safe and inclusive place to grow
Cyber security & data protection	Orange	Responsible business partner



# Reducing our environmental footprint

In Höegh Autoliners, we strongly believe in taking responsibility for the environment in which we operate by taking measures to minimise our impact on the environment.



## Emissions to air

Our main emission challenge as a shipping company is emissions to air. To meet this challenge, we commit to use only compliant fuel and focus our efforts on reducing our vessels' fuel consumption. Höegh Autoliners focuses both on ambitious fuel savings programs and on hull/machinery modifications.

## Vessel life cycle

The vessel in itself is the most important factor when we address the environmental impact of our services. Therefore, we continuously work to reduce the environmental impact through their lifetime from construction via operation to recycling.

## Design of new Vessels

One of the most effective ways of reducing our environmental footprint is to ensure that the vessel design take this into account from the keel and up. The New Horizon vessels have been designed with a focus on energy efficiency throughout the design process. The new vessels emit only half of the CO<sub>2</sub> per unit transported compared to a conventional car carrier.

## Modification of existing vessels

Existing vessels can be modified to reduce their impact on the environment. Höegh Autoliners has deployed an extensive program to identify such modifications. Several vessels have received new bulbous bows that significantly reduce water resistance. We have furthermore optimised the propellers on many vessels, to obtain better energy efficiency. All our vessels are also subject to regular hull cleaning and propeller polishing to reduce drag and improve energy efficiency.

## Green recycling

With a dedication to environment, health and safety, it is in line with our business model to end the service of our old vessels in a manner that is safe to both humans and the environment.

Our commitment to green and responsible recycling of vessels is based on the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships that was adopted by the International Maritime Organization (IMO) in 2009. When we decide to take older vessels out of service, they are dismantled under strict requirements in approved shipyard facilities. This ensures that the vessel is recycled in a safe and environmentally friendly manner under controlled conditions.

## A reduction of our emissions



Average emission in 2020:

**26.9g**

CO<sub>2</sub> per tonne and km



Reduction in CO<sub>2</sub> emission by

**38%**

\* EEOI from 2008 to 2020

# Protecting life below sea

Protecting life below sea is a priority for Höegh Autoliners. We actively work to reduce over board emissions to protect the ocean's biodiversity and ecosystems.



Overboard emission management and compliance is key to minimising the spread of invasive species and is a crucial safeguard against marine pollution.

## Ballast Water Treatment System (BWTS)

With a goal to be at the forefront of environmental protection at sea, minimising the spread of invasive species through ballast water is essential for Höegh Autoliners. Ballast Water Treatment Systems (BWTS) have been incorporated in the company's new shipbuilding (Newbuilding) projects since 2014, minimising the risk of spreading harmful organisms between ocean regions. Only BWTS with the highest rating, and certified by both the IMO and USCG are selected for the Höegh Autoliners vessels.

In 2017, well ahead of the IMO rules entering into force, Höegh Autoliners started retrofitting BWTS on board existing vessels (built before 2014). At the end of 2020, thirty (30) vessels have BWTS installed on board, with the remaining installations following the dry-docking schedule for each of the vessels.

Until we have a BWT system implemented on all vessels, Höegh Autoliners will continue to apply strict ballast water management, where we only do ballast water exchange in approved deep sea areas to minimise environmental impact.

## Sludge and Bilge Water

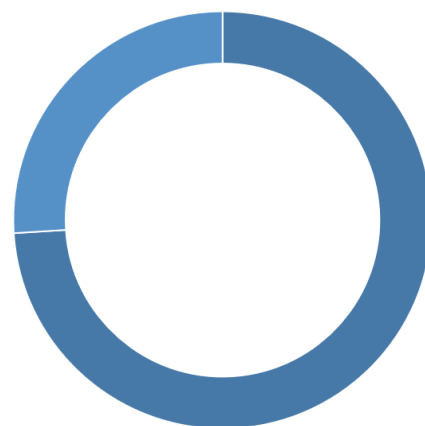
In our aim to protect life below sea, we also work to minimise the amount of waste oil, sludge and bilge water produced. The sludge and bilge is cleaned on board using state-of-the-art equipment.

To monitor the discharge from the oily water separator, all our vessels have a White box system installed. The White box system is an automatic system that analyses the water content from the separator and if it is found to contain more residue than allowed, it will automatically flow it back to the bilge tank and prevent discharge. By controlling and separating the residue from the water, we ensure that we have only solid waste for disposal on shore and clean spill-water. The system is connected to the vessel GPS, preventing the release of spill water inside restricted areas and has a tracking log of all operation to provide verification of discharge.

## Garbage

In Höegh Autoliners we operate a zero garbage overboard principle. This means no garbage other than food waste is to be discharged in to the sea. All garbage produced on board is segregated in separate containers, and only disposed at approved shore facilities. Our vessels also apply on-board incineration system.

## Vessels with installed Ballast Water Systems onboard



74%

Of the Höegh Autoliners fleet have BWTS onboard

# Responsible business partner

As a responsible business partner, we are committed to conducting our business with utmost regard to ethical business principles and acting in line with applicable laws, ethical, environmental and community norms.

We work proactively to ensure that all individuals representing Höegh Autoliners and its subsidiaries are aligned with our goals and act in a fair and ethical manner. In Höegh Autoliners, we continuously strive to conduct our day-to-day business activities with professionalism taking into consideration global best practices, company policies and ethical standards.

## Taking Action against Corruption

We take a stand against corruption and work on several arenas to abolish the use of corruption, bribery and facilitation payments.

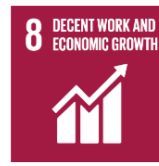
Höegh Autoliners is a co-founder and an active member of the Maritime Anti-Corruption Network (MACN). MACN is a global business network working towards its vision of a maritime industry free of corruption that enables fair trade to the benefit of society and therefore for all.

## Enforcing Anti-Corruption Policy and Ethical Rules

We are committed to conducting business in accordance with the high ethical standards reflected in our Anti-Corruption Policy and Code of Conduct. To prevent corruption in our business activities, we have created, developed and implemented learning programmes for all Höegh Autoliners' employees and agents that summarises the laws, policies and procedures to which everyone working for us must adhere.

## Sanctions

We are committed to complying with all applicable sanctions, trade restrictions and export controls in all relevant jurisdictions and regimes. Complying with sanctions and export control regulations forms an integral part of Höegh Autoliners' global compliance program.



## Competition law compliance

We believe competition law compliance is fundamental to ethical business conduct and is essential to creating a trust-based relationship with our customers, business partners and the countries in which we operate. As a result, we conduct our business in accordance with applicable competition and anti-trust laws.

## Due Diligence - Working with Suppliers

Our suppliers are the extended arm of Höegh Autoliners and we expect them to hold the same high level of ethics as we do. In line with this, we require all our suppliers and sub-suppliers to adhere to the requirements set out in our Supplier Code of Conduct.

## Privacy and General Data Protection Regulation (GDPR)

Höegh Autoliners is committed to safeguard the right to data privacy of all our employees, customers and business partners in compliance to the GDPR. Höegh Autoliners' Data Privacy Policy reflects the organisation's practices on data privacy including standard operating procedures for data being processed by our external partners.

## A culture of compliance

To engage a broader part of the organisation in compliance-related work, Höegh Autoliners has developed a Compliance Ambassador Program. This program aims to promote and implement compliant and ethical behaviour throughout the organisation, especially with respect to competition law, anti-corruption and sanction with the assistance of the Compliance Ambassadors.

# Creating a safe and inclusive place to grow

In Höegh Autoliners, we believe a safe and inclusive working environment is essential to employee health and wellbeing, operational safety and employee engagement.



Our people are our core asset; only with the best people on board can we deliver the results that are expected of us.

## Safety at Work

We have a responsibility to ensure that everyone working in Höegh Autoliners has a safe workplace. Safety at sea is a cornerstone of our business and we have a long-standing tradition of ensuring safety on board our vessels and general safety at sea. Every day our vessels plough through the waves of all major oceans to transport the goods of our customers. We must ensure that every crew member, vessel and piece of cargo reaches its destination, and to do this we have established a company culture where safety considerations underpin all activities of our global organisation.

## Developing people

We work hard to create a working environment where our employees can achieve their full potential and build a rewarding career. In Höegh Autoliners, we believe everyone has the opportunity to grow in his or her work, and focus on learning and development initiatives to support them in their journey.

## Diversity and inclusion

We are committed to having an inclusive culture where everyone feels valued, is treated with respect, and is given equal opportunities. We believe having an inclusive and diverse working environment cultivates better collaboration, drives better business decisions and gives better results. We work in a global environment and wish to have a culturally diverse workforce to reflect that. Diversity is a necessity if we want to succeed in the challenges we have in front of us.





Material Issue	Topic	Report	UNGC Principle	SDG	Where to find out more	
<b>General Commitment</b>			10	1-17		
Commitment to responsible business is central to our vision, embedded in our business strategy, articulated in our Code of Conduct, and carried out in our day-to-day relationship with all stakeholders. Our approach is further supported by our governance framework, policies and processes.						
<b>Reducing our environmental footprint</b>						
<b>Emissions and energy reduction</b> Our main emission challenge as a shipping company is emissions to air. To meet this challenge, we commit to use only compliant fuel and are focusing our efforts on reducing our vessels' fuel consumption. Höegh Autoliners focuses both on ambitious fuel savings programs and hull/machinery modifications.	<b>Greenhouse gas emissions (shipping activity)</b>	1.042.000 MT CO <sub>2</sub>	7	7	Annual report Environmental Policy (OP-148) <a href="http://www.imo.org/">www.imo.org/</a>	
	CO <sub>2</sub> is a greenhouse gas and we find it important to measure and reduce our total footprint. It is also important to set our CO <sub>2</sub> emission in relation to the work we perform and that is why the EEOI is reported.	Fleet average EEOI 26,9 [g CO <sub>2</sub> / (t*km)]	8	13		
	CO <sub>2</sub> emissions offset	0 MT	9	14		
	<b>Green house gas emissions (air travel activity)</b>	2.350 MT CO <sub>2</sub>		15		
	<b>Scope two emissions</b>	Electricity consumption offices	1.593.000 kWh			
	<b>Air Pollution</b>		3.000 MT SO <sub>2</sub> 26.000 MT NO <sub>x</sub> 2.230 MT PM			
<b>Energy mix</b>	In 2020 Höegh Autoliners initiated a biofuel project which will materialize in beginning of 2021.	13.500 GJ 88% LSFO/MGO 0% renewable/ biofuel				
<b>Vessel life cycle management</b> The vessel is the most important factor when we address the environmental impact of our services. Therefore, we work to ensure that our vessels are as environmentally friendly as possible and adapt and develop them to minimize their impact through their lifetime from construction via operation to recycling	<b>Responsible ship recycling</b>	1 vessel recycled	7	7	Annual report Environmental Policy (OP-148) Vessel Recycling Policy (OP-344) Green Recycling Standard (DS-1335)	
	In Höegh Autoliners we apply a no beaching policy. All obsolete vessels are recycled based on the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships that was adopted by the International Maritime Organization (IMO) in 2009.			8		13
	<b>Modification of existing vessels</b>	13 hull cleaning operations 58 propeller cleanings	9	14	Environmental Policy (OP-148)	
	Höegh Autoliners have deployed an extensive program to reduce the environmental impact of existing vessels.			15		

Material Issue	Topic	Report	UNGC Principle	SDG	Where to find out more
<b>Protecting life below sea</b>					
<b>Biodiversity and marine pollution</b> Being at the forefront in environmental protection at sea is essential for Höegh Autoliners. In addition to efforts related to emissions to air, we actively work to reduce over board emissions. Overboard emission management is key to minimizing the spread of invasive species through ballast water and safeguard against marine pollution.	<b>Ballast water management</b> Höegh Autoliners has started retrofitting BWTS onboard existing vessels. Höegh Autoliners will continue to apply strict ballast water management, where we only do ballast exchange in approved deep sea areas.	74% of BWTS fleet coverage	7 8 9	7 13 14 15	Environmental Policy (OP-148)
	<b>Sludge and Bilge</b> Höegh Autoliners works to minimize the amount of waste oil, sludge and bilge water produced. The sludge and bilge are cleaned on board through the use of state of the art equipment.	0 spills registered			
<b>Creating a safe and inclusive place to grow</b>					
<b>Health Safety and security</b> The wellbeing of our people both onshore and at sea has had an exponential increase in focus due to the COVID-19 situation in 2020. Safety at sea is a cornerstone of our business and we have a long standing tradition of ensuring safety on board our vessels and general safety at sea.	<b>Injury and illness</b> Höegh Autoliners deploys active safety management systems within both off and on shore environments to protect staff and safeguard against occupational hazards.	Loss time incident Frequency LTIF 0,58 HTM	2 3 4 5	3 8	Global HR Policy (OP-284) Höegh Autoliners Health and Safety Management System (DS-1345)
	<b>Port state control</b> To ensure that Höegh Autoliners abides to the international provisions of ship safety, protection of the marine environment and the requirements for working and living conditions of seafarers, we continuously monitor performance and proactively works to eliminate causes for deficiencies in port state controls.	69 deficiencies 0,7 ratio 3 detentions	2 3 4 5	3 7 8 16	Document of Compliance issued for Technical Management.

Material Issue	Topic	Report	UNGC Principle	SDG	Where to find out more
<b>Creating a safe and inclusive place to grow</b>					
<b>Labour rights and human rights</b> Höegh Autoliners gives high priority to helping to ensure decent work and promote fundamental, universal workers' rights, job creation and employment opportunities, social protection and tripartite dialogue. Decent work is a fundamental goal in itself, but it is also crucial for a socially sustainable world economy.	<b>Human rights</b> Höegh Autoliners recognizes our responsibility to help ensure fair business practices in our overall value chain and direct supply chain. We do this through due diligence and monitoring and an effective grievance and complaints process which is publicly available.	No whistleblowing complaints registered	1 2	3 8 10	Global HR Policy (OP-284) Policy against human trafficking and slavery (OP-348) Code of Conduct (DS-1377) Supplier Code of Conduct (DS-1321)
	<b>Labour rights</b> Höegh Autoliners is committed to respecting labour rights in all of its activities and to support our stakeholders in realizing their labour rights obligations. The rights to collective bargaining, elimination of child and forced labour and elimination of discrimination in respect of employment and occupation are recognized within our policies. We do this through due diligence and monitoring and an effective grievance and complaints process which is publicly available.	No whistleblowing complaints registered			Global HR Policy (OP-284) Code of Conduct (DS-1377) Supplier Code of Conduct (DS-1321)
<b>Health and wellbeing under COVID-19</b>	<b>Remote-working</b> During 2020 we conducted a global wellbeing survey. The results from the survey indicated that we had successfully managed to mitigate risks, with high trust in the organisation related to safety and leader support. The focus area for improvement was communication from leadership. Our response was to improved communication across a range of channels, including webinars with top leadership, wellbeing focus in all relevant communications and implementing a wellbeing strategy. In 2021 we will continue to refine our communication and support for health and wellbeing as many employees continue to work from home for prolonged periods.				COVID-19 policy (OP-429)

Material Issue	Topic	Report	UNGC Principle	SDG	Where to find out more
<b>Creating a safe and inclusive place to grow</b>					
<b>Diversity and inclusion</b> We are committed to being an equal opportunities employer. Our understanding of diversity and inclusion is broader than the traditional perspective and takes into account that we are a truly global organisation with 30 nationalities, diverse backgrounds and cultures.	<b>Gender balance (% females)</b> In 2020, we started work on implementing the requirements under the revised Equality and Anti-Discrimination Act in Norway. We completed our first global analysis of gender balance and pay parity. The results from our analysis will be used in 2021 to identify root causes and define suitable measures to achieve a better diversity balance (including other diversity indicators in addition to gender) and to address pay parity (see below).  At the end of 2020, changes were made to the Executive Team, which now comprises two females (28.6%). There are also pockets across the organisation where we need to focus on increasing gender balance, including our senior managers where only 1/5 of senior managers and 1/3 of managers are females.	Offices Global all employees: 45% Global non-management: 50%  All crew: 2,5% Officers: 2,7% Filipino: 3,8% Chinese: 0,5%  Ratings: 2,4% Filipino: 2,4% Chinese 2,5%	6	5 10	Recruitment Policy (OP-313)
	<b>Pay parity</b> Our analysis, conducted in 2020, revealed successes in certain locations and for certain roles. It also revealed the complexity in reviewing pay parity in a diverse global operation, where regional differences in job roles, seniority and local pay levels skew data. We have therefore chosen not to report at an aggregate level outside of Norway.  We will continue to focus on ensuring pay parity through our annual salary reviews, promotions and recruitment.  (Pay parity is defined as the percentage of male pay for female staff in similar roles and is calculated across the average at each level)	Pay Parity Norway (Excl. CEO): 87% Pay Parity Norway: 107%  Pay parity China crew and officers: 100% Pay parity Philippines crew and officers: 100%		6	5 10

Material Issue	Topic	Report	UNGC Principle	SDG	Where to find out more
<b>Responsible business partner</b>					
<b>Business Ethics</b> Ethical Business Principles underpin all behavior in Fair Business conduct. We act in line with applicable laws, ethical, environmental and community norms.	<b>Anti corruption</b> Höegh Autoliners is a co-founder and member of the Maritime Anti-Corruption Network (MACN). By adopting the MACN Anti-Corruption Principles, communicating progress on implementation, sharing best practices and creating awareness of industry challenges, we are promoting good corporate practice for tackling bribes, facilitation payments and other forms of corruption.	1 whistleblowing complaints registered	10	8 16 17	Code of Conduct (DS-1377) Höegh Autoliners anti corruption manual (PD-1852) Competition Law Compliance Manual (DS-256) Sanction and Export Control Manual (DS-1302)
		3 Facilitation/bribe attempts reported			
		Nil fines levied against the company			
		Port calls in high risk countries: 10			
<b>Accountability and Transparency</b> We believe in having an open and honest company culture, providing everyone with an opportunity to ask questions and have a transparent decision making.	<b>ESG Governance</b> Höegh Autoliners has implemented an ISO certified governance system to ensure adequate distribution of responsibilities and control. This system includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment, taking into account stakeholder interests.	12 years of sustained ISO certification	10	8 16 17	
		In 2020 Höegh Autoliners initiated the process of achieving ISO 45001 certification.	In progress		

# UN Global Compact Communication of Progress

Höegh Autoliners is pleased to reconfirm that we support the ten principles of the Global Compact with respect to human rights, labour, environment and anticorruption. This reconfirmation follows our original commitment from February 2020 and our annual ongoing commitment to advance the principles and the UN Sustainable Development Goals (SDGs). By incorporating the Global Compact principles into our strategy, policies and procedures, and establishing a culture of integrity, Höegh Autoliners aspires to not only uphold our basic responsibilities to people and planet, but also set the stage for the long-term success of our stakeholders and our communities.

To learn more about Höegh Autoliners and how we and our stakeholders are working to promote the 10 principles of the UN Global Compact, visit [www.hoeghautoliners.com](http://www.hoeghautoliners.com)



We welcome your feedback on this Communication on Progress, on our policies and practices, or other suggestions. [Contact us here.](#)