

SUSTAINABILITY



Ulstein's vision is to create tomorrow's solutions for sustainable marine operations. Our 2021 Sustainability Report serves as our Communication on Progress (COP) in terms of implementing the principles in the areas of human rights, labour, environment and anti-corruption.

HUMAN RIGHTS

Ulstein is committed to equal opportunities for all our employees in an inclusive environment. We appreciate and recognize that each individual is unique and valuable. No discrimination on the grounds of gender, pregnancy, parental leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, belief, disability, sexual orientation or gender identity, gender expression, age or other significant characteristics of a person is accepted. We aspire to be a corporation that develops diversity and equality, actively seeking people with diverse backgrounds.

LABOUR

Ulstein has a strong tradition to work for co-determination and to maintain good dialogue between management and trade union representatives. We are continuously working to ensure equal career opportunities and encourage female workers to aspire for management positions. We also inspire young women to choose specialisation within the technical domain.

ENVIRONMENT

Our HQ lies in Norway, one of the countries that has signed the Paris agreement. Through the Climate Change Act, Norway has set as target a reduction of greenhouse gas (GHG) emissions of at least 50-55 % by 2030 compared to 1990 levels. This target aligns with EU's ambitions, which targets also at least 55 % reduction by 2030 compared to 1990.

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 group of companies.

Cathrine Kristiseter Marti

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CEO Ulstein Group ASA

We support the Paris Agreement and the Norwegian Climate Change Act and will strive for all our activities and products to have low negative impact on the environment. We are involved in a wide range of actions, initiatives and projects that have positive impacts on the society and the environment and are particularly focused on the footprint caused by the vessels we design and deliver.

We have a holistic approach when designing a ship or developing a product, driven by the insights on how vessels are operated after delivery from the shipyard. Using these insights, our designs can be optimised based on the actual use. The purpose of this design approach is to reduce the environmental footprint of the delivered vessels.

ANTI-CORRUPTION

Ulstein disapproves of all forms of corruption and makes active efforts to ensure that corruption does not occur in Ulstein's business activities. Corruption undermines all kinds of legitimate business activities and destroys free competition. Ulstein prohibits any provision, offering or accepting of bribes to any person, whether private or public, either directly or through any third party. We have an active anti-corruption policy integrated in our Compliance Program. Our Ethics Code of Conduct has been approved by the Group's Board of Directors. We perform regular compliance training of our employees and, inter alia, impose strict anti-corruption obligations on our suppliers and business partners.

OUR PRIORITY GOALS

Ulstein's activities consist of, primarily, the development of ship designs, shipbuilding and aftermarket services relating to marine systems and products. Ulstein has identified four prioritised SDGs where we can make the largest impact.



Focusing on our **values** "Innovate, Engage and Advance", and through our **strategies** "Sustainable growth, Internationalisation and Innovation", we continuously strive to achieve our vision:

"We create tomorrow's solutions for sustainable marine operations."

Sustainability is an integral part of our business activities. To achieve sustainability Ulstein will focus on reducing the environmental impact of all activities and products. Our commitment consists of:

- A. Ensuring 100 % compliance with current requirements and regulations.
- B. Aiming to develop environmentally friendly products, that help our customers to reduce their environmental footprints by reducing emissions and causing less harm to the environment.
- C. Taking gradual and measurable steps towards making our products, processes and operations more sustainable. This implies that we strive to take necessary actions to ensure energy efficiency in our operations and that we ensure and secure the appropriate recycling of materials.

All the four prioritised SDGs are represented in our strategies Sustainable growth, Internationalisation and Innovation.

I. SUSTAINABLE GROWTH

One of Ulstein's core strategies is to grow without compromising the needs of our future generations. This commits us to consider both the environmental, social and economic impact of our business decisions. Profitability is essential to secure sustainable growth. Our environmental impact can be measured through how we help our customers to reduce their footprint.

Also, there are internal measures on our own operations, such as ensuring responsible procurement and enhancing waste handling and energy management.



Lastly, we continuously need to ensure that these decisions do not compromise **social responsibility, equality and education**.

GREENER VESSEL OPERATIONS

Reaching national and international decarbonisation goals will require a holistic approach. Ulstein is meeting the decarbonisation of the

fleet by optimizing our designs following these four approaches: i) Reduce energy consumption; ii) use of greener energy sources; iii) smarter use of energy onboard, and iv) more effective vessel operations.

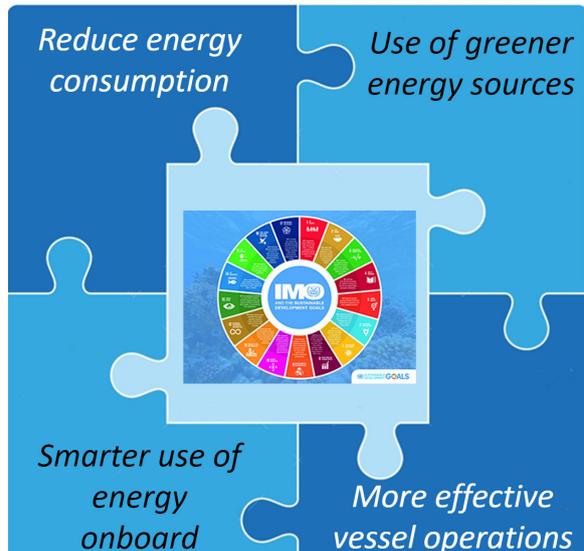
Reducing energy consumption has always been in the backbone of Ulstein's designs. The X-BOW itself is a clear environmental contribution that Ulstein has implemented systematically in most of its vessel designs. Less carbon-intensive fuels are taking an important role in the industry, and Ulstein is positioning itself in this transition. Methanol is present in many of our customer discussions regarding newbuilding projects, and we are working with conversions to both ammonia and methanol.

Full-electric vessels are also under evaluation, together with offshore charging solutions.



Batteries are an important feature to enable smarter use of energy onboard most of our new vessel designs. We are also implementing them on vessel conversions, such as the recent conversion of 'Esvagt Leah' and 'Esvagt Heidi'. Finally, Ulstein is actively monitoring data from vessels in operation to support shipping companies in the pursuit of more sustainable vessel operations. One recent example is the 10 % reduction in fuel consumption achieved by Golden Energy Offshore by the use of Ulstein's Blue Box.

When these four approaches are combined, we believe Ulstein can realize the next-generation greener vessels.



Emissions generated during the design and construction of the vessel are also important, although they are a relatively small part when compared to the emissions generated during the vessel's



lifecycle. For an expedition cruise vessel consuming approx. 5,500 tonnes fuel per year, the inclusion of the X-BOW hull itself would lead to a reduction of 24,000 tonnes CO₂ during its 25 years of operational life. Overall, this represents more than 5 % fuel consumption reduction, or 300 tonnes per year. (One unit of MGO equals 3,206 units of CO₂).

RESPONSIBLE PROCUREMENT

Adopting responsible business practices is an important step to achieve long-term value creation. We can contribute to change through the demands we set when sourcing products and services. We work against corruption, inequality, and discrimination. Ethics in procurement, sales and project management is fundamental.

Good cooperation with relevant governmental bodies is essential to ensure decent working conditions. It is important that the relevant governmental agencies have proper control routines and that they, by virtue of their control authority, assist the industry in detecting

where breaches of rules and regulations occur.

WASTE HANDLING AND ENERGY MANAGEMENT

We are committed to sustainability through our own operations by improvements on energy management, waste reduction, increased waste handling and recycling of materials at our shipyard. We wish to take gradual and measurable steps towards making our products, processes, and operations more sustainable.

All vessels built by Ulstein Verft include an inventory of hazardous materials and Marine Equipment Directive (MED) documentation, ensuring compliance with EU's MED. Our vessels include certificates for asbestos free production.

All sea water from the yard's dry dock is cleansed through sludge separation (oil and debris) before returned to sea. Chemical handling is performed according to regulations and our procedures have been evaluated by external consultants.

We aim to eliminate single-use plastic for eating/drinking purposes and reduce single-use items of other materials.

Energy management also includes the fuel spent by vessels at the yard both for newbuild and repair jobs. Installation of shore power at the shipyard or shore power integration in vessels will reduce fuel consumption and emissions. Three shore power integrations have been installed in vessels in 2021.

SOCIAL RESPONSIBILITY

The aim of our sponsorship activities is to contribute to the communities we are part of, to express our values 'Innovate, Engage and Advance' and to secure equality and non-discrimination.

EQUALITY

Being a global player means setting the same standards abroad as we do at home. Ulstein supports the SDG5 'Gender Equality'.



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 to achieve this include recruitment, wages and working conditions, career and development opportunities and protection against harassment. No discrimination of any kind is accepted. We are actively working to increase the percentage of women in our organisation, particularly in middle management and technical disciplines, as we believe that increased diversity will enhance our competitiveness.

LADIES WHO TECH

In 2021, one of our female colleagues was a speaker at the Ladies Who Tech Shanghai conference, giving insights in her professional and personal journey and viewpoint on women working in the industry.

"Design is to explore solutions for new challenges and a diverse workforce is a source of inspiration. Together, we can create a greener, safer and smarter maritime industry," she said.



We also actively support career development and life-long training. The annual appraisal dialogue includes questions of further coursing and education. We work to close the gender gap and increase the number of women working in the maritime industry. Regular compliance training is conducted.

From 2021, we hold regular audits to examine gender distribution and percentage of part-time workers in the group. In addition, we examine gender distribution and wage differences, as well as the average number of weeks of maternity and paternity leave.

EDUCATION

It is important that more young individuals choose vocational studies and higher education within the group's core areas. Ulstein is engaged in several projects targeted to get more young people to choose scientific studies and studies related to maritime work. This includes school visits to our sites and Ulstein employees functioning as tutors at educational institutions on regular basis and on request. Ulstein maintains close contact with universities and research institutions and collaborates actively in BSc, MSc and PhD theses.

II. INTERNATIONALISATION

We believe that working together across companies and disciplines helps to advance the industry. We encourage and promote effective partnerships with organisations that share a common vision of safety and sustainability in the maritime area.

PARTNERSHIPS AND COOPERATION

Through years, we have cooperated with maritime organisations such as IMO, classification societies, the Norwegian Maritime

Authority, political authorities, NHO/Norsk Industri, other employer and employment associations, educational and financial institutions, local and regional authorities, regional and national maritime organisations, as well as suppliers and customers etc.

Norway has a strong maritime cluster in which the companies work together to innovate for a sustainable future.

Innovation Norway supports Norwegian companies to innovate and reach out globally with competitive low emission solutions.

PURPOSE-MADE SOVS FOR CHINESE OFFSHORE WIND

In 2021, a design contract for the first purpose-built Service Operation Vessels to the Chinese Offshore wind market was signed. The cooperation with Shanghai Electric means that two different SOV designs will be built in China.

This is a milestone for the Chinese offshore wind segment, and a possibility for Ulstein, together with Shanghai Electric, to develop the Chinese SOV market.



In 2021, Ulstein entered a framework assignment with Innovation Norway to help introduce Norwegian suppliers to the Chinese market. Along this line, we also collaborate with the Norwegian Consulate in Shanghai to represent Norway in China.

WORKING GLOBALLY - REDUCING EMISSION

With Covid-19, there was an abrupt halt in international travels. Most maritime exhibitions, an important channel to meet customers, were cancelled, as well as direct customer meetings. Digital channels became more important than ever.

During 2021, we arranged several webinars to update the industry on our cruise vessel designs, and we saw that people participated from all around the globe. Our marketing and sales activities have also made a big step within digitalisation, through the Innovation Norway supported project 'Digital Customer Journey'. This project was carried out in 2021 and involved many of our executives, marketing and sales representatives.

Cooperation has taken various forms during Covid-19, and we have implemented new ways of working on retrofits and service operations which we will continue onwards. We are now carrying out service assignments through cloud services via Ulstein Blue Box, which reduce the need for travelling. We cooperate closely with service personnel already on site, and our travelling service personnel use online cameras to ease the communication with shore personnel.

The society is reopening after Covid-19. Ulstein will continue using digital channels and by that reduce emissions.

III. INNOVATION

Innovation is key to advancing our industry, and a necessity when developing sustainable solutions.

We strive to have a holistic design approach to come up with innovative solutions. By also taking into account lifecycle consideration and commercial, technical and operational feasibilities at an early design stage, we develop innovative designs that meet the environmental needs without compromising customer's budgets and return on investments. Ulstein is part of an innovative and complete cluster of maritime companies.

SUSTAINABLE FISHERY

In October 2021, the fishing company Bluewild signed a contract on an Ulstein designed stern trawler. The innovative solutions implemented in the vessel design contribute to make the overall fishing operation greener. Based on the operational profile of the ship, Ulstein has defined and integrated a propulsion system that enables fuel savings of at least 25 % per kilo of fish product produced compared to conventional power systems. In some operations, together with other energy-saving measures onboard, this figure can exceed 40 %.



As a follow-up to Norway's Paris agreement goals, the Blue Maritime Cluster has set a goal to position its members robustly at the forefront of innovations to make the industry emission-free towards 2030, and to be the world's first emission-free maritime cluster. A further goal is to design, build, outfit and operate the zero emission vessels of the future. The cluster facilitates close cooperation between the companies, which is key when developing innovative products. A direct example of this is the stern trawler developed for Bluewild.

PROVIDE ADDED VALUE FOR OUR STAKEHOLDERS

We believe that our design developments must include low carbon solutions, and ultimately zero carbon solutions, for our clients to stay competitive. Ulstein's approach to this is through innovative design thinking, alternative fuel considerations and innovative hull designs.

Ulstein's focus to reduce emissions caused by vessel operations starts from the first meeting with the customer and the early design decisions. This includes alternative energy solutions, intelligent set-up of systems, development of basic and detail designs.

We also consider alternative power and propulsion systems, waste management and handling, ballast water treatment, and that international environmental standards are being followed. Our holistic design approach, by including analysis of actual vessel operations, generates more innovative ideas when combining considerations on hull design with wise energy solutions.

We implement and/or prepare for alternative fuel solutions in almost every vessel design that we are working on. Our designs also include energy saving technologies, like battery energy storage systems for

peak shaving and spinning reserve purposes, or heat regeneration in accommodations.

In 2021, most ongoing projects in our design companies included low carbon solutions such as batteries, methanol or hydrogen, and energy reducing features such as new hull developments or digital solutions – all to reduce fuel consumption and emissions. An example is the rock installation vessel for GLDD. The vessel is also able to run on biofuel to reduce its CO₂ footprint and is equipped with active emission control technology to minimise NO_x emissions.

We continuously cooperate with suppliers in the development process to implement and develop alternative energy sources. We have also developed and posted several articles in which we consider alternative fuel in various vessels and how shipping can become greener by connecting design and operational studies.

It is equally important to investigate how hull designs can reduce emissions. An X-BOW PSV, for example, requires 7-8 % lower propulsion power than the conventional bulbous bow vessel in transit, resulting in reduced fuel consumption and emissions. Operating the



X-STERN towards weather requires 60 % less propulsion power than for a conventional, transom stern arranged vessel, and we are working on new projects to introduce our TWIN X-STERN. One of the 2021 contracted projects is the SOVs for Shanghai Electric, both vessels have been designed with the fuel-reducing solutions X-BOW, X-STERN and battery hybrid propulsion.

An ongoing concept development will introduce the X-BOW and hydrogen power in container vessels.

RESEARCH AND DEVELOPMENT (R&D)

Innovation involves the realisation and capitalisation of inventions and is paramount for the continued development of Ulstein Group's product and service portfolios.

Ulstein Group had NOK 61.9 million in R&D expenses in 2021, of which NOK 3.1 million (5.0 %) was government supported, compared to NOK 77.3 million in R&D expenses in 2020, of which 7.9 % was government supported.

Several of the companies in Ulstein Group participate in, and initiate projects within research, innovation and competence building, partly supported by Norwegian government authorities through organisations such as the European Commission, the Norwegian Research Council, Enova, Innovation Norway and the county of Møre og Romsdal.

We financially support research programmes and projects such as MOVE-SFI (NTNU, Ålesund), MASSFERRY (USN), DREAMS (NTNU, Trondheim and BI, Oslo) and Digital Twin (Digicat, Ålesund).