



CORPORATE SOCIAL RESPONSIBILITY

Fjord1's goal is to behave as a responsible and professional social player, building relationships based upon trust and reliability.

The Norwegian ferry industry plays an important role in Norwegian society, transporting around 10,7 million vehicles and 21,6 million passengers in 2018. As the leading ferry company in Norway, Fjord1 also plays an important role in Norwegian infrastructure, providing efficient, safe and environmentally friendly transport to meet society's needs. Forecasts for future demand are impacted by demographic and business development trends, such as customer mobility and a general requirement for increased regularity of services for private passengers and industry.

For Fjord1, the company's corporate social responsibility shall reflect its vision, core values, the quality of daily operations, as well as its efforts related

to employees, the environment and safety. Ensuring safe, environmentally friendly and reliable operation of ferry connections also lays the foundations for return on invested capital, attractive jobs and good customer relationships.

Fjord1's work on corporate social responsibility is an integral part of its strategy, management and daily operations. The company will continue its systematic and structured focus on corporate social responsibility going forward.

In order to integrate corporate social responsibility into daily operations, the company has three focus areas for exercising corporate social responsibility.



EMPLOYEE AND ORGANISATIONAL CULTURE

Fjord1 seeks to recruit the best and most highly motivated employees, with the best skills. The company takes its role as a training company very seriously, as well as having a culture of openness, tolerance and high ethical standards.

A WORKING ENVIRONMENT THAT PROMOTES EMPLOYEE HEALTH

We aim to prevent injuries to and illness among our employees by means of an uncompromising attitude to safety, and systematic and targeted measures to promote health. No one shall become ill from working at Fjord1, and the company's main goal is to eliminate all forms of work-related absence, which is why follow-up and adaptation are important parts of our daily work.

An inclusive and inspiring working environment characterised by mutual respect and equality is important. Fjord1 has a zero-tolerance policy for harassment and negative conduct that may be perceived as threatening or degrading. Efforts to reduce sick leave are work in progress and will

continue to require targeted work moving forward. Fjord1 will sustain its focus on attendance and close follow-up, and has prioritised preventive work, the psychosocial working environment, adaptation and follow-up.

After several years with high levels of absence, 2018 saw a positive trend in terms of attendance, despite the fact that average absence is still above the target level of 4.9%. This target was achieved in April, at precisely 4.9%, and the figure for May was below the target at 4.7%. Beyond this period in the spring, total absence remained above the target, at an average of more than 5%.



INJURY LEAVE

TARGET: 3.0
RESULT: 4.13



SICK LEAVE

TARGET: 4.9 %
RESULT: 5.81 %

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EMPLOYEE SATISFACTION

In the autumn of 2018, Fjord1 conducted a major survey of all its employees. One of the purposes of the survey was to map key aspects linked to perception of the individual's own workplace, well-being, job content and management, and to highlight areas requiring development and improvement. Measures drawn up in the wake of the survey will help to further develop

Fjord1 as a safe and good place to work for the individual employee.

Fjord1 achieved a total score of 4.8 for motivation and satisfaction, which is satisfactory but with room for improvement. The target is between 5 and 7 where 7 is the top score.

MANAGER AND EMPLOYEE DEVELOPMENT

The company has worked purposefully to develop both managers and employees at all levels in the organisation. In 2015, Fjord1 launched its first-ever management development programme, which is mandatory for all middle managers with HR responsibilities. The aim of the programme was to make managers aware of their own management style, as well as being practically orientated and providing concrete tools for the managers to use in their day-to-day work.

At the start of 2018, Fjord1 held the final employee meeting in the series of 10 that had taken place through 2017. The aim of these meetings has been to build a strong Fjord1 culture where all employees feel a sense of ownership of the company's main goals, values and ethical guidelines. As such, Fjord1 has laid the foundation for a unifying and inclusive fellowship for all employees, boosting motivation and job satisfaction.

SKILLS DEVELOPMENT

Fjord1 aims to help ensure employees have the necessary experience and expertise to carry out their work. Changed framework conditions, the Green Shift and new technology require action to boost skills and develop the organisation in line with new requirements, both for the company as a whole and opportunities for each individual employee. In 2018, Fjord1 employed

a number of new specialists with varied skills and backgrounds, something the company will continue to do in the coming year. New requirements linked to low- and zero-emissions technology and the need for employee training led to the launch of Fjord1's "skills upgrade" programme in 2018.



FOCUS ON TRAINING

In 2018, the company had around 60 apprentice positions for able seamen and motormen. The apprentices and cadets are important to the company, and Fjord1 aims to be a good place to train for the maritime trades. Fjord1 is also an active participant in Sogn og Fjordane's "Framtidsfylket" trainee scheme. The scheme has proved successful for Fjord1, which has offered several of the trainees permanent positions on completion of their one-year traineeship. In 2018, the company had about 60 training positions for the seaman and motorman profession. The company

also had 14 cadets. The apprentices and cadets are important for the company and Fjord1 should be a good place for training within the maritime profession.

TRAINEE AT FJORD1

The company monitors its trainees closely, both at departmental level and through its trainee programme. Fjord1 works with Sogn og Fjordane county and has been involved in its "Framtidsfylket" trainee scheme since 2015.



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"As a trainee at Fjord1, I'm part of unbelievably exciting developments in an innovative company, using my special field and developing as a person."

Sondre Austreim,
trainee 2017-2018

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"Being challenged professionally, having a lot of trust placed in them and the breadth of the work tasks combine to provide a unique training offer and an exceptional start to a young person's working life."

Kristine Larsen Mjelde,
trainee 2018-2019

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"Being a trainee at Fjord1 gave me a unique opportunity to be part of the Green Shift in the maritime industry in connection with the change from fossil fuel-based to electric propulsion."

Odd Helge Hatlem,
trainee 2016-2017

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HIGH ETHICAL STANDARDS

Fjord1 is dependent on trust from customers, public authorities, suppliers and society as a whole. The company shall be characterised by its high ethical standards, where decisions are governed by standards, values and ethical regulations that comply with general interpretation of law. The company's ethical guidelines apply to all employees and are based on the company's values.

Anchoring conduct in the company's shared values and acting in accordance with these guidelines contribute to high ethical standards in all parts of the organisation. This enables Fjord1 to demonstrate to its stakeholders the company's trustworthiness and the type of conduct to be expected of its employees.

The ethical guidelines are integrated in the management system and have been part of the manager development programme and employee meetings. Fjord1 has established whistle-blowing routines for reporting criticisable conditions.

Fjord1 does not accept any form of corruption or other breach of regulations. Fjord1's employees shall at all times behave in a manner that is in the best interests of the company and always seek to avoid situations that may result in a conflict of interests. Fjord1's employees shall remain impartial in all business activities, and not allow other companies, organisations or individuals unlawful gains.

SAFETY

Safety is paramount at Fjord1, and the company has focused on continuing to strengthen the safety culture through 2018, both in terms of the barrier system and changing attitudes.

The interplay between procedures and technology shall prevent unintentional consequences of technical or human error. Traditionally, Fjord1 develops and improves its management system by investigating

incidents and risk-assessing operations. This is done to identify any need for action. Fjord1 has a zero vision for injuries and zero acceptance for loss of life.

MANAGEMENT SYSTEM FOR SAFETY

Fjord1 has a proactive and structured safety management system certified according to the ISM code. The emphasis is on development by means of risk management that enables the company to take corrective actions, make improvements and learn from incidents. The system helps ensure good and appropriate routines for safe operation of vessels, in order to prevent repetition of incidents and improve the skills of personnel both at sea and on shore.

The system provides a toolkit of routines and procedures to help Fjord1 achieve its HSE objectives. The company records and measures trends in injuries and incidents, and uses the data to implement measures to reduce accidents.

All Fjord1's vessels have automatic monitoring and warning systems. Using position data to monitor ongoing operation of the barrier system is an important part of the work to prevent allisions.

Thanks to a targeted focus and efforts, Fjord1 has been able to significantly reduce the number of incidents. This has not only resulted in fewer accidents but has also improved punctuality, meaning a better reputation and improved economics for the company. Safety is paramount at all times, and Fjord1 ensures this by following the company's procedures and barrier system.



EMERGENCY PREPAREDNESS



ALLISIONS

TARGET: 0
RESULT: 0.69

Fjord1 attends national and local emergency preparedness drills in order better to equip on-board personnel and the shore-based emergency preparedness organisation to deal with an emergency situation. The fact that the company makes itself available and participates actively in such drills helps strengthen both local and national emergency preparedness.

Fjord1 seeks to reduce risk wherever possible by having an effective emergency preparedness organisation to deal with any incidents that may occur. The company attaches great importance to further developing its emergency preparedness for undesired incidents.

The purpose of the emergency preparedness group is to ensure support for vessels in an emergency situation, so as to limit personal injury and damage to the environment and assets. The group carries out regular drills and evaluates these. It does this to ensure that employees receive the best possible training to handle different situations. The drills are based on realistic scenarios with the focus on the interaction between the emergency preparedness group, vessel and rescue service. Practising how to deal with relatives and the media is another important element of the training.

THE ENVIRONMENT

The challenges linked to energy and the environment are an area of corporate social responsibility that the company takes seriously. Fjord1 aims to be instrumental in reducing emissions per passenger through its fleet renewal programme ensuing from the new environmental contracts it has been awarded. The company has an extensive newbuilding programme, with more energy-efficient vessels set to make their mark on the ferry industry in the coming years.



POLLUTION

TARGET: 0
RESULT: 0

Transport operations entail pollution of the external environment to varying degrees. The pollution is linked in particular to the use of fossil fuels emitting NO_x and CO₂. The company's emissions comply with all the formal requirements made by the authorities. However,

these requirements are becoming increasingly stringent, towards a target of zero emissions. The maritime and ferry industries have a particularly important role to play in meeting Norway's climate targets for reducing greenhouse gas emissions. In a parliamentary resolution in 2015, the Norwegian Storting asked the government to "implement measures to ensure that all county-council and municipal ferries and express boats use low- or zero-emissions technology in new tenders and on routes operated under their own auspices".

Stringent environmental requirements in tenders issued by contractors have created a market for developing low- or zero-emissions solutions for the maritime industry. Fjord1 looks very positively on contractors setting requirements for environmentally friendly ferry

operations and, having won several contracts with a strong environmental focus in 2018, the company considers its work in this area has been largely successful.

Tender competitions and start-up of new fully electric routes in 2018 show that the company has

managed to balance economic and environmental considerations, and thus offer the best solutions for contractors and society. In 2018, Fjord1 entered into a major cooperation agreement with the Norwegian environmental foundation ZERO, while The Fjords has a successful collaboration with the Bellona Foundation, an international environmental NGO based in Norway.

REDUCED CARBON FOOTPRINT

By working with other industry players – vessel designers, system suppliers and the research environment – Fjord1 strives continuously to identify measures that can reduce the level of greenhouse gas emissions. For several years now, Fjord1 has been using 100% renewable biofuel as an energy source on some of its scheduled ferry services. Using renewable energy leads to significant reductions in CO₂ emissions compared with fossil fuels. Fjord1 will remain at the forefront when it comes to operating natural gas-fuelled ferries, which reduce NO_x emissions by approximately 90% and CO₂ emissions by 25-30% compared with conventional diesel ferries.

The start-up of the Anda-Lote route, the world's first fully electric ferry connection, has been a success, preparing the company for the launch of eight new zero-emissions vessels in 2019. With new environmental contracts and electrification of its fleet, Fjord1 maintains its position as the leading company

within the Green Shift, achieving a substantial reduction in CO₂ emissions. By 2020, Fjord1 will have 29 electric vessels in operation, reducing CO₂ emissions by about 90% compared with conventional diesel ferries.

The company has agreements in place to deliver environmentally hazardous waste, including waste oil, to approved recipients. Fjord1 also requires its suppliers to take a conscious approach to sustainable operations. Parts of the company's corporate social responsibility (CSR) focus on environmental responsibility and environmentally friendly technology. Fjord1 has established guidelines for SEEMP (ship energy efficiency management plans) on all vessels, with the goal of improving on-board energy efficiency. As part of its environmental strategy, Fjord1 is seeking certification according to ISO 50001 (Energy management). The target is for this to be achieved in the spring of 2019.

RENEWING THE FERRY FLEET

On 1 January 2018, Fjord1 launched the world's first fully electric ferry connection on the E39 in Sogn og Fjordane. This was a milestone and an historic day for Fjord1, simultaneously marking the start of a series of new low- or zero-emissions routes.

In recent years, Fjord1 has been involved in extensive activities linked to tender competitions where the focus has been on the environment, with stringent requirements for both energy consumption and emissions of CO₂ and NO_x. The company has been successful in a number of these tender competitions, which means that 2018 has been characterised by a major ongoing newbuilding programme plus plans for ferry conversions.

One important factor in reducing emissions is to phase out older vessels and replace them with new, environmentally friendly vessels, as well as converting existing vessels. The company's fleet renewal

programme entails a gradual transition to a fleet and operations with zero- and low-emissions technology based on electric propulsion.

Among other things, the new tenders also take universal design into consideration. This means the new vessels will be well adapted for passengers with special needs, in line with society's general guidelines. By the end of 2019, Fjord1 will have taken delivery of 25 newbuilds adapted for battery operation and, together with conversion of several existing vessels, the company will have a total of 30 ferries that are all able to operate solely on electricity, with no CO₂ emissions.

These new requirements in the tender contracts mean that an unprecedented renewal of the ferry fleet will have been achieved within just a few years, resulting in increased passenger comfort and environmental improvements.



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FROM STEEL PLATE TO FERRY: LIFE ON THE SITE TEAM

Lars Gjerde (left) and Pål Wefring enjoy working on the Site Team in Turkey.

Lars Gjerde has been an inspector on the Site Team since newbuilding started in Turkey in 2016. He has worked for Fjord1 for 14 years, previously as a technical inspector in an office-based role.

“Fjord1 is a good place to work, and life on the Site Team is interesting and hectic! Working on the Site Team brings you into contact with what’s new in the industry, and you get to work with the latest technology within ferry operations. I’ve been building ships all my life, and have been involved in more than 50 newbuilds. We work long days on the Site Team, but the time goes quickly,” Gjerde says.

The significant increase in orders for newbuilds in recent years has brought an ever increasing number of people to the Site Team. Pål Wefring started work with the Site Team in Turkey in August 2018. Since joining Fjord1 in 2006, Wefring has worked as a ship’s engineer on the gas ferries on the Arsvågen–Mortavika route. Wefring had long thought it might be interesting to be involved on the shipbuilding side, and in 2018 felt the time was right to seek new work challenges.

“I’m very happy in the Site Team, and the work is interesting. There were three spells in Turkey in 2018, and I’m looking forward to going again. It’s good to learn something new, and it’ll be exciting to see the ferry designs that I’m working on now take shape during 2019,” Wefring says.



TECHNOLOGY, INNOVATION AND DEVELOPMENT

Fjord1's vision is to be the most environmentally friendly and reliable operator in the transport sector. The company works actively to develop solutions that improve resource utilisation and energy efficiency, and to implement technology that can contribute to more environmentally friendly ferry operations. This development work is carried out in close cooperation with suppliers and R&D institutes.

For several years, Fjord1 has been working on development projects linked to the ferries of the future, with a particular focus on battery and hybrid ferries. During 2018, Fjord1 developed expertise in hydrogen as an energy carrier by working with other industry suppliers to develop and gain approval for a concept for hydrogen-electric ferries.

To date, there has been a strong focus on being the first to embrace new technology and new energy carriers. In the years ahead, refining the use of the new technology and the new energy carriers will be decisive in being able to retain the company's industry leader position.

This is why Fjord1 is closely involved and taking an active role in various projects linked to the development of new digital tools. Going forward, the company will implement new digital tools to optimise operations, with a view both to improving energy efficiency and boosting cost efficiency thanks to smarter maintenance and lower downtime requirements for the vessels.

Lower downtime requirements for maintenance, for example, will also have a positive environmental impact, as the reserve vessels deployed are often less energy efficient than the main vessels. Fjord1 is already seeing how new digital tools enable us to learn from and improve operations, and expects these tools to help to realise the potential for improvement on all vessels, old and new alike.

In addition, the new vessels have completely different redundancy from the older ones. New vessels typically have four independent power sources for propulsion, compared with just one on older vessels. This will help to increase the robustness of operations.



Fjord1's environmental focus shall extend beyond the requirements made by public-sector contractors in their calls for tenders.

ENVIRONMENTALLY FRIENDLY TOURISM

Fjord1's environmental focus shall extend beyond the requirements made by public-sector contractors in their calls for tenders. Through its subsidiary The Fjords DA, Fjord1 has invested heavily in green, fjord-based tourism experiences using pioneering vessel concepts with zero and low emissions.

MS "Future of The Fjords" – the world's first fully electric passenger catamaran – was delivered in the spring of 2018 and operates on the Nærøyfjord together with its sister ship, MS "Vision of The Fjords". These experience vessels combine battery technology and use of carbon fibre in a completely new and unique concept.

MS "Future of The Fjords" was awarded the accolade "Ship of The Year 2018" in recognition of its holistic concept, where innovative vessel development goes hand in hand with a consistent strategy to make the fully electric vessel concept feasible at other locations too. MS "Vision of The Fjords" was awarded the equivalent prize in 2016.

A third fully electric vessel, MS "Legacy of The Fjords", is on order and will be delivered in the spring of 2020. This will enable an ever increasing number of tourists to experience a new area of Norway aboard environmentally friendly and soundless vessels.