



CORPORATE SOCIAL RESPONSIBILITY

Fjord1's objective 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 21 million vehicles and 42 million passengers in 2017. As the leading ferry company in Norway, Fjord1 also plays an important role in Norwegian infrastructure, providing efficient, safe and eco-friendly transport to meet society's needs. The prognoses for future demand are impacted by demographics and business development, customer mobility and a general requirement for increased regularity of services for private passengers and industry.



For Fjord1, the organisation's corporate social responsibility shall reflect the company's vision, core values, the quality of daily operations and the company's efforts related to employees, the environment and safety. By ensuring safe, eco-friendly and reliable operation of ferry connections, the organisation's corporate social responsibility also lays the foundations for return on invested capital, attractive jobs and good relationships with both customers and partners.

Fjord1's work on corporate social responsibility is an integral part of the company's strategy, management and daily operations. The company aims to maintain its systematic and structured focus on corporate social responsibility.

Fjord1 has fully integrated corporate social responsibility into daily operations by applying it into three focus areas. Together with the ferry industry, public authorities have long had a major focus on safety for ferry operations. As an important player in the ferry industry, Fjord1 has assumed a leading role

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in improving the safety culture, with its vision of zero undesired incidents. Challenges linked to climate and the environment are also an integral part of corporate social responsibility. Fjord1 aims to be instrumental in reducing emissions per passenger by renewing its fleet as a result of the new environmental contracts. The introduction of new and more energy-efficient vessels will have an effect on the ferry industry. Fjord1 seeks to recruit the most highly skilled and highly motivated employees. The company takes its role within training very seriously, and aims for a culture of openness, tolerance and high ethical standards.





SAFETY

Safety is absolutely central for Fjord1. In 2017, the company has reaped the rewards of many years of systematic work on safety culture. The Board of Directors and management have focused on maintaining their work on boosting safety culture in 2017, 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. Fjord1 has a vision of zero injuries and loss of life. Throughout 2017, work on safety has been of a consistently high quality.

MANAGEMENT SYSTEM FOR SAFETY

The company has a proactive and well-organised safety management system certified according to the ISM code. The system focuses on development via risk management, allowing the company to take corrective action, make improvements and learn from incidents. This 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 is a means for Fjord1 to achieve its HSE objectives, making good use of routines and procedures. The company records and measures developments in injuries and incidents, and this data is used to take action to reduce accidents.

All Fjord1's vessels have automatic monitoring and warning systems. The position data used to monitor consecutive operation of the barrier system is an important part of the work on preventing undesired incidents.

By means of a targeted focus and efforts, Fjord1 has been able to reverse the trend and significantly reduce the number of incidents. This has not only resulted in fewer accidents but has also improved punctuality, leading to a better reputation and improved economy for the company. In the autumn of 2017, Fjord1 reached the milestone of 591 days without undesired incidents. Technical and human error is always a possibility, also in the future. Safety shall always be the company's top priority. This is ensured by means of compliance with the company's procedures and barrier system. Safety

is always on the agenda at employee conferences. By ensuring that this subject is firmly integrated in the company and that the employees feel a sense of ownership of the issue of safety, individual employees can challenge one another on how to improve even more as a company, in particular in relation to sick leave and passenger injuries.

EMERGENCY PREPAREDNESS

Fjord1 attends national and local emergency preparedness drills. The aim of such drills, is to train on-board personnel and the shore-based emergency preparedness organisation to deal with emergencies. The fact that the company makes itself available and participates actively in such drills helps boost both local and national emergency preparedness.

Fjord1 has compiled plans aiming to reduce risk wherever possible by having an efficient emergency preparedness organisation to deal with any incidents that may occur. The company puts great importance to further developing its emergency preparedness for undesired incidents.

The purpose of the emergency preparedness organisation is to ensure support for vessels in an emergency situation in order to limit personal injury and damage to the environment and materials, and to assist the Joint Rescue Coordination Centres, police force and other authorities. Fjord1 carries out drills to ensure that personnel receive the best possible training in dealing with different situations.



THE ENVIRONMENT

Transport operations entail pollution of the external environment. The pollutants are 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. These requirements are becoming increasingly stringent, towards a target of zero/low emissions. The maritime industry and the ferry industry play a particularly important role in helping Norway meet its climate goals for substances such as CO₂. A resolution adopted by the Norwegian Parliament in 2015 ensures that all future tenders for ferry services shall include zero- or low-emission technology.

The requirements specified by contractors in tender requests create a market for technological developments, newbuilds and conversions, and operation of zero- or low-emission vessels. Fjord1 aims to be eco-friendly and has identified opportunities in the requirements for eco-friendly operations now being set by contractors. Development contracts also pave the way for developing the technology to use hydrogen as fuel. The company aims to balance economic and environmental factors and offer the best solutions for contractors and society.

By working with other industry players, engine suppliers and the research institutes, Fjord1 is striving to identify measures that can reduce levels of harmful emissions. Since 2016, Fjord1 has used 100 % renewable biofuel as a source of energy on two of the company's ferries operating scheduled services. The use of renewable energy results in greater reductions in CO₂ emissions compared with fossil fuels. Fjord1 will continue to 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.

With new environmental contracts and electrification of its fleet, Fjord1 aims to remain the leading company within the "green shift", by achieving a substantial reduction in CO₂ emissions. By 2020, the company will have 30 electrical vessels in operation, providing a reduction of 80-95 % in CO₂ emissions compared

with the conventional diesel ferries.

The company has entered into an agreement for the delivery of 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 eco-friendly technology.

Fjord1 has established guidelines for SEEMP (ship energy efficiency management plans) on all vessels, aiming to improve on-board energy efficiency.

As a part of its environmental strategy, Fjord1 has decided to seek certification according to the regulations for ISO 50001 – Energy management. This process started in 2017 and the objective is to achieve certification by the autumn of 2018.

RENEWING THE FERRY FLEET

Fjord1 has recently experienced a period of significant activity related to tender competitions with requirements for low and zero emissions. One important factor for reducing emissions is to phase out older vessels and replace them with new, eco-friendly vessels in addition to rebuilding existing vessels. This fleet renewal implies a gradual transition to a fleet and operations with zero- and low-emission technology based on electric propulsion.



TECHNOLOGY, INNOVATION AND DEVELOPMENT

Fjord1 has a vision to be the most eco-friendly and reliable operator in the transport sector. Fjord1 works actively to develop solutions that improve resource utilisation and energy efficiency, and to implement technology that can provide more eco-friendly ferry operations. This development work is performed 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. The conversion of MF “Fannefjord” as the world's first natural gas-battery hybrid vessel in 2015 provided essential experience with a view to the requirements for low and zero emissions in new ferry tenders.

Going forward, the company will actively invest in developing and introducing new technology, with a particular focus on energy efficiency requirements and emission reductions. Technology involving use of hydrogen as a source of energy and optimisation and automation of operations on board shall help reduce energy consumption.

Fjord1 is carrying out a “hydrogen project” as one of several tenderers for the construction of the first hydrogen ferry. The project shall enable zero-emission technology on ferry crossings that are not suitable for

single electric operation.

The environmental efforts made by Fjord1 in 2017 will have a positive impact on the environment in the years to come. Fjord1 has been involved in promoting innovation and development in the industry, measures that will be instrumental in reducing future energy consumption, CO₂- and NO_x-emissions. The company has been awarded transport contracts requiring a transition from fossil fuels to mainly electric operations, and has signed contracts to build new electric ferries and convert existing ferries.

ECO-FRIENDLY TOURISM

Fjord1 aims to safeguard the environment by taking action over and above that required by contractors in public contracts. Via its ownership in The Fjords DA, the company has implemented hybrid and battery technology in new areas. The sightseeing vessel M/S “Vision of the Fjords” in the Nærøyfjord combines battery technology with the use of carbon fibre hulls in a completely new and unique concept. The experience gained from this project, combined with knowledge of battery operations, the sister ship – M/S “Future of the Fjords” – is scheduled for delivery in the spring of 2018 and will be the world's first fully electric passenger catamaran.



PERSONNEL AND ORGANISATION

Fjord1's employees are an important resource for the company. Systematic efforts and focus by the employees develop a culture in line with the company's values. Fjord1's objectives require the company to attract, develop and retain skilled employees. Creating a positive culture by facilitating a positive and safe workplace is therefore central. Fjord1 aims for a working environment that promotes health and where no one is injured or becomes ill because of their work.

After several years of high sick leave, there has been a downward trend in sick leave since 2015. The target for 2017 and beyond are lower, and work to reduce sick leave is a continuous process that will require full focus also moving forward.

In 2017, the company was 0.2% off reaching its target, but sick leave remains too high. Fjord1 is sustaining its focus on attendance at work and close follow-up, and has established target areas for preventive work, the psychosocial working environment, facilitation and follow-up.

A WORKING ENVIRONMENT THAT PROMOTES EMPLOYEE HEALTH

Fjord1 continuously takes measures to help create a positive working environment that promotes employee health. Fjord1 aims to be an organisation where the employees are seen and listened to, and the company's main goal is to eliminate all forms of

work-related absence. Employees shall contribute towards their own motivation and development of the working environment and company, by means of active dialogue with and follow-up by their immediate managers. Fjord1 has a zero-tolerance policy for harassment and negative conduct that can be perceived as threatening or humiliating. An inclusive and inspiring working environment is characterised by mutual respect and equality. Fjord1 acts to promote health via the company's own facilitation policy, measures and analyses in order to prevent strain injuries. Fjord1 uses the Norwegian Maritime Authority's "Sjømannsidretten" Sports Service to encourage employees to take part in various activities that promote good health. The safety and environmental representative in Fjord1 safeguards the interests of employees in issues involving the working environment. In 2018, employee survey shall be carried out for all employees.



EMPLOYEE AND MANAGEMENT DEVELOPMENT

The company follows a specific strategy for development of both managers and employees at all levels in the organisation. A management development programme has been carried out as part of the company's organisational development. This programme is a tool to allow Fjord1 to prepare the organisation for changes in framework conditions for new contracts.

In 2017, all employees have taken part in employee meetings. Ten meetings were held with the aim of building a strong Fjord1 culture, whereby employees feel a sense of ownership for the company's main goals, values and ethical guidelines. As such, Fjord1 has laid the foundations for a unifying and inclusive fellowship for all employees, boosting motivation and job satisfaction. These meetings shall enable the individual employee to understand his or her own role in the company, and identify the need for professional development and expertise. Management conferences have been held for managers, with a focus on responsibility and challenges faced by managers.

EXPERTISE AND TRAINING

Fjord1 aims to help ensure employees have the necessary experience and expertise to carry out their work. Amended framework conditions and technological developments require action to boost expertise and develop the organisation in line with new requirements for both the company as a whole and the skills of individual employees.

In 2017, the company had 120 apprentice positions at sea, of varying durations, for both seamen and motormen. The company facilitates detailed and qualified training within the relevant discipline, and apprentices are assigned adapted tasks by the company and take part in daily operations. Fjord1 aims to recruit the most highly skilled employees and provide them with the best expertise available. The apprentices and cadets are important for the company. Every year, all the first-year apprentices are invited to a meeting, to promote involvement and inclusion and to provide them with a unique opportunity to get to know the company properly. These meetings have positive spin-off effects, for both the individual apprentice's working day and for Fjord1, which aims to be an attractive employer.



ETHICS AND ANTI-CORRUPTION

Fjord1 relies on being perceived as trustworthy by customers, public authorities, suppliers and society as a whole. The company shall be recognised for 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 board members, and are based on the company's corporate values.

Ensuring that conduct is anchored in the company's shared values and acting in accordance with these guidelines contribute to a high ethical standard in all parts of the organisation. This enables Fjord1 to demonstrate to 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 management development programme and employee meetings. Fjord1 has established routines for whistle-blowing involving censurable conditions.

Fjord1 does not accept any form of corruption or other breach of regulations. Value creation shall comply with the company's ethical guidelines and

prevailing legislation. Fjord1's employees shall at all times behave in a manner that is in the best interests of the company and shall 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.

The ethical guidelines are reflected by agreements with suppliers demonstrating the requirements on suppliers and subcontractors in relation to Corporate Social Responsibility (CSR).

SUPPORT TO LOCAL COMMUNITIES

Fjord1 aims to promote diversity, job satisfaction and necessary requirements for sport and culture in those districts where the company has operations. As an engaged member of society, Fjord1 uses support to local communities as a means to achieve this goal. Fjord1 has chosen to support both clubs and organisations via both long-term projects and individual events. The company provides financial support to

recreational sports and culture. Children and young people are an important part of the target group for sponsorship in the company's work to create safe and positive environments. In 2017, Fjord1 donated NOK 100,000 to Redningsselskapet (the Norwegian Society for Sea Rescue) to support their work within safety at sea.