

# SUSTAINABILITY REPORT 2018/2019

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A leading, preferred, and reliable  
transporter of bulk liquids.





**Utkilen AS is a fully integrated shipping company with headquarters in Bergen, Norway. The company, with a history going back to 1916, was founded in 1967 and owns and operates about 25 chemical tankers ranging from around 5,000 to 20,000 dwt. in size.**

About 500 seagoing personnel work onboard our vessels and the shore organization totals about 50 employees.

We have a strong focus on safety and quality and our safety and quality systems are certified by DNV GL.

Utkilen is one of the major seaway transporting companies for chemicals and other bulk liquid cargoes in Northern Europe.

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### OUR CORPORATE VALUES:

- Safety begins with me!
- Best in class performance
- We work as a team
- Continuous improvement and innovation

## We Care!

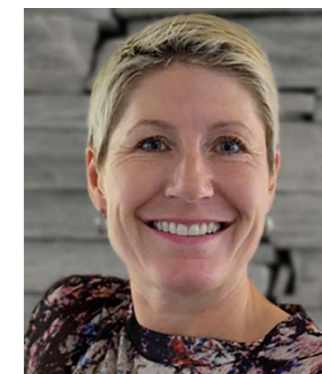
**Although still new in my position, I am extremely proud to be at the helm of the Utkilen company. This family owned company can look back on more than 100 years of shipping traditions and it will be around for the next 100 years as well. That is sustainability!**

**We care** for our people! People are our most important asset. We want every one of our sailors to return home safe and sound to their family. Safety is our number one priority – always! Good physical and mental health are also important to sustain a life at sea. Training and healthy eating campaigns have been launched and we are now going to put mental health on the agenda. We also focus on continuous training in order to make sure our employees perform well in an efficient and safe way.

**We care** for the environment! Already in 2012, Utkilen introduced fuel saving programs on our ships. Speed has been reduced, a hull cleaning program launched and systems to optimize speed and consumption at all times has been installed. Our current newbuilding program represents a new generation of chemical tankers with 30% less CO2 emissions and 80% less NOx emissions. They are LNG ready and fitted with shore power connections which permits full loading/discharge operations while connected to electrical shore power. In the future, when we order new ships, we will make sure they are even “greener”. We take our responsibility towards the IMO 2050 goal seriously.

**We care** for our customers! We aim for long-term contracts and long-term relations. It is important for us to always be flexible and work together with our charterers to find the best solution for them. Our aim is to be a quality service provider. We want the terminals to continue to be pleased when they see a red ship at their dock loading or discharging their cargo.

**We care** for our ships! Utkilen has 25 ships when the last two newbuildings are delivered early in 2020. Our ships range from 0 to 29 years old, and we are maintaining them all in accordance with the same standard. As a fully integrated shipping company with focus on quality, we take care of your ships through their entire lifecycle because we believe it is sustainable to invest in good quality and well-maintained ships with a long lifespan.



Best regards,  
**Siri-Anne Mjåtvedt,**  
CEO

# Corporate Social Responsibility (CSR)

**The term CSR refers to Sustainable Development issues applied to business. It means that an organization is responsible for the impacts of its decisions and activities on society and the environment.**

CSR issues are typically grouped into 4 themes: Environment, Labour Practices & Human Rights, Fair Business Practices and Sustainable Procurement.

ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
<b>Operations</b> <ul style="list-style-type: none"> <li>Energy Consumption &amp; GHGs</li> <li>Water</li> <li>Biodiversity</li> <li>Local &amp; Accidental Pollution</li> <li>Materials, Chemicals &amp; Waste</li> </ul> <b>Products</b> <ul style="list-style-type: none"> <li>Product Use</li> <li>Product End-of-Life</li> <li>Customer Health &amp; Safety</li> <li>Environmental Services &amp; Advocacy</li> </ul>	<b>Human Resources</b> <ul style="list-style-type: none"> <li>Employee Health &amp; Safety</li> <li>Working Conditions</li> <li>Social Dialogue</li> <li>Career Management &amp; Training</li> </ul> <b>Human Rights</b> <ul style="list-style-type: none"> <li>Child Labor, Forced Labor &amp; Human Trafficking</li> <li>Diversity, Discrimination &amp; Harassment</li> <li>External Stakeholder Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>Corruption</li> <li>Anticompetitive Practices</li> <li>Responsible Information Management</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Environmental Practices</li> <li>Supplier Social Practices</li> </ul>

**Utkilen shall through transparent and ethical behaviour:**

- contribute to sustainable development, including health and the welfare of society
- consider the expectations of stakeholders
- follow all applicable laws and comply to international norms of behaviour

*“To support and enhance Utkilen’s Corporate Social Responsibility, a Code of Conduct has been developed.”*

The Code is intended to help all employees understand and apply Utkilen’s standards in their everyday business activities. The Code is meant to stimulate awareness of ethical issues we may encounter. Making the right decisions begins with honesty and integrity.

**Personal Conduct**

- 1 Utkilen expects all employees to treat everyone they come into contact with, either at work or during work-related activities, with courtesy and respect.
- 2 Utkilen employees must take care not to offend local customs or cultures.
- 3 All employees are responsible for protecting the company’s reputation and for behaving in line with Utkilen’s expectations.
- 4 Employees are expected to contribute to an orderly and efficient work environment and to Utkilen’s overall results.
- 5 Employees should always strive to perform their duties to the best of their ability and abstain from any conduct that may have a negative effect on their colleagues or work environment.
- 6 The principle of non-discrimination, tolerance and respect for one’s fellow workers should guide and underpin all behaviour.

**Anti corruption: promoting responsible business practices**



**CSR project**



Utkilen is a member of the Maritime Anti-Corruption Network (MACN). The Maritime Anti-Corruption Network is a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. Established in 2011 by a small group of committed maritime companies, MACN has grown to include over 100 members globally and has become one of the pre-eminent examples of collective action to tackle corruption.

Utkilen contributes financially to the KYTHE Foundation in the Philippines.

Kythe is a non-profit, non-stock organization aimed towards improving the quality of life among hospitalized children with cancer and other chronic illness. We are a group of trained professionals providing the Child Life Program.

*“As the only foundation in the Philippines offering the Kythe Child Life Program, we have provided psychosocial support to over 11,000 children with cancer and other chronic illness and their families since 1992. Together with our hospital partners, donors and volunteers, we aim to promote healing and growth. We aim to inspire hope.”*

**- KYTHE Foundation**



# People

**“Our ultimate goal is zero harm to personnel and the environment. Zero means that any personnel injury is unacceptable and that we continuously strive to reduce our impact on the environment.”**

- Utkilen shall adhere to applicable laws, regulations and requirements.
- Utkilen shall enhance a proactive approach to the management of Health, Safety and Environment on board our ships and ashore.
- Utkilen shall develop and maintain a Health, Safety and Environment program with defined goals, responsibilities and KPIs.
- Utkilen’s experience feedback system shall enable the identification of risk and safeguard from possible threats.

## OUR SEAFARERS

NORWAY	25
SWEDEN	1
LATVIA	121
LITHUANIA	1
RUSSIA	19
UKRAINE	4
POLAND	1
ROMANIA	1
PHILIPPINES	320

## OUR SHORE STAFF

BERGEN	35
RIGA	9
MANILLA	4

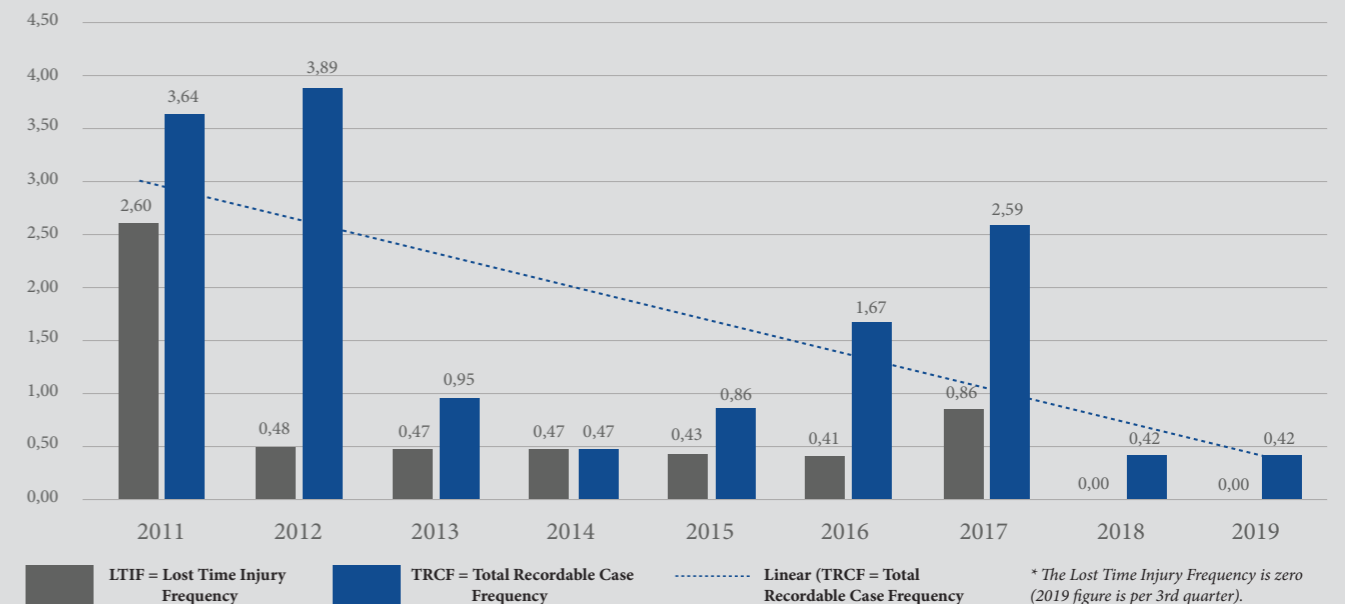
## CADET PROGRAM

Utkilen’s cadet program is going strong and will continue to do so also in the future. Our cadets come from the Philippines and European countries, and we have recently signed an agreement with the Norwegian Training Centre (NTC) in Manila who will provide additional cadets to the Utkilen fleet. These cadets are dedicated to Utkilen and start their education in January 2020. During the education and training period, they will be closely followed up by the NTC and Utkilen.

Retention rate for Utkilen employees:  
Crew and officers 99,1 % \*  
Office personnel 90,0 % \*

\* 24 months rolling

## Fleet LTIF/TRCF



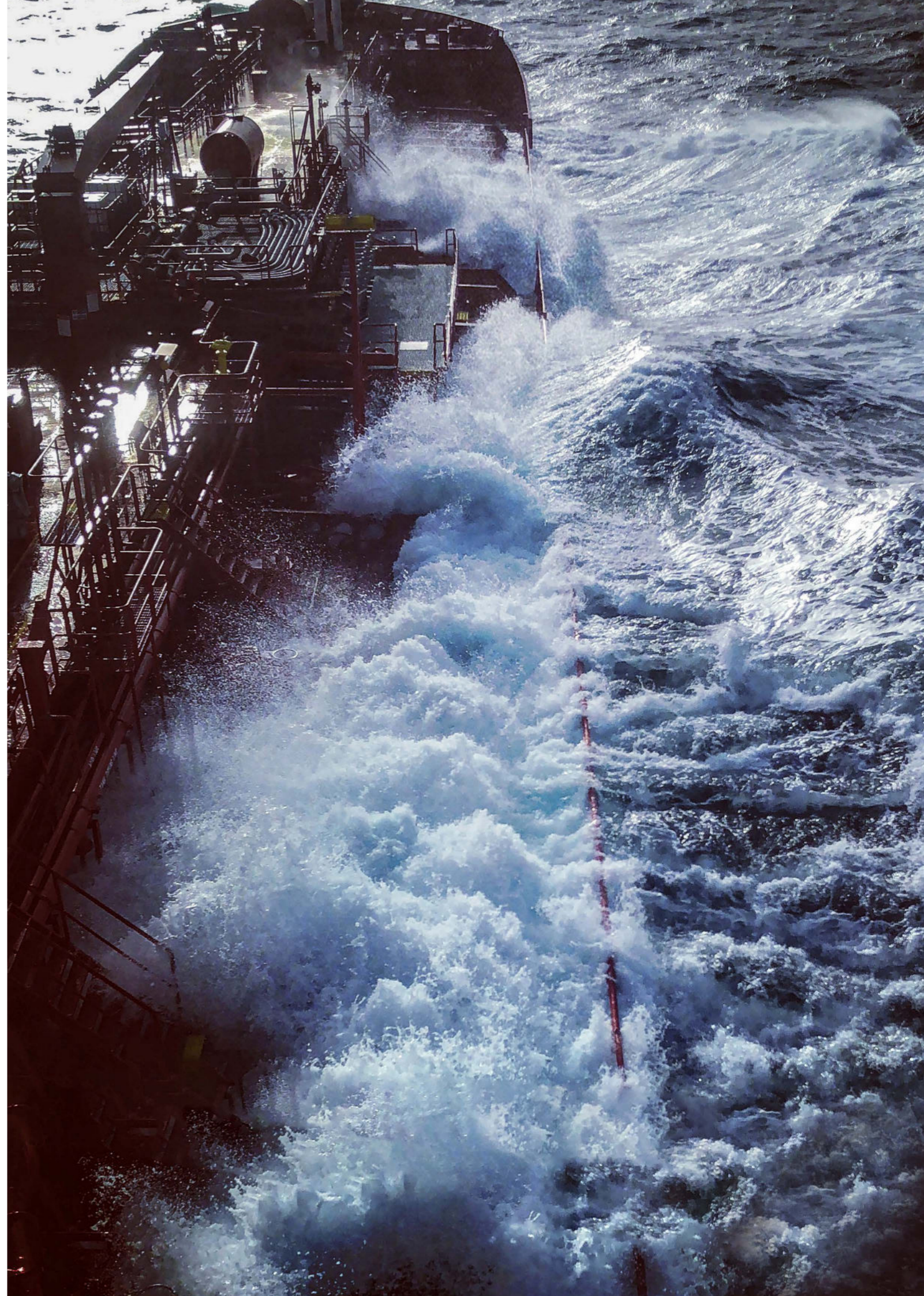
### Health and Resilience

The Utkilen vessels operate mostly in short sea trade in northern Europe, which entails a most hectic and demanding work environment. Consequently, the seafarer's health is important, and this has been a focus area for many years. The general health situation in the fleet is good, and this is documented in the periodic health assessments for the seafarers. Additional health incentives have been initiated, such as healthy food habits together with training programs and activities. Increased focus on health and wellbeing onboard is now an integrated part of our management system.

Taking care of oneself, physically and mentally, is important for the safety onboard. It impacts one's ability to respond quickly and safely when things go wrong. Increasing and strengthening our ability to deal with life's problems or stressful situations helps us to be our best as individuals and teams.

Developing resilience gives us the skills to improve our response to difficult or stressful situations. The resilience techniques help us train our brains to process stress in a different way, allowing us to use our brains to the best of our abilities during challenging periods and while working in safety critical environments.

- By learning more about how we think under pressure and increasing our resilience, we learn an important skill that helps us work safely
- Resilience is the ability to bounce back and effectively deal with problems in day to day life as well as high stress situations
- Learning resilience techniques give you a number of ways to cope, so if one doesn't work, you can use another way.
- Resilience is a skill that can be learned, and like any skill, the more you practice, the better you get.





# Environment

**“Utkilen has a high commitment to the environment. Minimising the ship energy consumption is an integral part of Utkilen’s operations and is incorporated into the design of ships & equipment, chartering, operations, technical management and on-board management of the fleet.”**

Utkilen is certified in accordance with the ISO 14001 Environmental Management Systems (EMS) standard. The EMS shall ensure that Utkilen’s Environmental Policy, including the objectives, activities and targets described in the HSE program are met.

Utkilen’s Significant Environmental Aspects have been identified, including the control elements, and are continuously improved and monitored through Utkilen’s HSE Program.

Utkilen’s HSE program has been established by the HSSEQ Department

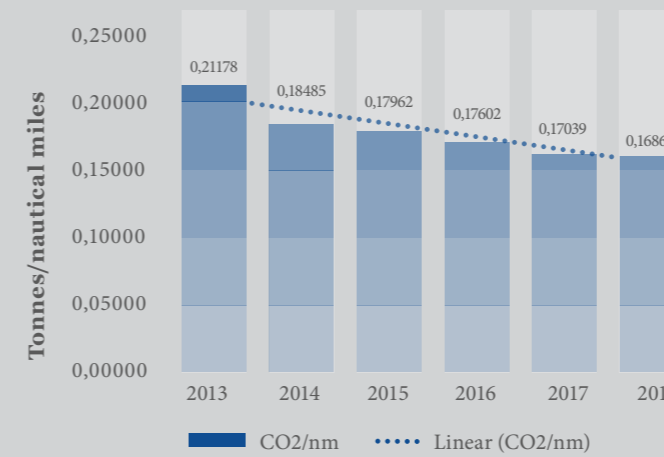
and approved by top management. The program consists of selected HSE aspects with objectives, activities, targets and responsibilities. The program is consistent with Utkilen’s HSE policy. It shall also take into account legal requirements, customer requirements and guidelines, industry standards and own personal experience.

The program shall ensure continuous improvement of HSE performance and be communicated to the vessels through Ship Circulars. Top management review the HSE program quarterly at the HSE meeting and annually in the Management Review.

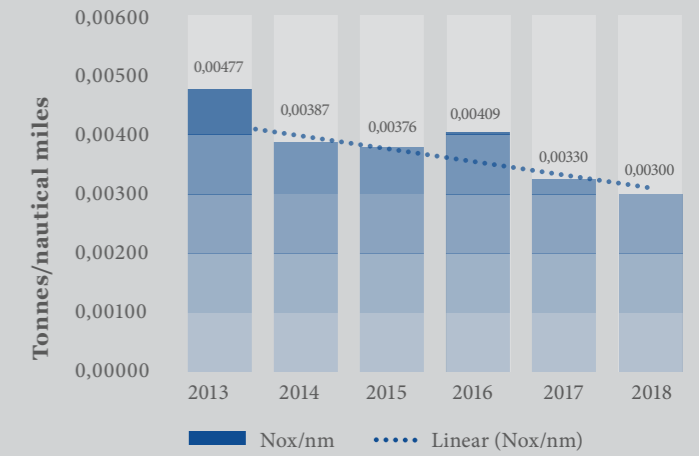


# Environmental impact

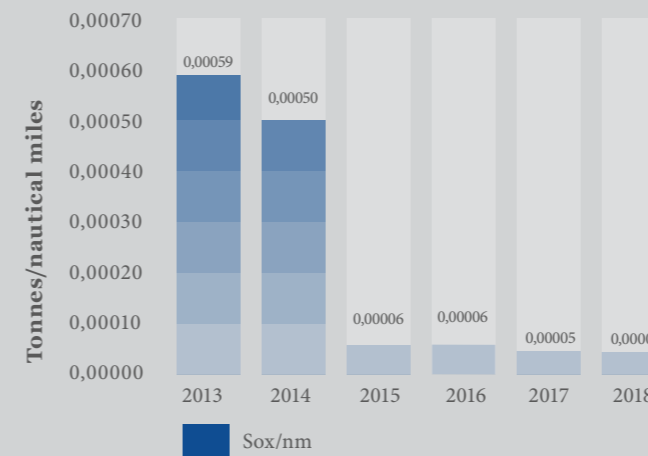
2013-2018 CO2/nm



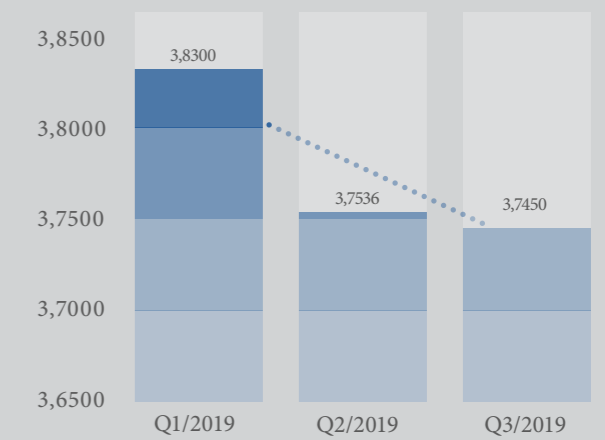
2013-2018 Nox/nm



2013-2018 Sox/nm



Environmental Performance Index 2019



Environmental Performance Index = Total emitted mass / Transport work (total tonnes/ total nm)

## Environmental activities 2019–2020:

OBJECTIVE	ACTIVITY	RESPONSIBLE
Reduce energy consumption through voyage speed performance	Ship Energy Efficiency Management Plan (SEEMP) Speed/ consumption monitoring	Operations Department
Energy efficiency initiatives	Newbuilding's with ECO- design, dual fuel ready engines and TIER 3 compliant Installing shore power technology on newbuilding's and retrofit on existing vessels.	Newbuilding Department
Improve Energy management	Replace standard lightning onboard with LED lighting Energy Efficiency Management Course established in Manila	Technical department
Reduce energy consumption through RPM/Pitch controller system and monitoring system	Lean Marine system installed on vessels Performance monitoring system installed on all vessels	Technical department
Ensure that key personnel have required environmental knowledge	Quarterly meetings with 3rd parties (e.g. Class) on upcoming environmental requirements and industry standards.	HSSEQ Department
Reduce energy consumption through frequency converters	Retrofit frequency converters	Technical Department

OBJECTIVE	ACTIVITY	RESPONSIBLE
Manage the social and environmental impact of the Company	Annually develop and distribute a Company Sustainability Report	HSSEQ Department
Define ship specific energy efficiency standards	Establish ship energy efficiency operational index (EEOI) certificates for each vessel	Operations Department
Reduce the environmental impact of anti-fouling	Monitor hull condition Systematic use of underwater cameras onboard	Technical Department
Improve and monitor Utkilen's Significant Environmental Aspects	Ship Energy Efficiency Management Plan (SEEMP)	Technical Department
Reduce the environmental impact by effective logistic	Use transit Kiel Channel, Reduce Barge, Consolidate deliveries	Purchasing Department
Reduce the environmental impact by reducing waste	The number of plastic bottles consumed onboard shall be reduced by 100 000 bottles by end 2019	Purchasing Department
Collaboration between shipping companies, mutually beneficial environmental results	NCE Maritime CleanTech	Technical Department

## RESULTS 2018



## KEY PERFORMANCE INDICATORS

2018 Target

2018 Actual

## Personnel injuries:

Fatalities	0	0
Lost Time Injuries	0	0
Restricted Work Case	0	1
Medical Treatment Case	0	0
First Aid Case	< 15	8
Lost Time Injury Frequency	0	0
Total Recordable Case Frequency	0	0,42

## Hydraulic Oil Spills:

Overboard	0	1
On deck	< 5	2
In tray	< 5	0

## Cargo/Bunker Spill:

Overboard	0	0
On deck	0	0
In tray	0	0

## Inspections: (\*)

OCIMF	< 3	3,12
CDI	< 4	3,76
Port State Control	< 0,25	1,18

(\*) Findings pr. insp.

## KEY FIGURES

## People and safety

2017

2018

Number of seafarers	494	493
Number of office staff	48	46
Lost Time Injury Frequency (LTIF)	0,86	0,00
Total Recordable Case Frequency (TRCF)	2,59	0,42
Fatalities	0	0
Lost Time Injury	2	0
Training Days (shore based)	2038	2175

## Environment

Emission CO <sub>2</sub> (metric tonnes)	190 675	191 062
Emission NO <sub>x</sub> (metric tonnes)	3 692	3 398
Emission SO <sub>x</sub> (metric tonnes)	59,5	59,6
Emission CO <sub>2</sub> (pr. nautical mile)	0,17039	0,16863
Emission NO <sub>x</sub> (pr. nautical mile)	0,00330	0,00300
Emission SO <sub>x</sub> (pr. nautical mile)	0,00005	0,00005

## Environmental Performance Index

Q1/2019

Q2/2019

Q3/2019

	3,8300	3,7536	3,7450
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Environmental Performance Index = Total emitted mass / Transport work (total tonnes/ total nm)

# Company History

**“I guess I was about 11 or 12 when I took apart the entire engine. When dad came home to see this he was very upset. He said I would never be able to put it back together the right way and make it run again. I put the engine back together and it ran like before.”**

– Excerpt from the memoirs of Anders Utkilen

The Utkilen family has its roots in Kilstraum, located in the municipality of Austrheim, situated at the seaside about a one-hour drive north from Bergen. The sea was, and still is, important to the people in this community. The sea was previously the most important means of communication for this district and fisheries played an important role as well as transportation of various goods along the coast.

In a way the history of the company goes back to 1916, when the father of Anders Utkilen bought a small freight vessel called “Alstein”. His sons, among them Anders, worked on board this vessel and learned their skills the hard way. Anders Utkilen actually became a captain on board “Alstein” at the age of 17.

At the age of 23 he bought a 1/3 share of “Alstein”. In 1930, Anders and his brothers bought an old sailing ship that was completely rebuilt to a motor ship and used for transportation of live fish as well as other goods. Anders undoubtedly had a technical talent and was very inventive in many ways as far as technical solutions onboard the ships were concerned.

Anders and his brothers engaged in the transportation of goods, mainly on the Norwegian coast, as well as fisheries (trawling) until the early 1950s. In 1945, the administration of the company was moved to Bergen. Anders and his brothers bought and sold smaller ships over the years and managed to build up equity in their jointly owned company “Brødrene Utkilen”. In 1958 and 1962 Anders’ two brothers left the company, and in 1962 the company changed name to “Anders Utkilens Rederi”. In 1967, the company was established as a stockholding company, and this is when the present owner, Ove Utkilen, joined the company.

The company was able to operate profitably and as such build up a healthy financial position. In December 1979, a milestone was reached. The company took delivery of a newbuilding of 2 500 dwt. built at Bolsoenes yard in Molde. This was probably the most modern and well equipped small tank vessel at the time. She had double bottom and deepwell pumps in all her cargo tanks. In 1980 and 1981, the company took delivery of two more vessels from the same yard. These vessels had one feature which appeared to have a

crucial effect on the later development of the company, namely the fact that these ships had stainless steel centre tanks and thus were able to carry high grade chemical (IMO 2) cargoes as well as acid products.

In March 2007, the company changed its name from “Anders Utkilens Rederi AS” to “Utkilen AS”. Today Utkilen AS owns and operates, in part or wholly, 25 advanced chemical tankers altogether, ranging from around 5 000 dwt to 20 000 dwt., which makes the company one of the major operators in this market segment in Northern Europe.

This remarkable development is rooted on the seamanship of Anders Utkilen and his people, on hard work, and a skilled organization.

