

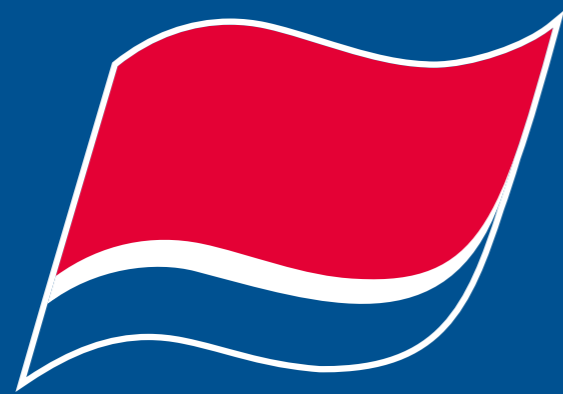
Fjord1



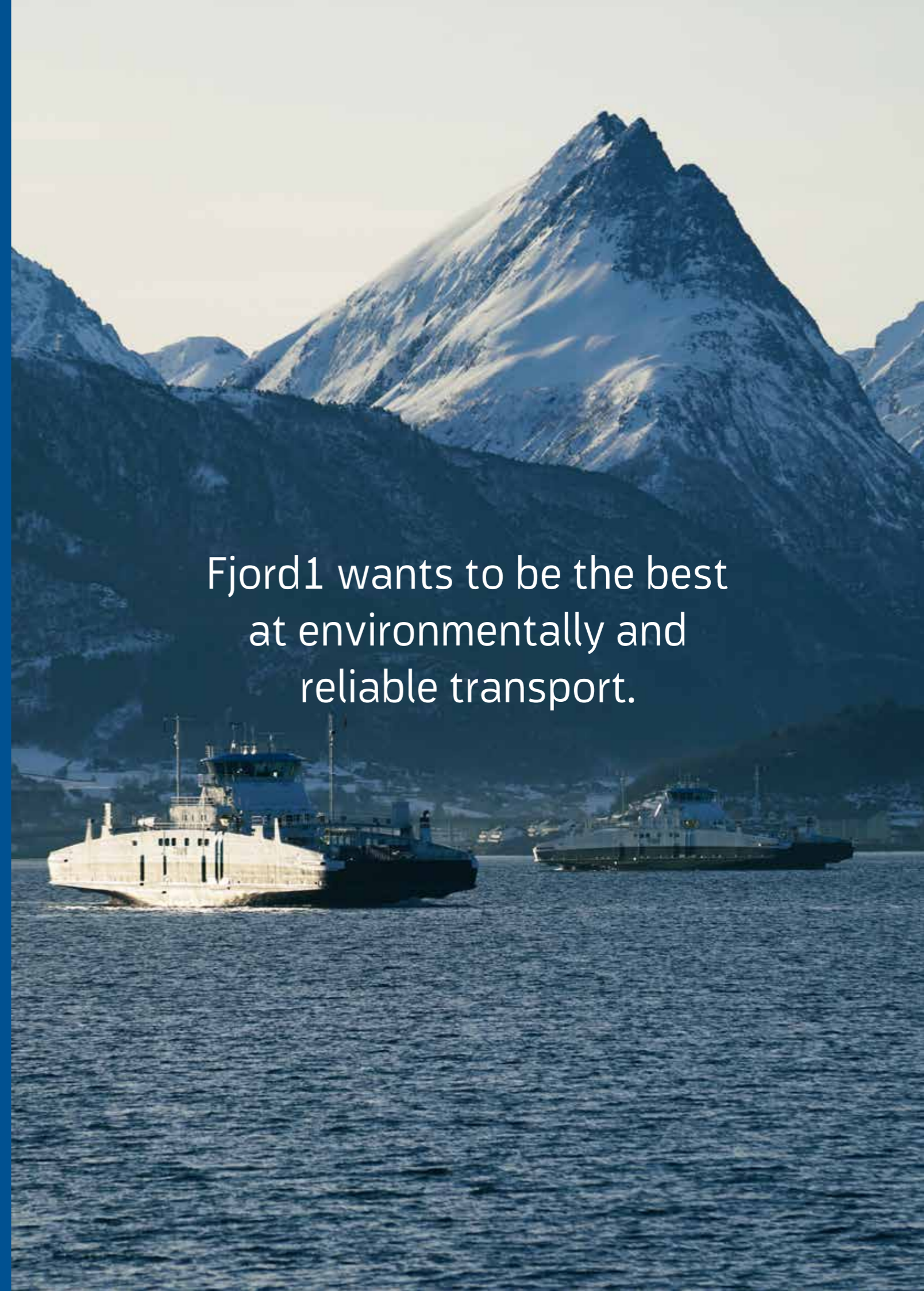
SUSTAINABILITY REPORT

2021





Fjord1 wants to be the best
at environmentally and
reliable transport.



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Electrification of ferries and speedboats, in addition to investment in new technology, is important measures to achieve global and national climate targets



Responsible business and long-term sustainable value creation

- Development of sustainability efforts and stakeholder analysis
- Clear link between vision, goals and focus areas
- Sustainability for the organisation, owners and decision-makers
- Sustainability from an owner's perspective



Responsible business and long-term sustainable value creation

“Fjord1 – Best for eco-friendly and reliable transport.”

With this vision, we have laid the foundation for Fjord1’s sustainability efforts.

Fjord1 plays a decisive role as a business operator in large parts of Norway. Fjord1 helps link small communities together and enables large parts of coastal Norway to exploit their unique characteristics and competence. It also helps ensure that sustainable resources can make a socioeconomic contribution. This lays the foundation for a society based on long-term sustainable value creation.

Increased electrification has been reinforced by an increasing level of operational stability. No one need worry that environment-friendly investments are at the expense of secure operations and a high degree of operational stability.

By means of electrification, increased use of sustainable energy sources and a strong focus on preventing emissions to the sea, Fjord1 is taking its share of the responsibility for realising the UN’s Sustainable Development Goals (SDG) by 2030.



Global goals for sustainable development have been included in national and regional requirements which are changing the company’s framework conditions. Expectations from passengers, local stakeholders and, not least, Fjord1’s own employees and owners have led us to ramp up our sustainability efforts.

Climate change is one of the greatest challenges of our era. The electrification of ferries and express boats, and investment in new technologies are important steps towards realising global and national climate targets. Fjord1’s transition to electric propulsion is already providing significant results. Our experience, combined with secure operations, provides a foundation for new endeavours in both Norway and abroad.

Our clients require us to meet strict contractual obligations, just as we make rigorous demands on our suppliers. Fjord1 also makes demands of our clients, both with respect to the development of existing contracts and to new contracts that will be put out to tender. In our view, all new contracts must include

requirements for reduced emissions to both air and water. The time for contracts based solely on fossil fuels has passed. In 2020, the company defined our most important contribution to realising the SDGs, six of which are particularly relevant for us. We contribute to these goals not only through our social mission but also through the commercial activities we undertake outside our public-sector contracts.

These goals, and their sub-goals, provide a clear framework for the company’s efforts to realise the UN’s SDGs.

The six goals are described in the figure below.

Let us all continue to contribute to value creation throughout society, based on sustainable solutions.

Dagfinn Neteland
CEO of Fjord1



Development of Fjord1's sustainability efforts

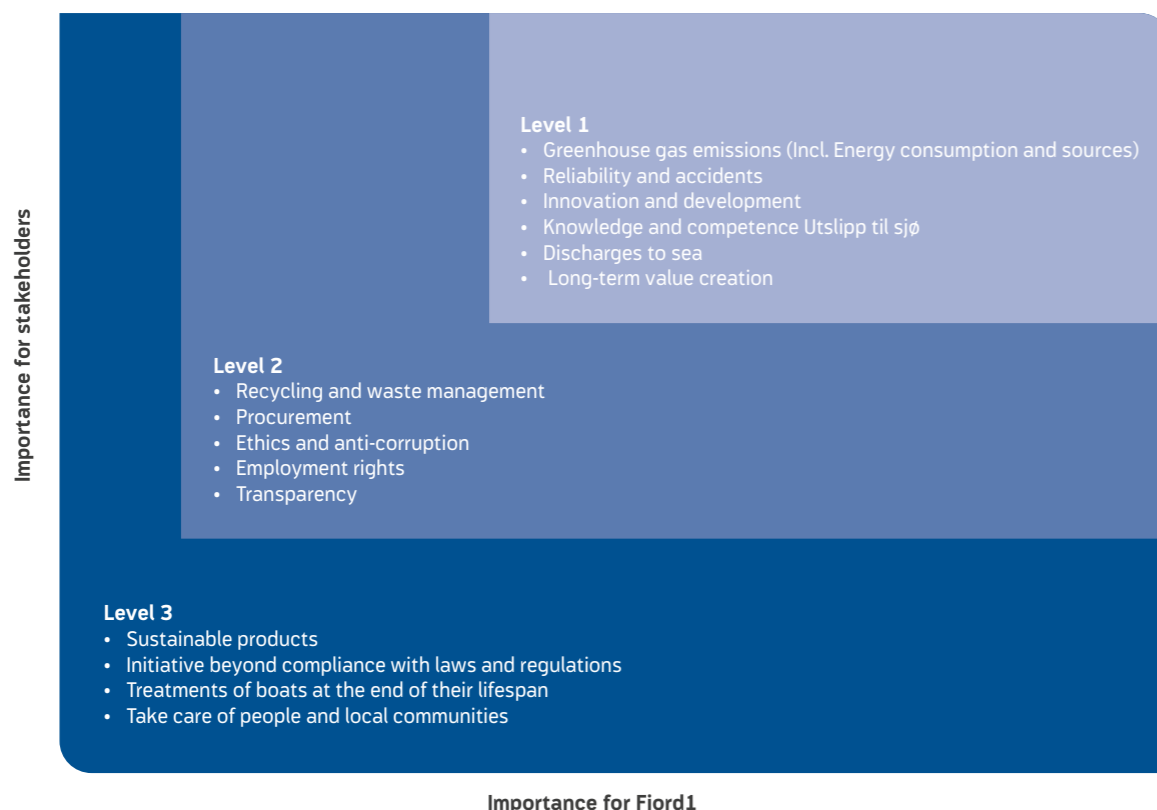
For Fjord1, achieving sustainability is about more than fulfilling contracts, complying with laws and regulations or using sustainability for market reporting. For Fjord1, sustainability is also about using its position as a key business operator to kindle motivation for the creation of a sustainable society for future generations to enjoy. Demonstrating an ability to change our own course, in addition to influencing those with whom we interact, has therefore become an important element in the development of the company's sustainability efforts.

It has therefore been important for the company to perform a materiality analysis in order to identify the important drivers for Fjord1's sustainability efforts, so that we can use available resources in the best possible way. In this analysis, emphasis was placed on both the company's direct efforts, what can motivate its own

workforce and what is important for the actors with whom the company interacts.

The results are based on interviews with internal and external resources, as well as a qualitative assessment by an internal project group.

The results from the materiality analysis can be summarised as follows:



Clear links between vision, goals and frameworks

The company's vision has long set the direction for the company's endeavours. Through materiality and stakeholder analyses, the company has distilled its sustainability efforts into clear focus areas, with sub-topics linked to the UN's SDGs.

The fjords are where the company operates. It is therefore important to ensure that the way we contribute to society limits our emissions to air and sea as much as possible, and that we do our utmost to create new foundations for growth and sustainable resource utilisation in coastal communities.

This will be achieved in such a way that both employees and passengers feel secure, and that we can continue to bring people together and create economic opportunities in the places where we operate.

If we are to succeed in this, the technology must be developed. The company wishes to be at the forefront of developments and will be a driving force not only internally but also through participation in technological forums.

Together with other actors, Fjord1 will contribute to the development of tomorrow's solutions.

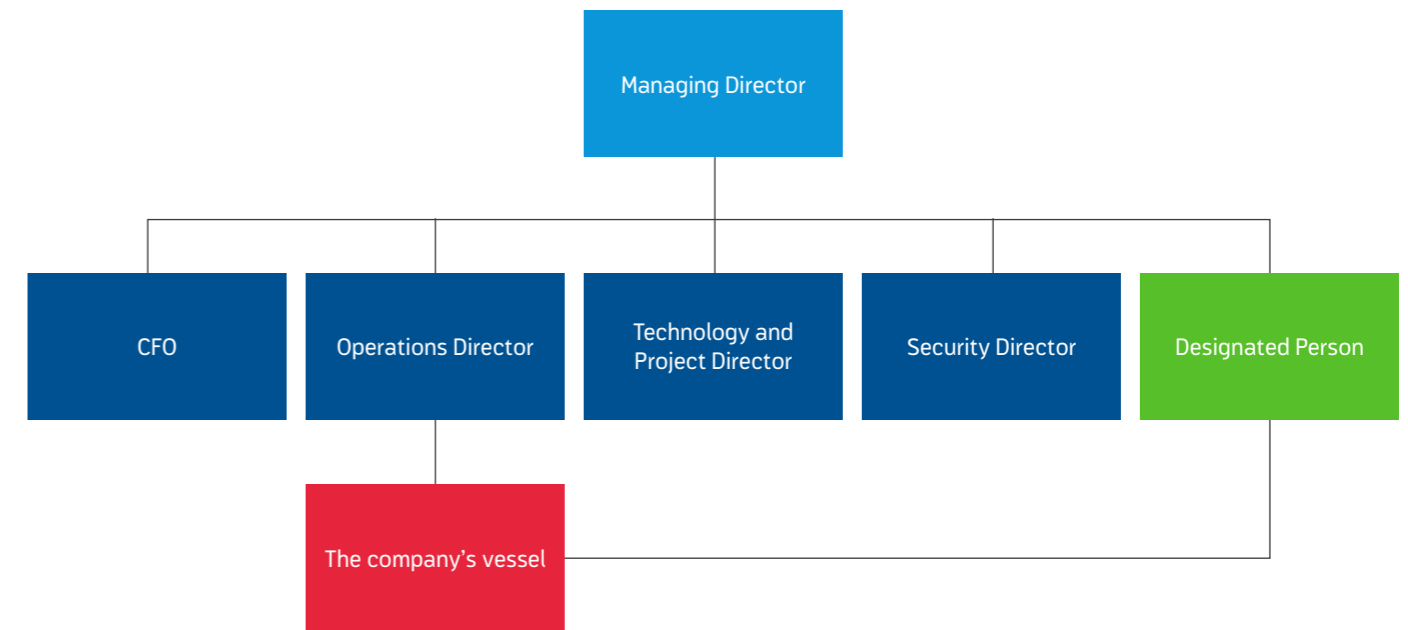
At the same time, it is important to act in a sustainable way throughout the value chain. Such actions make an important contribution in and of themselves, while also providing strong motivation for further work to boost sustainability.

Sustainability for the organisation, owners and decision-makers

For more detailed information about the company's organisation, management and corporate governance, please see Fjord1's annual report for 2021.

Fjord1's organisation, management and corporate governance has complied with all relevant laws and statutory regulations, as well as the requirements of the public authorities. In addition to ordinary certification relating to our core business activity, the company is also certified in accordance with ISO 50001 – Energy Management Systems. In this context, the dedicated position of Energy and Environment Manager has been established. The position reports to the COO.

Day-to-day follow-up of energy consumption is a line management responsibility. Improving the efficiency of energy consumption is followed up by means of a Ship Energy Efficiency Management Plan (SEEMP) for each vessel. Improvement measures are implemented, targets set and evaluations performed as part of the company's ordinary continuous improvement system. Results are presented in specific energy reports. In 2021, a total of 251 energy reports were issued.



Responsibility for Fjord1's sustainability activities lies with CEO Dagfinn Neteland.

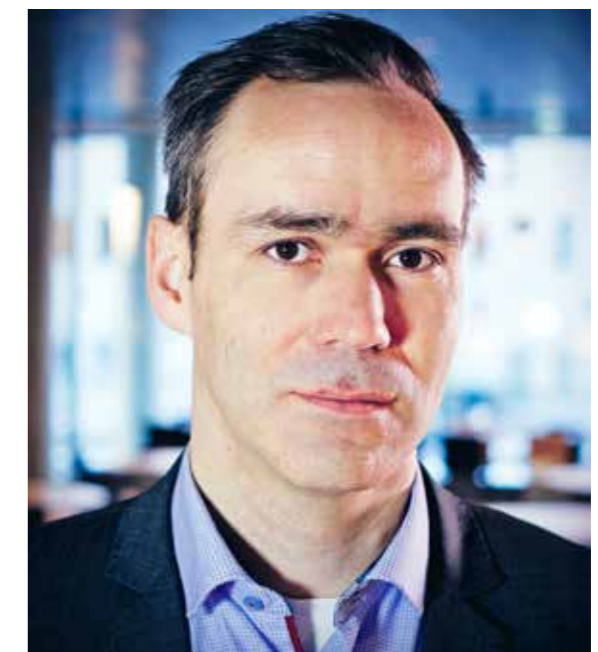
In 2021, a dedicated sustainability working group was established. The group's objective is to contribute to structured and targeted efforts to improve performance

through the company's sustainability strategy. It draws its membership from across different specialist groups within the organisation and reports to Group Management.

Sustainability from an owner's perspective

Fjord1 leads the world with respect to electric ferries. This is the result of stringent demands in tender competitions, a strong technology community in the Norwegian west country and owners who are willing to make capital available.

"Energy must not be wasted," says Vegard Sævik, who chairs Fjord1's board of directors. He is passionate about energy efficiency and believes that sustainability is about action, not just words in a report. It must be an integral part of day-to-day operations. This demand has accelerated moves towards sustainability, not only with respect to the environment, but throughout the value chain, he asserts.



Vegard Sævik, Chairman of the board at Fjord1



Risk appetite and security

Vegard Sævik was born into shipping, shipbuilding and the family firm, Havila. In 2011, at the age of just 32, he was elected to Fjord1's board of directors. Six years later, he became its chair.

-As owners, our fundamental attitude is that we are merely custodians of the Earth, and as such we must neither waste nor destroy its bounty, he says.

Fjord1 was an early adopter of new technology, and the company's Chair is proud of the solutions it has found. But the appetite for risk that was necessary to find them is also laudable.

Fjord1 now owns 28 new electric ferries, including the two that are currently under construction. In addition, ten or so ferries have been converted from diesel to electric propulsion. This is high-quality recycling in practice.

Around half of Fjord1's ferries are already either fully electric or hybrids, which means that they are partially electrified.

-All our ferries will shortly be eco-friendly. Good cooperation between owners, employees and clients is crucial for our success. Further technological development is needed. For example, hydrogen, ammonia and ethanol could also be solutions for the future, since some ferry routes may be too long for purely electric operation," explains Sævik. New technology must also represent operationally reliable solutions.

The weather along the Norwegian coast can often be harsh, and the safety of passengers and crew is always the top priority at Fjord1.

Pioneers

Vegard Sævik admits that being a 'first mover', at the very forefront of new-product developments, can be difficult. When the technology matures, costs will fall. Being a pioneer is an expensive business. However, being out in front is absolutely an advantage, also financially, when the product is as good as Fjord1 demonstrates.

-We have a good mix of general competence and risk appetite both at Fjord1 and in the technology community. The maritime cluster in the Sunnmøre region is a good example of that," says Sævik, who is himself a native of Sunnmøre.

He is particularly proud of Fjord1's success in getting a lot of electric ferries into operation in a short space of time. The combination of demands from clients and the highly skilled maritime clusters along the Norwegian west coast have made it possible to rapidly progress from hybrid to fully electric solutions.

- We have managed to do this, with small non-conformances and without major cost overruns, while maintaining our existing vessels. The transition in which we are engaged has been, and still is, moving forward at a rapid pace.

In addition, we have significantly reduced the number of unwanted incidents, which is also a form of sustainability

Sustainability equals competitiveness

Discussions around a ferry-free coastline seem to have abated slightly.

- The debate about a ferry-free E39 highway and other stretches of road has become more nuanced now that ferry services have improved.
- The debate about a ferry-free E39 highway and other stretches of road has become more nuanced now that ferry services have improved. It's about finding solutions that are sustainable, also in socioeconomic terms. Low-emission ferries, combined with 24-hour sailing schedules and a departure frequency tailored to specific needs, will in most cases be the most sustainable solution.

Time will tell if Fjord1 manages to use its position to grow the company." Sævik is very pleased with where the company is now, but he has ambitious plans for the years ahead. Towards the end of the 2020s, a number of ferry services are due to be put out to tender. As a bidder, the ferry company will do its utmost to be as sustainable as possible.

- Those who don't care about sustainability will lose their competitive edge, he says.

For Sævik cares very much about sustainability being an integral part of all company operations. In his view, it should not be seen as an additional burden, but as intrinsic to how things are done.

It is not just the type of energy that determines how sustainable a ship is. The design of the hull is also important in enabling the ferry to use as little energy as possible for propulsion. The choice of materials, construction location and the working conditions of shipyard workers are important for sustainability.

Two of the latest ferries Fjord1 has put into operation, MF Smøla and MF Møringen, were built by Havyard in Leirvik, in the district of Sogn, and Sævik is extremely proud of them.

A better world

- Quite simply, we aim to be the best for eco-friendly transport." Although the company is already world-beating, Sævik and the whole of Fjord1 are working to become even better. The aim is to contribute to a better world through challenging visions, a good corporate culture, trust and credibility. The company will protect the climate and the fjords by reducing its adverse impacts and inspiring others to do the same. Fjord1 must therefore also be visible in the public debate.

Sævik is conscious of the company's own carbon footprint, and believes that sustainability can be combined with increasing welfare.

Norway's maritime industry and Fjord1 lead the way with respect to technology. This expertise must also be applicable in other parts of the world. As an owner, it is natural to also invest in sustainable solutions outside of Norway.



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Reducing greenhouse gas emissions and impacts on our fjords is crucial for Fjord1.

Fjord1 takes responsibility for the climate and our fjords

- Climate accounts in accordance with the GHG-protocol
- Emissions from biofuels
- Energy consumption and energy distribution
- NOx emissions
- Krokeide - Hufthamar – a good example

Fjord1 takes responsibility for the climate and our fjords

Our social mission is to knit society together across fjords and between islands along the Norwegian coast. Fjord1 therefore has a particular responsibility to leave behind as small a carbon footprint as possible, in terms of emissions to both air and sea. In recent years, the company has invested substantial sums in new, energy-efficient vessels and new technologies that primarily use an electrical power source. These investments have been a vital part of the company's sustainability efforts. The development of new technology is demanding both financially and with respect to the resources needed to resolve the challenges that arise. Nevertheless, seeing that this work delivers valuable impacts in the form of reduced greenhouse gas emissions is extremely motivating.

For Fjord1, reducing greenhouse gas emissions and its impact on the fjords is crucial. Intensifying its efforts in this area, while increasing the scope of its reporting, therefore constitute an important goal for the company. Climate reporting is an opportunity to measure and evaluate the effect of the company's climate-related efforts, and enables us to set clear targets.

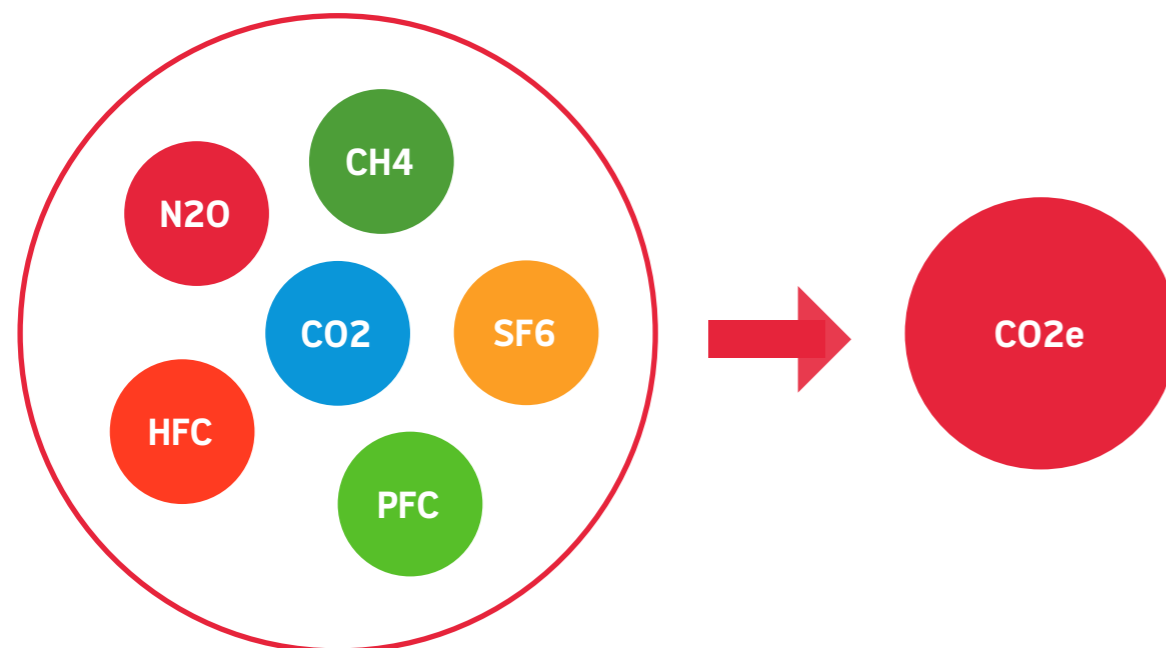
It should nevertheless be noted that this work is under development, and the report must be seen in this light.

The operational control approach, as described in the GHG Protocol underpins this report. This approach defines which of an organisation's operating assets are included in the climate accounts. The climate accounts for 2021 are nevertheless restricted to Scope 1 and Scope 2.

Reporting covers all activities performed under contracts over which Fjord1 AS has operational control. Scope 2 also includes electricity consumption relating to leased premises.

The reporting period follows the calendar year.

In the climate accounts, these are converted into CO2 equivalents (CO2e) on the basis of their source. The GHG Protocol defines six different greenhouse gases that must be included in the climate accounts.



Climate accounts in accordance with the GHG Protocol

SCOPE 1 - DIRECT EMISSIONS

Emission source	Consumption 2021	Unit	Emissions tonnes CO2 equivalents		
			2021	2020	2019
Marine Gas Oil (MGO)	29 521 803	Litres	78 121	103 413	100 331
Natural Gas (LNG)	12 213 014	Kg	29 672	38 739	40 911
Biodiesel (methane and nitrous oxide – BIO)	931 746	Litres	33	56	78
Diesel	2 224	Litres	6	17	30
Petrol	12 254	Litres	29	18	8
Cooling gases	39	Kg	117	92	64
Total 1 – Direct emissions			107 977	142 336	141 423

SCOPE 2 - INDIRECT EMISSIONS

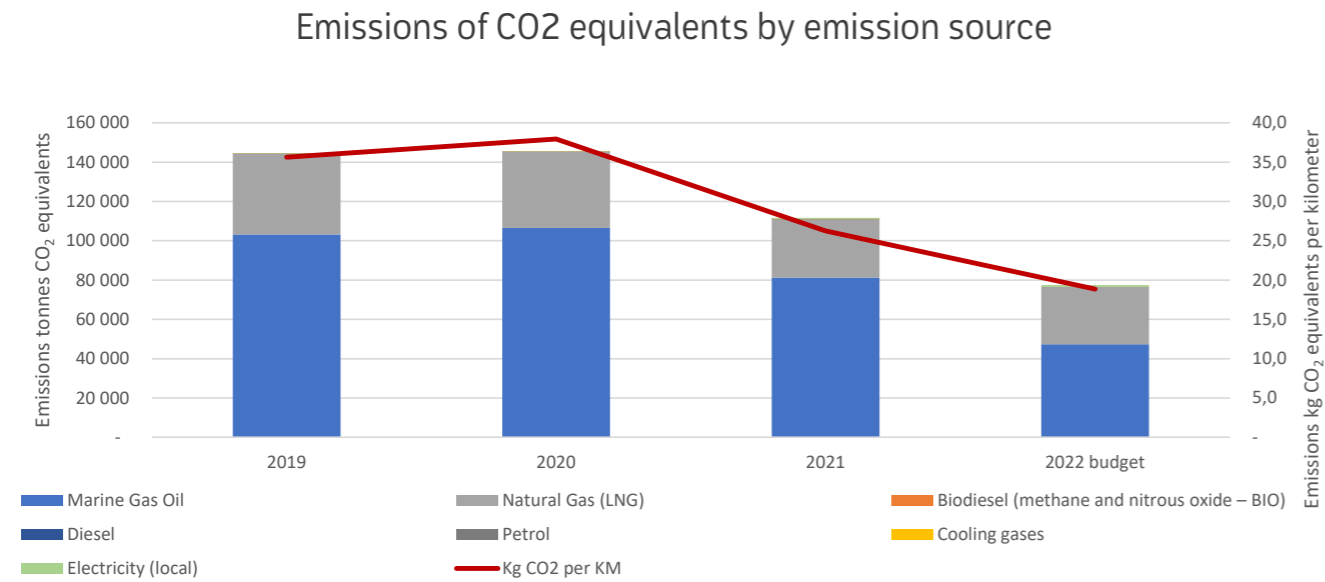
Emission source	Consumption 2021	Unit	Emissions tonnes CO2 equivalents		
			2021	2020	2019
Electricity (local)	64 575 605	kWh	522	216	130
Electricity (market-based)	64 575 605	kWth	26 220	10 838	3 027
Total Scope 2 – Indirect emissions (local)			522	216	130
Total Scope 2 – Indirect emissions (market-based)			26 220	10 838	3 027

OUTSIDE SCOPE

Emission source	Consumption 2021	Unit	Utslipp tonn CO2-ekvivalenter		
			2021	2020	2019
Biodiesel (Biogenic)	931 746	Litres	2 264	3 838	5 360
Total Outside scope			2 264	3 838	5 360



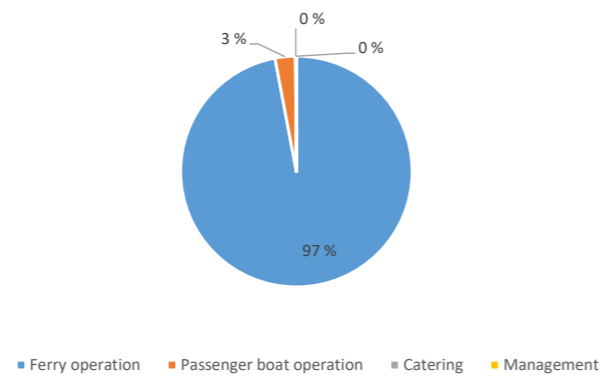
Emissions from biofuels



The presentation above shows that clear progress has been made from 2019 to 2021 and, as expected, into 2022, with respect to both gross volume and also per kilometre.

Fjord1 AS's main business activity relates to the operation of ferries, which is also reflected in the breakdown of emissions by segment:

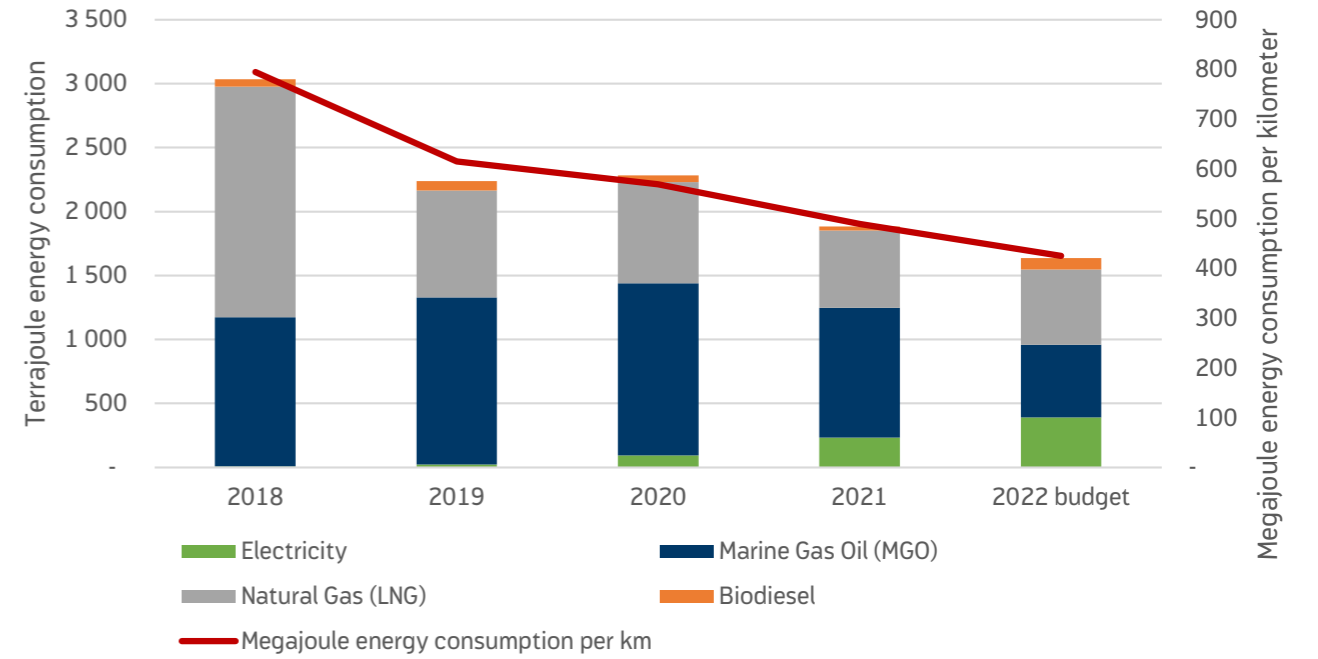
Emission of CO2 equivalents distribution per segment in 2021



Emissions relate primarily to the use of marine gasoil (MGO) and liquified natural gas (LNG). An increased level of electrification will contribute to a substantial reduction in CO2 emissions.

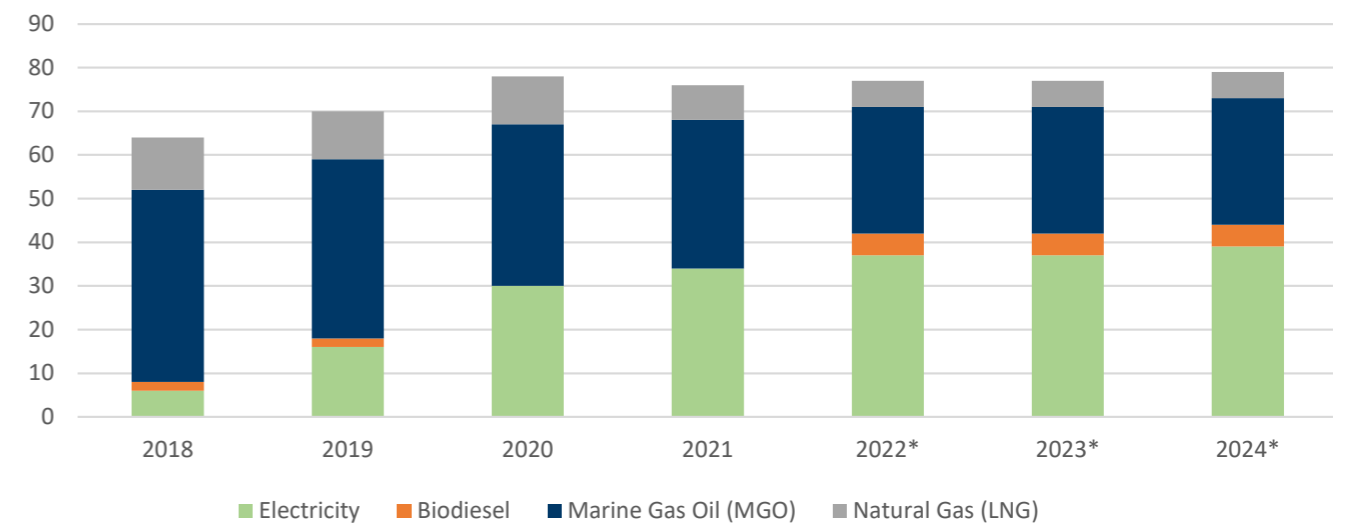
The company is also working with its clients to examine the possibility of changing the terms of existing contracts based on fossil fuels.

Energy consumption, ferry operations



From a long time perspective, we see that the development of ferries that have electricity from shore as the main energy source will increase in the period up to 2024.

Number of ferries per main energy source





Krokeide - Hufthamar – a good example

Fjord1 AS acquired the route after it won the tender competition in the contract package Hordaland 1, which was issued by SKYSS.

The service was taken over on 1 January 2018. Newbuild vessels were put into operation during the first year, replacing older ferries. The reduction from 2018 to 2019 shows the impact of the newbuild vessels and that the crew was operating them more energy efficiently.

In 2020, the service was electrified. However, due to teething troubles, we do not see the full effect of electrification until 2021 and 2022. In 2022, we expect CO2 emissions on the service to be 88% lower than in the startup year.

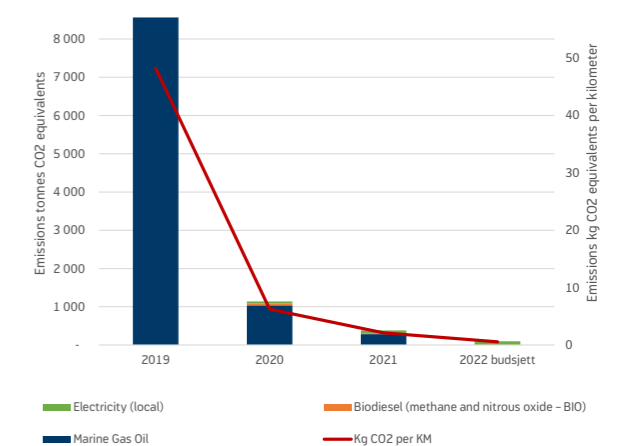
Krokeide-Hufthamar

Norway's 16th most heavily trafficked ferry route, measured in terms of passenger car equivalents (PCE)

No. of PCEs carried in 2021: 448 954

Journey time: 35 min

No. of departures per annum: 13 364

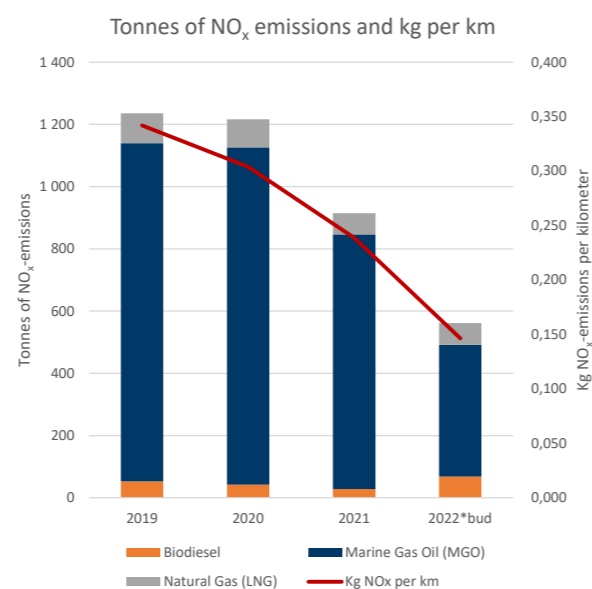


NOx emissions

The company has reduced NOx emissions from its vessels through the purchase of new engines and the installation of scrubbers. This has been accomplished in cooperation with the NOx Fund.

All vessels with installed batteries rechargeable from on shore also have an engine on board that ensures stable operations in the event recharging from land is not possible.

By means of these measures, NOx emissions fell substantially in 2021. Further reductions are expected in 2022.





The ferry company and others providing infrastructure services are important factors in maintaining vibrant populations and economic activity in rural communities.

Fjord1 takes care of people and local communities

- HSE targets and performance
- HSE focus area
- The living resources
- Attendance culture
- Fjord1's social engagement - sponsorships
- Code of Conduct



Fjord1 takes care of people and local communities

HSE targets and performance

The company has focused intently on the HSE area for a long time. This effort is producing positive results.

	2019	2020	2021	Comments
Fatal injuries (employees)	00		0	
No. of lost time injuries (employees) ¹	51	61	1	
Lost time injuries per million hours worked	4,76	8,65	,91L	TIF
No. of non-lost time injuries(employees)	16	15	21	
Non-lost time injuries per million hours worked	8,68	,1	11,3N	LTIF
Personal injuries (passengers)	13	91		
Fatal injuries (passengers) ⁰		00		
Personal injuries to passengers per million passengers carried ⁰	,640	,540	,07	
No. of discharges to sea	57		10	
Litres discharged to sea	15	1301	70	
Allisions (serious) ⁵		90		
Allisions per 100,000 arrivals (serious)	0,66	1,21	0,14	
Strandings	59		2	
Collisions with other vessels ³		00		
Damage to vehicles or cargo ⁵	22	02	6	
Near misses ¹	01	1019	1	
Reports of undesirable incidents	1234	1218	1365T	Total no. of reports
Personnel				
No. of permanent employees	NA	1132	1066	
No. of temporary employees	NA	5716	02	
Percentage of women employees	14,90 %	12,80 %	12,60 %	
No. of apprentices	64	65	79	
No. of cadets ¹	21	81	8	
No. of appraisals performed ^N	A7	55	23	
e-Learning courses conducted				
Go Green	6432	51	304	
Battery ⁵	99	2373	02	
Charging	5812	33	304	
Electrical safety ⁵	85	2293	01	
Energy consumption	5782	33	302	
Sickness absence				
Total sickness absence rate ⁷	,097	,246	,35	
Short-term sickness absence	2,38	2,27	2,08	
Operational stability	99,68 %	99,57 %	99,71 %	Incl. Force Majeure
No. of departures cancelled	2219	3013	2049	
No. of departures delayed by more than 3 minutes	32070	31276	29415	
No. of ships sent for recycling (scrapping) ⁰		02		

* Including casual workers

HSE focus area

Through its “Safety Boost 2020–2021” programme, Fjord1 has gained a better understanding of the International Safety Management (ISM) Code and use of the safety management system as company tools. Systematic training was undertaken in the form of questionnaire-based surveys, technical training modules and in-house video productions. This increased knowledge and awareness has provided a solid foundation for further efforts in the HSE area.

Fjord1 aims to be an exciting workplace, with a good working environment. We will meet new challenges by focusing on employee follow-up and competence building. Standardising operations, processes and working methods will ensure higher quality and safe use of new technology.

Management will work actively to develop and strengthen Fjord1’s corporate culture. Based on our corporate values, we will jointly develop the company to be more eco-aware and energy efficient to ensure that Fjord1 continues to be the most attractive provider of ferry and express boat services for our customers, clients and business partners.

Human resources

A throw-away society is the opposite of sustainability. That also applies to treating people as disposable. Fjord1 therefore makes every effort to take good care of absolutely everyone who works for the company – from apprentices to seniors.

My job is to take care of all of Fjord1’s human resources,” says the company’s Director of Human Resources (HR) Øyvind Østrem. For him, sustainability involves managing resources in ways that prevent their exhaustion, and taking care of and renewing these resources.

The former teacher and school principal is originally from Florø, and has himself depended on ferries to commute to work as head teacher on the islands off Florø. In August 2021, he joined Fjord1 as HR Director at the company’s head office in his home town.

- I have worked in the public sector for years, primarily as a head teacher. From 2013, I worked at the Western Norway University of Applied Sciences as programme manager for our engineering courses in Florø. The recruitment of students was a major part of this role. For the past couple of years, I was affiliated with the Mohn Centre for Innovation and Regional Development in Bergen,” explains Østrem, who admits that his

background comes in handy in his work in areas such as recruitment and personnel management at Fjord1.

Lifecycle

For Fjord1, it is important to constantly replenish its workforce. The recruitment process starts when children are still in school.

- We tell pupils what is good about working in the maritime sector. We promote the industry as a whole and the ferry segment in particular. This is even more important at the lower and upper secondary school level, since we can offer students work placements and later apprenticeships. We offer apprenticeships in both the engine room and on deck,” says Østrem. Many of our apprentices wish to continue their studies in order to qualify for a future career as shipmaster/mate, or ship engineer. These will need to spend a period as cadets before they can get their ticket as a fully qualified shipmaster/mate or ship engineer. We offer such cadetships.



- Implementing measures to ensure that our employees wish to remain with us is also sustainable. This includes highlighting potential career paths within the company. Having good systems for competence and personal development is therefore important. In general, it’s all about creating a workplace that is as attractive as possible. It is also important that seniors thrive in their jobs with Fjord1, so that they can remain in the workforce for as long as possible.

Attendance

- The most important aspect is the working environment, and everyone can play a part in influencing it in the right direction,” Østrem points out. The key is to give every employee real influence, through performance appraisals and staff surveys, for example. For us, it is important to structure our findings and implement measures to rectify any issues that are pointed out.

«The ‘Increased Attendance Campaign’ was launched in the autumn of 2021. Employees must expect their immediate manager to follow them up when they are off sick, with the shared goal of helping them return to work in a timely fashion.

- Sustainability is about taking care of people through difficult and taxing periods too,” says Østrem.

- We aim to provide good follow-up for employees on sick leave, keep in touch with them throughout and facilitate a partial and tailored return to work if possible. It is not very sustainable for the organisation or the person concerned if they have to be completely absent for long periods. That would reduce their chances of returning.

Competition for staff

Fjord1 makes use of many retirees, who constitute an important resource for the company. Former full-time employees take additional shifts when needed. Recruiting sufficient staff is sometimes challenging. Many business sectors are struggling to fill vacancies. The competition has been particularly tough after the Covid-19 pandemic.

A lack of human resources could, in fact, become the biggest obstacle to the company’s growth, and that troubles Fjord1’s HR Director.

- We see that the competition for staff has become fiercer. Many jobs require skilled labour, and in a situation where foreign workers are practically non-existent, the competition is intensifying



Climate generation

For Østrem, a decentralised business base is something of a passion. He is proud to work in the epitome of a company that works to 'keep the lights on' in small communities.

- The ferry company and others providing infrastructure services are important factors in maintaining vibrant populations and economic activity in rural communities," he says. Sustainability is keeping rural Norway flourishing. And for that, jobs are needed, particularly jobs for women.

- We cannot have a situation where all the women move away to the towns. Many of the jobs in remote areas are male dominated, which is something Fjord1 aims to remedy. Having more women on the ferries is also important for the working environment, he adds.

- We must do what we can to slow down the centralisation process and maintain a decentralised population, not least because value creation takes place in the periphery. Here, the maritime sector plays

a key role, since it is extremely forward-looking. Much of the growth in the years ahead will come in the ocean space.

According to Østrem, newer generations have a greater awareness of sustainability.

Fjord1 has been very conscious of the green transition, and leads the world with respect to emission-free ferries. Østrem says that young people find it appealing that the company takes climate change seriously.

- Young people are generally very thoughtful and focus on more than salary when they are choosing a profession. Many say that working in a green business sector is important, although there are other significant factors. When talking with young people, we emphasise the benefits of working in the ferry industry, such as the family-friendly shifts we offer. Having a normal family life is no problem when you work for us.

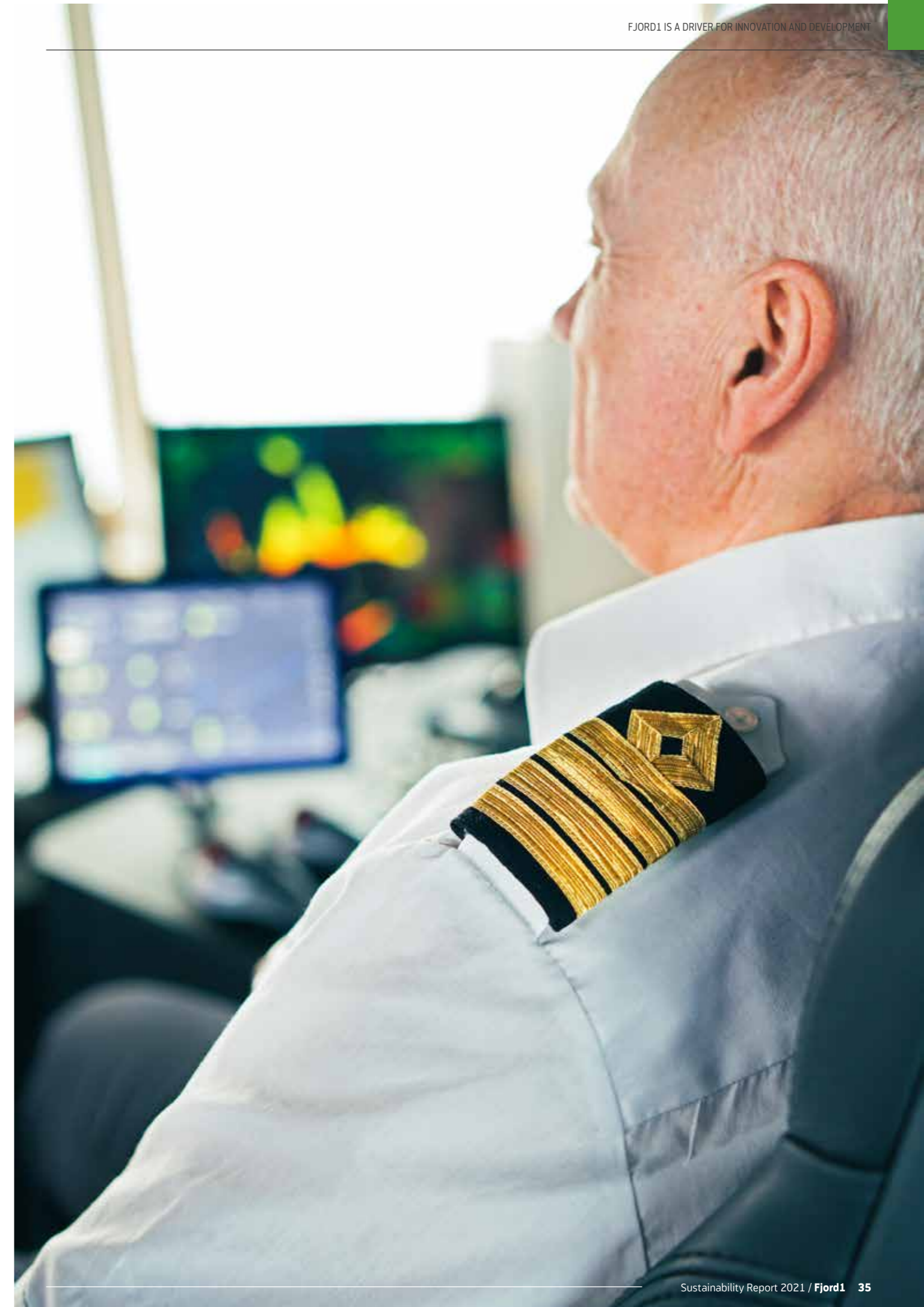
- It is certainly possible to combine our shifts with having small children at home.

Attendance culture

A good psychosocial working environment is vital when endeavouring to promote good attendance rates. Being able to take the right steps to create an optimal working environment depends on knowing what our employees are thinking. We use performance appraisals and staff surveys to keep our finger on the pulse.

The working environment impacts employees' health and commitment to their work, and affects the company's performance and results. Working actively, preventively and systematically with respect to the working environment is therefore important for everyone. The working environment is the product of about how we organise, plan and perform our work.

Fjord 1 takes an active position on its endeavours to promote attendance, to which end reducing the sickness absence rate is absolutely crucial. Much of the work in this area is set out in detail in the plan for the 'Increased Attendance Campaign'. In this plan, the company has specified several short and long-term measures intended to ensure that we work systematically and in an evidence-based way to promote attendance.



It is important to have good procedures which clarify the allocation of roles, particularly in relation to work with sickness absence. We aim to identify and follow up employees' capacity for work, in consultation with the employee concerned, in order to ensure the best possible facilitation of the work so they do not fall by the wayside. The reasons for sickness absence can be varied and complex, but through close follow-up and relational management, we will try to find good solutions. We will find what constitutes 'best practice' in this type of work by sharing experiences.

Efforts will be made at several levels in the organisation to increase competence relating to attendance and conflict management in order to create a good culture for the follow-up of sickness absence. Furthermore, it will be important to ensure that we have managers who can uphold the company's values with respect to employee follow-up. This will be reflected in our recruitment processes and the onboarding of new employees.

To succeed in our efforts to promote attendance, good cooperation between employees, union leaders, health and safety representatives and management is crucial.

Another aspect of our endeavours with respect to attendance is to hire and include employees who, for various reasons, have fallen out of the labour market. The company has positive experience of working with the Norwegian Labour and Welfare Administration (NAV) and institutions they use to give people work experience training. In a situation characterised by a labour shortage, it is important to make optimal use of available resources. Often, all it takes for a person to function capably with us are a few small adjustments.

Fjord1's social engagement – sponsorships

Fjord1 wishes to use its sponsorship funds to promote diversity and wellbeing in the fields of sport and culture in the districts where we operate ferry and passenger boat services.

The company aims to engage actively in the community, and supports clubs, organisations and good causes both through long-term projects and in connection with one-off events. The company also supports a number of entities through advertising material.

Fjord1's largest sponsorship agreements are in the areas of sport and culture, with children and young people an important target group. Fjord1 is keen to be an integral part of the local communities in which we operate. Interactions between local communities and residents, organisations and volunteer groups are essential for maintaining thriving and attractive places to live between the fjords and mountains. For this reason, the company considers it important to support good local initiatives and activities.

Through its sponsorships, Fjord1 builds relationships with customers, employees and business partners in the fields of sport, culture and voluntary work.

Here are some of the entities that Fjord1 supported in 2021:



Entity:

- Norwegian Sea Rescue Society – Ålesund Chapter
- Trollskogen Kindergarden (Fusa)
- Geilane Residents' Association
- Bode Athletics Club
- Smøla Sports Club
- 'Midt i trynet'
- Aure Boat Club
- Sneklokkene Sea Rescue Association
- Norwegian Red Cross – Bokn Chapter
- Hemne Diving Club
- Averøya Volunteer Centre
- Refvik Beach Festival
- Havblikk
- + Many more

Purpose:

- Upgrading classroom facilities for training
- Upgrading of the outdoor play area
- Benches for a new shelter
- Junior Norwegian Championships – new technical equipment
- Equipment
- A talk on the prevention of substance abuse
- Annual sea safety course for children
- Donation towards the procurement of a new inshore rescue boat
- Donation towards a new boat and equipment
- Life jackets for the club boat
- Donation towards equipment, such as wetsuits, tents and bicycles.
- Financial support for a green festival in 2021
- Music festival

In addition to the above, we have also entered into long-term sponsorship agreements with Sogn og Fjordane district ski organisation, Hødd Football Club and indoor football arena in Florø.



Code of Conduct

Fjord1 has well-established ethical guidelines for its employees.

Fjord1's Code of Conduct shall:

- Ensure we work for the good of society and in compliance with laws and regulations, our core values and political decisions.
- Help us to make good choices day to day.
- Contribute to positive attitudes and ethical awareness.
- Be a tool for influencing behaviour and corporate culture at Fjord1.
- Provide employees with guidance on how they should conduct themselves on behalf of Fjord1.
- Provide a shared ethical standard and safeguard adherence to it in practice.

The Code of Conduct provides a clear framework within the following areas, among others:

- Relationships with customers and competitors
- Corruption and money laundering
- Discrimination
- Forced labour
- Child labour

In addition, the company has good whistleblowing procedures through internal and external reporting channels.

The company has established procedures that safeguard the whistleblower's interests in relation to anonymity and prevent the possibility of reprisal.





Fjord1 is a driver for innovation and development

- Newbuild and conversion projects
- Electrification and development
- Participation in the hydrogen-focused development project
- Contribution to development environments
- Competence development
- Recruitment



Fjord1 is a driver for innovation and development

Digitalisation and the development of new technologies will characterise society to an increasing extent. Combined with the development of its human resources, this will be the key to Fjord1 successfully realising sustainable development goals.

This is not something that Fjord1 can achieve alone. Yet in collaboration with suppliers, research establishments and other actors in the maritime sector, it is possible

to find technological solutions that are sustainable and that exploit green energy sources as efficiently as possible.

Newbuild and conversion projects

Since Fjord1 launched its first two fully electric ferries in 2018, a total of 26 fully electric newbuilds have been delivered and put into operation. At the same time, eight existing ferries have undergone major refits to convert them from LNG or MGO to hybrid ferries capable of fully electric operation.

At the close of 2022, Fjord1 will have 21 electric services. This includes the Bognes–Skarberget and Drag–Kjøpsvik routes, which we will take over on 1 December 2022. Services not electrified at the close of 2022 are the Søsnes–Åfarnes route (where the newbuilds are in operation, but run on MGO), the Eidsdal–Linge and Strand–Liabygda routes (the newbuilds will be delivered in 2023). The ability to

give existing assets a new and extended lease of life in tomorrow's green reality has been a key aspect of Fjord1's approach to the energy transition. Compared with constructing entirely new vessels, the reuse of ferries, which in many cases are only a few years old and built under different framework conditions, has made a major contribution to reducing the overall environmental impact.



Electrification and development

Fjord1 currently operates 17 fully electric services and has so far installed three different charging systems. Efficient and reliable automated charging systems are vital for the further development of electric ferry operations.

In 2021, we started testing a new charging solution on the Edøya-Sandvika route, where the charging socket is installed on the actual car ramp. In connection with the startup of a new service in Nordland County at the end of 2022, Fjord1 will put yet another charging system, its fourth, into operation.

In collaboration with the suppliers, the company has participated actively in the further development and adaptation of these solutions to the day-to-day challenges, stresses and strains that the systems operate under.

Participation in the hydrogen-focused development project

In connection with its bid for the Bodø-Moskenes route in Lofoten, Fjord1 has developed a radical new concept based on the delivery of two hydrogen powered vessels. In this, Fjord1 has worked closely with Siemens and HAV Design.

The bid is seen as the start of the transition to hydrogen by Norway's maritime sector and is the successor to the Hjelmeland-Nesvik route, where the world's first hydrogen-powered ferry will operate. (Fjord1 also participated in this tender competition).

Hydrogen is an important energy carrier for realising national emission reduction goals in the domestic maritime shipping sector. Fjord1 will continue to play an active role in the effort to meet these goals.

Contribution to development environments

In 2021, Fjord1 has been a member of three development projects, two of which have concluded. The concluded projects were "Smart Charging" and "Smart Fjord Crossings".

The Smart Charging project was in partnership with Siemens to develop a system that can predict energy consumption aboard a vessel by means of machine learning.

The Smart Fjord Crossing project was a pilot scheme that resulted from the 'Green Shipping Programme', in which Fjord1 participates. The aim of the pilot was to present green alternatives that could provide a better service than today's ferry solutions. The pilot facilitated the use of automation, digitalisation and autonomy to achieve benefits that increase efficiency and improve service reliability.

The final major development project which has yet not concluded is called 'SmartShipRouting'. This is a collaborative endeavour between Norwegian

Electric Systems, SINTEF Ocean AS, HAV Design and Havila Kystruten. Fjord1's role is to test the system on selected ferries on specific routes. The purpose of the system is to help the helmsman choose their course and speed on the basis of measurements, models and available data, in order to reduce the vessel's energy consumption. All the development projects share the goal of increasing the use of smart systems in order to reduce vessels' energy consumption, while improving operational reliability.

Fjord1 also participates in various maritime development clusters, such as the Hub for Ocean, the Blue Maritime Cluster and the Maritime Battery Forum, which are all working to develop and implement technology to realise the goal of low or zero emissions in the maritime sector.

Competence development

Competence development is important from a sustainability perspective. This entails facilitating our employees' professional growth to ensure that they maintain their competencies while also looking ahead for new skills they will need in the future? Through a conscious focus on this area, we seek to develop the best and most motivated employees in the business.

Through the Fjord1 School, dedicated programmes for onboarding and continuous follow-up and monitoring to make sure our employees have the training and certificates they need, we ensure continuous competence development in our workforce. In addition, we offer good arrangements for employees who wish to continue their education, over shorter or longer periods, to gain competencies beyond the fundamental expertise they need to perform their day-to-day tasks.

Fjord1 is a knowledge-based workplace and in a situation where the competition for staff is growing increasingly fierce, it is extremely important to

have the most competent employees. Framework conditions in the new service contracts, combined with technological developments, demand initiatives to boost competence and develop the organisation correspondingly.

Professional and personal development is important for today's employees, and an important factor in attracting and retaining staff. The company is keen to develop the competence of its own employees and therefore does its utmost to retain the staff we have, as this is the most sustainable solution.



Recruitment

For Fjord1, it is important to be a successful staff recruiter. Efforts must therefore be directed towards school-age youngsters through several phases: from kindling a spark of interest in studying for a maritime career among children at primary school to offering work experience places in lower secondary school and apprenticeships when students leave the upper secondary level.

For us, it is important to be close at hand, so that we become the natural choice of workplace when they have completed their education. Nor must we forget that we are a major employer of shore-based staff, with many different job categories in IT, HR, general accounting, payroll, business support and procurement. Here, we engage in deliberate recruitment efforts, including the provision of traineeships.

The company focuses particularly on the recruitment of women in an otherwise male-dominated sector,

primarily in relation to positions aboard ship. Examples of initiatives we have undertaken include girls' days in Year 5 and Year 9, girl camps for Year 10 students, and a special focus on recruiting female cadets. In connection with International Women's Day, we advertise with a special focus on recruiting female staff. We are generally keen to reach out to women through our advertising and marketing on social media and in the media generally.





It's not difficult to source sustainability products but they often cost more. And that is a challenge



Sustainable action throughout the value chain

- Catering – food on the go with a smaller footprint
- Phasing out older vessels
- Waste management plans
- Ethical requirements for newbuild and major conversion projects
- Procurement – ethics



Sustainable action throughout the value chain

Technological changes and sustainability challenges have forced the company to change its thinking and take a whole new look at its value chain. Fjord1 has therefore turned the spotlight on the entire process, from raw materials to the finished product, and beyond to the impact of phasing products out and to waste management. This is necessary to ensure sustainability in all links in the chain.

Catering – Food on the go with a smaller footprint

For ferry passengers, the kiosk is a window into the company's core values. Over the past six years, Fjord1 has phased in the most eco-friendly range of products on the market and focuses on sustainability at all stages.

COFFE AND "SVELE"

Products	Pieces	%
Coffe	476 466	17 %
"Svele"	413 222	15 %
Total Products	2 784 181	100 %



- It's not difficult to source sustainable products but they often cost more. And that is a challenge. We have to accept that a paper cup costs a bit more, include that in our calculations and find out where the pain threshold lies," says Catering Manager Olav Strømstad. He is responsible for all the food and beverages sold aboard Fjord1's ferries.

- We must safeguard the wellbeing of those working in Catering, while ensuring that what we do is economically viable, he adds.

Always a "svele"

He is the one who makes sure that all Fjord1's vessels, big and small, serve refreshments. Fjord1 has just over 40 self-service kiosks, while 20 of the ferries have staffed kiosks. The range offered varies according to the size of the boat, from the small kiosks with a coffee machine and some chocolate bars, to the largest ones whose signature dish is hot pot. Most have the traditional west country pancake, the 'svele', on the menu – in fact, the best svele you can find, according to Strømstad.

When Fjord1 began the switch from diesel to electric propulsion on the new ferries, it had to analyse its power consumption, including in the kiosks. The old coffee percolators, which were on all the time and therefore using electricity, have been replaced by percolators that drip straight into a thermos flask.

- Sustainability is visible in the little things. And it is important for us that our customers see in practice that we take the word seriously, he says.

Local suppliers

Fjord1 partners with local businesses in the districts surrounding several of its routes.

- They produce both svele and ready-made sandwiches. One example is Nordfjord Minibakeriet at Eid, which makes svele to our recipe. It's about sustainability at every stage, which means that we offer locally sourced and produced items. We have many routes in Hordaland, where we partner with companies that are adapted for people with limited capacity for work, says Strømstad.



He is confident that ASKO, which is Fjord1's largest supplier, is concerned with the same things as the ferry company and sets high standards for those around it.

"ASKO has done a fantastic job, for example by electrifying more and more of its delivery lorries. That is something we applaud, says Strømstad enthusiastically.

Sustainability in practice

Olav Strømstad joined Fjord1 in 2018, at the same time as the company included sustainability in its goals for kiosk operations. The first thing they tackled was the beans for the coffee machines.

We use whole beans and have switched to organic and fair trade coffee. Over time, we have included more and more Debio or Fairtrade labelled products." A lot of the chocolates and sweets are also UTZ and/or Rainforest Alliance-certified. (see sidebar)

The next step is to replace the plastic cutlery. The first alternative they tested was too similar to plastic, so they are now phasing in wooden cutlery. Stocks of the other types of cutlery are in the process of running out.

- We made a conscious decision to use dark paper hot dog wraps, remove white serviettes and replace them with brown ones. Coffee cups, paper wraps, plates, bags, packaging and cutlery in our kiosks are either biodegradable or can be recycled. Both coffee cups and cutlery are PEFC-approved. (see sidebar)

But then there was that takeaway cup he was so pleased with – recyclable and good-looking. Replaced by one with the compulsory new red label: "contains plastic",

- That was painful for me. But if there is no plastic film on the innermost layer, the coffee will run straight through. And that's not particularly sustainable," he chuckles. But at least the cups can be recycled as paper, he points out.

Cutlery and rubbish cause a headache

Sales Manager Siv Rendedal Vågen has worked in catering for many years in Boknafjord, and still spends around half her working hours aboard various ferries. It provides variation and an insight into what works and what does not.

- For those of us who work on board, the only negative thing to say about the new products is that the corn-based plastic in the takeaway cups is not as transparent as before. But, on the whole, our experience is that the products are getting better and better as they are further developed, she says.

- We have received a lot of positive feedback on the quality of the new products we have introduced. Some were annoyed by the first wooden items of cutlery we used. It was completely impossible to cut through the potato balls with those knives, she laughs. The cutlery now in use is better.

Waste sorting at source is the next step on the road to more sustainable operations, but a receiving system on shore has to be put in place first.

- The new boats generally come with a purpose-built sorting system for paper and plastic, but we need to know that we can keep the waste streams separated as they move further up the system," explains Strømstad. The question then is whether passengers will sort their waste properly once the new solutions are in place. Vågen has been on board newer ferries in Hordaland, where there are three waste receptacles: for paper, food waste and residual waste.

"Most customers sort their waste properly. So it's our task to facilitate and encourage it."

Frå storkjøken til ferjemat

Strømstad is a qualified chef, so food quality runs in his veins. But then again, so do the climate and environment. For three years, he and his wife ran a business letting seafront holiday cottages in Fedje. He has also worked for BAMA, Toro and Friele, one of Norway's oldest coffee companies.

-I'm in touch with the same people now as when I ran a commercial kitchen," says the former chef, who is glad to have a job that is important for so many people. Occasionally, he thinks back to the busy days in the restaurant kitchen.

- But then I feel a twinge in my spine and don't wish myself back there. I'm very proud of what we are doing at Fjord1, he says.



PEFC (Programme for the Endorsement of Forest Certification schemes) is an international labelling scheme for wood and paper products whose aim is to ensure sustainable forestry. The label guarantees that the product has been manufactured in a way that protects forest resources and the social and economic wellbeing of the people concerned.



UTZ is a fair trade labelling scheme. In order for coffee, for example, to be UTZ-certified, producers must meet standards for social conditions, environmental, agricultural and business practices. It must be possible to trace the product back to the producer.



Fairtrade is a labelling scheme for fair trade, and is the world's most well-recognised certification scheme. It sets standards for raw materials payment, safer working conditions and environmental protection. It is an important contribution to more sustainable farming practices and a better life for farmers and labourers in Africa, Asia and Latin America.



Rainforest Alliance is an international, non-profit organisation that works to change the way the world produces and consumes timber for the benefit of people and nature.



Debio is a Norwegian labelling scheme for organic produce, and a guarantor that the product is both organic and sustainable.



Grønt Punkt Norge

Green dot Norway operates return schemes for plastic packaging, cardboard and beverage cartons. As a member of the scheme, Fjord1 take responsibility for all types of packaging through this return system, which has been approved by the Norwegian Environment Agency.



Phasing out of older vessels

The Norwegian ferry fleet still has a high average age, with many vessels built in the 1970s. Such an age profile, combined with technological requirements in new, green contracts, have resulted in a substantial programme of shipbuilding and a surplus of older ferries.

This is resolved by breaking up the oldest vessels for scrap, in addition to the sale of surplus material at home and abroad, where the buyer has a variety of plans for their further use.

Ferries that no longer meet applicable technology requirements in the Norwegian market may still have a lengthy residual lifespan in markets that do not make such demands.

Fjord1 has its own guidelines that ensure vessels are scrapped at yards that are licensed to do so. In connection with the sale of vessels for further use, clauses are inserted in sales contracts whereby the

buyer undertakes to abide by applicable national and international laws for shipbreaking, if this is determined at a later stage.

The company sold a total of three ferries in 2021. MF Stryn and MF Nordmøre (built in 1978 and 1979) were sold for scrap to Fosen Gjenvinning, and MF Rauma (built in 1988) was sold to an operator in Mexico with plans for further operation there.

2021 was the first year in which Fjord1 AS has sent vessels to be broken up and recycled.

Waste management plans

The company has wide-ranging waste management plans for all departments. The aim is to ensure that all waste is delivered to a waste receiving facility on shore. The plans meet the requirements under Marpol Annex V.

The plans distinguish between

- Plastic
- Cardboard and paper
- Food waste
- Residual waste
- Operating waste
- Electrical waste
- Cargo residues, (not environmentally harmful)
- Cargo residues, (environmentally harmful)

There is a considerable improvement potential with respect to the reporting and management of waste from vessels.

Ethical requirements for major procurement, newbuild and conversion projects

Ethical assessments and obligations have become an increasingly important element with respect to sustainability, not least through the globalisation of purchasing and procurements. Society generally has higher expectations with respect to ethical practices in such processes.

Ethical assessments and obligations have become an increasingly important element with respect to sustainability, not least through the globalisation of purchasing and procurements. Society generally has higher expectations with respect to ethical practices in such processes.

Fjord1 requires all its suppliers to abide by social norms and take social and ethical responsibility.

In our purchasing contracts' standard terms and conditions, specific clauses relating to this have been included.

In the period of fleet renewal, electrification and major conversion projects, Fjord1 has made its focus on ethics and human rights in procurement processes very plain. This is illustrated particularly well by the company's wholesale incorporation of DIFI and Ethical Trade Norway's boilerplate Standard contractual terms

and conditions for the protection of basic human rights in supply chains directly into the contract text for newbuilds and major conversion projects.

Fjord1 includes these clauses in the contracts, irrespective of whether the procurement is agreed with a Norwegian or foreign shipyard.

With respect to all its suppliers, the company reserves the right to perform inspections and checks of documentation or locations which the company considers relevant for the fulfilment of these terms.

This is one of the areas which the company will continue to reinforce, both in relation to its sustainable development goals and reporting, and the inspection and auditing of Fjord1 AS's suppliers.





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