

Sustainability Report 2015



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 back to 1916, was founded in 1967 and owns and operates about 20 chemical tankers ranging from around 5,000 to 20,000 dwt. in size.

About 450 Norwegian and international seagoing personnel work onboard our vessels and the shore organization totals about 50 employees.

We have strong focus on health, safety and the environment, and our safety and quality systems are certified by DNV-GL.

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

Our corporate values:

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

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Good people make good companies great!

I am very pleased to work for a company full of good people, proud people, and people whom are willing to go the extra mile to succeed together.

All of us can relate to the Utkilen values about Safety, Performance, Teamwork and Continuous Improvement. We need all these parameters in place to succeed in our efforts to secure new business and sustain for the future. Safety and profitability go hand in hand, people and performance are closely linked together, and practice makes perfect!

So what does it take to move even further up the performance ladder?

I strongly believe that any company needs robust programs and tools in place to give its employees the opportunity to manoeuvre properly in their everyday work lives. In the shipping industry even more so. We are faced with many complexities throughout every corner of the world, and we constantly meet cultures different from the one we carry with us from home. We already have procedures and checklists for our everyday work lives, and we have policies

and values. Wrapping it all together into one document would be ideal, but probably too ambitious.

This year we are therefore proud to present our first ever sustainability report - a report that contains highlights on how we address important matters for Utkilen. We know we make an impact on our planet and the people around us, and we do leave footprints every day of our work. Footprints that influence the environment as well as people and the business we are in.

This is not a comprehensive guidebook in environmental protection, it is not a guidebook in how to be a good citizen of the world. The sustainability report is more of an effort to show that we care, and what we are focusing on, and we will make this into a living and dynamic document.

By consolidating some highlights of our Utkilen ways of working into this sustain-ability report, we hope we can add another tool to our employees, to understand how we want to work and to be perceived by the world around us.

So stay connected and stay engaged, and please enjoy this report and our efforts of stepping up the game. You will see this report expand every year going forward, and I welcome input for our next edition.

Safe sailings!



Kjell Ove Breivik
CEO



Corporate sustainability

To support and enhance Utkilen's Corporate Sustainability 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 that we may encounter. Making the right decisions begins with honesty and integrity.

The Code requires all employees to conduct their business in consistency with all applicable laws and regulations, in each relevant jurisdiction and it requires that they are perceptive of, and responsive to the concerns of the communities in which Utkilen operates. Employees shall make reasonable efforts to inform customers, suppliers and business partners about this Code of Business Ethics. When appropriate, reference to the Code shall be part of contracts and business agreements.

The Code applies to the members of the board, managers and all other shore-based employees, mariners as well as representatives of Utkilen and its subsidiaries. All employees have a duty to read and follow this Code.

All managers have a responsibility to ensure that all subordinates are aware of, and comply with the Code.

Personal Conduct

1. Utkilen expects all employees to treat with courtesy and respect all those with whom they come into contact, either at work or in work-related activities.
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.

Bribery and Corruption

Utkilen is firmly opposed to all forms of corruption. Utkilen's objective is to compete in the marketplace on the basis of competitive services and prices. Under no circumstances is it acceptable to offer, give, solicit or receive, any form of bribe, kickback, improper or illegal inducement. This applies to Utkilen's transactions everywhere, even where the practice is widely considered a way of doing business.

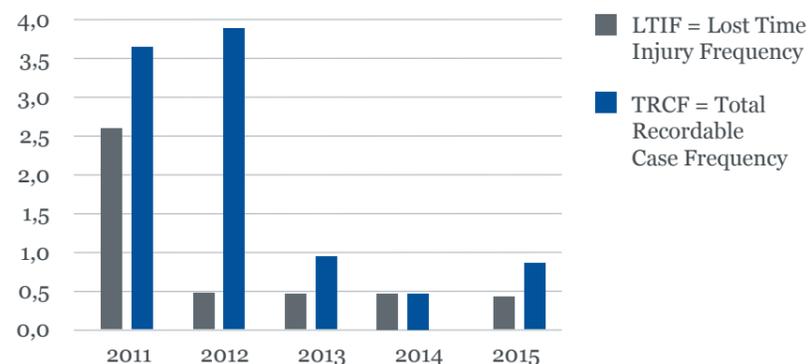
Facilitation payments refer to relatively small payments or rewards given to facilitate, or ensure the provision of legal entitlement of products or services. Even though they may be commonplace, such payments are considered illegal bribes in most countries. Utkilen is against facilitation payments and you should not pay if faced with demands. In the exceptional circumstances, such as where life, health or property is perceived to be in danger and no other alternative exists, such payments may be considered. In such an exceptional situation you must exercise the best possible judgement you can and consult with your superior and/or seek legal advice.

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 onboard our ships and ashore.
- Utkilen shall develop and maintain a Health, Safety and Environment program with defined goals, responsibilities and KPIs.
- Utkilens experience feedback system shall enable the identification of risk and safeguard from possible threats.

Fleet LTIF/TRCF



Employees and nationalities

Norway	52
Sweden	2
Latvia	123
Lithuania	1
Russia	16
Ukraine	4
Poland	1
Romania	1
Phillipines	297

Retention rate for Utkilen employees:
Crew and officers 98,8 % (1).
Office personnel 95,7 % (2)

(1) 24 months rolling (2) 12 months rolling



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.

Environmental Management System (EMS)

Utkilen is certified in accordance with the ISO 14001 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

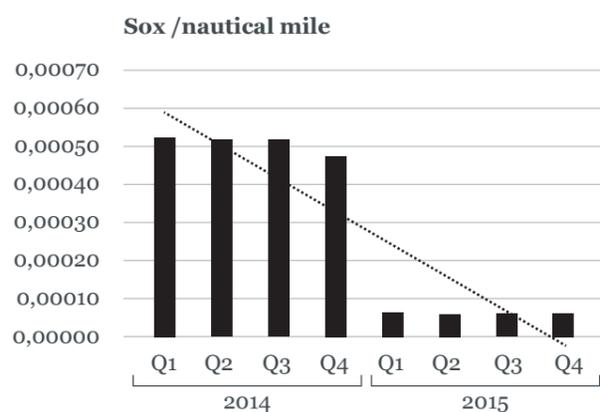
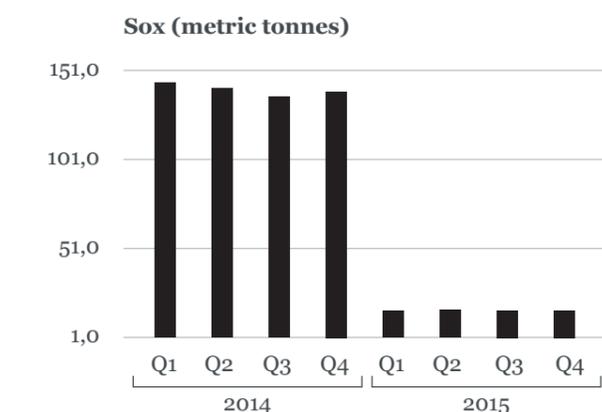
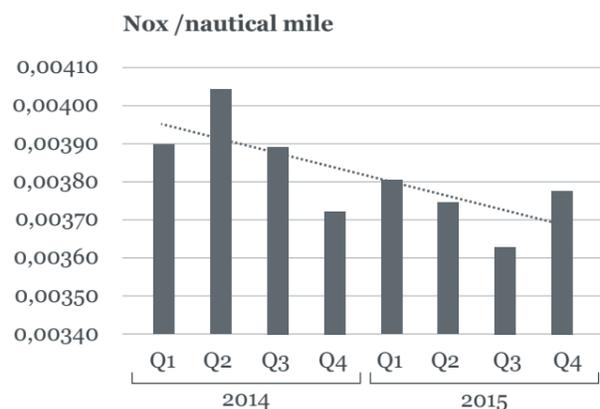
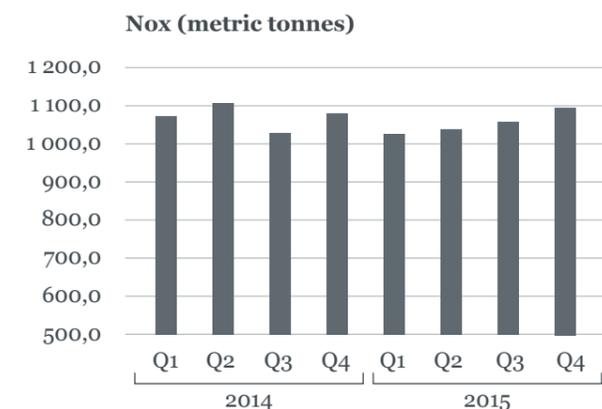
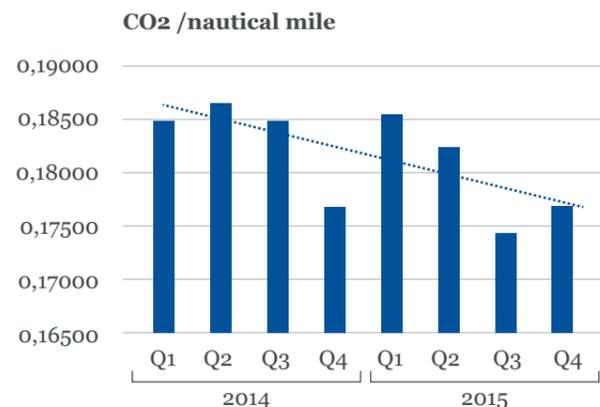
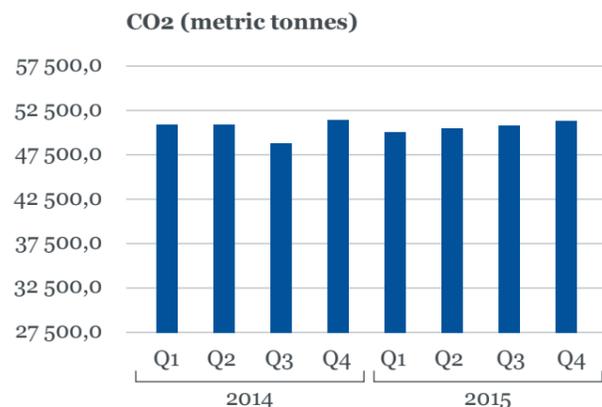
the control elements, and are continuously improved and monitored through Utkilen's HSE Program

Utkilen's HSE program has been established by HSSEQ Department and approved by top management. 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 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 in the HSE meeting and annually in the management review.



Environmental impact:



Environmental activities 2015 - 2016:

Objective	Activity	Responsible
Reduce the environmental impact by effective logistic	New supplier/ Use transit Kiel Channel Technical Supply Management	Purchasing Department
Reduce the environmental impact of anti-fouling	Monitor hull condition Systematic use of underwater cameras onboard Ecospeed Anti-fouling thickness below standard	Technical Department
Reduce energy consumption through voyage speed performance	Ship Energy Efficiency Management Plan	Operational Department
Reduce the environmental impact by more effective crew change	Quarterly Focus Area	Crewing Department
Improve Energy management	Replace standard lightning onboard with LED lighting Cargo cleaning improvement – install test machines Energy Efficiency Management Course Focus during officer conferences	Technical Department Technical Department HSSEQ Department Senior management
Reduce energy consumption through RPM/Pitch controller system	Lean Marine installed on M/T Finnstrum as pilot vessel	Technical Department
Reduce energy consumption through more detailed information reporting system	ECO- insight (DNV-GL) software	Technical Department
Ensure that key personnel have required environmental knowledge	Quarterly meetings with Class (DNV-GL) on upcoming environmental requirements and industry standards	Technical Department/ HSSEQ Department
Manage the social and environmental impact of the Company	Develop and distribute a Company Sustainability Report	HSSEQ Department
Improve and monitor Utkilen's Significant Environmental Aspects	Ship Energy Efficiency Management Plan (SEEMP) Further focus on voluntary measures in SEEMP	Technical Department

Results 2015

KPI	2015 Target	2015 Actual result
Personnel injuries:		
Fatalities	0	0
Lost Time Injuries	0	1
Restricted Work Case	0	0
Medical Treatment Case	0	1
First Aid Case	< 15	11
Lost Time Injury Frequency	0	0,43
Total Recordable Case Frequency	0	0,86
Hydraulic Oil Spills:		
Overboard	0	0
On deck	< 5	0
In tray	< 5	4
Cargo/ Bunker Spill:		
Overboard	0	0
On deck	0	0
In tray	0	2
Inspections : (*)		
OCIMF	< 3	2,81
CDI	< 4	3,67
Port State Control	< 0,25	0,38

(*) Findings pr. insp.

KEY FIGURES

People	2014	2015
Number of seafarers	417	460
Number of office staff	40	37
Lost Time Injury Frequency (LTIF)	0,47	0,43
Total Recordable Case Frequency (TRCF)	0,47	0,86
Fatalities	0	0
Lost Time Injury	1	1
Environment		
Emission CO2 (metric tonnes)	202 118	202 848
Emission NOx (metric tonnes)	4 289	4 222
Emission SOx (metric tonnes)	559	63
Emission CO2 (pr nautical miles)	0,18323	0,17976
Emission NOx (pr nautical miles)	0,00389	0,00374
Emission SOx (pr nautical miles)	0,00051	0,00006

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 (1906 – 1987)

The Utkilen family has its roots in Kilstraum, located in the municipality of Austrheim, situated at the seaside about one hour drive north of 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, fisheries played an important role as well as transportation of various goods along the coast.

Early years

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 onboard this vessel and learned their skills the hard way. Anders Utkilen, in fact, became a captain onboard "Alstein" at the age of 17.



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, at this time the present owner, Ove Utkilen, joined the company.

Continuous growth

The company was able to operate profitably and in this way 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. 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, 20 modern 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.



Utkilen AS

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