

## Report on Human Rights Due Diligence in Utkilen

*This report is based on the requirements in section 4 of the Norwegian Transparency Act (Lov om virksomheters åpenhet og arbeid med grunnleggende menneskerettigheter og anstendige arbeidsforhold (åpenhetsloven) 2022)*

### Description

The Transparency Act was enacted by the Norwegian Parliament on 10 June 2021 and establishes legal requirements for larger enterprises' duty to report on the work they do to ensure compliance with fundamental human rights and decent working conditions in the enterprises themselves, in their supply chains and with their business partners.

The Transparency Act's aim is to promote enterprises' respect for fundamental human rights and decent working conditions and ensuring that consumers, organizations, trade unions, journalists and the public have access to information. The Transparency Act is a Norwegian initiative, but we see similar initiatives in other European countries as well as at EU level.

The report requires a general description of:

- The enterprise's organization and area of operation.
- Guidelines and routines for handling actual and potentially negative consequences for fundamental human rights and decent working conditions.
- How the work with the due diligence assessment is organized.

and specific information on:

- Actual negative consequences and substantial risk for negative consequences which enterprises have identified through their due diligence assessments and measures the enterprises have taken or plan to take to stop actual negative consequences or to limit substantial risk.

The report shall be updated and published no later than 30 June each year and otherwise in case of significant changes to the enterprise's risk assessments. The report shall be published on the enterprise's website and may also be included in the enterprise's annual report or sustainability report. The report must be signed by the board and the general manager.

## Utkilen's organization and area of operation

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 22 chemical tankers ranging from around 6 000 to 20 000 dwt. in size. Utkilen is one of the major seaway transporting companies of chemicals and other bulk liquid cargoes in Northern-Europe. Four of our modern 20,000 dwt. stainless steel vessels built in 2018 and 2019 is operating in global trade under our Stream brand.

About 500 Norwegian and international seagoing personnel work onboard our vessels and the shore organization totals about 50 employees. We have strong focus on safety and quality and our safety and quality systems are certified by DNV. The company has in-house functions for chartering, operations, ship management and crewing. It is the policy of the company to develop long term business with first class charterers, and with high contract coverage.

## How the work with the due diligence assessment is organized

The company CEO has the overall responsibility for human rights. The company quality & sustainability manager has the role as compliance officer and the operational responsibility for human rights due diligence procedures, training, and programs. The Board of Directors are responsible for oversight and ensuring respect for human rights throughout Utkilen's business activities.

Utkilen shall employ necessary means of internal control, to monitor that the Code of Conduct is being fully complied with. Senior managers within the management group shall on an annual basis report compliance with the Code to the CEO. As part of the National Work Environment Laws - any employee that reports violations is protected from sanctions as in accordance with the Whistle-blower mandate. Our tool for notification reporting system is found at "[MittVarsel](#)", where reports can also be filed anonymously.

## Guidelines and routines for handling human rights due diligence

Utkilen has developed and implemented a human and labor rights policy that is part of our company code of conduct. The policy clearly states that Utkilen shall conduct its business in a manner that respects the right and dignity of all people. Utkilen shall comply with all applicable laws and regulations and is committed to respecting the protection of internationally recognized human rights. In Utkilen all people shall be treated with respect regardless of their background, gender, race, class, sexual orientation, political beliefs, age, or any other human right.

Further, a health, safety and working environment policy is incorporated stating that Utkilen shall be a safe and healthy working place for all our employees. Any personnel injury is unacceptable, and our goal is zero harm to personnel. We continuously promote and maintain a strong safety culture onboard and ashore.

Utkilen uses the EcoVadis sustainability rating for an independent and leading solution for monitoring our sustainability work where labor and human rights are included together with ethics, environment, and sustainable procurement. This rating is an annual exercise where our labor and human rights efforts are being evaluated.

Utkilen is a member of IMPA ACT, an initiative of the International Marine Purchasing Association that encourages ship owners, ship operators, and ship suppliers to demonstrate a tangible commitment to responsible supply chain management and corporate social responsibility. At the

core of the IMPA ACT initiative is the Supplier Code of Conduct addressing the minimum expectation to suppliers based on United Nations Global Compact’s principles including human rights.

Utkilen is a member of the Maritime Anti-Corruption Network (MACN) working towards the elimination of all forms of maritime corruption by raising awareness of the challenges faced, implementing the MACN Anti-Corruption Principles and co-developing and sharing best practices, collaborating with governments, non-governmental organizations, and civil society to identify and mitigate the root causes of corruption, creating a culture of integrity within the maritime community.

Utkilen has been a signatory to United Nations Global Compact initiative since 2020 and is committed to do business responsibly by aligning our strategies and operations with the ten principles on human rights, labor rights, environment, and anti-corruption.

The human rights due diligence process in Utkilen includes risk assessments towards our impact on human rights. The impact assessment is risk-based meaning that the mitigating measures introduced shall correspond with the degree of severity of any negative impact and the probability that the negative impact will occur. When the probability and degree of severity both are high, the requirements for implementing mitigating measures will be correspondingly higher. The human rights impact risk assessments are reviewed annually during then corporate management review, and/or if significant changes to the organization or operations should occur.

**Risk of negative consequences for human rights and labor conditions**

Global shipping operations have an inherent risk of negative consequences for human rights and labor conditions. In Utkilen’s due diligence process the United Nations guiding principles on business and human rights have been used as reference document. The following human rights have been identified where our operations might have a negative impact:

Human rights	Potential impact from Utkilen’s operations	Measures to stop potential negative consequences or to limit substantial risk
Right to access a clean, healthy, and sustainable environment	We continuously strive to reduce our impact on the environment, but emissions of GHG from our operations are significant.	We have declared an ambition of becoming climate neutral by 2050 and reduce our CO2 emission by 50 percent (compared to 2008) by 2030.
Right to a healthy and safe work and living environment.	The global shipping industry has experienced a relative high number of personnel injuries and accidents through history.	We continuously promote and maintain a strong safety culture onboard and ashore.  Our quality assurance program includes our key suppliers in our value chain. Our standards are also reflected in our contracts.  A good working environment is our priority and responsibility.
Right of freedom from forced labor and human trafficking.	The global shipping industry has been exposed to forced labor and contracts that are not in line with human rights.	Utkilen employment contracts comply with industry standards such as MLC, STCW, ILO etc.

		We are being audited by authorities and 3 <sup>rd</sup> parties onboard and ashore on these matters.
Right to non-discrimination in hiring, employment, and pay.	The global shipping industry, as other businesses, has been exposed to this risk.	All our employment contracts ensure fair pay and are in accordance with agreed tariffs.  Our manning agencies follow the maritime labor convention and are being audited on this by Utkilen, authorities and 3 <sup>rd</sup> parties.  Diversity is encouraged in Utkilen. Different backgrounds, skills and experience is recognized as a competitive advantage for the Company.
Right to a non-harassing work environment	Utkilen has several hundred employees from different nations were disputes and friction between employees might occur.	Utkilen's code of conduct and policies clearly states that any harassment is unacceptable.  Regular working climate surveys are being carried out onboard and ashore.  All employees have access to Utkilen's whistle blower site.

### Potential impact from Utkilen's operations

The potential human rights impact from our operations is risk evaluated against the countries and locations we operate. The result of these assessments show that the most significant risk of impact are those countries and regions that generally score low on human rights indexes.

Utkilen's operation with most significant risk in these regions is the use of newbuilding-, maintenance/ repair- and recycling- yards, including the yards use of sub- contractors.

Consequently, Utkilen implements a due diligence process before selecting shipyards in these regions. The due diligence process includes the use of Eksportfinans "Guideline for labor rights assessments at shipyards", contracts with human rights and labor condition requirements, audits and inspections of the yards and supervision by Utkilen during the yard stay.

Bergen, 23 June 2023

Siri-Anne Mjåtvedt, CEO

Bjørn Sjaastad, Chairman

Ove Utkilen, Board Member

Anders Utkilen, Board Member Dag Døskeland, Board Member Arne Teigland, Board Member