



*The  
J. J. Ugland  
Companies*

**Annual Corporate Social Responsibility  
Report 2016**

# Corporate Social Responsibility

## Global Compact - Communicating on Progress



A/S Uglands Rederi has traditionally had and has a strong focus on sustainable business practice. Safety has always been the number one priority, but other key elements such as environmental and social impact as a consequence of conducting our business have received increased focus. Knowing that company activities affect society in many ways, and that the company is affected by its surroundings, it is important for A/S Uglands Rederi to contribute to creating and maintaining a positive and sustainable shipping environment.

As a consequence of the above, A/S Uglands Rederi joined the UN Global Compact during 2012. The UN Global

Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. This has been integrated, as part of the A/S Uglands Rederi company policy, and the corporate culture.

As member of this initiative an annual "Communication on Progress" is required, and has been submitted, which is available on the Global Compact website. This is a public disclosure to stakeholders on progress made in implementing the ten principles.

## THE UN GLOBAL COMPACT TEN PRINCIPLES

### HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 Businesses should make sure that they are not complicit in human rights abuses.

### LABOUR STANDARDS

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour;
- Principle 5 Businesses should uphold the effective abolition of child labour;
- Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.

### ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility; and
- Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

### ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

### (GRI Reference)

- G4-HR 3, 5
- G4-HR 3, 5
- G4-10, 11  
G4-LA 1
- G4-HR 3, 4
- G4-HR 3, 4
- G4-10, 11  
G4-LA 1, G4-HR 3
- G4-EN-3, 6, 8, 15\*,  
19\*, 21\*, 23, 24
- G4-SO 3

## Implementation of the UN Global Compact ten principles 2016

The most important corporate social engagement is to provide a safe, sustainable and long term business and work environment for the employees, business partners and the local community. A/S Uglands Rederi (UR) supports several initiatives in various communities, believing that social engagement in communities where business is conducted, contributes to creating shared value for both the company and society as a whole. UR is engaged in different social activities both in Norway and in the Philippines, seeking to continually renew and improve its approach to the local community.

In 2016, in accordance with ISO standards, efforts to ensure continuous improvement in safety and environmental performance were made. Continued focus on reducing energy consumption and seeking environmentally friendly technologies are important, both for the company and its stakeholders. Two newbuilding eco-design supramax bulk carriers (MV Lunita and MV Ellenita) were delivered and have been in operation since 2014. Fleet renewals continues in 2017. The PSV Juanita of the SALT 100 design has been in operation since the spring of 2014, showing

favourable fuel economy and operational flexibility. In addition the PSV Juanita was awarded the Support Vessel of the Year 2015 by the Offshore Support Journal.

UR supports and respects the protection of internationally proclaimed human rights, and as a consequence, the Supplier Declaration process is still ongoing (a questionnaire to suppliers related to Quality, Environment, Social Responsibility, Transparency and Health & Safety). The supplier declaration provides guidance when choosing suppliers identifying those that support a precautionary approach to environmental and social challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. UR through policy and procedures strives not to contribute to any kind of forced labour, child labour and discrimination in respect of employment, occupation, gender, age and culture.

During 2016, delegates from UR have participated in a three-day workshop in Oslo, hosted by OECD. The main purpose of the workshops was to give the participants new knowledge and awareness to heighten focus on Human

Rights, and to contribute to improve the companies Human Rights Due Diligence process. One of the result from this workshop was that the participants worked through a Due Diligence process with company related topics. This will be important for the further work relating to Human Rights.

UR has procedures and guidelines in place related to averting corruption through gifts and other more specific office related subjects. Anti-corruption efforts continue to be a point of focus with training and reporting in line with the anti-corruption procedure. The said procedure has been implemented, strengthening the existing routines, enabling an enhanced and systematic stance against corruption. Experience from 2016 confirms the usefulness of said procedure heightening the threshold for resisting corruption attempts, and employee awareness. Employees are trained in accordance with recommendations from UNODC, Global Compact and The Norwegian Shipowners' Association (NSA).

UR has collaborated with NSA in combating corruption on specific cases during 2016.

## Global Reporting Initiative



Global Reporting Initiative, as the most widely applied standard for reporting on the ten principles of Global Compact, has been chosen as the company's reporting framework. The objective of the Global Reporting Initiative is to create a platform where the reported information is transparent, reliable, comparable and precise.

The Global Reporting Initiative's (GRI) vision is that disclosure on economic, environmental, and social performance is as commonplace and comparable as financial reporting, and important to organizational success.

Sustainability reports based on the GRI framework can be used to benchmark organizational performance with respect to laws, norms, codes, performance standards and voluntary initiatives; demonstrate organizational commitment to sustainable development; and compare organizational performance over time.

UR is through its improvement cycle continuously seeking best practice. UR has performed a materiality analysis identifying aspects that have the most material value for the company. Improvement initiatives have focused on these aspects. The three aspects that warrant the company's focus are as follows: Environment, Anti-Corruption and Supply chain. A materiality analysis can be described as a CSR checklist. It enables the company to perform a self-

evaluation as well as an evaluation by external stakeholders: owner, employees, clients/main suppliers, partners/ financial and insurance institutions, local community(ies).

To facilitate the materiality analysis, stakeholders were identified. "Stakeholder" is a term for those parties that are affected by or affect the company. They may also have constructive feedback/criticism worthwhile for the company to listen to and take action accordingly. For UR the following five stakeholders have been identified and indirectly engaged;

- Owner
- Employees
- Clients/Main Suppliers
- Partners/Financial Institutions
- Local Community(ies)

The above process was an agenda item and confirmed in the latest Management Review, a key stone part of the annual improvement cycle.

The company has engaged the five stakeholders as follows;

**Owner:** The Owner participated in the decision to become a UN Global Compact company and to report in line with GRI. The Owner is also part of the board of directors.

**Employees:** As a result of an external audit, an internal working environment questionnaire amongst the employees was recommended and executed during May 2013. In addition, through Department Management review, Master review and Management review processes employees are able to voice their opinions and suggest improvements.

**Clients/Main Suppliers:** Clients are requested and encouraged to give customer satisfaction feedback in line with ISO 9001. In addition, offshore related tenders require the companies' CSR status to be given. The company's main suppliers have also been requested to read and return the supplier declaration signed and/or commented. 80% of said suppliers have responded.

**Partners:** Cooperating Partners such as financial institutions, insurers and partners in ownership are well informed of the company's CSR activities and have the opportunity to voice their opinions and thoughts in regular meetings and other formal and informal points of contact. In addition, they are receivers of the annual report and are through this informed of the company's CSR position and work.

**Local Community:** UR has a long reputation in supporting and working interactive with the local community. The term "JJ Ugland Companies" has often been used as the sponsoring entity. General reference is made to the JJUC.no home page. Through sponsor meetings and participation, opinions and viewpoints are exchanged.

The last and still valid materiality analysis for both the internal company and stakeholder highlighted three aspects that warrant the company's focus as follows:

- **Environmental work**
- **Anti-Corruption work**
- **Supply chain with a special focus on labour conditions**

These three aspects will then be reported in the GRI 4 report as core aspects. The aspects are of material value both for the company and society at large and as such are viewed without boundaries. The A/S Uglands Rederi Global Reporting Initiative report is structured as a matrix naming the GRI element/indicator and referencing the documents and page where relevant information is publicly noted. When not referenced, specific information may be noted. For further information and details, please review the company's home page [www.jjuc.no](http://www.jjuc.no).

This report has not been subjected to verification by an external body nor submitted specifically to GRI for verification purposes. The report is made and published in an honest and open manner representing the status of CSR and the Global Compact – GRI status for 2016.

For full report and further details and information, please view the company homepage [www.jjuc.no](http://www.jjuc.no)

	GRI Element / Indicator	Page/Reference (Annual report/other)
<b>Indicator</b>	<b>PROFILE</b>	
	<b>Strategy and Analysis</b>	
<b>G4-1</b>	Statement from the most senior decision maker of the organization	Annual Report page 5 <a href="#">Letter-of-Commitment</a>
<b>G4-2</b>	Description of key impacts, risks, and opportunities	3, 4 Annual Report page 5, 6, 8-14
	<b>Organizational Profile</b>	
<b>G4-3</b>	Name of the organization	A/S Uglands Rederi
<b>G4-4</b>	Primary brands, products, and/or services	Shipowner, management chartering and operations, Annual Report page 6, 8-14
<b>G4-5</b>	Location of organization's headquarters	Grimstad, Norway
<b>G4-6</b>	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Norway, Brazil, the Philippines and Canada (worldwide)
<b>G4-7</b>	Nature of ownership and legal form	Family owned (Note 11, Annual Report)
<b>G4-8</b>	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Annual Report, Note 7 and page 6, 9, 10 & 12.
<b>G4-9</b>	A. Report the scale of the organization, including: Total number of employees Total number of operations Net sales (for private sector organizations) or net revenues (for public sector organizations) Total capitalization broken down in terms of debt and equity (for private sector organizations) Quantity of products or services provided	Annual Report page 6, 8-14, Note 7, Note 11
<b>G4-10</b>	A. Report the total number of employees by employment contract and gender. B. Report the total number of permanent employees by employment type and gender. C. Report the total workforce by employees and supervised workers and by gender. D. Report the total workforce by region and gender. E. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. F. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Annual Report page 12
<b>G4-11</b>	Report the percentage of total employees covered by collective bargaining agreements.	<a href="#">Labour</a>

<b>G4-12</b>	Describe the organization's supply chain.	2, <u>Supplier Declaration</u>
<b>G4-13</b>	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: Changes in the location of, or changes in, operations, including facility openings, closings, and expansions Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	Nothing to report
	<b>Commitments to External Initiatives</b>	
<b>G4-14</b>	Report whether and how the precautionary approach or principle is addressed by the organization.	<u>Company Policies</u> Ref. annual improvement circles. Accessible in manual for all employees.
<b>G4-15</b>	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Global Compact-GRI-ISO9000-ISO14000-OHSAS18001
<b>G4-16</b>	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: Holds a position on the governance body Participates in projects or committees Provides substantive funding beyond routine membership dues Views memberships strategic	The Norwegian Shipowner's Association (NSA), Nordisk Defence Club (Nordisk)
<b>G4-17</b>	A. List all entities included in the organization's consolidated financial statements or equivalent documents. B. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Annual Report, Note 1 & 5
<b>G4-18</b>	A. Explain the process for defining the report content and the Aspect Boundaries. B. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	3
<b>G4-19</b>	List all the material Aspects identified in the process for defining report content.	4
<b>G4-20</b>	For each material Aspect, report the Aspect Boundary within the organization, as follows: Report whether the Aspect is material within the organization If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or	4

	The list of entities or groups of entities included in G4-17 for which the Aspects is material Report any specific limitation regarding the Aspect Boundary within the organization	
<b>G4-21</b>	For each material Aspect, report the Aspect Boundary outside the organization, as follows: Report whether the Aspect is material outside of the organization If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified Report any specific limitation regarding the Aspect Boundary outside the organization	4
<b>G4-22</b>	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	GRI G4 - Core
<b>G4-23</b>	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	GRI G4 - Core
<b>Stakeholder Engagement</b>		
<b>G4-24</b>	Provide a list of stakeholder groups engaged by the organization.	3
<b>G4-25</b>	Report the basis for identification and selection of stakeholders with whom to engage.	3
<b>G4-26</b>	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	3
<b>G4-27</b>	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	3
<b>Report Profile</b>		
<b>G4-28</b>	Reporting period (such as fiscal or calendar year) for information provided.	Calendar/fiscal year
<b>G4-29</b>	Date of most recent previous report (if any).	2015
<b>G4-30</b>	Reporting cycle (such as annual, biennial).	Annual
<b>G4-31</b>	Provide the contact point for questions regarding the report or its contents.	Deputy Managing Director Arnt Olaf Knutsen
<b>G4-32</b>	A. Report the 'in accordance' option the organization has chosen. B. Report the GRI Content Index for the chosen option (see tables below).	Annual Corporate Social Report 2016

	C. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	
<b>G4-33</b>	A. Report the organization's policy and current practice with regard to seeking external assurance for the report. B. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. C. Report the relationship between the organization and the assurance providers. D. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	4
	<b>Governance</b>	
<b>G4-34</b>	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	<a href="#">About us</a>
	<b>Ethics and Integrity</b>	
<b>G4-56</b>	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<a href="#">Company Policies</a>
	<b>Specific Standard Disclosures</b>	
<b>G4-DMA</b>	A. Report why the Aspect is material. Report the impacts that make this Aspect material. B. Report how the organization manages the material Aspect or its impacts. C. Report the evaluation of the management approach, including: The mechanisms for evaluating the effectiveness of the management approach The results of the evaluation of the management approach Any related adjustments to the management approach	3
	<b>The Environment</b>	
<b>G4-EN3</b>	<b>ENERGY CONSUMPTION WITHIN THE ORGANIZATION</b> A. Report total fuel consumption from non-renewable sources in joules or multiples, including fuel types used. B. Report total fuel consumption from renewable fuel sources in joules or multiples, including fuel types used. C. Report in joules, watt-hours or multiples, the total: Electricity consumption Heating consumption Cooling consumption Steam consumption D. Report in joules, watt-hours or multiples, the total:	<a href="#">Environmental Report 2016</a>

	<p>Electricity sold  Heating sold  Cooling sold  Steam sold  E. Report total energy consumption in joules or multiples.  F. Report standards, methodologies, and assumptions used.  G. Report the source of the conversion factors used.</p>	
<b>G4-EN6</b>	<p><b>REDUCTION OF ENERGY CONSUMPTION</b>  A. Report the amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.  B. Report the types of energy included in the reductions: fuel, electricity, heating, cooling, and steam.  C. Report the basis for calculating reductions in energy consumption such as base year or baseline, and the rationale for choosing it.  D. Report standards, methodologies, and assumptions used.</p>	<a href="#">Environmental Report 2016</a>
<b>G4-EN8</b>	<p><b>SIGNIFICANT INDIRECT ECONOMIC IMPACTS, INCLUDING THE EXTENT OF IMPACTS</b>  A. Report examples of the significant identified positive and negative indirect economic impacts the organization has. These may include:  Changing the productivity of organizations, sectors, or the whole economy  Economic development in areas of high poverty  Economic impact of improving or deteriorating social or environmental conditions  Availability of products and services for those on low incomes  Enhancing skills and knowledge amongst a professional community or in a geographical region  Jobs supported in the supply chain or distribution chain  Stimulating, enabling, or limiting foreign direct investment  Economic impact of change in location of operations or activities  Economic impact of the use of products and services  B. Report the significance of the impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>	<a href="#">Environmental Report 2016</a>
<b>G4-EN15</b>	<p><b>DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)</b>  A. Report gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.  B. Report gases included in the calculation (whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all).</p>	<a href="#">Environmental Report 2016</a>

	<p>C. Report biogenic CO2 emissions in metric tons of CO2 equivalent separately from the gross direct (Scope 1) GHG emissions.</p> <p>D. Report the chosen base year, the rationale for choosing the base year, emissions in the base year, and the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>E. Report standards, methodologies, and assumptions used.</p> <p>F. Report the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source.</p> <p>G. Report the chosen consolidation approach for emissions (equity share, financial control, operational control).</p>	
<b>G4-EN19</b>	<p><b>REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS</b></p> <p>A. Report the amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions, in metric tons of CO2 equivalent.</p> <p>B. Report gases included in the calculation (whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all).</p> <p>C. Report the chosen base year or baseline and the rationale for choosing it.</p> <p>d. Report standards, methodologies, and assumptions used.</p> <p>E. Report whether the reductions in GHG emissions occurred in direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3) emissions.</p>	<a href="#">Environmental Report 2016</a>
<b>G4-EN21</b>	<p><b>NOX, SOX, AND OTHER SIGNIFICANT AIR EMISSIONS</b></p> <p>A. Report the amount of significant air emissions, in kilograms or multiples for each of the following:  NOX  SOX  Persistent organic pollutants (POP)  Volatile organic compounds (VOC)  Hazardous air pollutants (HAP)  Particulate matter (PM)  Other standard categories of air emissions identified in relevant regulations</p> <p>B. Report standards, methodologies, and assumptions used.</p> <p>C. Report the source of the emission factors used.</p>	<a href="#">Environmental Report 2016</a>
<b>G4-EN23</b>	<p><b>TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD</b></p> <p>A. Report the total weight of hazardous and non-hazardous waste, by the following disposal methods:  Reuse  Recycling  Composting  Recovery, including energy recovery  Incineration (mass burn)  Deep well injection  Landfill  On-site storage  Other (to be specified by the organization)</p>	<a href="#">Environmental Report 2016</a>

	<p>B. Report how the waste disposal method has been determined:          Disposed of directly by the organization or otherwise directly confirmed          Information provided by the waste disposal contractor          Organizational defaults of the waste disposal contractor</p>	
<b>G4-EN24</b>	<p><b>TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS</b>          A. Report the total number and total volume of recorded significant spills.          B. For spills that were reported in the organization's financial statements, report the additional following information for each such spill:          Location of spill          Volume of spill          Material of spill, categorized by:          Oil spills (soil or water surfaces)          Fuel spills (soil or water surfaces)          Spills of wastes (soil or water surfaces)          Spills of chemicals (mostly soil or water surfaces)          Other (to be specified by the organization)          C. Report the impacts of significant spills.</p>	<a href="#">Environmental Report 2016</a>
	<b>Employment</b>	
<b>G4-LA1</b>	<p><b>TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION</b>          A. Report the total number and rate of new employee hires during the reporting period, by age group, gender and region.          B. Report the total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	<a href="#">Labour</a>
	<b>Human Rights</b>	
<b>G4-HR3</b>	<p><b>TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN</b>          A. Report the total number of incidents of discrimination during the reporting period.          B. Report the status of the incidents and the actions taken with reference to the following:          Incident reviewed by the organization          Remediation plans being implemented          Remediation plans have been implemented and results reviewed through routine internal management review processes          Incident no longer subject to action</p>	None reported incidents
<b>G4-HR4</b>	<p><b>OPERATIONS AND SUPPLIERS IDENTIFIED IN WHICH THE RIGHT TO EXERCISE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE VIOLATED OR AT SIGNIFICANT RISK, AND MEASURES TAKEN TO SUPPORT THESE RIGHTS</b>          A. Report operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk either</p>	2, <a href="#">Supplier Declaration</a>

	<p>in terms of:</p> <p>Type of operation (such as manufacturing plant) and supplier</p> <p>Countries or geographical areas with operations and suppliers considered at risk</p> <p>B. Report measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.</p>	
<b>G4-HR5</b>	<p><b>OPERATIONS AND SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR, AND MEASURES TAKEN TO CONTRIBUTE TO THE EFFECTIVE ABOLITION OF CHILD LABOR</b></p> <p>A. Report operations and suppliers considered to have significant risk for incidents of:</p> <p>Child labor</p> <p>Young workers exposed to hazardous work</p> <p>B. Report operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <p>Type of operation (such as manufacturing plant) and supplier</p> <p>Countries or geographical areas with operations and suppliers considered at risk</p> <p>C. Report measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.</p>	2, <a href="#">Supplier Declaration</a>
	<b>Society</b>	
<b>G4-SO3</b>	<p><b>TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED</b></p> <p>A. Report the total number and percentage of operations assessed for risks related to corruption.</p> <p>B. Report the significant risks related to corruption identified through the risk assessment.</p>	2, <a href="#">Anti-Corruption</a>