



MYKLEBUST

Sustainability



2020



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I believe in humanity

Letter from the CEO

When the blacksmith Oskar Myklebust started our company back in 1915 I do not believe that the word sustainability was a part of his well documented business fundament.

However, I am sure that he had most of the same fundamental driving force as we have today; Help our customers to repair, preserve and build more safe and effective work tools and be a good and safe yard both for customers, suppliers and employess.

I also believe that, based on the available knowledge, competence, culture and other crucial parameters 100 years back, Oskar and other business men did what they ment was right to do also in a sustainable context. All this based on the available knowledge at that time.

Today the world is facing environmental and social crises. Consumers demands that companies takes both responsibility and action. Sustainability is no longer a "buzzword" – it is a business imperative.

Today the most of the worlds companies are searching and achieving enormous knowledge about sustainability.

Myklebust has now increased our search for knowledge, increased our analyse work of our business and further bringing this knowledge into action points. We shall do our best to develop our business in line with what is the best sustainable way – based on available knowledge and competence.


Inge-Jonny Hide
CEO



Sustainability in 2020

Myklebust wants to be a company that achieves economic growth and profitability through sustainable solutions for our employees, customers, suppliers and the local community. We believe that the key to success lies in openness and close cooperation with those around us. Through our sustainability strategy and report we want to share insight, facilitate transparency and provide opportunities for influence to all our stakeholders. An important part of sustainability is to be clear about the goals, requirements and expectations to all relationships the organization is a part of.

2020 has been a special year for everyone, with the outbreak of Covid-19 and the consequences this has had for the global society and economy. Our focus has first and foremost been on ensuring the life and health of all our employees, suppliers and customers, and navigating safely through this challenging time. We believe that it is important to think about sustainability also in a pandemic, both in our normal work situations but also in the extended effort that goes into fighting the virus. More than ever, cooperation and a safe framework are important to all our stakeholders, and that we are clear on the responsibility that lies in being a hub in the maritime industry.

We will keep reporting on our efforts to enhance the sustainability performance of our organisation, at the same time as we further develop and improve our sustainability strategy.



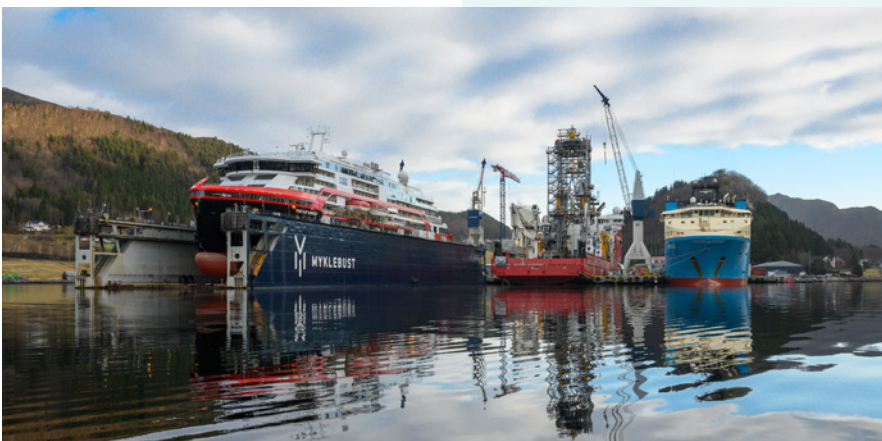
What is sustainability for Myklebust?

The Value Chain

After more than 100 years of operation, Myklebust has long and solid experience in both new construction and service, repair and conversion of vessels. We offer facilities for docking up to 15,000 tonnes – for example subsea construction vessels, anchor handlers, seismic vessels, well boats and fishing vessels. The fact that our employees both perform service assignments and at the same time build new vessels gives us a unique competence that benefits our customers. Through activity on both newbuildings and aftermarket, we are part of the entire life cycle of the boats. We gain a unique insight into how use and time affect the solutions that are chosen, and take this knowledge with us back to the planning level to develop even better sustainable solutions for the future.

The yard is easily accessible for all types of vessels, all the way out on the coast of Sunnmøre just north of Stadt. Here we are in the middle of the maritime cluster on Møre, with short distances to large and important equipment suppliers and subcontractors.

It is important for Myklebust to look at the value chain in a larger perspective. We influence and are influenced by our employees, customers and suppliers, every single day. Primary activities and support activities go hand in hand, and Myklebust's value chain is closely linked to a larger system. Our sustainability strategies must therefore also take into account this larger picture, and contribute to sustainability in the larger context.





Our Stakeholders

Our stakeholders are the core of Myklebust's sustainability focus. Myklebust has many stakeholders who influence or are affected by the activities of the organization. The key to a good sustainability strategy lies in understanding and including in the assessment how and what is affected for the individual stakeholder. In many cases, the best interests of one stakeholder may influence another in the opposite direction. Sustainability is about balancing these interests in the best possible way, and contributing to sustainable, economic growth and development through the best solutions for all our stakeholders.



Sustainability strategy and reporting is also a way to clarify the focus of the organization, and at the same time be open about the results of the goals we set. Transparency is the foundation of sustainability work, and Myklebust wants to provide insight and the opportunity for influence for both the external and internal stakeholders.





The Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are the United Nations' joint work plan to eradicate poverty, combat inequality and halt climate change by 2030. They consist of 17 main goals and 169 sub-goals. The sustainability goals must function as a common global direction for countries, business and civil society.

Myklebust wants to contribute to better our environmental impact and footprint, give a positive social contribution and meaningful work, and facilitate innovation and development. We believe that our impact on these subjects goes beyond our own employees, and includes sub-contractors, the local community and the industry in total.

We have chosen some main areas that we want to measure and report on, to ensure our contribution to the strategy. We briefly give some key words about the work that has been done, and goals for the future.





Sustainability Strategy 2020 - 2022

Myklebust wants to contribute to the achievement of the sustainability goals, and has therefore developed a sustainability strategy. Below we have listed three main focuses, based on the eight SDGs where we believe we can have the biggest impact.

Environmental impact and footprint



Social contribution and meaningful work



Innovation and development



The sustainability strategy of Myklebust Verft should not limit our work with sustainable solutions, but rather facilitate and be a driving force for further work. The goal is to map our status and effort, and at the same time set specific goals for the work ahead.

Communication is an important part of sustainability work. The sustainability strategy and the annual report will be a clear means of communication for all our stakeholders. We want to facilitate openness, opportunities for influence and encourage commitment, both internally in the organization and among external stakeholders.



Environmental impact and footprint



This strategy point should ensure that Myklebust gives a positive impact on the environmental footprint.

The most relevant SDGs are:

- Goal 13 – Protect the planet
- Goal 14 – Life below water
- Goal 15 – Life on land

How will Myklebust work to positively impact our environmental footprint?

ISO 14001 certification

Myklebust Verft is certified according to ISO 14001 Environmental Management Standard which prove that Myklebust comply with applicable laws, regulations and other environmental oriented requirements. This standard help Myklebust to minimize how the operations at the yard negatively affect the environment. To maintain the certificate it is required that Myklebust continually improve on the parameters set for measure the environmental footprint.

Work to reduce emissions to air

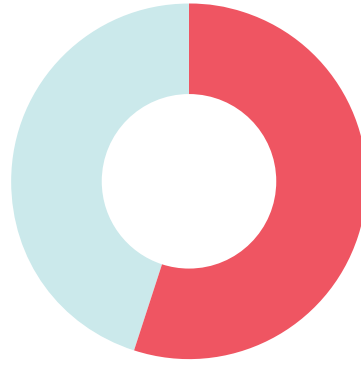
To have a low as possible NO_x, SO_x and CO₂ emission to air has been a focus area for Myklebust the past 2 years and work to reduce the emission will continue. Myklebust has a goal to supply all vessels moored alongside our quays with shore power from the power grid.

Myklebust consider also noise to be emission to air, as noise created by generator sets running are disturbing our closest neighbours. Most of the noise problem would be solved by investing in a frequency converter.



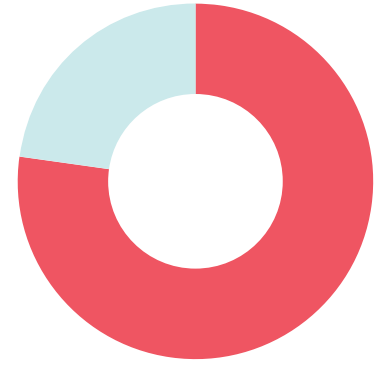


Today Myklebust can only deliver shore power of 50Hz frequency directly from the power grid which make it impossible to deliver to all vessels, as some of the vessels require 60Hz. To be able to deliver shore power to all vessels Myklebust plan to invest in a frequency converter that deliver 60Hz shore power.



2019

55% of vessels on shore power



2020

77% of vessels on shore power

Work to reduce emissions to water

For a shipyard such as Myklebust there is a risiko to have emission to water like oil, slam, dust and debries from sandblasting and cleaning. Our goal is to have zero spill accidents.

To avvoid emissions to water Myklebust have physical barriers and procedures describing how to operate in a safe manner and how remains from the production is taken care of and delivered to local reception facilities.

At least twice a year water samples are taken from the sea to verify that Myklebust does not polute the surrounding seawater. The samples taken past two years proved to be within the requirements of SFT.

Number of water samples:

2018: NA
 2019: 2
 2020: 3

The floating dock has installed a system for collecting washing water from underwater hull where the water is drained into two holding tanks located at the middle of the dock. The washing water is pumped from the holding tanks to the shore settling tanks where the polluted water settles. Polluted debries are delivered to a local reception facility.



Work to reduce energy consumption

Energy consumption is a major part of the environmental footprint for Myklebust and we have focus on both investing in equipment, tools and facilities that gives reduced consumption. The graph below shows the total energy consumption for 2017, 2018 and 2019. The total consumption for 2020 was 3.787.540 kWh.

Some of the measures taken in 2020 was to change a large amount light armatures to LED armatures which gives a significant reduction consumption in electricity for lighting.

The focus for coming years will be to identify other areas where Myklebust can improve and reduce energy consumption.

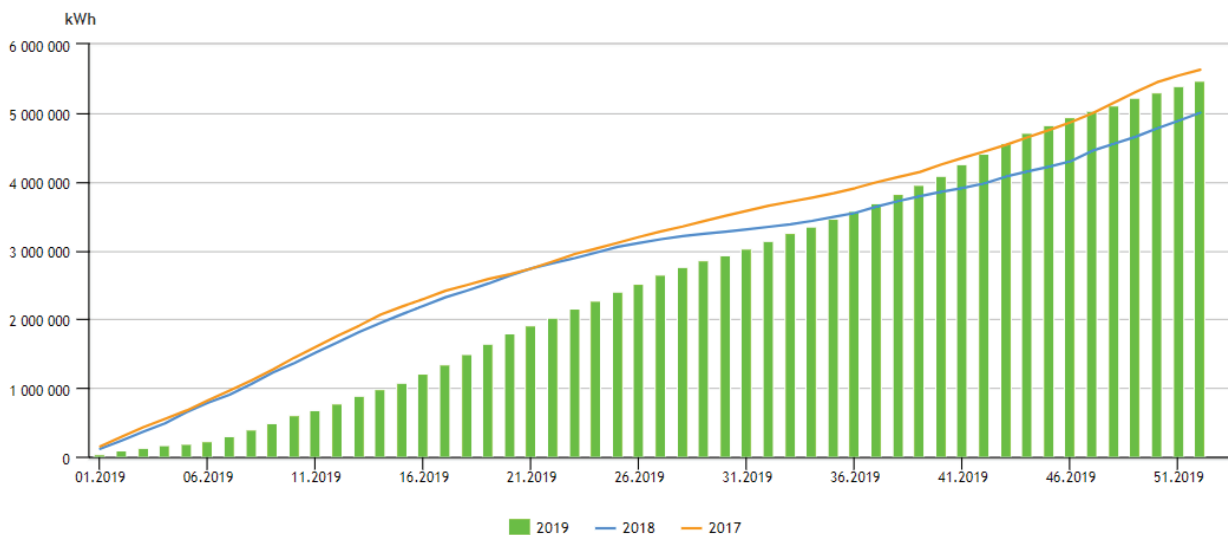
The amount of energy consumption will vary from year to year due to the activity level at Myklebust.

Myklebust have focus on the whole value chain and from 2021 all electricity delivered from our energy supplier is guaranteed to have it's origin from renewable sources

Consumption of diesel oil for e.g heating pupose is an area where Myklebust need to find alternative clean energy sources.

Consumption of diesel oil:

2018: 116 m³
 2019: 87 m³
 2020: 62 m³



Work to reduce waste

The amount of waste from the production and clients that Myklebust serve is large. There are 3 main sources the waste comes from. These sources are garbage from vessels, embalage on equiment and waste from both newbuilding and aftermarked production.

To handle in a proper manner the different types of waste, Myklebust have a waste mangement plan where an essential part is to sort the different type of waste and deliver to local reception facilities for recirculation.

Myklebust has a goal to sort 90% of total waste. The rate for past 3 years are shown below.

Prosentage sorted waste:

2018: 69%
 2019: 76%
 2020: 77%



Social contribution and meaningful work



This strategy point should ensure that Myklebust gives a positive social contribution and facilitate meaningful work.

The most relevant SDGs are:

- Goal 3 – Good health and well-being
- Goal 4 – Quality education
- Goal 8 – Decent work and economic growth

How will Myklebust ensure that we give a positive social contribution and facilitate meaningful work?

Work to reduce sick leave among own employees.

The health and well-being of our employees are important for Myklebust. Sick leave is an important measurement for the organization health, and the numbers can give a representative status for well being. However, it is important to look into the numbers and analyze further.

Myklebusts sick leave was in 2019 on its way towards the goal of 4%. At the beginning of 2020 we had the same numbers, but from March 2020 the Covid-19 pandemic impacted our sick leave drastically. At the start of the pandemic we had up to 11% sick leave in one month, but for the last part of the year the numbers became more stable. However, our total ended at 5,88%, which we believe to be a good number in a time of pandemic. We will continue our work with close follow-ups and adapted work when necessary.



Contribute to the local community

Myklebust Verft wants to be a clear contributor in the local community. The main focus is on sponsoring activities or organizations for children and young people in the local area. Myklebust Verft is also a sparring partner for kindergarten and school, and contributes with company visits and relevant presentations when needed. It is important to us that the local community knows Myklebust as a secure employer and resource in the local community.

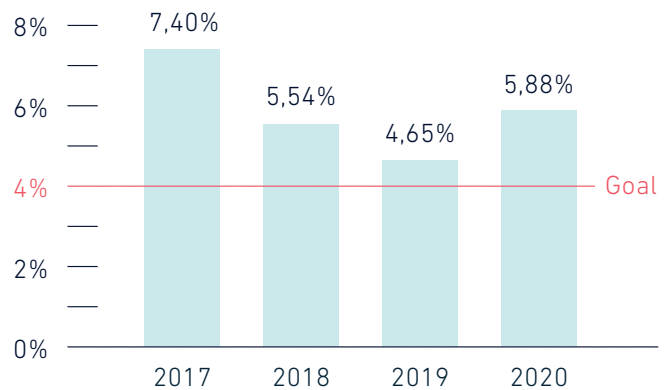
Myklebust's role in the local community has become even more relevant in connection with Covid-19. The choices we as a company make can affect the local community to a great extent, and it is important that we are aware of this responsibility. Strict infection control routines, close cooperation with both customers and suppliers, and a restrictive attitude have meant that we got through 2020 without any reported infection at the yard.



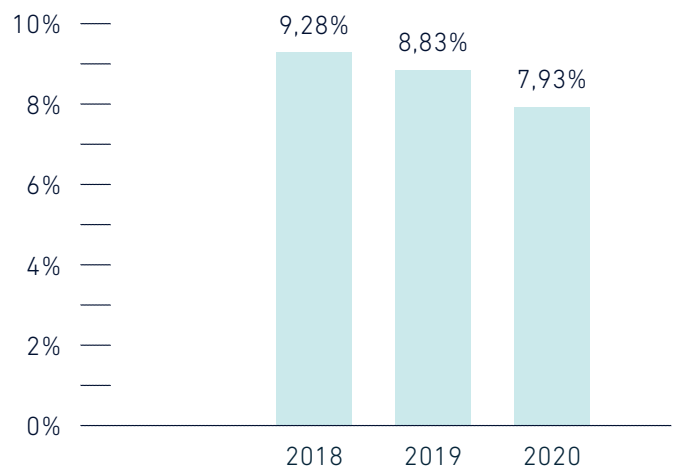
Facilitate a sustainable workload

Health and well-being is also dependent on a sustainable workload. We have therefore started an initiative to reduce the workload of exposed working groups. Our overtime percentage has gone down the last two years, and is now at 7,93%. We have not decided on a set goal for this topic, but rather turned the focus to distribution and a sensible structure of our working time solution. Measures for the next year will be strengthening of vulnerable departments, arranging for shifted working hours and possible distribution of work tasks where possible.

Sick leave



Overtime percentage





Contribute to the use of orderly working and wage conditions in our industry

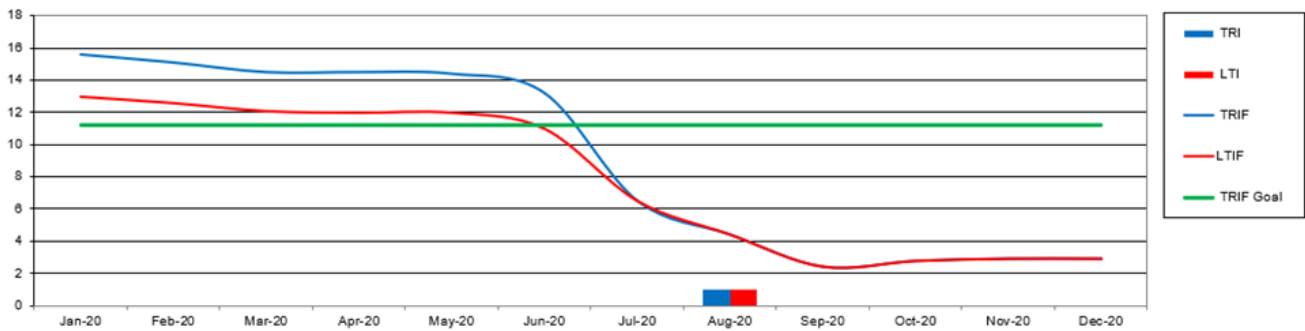
In 2020, Myklebust started with a more structured control routine to ensure proper working and salary conditions for hired employees. The need for knowledge in this area is great, and we have focused on uncovering any discrepancies through random sampling. We have sent adjustments and input to several suppliers, and in the event of a gross discrepancy, we have terminated supplier cooperation.

Avoid personal injury on our projects

In recent years, Myklebust has intensified its work with HSE, and changed its approach and focus in several areas. This has been an important contribution to not only the safety and health of our own employees, but to the benefit of all our stakeholders. The goal for everything that concerns injuries is of course zero, but we also use the industry standard as a way to see how we are in relation to comparable companies.



MVE + Contractor company - Rolling 12 Months



We are proud to be able to report that in 2020 we landed at a record low H-value of 2.9. This is much lower than both 2019 with an H-value of 13.5 and 2018 with 10.5.

Distribution of types of injuries	2018	2019	2020
First aid	5	11	4
Medical treatment	2	2	0
Limited ability to work	1	0	0
Lost-time injuries	4	6	1
Death	0	0	0

The reduction can also be seen in less serious injuries, ie first aid injuries or medical treatment without absence.

Facilitate competence development and experience sharing throughout the value chain

Competence development and experience sharing is important for Myklebust Verft, at all levels. Not only internally at the yard, but to our customers, suppliers and partners. We also see the importance of knowledge for our industry and cluster, and that it is necessary to work on several levels and contribute to the bigger picture.

In 2020, we have focused on mapping competence, and at the same time uncovering competence gaps. The focus going forward will be on competence development, training and acquisition, so that Myklebust as a whole is well equipped to solve the problems we face.

In 2020, we started an initiative with more structured experience transfers. 6 such cases were carried out by the technical department, while HSE and internal control carried out 11 such structured transfers of experience to own employees and subcontractors.



Innovation and development



This strategy point should ensure that Myklebust has a positive innovation and development focus in our work.

The most relevant SDGs are:

- Goal 9 – Industry, Innovation and Infrastructure
- Goal 12 – Responsible Consumption and Production

How will Myklebust ensure that we give a positive impact on Innovation and Development?

Work to reduce transport and handling of goods on the yard

On the yard today we have 4-5 different areas that we store goods and product that is to be assembled on to a ship. We are in the process of defining storage places for each project, which will make it easier to find the products and to have control of the handling. This is a grip that is made to reduce internal transport and handling of goods located at the yard. The second focus is to better plan the delivery in connection to the need on the project. Looking in to the future it should be possible to make a production plan that the storage employees can follow, and just deliver quayside according to the plan.

The goal is also that if there is need of tools or consumables, that are not in the container close to project, the foreman can order in an app and the warehouse deliver packed and ready to a given pickup point.

Using LEAN thinking in getting a advantage against other yard

One of the main focuses of Lean production is to eliminate waste. There are different types of waste in a production environment, and by trying to recognize them it is possible to get a easier and flow in the production:

- Overproduction – Not coordinated production, results in to high inventory
- Waiting – Stops the project to move forward
- Transportation – Needless movement of goods is no added value to the projects
- Inventory – Not to much material on stock
- Movement – Get the operators to have focus on the work, not getting material
- Creativity – Appreciate creativity and ideas of the employees.





Responsible Consumption and Production

Myklebust Verft has a focus on safe delivery and sorting of waste from the projects and the yard. We sort in different types of waste, and deliver to company specialized in waste management. We deliver as much as possible to re-use, and work towards sending less to general disposal. We also focus on what our costumers and suppliers deliver to our yard, and have good prosesess to sort and get value added where possible.

Be an active contributor to a sustainable maritime value chain

Through our repair assignments and conversions projects, we are an important contributor to extending the life cycle of the vessels we work on. In 2019, we had 36 repair assignments at our shipyard, and in 2020 the number was up to 39 repair and conversion projects. After a stay at Myklebust Verft, these boats can return to safe operation and we extend the life cycle of the product to the customer. In many cases, there is also directly environmentally friendly conversions, such as the installation of battery packs.



Summary

As mentioned in the introduction, Myklebust wants to achieve economic growth and profitability through sustainable solutions for our employees, customers, suppliers and the local community. We want to focus on the entire value chain and all our stakeholders when we set our sustainability strategy and report on our work.

At the same time, we want to recognize that sustainability is not something one achieves, and then can cross off a list. It is purposeful work and focus over time that will create results. Myklebust is therefore already in the process of improving work and is constantly looking ahead. 2021 still presents us with challenges with Covid-19 and we still do not see the end of the global crisis we are in.

Myklebust will continue our work in the three strategy areas we have chosen:

- Environmental impact and footprint
- Social contribution and meaningful work
- Innovation and development

Our focus will be on how we can further develop our work, and at the same time involve our stakeholders more actively. An example of this is an improvement project that has been launched in collaboration with our largest customer, suppliers and employees. In this way, we hope to bring the sustainable way of thinking to light, and highlight the work that lies ahead of us both internally and externally.



Performance indicators

Performance indicator	Target	2018	2019	2020	Action
Sorting percentage for waste	90,00%	69,31%	75,69%	76,90%	
Waste total - tons (including liquid oil / grease)		976	1 218	955	
Sorted waste (incl. blasting sand and metal)		676	980	784	
Unsorted waste - ton		300	238	220	
Non-hazardous waste (including blasting sand) - ton		473	820	786	
Hazardous waste - total tonnes		203,6	104,8	169,0	
Oil / grease waste liquid. M ³		179,5	146,4	123,6	
Oil contaminated mass solid - ton		2,5	8,0	12,7	
Paint, glue, varnish, solvent-based - ton		15,5	14,0	15,2	
Other hazardous waste - ton		1,2	0,9	73,3	
Blowing sand (non-hazardous waste) - ton		79	263	130	
Metal - ton		274	326	323	
Energy consumption GWh		5,00	5,41	3,78	
Water consumption 1000 m ³		79273			
Consumption of diesel oil m ³		116	86,6	61,54	
Noise (number of registered incidents / complaints)	0	NA	1	3	
Emissions to sea	0	0	1	0	
Emissions to air	0	0	0	0	
Number of incidents reported related to the environment	0				
Plastic waste		NA	NA	NA	Measurement of plastic waste has been put into operation from 01.02
Water measurement (approved samples according to SFT)		NA	2	3	All water samples are within requirements according to the Norwegian SFT
Number of repair assignments (extended life cycle)		NA	36	39	
Transfer of experience Technical department		0	0	6	
Transfer of experience (internal and towards suppliers)		0	1	11	
Improvement project		0	0	1	
Ebitda			10,4%	4,6%	
Number of boats on shore power		NA	55%	77%	
Sales KWH - power for boats		NA	3,26	1,49	



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