INTRODUCTION
An introduction to our sustainability-related disclosure.

Welcome to the 2023 UECC environmental, social and governance (ESG) disclosure document. This report serves to provide an overview of the efforts and ambitions UECC are undertaking in the pursuit of our sustainability-related goals. The focus of this report is on key risks and opportunities UECC have identified across the ESG domains and serves as a precursor to our future sustainability-related disclosures which will expand on the topics addressed in this report. Based in Oslo, since 1990 United European Car Carriers (UECC) have been providing high quality and sustainable short sea transportation services for cars and other rolling cargo on the European continent. Our fleet of pure car and truck carriers are designed to meet the necessary flexibility and efficiency requirements of the short sea market, ensuring safe and secure transportation of factory new cars, light commercial vehicles plus a wide range of high, heavy and static cargo.

Maritime transportation is a unique industry, and an essential one at that, facilitating global trade by transporting goods all over the world. Decarbonisation, human rights, supply chain management and health and safety are some of the huge challenges the industry faces. The scale of these challenges means every player must step up and contribute to the development of solutions. UECC have been engaging with these issues since our inception, and so here marks our first disclosure of some of the steps we are taking to progress the industry.

BOARD STATEMENT OF INTENT
ESG plays a core part in our ethos.

Effective engagement with environmental and social challenges has been a key feature of UECC’s success over the past 33 years. Executing on our ambitions beyond basic compliance has unquestionably added significant and tangible value to our organisation over the years. This report though, represents the first summation of our various efforts and initiatives undertaken, and forms part of our wider sustainability strategy for the future.

Core to the discussion around sustainability is that of the climate crisis. In 2022, the International Panel on Climate Change Sixth Assessment Report was published, highlighting the tangible impacts climate change is already having, with issues ranging from increased frequency of extreme weather events to climate migration. In a hard-to-abate sector such as ours, guidance for appropriate target setting over the short-, medium- and long-term is essential, and in November the Science Based Targets initiative (SBTi) published their guidance tailored to the maritime transportation sector. This has brought some much-needed clarity to target setting in keeping with a well below 2°C temperature increase.

Looking into 2023, the Norwegian Transparency Act comes into force, requiring many Norwegian-based firms to enhance due diligence systems to assist in the identification of actual or potential environmental and human rights-related risks. This comes as the EU continues to refine the proposed Corporate Sustainability Due Diligence Directive, currently suggested to be finalised by 2026. This shift toward promoting greater transparency is a regulatory trend UECC embraces, not just from a compliance stance but also in defining and aligning with best practice as per our company values of Unity, Energy, Challenging and Commitment.

These values are formalised in our Code of Conduct and instilled into our daily operations through continual training and best practice sharing with our staff and suppliers. Similarly, building the robustness of our own governance processes is a focal point for UECC to ensure these values are fully enacted and reflect the most recent developments in ESG standards.

OUR HISTORY

OECC VALUES
Unity – being open, sharing and succeeding together.
Energy – being enthusiastic and positive.
Challenging – being proactive and encourage development.
Commitment – being respectful and loyal to decisions, strategies and policies.

Our shore-based employees are representing many professions ranging from experienced marine personnel and logistic engineers, to business economists and office management. Our competent seafarers are recruited among the best qualified and are trained to the highest standards.

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Our ambition: to become the leading provider of sustainable short sea roll on roll off transportation in Europe. For us, that means larger, more efficient vessels, allowing us to continue to provide best-in-class service while minimising our impact on the environment. The responsibility we have to future generations is one that focuses and drives us to achieve more sustainable solutions. By continuing to work with our peers and partners all over the world, we believe we will succeed in this ambition.

We have a world class environmental management system operating under the ISO 14001 standard, which monitors the use of resources to ensure optimum resource-use efficiency and identify and mitigate any environmental-related risks.

Wherever possible, we will perform activities that aim at reducing our environmental impact. This is included to, but not limited to taking active steps to reduce Greenhouse Gas (GHG) emissions, reducing our impact on air quality and non-GHG emissions, reducing our waste through greater efficiency and increased use of recycling, reducing our impact on water quality and ensuring safe management of any chemical products, waste or by-products.

UECC aim to reduce total CO2 emissions by 45% by 2030 compared to 2008 levels. To achieve this, we are taking several approaches, including upgrades, retrofits, fleet renewal and piloting different technologies.

In 2021, UECC took delivery of a new LNG battery hybrid powered vessel, cementing our position as market leaders, achieving reductions way beyond the IMO’s reduction trajectory. Having taken delivery of her two sister LNG battery hybrid ships over the course of 2022, we have made our fleet the greenest in our market. Furthermore, ballast water treatment systems were installed in advance of IMO implementation requirements. The most significant challenge to sustainable resources management in the maritime transportation sector is that of fuel usage. To meet our GHG emissions reduction ambitions, UECC are exploring multiple options to improve the sustainability of our resources management.

This includes the exploration and trialling of new fuels and technologies including Biofuel and liquefied biomethane for our LNG dual fuel vessels. A trial of note was our partnership with Iodpharm, where we trialled sustainably sourced biofuel in our 22-year-old, 140m long Ro-Ro vessel, Autosky. Engagements such as these are crucial to sustainable development. UECC will also be utilising Hydro-treated Vegetable Oil on board the tugs that move our vessels in and out of some ports.

UECC’s approach to waste management and reduction incorporates the utilisation of reuse and recycling where possible onboard vessels and at shoreside operations. UECC aim to reduce, reuse, recycle and recover waste products in preference to the disposal of waste to landfill or incineration. We are dedicated to ensuring the safe and proper storage of packaged dangerous goods, including chemicals and other materials that are not considered cargo but are stored onboard for use. This commitment involves conducting thorough risk assessments as per the ship’s Safety Management System (SMS). In terms of chemical usage, all employees receive appropriate training and are equipped with adequate personal protective equipment (PPE) to ensure their safety.
GOVERNANCE | Structuring our solutions.

Building strong and trusted relationships with our customers and suppliers is integral for the continual excellence of UECC. To foster strong relationships with our customers and suppliers, we implement robust internal controls and compliance policies to mitigate risk exposure by ensuring all appropriate human rights, environmental and professional integrity requirements are met or exceeded.

Governance structures are continually reviewed to ensure we minimise the risk of accidents or incidents relating to crew, cargo, vessels, or the environment. Establishing quality management systems forms the basis of how we operate at UECC. Policies and management systems have been developed in alignment with ISO9001:2000 and ISO14001 standards, the International Safety Management System (ISM Code) and the International Ship and Port Facility Security Code (ISPS Code). Lloyd’s Register of Shipping and Lloyd’s Register Quality Assurance have certified the standards and codes before inclusion in our management system.

UECC has a zero tolerance of bribery and corruption. All employees must comply with anti-bribery and anti-corruption laws in all countries in which the company operates, including the anti-bribery legislation enacted by each signing country in accordance with the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the “OECD Conventions”).

UECC employees have a responsibility to identify and address any conflicts of interest that may arise during their work. If an actual or potential conflict of interest or a sensitive situation arises, employees are required to promptly communicate it to their manager.

UECC is committed to complying with all relevant Economic and Trade Sanctions Laws and Regulations in the countries where it operates. This includes adhering to export controls, trade restrictions, embargoes, and legal economic sanctions that limit certain activities with specific countries, entities, or individuals worldwide.

To ensure compliance with laws promoting business competition and consumer protection, UECC issues directives specifying permitted and prohibited activities and provides training on this topic. When meeting with other carriers in competition with UECC, an agenda must be prepared and reviewed in advance for compliance with anti-trust laws. Minutes of such meetings are documented and distributed to UECC’s Legal Department.

UECC is obligated to comply with all applicable Data Privacy Laws and Regulations across the countries in operation. Data should be securely stored electronically and physically to safeguard privacy. UECC employees should only access personal data if there is a legitimate business need and proper authorization has been obtained. In the event of a data breach, UECC has established a security and data breach response process to ensure a prompt and effective response.

We strive to align with international best practice and are working with third-party consultants to identify areas of improvement across our environmental and social risk management systems. We will always aim to meet or exceed all relevant EU and IMO regulations, maintain ISO14001 accreditation across our commercial operations and owned vessels, and continue to actively investigate and invest in technological development.

ESG AND OUR BUSINESS PARTNERS

The introduction of the Norwegian Transparency Act (“the Act”) brings an important and significant change in the way companies must conduct business. The Act requires an increase in the level of due diligence we must conduct through our supply chain and how we report this.

We have always strived to work with partners who share our ambitions, goals and ethics, and the formality this piece of regulation provides is welcome.

The Act requires companies to take steps to identify, address, prevent and limit human rights infringements in their supply chain.

The following pages outline our due diligence process, including a general description of the organizational and activities, our current guidelines and procedures, information regarding any identified adverse impacts and significant risks identified, and any measures or plans implemented to mitigate or address these risks.

1. General Overview:

United European Car Carriers (UECC) is the leading provider of high quality and sustainable short sea transportation services for cars and other rolling cargo on the European continent.

UECC was founded in 1990 and is jointly owned by Nippon Yusen Kabushiki Kaisha (NYK) and Wallenius Lines. Our head office is located in Oslo, Norway. In addition, we operate five offices and have an agent network across the European Continent, as well as operating two UECC owned terminals in Spain.

We operate a fleet that varies in size to match our customers’ needs, typically around 17 pure car and truck carriers (PCTC) that are designed to meet the necessary flexibility and efficiency requirements of the short sea market.

We provide safe and secure short sea transportation of factory new cars and light commercial vehicles. We also offer transportation of a wide range of high and heavy and static cargo.

UECC is committed to integrating ESG principles, including supply chain due diligence, into our operating philosophy.

We promote and adhere to an ESG Policy which describes our firm-wide approach to integrating ESG principles in our business activities. This specifically outlines our engagements and relationships with third parties such as suppliers and other key stakeholders. This Policy complements the UECC Code of Conduct and UECC Third Party Code of Conduct, which further outlines UECC’s expectations of suppliers.

UECC is committed to integrating ESG factors throughout all of its operations, taking a risk-based approach to ensure any identified material risks are identified, assessed, and managed appropriately.

The principles and ethos of UECC are regularly communicated throughout the organization to assist us in continuing to deliver a world-class service with utmost integrity and respect for people and the environment.

2. (a) Guidelines and (b) procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions:

a. Guidelines:

In accordance with the Norwegian Transparency Act, the OECD Guidelines for Multinational Enterprises (OECD Due Diligence Guidance for Responsible Business Conduct) are used to reference our supplier code of conduct, guidelines, and procedures.
These guidelines have been built into our “Third-Party Code of Conduct (CoC)” policies while new procedures have been developed to be compliant with the Act.

This has resulted in an enhanced and holistic framework which embeds responsible business conduct into policies and management systems. These policies and management systems are regularly reviewed.

Our Third-Party Code of Conduct (CoC) and ESG policies are available on our website: https://uecc.com/customer-supplier-centre/corporate-governance/

b. Procedures:

(i) Supplier Onboard Procedure:
Third Parties must agree to maintain the standards of our Code of Conduct within their businesses to be engaged by UECC.

The Code of Conduct is presented to all UECC’s Third Party providers. This Code sets out UECC’s compliance standards with respect to business conduct. Where local standards require more stringent controls, local policies must be implemented and followed. In all cases, applicable local laws must always be adhered to.

UECC expects Third Parties to have processes and controls in place to comply with the Code. Where appropriate, we will undertake risk-based due diligence as part of monitoring its active relationship with Third Parties.

This includes those with whom UECC propose to engage in a new business relationship. We expect Third Parties to provide complete and accurate information to facilitate UECC’s due diligence policies. If UECC determines that a Third Party has breached the Code, it may require the Third Party to implement a remediation plan or, in certain circumstances, it may suspend or terminate the relationship with the Third Party.

(ii) Existing Supplier Review Procedure:

In accordance with the Act, we undertake an annual risk-based review of all suppliers.

Our risk-based due diligence, as recommended by the OECD Due Diligence Guidance, is structured around the following steps. When appropriate, third-party contractors are engaged to assist and to act as independent auditors of our engagements.

1. A desk-based due diligence assessment is initially used to identify, assess, and prioritise any actual or potential adverse impacts on fundamental human rights and decent working conditions that we caused or contributed towards or that are directly linked with our operations via the supply chain or business partners. The process follows a matrix-based risk-framework, which considers key risk indicators including, but not limited to, spend value, supplier location, the type of goods or services purchased, and recorded history of human rights incidents.

2. Potential adverse impacts identified:

(i) Two Stevedore suppliers and one Port Agent are in located in Saint Petersburg, Russia.

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<th>Russia Norway</th>
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<td>Control of Corruption: Estimate</td>
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<tr>
<td>Government Effectiveness: Estimate</td>
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<td>Political Stability and Absence of Violence/Terrorism: Estimate</td>
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<td>Rule of Law: Estimate</td>
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<td>Regulatory Quality: Estimate</td>
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<tr>
<td>Voice and Accountability: Estimate</td>
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The desk-based audit returned no specific incidents of negative impacts on human rights or decent working conditions. Following our procedure, all suppliers will be engaged with our enhanced due-diligence process.
Stevedore supplier one HH&BreakBulk are located in Turkey. Roroturk Denizcilik Ltd source cargo for us and interact with prospective shippers/consignees.

1. Turkey is considered by Transparency International as an at-risk country for Corruption: it scores 36/100 (the 0 being the most corrupt; or reference, Norway is scored 84).

2. We consider Turkey as at-risk from The World Bank’s rating on below indicators, including respective score comparison with Norway:

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<th>Indicator</th>
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<th>Norway</th>
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(iv) Measures to cease, prevent or mitigate adverse impacts based on the enterprise’s prioritizations and assessments pursuant to (iii): Identified suppliers for potential risk of impacts have been escalated to enhanced due diligence as described in 2 b (ii) 2.

(v) Tracking the implementation and results of measures pursuant to (iv):
This being the first report complying with the Norwegian Transparency Act, implementation and results will be reported in subsequent disclosures.

(vi) Communications with affected stakeholders and rights-holders regarding how adverse impacts are addressed pursuant to (iii) and (iv)
This being the first report complying with the Norwegian Transparency Act, any communications and results will be reported in subsequent disclosures.

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We are committed to making strong and considered progress. Our ESG journey begins here.
DISCLAIMER

In this report, the Company may make forward-looking statements or provide forward-looking information. All statements other than statements of historical facts should be considered forward-looking statements. Although such statements reflect the Company’s current expectations, these statements are not guarantees of future performance, but involve risks, uncertainties, and assumptions which are difficult to predict.

This report is informed by metrics defined by the Sustainability Accounting Standards Board’s (SASB) MARINE TRANSPORTATION: Sustainability Accounting Standard Sustainable Industry Classification System® (SICS®) TR-MT Prepared by the Sustainability Accounting Standards Board (October 2018), as well as taking into account relevant disclosure metrics set out by “Reporting for Signatories, United Nations: Principles for Responsible Investing (PRI) 2020.” Supplementary disclosure metrics designed by Infrastructure Technical International Ltd (ITI).

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All information is assumed to be correct at time of publication. Some metrics have been calculated through engineering calculations. ITI Network accepts no responsibility for the truthfulness, or validity of the reported metrics.

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