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NORDEN AND JAPAN
NORDEN is one of the world’s largest charterers of Japanese owned tonnage
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With the head office in Copenhagen and 7 overseas offices as well as an eighth office on the way, NORDEN has a global presence. NORDEN is thereby close to its markets and its customers and has access to relevant cargoes and the possibility of knowing its customers’ individual needs.

NORDEN calendar

23 January – 6 March 2018
Silent period until the publication of the annual report 2017

1 March 2018
Final deadline for any shareholder proposals to the agenda for the annual general meeting

6 March 2018
Publication of the annual report 2017

12 April 2018
NORDEN’s annual general meeting which takes place at Radisson Blu Scandinavia Hotel, 70 Amager Boulevard, DK-2300 Copenhagen at 3pm.
FOCUS
Global reach

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NORDEN wants access to relevant cargoes and to grow with its customers

NORDEN’s dry cargo business wants access to relevant cargoes no matter where in the world they are located, and NORDEN wants to grow with its customers. NORDEN is therefore physically present on a global scale and, in being that, as close as possible to the customers. With a culturally, educationally and experientially diverse staff of employees, it is therefore NORDEN’s ambition to gain comprehensive insight into each customer’s individual needs.

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Editorial

Expanding global reach to enable smarter global trade

In this issue of NORDEN NEWS, you can read about how NORDEN has expanded and strengthened our global reach in recent years by opening new offices in Australia, Chile and soon also in Canada. This expansion is not only part of our ambition to be close to our customers and be able to service them in a relevant and individual way. It is also a matter of diversity.

A global organisation possesses diversity within cultures, educational backgrounds, experience and innovative thinking. At the same time, local offices offer greater market insight, better market access as well as enhanced operational knowledge in the area. These are all important elements in the efforts to enable smarter global trade — that is a more efficient global trade — which is part of NORDEN’s overall purpose. We call this our Corporate Soul Purpose, and I am proud of being part of an organisation that, through our daily operations and business, contributes to more efficient global trade and, in doing that, tying the world better together.

Our many offices around the world are important pieces in fulfilling this purpose, but the people working at these offices are even more important. It is the people who with their knowledge, dedication and experience can make a difference in relation to each individual customer and each individual cargo.

By establishing our focused operator arm within dry cargo, that is Dry Operator, we have created the basis for NORDEN to be able to service even more customers going forward. Specialised teams who possess great knowledge and decision-making power are ready to find solutions together with customers and partners to the many tasks which NORDEN encounters as a global player in our efforts to enable and support smarter global trade.

I hope you will enjoy reading this issue of NORDEN NEWS Winter 2017/18.

Jan Rindbo
CEO

“It is the people who with their knowledge, dedication and experience can make a difference in relation to each individual customer and each individual cargo.”
For several years, NORDEN’s office in Shanghai in China has been able to service its customers with the assistance delivered by port captains and port managers through their physical presence during loading and discharge operations in even the most remote Chinese ports.

The office in the world’s largest dry cargo market has now extended its service offerings to customers with the establishment of an operations department, which will take over operational tasks previously handled from NORDEN’s head office in Copenhagen or from the overseas offices in Singapore or Annapolis in the USA.

"With an operations department here in China, it is now possible also for NORDEN’s operators – like it has been all along for our port captains and port managers – to visit ports in China while our vessels load and discharge. This provides us with the opportunity to build up further knowledge about the individual needs and requests of the ports and customers. When you meet customers, suppliers, vessel inspectors etc. face to face, you more easily get an understanding of their individual needs and requests, and there is greater opportunity for getting and maintaining the best deals. It also makes it easier to solve daily challenges – and to solve them together with the customer, that is, as this always provides the best solution," says Operations Manager Theis Bach Christensen, who is to build up the new operations department with Chris Liu.

Until the change of job, Chris Liu was a port manager, and he therefore has thorough knowledge of Chinese ports.

China is not a new country to Theis Bach Christensen either. "During my time as an operator at NORDEN’s office in Singapore, I have built up knowledge and experience of Chinese customers and ports, among other things. But in order to succeed in this job, I also need to bring my Chinese language skills and understanding of the Chinese culture into play," says Theis Bach Christensen, who attends language classes as well as classes in Chinese culture in order to match the Chinese customers and counter parties in general.

He started his career in NORDEN as a shipping trainee in 2012, and since finishing his training in 2014 he has worked as an operator – first 1 year at the head office in Copenhagen and then 2.5 years at NORDEN’s office in Singapore.

But he and the department will not only be servicing Chinese customers.

"For example, both American and Indian customers load vessels in Chinese ports – supported by port captains and port managers from the office in Shanghai. With the knowledge built up by the operations department, the office will be able to further optimise loading operations and with that the service we are able to offer the customers in question," says Theis Bach Christensen.

It is his ambition that the increased customer service level will lead to more satisfied customers, because satisfied customers are what will bring more business to NORDEN.
The great support from customers has shown that it was a smart move when NORDEN opened its office in Melbourne, Australia in 2015. “The opening of the office forms part of our efforts to increase our global reach and be even closer to our customers – regardless of where they are based. By being present on 5 continents, NORDEN is able to service its customers in all time zones and in a flexible and reliable manner,” said CEO Jan Rindbo in his welcome speech to the approximately 60 guests at the customer event hosted by the Melbourne office on 27 September. The guests came in from all over Australia – some even all the way from Singapore.

The help was a godsend

With a donation from Orients Fond of DKK 120,000, NORDEN’s port captains Jim Jara and Søren Retz Johansson have launched their health project in Mariveles in the Philippines, where the poorest of children have very limited or no access to public health care. 100 children have been thoroughly screened. “90% have serious dental problems, and more than 20% have tuberculosis and maybe also other diseases. Added to this, approximately 40% are underweight because of malnourishment and illnesses,” explains Søren Retz Johansson. The money from Orients Fond is spent on equipment and medicine, while treatment of the children is delivered free of charge by Jim Jara’s daughters – one is a dentist and the other a doctor – and by Søren Retz Johansson’s wife, who is a dentist.

Read more about Orients Fond on page 16.
The chance is here again:

Trainee at NORDEN

The new trainees, who will receive 2 years of practical and theoretical training, are to contribute to the growth of NORDEN.

While other shipping companies hire fewer or no shipping trainees, it is still part of NORDEN's strategy to train new employees who can contribute to the growth of the company. In 2018, NORDEN expects to hire 10 trainees – similar to 2017, when 481 people applied – and they will be working at the head office in Copenhagen or at the offices in Singapore, in Shanghai, China, or in Annapolis, USA.

In order to be considered for the 2-year trainee programme, which includes both practical and theoretical elements, you need to have passed mathematics on minimum a B level. A bachelor’s degree related to shipping and business also counts, just as extensive English skills are required. And then it is an advantage if you have work experience or have lived outside your home country.

“We also look at your personal qualities. You need to be able to work independently, be curious and prepared to learn new things, and you need to be able to identify with the culture in NORDEN and the 4 values: flexibility, reliability, empathy and ambition,” explains HR Partner Tina Larsen, who is responsible for the global trainee recruitment.

Read more about the trainee programme here: www.shippingtrainee.dk/

What it is like to be a trainee at NORDEN

Shipping trainee Michelle Lee Puay Shan, Singaporean, 23 years old, hired in 2017 in Singapore (chartering)
“I learn a lot because I am responsible for setting the price of cargoes, just as I am in contact with brokers who can tell me in which direction the market is moving. My mentor is dedicated and guides me in my training.”

Shipping trainee Phoebe Wang, Chinese, 23 years old, hired in 2016 in Shanghai (chartering)
“To be employed at NORDEN is the best decision I have made. I have worked for NORDEN for 18 months now and my learning never stops. There are always so many things to learn, and it is a lot of fun to work with local and international colleagues.”

Shipping trainee Marte Shetelig, Norwegian, 27 years old, hired in 2016 in Copenhagen (Technical Department)
“The working environment at NORDEN is great, which motivates me to do my best and thereby develop myself both professionally and personally.”

Shipping trainee Michael Rogers, American, 23 years old, hired in 2016 in Annapolis (operations)
“The shipping trainee position has exceeded my expectations. I am learning more than I ever could have imagined and I am meeting some awesome people along the way.”
NORDEN CLOSE TO ITS CUSTOMERS

With head office in Denmark, 7 overseas offices and an eighth overseas office underway, NORDEN is physically present in relevant markets – and close to the customers.

NORDEN’s dry cargo business wants access to relevant cargoes no matter where in the world they are located, and NORDEN wants to grow with its customers. NORDEN is therefore physically present on a global scale and, in being that, as close as possible to the customers. With a culturally, educationally and experi-
entially diverse staff of employees, it is therefore NORDEN’s ambition to gain comprehensive insight into each customer’s individual needs.

The dry cargo market – especially geared tonnage i.e. Supramax and

**ORIENT PRODUCT POOL**

Locations of Norient Product Pool’s (NPP) offices.

**LIMASSOL, CYPRUS**
Office opened in 2005. 6 employees – including 4 charterers and 1 port captain.

**MUMBAI, INDIA**
Office opened in 2005. 6 employees – including 6 charterers, 2 operators and 4 port captains.

**SINGAPORE**
NORDEN’s second home. Office opened in 1996. 31 employees – including 11 charterers, 8 operators and 2 port captains.

**MELBOURNE, AUSTRALIA**
Office opened in 2015. 3 employees – all charterers.

**SHANGHAI, CHINA**
Office opened in 2003. 16 employees – including 6 charterers, 2 operators and 4 port captains.

Winter 2017-18
Handysize – is very fragmented. As a result you often only see the cargoes and gain access to them by being physically present in the country in which they are located.

In addition to the head office in Copenhagen, NORDEN also currently has offices in Singapore, Shanghai (China), Mumbai (India), Melbourne (Australia), Annapolis (USA), Rio de Janeiro (Brazil) and Santiago (Chile).

New office opens in Canada
In January 2018, NORDEN’s next and eighth overseas office will open. It will be located in Vancouver on the west coast of Canada.

“NORDEN has a strong presence with many port calls on the West Coast. We expect the new office in Vancouver to provide a deeper service to existing customers and create new relations. Our office will consist of both operational and commercial expertise to add immediate value to our business partners, some of whom we already do multi-year business with. The office will also strengthen the

“NORDEN is to grow with its customers”
Head of Dry Cargo Christian Vinther Christensen

Experienced dry cargo charterer to head NORDEN’s office in Canada

With Senior Chartering Manager Mark LaFrankie, NORDEN has chosen an experienced dry cargo charterer to head the eighth office overseas located in Vancouver on the west coast of Canada. He joined NORDEN in 2014 following a long career at Cargil, which is one of the world’s largest trading houses. During his years at NORDEN, Mark LaFrankie has worked at the office in Annapolis in the USA where he is part of the team to procure cargoes for the Supramax vessels in Asia and the Northern Pacific. He has thorough knowledge of the Canadian dry cargo market. “I am very grateful to have been given this task, and I am motivated beyond belief to establish a strong team and a strong regional business presence to add to NORDEN’s global horse powers,” says 51-year-old Mark LaFrankie.

Senior Chartering Manager Mark LaFrankie – future head of the new NORDEN office in Vancouver in Canada.
growing Americas/Asia business and nicely link our 3 offices in Asia with our now 4 offices in the Americas – we utilise our scale combined with proximity to our clients to add, capture and deliver value,” says head of NORDEN’s Dry Operator, Christian Vinther Christensen.

NORDEN is service provider
Like NORDEN’s other offices, the office in Vancouver will also underline NORDEN’s strong customer focus and will to gain insight into the customers’ individual needs.

“In the cargo holds on board NORDEN’s dry cargo vessels, you will find coal, iron ore, grain, cement, fertiliser, biomass, etc. which we transport between ports worldwide. But NORDEN is a service provider above all. That is, NORDEN is a company whose business it is to deliver service to its customers – no matter where they are located and what their individual needs may be,” says head of Dry Cargo Christian Vinther Christensen.

His target list:
• NORDEN should be closely linked with the market.
• NORDEN should literally share everyday life as far as possible with its customers.
• NORDEN should meet with the customers on a regular basis.
• NORDEN is to grow with its customers.

Passion is pivotal
"At the same time, we should be emotionally invested in our customers’ business. To many customers, passion means more than price, and the customers immediately notice when we are passionate. Passion may sound very soft to some people. But in reality, passion is actually a stone-hard parameter when doing business. Passion opens doors, passion creates connections leading to business and passion maintains connections,” says the head of Dry Cargo.

He therefore often speaks of passion – when also speaking about customer focus, teamwork, momentum, diversity, operational excellence, agility, reliability, development and growth – when meeting with his employees at the head office in Copenhagen or at one of the overseas offices.

Commercial creativity and innovation
Commercial creativity and innovation is also a recurring item on his agenda.

“Close relations to the customers also mean that we can develop new, commercially creative/innovative and value-creating solutions together – and not just on their behalf. This provides both the customers and NORDEN with the opportunity to grow, and that is exactly our goal. At the same time, we follow NORDEN’s Corporate Soul Purpose in order to contribute to more efficient and sustainable global trade where every person and action matters,” says head of Dry Cargo.

He mentions that there are great side benefits by being a truly global organisation like NORDEN. A truly global organisation not only increases the diversity among employees in relation to cultural, educational and experiential backgrounds but also the employees’ creative/innovative thinking.

"Sitting in one of NORDEN’s overseas offices is like being a bridge between 2 worlds. We are here to service our customers best possibly while also optimising NORDEN’s business. The language and culture are reflected in our daily work and help us get closer to our customers. It is much easier to meet their expectations when we are close to them – also in terms of time zone – and when we know what service they require. We do our utmost to understand their business as well as we can because this provides us with the opportunity to deliver the best service. Therefore, we are very happy to be close to our customers – also in terms of location.”

Those are the words of the head of NORDEN’s office in Rio de Janeiro, Viviane Da Rocha Gonçalves, who is Brazilian.

The office started out with only one employee, but today it employs 6 people. To begin with, focus was on Panamax, but now the office employs all vessel types and is deeply rooted in the South American dry cargo market, which holds large potential.

“Each customer has his demands and needs all dependent on his kind of business. It is our job to make the customer’s life easier and to build relations while we are also making good business for NORDEN,” says Viviane Da Rocha Gonçalves.
Always knowing what exactly is going on in the market

With the opening of the office in Santiago in Chile, NORDEN covers the major South American market.

With the office in Mumbai in India, NORDEN has physically placed itself in one of the world’s fastest growing economies – with an annual growth rate of more than 6%. The great country with a population of 1.3 billion people is the world’s seventh largest economy. At the same time, more than 50% of the population is under the age of 30, and the increase in population is significant.

“The combination of economic growth and the growing number of people in the working age will lead to much higher consumption and as a result increased imports of a number of commodities. This makes the country and our long-standing presence in India very interesting,” says head of the office in Mumbai Peter Koch Hansen, who is Head of Dry Cargo Indian Ocean.

An essential factor for NORDEN is India’s energy consumption. An average Indian person uses less than one-third of the energy used by an average Chinese person. This is in part due to the fact that there are many remote areas in India where there is still no access to electricity. But when this changes, the energy consumption and energy imports will undoubtedly grow significantly.

“We are growing organically and, what is more, we are doing this with many of our customers. Year by year, we have developed our market knowledge and increased our network of customers. We are not only willing to adapt, I would rather say that we have always been eager to adapt. We meet our customers at eye level and provide the flexibil-
It is the goal of the office in Santiago to always know what is going on in the market to avoid having the feeling of missing out on something.

“We want access to all business, and if we end up declining business, we want to know exactly what we are saying no to,” says head of the office Michael Warming.

“Our close relationship with brokers and agents means that we gain a better understanding of the market and the different ports which again provides us with the opportunity to offer our customers even more competitive rates and a better service. Being physically close to our customers also means that we can quickly arrange a meeting if any problems need solving or simply to catch up,” says Michael Warming.

By opening the office in Chile, NORDEN has further increased its focus on the customers in the western part of South America. The office in Santiago does business in Chile, Peru, Colombia and Ecuador.

“Since most customers in Santiago have offices in the same urban area as NORDEN, we often run into them coincidentally for example on our way from a lunch, and even a short meeting like this means that you get closer to one another. This is important in South America where doing business means developing relationships to a greater extent than what is seen in other places, and where it takes time to get close to the customers and build a relationship of trust,” says Michael Warming.

SQM, Chilean mining company, on NORDEN’s presence in Chile:

“It is very convenient that one of our largest and most trusted freight providers is housed only a few blocks away from our office. It makes our business much simpler that we have direct access to getting a reply on our requests or help with a problem.”

General Manager of Transport
Fernando Vliegenthart, SQM
Business with a purpose

NORDEN wishes to contribute to smarter and sustainable global trade where every person and action matters.

When NORDEN enters into a contract on transportation of road salt from Chile to the US East Coast and combines the transaction with transportation of biomass from the US East Coast to Europe, the distances where NORDEN sails without transporting cargo but nevertheless consumes fuel are minimised.

At the same time, NORDEN lives up to its purpose – its Corporate Soul Purpose – to contribute to smarter and sustainable global trade where every person and actions matters.

NORDEN also lives up to this purpose when some of NORDEN’s operators around the world pays physical visits to both customers’ and their customers’ ports to examine how loading and discharge operations can be optimised – this is often some of the loading and discharge operations which NORDEN’s port captains will later personally attend to ensure that they proceed smoothly and to solve potential challenges that may occur in the process.

Similarly, it is in direct continuation of NORDEN’s Corporate Soul Purpose that NORDEN’s dry cargo departments across the globe have a new set-up meaning that the employees have been organised into smaller and more specialised teams with increased agility and authority. This allows them to act faster, more easily and with more flexibility and that they are able to immediately provide the customer with a price for his transportation need without having to ask a higher-ranking person in the organisation.

Furthermore, it contributes to smarter and sustainable global trade that charterers and operators in the Dry Cargo Department sit side by side in the new teams and that they can always draw on a knowledge centre manned by colleagues who are experts within risk assessment, market analysis, law and last but not least fuel efficiency.

The fact that NORDEN is active in the global organisation Maritime Anti-Corruption Network (MACN) is yet another example which makes it clear that NORDEN takes its Corporate Soul Purpose seriously in the daily work.

Why the word soul is part of NORDEN’s purpose?

The reason is that NORDEN’s leadership principle is based on the word soul since the Company focuses on the entire human being to release the full potential in each and every person.

Purpose of going to work every day

“NORDEN has to generate earnings and have a healthy economy. This is a prerequisite if the Company is to survive and develop. It is also a prerequisite in our efforts to produce and deliver the service to our customers that matches their individual needs and which is crucial if we are to stand apart from our competitors, and which is really our ticket to the market. It is also important that we generate earnings and have a healthy economy in order to live up to the shareholders’ – our owners’ – expectations and trust in us and to attract new money from shareholders, banks and other lenders. But in order for it to make complete sense to operate a business like NORDEN – in order for us all to see a greater purpose in going to work every day no matter if the day offers success or setback – we need a higher purpose in what we do every day. This purpose has been put into words in our Corporate Soul Purpose, which besides from providing us all with a purpose actually also ties our 3 business units – Dry Operator, Dry Owner and Tankers – together, allowing us to have a common purpose for what we do – regardless of where in the company our job is located,” says CEO Jan Rindbo.

Provides economic growth and development

NORDEN’s Corporate Soul Purpose reads:

“As custodians of smarter global trade, we are conscious, soulful people uniting a world, where every person and action matters.”
44% of the 14,830 students who are about to complete their education at universities in Denmark, and who have participated in the consultancy firm Universum’s annual Employer Branding Research, say that in their future career they will attach most importance to having a job that serves a higher purpose than generating earnings for the company.

"Purpose is critical for a firm’s long-term success. In particular, purpose “glues” the different stakeholders of an organization – customers, employees, suppliers, communities, and investors – towards a common mission."

Professor Alex Edmans, London Business School, in Forbes.

The glue

"Global trade enables economic growth and development throughout the world. Through a dedicated team effort, it is NORDEN’s ambition to find efficient and agile solutions and to raise the standards for global trade. We are curious and have the courage to let new ideas grow. We challenge the status quo and push ourselves and others to constantly improve," says Jan Rindbo.

He is convinced that NORDEN is strengthened as a company by having an overall purpose where the wording is so concrete and down to earth that managers and employees but also people outside NORDEN can relate to it and find meaning in it.

"In my opinion, our Corporate Soul Purpose has made us a more attractive company – this is definitely also the case when we recruit new employees. It accommodates a growing demand from especially the future work force for a higher purpose of their daily work efforts," says CEO Jan Rindbo.
A part of NORDEN’s profits channelled back to society

Orients Fond, which obtains its means for example through shareholdings in NORDEN, supports especially maritime-related project.

A part of NORDEN’s profits is channelled back to society in the form of donations from Orients Fond, which generates earnings through shareholdings – primarily by owning two-thirds of Motortramp, which is NORDEN’s majority shareholder with an equity interest of 28.08%.

NORDEN is the result of a merger between the shipping companies Dampskibsselskabet NORDEN and Dampskibsselskabet Orient, established by Mads C. Holm in 1871 and the EAC/ØK-founder H.N. Andersen in 1915, respectively. The formal merger between NORDEN and Orient came in 1994. Legally and for accounting purposes, Orient continued as the operating company, but under the

ORIENTS FOND HELPS ENSURE SCHOOLING FOR SOMALI CHILDREN

About 87,000 children in Somalia are luckier than most of the children their age in the poor African country. They attend school.

Through donations to Save the Children, Orients Fond supports an extensive project for the reestablishment of tuition at approximately 300 schools in Somaliland and Puntland in Somalia, which sever-

times has been declared the world’s most fragile state, where only 42% of all school-age children attend school.

The EU is behind the project, but 10% of all funding must come from private donors such as Orients Fond, which has donated DKK 1 million covering the years 2016-2019.

Orients Fond considers it an important job to contribute to ensuring that young people in Somalia receive an education, so they can create a normal career for themselves and one, of course, as far as possible from a career in crime. The type of crime in question is piracy, which has claimed human lives and in general placed a strain on the merchant fleet for many years.

“The EU funds 90% of Save the Children’s educational programmes, and with the contribution from Orients Fond, Save the Children is able to overall send more girls and boys to school, and more young people can receive a business-related

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NORDEN FOCUSES ON 3 VESSEL TYPES IN DRY CARGO

The 4 remaining long-term chartered Post-Panamax vessels will exit NORDEN’s dry cargo fleet no later than April 2018. The Post-Panamax vessels have a Japanese owner, and as part of the deal with the owner to redeliver the vessels ahead of schedule, NORDEN has long-term chartered 2 Supramax newbuildings. “The deal is in line with our Focus & Simplicity strategy which implies that we focus on the more flexible vessel types Panamax, Supramax and Handysize,” says CEO Jan Rindbo. It is NORDEN’s ambition to increase its activities within these 3 vessel types considerably.

JAN RINDBO ELECTED TO BIMCO’S BOARD OF DIRECTORS

NORDEN’s CEO Jan Rindbo has been elected to the Board of Directors of BIMCO, which is the world’s largest shipping association with 2,100 members – shipping companies, operators, brokers, agents etc. – in more than 120 countries. BIMCO’s purpose is to deliver expert knowledge and practical advice to its members. Jan Rindbo will use his directorship to promote BIMCO’s positive influence with regards to improving the quality of the seaborne global trade and with regards to reducing the environmental impact from shipping.

NORDEN name. The charitable foundation Orients Fond was established in 1962 through a merger of Orients Pensionskasse and Orients Understøttelseskasse. “In recent years, the fund has handed out DKK 20-50 million a year, and the majority of the money goes to maritime-related projects,” explains Business Manager Dan Pode Poulsen, who is responsible for the day-to-day management of the fund.

In 2017, Orients Fond donated approximately DKK 28 million for maritime related purposes such as education, communication, research and initiatives promoting NORDEN’s activities, as well as for non-profit and charitable projects.

In 2017, Orients Fond donated approximately DKK 28 million for maritime related purposes such as education, communication, research and initiatives promoting NORDEN’s activities, as well as for non-profit and charitable projects.

The current education project in Somalia is a continuation of an earlier Save the Children project in the country, which focused on boarding schools for lower secondary students as well as vocational-technical collages. This received DKK 3.5 million from Orients Fond.

education as well as employment opportunities. In the coming years, we will together be able to reach out even further and make a difference for girls and boys – children as well as young people,” says the Secretary General of Save the Children Denmark, who describes the support from Orients Fond as “incredibly important”.

The current education project in Somalia is a continuation of an earlier Save the Children project in the country, which focused on boarding schools for lower secondary students as well as vocational-technical collages. This received DKK 3.5 million from Orients Fond.
Based on the strategy Focus & Simplicity, NORDEN has split up its dry cargo business into a specific operator arm – called Dry Operator – and an owner arm, called Dry Owner.

This means that NORDEN now has 3 business units, as the third unit is made up of the tanker business, which will continue unchanged.

“The split-up of the Dry Cargo business means that we become even more focused and have even better opportunities for creating positive results, regardless of whether the dry cargo market is high or low,” says CEO Jan Rindbo.

**The objective of Dry Operator**

Dry Operator focuses on the short-term market – of i.e. tonnage up to 2 years.

With 9 specialised teams – that can act fast, easily and flexibly, that have a wide range of competencies to make the necessary decisions, and that have extensive regional market knowledge and strong customer relations – Dry Operator’s charterers and operators can go deep into the market and quickly detect if it moves in one direction or the other. This is important, as it impacts when Dry Operator should take in cargoes and vessels in order to position itself best possibly to the market.

It is the ambition of Dry Operator to deliver excellent customer service and utilise NORDEN’s close customer relations.

“The change is not only an organisational boardroom manoeuvre, but actually a significant transformation of our dry cargo business”

CEO Jan Rindbo
and the 8 overseas offices to create value through logistical optimisation of vessels and cargoes. Dry Operator will utilise the opportunities for arbitrage and base its transactions on market analyses, risk assessments and vessels’ fuel efficiency. Within well-defined exposure limits, Dry Operator can go short or long – i.e. book cargoes or vessels for the coming months’ market – and therefore be able to make money regardless of how the market develops and regardless of market rates.

**The objective of Dry Owner**

Dry Owner focuses on the long-term market.

Dry Owner decides when NORDEN is to take on long-term charters and buy/sell vessels.

The dry cargo vessels which Dry Owner takes in on long-term charter or buys are being chartered out to Dry Operator at market rates, meaning that Dry Operator obtains tonnage from Dry Owner at competitive prices.

It is the job of Dry Owner to create value through good timing and by identifying and negotiating attractive deals and competitive technical management of the vessels.

The long-term cargo contracts which NORDEN enters into will also be placed in Dry Owner.

**Increased transparency**

The split of the Dry Cargo business into the 2 independent units also means that transparency with regard to value creation within each of the business areas is significantly increased.

“Dry Operator will distinctly differ from the short-term operator activities which NORDEN has previously been engaged in, as from now on Dry Operator has an independent set-up with a neutral starting point,” says Jan Rindbo.

**Significant transformation**

In short, Dry Operator utilises the short-term fluctuations in the market, while Dry Owner is responsible for NORDEN’s long-term exposure to the dry cargo market.

“The change is not only an organisational boardroom manoeuvre, but actually a significant transformation of our dry cargo business, which greatly strengthens our profile as one of the world’s largest operators of dry cargo vessels – primarily Handysize, Supramax and Panamax vessels,” says Jan Rindbo.

**From Q1 2018: 3 financial statements**

As a result of the split of the Dry Cargo business into Dry Operator and Dry Owner, NORDEN will from the first quarter of 2018 present separate financial statements for each of the 2 units, just as the company will continue to present separate financial statements for the Tanker business.
Leadership development at sea

The purpose of leadership development at sea is to ensure that all employees live out their full potential, professionally as well as personally.

Extensive leadership development at NORDEN’s offices is now being followed up by a programme at sea, where the target group to begin with is senior officers, i.e. captains, chief officers, chief engineers and second engineers.

Just like the purpose of the leadership development programme at the offices, the purpose at sea is for all employees to be able to live out their full potential, both professionally and personally.

“It provides the employees with the opportunity to develop best possibly and, in doing that, achieve a better life for themselves. At the same time, the company attains better motivated and thus more skilled employees who have a shared goal,” says Jens Christensen, Head of Technical Department.

To begin with, the primary target group of the leadership development programme at sea is the senior officers, and if priorities are to be made within this group, then the captains and chief engineers should be trained first. But the junior officers – from second officer and third engineer and others – may also be included by the programme just as it may be relevant to leadership train the boatswain who acts as foreman for the mariners on deck.

“At sea, the volume of information and demands to which it is required to respond is also growing. This means that it is more important than ever that everyone on board does their utmost and that everyone is pulling together. At the same time, we are also employing a generation of colleagues at sea who expects to be developed at a personal level as well. This puts more demands on the leadership tasks on board, and that is what we are working on developing,” says Jens Christensen.

Hierarchical management structure

Even though a vessel still has a hierarchical management structure, a softening of the structure has taken place in recent years.

“Years ago, it was the captain who was in charge and everyone had to obey. When the captain spoke, the crew shut up and followed his orders. Naturally, it is still the captain who has the final say on board. But that being said, everyday life at sea has become more complex, and helped along by the digital development most things are done in real time. This means that often there is a need for input from several colleagues in order to find the necessary solutions, and it is my experience that the best solution to a given task is often the one offered by a colleague instead of the boss. To this can be added that the more people are able to solve the tasks on their own without having to seek constant approval, the easier everyday life becomes. Therefore, other demands are put on today’s management than was the case only 10-15-20 years ago,” says Head of Technical Department, who himself used to work as an officer on board NORDEN’s vessels.

Crew together 24/7

He points out that good leadership is even more important at sea than on shore as a vessel is a workplace where the employees are together 24 hours a
day, 7 days a week and for many for several months in a row. It is also typical for work on board a vessel to take place day and night and across different cultures. Good leadership is an essential ingredient in order to ensure that a vessel is both a good place to work but also a good place to be after hours.

Ongoing leadership training

To help implement the leadership development programme, NORDEN has employed Ole Nors and Søren Rygaard who are currently putting the different elements of the programme together. Both coaches are to take turns visiting the vessels as leadership development is more likely to succeed when training takes place in the daily setting, i.e. on board the vessels.

“The old perception of leadership was that only a few people possessed these skills and that it was typically an innate ability. Today, leadership is viewed as something which can and must be trained and maintained on an ongoing basis and as something you can improve on at different levels. To create the framework for most success, leadership development should be tied to everyday life, be based on current management situations and be followed up by coaching and a development plan. The leadership development of NORDEN’s officers will be based on tools that can be applied during daily work at the same time as theory will be linked to reflections on individual leadership practice, cultural understanding, group dynamics and system comprehension. In the end, leadership is about putting one’s resources in time and space to use to achieve the best possible effect with as little resistance as possible,” says Ole Nors.

Curiosity and an open mind

Head of Technical Department Jens Christensen predicts that the officers will meet the initiative with curiosity and an open mind:

“Naturally, most will want to consider this at first, but as long as everyone is open and gives new initiatives a fair chance, I am certain that it will be a success,” he says.

On board a vessel – here the Supramax vessel NORD MANANEE – it is crucial that everyone helps as much as they can and in the right way. This requires good leadership skills, says Head of Technical Department Jens Christensen.

No matter what you do, you can always get better at it. The runner Usain Bolt does not break the world record every time, but he tries to.”

Nils-Erik Bekker, Chief Engineer

“Leadership is a dynamic process, and you always have to keep up with the development. It is easy to always just rely on “this is what we usually do”. Overall, it is healthy for all of us to step aside and consider ourselves and the way in which we handle different scenarios.”

Flemming Halsted Hansen, Chief Engineer

“An efficient leadership development programme will enable us to understand and use our leadership role in a better way and equip us with the knowledge, skills and attitudes which we need in order to manage and develop both officers as well as ordinary crew members in a positive way.”

Cresencio B.I Dano Jr., Captain

“I would like to be trained in having more focus on positive things. The more focus you have on these, the more positively people will react in difficult situations.”

Fidel Andres Sta. Monica, Chief Engineer

NORDEN is not the only company to recognise the need to develop human capabilities. The oil company Shell is focusing on something similar. Two of the elements in Shell’s programme are about ensuring that managers at sea are able to assess difficult situations and continue having a positive mindset and look at such situations from a different angle. Both these elements will be implemented in NORDEN’s leadership development programme. Jens Christensen, Head of Technical Department, NORDEN: “We find it very positive that leadership development at sea has been put on the agenda in more places within the industry.”
NORDEN continues expansion

During the third quarter, NORDEN continued to benefit from the low time charter rates by increasing exposure within the product tanker market. This involved taking 2 MR vessels on long-term charter and 4 MR vessels on short-term charter, each with a cargo carrying capacity of 50,000 tonnes.

This recent expansion of the tanker fleet adds to the expansion from the first half-year when NORDEN acquired 2 second-hand MR vessels and took 4 MR vessels and 2 Handysize vessels on long-term charter in addition to a number of short-term charters to the tanker fleet.

NORDEN’s entire fleet of owned and chartered product tanker vessels are commercially operated by Norient Product Pool (NPP), which NORDEN owns on a 50/50 basis with Cypriot Interorient Shipmanagement and which shares head office address and facilities with NORDEN in Copenhagen.

NPP experienced a continued challenging market with low rates during the third quarter. Significant stock piles of oil products limited the demand for transportation, and a few short-lived and very local rate fluctuations were far apart – i.a. resulting from hurricanes.

NPP outperformed the market again NORDEN’s tanker fleet did, however, outperform the market again and generated an adjusted result for the period of USD -1

NORDEN says no in the Suez Canal

The days of accommodating pilots’ demand for facilitation payments in the shape of cigarettes to ensure optimal passage are over.

When vessels from NORDEN pass through the Suez Canal in the future, NORDEN will no longer give in to pilots’ demands for facilitation payments – typically in the shape of 2 cigarette cartons – to do the job that NORDEN has already paid for via the fee to pass through the 193.3-kilometre-long canal between Port Said in the Mediterranean Ocean and Suez by the Red Sea.

Pilot demands to ensure optimal passage have given the canal the nickname the Marlboro Canal.

A poster on board the vessels informs the pilots that there is no need to ask for cigarettes. Because as stated on the posters, the crew will decline the request. The posters can be found on all vessel with a NORDEN name – that means both owned vessels and vessels chartered in.

With its initiative, NORDEN has joined a campaign which was started by the Maritime Anti-Corruption Network (MACN) that NORDEN co-founded and which is a global network that works towards a corruption-free maritime industry.
of tanker fleet

NORDEN and the other participants in the MACN cooperation view corruption to be an obstacle to efficient trade and cooperation. Corruption means that the shipping industry incurs extra costs and it leads to unfair competition. In the shipping industry, corruption can also contribute to putting the crew members’ safety and well-being under pressure, just as corruption involves legal and reputational risks for the company.

NORDEN has a zero-tolerance policy towards bribery and works actively towards eliminating facilitation payments, where a company is charged small amounts or cigarettes and goods to get access to a service which it is already entitled to.

NORDEN passes through the Suez Canal approximately 10 times per year, and so far the experiences for NORDEN’s vessels with saying no to demands for cigarettes or facilitation payments in the canal have extremely positive.

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Not many days go by without a visit from Japanese business partners at NORDEN’s head office in Hellerup north of Copenhagen. And they are always most welcome just as NORDEN’s employees always feel welcome when they frequently visit the land of the rising sun, where NORDEN has acquired a large part of its tonnage for decades. This is the case for both owned newbuildings, long-term chartered newbuildings and short-term chartered tonnage.

NORDEN also carries considerable volumes of bulk cargoes for Japanese customers. Lately, Dry Operator has made itself noticed as a very active carrier of biomass for the booming Japanese market for environmentally friendly energy. Dry Operator has the ambition to increase its market share in Japan.

Excellent relations
“We are very pleased to have excellent relations in Japan,” says CEO Jan Rindbo.

The responsibility for the day-to-day relations to the Japanese trading houses, ship yards and owners lies with the head of Asset Management, Henrik Lykkegaard Madsen and his team.

A considerable part of NORDEN’s long-term exposure is based on tonnage from Japan, which is reputed to be some of the best in the market. Today, NORDEN is one of the world’s largest charterers of Japanese-owned tonnage.

NORDEN’s current long-term charters of Japanese vessels amount to more than 200 years in total. To this should be added the many vessels on short-term charter.

To NORDEN, this is a strong testimony of the value and flexibility embedded in the strong relations which have been tied between NORDEN and its Japanese business partners over the years.

The Japanese tonnage is an important contributor to NORDEN’s improved results.

Highs and lows
“Our strong relations have witnessed – and overcome – historical highs and lows in the markets,” said CEO Jan Rindbo in his speech to the approximately 120 Japanese business partners who participated in a dinner reception following the
traditional annual golf tournament which approximately 55 people took part in.

Sunset Hills Country Club set the scene for the golf tournament and the reception was held at Imabari Kokusai Hotel. This was the 15th consecutive year that NORDEN – this time headed by Chairman of the Board Klaus Nyborg and CEO Jan Rindbo – invited its Japanese partners for a battle with clubs and balls that also had room for both serious business dialogues as well as informal social interaction.

Need for more chartered tonnage
As NORDEN achieves success with its substantially increased investment in the operator business in the Dry Cargo Department – read more on pages 18 and 19 – the Dry Operator’s need for chartered tonnage will increase.

For this purpose, NORDEN will once again draw on its strong ties in Japanese shipping.

“With the new set up in the Dry Cargo Department, which is to create the foundation for our ambitious growth strategy, we aim at increasing the number of short-term chartered vessels,” said Jan Rindbo to the Japanese business partners.

60 people attended bank seminar
This year, the NORDEN delegation’s visit to Japan also included hosting a bank seminar in Imabari. Approximately 60 representatives from local banks, which provide capital for the many owners in the region, participated – including owners that NORDEN charters vessels from. It is important for the banks to know both their customers’ financial position and the positions of their customers’ customers in order to have full knowledge of the foundation for their financial engagements. At the seminar, NORDEN’s executive management gave an update to the banks on the development in the company, and the participants furthermore gained insight into how NORDEN assesses the market opportunities.

Overwhelming interest
We once again experienced that our business partners were overwhelmingly interested in participating in our events. The explanation is without a doubt that both our Japanese partners and we attach great importance to the long-standing relations and a good dialogue regardless of whether the market is high or low,” says Henrik Lykkegaard Madsen, Asset Management

INVITATIONAL COUNTRY CLUB - NOVEMBER 22, 2017

Winter 2017-18
NORDEN’s dry cargo business ended the third quarter with an adjusted result for the period – i.e. a result excluding profit or loss from the purchase/sale of vessels – of USD 5 million. This is an improvement compared to USD -8 million in the third quarter of 2016, and it is the first time Dry Cargo has achieved a profit since the second quarter of 2015. The result is partly due to improved market conditions and partly due to the ability of NORDEN’s Dry Cargo Department to create value this quarter for example by positioning a number of vessels in the Atlantic in a timely manner for the transport of grain.

The Tanker business, which is still affected by a challenging market, realised an adjusted result for the third quarter of USD -1 million compared to USD -4 million in the third quarter of 2016.

Overall, NORDEN therefore realised an adjusted result for the third quarter of USD 4 million. This is an improvement of USD 16 million compared to the same quarter of 2016.

Also in the third quarter, NORDEN’s 2 business areas outperformed the market – Dry Cargo by 26%, Tankers by 16%.

NORDEN now raises its expectations for the adjusted results for the year to USD -10 to 30 million compared to previous expectations of USD -20 to 20 million.

“NORDEN is well positioned to benefit from the recent significant improvements in the dry cargo market and raises the expectations for the overall full-year results of the Company. With a new focused operator platform for the short-term operator activity in Dry Cargo and a tanker business that continues to outperform the market and has increased the capacity at attractive levels, the conditions for an improved result for the year are now in place,” says CEO Jan Rindbo.

**Continued Chinese growth**
The improved conditions in the dry cargo market are a result of continued strong Chinese imports in particular of iron ore and coal. In the third quarter, Chinese demand for steel alone grew by 14% compared to the same quarter of 2016.

The coal trade has experienced a revival in 2017 and not only in China, where economic activity levels are high, and where hydro power production cannot keep up. Other countries have also increased their imports of coal, most notably South Korea where imports for the third quarter were up 19% compared to the same quarter of 2016.

**High inventories put pressure on tanker rates**
Tanker rates are under pressure due to high inventories of refined oil products around the world which were built up when oil prices dropped suddenly and dramatically. These inventories help reduce the imbalance in the market. The hurricane season did, however, draw on inventories, but not to an extent that resulted in other than short-lived rate improvements in regional markets.
## NORDEN’S FLEET

### Dry Cargo

#### Post-Panamax
- Total number of vessels: 5
- Owned vessels: 0
- Chartered vessels: 5
- Length: 210-250 metres
- Width: 43 metres
- Cargo capacity (deadweight): 110,000-120,000 tons
- Cargo: Iron ore and coal
- Customers: Steel works, mining companies, and power plants
- Average age – owned vessels: –
- Total number of Post-Panamax vessels in the global fleet: 552
- Average age of Post-Panamax in the global fleet: 7.1 years

#### Panamax
- Total number of vessels: 88
- Owned vessels: 4
- Chartered vessels: 84
- Length: 215-230 metres
- Width: 32 metres
- Cargo capacity (deadweight): 70,000-85,000 tons
- Cargo: Iron ore, coal, grain, bauxite, cement and slags
- Customers: Steel works, mining companies, power plants, cement producers, grain traders and trading houses
- Average age – owned vessels: 11.1 years
- Total number of Panamax vessels in the global fleet: 2,075
- Average age of Panamax in the global fleet: 9.0 years

#### Supramax
- Total number of vessels: 93
- Owned vessels: 6
- Chartered vessels: 87
- Length: 190-200 metres
- Width: 32 metres
- Cargo capacity (deadweight): 50,000-65,000 tons
- Cargo: Coal, grain, cement, sugar, fertiliser and wood pellets
- Customers: Mining companies, power companies, grain traders, trading houses, producers of cement, sugar, fertiliser and wood pellets
- Average age – owned vessels: 7.4 years
- Total number of Supramax vessels in the global fleet: 3,515
- Average age of Supramax in the global fleet: 8.4 years

#### Handysize
- Total number of vessels: 36
- Owned vessels: 7
- Chartered vessels: 29
- Length: 170-190 metres
- Width: 27-30 metres
- Cargo capacity (deadweight): 28,000-38,000 tons
- Cargo: Coal, grain, cement, sugar, fertiliser and wood pellets
- Customers: Mining companies, power companies, grain traders, trading houses, producers of cement, sugar, fertiliser and wood pellets
- Average age – owned vessels: 5.7 years
- Total number of Handysize vessels in the global fleet: 2,710
- Average age of Handysize in the global fleet: 9.7 years

#### Tank

#### LR1
- Total number of vessels: 2
- Owned vessels: 0
- Chartered vessels: 2
- Length: 228 metres
- Width: 32 metres
- Cargo capacity (deadweight): 74,500 tons
- Cargo: Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
- Customers: Oil majors and oil traders
- Average age – owned vessels: –
- Total number of LR1 vessels in the global fleet: 359
- Average age of LR1 in the global fleet: 9.4 years

#### MR
- Total number of vessels: 31
- Owned vessels: 11
- Chartered vessels: 20
- Length: 180-185 metres
- Width: 32 metres
- Cargo capacity (deadweight): 45,000-50,000 tons
- Cargo: Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
- Customers: Oil majors and all traders
- Average age – owned vessels: 9.9 years
- Total number of MR vessels in the global fleet: 1,182
- Average age of MR in the global fleet: 9.2 years

#### Handysize
- Total number of vessels: 14
- Owned vessels: 10
- Chartered vessels: 4
- Length: 175-185 metres
- Width: 27-31 metres
- Cargo capacity (deadweight): 37,000-40,000 tons
- Cargo: Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
- Customers: Oil majors and oil traders
- Average age – owned vessels: 8.6 years
- Total number of Handysize vessels in the global fleet: 575
- Average age of Handysize in the global fleet: 13.0 years

### NORDEN’s fleet:
- **269 vessels**
  - 222 dry cargo vessels
  - 47 tanker vessels

### Own vessels on order:
- **9**
  - Dry Cargo: 9 vessels
    - Panamax: 1 vessel, Supramax: 8 vessels
  - Tankers: 0 vessels

### Chartered vessels on order:
- **18**
  - Dry Cargo: 8 vessels
    - Supramax: 7 vessels, Handysize: 1 vessel
  - Tankers: 10 vessels
    - MR: 10 vessels

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Notes: All data as per 30 September 2017. Source - global fleet data/dry cargo: Clarkson. Source - global fleet data/tankers: SSY.
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