



# CORPORATE SOCIAL RESPONSIBILITY REPORT 2013

– Moving forward “On the right course”

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# NORDEN IN BRIEF

Dampskibsselskabet NORDEN A/S (NORDEN) operates globally in dry cargo and tankers with one of the most modern and competitive fleets in the industry. NORDEN's active fleet consists of a total of 285 owned and chartered vessels.

In addition, 58 vessels from third party are operated in pools – Norient Product Pool, NORDEN Post-Panamax Pool and NORDEN Handysize Pool.

In Dry Cargo, NORDEN is active in all major vessel types. The Company is one of the world's largest operators in Panamax and Supramax, in addition to having considerable activities in the Handysize and Post-Panamax vessel types as well as activities in Capesize.

In Tankers, NORDEN's activities comprise Handysize and MR product tankers. NORDEN's vessels are operated commercially by Norient Product Pool, which is one of the largest product tanker pools in the world.

NORDEN's core fleet consists of owned vessels and vessels on long-term charter with purchase option. The core fleet is supplemented by vessels chartered on a short-term basis or for single voyages, and this mix allows the Company to rapidly

adjust the size and costs of the fleet to changing market conditions. Purchase and extension options on many chartered vessels increase flexibility of the fleet and also contribute to the value creation.

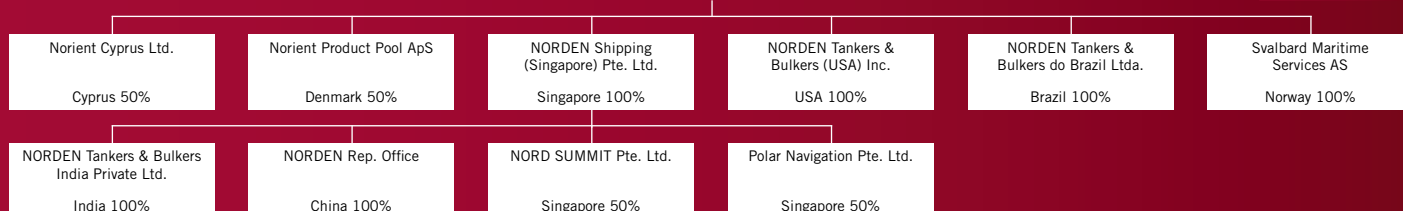
With offices in Denmark, Singapore, China, India, the USA and Brazil, a network of port captains as well as site offices at shipyards in China and Korea, NORDEN seeks to keep close contact with customers and business contacts. The Company has 280 employees on shore and 805 on board owned vessels. In addition, Norient Product Pool has 52 employees at its offices in Denmark, Cyprus, Singapore, the USA and Brazil.

NORDEN was founded and listed in 1871 and is one of the oldest listed shipping companies in the world. Management focus is long-term and rooted in the Company's vision, mission and values. The goal is for NORDEN to continuously develop for the benefit of its stakeholders and to achieve high, stable earnings. The share is listed on NASDAQ OMX Copenhagen A/S, and the Company has approximately 13,400 registered shareholders.

Numbers are stated at 31 December 2013.

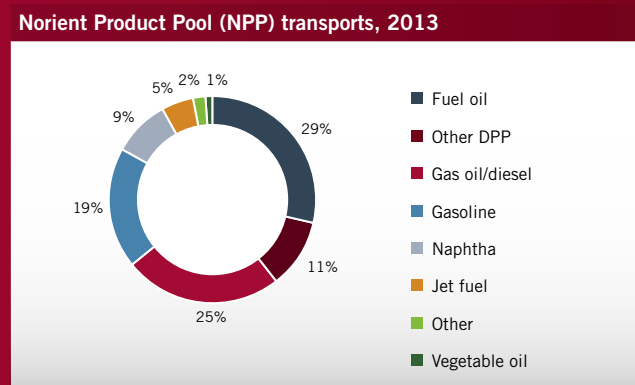
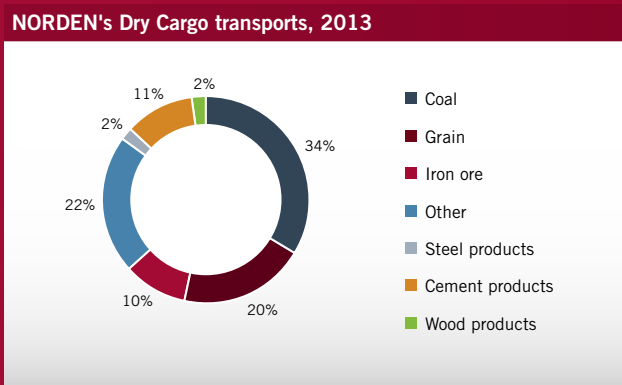
## GROUP STRUCTURE

### Dampskibsselskabet NORDEN A/S

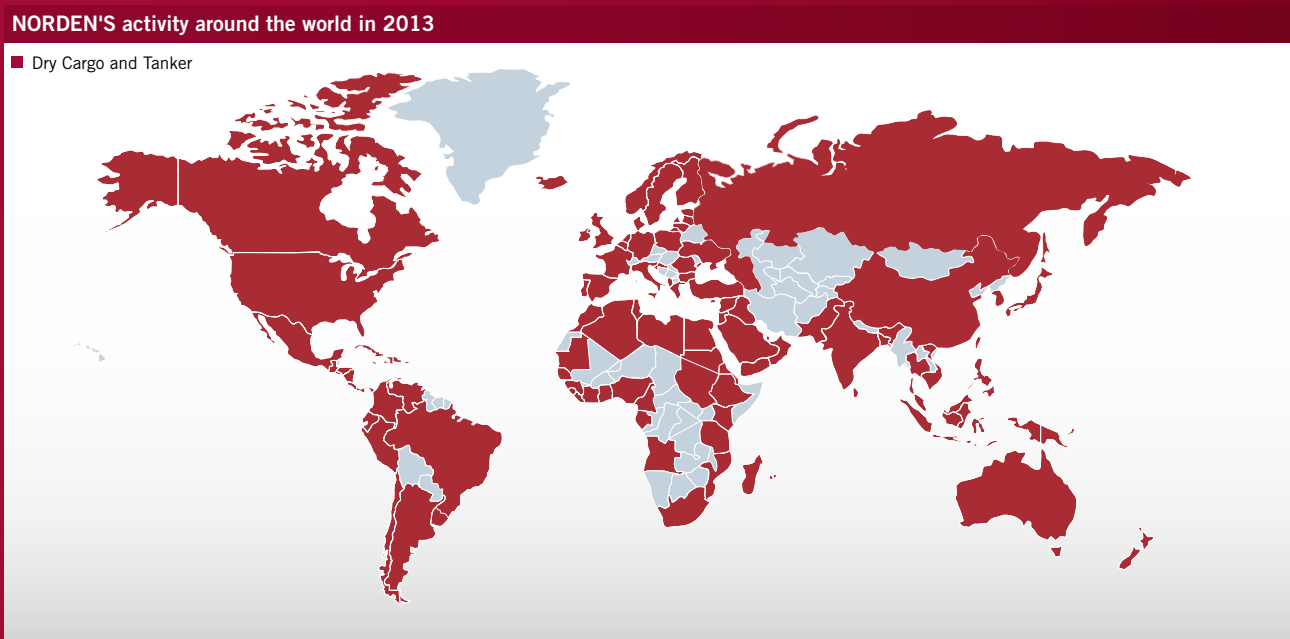


# OVERVIEW OF NORDEN'S BUSINESS

The below illustrations provide an overview of the commodities which NORDEN transports and the markets where they are loaded and discharged.



In 2013, NORDEN transported a total of 76 million tons of dry cargo compared to 64 million in 2012. Similar to last year, NORDEN's largest dry cargo commodity was coal with a little more than 25 million tons transported. However, despite an 18% volume growth in total volumes transported, coal's share decreased from 40% in 2012 to approximately 34% in 2013. On the other hand, the volume of grain transported continues to increase, and is now a little over 15 million tons. Together, these 2 commodities represented 54% of NORDEN's transported dry cargo volumes. In 2013, Norient Product Pool (NPP) transported a total of 25 million tons of liquid cargo compared to 28 million tons in 2012, which corresponds to a decrease of around 8% due to fewer vessel days. Fuel oil remained the largest liquid commodity category, with gas oil/diesel as a close second.



The above map displays NORDEN's activity around the world in 2013. Only few coastal areas have not been visited by a NORDEN vessel during the past year. While NORDEN has customers all over the world, Europe and North America remain the main destinations within both segments. For instance, NORDEN's Dry Cargo department has, in 2013, extended a cargo contract on coal from Svalbard, Norway, to Northern Europe, while Norient Product Pool has increased its share of loading from the US Gulf as a result of the shale oil boom.

# MOVING FORWARD "ON THE RIGHT COURSE"



Market conditions in the global shipping industry have continued to be far from optimal in 2013, but this has not affected NORDEN's continued support to the United Nations Global Compact. We pride ourselves on having a Corporate Social Responsibility (CSR) strategy aimed at creating shared value, meaning that it is designed to generate both socio-economic and business benefits. NORDEN's CSR strategy *On the right course* is made up of 7 focus areas, which are divided in 2 categories: differentiate and comply. In the first mentioned category, NORDEN aims to go beyond what is required by existing laws and regulations in order to be a front runner. In the second category, we focus on living up to relevant legislation. Regardless of the category, all focus areas make business sense for NORDEN. By linking our CSR strategy to our core competencies,



Carsten Mortensen, President & CEO, on the right and Michael Tønnes Jørgensen, Executive Vice President, CFO, and chairman of the CSR Executive Body, on the left.

we ensure that CSR stays relevant regardless of the economic climate, and our proactive response to the CSR challenge has proven to be a competitive advantage.

The past year has been eventful for NORDEN, as we continued to engage with our stakeholders and saw concrete results from CSR projects which had been in the planning for a long time. We anchored CSR throughout the Company from Senior Management to the youngest crew member on our owned vessels. We engaged with suppliers in the context of our Responsible Supply Chain Management (RSCM) process, which has received international recognition through our co-operation with the International Marine Purchasing Association (IMPA). We continued our work within the Maritime Anti-Corruption Network (MACN), where we were instrumental in starting to develop an anti-corruption training package. We launched a facilitation payment recording system in order to get a better understanding of the challenges we face within this area, and we supported local communities directly linked to our operations through different projects. These are just some of the activities which helped NORDEN remain a front runner in the CSR field.

2014 will be just as busy. We will roll out an anti-corruption training package to the organisation and develop an agent screening process through the MACN. We will include new suppliers in our RSCM process and maintain our collaboration with the ones selected in 2013 to make sure that they live up to the standards of our Supplier Code of Conduct (SCoC). We will further encourage diversity at all levels of the Company and we will continue our efforts to respect human and labour rights as well as anti-corruption and environmental principles. These initiatives and many others will keep NORDEN on the right course to reach our long-term targets in the 7 focus areas and will position ourselves stronger for years to come.



Diagram of the strategy's focus areas.

# TRANSPARENCY

Nominated for  
**CSR AWARDS 2013**



NORDEN is committed to continue communicating our accomplishments and challenges. We believe that being transparent, both internally and externally, is fundamental to being a responsible company.

Part of the Leadership Index in the CDP reporting in 2013



### CSR strategy

NORDEN's CSR reporting is based on the 7 focus areas of our CSR strategy, which was established in 2012. The strategy aims to be understandable, tangible, operational and measurable, in order to serve as a daily instrument and an on-going competitive resource to draw from. The hard work and extensive stakeholder consultation that went into creating a high quality strategy were acknowledged at the 2013 CSR awards, where NORDEN was granted second place for the CSR strategy prize. The ceremony was organised by the recognised Danish organisation CSR Fonden, which aims to showcase the CSR accomplishments of companies in Denmark. The judges acknowledged the effort put into developing a clear and structured strategy, which is material to NORDEN's core business. We were awarded second place, as our strategy was still in the anchoring phase and it was, therefore, too early to tell how it would translate into practice and key outcomes.

### Anchoring CSR in NORDEN

We believe that CSR should live throughout the organisation and be understood and assimilated by all. Our employees are our best ambassadors, and it is therefore crucial that

they understand what CSR means for them and NORDEN. In this context, one of our 2013 objectives was to anchor CSR in the Company. We included all offices as well as employees on board our owned and technically managed vessels in the process.

In order to ensure that our CSR strategy is understood at NORDEN, the CSR Department selected ambassadors throughout the Company. They were responsible for informing their colleagues about past and present CSR work as well as future initiatives. Ambassadors conducted mandatory workshops for their colleagues/crew and served as initial point of contact for questions regarding CSR. These workshops were specifically designed for each department and for all vessels. This enabled ambassadors to focus on the CSR strategy's impact on the everyday operations of their segment of NORDEN's business. After the workshops, all on shore employees and officers at sea had to answer a short questionnaire about CSR at NORDEN. The questionnaire's results were positive with 97.5% of employees passing the first time. So far, 1,016 employees have attended the workshops and based on the feedback collected, CSR ambassadors effectively communicated the issues at stake as the anchoring was well received both on shore and at sea.

## REPORTING

To ensure transparency and consistency in NORDEN's CSR reporting, we have collected data and developed our report in accordance with the Global Reporting Initiative's (GRI) G3.1 Sustainability Reporting Guidelines and Logistics and Transportation Sector Supplement. Only indicators that are relevant to our business and stakeholders have been chosen.

We have thus created a CSR reporting model which is tailored for NORDEN and our business and is based on recognised standards such as GRI and UNGC. This report also serves as NORDEN's Communication on Progress (COP) Report 2013 to the UN Global Compact.

Our report application level is C+ as the content of this report has been audited by PwC.

More information on these standards, the indicators we report on, as well as the reporting boundary can be found in Annex 1, tables 8-9, pages 21-22.

GRI guidelines and sector supplement

UN Global Compact's principles

Materiality assessment

CSR strategy

NORDEN's CSR reporting model



The anchor of Handysize product tanker NORD PRINCESS.

This first part of the CSR anchoring, which was launched in May 2013, is now completed, although it should be noted that it will be an on-going process to include new employees on shore as well as new crew signing on. In order to keep track of the anchoring process on board our vessels, the CSR training is now part of the IT crewing system Seagull.

The next phases of the anchoring process will consist in regularly updating employees about new initiatives in order to keep CSR embedded in NORDEN's activities.

### Reporting

NORDEN provides stakeholders with a wide range of information so that they have a clear picture of our operations and values. We therefore publish an annual report and a CSR report, which also serves in part as our contribution to the Global Reporting Initiative (GRI). For more information, see Annex 1, table 9,

page 22. Additionally, we submit a yearly report to the Carbon Disclosure Project (CDP).

For the fourth consecutive year, NORDEN has achieved a leading position among the companies who have submitted climate change data to the CDP. We improved our ranking from number 7 in 2012 to number 5 in the CDP's 2013 Nordic 260 Climate Disclosure Leadership Index, which highlights companies listed on the Nordic stock exchanges who have displayed a strong approach to climate reporting. NORDEN is still the only Nordic shipping company represented in the Top 10. The CDP focuses on the quality of our climate change reporting and on the impact of climate change on our business. Regulations which attempt to reduce greenhouse gas emissions as well as changes in weather patterns are the main consequences of climate change for the industry and NORDEN. NORDEN's Executive Management therefore embeds such implications in business considerations and in the conduct of long-term market and risk analyses. Our results in this year's CDP illustrate our commitment to transparency. By reporting to the CDP, we want to exemplify that what gets measured gets managed, as assessing our environmental impacts makes them more tangible and easier to address.



NORDEN's CSR Director Ulla E. Nielsen receiving the award for CDP Climate Disclosure Leadership Index (CDLI) from Amanda Haworth-Wiklund, Director of CDP Nordic Region.

### Whistleblowing

Our whistleblowing system, SafeLine, has been in operation since 2011. It is externally and independently operated and thus gives all employees as well as Executive Management and members of the Board of Directors a safe access to report any violations of law and regulation, NORDEN's Employee Code of Conduct, policies and guidelines or other serious irregularities. In 2013, no incidents were reported.

## FUTURE TARGETS

<b>CSR report</b>	<b>2014-2015 target:</b> Publish an annual CSR report
<b>Carbon Disclosure Project (CDP) report</b>	<b>2014-2015 target:</b> Publish an annual CDP report which qualifies for a place in the Leadership Index

# CO<sub>2</sub> EFFICIENCY

Focusing on reducing our CO<sub>2</sub> emissions is not only good for the environment; it also has a direct impact on our bottom line as fuel consumption is the largest expense in operating our vessels.

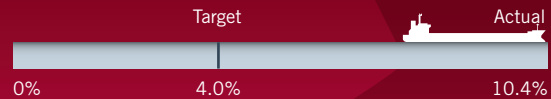
Reduction of CO<sub>2</sub> emissions since 2007 from owned dry cargo vessels exclusive of vessels on contract to third parties as measured by Cargo EEOI



Reduction of CO<sub>2</sub> emissions since 2007 from owned tanker vessels exclusive of vessels on contract to third parties as measured by Cargo EEOI



Reduce CO<sub>2</sub> emissions by 4% in 2013 from owned vessels due to initiatives in the Climate Action Plan



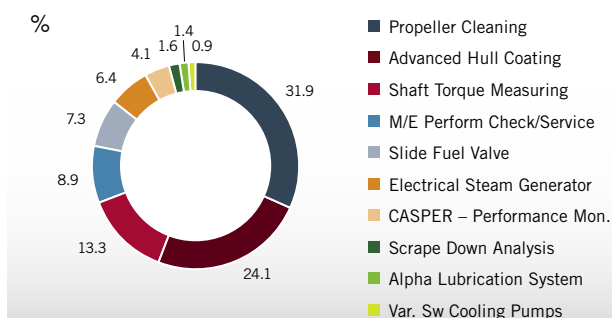
NORDEN aims to reduce CO<sub>2</sub> emissions from owned vessels, exclusive of vessels on contract to third parties, by 25% by 2020 compared to the 2007 level, which is in line with the target set by the Danish Shipowners' Association. To reach this target, NORDEN focuses on 3 different areas: technical improvements, speed optimisation and maintaining a young, modern and fuel efficient fleet.

## Technical improvements

Since 2007, NORDEN has followed a Climate Action Plan, which covers a range of fuel saving initiatives to be implemented on board our owned vessels. The plan is updated every year to include new initiatives and to phase out ones that have become inefficient or irrelevant.<sup>1</sup>

In 2013, the plan's 10 initiatives contributed to a reduction in CO<sub>2</sub> emissions from owned vessels of 10.4% thereby exceeding our target of 4%. This reduction is included in the total CO<sub>2</sub> emissions reduction data for owned vessels (EEOI) described in the paragraph "Total reduction of CO<sub>2</sub> emissions".

### Climate Action Plan



Note: The efficiency of the initiative depends on its degree of implementation, i.e. how many vessels the initiative has been implemented on.

The pie chart shows each initiative's contribution as a percentage of the overall CO<sub>2</sub> reduction achieved through the Climate Action Plan. Each initiative's effect is calculated based on assumptions about engine size, engine type, voyage conditions as well as guidelines from the IMO and Intertanko.

## Speed optimisation

NORDEN continues to make use of right steaming, which is to sail at the optimal speed according to the framework set, i.e. time versus cost. In 2013, the Fuel Efficiency Team worked on a project called *One Set Of Numbers*, which aims to ensure that the same data, assumptions and models are used across the organisation when describing vessel speed and consumption.

To obtain this, an IT Propulsion Module was developed, which allows detailed description of a vessel's propulsion given variations in speed, draft and weather conditions. Using this model, the Fuel Efficiency Team now runs a service where speed consumption curves are automatically calculated and put in our IT systems, which are the Integrated Maritime Operations System (IMOS) and the Master's Operations Environmental Performance System (MOEPS). This module is already implemented in our Tanker Department, but is not yet fully rolled out in the Dry Cargo Department.

NORDEN also continues to have an automated system that gives a notice if there is a possibility for a Virtual Arrival Voyage<sup>2</sup> by comparing the Estimated Time of Arrival (ETA) advised by the vessel and the Estimated Time of Berthing (ETB) advised by the agent. If it is practically possible to initiate a Virtual Arrival, the operator asks the customer if they would like to participate. Although there have been opportunities this year, customers are reluctant to participate as they do not see sufficient financial rewards in doing so, and no Virtual Arrival Voyages have been undertaken.

1) All the initiatives are described in Annex 1, table 2, page 20.

2) Virtual Arrival is a partnership between NORDEN, the customer and a weather routing company with the aim of reducing CO<sub>2</sub> emissions and thereby also bunker costs.

### Modern fleet

Investments in fuel efficient vessels continue to be an essential part of NORDEN's strategy to maintain a young, modern and fuel efficient fleet.

In 2013, 4 MR ECO tankers and 1 ECO Panamax dry cargo vessel were delivered to NORDEN. We ordered an additional 6 ECO tankers for delivery in 2014 and 2015 and 25 additional ECO dry cargo vessels to be delivered in 2014-2017. The definition of ECO vessels will evolve as regulations become stricter. As of 2013, NORDEN considers ECO vessels as vessels that live up to the phase 2 requirements of the IMO's Environmental Efficiency Design Index (EEDI)<sup>3</sup>, which are to be implemented in the shipping industry by 2020. Phase 2 sets the requirements for vessels built in 2020 and onwards and is the stricter version of the current EEDI requirements. NORDEN strives to adhere to these criteria in all future new building contracts.

Besides investments in new fuel efficient vessels, NORDEN continuously evaluates how existing vessels can be optimised.

### Total reduction of CO<sub>2</sub> emissions

In order to establish our status in regards to our CO<sub>2</sub> emissions reduction target, we use the International Maritime Organisation's (IMO) Energy Efficiency Operational Indicator (EEOI).<sup>4</sup> The EEOI is used to calculate the mass of CO<sub>2</sub> emitted per met-

ric ton of cargo transported per nautical mile sailed. It is a useful indicator as it enables us to compare our yearly CO<sub>2</sub> reduction regardless of changes in fleet size.

We are once again disclosing our *Cargo EEOI* performance in addition to the Total EEOI performance. *Cargo EEOI* is the indicator that we directly impact, through the quality and operation of the vessel, and, therefore, the most representative of our efforts to decrease CO<sub>2</sub> emissions. Ballast and Port EEOI are linked to market conditions, including cargo availability, waiting time or port stays, which are generally beyond our control.

In 2013, difficult market conditions had a direct effect on Total EEOI. This was particularly the case for dry cargo, where long periods of time spent in ballast and in ports negatively impacted Total EEOI, as illustrated in the table below "Total reduction of CO<sub>2</sub> emissions". Tankers did not suffer as much from that phenomenon. This explains why the Total EEOI reductions were greater for tankers, with a total CO<sub>2</sub> emissions reduction of 23.0% since 2007 for NORDEN's owned vessels exclusive of vessels on contract to third parties, than for dry cargo, with a total CO<sub>2</sub> emissions reduction of 12.5% since 2007 for NORDEN's owned vessels, exclusive of vessels on contract to third parties.

A complete outline of our CO<sub>2</sub> emissions and overall environmental performance can be found in Annex 1, table 1, page 19.

$$\begin{array}{c} \text{Total EEOI} \\ \frac{\Sigma \text{ ton CO}_2 \text{ total}}{\Sigma \text{ distance} * \text{ cargo}} \end{array} = \begin{array}{c} \text{Cargo EEOI} \\ \frac{\Sigma \text{ ton CO}_2 \text{ laden}}{\Sigma \text{ distance} * \text{ cargo}} \end{array} + \begin{array}{c} \text{Ballast EEOI} \\ \frac{\Sigma \text{ ton CO}_2 \text{ ballast}}{\Sigma \text{ distance} * \text{ cargo}} \end{array} + \begin{array}{c} \text{Port EEOI} \\ \frac{\Sigma \text{ ton CO}_2 \text{ port}}{\Sigma \text{ distance} * \text{ cargo}} \end{array}$$

The Total EEOI, as defined by the IMO, may be regarded as made up of three contributions, which are the cargo, ballast and port parts of the journey.

		Cargo EEOI		Total EEOI	
		CO <sub>2</sub> emissions reduction in % since 2007	CO <sub>2</sub> grams per ton of cargo per nautical mile in 2013	CO <sub>2</sub> emissions reduction in % since 2007	CO <sub>2</sub> grams per ton of cargo per nautical mile in 2013
Dry Cargo	Owned vessels exclusive of vessels on contract to third parties	25.2%	4.3	12.5%	6.7
	Owned and operated vessels exclusive of vessels on contract to third parties	9.8%	5.2	1.2%	7.5
Tankers	Owned vessels exclusive of vessels on contract to third parties	21.6%	7.7	23.0%	13.8
	Owned and operated vessels exclusive of vessels on contract to third parties	18.2%	7.4	17.3%	14.7

## FUTURE TARGETS

### Energy Efficiency Operational Indicator – EEOI

**2020 target:** 25% reduction in relative CO<sub>2</sub> emissions from owned vessels exclusive of vessels on contract to third parties by 2020 from the 2007 level (Total EEOI) where 15% should be a result of technical improvements and 10% a result of speed reductions

### Climate Action Plan

**2014 target:** 4.3% reduction in CO<sub>2</sub> emissions from owned vessels

3) A more detailed description of the EEDI can be found on the IMO's website:

<http://www.imo.org/OurWork/Environment/PollutionPrevention/AirPollution/Pages/Technical-and-Operational-Measures.aspx#1>

4) A more detailed description of the EEOI can be found on the IMO's website: [www.transport.gov.pl/files/0/1790756/GHGWG231.pdf](http://www.transport.gov.pl/files/0/1790756/GHGWG231.pdf)



# VESSEL SAFETY

NORDEN puts a strong focus on ensuring that our vessels are safe and operated to a high quality and standard in order to remain a preferred business partner for our customers and attract new ones.



## Vettings by oil companies

Vettings are conducted on behalf of oil companies to assess whether our vessels live up to their chartering criteria. They focus on the safety and environmental operation of the tanker fleet in order to reduce the exposure to risk related to the operation of vessels. NORDEN's vessels are eligible for time charter by oil majors and are therefore regularly vetted.

Our vetting target is to have a total of vetting remarks below the peer group benchmark average, which was of 5.57 in 2013.<sup>5</sup> Our increased focus on preparation for vettings proved effective as we improved our results from 5.33 remarks in 2012 to 4.51 remarks in 2013 and reached our target. However, it should be noted that we experienced 3 rejections based on high risk remarks<sup>6</sup> in November 2013, which is highly unusual. This prompted considerable updates and changes to the crewing operations in Mumbai.

## Port State Control (PSC)

A PSC is an inspection of vessels which call at ports to verify that the condition of the vessels and their safety equipment comply with international regulations and that the vessels are manned and operated in compliance with these rules.

In 2013, we had an average of 1.43 deficiencies per owned vessel technically managed by NORDEN per PSC, which was an improvement from our 2012 result of 1.61 remarks. However, we still came short of our target of having deficiencies per owned vessel technically managed by NORDEN per PSC below the peer group benchmark<sup>7</sup> average of 1.1 remarks.

NORDEN also strives to have the same level of deficiencies per vessel per PSC on dry cargo and tanker vessels. This target is

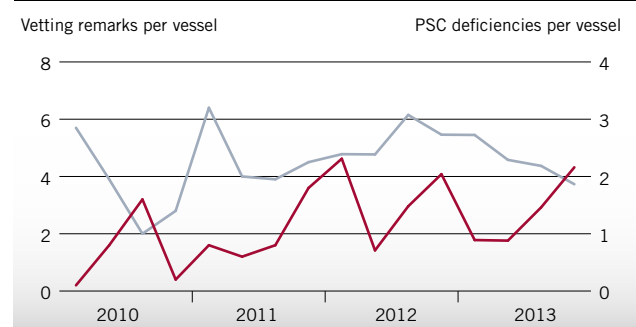
proving challenging to achieve as PSC results are generally better on tanker vessels. This is primarily due to the fact that crew members on board tanker vessels are more accustomed to preparing for inspections than crew members on board dry cargo vessels, as tanker vessels regularly undergo vettings.

We experienced 2 detentions out of 100 Port State Controls in 2013. In January, NORD PISCES (IMO No. 9448059) was detained in Paradip, India, for 5 days mainly due to defect sewage plant and water ingress system. As a result, focus on the operation and maintenance of critical systems was heightened in order to avoid similar situations in the future.

The second detention occurred in December, when NORD GUARDIAN (IMO No. 9448712) was detained in Dumai, Indonesia, for 24 hours. NORDEN has challenged this decision through the flag state as there were no clear grounds for some of the deficiencies found by the Port State Inspectors.

## Vetting and Port State Controls (PSC)

■ PSC - deficiencies per vessel  
■ Vetting - remarks per vessel



5) and 7) The Tanker Safety Forum's benchmark is used as industry benchmark (end October 2013).

6) During a vetting inspection, remarks can be categorised as high or low risk. Low risk remarks do not involve vessel safety, while high risk remarks are more serious and potentially affect vessel safety.



Bullet proof vests and helmets, which are a recommended self-protection measure as per BMP4, laid out before going through a high piracy zone.

**Incidents at sea**

NORDEN takes all possible measures to avoid incidents that have a negative impact on the external environment during the operation of vessels. In the event of an incident, mitigation material, such as pollution prevention equipment, can be found on board, and crew is trained to use it. During the year, we did not have any such incidents.

**Piracy and robbery**

NORDEN still abides by the same principles when it comes to anti-piracy measures. They are to avoid, detect and delay pirate attacks. We also continue to follow protective measures in accordance with the BMP4 standards.<sup>8</sup> In 2013, there have been no piracy attempts on NORDEN's owned vessels.

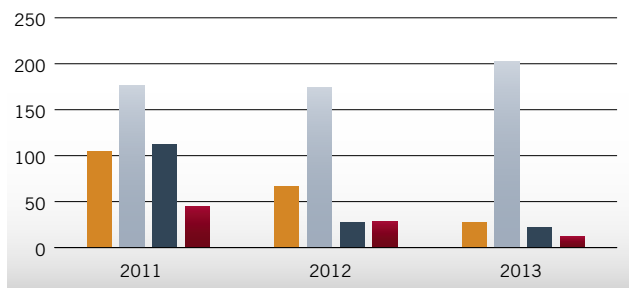
Since last year, NORDEN has renewed the one-year permission from the Danish Ministry of Justice allowing the use of armed security guards on board Danish flagged vessels. On both Danish and Singaporean flagged vessels, NORDEN will continue to assess the necessity of using armed security guards on a case-by-case basis using individual risk assessments.

The piracy trends of 2012 continued on the same course in 2013. There has been a decrease in piracy off the coast of Somalia and in the Gulf of Aden, while hijackings for cargo theft and attacks off the coast of West Africa and when sailing in the Gulf of Guinea increased. In South East Asia, hijackings for cargo theft and simple robberies have continued to be a challenge. We experienced 1 case of attempted robbery while anchored in Jakarta, Indonesia, as 3 unknown suspects boarded our vessel NORD NIGHTINGALE. However, our alert crew raised the alarm and the suspected robbers left the vessel empty-handed.

Overall, piracy attacks have dropped significantly as a result of a combination of factors, including increased military action, preventive measures and increased armed guards on board ships. However, it is crucial that these combined efforts continue, as any change or complacency could rekindle pirate activity.

**Comparison of the type of piracy attacks (global figures)**

■ Boarded      ■ Fired upon  
 ■ Hijacked      ■ Attempted Boarding



Source: ICC International Maritime Bureau's 2013 report on "Piracy and armed robbery against ships." The data represents a global statistic of piracy attacks in 2013, including incidents in Somalia, West Africa and the Far East.

**FUTURE TARGETS**

**Vetting (owned tanker vessels technically managed by NORDEN)**      **2014-2015 target:** Vetting remarks below peer group benchmark average (as measured by Tanker Safety Forum Benchmark)

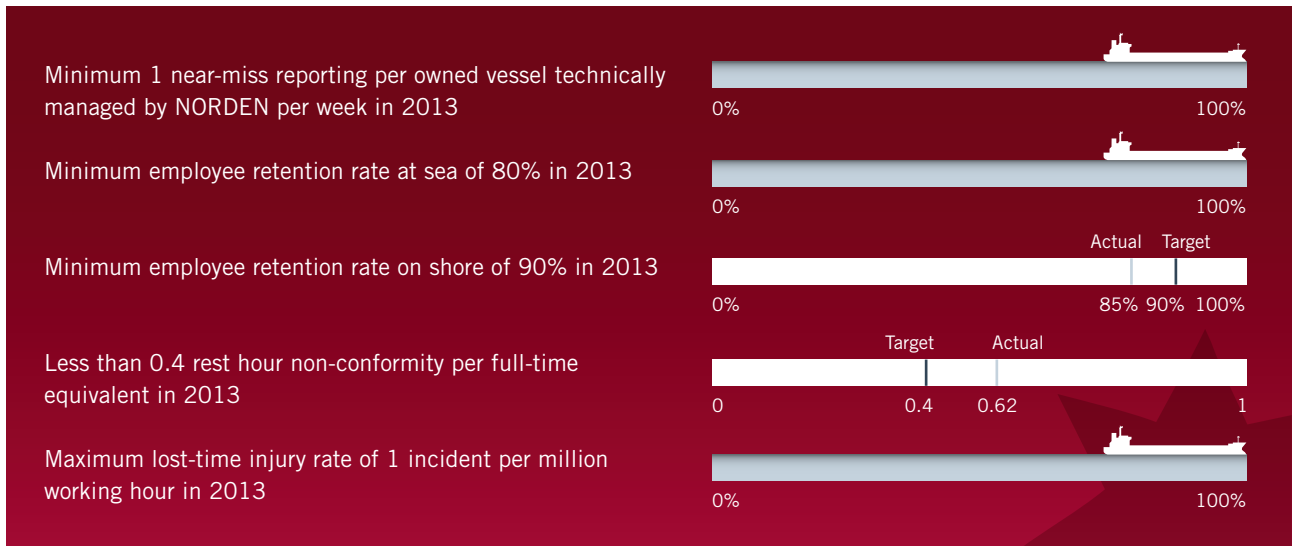
**Port State Control (PSC) (owned vessels technically managed by NORDEN)**      **2014-2015 target:** Deficiencies per owned vessel technically managed by NORDEN per PSC below peer group benchmark average (as measured by Tanker Safety Forum Benchmark)

**Piracy**      **2014-2015 target:** We will continue to strive for zero piracy on owned vessels

8) BMP4: Best Management Practices to Deter Piracy off the Coast of Somalia and in Arabian Sea Area, Version 4 August 2011.

# EMPLOYEE CONDITIONS

NORDEN wants to remain an attractive, safe and healthy workplace in order to retain employees both at sea and on shore and keep our “preferred employer” status.



### Rest hours at sea

NORDEN complies with regulations and conventions concerning working hours, rest hours, rest facilities and leave to ensure a safe and healthy working environment for our employees.

In 2013, we had 0.62 rest hour non-conformity per full-time equivalent, meaning 0.62 breaches per 1 crew member on board a vessel during 1 month, thus not reaching our target of 0.4. This can be partly attributed to a change in regulations for Danish flagged vessels, which removed certain reporting exemptions, thereby increasing total reports.

### Lost-Time Injury (LTI) at sea

The Lost-Time Injury (LTI) frequency rate provides us with an overview of the number of injuries in the past year. This gives us a tool to evaluate whether the safety initiatives are efficient. We measure the LTI frequency rate in work-related incidents per 1 million working hours which cause absence from work for more than 1 working day. The final value is measured as an average over the past 12 months. In 2013, an increased focus on LTI through safety campaigns resulted in a LTI frequency rate of 0.74. We thus reached our target of 1 and significantly improved from our 2012 result of 1.32.

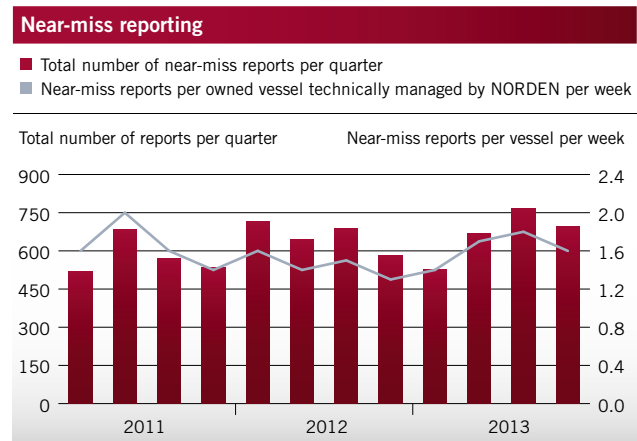
### Incidents

It is with deep regret that we must report a fatality in 2013 on our dry cargo vessel NORD EXPRESS. A crew member was hit by a mooring rope on board during shifting of the vessel in San Antonio, Chile. He unfortunately died in hospital from the head injuries that resulted from the accident. NORDEN takes this tragic incident very seriously and steps have been taken

in order to prevent recurrence. Furthermore, NORDEN has of course been in contact with his relatives and relevant authorities.

### Near-miss reporting at sea

Near-misses are another safety awareness indicator. They refer to situations which could have led to an accident if they had further developed. NORDEN encourages the submission of near-miss reports as they reflect the employees’ focus on safety. The goal is therefore to receive as many reports as possible with a minimum target of 1 near-miss report per vessel per week. We improved our results from an average of 1.44 near-miss reports per vessel per week in 2012 to 1.64 in 2013, thus once again exceeding our target.





*Third Officer Geoffrey Veloso Yutig on the bridge of MR product tanker NORD GOODWILL while approaching Kalundborg, Denmark.*

### Employees at sea

NORDEN aims to be a preferred employer. As one of the measures taken to maintain our high retention rate at sea, we are in the process of decreasing Danish crew members' time at sea from 10 weeks to 8 weeks in a row at their request. We also installed internet on all but one of our owned vessels in order to facilitate continued contact with friends and family. The final vessel is scheduled to have internet access installed in 2014.

In order to be in line with the calculations used by the Technical Department in the CSR report, we switched from using a gener-



*The Officer on board setting the right course.*

ic retention rate to using the INTERTANKO retention formula, which accounts for the type of termination. According to this, our retention rate was of 96.3%, thus meeting our minimum target of 80%. As the new formula is more lenient, we have updated our at sea retention rate target to 90% for 2014.

### Employees on shore

In 2013, NORDEN carried out an engagement survey, called Cultural Performance Driver, which measures the Company's performance in the following areas: Vision, Strategy, Values, Financial Situation, Customer Focus, Reputation, Business Systems, Organisation, Management, Team and Individual. The overall results were similar to that of the previous survey, completed in 2010, with high scores in 10 out of 11 areas. The survey showed an increase in the employees' ranking of NORDEN as a company that they can warmly recommend as a workplace, which we consider a good indicator of positive engagement. However, due to a high turnover year, our 2013 retention rate was of 85%, thus not meeting our 90% target.<sup>9</sup>

The only area to score significantly lower was the performance on business systems. This was partly expected, due to the implementation of new IT systems. Management is investigating this further in order to solve various systems issues.

### Diversity

At NORDEN, we respect and encourage diversity, be it gender, religion, ethnicity, etc. We believe in equal opportunities and fair treatment for everyone and prohibit any forms of discrimination and harassment. In 2013, no discrimination incidents were reported.

<sup>9</sup>) Other employee data, both at sea and on shore, can be found in Annex 1, tables 4 to 7, pages 20-21.

## COMMUNITY ENGAGEMENT

The super hurricane Yolanda affected millions of people including certain Philippine officers and ratings working for NORDEN. NORDEN earmarked USD 100,000 to support the hardest hit employees and their families during the initial phases of rehousing and reconstruction. Furthermore, we donated USD 100,000 to AMOSUP (the Philippine officers and seamen union) to help provide aid personnel, medicine, generators, food and water, and we launched an in-house collection to enable employees to contribute directly. As in previous years, NORDEN also donated DKK 50,000 to the Danish charity Danmarks Indsamling. In 2013, contributions to Danmarks Indsamling went to 12 specific projects, aimed at improving the life and prospects of some of the world's poorest people, living in 11 different African countries.

Following NORDEN's recommendation, D/S Orients Fond financially supported projects directly linked to the maritime industry. Between 2011 and 2013, it participated in the creation of the report *On Course for a Better World*, which analyses the contribution of Danish shipping to global development, especially in regard to anti-corruption, piracy and the environment. D/S Orients Fond also contributed to the development of an anti-corruption training package within the MACN. Furthermore, it supported Sailors' Society – an international maritime charity which assists seafarers through a world-wide network of Seafarers' Centers and Port Chaplains. The Fond purchased the Chaplain's minibus in Subic Bay, Philippines, and provided 3 years of operating expenses for this bus as well as for a minibus already in use in Rio de Janeiro, Brazil.

Finally, the Fond offered continued support to Save the Children Denmark's project in Somalia, which aims to contribute to the creation of a sustainable and coherent education system by providing training adapted to the different age groups in Somaliland and Puntland. This project was first launched in 2009 in collaboration with the EU and other shipping companies. D/S NORDEN // D/S Orients Fond is the only shipping company still involved in the project, and we are proud of the long-term results that our collaboration has yielded. In 2013, these results included the on-going training of 120 elementary and middle school teachers and the construction of more than 20 schools to the benefit of more than 17,000 children and young people.

The shipping industry is historically male dominated and has always struggled to attract female employees, especially in positions from which future managers are usually promoted. In order to address this and in accordance with the new Danish legislation on gender equality, NORDEN established a policy on gender diversity in 2013. The policy requires the conduction of a mapping of the root causes of the uneven gender balance at NORDEN. The results of this on-going mapping, which started in 2013 and is expected to be completed in 2014, will enable us to create an action plan with initiatives regarding the recruitment process and supporting existing female employees. NORDEN has also set a realistic yet ambitious target for the next 4 years, which is to maintain the share of female board members at a minimum of 16%, exclusive of employee representatives, and strive to reach 33%. To reach the latter, the Board of Direc-

tors has committed to consistently consider female candidates when proposing board members for election.

### Commitment to Human Rights

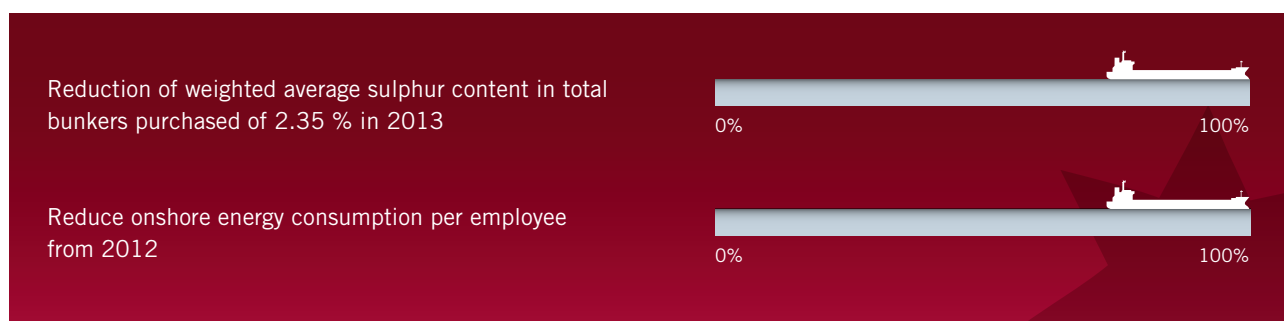
In 2013, we published a more in-depth Human Rights Policy as part of our dedication to the UN Guiding Principles (UNGPs). Our commitment to human rights has been exemplified by the way we conduct business and our Global Compact membership. However, NORDEN recognises that we might have impacts on human rights that we are not aware of. We have therefore started identifying possible gaps between human rights and our reality. This internal process is expected to take up to 2 years. If and when such gaps are discovered, we will create policies to address and remediate them.

## FUTURE TARGETS

<b>Rest hours</b>	<b>2014 target:</b> Less than 0.38 rest hour non-conformity per full-time equivalent
<b>Lost-time Injury rate</b>	<b>2014 target:</b> Maximum 0.8 incidents per million working hours
<b>Near-miss reporting</b>	<b>2014-2015 target:</b> Minimum 1 near-miss reporting per owned vessel technically managed by NORDEN per week
<b>Retention rate at sea</b>	<b>2014-2015 target:</b> Minimum retention rate of 90% (according to INTERTANKO's formula)
<b>Retention rate on shore</b>	<b>2014-2015 target:</b> Minimum retention rate of 90%

# ENVIRONMENTAL MANAGEMENT

Due to the nature of our business, NORDEN affects the environment. We use a variety of indicators to track this impact and reach our targets of reducing our footprint.



## Sulphur oxide (SO<sub>x</sub>)

The combustion of fuel used by vessels, referred to as bunkers, results in the emission of SO<sub>x</sub>, which are harmful to people and the environment. We therefore aim to limit our SO<sub>x</sub> emissions through the purchase of bunkers with reduced sulphur content. We track our SO<sub>x</sub> emissions and report on the bunkers' weighted average sulphur content in order to reach our 2013 target of a weighted average sulphur content of 2.35% for total bunkers purchased for our operated vessels. NORDEN reached this target by achieving a total of 2.18%.

As mentioned last year, all Emissions Control Areas (ECA) will decrease their sulphur content limit from 1% to 0.1% in January 2015. ECAs are developing worldwide, especially in North

America, where new regulations have been established. This represents a challenge for the shipping industry as it is doubtful that enough low sulphur fuel oil will be available to meet the increasing demand. Consequently, NORDEN plans on using gas oil instead of fuel oil, as it has a lower sulphur content, although it is more costly. This will most likely result in increased bunker costs when sailing in the ECAs and, thus, potentially cause rising freight rates in these areas for the entire shipping industry. In order to keep a level playing field, NORDEN encourages relevant authorities to take the necessary measures to ensure enforcement of the ECA regulations as cheating has been an issue in the past.

## Waste

NORDEN made significant changes from 2012 to 2013 in the procedures and principles governing reporting of waste from our vessels. These changes comply with the new 2013 MARPOL regulations and will result in enhanced measuring and verification processes, thus improving the overall reporting accuracy. However, since the changes made impact both the reported categories and the estimation of waste volumes, comparison to waste figures reported during 2012 and in previous years cannot be performed in a meaningful way. Furthermore, the target set for 2013 of a 3.5% decrease in waste from owned vessels operated by NORDEN was made irrelevant by the change in principle and procedures.

NORDEN will closely monitor developments of waste disposed in the various categories during 2014 in order to set new and ambitious future targets.



The MR product tanker NORD BELL in Oslofjord, Norway.



NORDEN's Hellerup headquarter at sunset during the 2013 Summer Party.

#### Ballast water treatment system

Planning, selection and implementation of ballast water treatment systems depends mainly on the decisions made by the International Maritime Organisation (IMO) as well as the legislation established by the US Coast Guards (USCG). Developments have reached a standstill as the IMO's ballast water management convention of 2004 has not yet been ratified and the US Coast Guards have yet to grant type approval to any of the existing ballast water treatment systems. The US Coast Guards have therefore decided to allow shipping companies to apply for an extension before installing a treatment system on their vessels. This extension will be valid until the first dry docking of a vessel after the USCG has granted type approval of a ballast water treatment system. However, it should be noted that the US Environmental Protection Agency (EPA) has announced that it might not approve such an extension.

NORDEN is waiting for a system to be type approved before taking a new stance regarding installation on our vessels.

#### Onshore energy consumption

We continue to decrease our onshore energy consumption through gradual changes. We always favour the most energy efficient solution when repairing or changing equipment in the NORDEN offices. Furthermore, the outside air-cooled heat exchanger system, which was installed when the Hellerup office building was renovated in 2008, is finally working. It uses the outside temperature to cool down the datacentre when possible, and thus saves energy compared to the former cold water system.

As a result of these measures, energy consumption has gone down from 5.6MWh per employee in 2012 to 5.2MWh per employee in 2013.

## FUTURE TARGETS

**SO<sub>x</sub>**      **2014 target:** Reduction of weighted average sulphur content in total bunkers purchased to 2.30%

**Waste**      **2014 target:** To be determined

**CO<sub>2</sub> on shore**      **2014 target:** Reduce energy consumption per employee from 2013

# ANTI-CORRUPTION



Corruption is an international issue and must therefore be tackled with a global mindset. We believe in collaborating with our industry peers to assess and address the challenges presented by corruption.

Maintain our efforts within the Maritime Anti-Corruption Network

0%

100%

## Anti-corruption policies

Corruption consists of 2 parameters: bribery and facilitation payments.

At NORDEN, we continue to have a zero tolerance policy towards bribery, which is the acceptance, offering, solicitation or promise of benefits, in kind or monetary, in order to gain business advantages to which we would not otherwise be entitled. Bribery is illegal worldwide, and NORDEN is committed to comply with relevant laws prohibiting bribery. In that optic, we have an Anti-Corruption Policy, and we participate in the Maritime Anti-Corruption Network (MACN). MACN is a global business network that works towards a vision of a maritime industry free of corruption that enables fair trade for the benefit of society at large.

Facilitation payments are small payments in cash or in kind made for a service to which we have a legal right or other entitlement. They are customary in certain parts of the world and therefore represent a challenge for the shipping industry. NORDEN endeavours to reduce facilitation payments. It should be noted that facilitation payments are permissible in cases where the captain or crew feel threatened for their health or safety.

## Facilitation payments

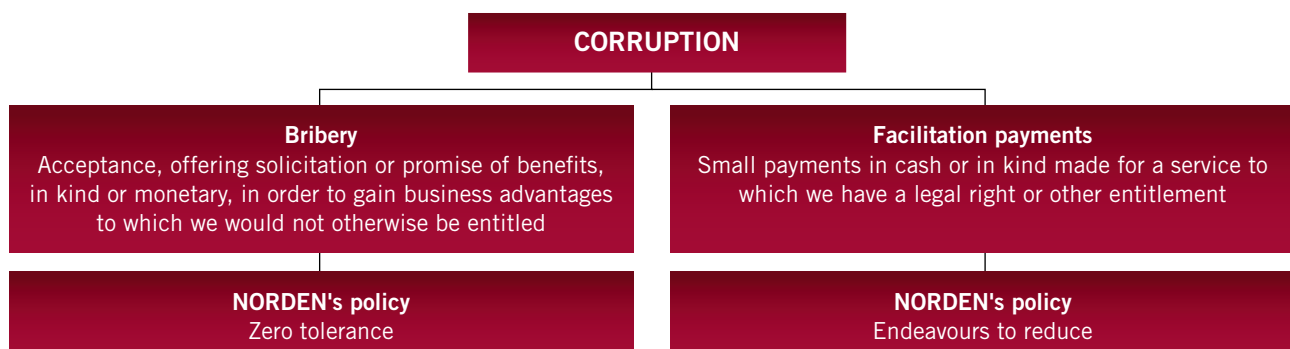
Facilitation payments can occur all over the world, and they vary in size and content. Due to their complex nature, we have

a limited understanding of their extent and implications. To increase transparency and awareness of facilitation payments, we have created a reporting system, to be used by captains and operators, to register requests for payments both in cash and/ or in kind. This system was launched in November 2013. It consists of a template which provides information regarding the circumstances of the request. The template must be filled in by captains and operators and returned to the CSR Department, which will then be in charge of collecting and analysing the data in order to achieve a better overview of the situation. Increasing our knowledge of facilitation payments will enable NORDEN to better deal with the issue in the future.

## Maritime Anti-Corruption Network (MACN)

In the past year, MACN has thrived, going from 19 members at the end of 2012 to 31 members at the end of 2013. The membership now includes some of our clients, such as BP Shipping Ltd., Gearbulk, Rio Tinto Marine, Shell International Trading and Shipping Company Ltd., BHP Billiton or Morgan Stanley, as well as other shipping companies. NORDEN has continued actively participating both as a member of MACN and as part of its Steering Committee.

In the view of fulfilling the MACN mission to promote good corporate practice in the maritime industry for tackling bribes, facilitation payments, and other forms of corruption, the network



*Distinction between bribery and facilitation payments.*





*The engine-telegraph on the bridge of the dry cargo vessel NORD AQUILA.*

engaged in developing and sharing best practices among the membership throughout 2013. This best practice sharing will be on-going in 2014.

MACN and the United Nations Development Programme (UNDP) also co-sponsored a study undertaken by Nigeria's Technical Unit on Governance and Anti-Corruption Reforms (TUGAR). The study aims to identify and address vulnerable elements in port processes where corruption is prone to take place, in order to design solutions to improve the operating environment by reducing possibilities for corruption and red tape. Consequently, a project was launched in 2013, which included training and certification of 70 special risk assessors recruited from the public sector and from NGOs. The assessors then interviewed public officials working in the port to get a full and frank description of the practices and processes. This resulted in the creation of an action plan covering concrete tasks to be undertaken such as coordination and streamlining processes and procedures, integrity training and policy making, reducing manual handling as well as establishing a formalised complaint mechanism.

#### **Anti-corruption training**

Through MACN, NORDEN was instrumental in establishing funding for, and initiating the creation of, a computer-based

anti-corruption training program specifically aimed at the shipping industry. We collaborated with the expert anti-corruption firm GAN Integrity Solutions to start creating a training package, which will consist of 2 modules: training and agent screening.

Training is an essential part of any resolute fight against corruption. It is one of the 6 key principles of the UK Bribery Act and features prominently in the US Foreign Corrupt Practices Act (FCPA) Guide. The training module will be divided into a Senior Management training and 2 e-learning courses; 1 for Senior Officers on board and 1 for onshore operators. The Senior Management training will be delivered through workshops that will increase Senior Managers' knowledge and awareness of corruption laws and risks. The e-learning will take the shape of a "Plug & Play" platform, meaning that the generic content of training package will be funded by MACN while still allowing for individual MACN members to have the content customised.

The agent screening will be a tool to help companies operating in the maritime industry who rely on a global network of agents and struggle to vet all of them. The format of the agent screening module is still unclear, but with the assistance of GAN Integrity Solutions, MACN will hold scoping workshops in order to produce a solution supported by all members.

## FUTURE TARGETS

#### **Anti-corruption**

**2014-2015 target:** Establish an anti-corruption compliance programme including training and train all NORDEN employees on shore and at sea

#### **Facilitation payments**

**2014-2015 target:** Continue endeavours to reduce facilitation payments through our anti-corruption compliance programme and work in the Maritime Anti-Corruption Network

# RESPONSIBLE SUPPLY CHAIN MANAGEMENT



In 2013, NORDEN became a front runner in the area of Responsible Supply Chain Management by actively participating in the creation of what will hopefully become an industry-wide procedure to assess suppliers.

Map suppliers, establish a responsible supply chain management system and test it by engaging in dialogue with 5 first-tier suppliers

0%

100%

Establish a responsible supply chain management system for third party vessels and obtain the right for NORDEN to inspect those vessels

0%

100%

## Launching of IMPA ACT

In accordance with the UN Guiding Principles on Business and Human Rights (UNGP), we have moved forward with our Responsible Supply Chain Management (RSCM) project in collaboration with the International Marine Purchasing Association (IMPA) and Danish ship owner J. Lauritzen. This resulted in the creation of a RSCM system called IMPA ACT, which is now available for purchase by other companies in the shipping sector. IMPA ACT will allow members to access a common database with information regarding suppliers that have already been through the process and are therefore considered to be "in compliance" with the Supplier Code of Conduct (SCoC). As many shipping companies share the same suppliers, creating a standardised system to ensure compliance throughout the industry will decrease bureaucracy both for suppliers, who will not have to spend time adhering to countless Codes of Conducts, and for shipping companies, who will be able to benefit from their peers' assessment of common suppliers.

## Collaboration with suppliers

In the UN Guiding Principles (UNGP), respecting human rights is defined as having policies, business processes and grievance mechanisms in place that continuously address potential and actual adverse human rights impacts. By working with our suppliers, we want to make sure that they have these procedures in place. As part of our RSCM process we have selected 5 suppliers in 2013 and sent them the initial IMPA ACT Supplier Code of Conduct (SCoC) and Self Assessment Survey. The SCoC goes beyond the requirements set by the UNGP and includes provisions regarding labour rights, the environment and anti-corruption. We have received very positive responses from the selected suppliers, and we are collaborating with them to ensure that they live up to the SCoC's standards. In 2014, we will include another 5 suppliers in this process. Furthermore, we expect to include a new clause in all supplier contracts, requesting that they abide by our SCoC. This requirement to our suppliers is happening in parallel with an in-house process to ensure that NORDEN lives up to the same standards.<sup>10</sup>

## FUTURE TARGETS

**Responsible procurement:**  
first-tier suppliers

**2014 target:** Distribute Supplier Code of Conduct to and engage in dialogue with another 5 first-tier suppliers

**Third party vessels:**  
ensure that third party vessels actually uphold classification and flag state requirements

**2014 target:** NORDEN will do a handful of observations of third party vessels in order to establish what measures to take in the future

<sup>10</sup>) More information about our commitment to human rights can be found in our "Employee Conditions" section.

# ANNEX 1: GRI, FACTS AND FIGURES

**Table 1: Environmental performance**

<b>Energy consumption</b>	<b>Unit</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Intermediate fuel oil (owned vessels operated by NORDEN)	1,000 mt	162.6	224.0	219.3	86.7
Marine diesel oil and marine gas oil (owned vessels operated by NORDEN)	1,000 mt	6.2	8.0	9.4	0.4
Intermediate fuel oil (other dry cargo vessels operated by NORDEN)	1,000 mt	572.6	710.3	654.1	666.9
Marine diesel oil and marine gas oil (other dry cargo vessels operated by NORDEN)	1,000 mt	10.4	12.2	14.3	3.2
Intermediate fuel oil (other tanker vessels operated by NORDEN in Norient Product Pool)	1,000 mt	94.7	97.7	140.7	102.0
Marine diesel oil and marine gas oil (other tanker vessels operated by NORDEN in Norient Product Pool)	1,000 mt	6.9	7.4	9.3	0.7
<i>Direct energy consumption by primary energy source <sup>(a)</sup></i>	<i>1,000 mt</i>	<i>853.4</i>	<i>1,059.6</i>	<i>1,047.1</i>	<i>859.9</i>
Electricity and district heating (offices)	MWh	1,366.6	1,410.9	1,377.6	1,339.2
Indirect energy consumption by primary source (offices)	TJ	4.9	5.1	5.0	4.8
<b>Transport work <sup>(b)</sup></b>	<b>Unit</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Transport work (from owned vessels)	1,000,000 mt*nm	37,933	50,243	56,581	27,166
Transport work (other dry cargo vessels operated by NORDEN)	1,000,000 mt*nm	203,898	258,536	238,701	240,587
Transport work (other tanker vessels operated by NORDEN via Norient Product Pool)	1,000,000 mt*nm	20,214	19,607	25,538	22,687
Transport work (all operated vessels)	1,000,000 mt*nm	262,045	328,386	320,820	290,440
<b>CO<sub>2</sub> emissions <sup>(c,d)</sup></b>	<b>Unit</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Total from owned vessels	1,000 mt	510.2	726.6	716.4	271.4
Other dry cargo vessels operated by NORDEN	1,000 mt	1,825.4	2,262.2	2,093.0	2,087.0
Other tanker vessels operated by NORDEN in Norient Product Pool	1,000 mt	318.4	329.4	470.1	320.0
Total direct CO <sub>2</sub> emissions (scope 1)	1,000 mt	510.2	726.7	716.4	271.4
Total indirect CO <sub>2</sub> emissions (scope 2)	1,000 mt	0.4	0.4	0.4	0.4
Total other indirect CO <sub>2</sub> emissions (scope 3)	1,000 mt	2,279.9	2,595.0	2,566.9	2,410.2
<b>Other air emissions (all operated vessels)</b>	<b>Unit</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
SO <sub>x</sub> emissions (weighted as SO <sub>2</sub> ) <sup>(e)</sup>	1,000 mt	35.7	43.7	48.4	37.5
NO <sub>x</sub> emissions (weighted as NO <sub>2</sub> ) <sup>(f)</sup>	1,000 mt	81.6	101.4	99.7	84.1
<b>Other resource consumption</b>	<b>Unit</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Waste (average per vessel per month)	cbm	3.0	3.1	2.8	5.5

(a) The figure includes energy consumption on owned vessels, other dry cargo vessels operated by NORDEN and other tanker vessels operated by NORDEN in Norient Product Pool. In 2013, the direct energy consumption by primary energy source was 51,829.86 TJ.

(b) We are reporting on transport work for the first time, which is defined as the mass transported times the distance. This new indicator is a measure of our activity during the year and it enables the reader to put the other values into perspective.

(c) CO<sub>2</sub> emissions from vessels are calculated from the fuel quantity consumed on a voyage times the duration of the voyage (calculated pro rata) times the CO<sub>2</sub> emissions factor for each bunker type. In order to be in accordance with the IMO "Guidelines for Voluntary Use of the Ship Energy Efficiency Operational Indicator (EEOI)" from 2009, the CO<sub>2</sub> emission factors have been slightly changed from 3.13 in previous years to 3,1144 in 2013 for residual fuel oil, and from 3.19 in previous years to 3.2060 for marine diesel oil and marine gas oil.

(d) Scope 1 emissions include emissions from owned vessels operated by NORDEN and also emissions from owned company cars. Scope 2 emissions include emissions from land-based activities at NORDEN's offices worldwide, except from the Annapolis office since electricity is integrated in rental costs. Scope 3 emissions include emissions from chartered vessels, business travel by air transport and leased company cars.

(e) SO<sub>x</sub> emissions are weighted as SO<sub>2</sub> emissions since this is presumably what the emissions will become in time. SO<sub>2</sub> emissions are calculated from the fuel quantity consumed during the year times the average sulphur content in the bunker fuel (in 2013: 2.18%) times 2 since sulphur is about twice as heavy as oxygen. The formula is provided by MAN Diesel & Turbo SE. The figures stated for 2010 and 2011 are the simple average sulphur content while the figures for 2012 and 2013 are the weighted average sulphur content. NORDEN will continue to report on the weighted average sulphur content as it gives a more fair depiction of our SO<sub>2</sub> emissions. In 2013, we have recalculated the SO<sub>2</sub> values from previous years to increase data accuracy, which resulted in minor changes.

(f) NO<sub>x</sub> emissions are weighted as NO<sub>2</sub> emissions since this is presumably what the emissions will become in time. NO<sub>2</sub> emissions are calculated from the energy that the main engine produces times the Tier I NO<sub>x</sub> limit, which is 17 gr/kWh, as NORDEN's owned and operated vessels are Tier I compliant. The energy produced is calculated using the fuel oil consumed in kg divided by the SFOC, which in this case is estimated to be 0.173 kg/kWh (source "Project Guide for MAN S50MC-C7 two-stroke engine, 6th Edition, January 2009").

**Table 2: Climate Action Plan**

1. **Slide fuel valves for main engines:** Improves the combustion of main engine and ensures a cleaner engine.
2. **CASPER - Vessel performance monitoring:** Ensures an overview of the development of the fuel efficiency for each individual vessel in the fleet.
3. **Alpha lubricator system for the main engines:** Ensures an effective dosage of cylinder lubrication oil and a reduction of the cylinder oil consumption can be obtained.
4. **M/E cylinder oil scrape down analysis for the main engines:** Ensures an effective dosage of cylinder lubrication oil via the Alpha Lubricating System and a reduction of the cylinder oil consumption can be obtained.
5. **Shaft torque monitoring system:** Ensures an on-line real-time monitoring of the propulsion power delivered to the propeller.
6. **Electrical heater:** Instead of using the large capacity oil fired boiler to “top up” steam at low engine loads and/or in cold weather, a small electrical heating system can be installed and efficiently generate the required “top up” steam.
7. **Advanced hull coating:** Reduces marine growth on the underwater hull.
8. **Propeller cleaning:** Adoption of propeller cleaning on an average 6 months basis.
9. **Increased service and check of main engine performance:** More frequent check and service intervals of:
  - the turbo charger
  - fuel oil pump
  - air cooler
10. **Variable Sea Water Cooling Pump capacity:** Can adjust the cooling capacity to the actual cooling demand, electrical power drawn from the main switch board can be reduced and thereby auxiliary engine fuel oil consumption will be reduced.

**Table 3: Active core fleet**

	DIS flag, (Denmark)	SRS flag, (Singapore)	Other flags	Avg. years of operation
Owned vessels, Dry Cargo fleet	5	22	0	3.3
Owned vessels, Tanker fleet	12	6	0	4.7
Chartered vessels with purchase option, Dry Cargo fleet	0	3	40	3.6
Chartered vessels with purchase option, Tanker fleet	0	0	9	3.3
<b>Total active core fleet</b>	<b>17</b>	<b>31</b>	<b>49</b>	<b>3.7</b>

**Table 4: LA1 Total workforce by employment type, employment contract and region broken down by gender (Women = W, Men = M)**

<b>Employees at sea 2013</b>	<b>W</b>		<b>M</b>									
Full-time	3	802										
Part-time	0	0										
<b>Employees at sea 2013</b>	<b>W</b>		<b>M</b>									
Indefinite or permanent contract	2	117										
Fixed-term or temporary contract	1	685										
<b>Employees on shore 2013</b>	<b>Copenhagen</b>		<b>Singapore</b>		<b>Shanghai</b>		<b>Mumbai</b>		<b>Rio de Janeiro</b>		<b>Annapolis</b>	
	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>
Full-time	53	134	13	32	7	6	0	4	2	2	2	13
Part-time	10	1	0	0	0	0	0	0	0	0	1	0
<b>Employees on shore 2013</b>	<b>Copenhagen</b>		<b>Singapore</b>		<b>Shanghai</b>		<b>Mumbai</b>		<b>Rio de Janeiro</b>		<b>Annapolis</b>	
	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>	<b>W</b>	<b>M</b>
Indefinite or permanent contract	59	124	12	30	5	7	0	4	1	3	3	12
Fixed-term or temporary contract (e.g. trainees and maternity leave replacements)	4	11	1	2	1	0	0	0	0	0	0	1

**Table 5: LA2 Total number and rate of new employees hired and employee turnover by age group, gender and region**

Age	Employees at sea hired in 2013	Employees at sea that left NORDEN in 2013	Employees on shore hired in 2013	Employees on shore that left NORDEN in 2013
<30	120	40	26	8
30-50	114	89	27	25
>50	41	35	1	7
	Employees at sea hired in 2013	Employees at sea that left NORDEN in 2013	Employees on shore hired in 2013	Employees on shore that left NORDEN in 2013
Women	1	0	20	17
Men	274	164	34	23
			Employees on shore hired in 2013	Employees on shore that left NORDEN in 2013
Copenhagen			40	19
Singapore			10	15
Shanghai			2	4
Mumbai			1	1
Rio de Janeiro			1	0
Annapolis			0	1

**Table 6: Employment level**

2013	Copenhagen		Singapore		Shanghai		Mumbai		Rio de Janeiro		Annapolis	
	W	M	W	M	W	M	W	M	W	M	W	M
Leaders	7	35	1	6	0	1	0	1	0	1	0	2
Employees excl. leaders	56	100	12	26	7	5	0	3	2	1	3	11
Leaders in % of total workforce	4%	18%	2%	13%	0%	8%	0%	25%	0%	25%	0%	13%
Gender distribution in % of leaders	17%	83%	14%	86%	0%	100%	0%	100%	0%	100%	0%	100%

Note: In 2013, the table has been changed to account for leaders instead of general managers and above, as was the case in previous years. A leader is defined as someone with leadership responsibilities, meaning leading a team of at least 1 other person, regardless of title.

**Table 7: LA6 Percentage of total workforce represented in formal joint-management worker health and safety committees that help monitor and advise on occupational health and safety**

Employees on shore	100%
Employees at sea	100%

Note: The Work Environment Committee covers all employees on shore. In 2013, the Committee addressed issues relating to the fire alarm, noise and odours in the work place as well as ensuring that on shore-based employees have healthy eating habits and take a lunch break. All employees at sea are covered by safety organisation consisting of a safety representative, a supervisor and the master of the vessel.

**Table 8: Global Reporting Initiative**

In 2013, the GRI indicators have been revised and approved by the CSR Executive Body and the CSR Department. The report boundary includes assets in the parent company, subsidiaries and joint ventures, as well as employees in the parent company and subsidiaries.

Table 9, page 22 depicts which UN Global Compact principle and GRI indicator the specific section in the report refers to, as well as the fulfilment of the GRI indicator. A GRI table that follows GRI's indicator in a chronological order can be found on our website.<sup>11</sup> Some of the indicators cannot be fulfilled merely via the CSR report; other sources such as the annual report 2013 and our accounting policies should also be consulted. This is the case for indicators 2.3, 2.5-2.9, and 4.1-4.4 which are located in our annual report 2013, and indicators 3.1-3.3, 3.6-3.9, 3.11 and EN4 are located in our accounting policies on our website.

11) <https://www.ds-norden.com/investor/reportspresentations/csrrports/>

Table 9: GRI reporting and UNGC overview

NORDEN's CSR report	Location	UN Global Compact's principles	GRI indicator and fulfilment
NORDEN in brief Overview of NORDEN's business	Pages 2-3		Fully  Partially  1.1 Senior decision-maker statement 2.1 Name of the organisation 2.2 Primary brands, products, and/or services 2.3 Operational structure of the organisation 2.4 Location of organisation's headquarters 2.6 Nature of ownership and legal form 2.8 Scale of the reporting organisation 2.9 Significant changes in the reporting period 
Moving forward "On the right course"	Page 4		4.14 Stakeholder groups 4.15 Engagement with stakeholders 
Transparency	Pages 5-6		3.5 Process for defining report content 2.10 Awards received in the reporting period EC2 Financial implications and other risks and opportunities due to climate change 
CO <sub>2</sub> efficiency	Pages 7-8	7: Support a precautionary approach to environmental challenges 8: Undertake initiatives to promote greater environmental responsibility 9: Encourage the development and diffusion of environmentally friendly technologies	EN16 Total GHG emissions 
Vessel safety	Pages 9-10	1: Support and respect the protection of human rights 2: Not complicit in human rights abuses 7: Support a precautionary approach to environmental challenges 8: Undertake initiatives to promote greater environmental responsibility	LT13 Detainment of ships by port inspectors 
Employee conditions	Pages 11-13	1: Support and respect the protection of human rights 2: Not complicit in human rights abuses 6: Elimination of discrimination	HR4 Discrimination LT9 Policies for working hours, rest hours, etc. 
Environmental management	Pages 14-15	7: Support a precautionary approach to environmental challenges 8: Undertake initiatives to promote greater environmental responsibility 9: Encourage the development and diffusion of environmentally friendly technologies	
Anti-corruption	Pages 16-17	10: Work against corruption in all its forms, including extortion and bribery	
Responsible supply chain management	Page 18		
Annex 1: GRI, facts and figures	Pages 19-22	1: Support and respect the protection of human rights 3: Uphold the freedom of association and the right to collective bargaining 7: Support a precautionary approach to environmental challenges 8: Undertake initiatives to promote greater environmental responsibility 9: Encourage the development and diffusion of environmentally friendly technologies	3.5 Process for defining report content 3.10 Effect of any re-statements of information 3.11 Significant changes 3.12 GRI table 4.4 Shareholders and employee mechanisms EN3 Direct energy consumption EN4 Indirect energy consumption EN16 Total GHG emissions by weight EN17 Other relevant indirect GHG emissions LA1 Total workforce LA2 New employees hired and turnover LA6 Formal joint management committees LT1 Number of ships controlled 
Auditor's report	Page 23		
Back page	Page 24		3.4 Contact point for questions 

# AUDITOR'S REPORT

## Independent Auditor's Assurance Report

### To the stakeholders of Dampskibsselskabet NORDEN A/S (NORDEN)

We have reviewed NORDEN's Corporate Social Responsibility Report 2013 (the CSR Report) for the purpose of expressing an opinion on the reliability of the 2013 non-financial data stated in the CSR Report and on whether the reporting has been prepared in accordance with Global Reporting Initiative's sustainability reporting guidelines (GRI G3.1), application level C+.

### Criteria for the preparation of the CSR Report

The non-financial data have been prepared in accordance with the criteria set out in tables 8 to 9 of the CSR Report and in the accounting policies. The accounting policies and the GRI G3.1 content index are available on [www.ds-norden.com](http://www.ds-norden.com).

These documents contain information on the scope of the CSR Report, types of data included and Management's reasons for choosing the data as well as the indicators included from GRI G3.1 and the GRI Logistics and Transportation Sector Supplement.

### Responsibilities

NORDEN's Management is responsible for preparing the CSR Report, including for establishing internal registration and control systems with a view to ensuring reliable reporting, specifying acceptable reporting criteria and choosing data to be collected. Based on our work, it is our responsibility to express an opinion on the reliability of the non-financial data and on whether the CSR Report has been prepared in accordance with GRI G3.1, application level C+.

### Scope

We have planned and performed our work in accordance with the international standard on assurance engagements, ISAE 3000 ("Assurance Engagements Other Than Audits or Reviews of Historical Financial Information") for the purpose of obtaining limited assurance that

- the 2013 non-financial data in the CSR Report have been stated in accordance with the criteria mentioned;
- the reporting has been prepared in accordance with GRI G3.1, application level C+;
- the CSR Report meets United Nations Global Compact's requirements for annual communication on progress.

The assurance obtained is limited compared to that of an audit engagement as our work has been limited to a review of documentation presented, enquiries and sample testing of information and data.

### Opinion

Based on our work, nothing has come to our attention causing us not to believe that

- the 2013 non-financial data in the CSR Report have been stated in accordance with the criteria mentioned;
- the GRI G3.1 indicators listed on NORDEN's website have been stated and disclosed in accordance with GRI G3.1, application level C+;
- the CSR Report meets United Nations Global Compact's requirements for annual communication on progress.

We are thus able to state that nothing has come to our attention causing us to believe that NORDEN has not reported in a reasonable and balanced manner.

Copenhagen, 11th of March 2014

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab



Jens Otto Damgaard  
State-Authorised Public Accountant



Jens Pultz Pedersen  
M.Sc. (Eng.)

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## MISSION

Our business is global tramp shipping. We seek excellence through a dedicated team effort from competent and motivated people.

With ambition, reliability, flexibility and empathy, we

- focus on customers who benefit from our constant commitment to being an independent long-term partner.
- continue our long history of building valued relationships with shipowners and shipyards.

We will maintain a large modern fleet of owned and chartered tonnage, and – in a volatile market – we manage risks to constantly be able to develop our business and create shareholder value.

## VISION

THE PREFERRED PARTNER IN  
GLOBAL TRAMP SHIPPING.

UNIQUE PEOPLE.

OPEN MINDED TEAM SPIRIT.

NUMBER ONE.

## VALUES

### FLEXIBILITY

Adapt and find better solutions.

### RELIABILITY

Honest, good intentions and no cheating.

### EMPATHY

Respect diversity in people and opinions.

### AMBITION

Think ambition into every activity.

**24\*7 seas**



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