NORDEN and the cement giant HC Trading business partners for 15 years

NORDEN sharpens its focus on standards for dry cargo ships

NORDEN is off to a good start in Australia

THEME PAGE 8

NPP’s customers must get the same high service regardless of the ship’s name
Norient Product Pool’s (NPP) customers must all receive the same service regardless of the name on the side of the vessel. A consistent and high level of service means that NPP always provides the customer with exactly the services and flexibility that is necessary for the product tanker pool to match the customer’s special needs.

### NORDEN calendar

**7 April at 3.00 PM**
Annual general meeting
Radisson Blu Scandinavia Hotel
70, Amager Boulevard
DK-2300 Copenhagen

**13 April – 4 May 2016**
Silent period until the publication of the interim report for the first quarter of 2016

**4 May 2016**
Publication of the interim report for the first quarter of 2016

**4 May – 6 May 2016**
Roadshows in connection with the publication of the interim report for the first quarter of 2016

**26 May 2016**
Reception at NORDEN’s head office in connection with Shipbrokers’ Dinner

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### TEMA page 12
NORDEN and the cement giant HC Trading business partners for 15 years

The trading arm of the world’s second-largest cement producer – the German multinational Heidelberg Cement – has entered into another long-term contract with NORDEN, which is to carry bulk materials for cement production to West African ports.
At the Annapolis office, a football is oval-shaped

NORDEN sharpens its focus on standards for dry cargo ships
The objective is to ensure that also the dry cargo vessels that NORDEN has contracted on long-term charters unfailingly meet customers’ requirements as regards standard, maintenance and flexibility.

NORDEN is off to a good start in Australia
With the opening of the dry cargo office in Melbourne, NORDEN has succeeded in expanding its business with existing customers, obtaining new customers as well as mapping new business areas where the Company has not previously been operating.

He is one of the most important people on board

Alison J.F. Riegels retires from the Board of Directors

This is why NORDEN focuses on human rights

Streamlining NORDEN and NPP

The tanker market peaked – dry cargo hit bottom

NORDEN’s fleet

NORDEN chief officer works on hospital ship in his spare time
Customers determine the success

NORDEN’s success rests on customer satisfaction. It is therefore of significant importance that the Company is always able to offer customers a level of service that lives up to the high demands they can rightly place on a shipping company like NORDEN.

It starts at the first contact, where the customer must experience one of NORDEN’s core values that is flexibility. And this is regardless of whether the contact is about one of NORDEN’s many dry cargo vessels or one of the about 90 tanker vessels operated by the product tanker pool Norient Product Pool (NPP), of which NORDEN owns 50%. Because even though the vessels are different, the service must be the same. From page 8 onwards in this issue of NORDEN NEWS, you can read more about how NPP is targeting its work to ensure that customers have a good experience regardless of the vessel’s name.

“A high level of service characterised by quality makes demands on both the hardware and the software side of NORDEN. The hardware in the form of vessels in working order. The dry cargo market is under pressure at the moment, and it is therefore of particular importance to pay attention to the condition of the vessels – including vessels that NORDEN charters for shorter or longer periods. NORDEN has therefore increased focus on its dry cargo vessels and has established a function for the purpose of ensuring that the vessels meet customer demands with regard to standard, maintenance and flexibility. You can read more about this important initiative on page 20 onwards.

Whether it is about customer contact or inspection of vessels, it is NORDEN and NPP’s skilled employees – the software of the Company – who can make the difference between success and failure. In principle, everyone can buy the same vessels, so where NORDEN really can differentiate itself from its competitors is by ensuring smooth and streamlined procedures that allow for its skilled employees to express their capabilities fully. And NORDEN works actively to utilise the extra potential held within the organisation.

On the management side, business orientated management training has been initiated for all NORDEN and NPP managers, and on the systems side, it is all about organising procedures in the best way possible. NORDEN has therefore set up a new function – Business Application and Process Excellence – for the purpose of mapping and optimising all the many working procedures that are involved in contracting and transporting cargo safely from A to B. This you can read more about on page 28 onwards. The objective is to make the procedures more flexible and to ensure that NORDEN focuses on the working practices that are the most important in order for customers to be satisfied with NORDEN’s services.

Together with an adjustment of the fleet, lower expenses for chartered vessels, a strengthening of the financial position and a new strategy with increased customer focus, these initiatives help ensure that NORDEN makes it through the challenging dry cargo times in the best way possible and get the most out of the good tanker markets that we are experiencing at the moment. We cannot change the markets, but we can control our own performance in these markets. And customer satisfaction is crucial for our success.

Enjoy your reading.

Jan Rindbo, CEO
Popular birthday

On 18 February 2016 NORDEN celebrated its 145th birthday. Mads Christian Holm founded NORDEN on that day in 1871, and the Company has since been an important player in the global shipping market.

This news was popular among NORDEN’s followers and, with 251 likes, was the quarter’s top-scoring post.

NORDEN’s Facebook page shows NORDEN’s daily life at sea and in its offices, thus offering a supplement to the NORDEN website www.ds-norden.com.

Next generation

NORDEN invited 46 candidates for the Company’s Shipping Trainee Programme in Denmark to spend an afternoon at NORDEN’s head office. At the event the young hopefuls were given further information about the training programme and a tour of the Brewhouse that accommodates the head office. They ended the day by role-playing chartering managers – assisted by present trainees and experienced chartering managers. In 2016 NORDEN plans to hire 3 or 4 new shipping trainees in Denmark and 1 or 2 in each of the offices in the USA, Singapore and China.

A fond farewell

A farewell look at one of NORDEN’s largest ships ... in January Captain Joseph Paul Salas shot the last photographs of NORDEN’s NORD POWER, a Capesize dry cargo ship built in 2005. She lay at anchor in Singapore before being handed over to her new owners. NORD POWER was bought by NORDEN in 2009 and has been part of the fleet ever since.
NORDEN around the globe

NORDEN to meet customers on training ship

The deck of the training ship DANMARK will set the scene in August when NORDEN’s office in Rio de Janeiro, Brazil, hosts an event that will let customers come on board for an informal chat and a little food and drink. The state-owned white training ship is a three-masted, full-rigged ship built in 1932. With 15 permanent crew members and 75 Danish and 5 Brazilian trainees on board, the training ship is headed for the Brazilian city of Rio de Janeiro, the final destination of its big annual voyage and the venue of this year’s Olympic Games from 5 – 21 August. It sets sail from Denmark on 4 June and returns on 20 October to an as yet unnamed Southern European city. From 1 to 25 August the training ship will be centrally docked in the port of the Olympic city. “We are looking forward to welcoming our customers on board the training ship – we simply couldn’t wish for a more splendid backdrop for our event,” says General Manager Rasmus Saltofte, NORDEN, Rio de Janeiro. Among those donating financial support to the training ship’s Olympic voyage is Orients Fond, which over the years has made several donations to projects promoting Denmark as a seafaring nation. “The Olympic voyage will also be an exciting chapter in Danish-Brazilian maritime collaboration,” says Dan Pode Poulsen, who heads Orients Fond.

Customer meetings and carnivals

Shipping people spend many hours making formal telephone calls and writing equally formal e-mails and text messages. This makes the pleasure of occasional meetings in more informal settings all the greater. The meeting between Andrei Pinedo from the large Dutch commodity and energy company Trafigura during the carnival in Rio de Janeiro, Brazil, with NORDEN representatives in South America offered just such an opportunity. “This is a good example of how we can work across our offices to build customer relations that develop into more than just business,” says General Manager Michael Warming, NORDEN, Santiago.

Rapeseed from Australia to Europe

General Manager Christian Hornum and Chartering Manager Mads M. Simonsen from NORDEN’s office in Melbourne, Australia, travelled to Geelong Port west of Melbourne to visit Graincorp, the company that has hired NORDEN to transport no less than 62,000 tonnes of rapeseed from Australia to Europe. Rapeseed oil is extracted from rapeseed for household use, and the long journey was made by the Panamax ship JAG AARATI, chartered by NORDEN for one year. The bulk of the rapeseed, 40,500 tonnes, was loaded in Geelong, while the remaining 21,500 tonnes were loaded in Portland in south-west Australia. As well as meeting Graincorp’s representatives, the two NORDEN employees were also invited to inspect the port facilities and watch part of the loading process. There, they met the JAG AARATI’s captain and some of the crew. “It is always a great pleasure to get to meet customers and ship crews, as is getting a chance to see the impressive ships and equally impressive port facilities,” say Christian Hornum and Mads M. Simonsen.

Photo: Jean Jarreau

Photo: Fernando Maia/Riotur

Photo: Fernando Maia/Riotur
Port captain with focus on cement

Chartering managers ensure NORDEN has cargoes to transport, and operators ensure the ships arrive with their cargoes. However, NORDEN’s 9 port captains in various locations worldwide often step in when ships are loaded and unloaded to ensure everything runs as smoothly as possible. Radmond Lu is one of NORDEN’s 2 port captains in China, hired in 2004 to take charge of NORDEN’s port calls in South China and the Yangtze River. He has since been present at countless cement-loading operations on the Yangtze River. In 2015 alone, NORDEN transported almost 300,000 tonnes of cement out of the Yangtze, carrying it to such destinations as the USA and Singapore. “Radmond Lu’s experience in loading cement on the Yangtze River makes a big difference for NORDEN’s cement customers. He ensures optimum loading operations that thus take a minimum of time,” says Jens Fjordgaard Jensen, General Manager & Chief Representative, NORDEN, Shanghai.

A close encounter of 2 ice-class ships

The temperature was bitter cold but the atmosphere warm and friendly when 2 NORDEN dry cargo ships called at the same port, Port Alfred in Canada, where both vessels unloaded raw materials for aluminium production. The Handysize ship NORD MONTREAL unloaded aluminium oxide, while the Panamax ship NORDPOL unloaded bauxite. Weathering gale-force gusts and 6-metre-high waves, NORD MONTREAL had endured a particularly rough passage to Port Alfred, and by the time the 2 ships unloaded, the temperature had plunged to almost minus 20 degrees Celsius. Both ships are ice-class, which certainly came in handy as they forged their way along the ice-choked Saguenay River. The NORD MONTREAL and the NORDPOL may have met in a sub-zero climate, but the meeting between their officers could not have been warmer as they took turns visiting each other’s vessels. “It is always a nice coincidence to call at a port at the same time as another NORDEN ship. We get a chance to chat with former and future colleagues,” says Captain Albert A. Gonzaga, NORD MONTREAL.

Meeting the Danish ambassador to India

Danish ambassador Peter Taksøe-Jensen was in Mumbai when Indian Prime Minister Shri Narendra Modi visited the city to give an address about his “Make in India” programme. The Confederation of Danish Industry took advantage of the occasion to organise a roundtable discussion for a number of Danish companies – including NORDEN – with offices in Mumbai. The focus was on various general topics of importance to Danish-Indian commercial relations. “It was a good opportunity to meet the ambassador and representatives of a range of Danish companies,” says General Manager Peter Koch Hansen, NORDEN, Mumbai.

A sweaty and enjoyable day in Singapore

Some of the staff of NORDEN’s Singapore office see the penultimate Saturday in January primarily as a day that will make them sweat buckets, but nonetheless fun was had by all – staff members and their families alike. That was the day of the Danish Seaman’s Church’s annual football tournament, an important fundraiser for the church, and NORDEN showed up with another fired-up team and a sponsorship. The first 2 games ended in close defeats – first to MCC Transport and then to the young students from Copenhagen Business School (CBS), who are studying for 6 months in Singapore as part of their maritime education programme. In the last game of the group stages, NORDEN came back to win over DILF (Dads In Love with Football), beating them by a comfortable margin. However, LightShip won the tournament over the boys from CBS. While the victors celebrated, Team NORDEN took consolation from their all-out victory 2 years ago. After beer and hotdogs, the sweaty football team went on to the annual NORDEN family barbecue. “The turnout was good, and everyone enjoyed themselves with good food, beach games and congenial company,” recounts Jakob Bergholdt, CEO, NORDEN Singapore.
NPP’s customers must get the same high service regardless of the ship’s name

Oil companies that hire Norient Product Pool (NPP) to manage the transportation of a consignment of fuel oil, diesel, gasoline, naphtha or other refined oil product must always get the same service and approach to tackling any transport challenges, regardless of whether the consignment is carried by a NORDEN ship or a ship operated by its pool partner, the Cypriot Interorient Navigation Company (INC), or by pool participant Diamond S.

“We hope our customers already feel that we provide consistent service and consistent solutions to challenges. However, in 2016 we aim to become even better at coordinating our total customer product package because this makes for more satisfied, happier customers. And customer satisfaction is NPP’s ultimate criterion for success. Customers are our constant focus. We must do our work well, which means we have to go the extra mile in everything we do,” explains Søren Huscher, NPP’s CEO.

NPP has yet to achieve its goal of providing a consistent set of products and level of service. Nonetheless, the restrictions and policies of the 2 pool partners and the pool participant have become more closely aligned since management renewed its focus on the area. For example, the technical departments of NORDEN and INC have improved their knowledge exchange and become better at coordinating upcoming technical initiatives.

Security check makes things easier
A consistent product and service level regardless of operator plus productive knowledge exchange between owners will also generally help NPP perform better in the six-monthly inspections entailed by participation in the Ship Inspection Report Programme (SIRE), introduced by the oil companies in 1993 to avoid more major oil spills at sea. The inspections focus on both ship safety and operations.

“Good SIRE inspection reports are a must for any company looking to be a player in this market, so it is vital that our ships perform satisfactorily and achieve good results at these inspections,” says Søren Huscher.

At end-2015 NPP, which is co-owned equally by NORDEN and INC, had a fleet of 91 vessels
The concept of offering consistently good service means the product tanker pool must always offer customers precisely the services and flexibility they need. NPP’s capacity to meet its owners’ earnings expectations also depends on this ability.

### Norient Product Pool in figures

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of vessels at year-end</th>
<th>Spot contracts</th>
<th>Transported volumes in tonnes (spot)</th>
<th>Number of port calls – loading/discharging (spot)</th>
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<td>22</td>
<td>178</td>
<td>5,283,956</td>
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<td>91</td>
<td>1,143</td>
<td>34,330,009</td>
<td>2,578</td>
</tr>
</tbody>
</table>

at its disposal – 54 MR-type ships with a cargo carrying capacity of 45,000-50,000 tonnes and 37 Handysize ships, which can carry loads of 37,000-40,000 tonnes. Eight of the MR ships come from the US shipping company Diamond S, which has the status of pool participant.

**Everyone is entitled to excellent service**

NPP follows the principle that all pool customers are entitled to the best service, whoever they are.

“We are fortunate to have 10 almost equally sized customers that each account for approximately 5% of our revenue, or about 50% in all. These customers afford us a pretty favourable position that bolsters our business, so naturally they have a special place in our awareness,” says Søren Huscher.
Flexibility often comes into play

For Norient Product Pool, founded in 2005 with Søren Huscher at the helm, customer focus is more than a question of consistently delivering a consistent product no matter the name on the ship’s hull. Customer focus also pivots on giving customers exactly what they ask for and thus matching NPP’s service to their special needs. Customer requests can be highly individual, and NPP’s flexibility and swift response capability are often called into play.

“Ensuring the right match between the customer and NPP at all times is also an expression of customer service. Naturally we want to be dedicated to our work. It should be interesting, inspiring and fun. We can ensure that it is just that through good personal relations with customers and brokers, which in turn helps generate the personal engagement that we hope has a noticeably positive impact on the product we offer,” says Søren Huscher.

NPP’s special strengths

What are NPP’s special strengths in the fiercely competitive product tanker market?

“Flexibility, reliability, empathy and ambition are among our strong values. Although we do not talk that much about our values, they are integral to the way we each work. And that, I suppose, is the most powerful way to communicate values. We also have a high work morale, and see the market competition not only as a challenge but also as a great source of inspiration,” says Søren Huscher.

In his opinion, the pool employees’ pride in their work also has a positive effect on the products NPP offers its customers, as do their strong team spirit, the way they inspire and look out for each other and their pleasure in each other’s company – also after work.

“And customer satisfaction is NPP’s ultimate criterion for success”

Søren Huscher, CEO, NPP
Søren Huscher’s guidelines for good management

Søren Huscher, head of Norient Product Pool, focuses on management development in the pool, which has 61 employees – 24 at the headquarters co-located with NORDEN in Hellerup, 22 in Cyprus, 7 in Singapore and 8 in the USA. Like NORDEN managers, NPP managers are also required to take a course in what the 2 companies define as good management.

What do you find most fascinating about transporting refined oil products?
“The care and thoughtful planning that it requires. What I find most fascinating is not, in fact, the transport of the products themselves, but rather the optimisation opportunities and services we can create in the process.”

What are your main management tools?
“My heart, gut instinct and faith in my colleagues.”

What aspect of 2016 are you most looking forward to?
“I am greatly looking forward to the day when all NORDEN and NPP executives have successfully completed our new management course, Soul Leadership. It is a key tool for ensuring sound, authentic leadership. I am looking forward to hearing about new initiatives and seeing my colleagues’ enthusiasm for them. I will feel gratified if we do well at NPP – and frustrated if we do not. But our competitors’ success will also motivate me. I generally feel content with life, and find great inspiration in my daily work with my excellent colleagues.”

What aspect of 2016 are you least looking forward to?
“There is nothing about 2016 that I am not looking forward to.”

What should we know about you as a person – something that is not on your CV?
“That I certainly cannot do everything and therefore often need skilful colleagues to take over and help me. Fortunately, I have lots of colleagues like that. There is nothing wrong with not being able to do it all. You simply have to be willing and able to ask for help if you need it.”

In his Christmas and New Year greeting to his colleagues, Søren Huscher promised to:
• Trust you
• Use our values as a guide in my interaction with you
• Share knowledge and ideas, and assist/support you in personal and professional development
• Use my consciousness and approach to life to challenge you on status quo
• Be able to give you a “What, Why and How”
• Meet you at eye level
• Give a lot of myself
• Never be afraid to show my vulnerability
• Continuously develop myself and become a better colleague to you
• Be very passionate about what we do together
• Expect you to take this approach on board and do your part to make it a success

Søren Huscher – CV

Søren Huscher was born in 1962. In 1982 he started as a trainee with Maersk, where his long career with the company culminated in a position as general manager for Maersk Tankers in Southeast Asia. After leaving Maersk, he worked for the Norwegian shipbroking firm Lorentzen & Stemoco for 3 years. In 2000 Søren Huscher joined NORDEN’s Tanker Department, where he was involved in planning the inception of Norient Product Pool (NPP) with NORDEN and the Cypriot shipping company Interorient Navigation Company as 50/50 partners. NPP started operations in January 2005 with Søren Huscher as CEO, a position he has held continuously since.
NORDEN and the cement giant business partners for 15 years

The trading arm of the world’s second-largest cement producer – the German multinational Heidelberg Cement – has entered into another long-term contract with NORDEN, which is to carry bulk materials for cement production to West African ports.

NORDEN has entered into a new long-term contract with HC Trading, the international trading arm of the German cement manufacturer Heidelberg Cement. With annual revenue of approximately USD 14 billion and 44,900 employees working at 2,300 production plants in 40 countries, Heidelberg Cement is the world’s second-largest producer of cement. NORDEN’s latest contract helps seal its good business collaboration with HC Trading, which started back in 2000.

In the course of those 15 years, NORDEN has transported 20 million tonnes of raw materials for the German company. From 2013 to 2015 alone, NORDEN’s dry cargo fleet transported 96 cargoes for HC Trading. About 9 out of 10 cargoes are transported on Supramax ships, the operation of which is among NORDEN’s core competencies. The new contract means that NORDEN will carry a further 6 cargoes a year for HC Trading.

NORDEN’s collaboration with HC Trading comprises carrying cargoes to most parts of the world – not only cement, but also coal and coke, which are used in the cement industry. However, the bulk of the cargoes are raw materials for cement manufacture, namely clinker, gypsum and limestone – so-called aggregates. They are loaded in the Mediterranean Basin or the Far East and discharged in West Africa – primarily Ghana – where Heidelberg Cement has large production plants.

“In return, we do our part by delivering the product for which HC Trading pays us”

Thomas Jarde, Vice President

“The collaboration between HC Trading and NORDEN is the result of longstanding relations.
HC Trading

We know HC Trading and its performance ability. In return, we do our part by delivering the product for which HC Trading pays us,” says Vice President Thomas Jarde, who heads the chartering section of NORDEN’s fleet of Handy-size and Supramax ships, 117 vessels in all. He is thus also responsible for the contract with HC Trading.

Reliable and flexible product
NORDEN’s ambition is to provide its dry cargo customers with a financially competitive product. That notwithstanding, the product must also be reliable and flexible – in keeping with NORDEN’s Focus & Simplicity strategy.

As regards HC Trading, flexibility consists primarily in giving the company the opportunity to choose the loading area and unloading ports for each transport commission.

NORDEN has 2 port captains permanently posted to handle the practicalities of unloading cargoes in the West African ports. Their job is to work closely with NORDEN’s onshore-based operators and the individual ship crews to make sure everything runs smoothly before, during and after the unloading process, thus ensuring the on-time delivery of the cargo as planned. And they have to do this regardless of any issues that arise, whether a tangible problem on board ship or some tricky paperwork. Or anything else that comes their way.

Positive side-effect
"The contract with HC Trading has given us more than just coverage with a professional, well-consolidated and highly valued customer. As a spin-off, it also puts NORDEN firmly on the map when it comes to transports to West Africa. We have become natural partners for other companies that trade in and out of the West African countries. Added to that, the volumes we transport to West Africa for HC Trading are the reason the company hires us to carry cargoes elsewhere in the world.

That is why we value our collaboration with HC Trading and why it is a high priority for us,” says Thomas Jarde.

What can NORDEN learn from its collaboration with HC Trading?
“Our partnership has documented the value of being close to our customers – which is vital if we are to understand their business. You cannot understand customers’ business until you have identified their needs, discussed how best to distribute risks and possibilities between us, and how best to handle the individual transport elements and by whom. As a shipping company, understanding customers’ business also includes making their daily routines easier to complete – that is virtually alpha and omega. Our aim is to build up a relationship with the customer that is difficult for the customer to disregard,” says Vice President Thomas Jarde.

Heidelberg Cement in figures:

<table>
<thead>
<tr>
<th>Employees:</th>
<th>Locations:</th>
<th>Countries:</th>
</tr>
</thead>
<tbody>
<tr>
<td>44,900</td>
<td>2,300</td>
<td>40</td>
</tr>
</tbody>
</table>

Revenue:
Approx. USD 14 bn.

HC Trading is the international trading arm of Heidelberg Cement. With 65 employees, HC Trading comprises trading operations in more than 60 countries.

Since the founding in 1873, Heidelberg Cement has had a long and successful history. Today, the company leads the global market for aggregates (i.e. stones/raw materials for the production of cement) and is among the top producers of cement and ready-mixed concrete worldwide.

HC Trading is the international trading arm of Heidelberg Cement. With 65 employees, HC Trading comprises trading operations in more than 60 countries.
Cooperation builds on mutual trust and loyalty

“We are delighted to be celebrating the 15th year of this partnership and pleased to note that the volume carried by NORDEN for HC Trading has reached 20 million tonnes. NORDEN is HC Trading’s primary carrier, and we look forward to continuing our work together in future too.”

So says Deputy COO & Director of Shipping Kerim Erben, HC Trading, who is responsible for the company’s contracts with shipping companies, including NORDEN.

“When we started doing business in 2000, NORDEN and HC Trading were relatively small organisations. However, since then we have increased both our activities and investments, and become major players in our respective industries,” says Kerim Erben.

Flexibility and customer focus

“NORDEN’s flexibility and customer-focused approach as well as its loyalty and efficiency since 2000 have underpinned our success to date, helping us become a world-leading international cement trading company. We are proud to work alongside NORDEN to serve the needs of the global cement industry,” he continues.

HC Trading continues to be extremely impressed with the quality of NORDEN’s service, which helps the company stand out from its peers when it comes to transporting cement and clinker.

Good and bad times

“In both good times and bad, through different market cycles, NORDEN has proven itself as a long-term reliable carrier that stands behind its commitments”

Kerim Erben, Deputy COO & Director of Shipping, HC Trading

“The new contract with HC Trading was signed at NORDEN’s headquarters in Hellerup by Jan Rindbo, CEO, NORDEN (left), and Emir Adigüzel, CEO, HC Trading.

“Good and bad times

“In both good times and bad, through different market cycles, NORDEN has proven itself as a long-term reliable carrier that stands behind its commitments even when market conditions have turned against it. The company has also been excellent at providing solutions to help us handle unfavourable market shifts. We believe there are very few companies that one can count on in difficult times, but for the Heidelberg Cement Group, NORDEN is definitely one,” says Kerim Erben, adding:

“We strongly believe that this relationship, which has been established on a solid base of mutual trust and loyalty, will continue in the future.”

The new contract with HC Trading was signed at NORDEN’s headquarters in Hellerup by Jan Rindbo, CEO, NORDEN (left), and Emir Adigüzel, CEO, HC Trading.
Monkey island

The deck located above the navigation bridge houses some of the ship’s most important equipment – for example, the aerials, the radar mast and the magnetic compass.

Technically, the deck is called either E deck or F deck – depending on the height of the ship’s accommodation facilities or superstructure, that is, the tall white structure to the aft of the ship, which houses the galley, mess rooms, offices, cabins, laundry, fitness room and, not least, the ship’s navigation bridge at the very top. E deck or F deck comprises the flat roof of the navigation bridge and thus the top of the accommodation facilities.

This deck is also termed the monkey island.

“The monkey island is an important place on the ship, because this is where we find the equipment that enables the ship to communicate with the rest of the world. The ship’s aerials are installed on the monkey island, and without communication with the wider world – which also depends on an orbiting satellite or two – our ships would be in trouble,” says Senior Newbuilding Manager Alex Hjortnæs.

The black box

The monkey island is also home to the ship’s radar mast and is where the ship’s black box is installed. Serving the same function as an aeroplane’s black box, it registers a range of technical data that provide all the information on the ship’s operation from the navigation bridge and engine room. Above all, it contains data vital in the work of authorities investigating the cause of an accident.

“Every ship is equipped with an emergency transmitter that can pinpoint a ship’s position if it sinks. The transmitter is called an EPIRB, which stands for Emergency Position Indicating Radio Beacon, and is also installed in the monkey island,” explains Alex Hjortnæs.

A gyrocompass is used on the navigation bridge, but the magnetic compass serves as an important back-up if it breaks down. If the gyrocompass fails in the mid-Atlantic, the ship will continue sailing on course with the help of the magnetic compass. However, a ship must never leave port without fully functional instruments – which goes for both the gyrocompass and the magnetic compass.

Why monkey island?

So why is the upper accommodation deck known as the monkey island? There is no official explanation, but an unofficial, rather obvious, theory is the many masts on the monkey island that the ship’s crew often have to scramble up – just as monkeys might have done, had any been nearby.
Active risk management plays a key role in NORDEN’s strategy to ensure sound earnings and financial flexibility also in fluctuating markets. Here a crucial element is that NORDEN is active in 2 segments – dry cargo and tankers.

The Executive Management is responsible for identifying considerable risks and developing the Company’s risk management.

“You cannot do business without taking risks. It will always be that way. But you can do a lot to avoid or reduce the risks you don’t want. NORDEN does that. We wish to take risks within shipping, but many of the other risks that follow – for example fluctuations in oil prices or currencies – we hedge those to the largest extent possible. And even the risks that we readily take within shipping, we try to actively manage to our advantage for example by having high contract coverage and good procedures,” says CFO Martin Badsted.

In the boxes on these pages, you can see how NORDEN hedges the most significant risks.

**Fluctuations in freight rates**

Purchasing and chartering vessels imply a risk as NORDEN assumes financial liability in expectation of generating earnings which are dependent on the freight market. To control the uncertainty relating to earnings, future open ship days are covered by cargo contracts, T/C contracts and Forward Freight Agreements (FFAs) to the extent Management finds it attractive. Mid-February, coverage for 2016 constituted 57% and 24% for Dry Cargo and Tankers, respectively.

**Credit risks**

NORDEN reduces its credit risks through systematic credit assessment of counterparties and through regular monitoring of their credit ratings. For this purpose, the Company uses own analyses based on external credit rating agencies and publicly available information. Each analysis results in an internal rating, which is subsequently used for determining the allowed scope of the commitment. In connection with newbuilding contracting, it is assessed whether the credit risk in relation to prepayments to the yard should be reduced through repayment guarantees issued by banks with good credit ratings.

**Total loss**

The risks of total loss are minimised by operating a modern fleet and by investing in vessel maintenance and staff awareness of both external and internal environments. In general, an increase in operational risks is seen in the market due to recent years’ poor market conditions, which for example cause some ship owners to economise on maintenance. NORDEN therefore has increased focus on the condition of vessels in connection with short-term charters.

“You can do a lot to avoid or reduce the risks you don’t want”

CFO Martin Badsted
Bunker price risk

NORDEN’s largest variable cost is fuel in the form of bunkers, and the total costs of the Company will therefore depend on the market price for bunkers. The Company uses bunker swaps to hedge future consumption of bunkers when entering into cargo contracts in case there is no bunker adjustment clause in the agreement. In connection with charter agreements, NORDEN has a bunker price risk in relation to the quantity of bunkers with which the vessel must be redelivered. Due to the uncertainty of the size of this quantity, this exposure is not hedged.

Oil spills

In terms of value, the most material events are oil spills and total loss (lost value of owned vessels, purchase options and charter parties). The Company covers these risks by taking out insurances with recognised international insurance companies.

Piracy

The operation of vessels is exposed to a number of risks. The safety of the crew is ensured by means of updated procedures, heightened focus and repeated drills. With regard to handling the threat of piracy, the NORDEN follows the so-called Best Management Practices (BMP), drawn up by global shipping organisations and military authorities. During 2015, NORDEN experienced 1 attempted robbery and 3 attempted thefts on-board vessels. The attempted robbery took place in Indonesia and was stopped as soon as it was discovered. 3 times during the year, perpetrators have crept on board vessels that were either lying at anchor or off the quay, and have attempted to steal minor items from the deck. No crew members suffered any injury at the incidents.

Fluctuations in ship values

Changes in ship values have a significant impact on the value of NORDEN, both directly on the value of the owned fleet and indirectly through the value of purchase options. NORDEN is continuously focusing on how to optimise the portfolio of owned vessels; be it in relation to ongoing replacement of older vessels with newer vessels or newbuildings, or fuel efficiency improvement of the current fleet.

Other operational risks

In a global company like NORDEN, it is crucial that the Company’s IT systems are always available. The IT Department has established a technical emergency capacity with an IT environment distributed on 2 locations with mirrored critical systems. Also, the Company has established an IT Disaster Recovery Plan involving the entire organisation and supporting the IT Department in setting up emergency operations as soon as possible after a disaster.
It is now 16 years ago that NORDEN opened its second overseas office. The first office opened in Singapore, and next in line was the office in Annapolis – east of the US capital Washington. Today, most of the employees are Americans from all parts of the United States. So of course everyone speaks English/American in the Annapolis office, and when they talk about football, it is the oval-shaped ball they refer to – and not the round European football.

“The American market is very important to NORDEN and to Norient Product Pool (NPP), with whom we share the office. On the American market, we have some of the most long-term partnerships within both dry cargo and product tankers, and here we have an ongoing great potential for growth. This underlines the importance of having a strong team which delivers a high level of quality to the customers,” says head of the dry cargo office for the past almost 3 years in Annapolis, Director Adam Nielsen.

At the Annapolis office, a football is oval-shaped

Since the establishment in 2000, NORDEN’s and NPP’s office in the United States has grown to 25 employees – mainly Americans.

How do we reach that goal?

Senior Chartering Manager Mark LaFrankie, American, 50 years old. Employed by NORDEN in 2014 with more than 20 years of shipping experience from especially the US.

“The most exciting and attractive thing about working for NORDEN is the possibility to play on a much larger field with shipping as the core business. A large multinational corporation, which is my background, does not offer you the possibility to spend 5 years or longer working with only one ship type or a single geographic area. After having worked 18 months for NORDEN I have learnt more than I did the previous 5 years with my old company,” says Mark LaFrankie.

The colleagues and the culture in NORDEN are also essential factors to him.

“First Choice – Last Refusal is a fantastic goal in our daily work, and NORDEN has the appropriate instruments to reach this goal. I must, however, also remember to consult my customers when working out how to reach the goal,” says Mark LaFrankie.
9 years of experience within shipping

On average, the employees in the Annapolis office have 9 years of shipping experience.

Director Adam Nielsen points out that it has been of vital importance to NORDEN and NPP to be able to attract and retain highly qualified personnel with the right mindset and local knowledge of the American shipping industry. This applies to all functions in the office – chartering, operations and port captains.

“We feel very privileged that despite being a relatively small company in the United States we are able to attract skilled employees from both the United States and other parts of North and South America,” says Director Adam Nielsen.

An important dynamic

In the years to come, the Annapolis office also wants to be able to attract the best employees, both Americans and foreigners. We will still also see Danish employees in the office – relocated from NORDEN and NPP in Copenhagen.

“We believe that a mix of nationalities gives us an important dynamic, and it is essential to have Danes relocated from NORDEN and NPP, because they know the culture in Denmark and in NORDEN’s and NPP’s head office in Hellerup,” says Director Adam Nielsen.

He mentions that the Annapolis office also offers great potential for young promising talents, who can learn about the American marked.

Young talent and a high level of experience

“This mixture of young talent and a high level of experience creates an ideal work environment and ensures continuity in the business”

Director Adam Nielsen

Wants to be industry leader

In order to prepare for future demands on the American marked, NORDEN educates local talents, who are typically employed after having completed basic maritime education from an American educational institution.

“With this approach – based on NORDEN’s strategy to be industry leader – it is the Annapolis office’s goal to become the preferred partner in North and South America. In that connection, we do not only take advantage of the expertise in the Annapolis office. We take advantage of the synergy between the office in Annapolis and the offices in Rio de Janeiro, Brazil and in Santiago, Chile,” says Director Adam Nielsen.

Hands-on training

Senior Operations Manager & Head of Operations Ivan Santos, Brazilian, 51 years old. Employed by NORDEN in 2011 with more than 20 years of shipping experience from the United States, Australia and Denmark, among others.

“My upbringing in South America, where flexibility, improvisation and working independently is part of your personal development, has made it easier for me to adjust and understand the Danish culture and work ethics. I have received hands-on training from the best in this industry, and I have been fortunate to work with some amazing people,” says Ivan Santos.

For him any problem is regarded as yet another interesting challenge.
NORDEN sharpens its focus on standards for dry cargo ships

The objective is to ensure that also the dry cargo vessels that NORDEN has contracted on long-term charters unfailingly meet customers’ requirements as regards standard, maintenance and flexibility

A significant number of NORDEN’s dry cargo fleet are rented ships – also known as chartered ships. Some are chartered for a single voyage or for a short period of up to a year. Others are chartered for 13 months or more – up to several years. These long-term chartered ships are considered part of NORDEN’s core fleet on a par with owned vessels.

As part of the general streamlining of NORDEN’s procedures, the operational function in Asset Management is extended to also include dry cargo vessels. All purchase, sale, charter as well as supervision of standards, maintenance and flexibility of owned and long-term chartered dry cargo and tanker vessels are thus combined in one unit.

Must strengthen customer focus

“We are always striving to strengthen our customer focus. This initiative is an important element of these efforts, because we hope the new function will intensify our work to ensure we have the best tools to meet customers’ needs and expectations. Or, in other words: our ambition is to ensure all vessels in the core fleet, and not just our own, offer our customers a better, more flexible service,” says the head of Asset Management, Senior Vice President Henrik Lykkegaard Madsen.

Must always be at the forefront

She explains that this person’s job will chiefly consist of ensuring that NORDEN is always one step ahead of the problems that may arise with the chartered ships that may, in fact, be part of NORDEN’s dry cargo fleet for a great many years.

“We must be watchful of potential problem areas relative to an individual ship or shipowner. Examples could be incidents involving cargo hold maintenance or recurring uncertainty about the reported volumes of fuel on board the ships. In general, the ships’ standard of maintenance and requirements for optimal performance are a vital area – not only for NORDEN, but especially for our customers,” says Benedicte H. Wegener

Focus on speed and consumption

Another challenge that the new function under Asset Management will be focusing on is the speed and fuel consumption of the chartered ships – or how economically they operate.

“It will still be up to NORDEN’s operators and its special Fuel Efficiency Team to monitor the ships’ performance on their voyages. If, however, they observe persistent deterioration in a ship’s performance and feel that discussing matters such as anti-fouling paint with the ship’s owner will improve the situation, then Asset Management will be the one to initiate this dialogue with the shipowner.”

80 long-term chartered ships

NORDEN currently has approximately 60 long-term chartered dry cargo vessels, mainly the Supramax and Panamax types. The tanker fleet contains approximately 20 long-term chartered MR and Handysize vessels.

“We believe that by centralising responsibility for the long-term chartered dry cargo and product tanker vessels in Asset Management, we ensure a more consistent, structured and thereby overall better follow-up on the various issues that arise between NORDEN and the shipowner,” says Operations Team Leader Benedicte H. Wegener, who heads up the operations in the Asset Management unit.
Obviously a freighter’s cargo holds are crucial, because this is where the money is earned. In future Asset Management will contact the shipowner well in advance of a ship’s regularly scheduled dockings to give both parties a good overview of the state of the cargo holds and to find out about the upgrades the shipowner intends to implement.

“In general, NORDEN and the owners of our many long-term chartered dry cargo ships will collaborate closely on commercial and operational issues,” says Henrik Lykkegaard Madsen. This interaction should serve to show NORDEN which ships and shipowners it would be an advantage to work with even more closely and flexibly.

**Mutual interest**

“I would say we have the best conceivable basis for the new initiative. First, we know the involved owners very well – we have met them often, also outside the meeting room. Second, the owners and NORDEN have a mutual interest in optimising and creating the best possible reputation for these ships,” says Henrik Lykkegaard Madsen.

Although many of the problems related to the maintenance and standard of the long-term chartered ships in NORDEN’s dry cargo fleet will undoubtedly give rise to exchanges of opinion with the shipowners, this is the very reason that the head of Asset Management is convinced that, over time, this initiative will enable NORDEN to engage in better dialogue with the shipowners and thereby forge even better relations with them.

**Focus & Simplicity**

“In the current dry cargo market with historically poor rates, we are forced to address anything that can both make us more attractive to our customers and lower our costs, because tasks and routines become more focused and simpler – as prescribed in our new strategy called ‘Focus & Simplicity’. In my opinion, working more closely with the owners of our long-term chartered ships will give us some advantages that only entail limited costs and limited risk for the shipowners, but which will give a significant boost to NORDEN and our customers – namely in the shape of a better, more flexible fleet of long-term chartered dry cargo ships,” says Henrik Lykkegaard Madsen.

*NORD SATURN is a long-term chartered Panamax ship with a cargo carrying capacity of 77,000 tonnes. It was built in Japan in 2012 and is Japanese owned.*
NORDEN is off to a good start in Australia

With the opening of the dry cargo office in Melbourne, NORDEN has succeeded in expanding its business with existing customers, obtaining new customers as well as mapping new business areas where the Company has not previously been operating.

NORDEN had great ambitions when opening a dry cargo office 1 year ago in Melbourne, Australia, which is a large exporter of iron ore, coal, bauxite/alumina (for aluminium production), grain and salt as well as a number of other bulk commodities. First and foremost, the office will grow its business with existing customers as well as obtaining new customers. Not only that – the office will map new business areas where NORDEN has not previously been operating.

It is General Manager Christian Hornum and Chartering Manager Mads M. Simonsen who make up the team in Australia, and it will be up to them to fulfill NORDEN’s ambitions – of course supported by colleagues in NORDEN in general and especially by the office in Singapore.

At the head office in Hellerup, Denmark, the head of the Dry Cargo Department, Executive Vice President Ejner Bonderup, is able to conclude today that it was a wise decision to establish an office in Melbourne, which is NORDEN’s 6th overseas office.

Realistic ambitions

“I can safely say that the ambitions are realistic, and Christian Hornum and Mads M. Simonsen are in full swing realizing them. Because they have the opportunity to focus 100% on the Australian market, and also on the New Zealand market, NORDEN has improved the amount of business with existing customers and has built relationships with new potential customers within different fields of the dry cargo market. These customers are both large well-known players as well as little-known players, who have shown to be a fine match to NORDEN and the products and services we offer. Because we were not present in Australia, it was not until after the opening of the office in Melbourne that we became sufficiently aware of this group of dry cargo customers,” says Ejner Bonderup.

Fact:

Melbourne is Australia’s second largest city and the capital in the state of Victoria. The city is located on the bay of Port Philip. Population: 4,087 mio.
Another significant advantage of opening the office down under is that our customers only need to contact 1 location, when they do – or plan to do – business with NORDEN. The office’s employees handle all vessel types, all cargo availabilities and large as well as small projects, and thereby they represent what customers prefer in addition to reliability and flexibility namely one point of entry – one entry to NORDEN.

Matches Focus & Simplicity

“Overall the opening of the Melbourne office matches NORDEN’s strategy with the headline Focus & Simplicity,” says Ejner Bonderup.

“We want our customers to feel that we focus on them and their needs 100%. Customers must experience Focus & Simplicity in everything we do from the moment they contact us and until they receive a quote for transportation, from picking-up their cargo and until delivery at the port where they want it unloaded. NORDEN is here for the customers – not the other way around.”

NORDEN is currently strengthening its position within vessel types where the shipping company is already a strong player in the market. For dry cargo, this means focusing on Supramax and Panamax, which is why future investments in the dry cargo fleet alone will be within these vessel types. NORDEN will, however, continue as a global Handysize operator, even though it will be without owned vessels in the long-term. With the large fleet of Supramax and Panamax vessels (at the end of 2015, 77 and 56 respectively), NORDEN will be able to exploit economies of scale and obtain more flexibility in the positioning of these two vessel types. This would indeed mean that there is always a NORDEN vessel ready for any assigned job on any ocean. The goal is to be market leader within these two vessel types.

Maybe more offices

“The closer the relationship with the customer, the more cargoes, and with the opening of the Melbourne office a year ago as well as the opening of the office in Santiago, Chile, 6 months ago, the importance of being close to your customers has been well-documented. This is what builds close relationships, which again transforms into business and of course resulting in two winners: The customer and NORDEN. This is why we are ready to open up even more overseas offices whenever we see commercial justification. We do business in every continent, so we have various cities in mind where it could be relevant,” says Executive Vice President Ejner Bonderup.

Facts about year 1 in Melbourne

Cargo contracts

Equalling approximately 3,500 ship days (equivalent to employing 10 ships full time)

Cargos:

Mainly iron ore. Other large cargos – bauxite/aluminium oxide (for aluminium production) and salt

Number of visits to customers and shipbrokers:

about 60
It is of practical importance to NORDEN’s dry cargo offices to work in the same time zone as their customers. Since NORDEN now has an office in Melbourne, Australia, the customers on the Australian east coast no longer need to wait 3-4 hours for the Singapore office to open in order to get a quote from NORDEN for sailing a cargo of iron ore, coal, bauxite, grain or something completely different.

“It is always important for the customer to know the price for transportation as quickly as possible, as it of course is included in his considerations before he can sell his product to the end user. So, the sooner we can provide a fixed and favourable price to the customer, the more we are helping him, which will benefit NORDEN with more business,” says General Manager Christian Hornum, who is the head of the Melbourne office.

After having spent a year in Melbourne, he is convinced that NORDEN now knows their Australian and New Zealand customers far better than when they were looked after by the Singapore office.

Insight into the business model
“I think it is especially important that we have far more insight into their business models. We now know how NORDEN can assist them realising their business model. We therefore live up to one of our goals, namely to create value for our customer – while also strengthening NORDEN’s own business,” says Christian Hornum.

On a daily basis, he and his colleague Chartering Manager Mads M. Simonsen experience the advantage of being permanently present in the country where they do business.

“We have a finger on the pulse and we know what is going on. Not just with regard to the business. We also know a lot more about the customers on a personal level, and they know us. This surely strengthens the relations,” says Christian Hornum.

Relations and trust
Shipping is very much a business based on relations and trust.

“Economy and freight rates are of course the main factors, but if we get the chance of a “last refusal” on a deal – meaning the right to give the final offer – based on our close relationship with a customer, it can add a lot of value. It simply increases our options for optimising our scheduling and minimising ballast between our journeys. Furthermore, a personal connection with a customer means a lot, if you should experience a dispute regarding fulfilling a contract. Many problems and potential conflicts can be solved if you have the chance of meeting up and talking things over,” says General Manager Christian Hornum.

An army marches on its stomach...
To be sure, the cook is one of the most important people on board the vessel. And Filipino Norfel Trinidad takes his job as a cook with NORDEN very seriously. His favourite literature is cookbooks, he participates in courses, he is always working hard, he makes sure that the messroom as well as the vessel’s refrigerated and cold stores are clean. And what is more, he does not just make whatever meal comes to mind. He asks the other crew members what they would like to eat and then tries to make a meal that would be to the taste of the majority of the crew on board.

And to him it is not just a matter of always heating up the popular – but also high-calorie – deep fryer. The food should also contribute to a physically healthy life on board the vessels, where you are usually easily tempted to resort to the easy calories in all sorts of wrappings.

The Filipino cook Norfel Trinidad always asks the other crew members what they would like to eat.
As a ship’s cook, you must remember that food is a sensitive subject on board. You cannot satisfy every single crew member every time he or she sits down at the table, but you can be open to the suggestions that everyone makes,” says Norfel Trinidad, who most recently embarked the almost new built product tanker NORD GERANIUM.

He pays a lot of attention to checking the quality of the vessel’s stock of provisions on a continuous basis, ensuring that the meals to be served on the dishes in the vessel’s 2 messrooms a couple of hours later are of a quality that measures up to NORDEN’s standards. And they do not just focus on serving food that is delicious and healthy. The food must also be safe to eat, as there is no time for the crew to be dropping like flies when you are on board a ship where every single hand is necessary to operate the vessel. That aside, it is no fun being ill when the nearest medical assistance is hundreds or thousands of nautical miles away.

There is a very simple explanation to Norfel Trinidad’s decision to become a ship’s cook.

“I find cooking to be a very exciting job, especially when I see that the crew members like the food I have prepared for them,” he says.

“Since July 2015, Danish SeaStar Management – a part of Wrist Group, which is the largest ship’s chandler worldwide – has been supplying provisions to NORDEN’s dry cargo and product tanker vessels. SeaStar manages all aspects of the delivery – not least making sure that the right goods reach the right port at the right time. This frees up time for the ship’s cook, who is hereby able to focus more on what is most important: Providing the crew with delicious and healthy meals.

The cook now has more time to prepare the meals

Since July 2015, Danish SeaStar Management – a part of Wrist Group, which is the largest ship’s chandler worldwide – has been supplying provisions to NORDEN’s dry cargo and product tanker vessels. SeaStar manages all aspects of the delivery – not least making sure that the right goods reach the right port at the right time. This frees up time for the ship’s cook, who is hereby able to focus more on what is most important: Providing the crew with delicious and healthy meals.

One of the most important people on board

“The cook is, if not the most important, then one of the vessel’s most important crew members. Good food means a lot for the well-being on board, as meals are a meeting place for the crew, and as good food carries over to the mood on board. Norfel Trinidad makes good and varied meals, even under the most difficult provisioning conditions, where fresh supplies may be scarce. In addition, he always keep a clean appearance, and messroom and storeroom hygiene is at a top level. At that, Norfel Trinidad is very hard-working and conscientious.”

Gert Andersen, Captain

Filipino cook Norfel Trinidad in the galley on the product tanker NORD GERANIUM.
Alison J.F. Riegels retires from the Board of Directors

She has represented Motortramp, whose 28% ownership share makes it NORDEN’s principal shareholder, on NORDEN’s Board of Directors for 31 years, 28 of them as vice chairman.

NORDEN’s Annual General Meeting on Thursday 7 April will mark a significant change in the Board of Directors when Alison J.F. Riegels leaves the Board, of which she has been a member since 1985 and was vice chairman until 2013. The Board will recommend that the Annual General Meeting elect her daughter, Johanne Riegels Østergård, as a new member of the Board and thus representative of Motortramp, which, with an ownership share of 28% is NORDEN’s principal shareholder.

NORDEN’s customers expect NORDEN to respect the UN Guiding Principles on Business and Human Rights.

NORDEN’s customers and staff alike play an important role in the Company’s work with the 48 basic human rights.

In connection with her departure, NORDEN NEWS asked Alison J.F. Riegels to take a retrospective view of her life in the shipping world.

“Looking back, I can see that shipping has always been a big part of my life, in my early years particularly through Motortramp, which had offices and 2 or 3 employees on the first floor of our home at Stensbygaard. My father (Motortramp’s founder, A.E.Reimann, ed.) had an office on the ground floor.

“This is why NORDEN focuses on human rights

NORDEN’s customers and staff alike play an important role in the Company’s work with the 48 basic human rights.

Impact on human rights

As the UNGPs prescribes, NORDEN has mapped the Company’s impacts on the 48 human rights.

“Although NORDEN’s objective is to respect all 48 human rights, as a business enterprise – and in our case as a shipping company – we cannot avoid having an impact on some of them. That goes for all companies. For example, one impact might be related to the physical working environment – after all, a ship is by definition a dangerous place to work. However human rights impacts are not the critical parameter for measuring our standard in this area. What is critical is the extent to which we adopt a structured approach to understanding those impacts, and what we do to mitigate negative human rights impacts. For example, we maintain high safety standards...
Those were the days when you had to book an overseas telephone call through the international exchange and contact ships via Lyngby Radio. The accounts were handwritten in huge ledgers.

A lot has happened since then

“We children were never allowed to disturb the people in the offices, but we nonetheless got to know them well. It was natural for my family to welcome business connections from abroad as guests. For example, we have always been aware of the existence of the Clarkson company, also because several Motortramp employees went on trainee placements there.

“Jørgen Kruhl, who became the managing director with NORDEN in the 1960s, started at the office at Stensbygaard. His father had been a highly esteemed chief engineer on Motortramp’s ships. My father died in 1956, and in the years that followed, Motortramp’s ships were phased out, after which I kept my tie with the shipping world through Motortramp’s shares in Orient and thus NORDEN. My mother was a member of the shipping companies’ boards for some years, and was an important driving force behind their decision to become active shipowners by contracting NORDTRAMP from Mitsui in the early 1970s. The vessel was contracted by I/S Nordtramp, which was owned 50% by NORDEN, 30% by Orient and 20% by Motortramp, while NORDEN was the operating company.

“Although I have agricultural and accounting qualifications, in 1985 I got the chance to replace my mother on the companies’ boards. I thus saw how Motortramp transitioned from being an unlisted company to becoming a listed one for a few years, before being delisted after a corporate restructuring in which Orient and NORDEN merged and the majority of Motortramp shareholders had their shares redeemed in exchange for shares in NORDEN,” recounts Alison J. F. Riegels.

Independence remained

The struggle about 15 years ago when NORDEN managed to retain its independence remains etched in her memory.

“It has also been interesting to follow technological developments over the years and to meet many skilled employees, both seafarers and on-shore staff. It was fascinating to visit the dockyards in Japan, Korea and China – and also in Denmark before B&W closed down – and see their different working methods. So much has happened in so many areas. From the first budget I saw, which barely filled half an A4 sheet, and the first annual general meetings, where we easily fitted into the corner office at Amaliegade, to now, where we need room for more than 100. Not to mention the decision to move from the building at Amaliegade 49 – the location of our Copenhagen head office for many years – to the Brewhouse in Hellerup and the opening of various offices worldwide,” Alison J.F. Riegels explains.

4 talented managing directors

“I have had the pleasure of working with 4 talented managing directors: Jørgen Kruhl, Steen Krabbe, Carsten Mortensen and now most recently Jan Rindbo. It has been an exciting journey filled with a wealth of external challenges and possibilities, which I hope I have helped administer properly. Not being ‘part of the action’ in future will probably feel strange, but I will follow with interest from the sidelines. This is hardly the end of the story,” adds Alison J.F. Riegels.
First, a chartering manager from NORDEN or Norient Product Pool (NPP) at either the head office or an overseas office signs a contract with a customer for the transport of a cargo from A to B. Next, the operator makes sure the cargo arrives at its destination safely and on time. Prior to this, the Bunker Department has procured fuel for the voyage, while the Technical Department has made sure the ship complies with both authority and customer requirements. Once the voyage has been completed, the Finance Department and Control function step in to ensure the ports, tugboats and other service providers are paid—and that payment for the transport goes into NORDEN or NPP’s bank account.

A lot of people are involved in the voyages made by NORDEN and NPP’s approximately 300 dry cargo ships and product tankers. Each and every trip entails numerous processes involving NORDEN or NPP employees as they make their particular contributions to the fleet’s voyages.

It might sound simple. But it is not.

A new department — Business Applications & Process Excellence (BAPE) — has now been set up to individually review these processes and the related business applications for NORDEN and NPP, with the clear objective being to improve and streamline the processes to the maximum.

To pave the way for growth, NORDEN and Norient Product Pool are overhauling all processes and related business applications.

Streamlining NORDEN and NPP

Every single voyage made by a dry cargo ship or product tanker depends on input from many employees — in other words, many processes. To improve these processes, a newly established team is about to review them and their related business applications in full.

No customer is willing to pay extra

“Our customers will only pay us for a product or service that creates value for them — namely, transporting cargoes plus the reliability and flexibility so integral to our service package. No customer is going to pay NORDEN or NPP extra in the eventuality that our internal processes are not consistently simple and lean, but rather cost unnecessary time and money. Taking NORDEN’s new Focus & Simplicity strategy as our starting point, we will now examine all of NORDEN and NPP’s processes to see which we can improve. The aim is to help the organisation in a way that simplifies tasks and gives us a more commercially efficient and flexible business that always focuses on the customer, always creates value for them and...
is always in a position to exploit market opportunities,” says CFO Martin Badsted.

The numerous processes at NORDEN and NPP are wide-ranging. A cargo contract is long and complicated, and when the chartering manager passes on the voyage execution to the operator after signing the contract, he must give the operator exactly the information he needs — no more, no less. Having insufficient information may cause the operator problems during the passage and negatively affect NORDEN’s earnings from the voyage. Too much information creates unnecessary work, because it generates no value but on the contrary wastes resources. The same applies to most of the other processes at NORDEN.

NORDEN and NPP have grown dramatically

“NORDEN and NPP have always been companies whose processes are under control. Both have grown dramatically over the past decade, and that kind of rapid, extensive growth can compromise the quality of a company’s processes. What works for a shipping company with 30 vessels may not work as well for one with more than 200. Dry cargo rates have been historically low for several years. NORDEN cannot change that, but we can change our own way of running the business by simplifying everything in our power, and processes are a good place to start,” says Director Ulla Eithz Nielsen, Head of Business Applications & Process Excellence (BAPE).

She points out that, to achieve this end, NORDEN or NPP employees need use their common sense whenever they contribute to the overall process — from procuring a cargo for a ship to settling the transport accounts.

It is a question of paring down every single process so that each has precisely the content required for the purpose — and that especially means matching the customer’s needs.

“It is also a question of working smarter, not harder;” says Ulla Eithz Nielsen.

First 3 pilot projects

Working closely with the organisation, BAPE is currently gaining an overview of all the processes. Employee suggestions and input will form the basis for selecting a few of them to serve as pilot projects. These pilot projects will be conducted with the help of a consulting company. The idea is then for the new team to act as consultants who review the processes and related business applications themselves and then, with the experience gained from the pilot projects as ballast, communicate the results to everyone throughout NORDEN and NPP. And continuously follow up on the improvements.

“Because this is not a one-time project — excellent processes must be a permanent feature of the way NORDEN and NPP run their businesses,” says Ulla Nielsen.

“IT is also a question of working smarter, not harder”

Director Ulla Eithz Nielsen, Business Applications & Process Excellence (BAPE)
The tanker market peaked – dry cargo hit bottom

While the tanker market was profitable, the dry cargo market hit new record lows in 2015, when volumes transported decreased for only the second time since 1989. Not even high scrapping activity was able to prevent the oversupply of vessels from increasing due to delivery of newbuildings, which led to decreasing rates and ship values throughout the year. The average Baltic Dry Index for the year ended at the lowest level in more than 25 years.

This affected NORDEN’s results for 2015, which amounted to a loss of USD 285 million against a loss of USD 416 million in 2014.

“2015 was yet another horror year in dry cargo, and NORDEN put a large number of tools to use to mitigate the effect of a historically miserable dry cargo market. We have actively adjusted our dry cargo exposure to the increasingly challenging market conditions and at the same time taken advantage of a strong tanker market to generate record results with the tanker fleet. The efforts have paid off, and it is, after all, gratifying that NORDEN is able to create positive cash flows from operations and generate earnings significantly above the market in both Dry Cargo and Tankers in difficult times. We will continue doing so in 2016, where we expect a continued very difficult dry cargo market and a good tanker market,” says CEO Jan Rindbo.

NORDEN’s Tanker Department took advantage of the strong rates to generate the best EBIT in the history of the department. EBIT for 2015 amounted to USD 117 million. EBIT for the year was more than 9 times higher than in 2014, when the Tanker Department generated an EBIT of USD 13 million.

Dry Cargo
NORDEN’s average dry cargo earnings came out 37% above the 1-year T/C rates and 62% above spot rates.

The weak market development was primarily driven by lacking growth in demand for seaborne transportation, which was further worsened by the steadily growing global fleet. The lacking demand growth was driven by a slowdown in China’s iron ore imports as well as continued heavily reduced Chinese coal imports for the second consecutive year. The latter have dropped from the record of 287 million tonnes in 2013 to 246 million tonnes in 2014 and came further down by 31% in 2015 to 170 million tonnes.

Certain commodities experienced significant growth in 2015 however. Following a slow start to the South American soybean season, export volumes reached new record levels in 2015, and Chinese steel exports continued the strong growth from 2014. Furthermore, China increased its bauxite imports.

Tankers
NORDEN’s earnings in the Tanker Department were generally 27% higher than the 1-year T/C rates and specifically 26% and 28% higher for the Handysize and MR vessel types, respectively. On average, earnings from NORDEN’s tanker activities have been 10% higher than the 1-year T/C rates.

Product tanker rates across all vessel types and regions rose to levels last seen in 2008 – with spot rates exceeding USD 20,000 per day. The low price of crude oil and the increasing oil consumption resulted in high product margins in the refinery sector, which was thus motivated to maintain a record activity level for the remainder of the year and maximise exports of surplus products. Capacity utilisation in Europe and China went up by 5-6% and 3%, respectively, compared to the previous year, and up until end-October, the export-oriented refineries in the US Gulf recorded a utilisation rate of 92% – the highest level in a decade.

The escalation in refinery activity is primarily due to a surprisingly steep increase in demand for gasoline. American gasoline consumption thus rose by approximately 3% in 2015 against barely 1% growth in the previous year, and in China, demand for gasoline went up by no less than 9%.
## NORDEN’s fleet

### Dry Cargo

#### Panamax
- **Total number of vessels**: 55.5
- **Owned vessels**: 4
- **Chartered vessels**: 51.5
- **Length**: 215-230 metres
- **Width**: 32 metres
- **Cargo capacity (deadweight)**: 70,000-85,000 tonnes
- **Areas of operation**: The whole world
- **Customers**: Steel works, mining companies, power plants, cement producers, grain traders and trading houses
- **Average age – owned vessels**: 9.4 years
- **Total number of Panamax vessels in the global fleet**: 2,033
- **Average age of Panamax in the global fleet**: 8.9 years

#### Supramax
- **Total number of vessels**: 76.6
- **Owned vessels**: 4
- **Chartered vessels**: 72.6
- **Length**: 190-200 metres
- **Width**: 32 metres
- **Cargo capacity (deadweight)**: 50,000-62,000 tonnes
- **Areas of operation**: The whole world
- **Customers**: Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
- **Average age – owned vessels**: 6.6 years
- **Total number of Supramax vessels in the global fleet**: 3,310
- **Average age of Supramax in the global fleet**: 8.1 years

#### Handysize
- **Total number of vessels**: 16
- **Owned vessels**: 13
- **Chartered vessels**: 3
- **Length**: 175-185 metres
- **Width**: 27-31 metres
- **Cargo capacity (deadweight)**: 37,000-40,000 tonnes
- **Areas of operation**: The whole world
- **Customers**: Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
- **Average age – owned vessels**: 7.4 years
- **Total number of Handysize vessels in the global fleet**: 511
- **Average age of Handysize in the global fleet**: 11.4 years

#### Post-Panamax
- **Total number of vessels**: 8.6
- **Owned vessels**: 4
- **Chartered vessels**: 4.6
- **Length**: 240-250 metres
- **Width**: 43 metres
- **Cargo capacity (deadweight)**: 110,000-120,000 tonnes
- **Areas of operation**: The whole world
- **Customers**: Steel works, mining companies and power plants
- **Average age – owned vessels**: 5.5 years
- **Total number of Post-Panamax vessels in the global fleet**: 533
- **Average age of Post-Panamax in the global fleet**: 5.8 years

### Tankers

#### MR
- **Total number of vessels**: 28
- **Owned vessels**: 9
- **Chartered vessels**: 19
- **Length**: 180-185 metres
- **Width**: 32 metres
- **Cargo capacity (deadweight)**: 45,000-50,000 tonnes
- **Areas of operation**: The whole world
- **Customers**: Oil majors and oil traders
- **Average age – owned vessels**: 2.8 years
- **Total number of MR vessels in the global fleet**: 1,239
- **Average age of MR in the global fleet**: 8.4 years

#### Handysize
- **Total number of vessels**: 40.1
- **Owned vessels**: 32
- **Chartered vessels**: 28.1
- **Length**: 170-190 metres
- **Width**: 27-30 metres
- **Cargo capacity (deadweight)**: 28,000-38,000 tonnes
- **Areas of operation**: The whole world
- **Customers**: Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
- **Average age – owned vessels**: 7.4 years
- **Total number of Handysize vessels in the global fleet**: 511
- **Average age of Handysize in the global fleet**: 11.4 years

### Number of vessels on order:
- **Total number of vessels on order**: 31.5
- **Dry Cargo: 24.5 vessels**
  - **Capesize**: 1 vessel (chartered)
  - **Panamax**: 7 vessels (3 owned and 4 chartered)
  - **Supramax**: 16.5 vessels (8.5 owned and 8 chartered)
- **Tankers: 7 vessels**
  - **LR1**: 2 vessels (chartered)
  - **MR**: 5 vessels (chartered)

### Notes:
- All data as per 31 December 2015. Source - global fleet data/Dry Cargo: Clarksons. Source - global fleet data/Tankers: SSY
For 29-year-old Danish Chief Officer Milan R. Falsing, it makes sense to work for NORDEN on the 7 seas. But it also makes sense for him to spend his spare time sailing with a hospital ship along the African west coast, where there is an almost unquenchable need for doctors, nurses and other healthcare workers who can treat people with large, serious illnesses.

It is the international humanitarian aid organisation Mercy Ships that so far has had the NORDEN employee join its hospital ship AFRICA MERCY twice. This is the world’s largest private hospital ship, which has previously served as the train ferry DRONNING INGRID (in English the Danish word dronning means queen), running regular service across the Great Belt in Denmark during the years 1980-1997.

“My story with Mercy Ships began as a boy when I sailed with DRONNING INGRID between Korsør and Nyborg to visit my grandmother and grandfather on the island of Ærø, where I would later train to be a shipmaster. Sailing with the ferry was simply very special, and when the railway across the Great Belt opened in 1997 and the railway ferry service was discontinued, I kept myself up to date about the fate of DRONNING INGRID. After I had achieved my master mariner certificate in 2010, I actively went into the search to get on board again. I succeeded in doing so for the first time in 2011, when Mercy Ships had rebuilt DRONNING INGRID into the hospital ship AFRICA MERCY,” Milan R. Falsing recounts.

His job title on board the AFRICA MERCY is that of navigation officer, and his job consists of keeping the vessel ready to sail at all times, so that it always and at short notice can sail to a new country where its assistance is needed. The ship has 5 operating rooms, in which 7,000 operations are carried out on an annual basis, and it has space for approximately 80 in-patients.

“Why do I spend time and energy working unpaid for Mercy Ships? Because it is meaningful. To help others, in my opinion, is a precondition for being human. Once you have met children and adults with tumours the size of basketballs, with eyes that cannot see, with teeth that have all but rotted away, or with something even worse, then you understand the importance of the job that Mercy Ships is doing. And for the thousands of people who are receiving treatment, this is invaluable help. Nothing compares to seeing our patients being cured. That is what it is all about,” says Chief Officer Milan R. Falsing.

Among Mercy Ships’ regular Danish donors is Orients Fond.

Read more about the aid organisation here: www.mercyships.org