THEME: Grain is NORDEN’s second largest cargo type

Customers can leave it with NORDEN

NORDEN supports the oil companies’ high safety requirements

2 NEW CONTRACTS
Over a period of 15 years, NORDEN will transport a further 11 million tons of wood pellets from the US to Europe

Page 8
NORDEN has entered into 2 new contracts with the American company Enviva for the transportation of 11 million tons of biomass in the form of wood pellets from the US to Europe over a 15-year period. The contracts are among the largest in the history of NORDEN. The wood pellets will be transported on Supramax vessels.
Grain is NORDEN’s second largest cargo type
The world population is growing, especially in Asia and Africa which have to import a large share of their food products. Concurrently with this increase in world population, NORDEN expects its number of grain transportations to grow and not just to these two continents but in total.

Customers can leave it with NORDEN
Making a difference

NORDEN’s job is to serve its customers.

Every day, we make an effort to meet our customers’ many different requirements and requests. It therefore makes us proud when our endeavours to make a difference are being noticed and bear fruit. Fortunately, this happens often – also when we recently signed 2 of the largest cargo contracts in the history of NORDEN.

The contracts have been concluded with the world’s largest producer of wood pellets, the American company Enviva, and will run until 2034. It is therefore a long-term commitment both on the part of Enviva and NORDEN. And it is a commitment we are capable of meeting by virtue of our position in the market.

It is a position which is also being noticed by other important players – as for example American ADM, which is one of the world’s largest grain companies. They refer to NORDEN as “a safe haven”, and a better label is hard to get in such changeable and challenging times as the ones we are experiencing in the dry cargo market these years. NORDEN has worked strategically to increase its share of grain cargoes, partly because the demand for food products is increasing in step with the growth of the global population, and partly because, to a large extent, grain cargoes are shipped on vessel types which NORDEN is strategically focusing on: Supramax, Panamax and Handysize.

Regardless of the vessel type being used for a shipment, focus is always on safety. Because safety is high on the agenda – both for NORDEN and for our many customers. This is especially true for the large oil companies who, for obvious reasons, are very occupied with making sure that the transportation at sea is carried out as safely as possible from loading port to discharging port. This places great demands on crew and equipment, but NORDEN backs the oil companies all the way. We share the companies’ clear ambition to have zero accidents at sea, and we therefore make a point of not just operating modern vessels through Norient Product Pool, but also of continuously training our crews. Because NORDEN and NPP will not relax their demands on safety.

NORDEN has been in the shipping industry for more than 145 years. In other words, we have been through several ups and downs in this business.

At the moment, the market is still under pressure, but with sound business acumen, skilled operation of vessels and technical know-how NORDEN is able to generate added value compared to the market and still make a difference to its customers. And that is what it is all about.

I hope you enjoy this issue of NORDEN NEWS.

Jan Rindbo, CEO
NORDEN's Facebook – highlights

Wife left on the dock

In one of NORDEN’s scrapbooks, we found the story from 1955 about the NORDEN steward Karl Pedersen, crew member of the SS NORDEN, who had to leave his wife Annelisa Thygesen on the dock in Hull in England, only a few hours after they had been married. The reason: She did not get a visa for the US in time, before the ship had to leave because of the night tide. When were they reunited? That remains an open question.

In control of beautiful models

In terms of the number of likes and comments, this quarter’s absolute top scorer was the story about boatswain Felix Bryan Alangilan, who spends some of his spare time on board NORDEN’s vessels building the most beautiful models of various NORDEN vessels. He makes the ship models out of plastic, and usually it takes him at most 2 months to finish a model.

Danish Vikings at the Olympics

Together with the Brazilian employees from the NORDEN office in Rio de Janeiro, a couple of Danish Vikings from the same office contributed to the positive atmosphere at the Olympic Games. They cheered for the Danish women’s double in badminton at the final on 18 August, where Denmark took silver. On 21 August, they were back on the stands. This time for the men’s handball final which ended with a place at the very top of the podium with Olympic gold medals around the Danish necks.

The blue shirts’ parade

The local shipping community in Tuborg Havn north of Copenhagen got together on 25 August for the annual shipping bar – this time hosted by NORDEN. The story on Facebook prompted cheerful remarks about the many blue shirts.
First Panamax discharge of wheat at Callao

For the first time ever, wheat has been discharged from a Panamax vessel at the newly opened APM terminal in the city of Callao in Peru. NORDEN was in charge of the wheat transportation, which was loaded at Cargill terminal in Vancouver, Canada. As the water is too shallow in Callao’s old terminals, wheat cargoes have previously been conducted solely on Handysize and Supramax vessels, which are able to carry considerably less cargo than Panamax vessels, which can carry about 70,000-85,000 tons. This first transportation of wheat by a Panamax vessel to Callao was done on the chartered vessel ADRIATICA GRAECA, which carried a total of 70,500 tons of wheat. 52,500 tons were discharged in Callao, where the recipient was the large food manufacturer Alicorp. 2 large cranes equipped with 45 cubic metre grabs ensured quick and efficient discharging. Michael Warming and Morten Vesth from NORDEN’s office in Santiago, Chile, witnessed the discharge accompanied by representatives from Alicorp, Atlantic & Pacific Shipbrokers (APS), APM Terminals and the agent Tramarsa, who was responsible for the vessel’s activities in the port.

Shipping students on introductory visit

As an introduction to their 3-year bachelor programme BSc in International Shipping and Trade at Copenhagen Business School (CBS), 45 students visited NORDEN’s head office in Hellerup on 24 August. Here, head of operations in Norient Product Pool and the future operations manager of NORDEN’s Dry Cargo Department Jens Malund Jensen gave them a presentation of NORDEN’s business model and business segments – dry cargo and product tankers – and HR Partner Tina Larsen talked about, among other things, NORDEN’s collaboration with CBS. Afterwards, the students were given a tour of the head office, which is housed in a renovated brewhouse in Tuborg Havn just north of Copenhagen.

18 new Cape Horns

It often happens that seafarers pass the equator, but it is rare that they pass 55° 59’ South and 67° 16’ West. For those readers who are not that familiar with geographical coordinates, this is where you find the southernmost point of South America, namely Cape Horn, which is part of the archipelago Tierra del Fuego. So, when the Panamax dry cargo vessel NORDPOL on 8 August passed Cape Horn on its way from Australia to Brazil with a load of coal, Captain Hans Kristian Jensen decided to give the crew a certificate that confirms the unusual passage, just as he made sure to capture the 18 new Cape Horns in this family photo.
Regional Site Manager Allan Thomsen, Korea, has passed away. NORDEN has thus lost one of its most experienced and trusted employees. With a mate’s examination under his belt, he started working for NORDEN in 1978 as third officer. Later, he rose through the ranks at sea, but in 1989 he went ashore and was employed at NORDEN’s former head office in Copenhagen. Here, he worked both as superintendent and deputy head of the Technical Department. However, above all he will be remembered for his great efforts in connection with newbuildings, as supervisor at the shipyards that have built NORDEN’s vessels. He carried out inspections at yards in Denmark, Ukraine, and over the last many years solely at yards in Korea, Japan, China and Vietnam, which are the large shipbuilding countries of today. As Regional Site Manager based in Korea, Allan Thomsen managed a team of employees that supervised the construction of vessels to ensure that NORDEN always received the quality as agreed in the contract. Allan Thomsen was 61 years and the most senior NORDEN employee.

The 70th anniversary of India’s independence from Great Britain was celebrated on 15 August on board NORD FARER, while the product tanker lay at anchor in Salvador, Brazil. The celebration was initiated with the hoisting of the Indian flag, followed by the Indian national anthem sung by the Indian crew members. Later, there was tea, snacks, something sweet and a delicious lunch. “The crew is made up of Indians as well as Brazilians, but everyone participated in the celebration with great enthusiasm. Because everyone knows how important independence is,” says Captain Vibhore Saxena, NORD FARER.

Indian and Brazilian crew members celebrated the anniversary of India’s independence.
Increased focus on CO₂ emissions and pollution together with low gas prices are the reasons why coal consumption for the generation of heat and electricity is declining. In Europe alone, imports dropped by 20% in the second quarter of this year, as a result of competition from low gas prices and a continued environmental focus. On the other hand, global demand for the eco-friendly wood pellets as fuel for the generation of heat and electricity is on the rise – especially in Europe, but increasingly also in Asia.

While the demand for wood pellets in 2015 amounted to 13 million tons, the British consultancy on the area Hawkins Wright expects that in 2020 it will have reached 27 million tons. This means a yearly growth of 16%.

NORDEN therefore has focus on transportation of wood pellets and biomass in general. Even though transportation of forest products on the whole only took up 2% of NORDEN’s cargo book in 2015, the Company is today one of the world’s largest carriers of wood pellets.

Most recently, NORDEN has entered into 2 contracts with the American company Enviva for the transportation of 11 million tons of wood pellets from the US to Europe over a period of 15 years.

The contracts are among the largest in the history of NORDEN.

NORDEN proud to have been chosen

“Enviva is the world’s largest producer of wood pellets, and we are proud that they have chosen us to be in charge of transporting even more of their products across the Atlantic to their European customers. Because of its successful collaboration with Enviva, NORDEN has achieved an attractive position in this market,” says CEO Jan Rindbo.

The deal with Enviva concerns 2 separate contracts for transportation of wood pellets from Enviva’s production facilities in the southeastern part of the US to power plants in Europe. One of the contracts runs for 9 years and the other for 15.

A total of 15.3 million tons of wood pellets

The contracts follow the contract with Enviva which NORDEN entered into in 2012 and which runs for 9 years. It covers transportation of 4.3 million tons of wood pellets from the US to European power plants with Great Britain in the lead.

This brings the total amount of wood pellets which NORDEN is to carry on behalf of Enviva to 15.3 million tons.
The wood pellets will be transported on Supramax vessels, of which NORDEN operates about 90.

**Good future proofing**
According to the head of Industrial Bulk, Vice President Michael Boetius, who has been responsible for the negotiations of the Enviva contracts, there are several reasons why the contracts are important and fit NORDEN well.

“First of all, the contracts provide good and long-term coverage and therefore activity for the Supramax vessels, which are NORDEN’s primary vessel type together with our Panamax vessels. In addition, the contracts fit well into our trading patterns – i.e. the way in which we push our Supramax vessels around in order to find suitable employment at all times,” says Michael Boetius, who also points out that the contracts contribute to extending NORDEN’s position within transportation of wood pellets.

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When the American producer of wood pellets Enviva was founded in 2004, the company had a clear purpose in mind: It wanted to develop a cleaner alternative to fossil fuels. Today, Enviva supplies a form of renewable wood energy that replaces coal and oil in electricity and heat generation. Electric power plants that convert from coal to wood pellets can reduce their lifetime greenhouse gas emissions by 80 percent.

Enviva is the world’s largest producer of wood pellets, manufacturing more than 2 million metric tons in 2015. The company owns and operates 6 pellet plans in the southeast United States and employs more than 600 people. Its head office is in Bethesda, Maryland.

Enviva conducts its activities through two business entities: Enviva Partners, LP, which is listed on the New York Stock Exchange, and the wholly-owned subsidiary Enviva Development Holdings, LLC.

In 2015, the company achieved a turnover of USD 457 million.

Enviva makes wood pellets using only low-grade or leftover wood that would not otherwise be milled into high-value products such as lumber and furniture. This includes pulpwod, crooked or undersized trees, tops, limbs, wood chips and sawdust.

**The turnover of 2015**

**USD 457 million**

Wood pellets are a sustainable, cost-efficient and essential complement to wind and solar power. By using wood pellets instead of fossil fuels, electricity and heat producers can lower their lifetime carbon emissions dramatically.

And wood pellets can provide uninterrupted electric power at any time, at large scale and at comparatively low cost.

**Benefits of wood pellets as fuel:**

- Low carbon content
- Energy dense
- Easy to store and transport
- Efficient, reliable and scalable combustion
Wood pellets must take up more space

It is NORDEN’s ambition that wood pellets will take up more space in the Dry Cargo Department’s cargo book going forward.

The starting point is promising. Not only is annual growth in global demand until 2020 predicted to be 16%. It is also expected that new large importing countries will enter the market.

In 2015, British power plants took 46% of the global production of wood pellets for power plants. Sweden, Denmark, Belgium and the rest of the EU followed with 13%, 12%, 9% and 7%, respectively.

According to the British consultancy Hawkins Wright, these countries will continue to increase their consumption of wood pellets as fuel for generation of heat and electricity. But also in Japan and Korea, demand will increase significantly. In 2030, it is predicted that Japanese demand will be about 10 million tons, corresponding to 2/3 of global demand in 2015. Korea is expected to take 2.9 million tons of wood pellets for the country’s power plants in 2020.

“Even though it is part of the history of the wood pellet that growth comes from a low starting point, it is a really interesting market for NORDEN. The wood pellet market is one of the few dry cargo markets which is experiencing growth – considerable growth even – and which matches NORDEN’s strategy. NORDEN is therefore focusing on the area, and we will do so increasingly. For us, it is obviously also interesting to see new large importing countries such as Japan and Korea,” says head of Industrial Bulk, Vice President Michael Boetius.

NORDEN will transport a total of 15.3 million tons of wood pellets for Enviva

NORDEN recently signed two new contracts with Enviva to ship 11 million tons of wood pellets across the Atlantic over 16 years.

The first contract starts in 2018 and runs for 9 years with 6 to 7 shipments a year. The second starts in 2019 and runs for 15 years with 12 shipments a year.

In addition, NORDEN has an existing contract with Enviva that began in 2012 and runs for 9 years with 10 shipments from the U.S. to Europe a year. This amounts to 4.3 million tons during the contract term.

Altogether, the 3 contracts cover transportation of 15.3 million tons of wood pellets for Enviva. These contracts are among the largest in the history of NORDEN.

All shipments will be carried out on Supramax vessels, of which NORDEN operates 90 in its dry cargo fleet. A Supramax vessel can carry up to 62,000 tons, but transports about 47,000 to 50,000 tons of wood pellets on each voyage.

“Over the past four years, Enviva has found NORDEN to be an excellent shipping partner – flexible, reliable and dedicated to quality,” says Thomas Meth, Enviva’s Executive Vice President, Sales and Marketing.

“We look forward to building an even stronger partnership with NORDEN in the years ahead.”
NORDEN’s new Rio manager:

For us it is always okay to try something new

The new head of NORDEN’s dry cargo office in Rio de Janeiro, Brazil, Viviane da Rocha Goncalves brings her Brazilian culture into play in her dialogue with the customers.

NORDEN does business all over the world. This means that numerous nationalities work together – side by side and towards the same goals and embedded in the same values of flexibility, reliability, empathy and ambition. But even though the goals and values are the same, it is part of NORDEN’s company culture to encourage employees to maintain their cultural differences, as they help strengthen NORDEN as a company with focus on and understanding of its customers, regardless of who they are and where in the world they are located.

Therefore, it is also important for NORDEN to be physically present with offices around the world. One of NORDEN’s many employees, 32-year-old Viviane da Rocha Goncalves, has worked as Chartering Manager at NORDEN’s office in Rio de Janeiro, Brazil, since 2013, and here she can bring her Brazilian background and understanding into play, when she is in dialogue with South American customers.

As of 1 October and with the title of General Manager, Viviane will succeed Rasmus Saltofte as head of NORDEN’s office in Rio de Janeiro.

“In South America, the pace is different. Generally speaking, it pays off to take your time when you are negotiating with Brazilians, as we like to go over things an extra time. Other nationalities can be very quick and act without having asked that many questions. We are in no way direct. We are very aware that we might hurt someone else’s feelings. And also – shipping is a very sentimental business, but compared to Brazilians, other nationalities seem more reluctant to talk about their feelings. Brazilians are typically loud and not afraid of expressing our feelings,” says Viviane da Rocha Goncalves.

Nothing personal

NORDEN benefits from how the many different nationalities contribute to understanding the customers. At the same time, employees also experience that different approaches can create value in their daily work. Her job in a Danish company – and the NORDEN job is her second job working for a Danish shipping company – has taught her, for example, not to take it personal when Danes are direct and sometimes ask critical questions.

“As long as we are able to have a dialogue, criticism and being direct can be good for both parties,” she says.

At the same time, she has learned that it is more than okay, and often value-creating, for employees to enter into a dialogue with managers, rather than just accepting what the managers say without questioning it.

“In NORDEN, I have learned that it is okay to disagree and to have your own opinions that you are always free to share with other people,” says Viviane da Rocha Goncalves.

A bit more patience

What can other countries learn from the Brazilian culture?

“In Brazil and in South America generally, we have a very particular way of doing business. It is very personal. Most of the time, we are friends with our customers and competitors. This helps us find the solution to a problem at a later stage, and it can help keep the business going. Brazilians are also very relaxed people. I know it can be very frustrating when we are about to close a deal and then we end up without a signed contract. But with a bit of patience and a little extra talking, we often succeed in bringing the deal in after all. Brazilians are also use to being outside their comfort zone. This means that for us it is always okay to try something new and different,” says Viviane da Rocha Goncalves.

Equal opportunity

What is the best thing about working for a Danish company?

“Most of all: The possibility of being treated equally – also regardless of gender.”

Facts:

Rio de Janeiro (Portuguese for River of January) is the country’s second largest city, only exceeded by São Paulo.

Population, Rio de Janeiro: 6.5 million
Population, Brazil: 205 million
First they had a good time, then they competed

NORDEN’s business connections from North and South America are up for both boat trips with friendly chats, food and drinks as well as tough competitions on the golf course. This was evident on 8 and 9 September, when NORDEN and Norient Product Pool (NPP) in Annapolis, US, hosted the 2-day event, by now a tradition, for customers, brokers and more from the US, Argentina, Mexico, Colombia, Canada, Peru, Brazil, Venezuela etc. In his welcome speech before the boat trip on Chesapeake Bay, NORDEN’s CEO Jan Rindbo said that NORDEN’s and NPP’s business is about people and about joining forces for the purpose of improving the way in which global trade is conducted. “At NORDEN and NPP, we are proud of the friendships and relations we have built,” said Jan Rindbo, before the about 200 participants began their outing in the most beautiful late summer weather. Back in Annapolis, the after party was held at Pusser’s Caribbean Grille. Even so – early the next morning, the about 100 business connections and representatives from NORDEN and NPP who had also signed up for the golf tournament were ready for tee off at the Presidential Golf Club. Here, some won more than others!
Grain is NORDEN’s second largest cargo type

The world population is growing especially in Asia and Africa, which have to import a large share of their food products. Concurrent with this increase in world population, NORDEN expects its number of grain transportations to grow and not just to these two continents but in total.

The world population figure is growing rapidly. Today, there are roughly 7.5 billion people in the world, and estimates suggest that the population figure will grow to 9.5 billion before 2040-2050. As the greatest population growth is expected in Africa and Asia, which are not self-sufficient in food, these continents have to import large volumes of food products which must be carried there by sea.

Together with the growing population figure, many people are eating more meat as a direct result of their improved financial wealth. This provides more demand for soya as animal feed, which must also be transported to the importing countries.

NORDEN is performing a growing share of the world’s grain transportations which is a result from a significantly increased focus on this particular market.

Grain transportations are largely carried out by Supramax and Panamax vessels, which are NORDEN’s primary vessel types. But grain is also transported on board Handysize vessels of which NORDEN also operates a considerable fleet.

In 2015, grain products as a commodity accounted for 12% of the total dry cargo market. But for NORDEN, grain accounted for a total of 27% – or nearly just as much as coal (30%), which traditionally has been the dominant dry cargo product for NORDEN. This makes NORDEN one of the large global transporters of grain which is a key product in food production – both directly as food and indirectly as animal feed for livestock that eventually end on our dining table.

**NORDEN has a strong position**

During 2015, NORDEN’s dry cargo vessels carried a total of 18,405,970 tons of grain.

And the Dry Cargo Department anticipates that, along with the population growth and changing eating habits, NORDEN’s grain cargoes will continue to increase in coming years.

“Grain, of which soya bean constitutes a fair share, is a market in considerable growth, and this makes it very interesting to NORDEN. We
have succeeded in establishing a strong position within this market, and naturally, we will work on developing this position,” says Vice President Thomas Jarde, commercially responsible for NORDEN’s fleet of geared dry cargo vessels, i.e. Handysize and Supramax.

**Significant fleet and experience**

Most of NORDEN’s grain transportations are soya bean. Hereafter comes wheat and corn. But NORDEN transports all types of grain, also e.g. unprocessed barley and malt for beer production.

“We offer both old and new customers extensive expertise, reliability and flexibility to match the customers’ individual needs best possibly. As we are developing our position in the grain market on an ongoing basis, this suggests that we often succeed in matching the customers’ needs – also on price,” says Vice President Thomas Kobbel, who has the commercial responsibility for NORDEN’s gearless dry cargo fleet, i.e. Panamax, Post-Panamax and Capesize.

The majority of NORDEN’s grain cargoes are transported from North and South America to Asia with most discharges – when it comes to soya bean – at Chinese ports. But overall, NORDEN transports grain to a great number of grain-importing countries in North Africa, in South East Asia, in North East Asia and surrounding the Indian Ocean.
Unique market overview
The large volumes of grain in NORDEN’s cargo book have provided the Company with a unique and valuable market overview.

“Today, we have a good feel for what cargoes there will be and where they will be – and how we find the best suited and most profitable tonnage to carry the cargoes. We also always have an idea of how much a cargo will cost and are ready to take positions going forward – and hopefully we can make money on this. In the current dry cargo market with historically poor rates, it is of great importance to know the market in every detail in order to use the opportunities, which are after all there, best possibly,” says Vice President Thomas Jarde.

Seasonal market
Thomas Kobbel and Thomas Jarde say that part of why the grain market is interesting to NORDEN is that it is seasonal.

In the second quarter, the grain is shipped from the southern hemisphere where Brazil and Argentina are the main exporters. In Brazil, the major loading ports are Santos, Paranaguá, Rio Grande and São Francisco do Sul. In Argentina, loading typically occurs at the ports on Rio Plata and Bahía Blanca.

In the fourth quarter, it is the northern hemisphere’s turn where the USA is the largest exporter. Here the major loading ports are in the Gulf of Mexico or surrounding area – typically on the Mississippi River – or in Houston, Galveston, Beaumont and Corpus Christi. Great volumes of grain are also shipped from the North American west coast concentrated around the Columbia River and Vancouver in Canada.

Northern Europe, the Baltic States and the Black Sea also contribute substantially to the global grain export.

Grain market’s watchdog
The International Grains Council was established in 1949 at the initiative of the American government headed by President Harry S. Truman. The purpose was to ensure equal distribution of wheat to countries in need. Today, the purpose has broadened to promote international cooperation within grain trade. The purpose is also to promote openness and fairness within the grain industry and to contribute to market stability and, in doing so, increase global security of supply. The intergovernmental organisation attempts to reach these goals by improving market transparency. This is for example done through information sharing, market analyses and daily market monitoring.

25 billion loafs
If you imagine that the 18,405,970 tons of grain which NORDEN transported in 2015 was all bread grain and was used in the production of regular bread loafs, there would be enough flour for almost 25 billion loafs.
"We offer both old and new customers extensive expertise, reliability and flexibility"

Vice President Thomas Kobbel, who has the commercial responsibility for NORDEN’s gearless dry cargo fleet, i.e. Panamax, Post-Panamax and Capesize

Grain market is a swing factor

The grain market is also known as a swing factor meaning that the volumes to be exported and thereby transported at sea go up and down. The most deciding factor is weather conditions determining the harvest size. But when it comes to the size of the exported volumes, it also matters a lot what is to be done with the harvest. How much is to be used domestically? How much is to be exported? How much is to be stocked – and where? How much is to be food for human consumption? And how much is to be animal feed? And so on.

“These conditions change from one harvest season to the next and from one production land to the other. It creates great rate fluctuations within grain transportation. And this is something that we as a shipping company – or as merchants, which is basically what we are – are trying to make use of so that we will profit from the transportation,” says Vice President Thomas Kobbel.

Soya bean – the complete protein

The soya bean rightly plays an important role to both people and livestock that most often end as human food. The soya bean is composed of up to 40% protein and is therefore called a complete protein. The plant belongs in the pea flowering family and is grown especially in the USA, Argentina, Brazil and China. The protein in soya bean is very similar to animal protein. Soya bean is an inexpensive protein source, and it is the most important legume plant in the world. In the western world, soya bean is primarily used as an ingredient in animal feed, while the soya bean, boiled or raw, has always been an important ingredient in Chinese, Japanese and Vietnamese cooking. The International Grains Council expects that global trade in soya bean will increase by more than 2% annually until the harvest year 2020/2021 as two-thirds of all ship cargoes will go to China.
ADM and NORDEN have done business together for many years, and according to ADM this is greatly due to the fact that NORDEN when it comes to values and the way of doing business matches ADM’s values and business methods.

ADM with head office in Chicago, USA, and activities globally considers NORDEN as a good and solid counterpart with the necessary expertise and great experience. ADM regards NORDEN as a safe haven – both in stabil times and in economically challenging times in which parts of the world continue to be following the financial crisis.

“We have a long-standing relationship. It is not coincidental because NORDEN always delivers what we need. No matter whether it goes up or down, or whether there is prospect of profit or loss – you can always count on NORDEN,” says Director Global Freight Business Hans Christian Jensen, ADM.

He stresses that NORDEN when it comes to values and the way of doing business matches ADM’s values and business methods.

Briefly put, it is a matter of doing business the right way according to ADM. Above all, this applies in relation to customers and suppliers as well as in relation to employees and the communities in which you do business.

**Direct contact appreciated**
ADM appreciates that NORDEN in case of technical problems, delays or similar interruptions always contacts ADM directly instead of going through a shipbroker. This has meant that any problems have been dealt with a lot faster.

“It is also my impression that NORDEN makes great quality demands on the vessels that are chartered, and it is the vessel quality that is important to us – not the shipowner. It is also of great importance that the vessels always call...
One of NORDEN’s most significant customers in the grain market is the grain company ADM — the Archer Daniels Midland Company. The company was established in 1902 in Minnesota, USA, and today, it is one of the world’s largest grain companies selling grain and grain products on 6 continents. The company’s area of business includes food, animal feed (eventually ending as food), ethanol and bioenergy. ADM is listed on the New York Stock Exchange. The market value of the company is approximately USD 26 billion.

ADM in figures:

Crop procurement locations, grain: 428

Number of countries where ADM has customers: more than 160

Number of employees: more than 32,200

Ingredient manufacturing facilities: 280

Innovation centres: 39

Annual turnover: USD 67.7 billion

Note: All figures from 2015

The loading ports with clean cargo holds. This is really important as it can easily cost significant delays and, in doing so, a lot of money if you first have to clean the cargo holds thoroughly when the vessel calls the loading port,” says Hans Christian Jensen.

Thorough knowledge of ADM
ADM makes a point of having suppliers who have a thorough knowledge of the company, though it is both comprehensive and complex. Because without this knowledge you cannot deliver the products which ADM requires.

“Fortunately, I can say that both NORDEN’s charterers and operators possess the necessary knowledge of ADM required to deliver what we need,” says Hans Christian Jensen.

In addition, it is not always NORDEN, who is the supplier, and ADM, who is the customer.

Sometimes it is ADM that charters out vessels to NORDEN so the supplier/customer relationship goes both ways, though we are mainly the customer,” says Hans Christian Jensen.

Expanding cooperation
Commenting on the future cooperation between ADM and NORDEN, he says:

“With the prospect of continued growing world population figures and therefore an increasing need for grain products, I predict that ADM will grow as a company and that this will positively affect the size of the business which ADM does with NORDEN.”
Customers can leave it with NORDEN

During the autumn, Jens Malund Jensen will take up the position as new head of Operations in the Dry Cargo Department, and it is his ambition that NORDEN always provides safe and smooth transportation.

Focus on customer needs

“It is important to keep focus on the customers’ needs. In a very changeable market, it is essential to always deliver safe and smooth transportation,” he says.

It is the ambition of Jens Malund Jensen as new head of Operations in Dry Cargo that the customers can always rely on NORDEN to handle all – and he means all – aspects and challenges in connection with the voyage.

“Challenges or even problems can always arise during a voyage. But this is not something with which we should burden the customers. We should not be calling or emailing a customer if there are technical, weather related or other operational challenges during the transportation of their coal cargo from Australia to Brazil – unless the problems affect the time of discharge. As a rule, NORDEN has to figure out a solution, and the customer is rightly to expect this because this is how our service package to the customers should always be put together. Our intercompany balances are not something with which the customers should be burdened,” says Jens Malund Jensen.

Reliable and flexible

The employees in Operation should be known by the customers as being reliable and flexible. The employees should also be friendly and understanding as friendliness and understanding according to Jens Malund Jensen are important factors in all human transactions – also when it is a matter of something as specific and concrete as the transportation of grain, coal, iron ore, cement, etc.

But if NORDEN sees a better solution for how to conduct a voyage in the best way possible than what the customer is suggesting and is ready to order, the employee in Dry Cargo Operations should never just humour the customer.

“If we want to create value for NORDEN in the short term but especially also in the long term, we must always also create value for our customers at the same time”

Jens Malund Jensen, future head of Operations in NORDEN’s Dry Cargo Department

“Focus & Simplicity is the name of NORDEN’s present strategy. To a great extent, this is also something which our customers should benefit from.”
Vice President Jens Malund Jensen, new head of Operations in NORDEN’s Dry Cargo Department: “Challenges or even problems can always arise during a voyage. But this is not something with which we should burden the customers.”
1. **How will your future employees experience that you are their new manager?**

“How currently, NORDEN is optimising a number of important processes. I see it as one of my first and most important tasks to make sure that the necessary changes are carried out with focus on ensuring that our customers will get to experience even better services.”

2. **Which type of leader are you?**

“I value trust greatly – trust in delegating tasks to my employees and trust in giving them space to develop,” says Jens Malund Jensen. I concern myself very much with the daily operational activities – not to control these but to guide and challenge. I am patient – also during a hectic and changeable workday. I respect the individual while I also focus on teamwork. I believe that simplified working procedures will provide my employees with the best conditions for optimising the operation of the dry cargo vessels and for challenging themselves and others, not least the customers.”

3. **What are you looking must forward to in your new job?**

“I very much look forward to getting better acquainted with a new area within shipping! I am well aware that I have a very steep learning curve in front of me, and I look forward to learning and absorbing as much knowledge as I can from my many new experienced employees in NORDEN’s Dry Cargo Department.”

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**Jens Malund Jensen – CV**

Jens Malund Jensen has an education as navigator from Fanø Navigationsskole.

From 1993 to 2010, he was employed with Maersk where he started as Deck Officer in the container fleet. After 2 years, he went ashore to transfer to the operation of Maersk’s tanker fleet. He started as Operator and finished as Senior General Manager. In 2010 with a position as Director, he was employed as head of Operations in Norient Product Pool (NPP), which handles the operational and commercial management of NORDEN’s and Interorient Navigation Company’s fleet of product tankers. NPP also operates vessels from the shipping company Diamond S.

Jens Malund Jensen is 48 years old, married and has 2 sons of 14 and 16 years.
The whistle is turning 5

A whistleblower scheme allows for early and efficient interference in case of possible violation of law, policies and guidelines.

**“We also believe that a whistleblower scheme can be used for risk minimisation”**

CSR & Compliance Manager
Camilla Marie Thiele

ORDEN and Norient Product Pool (NPP) are determined to be transparent companies. Employees, management and board members can therefore blow the whistle — meaning that they can use the whistleblower function if they believe that a colleague or one of the companies' business partners are in the process of violating any national laws or the companies' own policies and guidelines.

It is now 5 years ago that NORDEN and NPP introduced this function providing the possibility of reporting on serious matters such as bribe, fraud, false or misleading statements about internal matters, breach of work safety, violence and sexual harassment. Any reporting would be made to an external investigator, a lawyer, to guarantee that the matter would be dealt with in a confidential and unbiased manner. The lawyer reports to the chairmanship in NORDEN's Board of Directors, and it is up to the chairmanship to determine what should happen to the person who has violated the law, policies or guidelines.

Only one report

"So far, only one report has been made to the whistleblower scheme. This indicates that there is far between the irregularities in NORDEN and NPP. But it certainly does not make the function unnecessary as it is important for everyone who in some way contributes to the operations of the 2 companies that they know that they have the possibility of taking action in an efficient manner if they should become aware of serious irregularities. This is the true value of the whistleblower scheme,” says CSR & Compliance Manager Camilla Marie Thiele.

The existence of the whistleblower scheme is also a signal to the world, it being customers, suppliers, investors, authorities, media, etc., that you can count on there being a reaction if someone in NORDEN or NPP discovers irregularities which may also have external consequences, as such would easily affect the companies' reliability and therefore their value as business partners.

Use as risk minimisation

"We also believe that a whistleblower scheme can be used for risk minimisation in the sense that it may intercept problematic matters early on, so intervention can take place before the matters develop and possibly grow to an extent where they may be very difficult to handle without causing great damage to the company,” says Camilla Marie Thiele.

Having a whistleblower function in place is also part of all best practice anti-corruption programmes, just like the scheme is recommended by the international organisation Transparency International and by the comprehensive British anti-corruption legislation that is the UK Bribery Act, which not only sets the standard for anti-corruption legislation in Great Britain but also for foreign companies with activities in the country.

Hence the name

The expression whistleblower comes from the practice of English police officers — also known as bobbies — when they see a law breaker. They then blow their whistle.
NORDEN supports oil majors’ high demands on safety

It costs money to have a satisfactory level of safety on board the vessels, whether they are product tankers or bulk carriers. But according to NORDEN’s new head of the Technical Department, a high safety level is, above all, a matter of behaviour, care and knowledge.

NORDEN supports oil majors all the way when it comes to their safety demands for the tanker shipping companies. Maintaining a high safety level on board the vessels takes great effort; however, there is no alternative to a high level of safety. NORDEN’s product tanker fleet must not suffer accidents, disasters or catastrophes. The consequences for people and nature are much too serious and incalculable.

Oil majors have been leading the trend of setting high standards for tanker vessels, and the head of NORDEN’s Technical Department, Jens Christensen, welcomes this development.

“It is in their interest that nothing goes wrong, and this is in our interest as well. That is also why we continue to provide the necessary resources to maintain a satisfactory level of safety on board our product tankers. And if the oil majors want us to do more to ensure safety, we will do that,” says NORDEN’s new head of the Technical Department Jens Christensen.

NORDEN’s latest initiative on the area is the introduction of roving safety officers who visit NORDEN’s vessels around the globe, product tankers and dry cargo vessels alike. Their task is to assist the crew in improving safety further. In so doing, their efforts reinforce the great work already performed on board by the crew in collaboration with NORDEN’s team of technical and marine superintendents, who – in the broadest sense – focus on technical aspects and the vessels’ daily operation.

Seafarers must return home from work safely

The internal aspect of safety is equally important to him as technically responsible for the fleet of product tankers and dry cargo vessels.

“In short, we want our seafarers to return home from work safely. We ensure this by taking precautionary measures and avoiding that anything goes wrong on board, so that no one gets hurt,” says Jens Christensen.

Vessels are constantly being put to the test

NORDEN’s fleet of product tankers are constantly being put to the test. One inspection after the other as a way for oil majors and authorities to check that NORDEN is meeting the safety requirements pertaining to the vessel’s condition, the operation of the vessel and the officers’ experience and years of service for the Company. As a matter of precaution, in addition to the inspections performed by the authorities and classification companies, oil majors carry out their own inspections of the vessels every 6 months as a minimum – announced as well as unannounced. The oil majors also visit the shipping companies to assess, evaluate and improve the management systems which concern on-board vessel safety.
“A high level of safety is, first and last, a matter of behaviour, care and knowledge”

Head of the Technical Department
Jens Christensen
Demanding customers are just that – demanding. But this helps to develop and trim the company, thereby making the company even more competitive. This is also how Norient Product Pool (NPP) sees safety requirements from oil majors. They ensure that transports reach their destination as planned. But they also benefit NPP as a company.

“It is, of course, frustrating for a shipping company to have a vessel rejected because it does not meet the strict requirements from the oil majors in one or more areas. But if a vessel does not meet these requirements, it should not be transporting oil products, and the oil majors’ safety inspections always provide us with the opportunity to learn, and this is time and effort well spent. Hopefully, the oil majors’ high requirements represent an opportunity to differentiate ourselves positively from our competitors,” says Chief Executive Officer Søren Huscher, NPP.

NPP is responsible for the operational and commercial performance of NORDEN’s and Interorient Navigation Company’s fleet of product tankers, all of which are either MRs or Handysize vessels. The American shipping company Diamond S has also placed product tankers in NPP, who had a fleet consisting of 89 vessels – 54 MR vessels and 35 Handysize vessels – at its disposal at the end of June 2016.

Søren Huscher adds that a high level of safety first of all should be regarded as a licence to trade – as the right to do business.

“A satisfactory safety level has a number of derived benefits such as becoming more competitive. However, we need to always keep in mind that it is the entry ticket into the market. If you cannot meet the demands on safety, you might as well close the shop, because you will not be getting any business in the tanker market – and that is the way it should be,” says NPP’s Chief Executive Officer.
requirements for qualifications and experience

A key requirement from oil majors concerns the qualifications and experience of the senior officers – the so-called crew matrix requirements.

“The intention behind the matrix requirements is a reflection of good practice. The requirements state that the master and the chief officer combined and the chief engineer and the second engineer combined have to have sailed tanker vessels for a certain number of years, that they have held their rank for a certain number of years, and that they have been with the Company for a certain number of years. These demands may be quite strict, however, it makes good sense not to match a newly-promoted master with a newly-promoted chief officer and so on. It can be a great challenge to ensure compliance with the crew matrix, and, of course, every now and again you may wish that oil majors were willing to negotiate a bit whenever complying with matrix requirements is only decimals away. But they are not, and this, on the other hand, provides clarity on the demands that we must meet. In addition, the same rules apply to everyone. I respect that,” says Jens Christensen.

Must use your head before using your hands

In his experience, to a great extent, safety does not cost extra, because safety is basically a matter of using your head before using your hands, or, in other words, making a safety assessment before you set about executing a task.

“A good risk assessment requires knowing what you are dealing with and being able to identify the risks involved in performing the task that you are about to do. You also need to take the necessary precautionary measures for the risk involved in solving the task to be acceptable,” says head of the Technical Department Jens Christensen, and adds:

“The discussion of safety can very easily become a question of money, and of course it costs money to have a satisfactory safety level on board our vessels, whether they are product tankers or bulk carriers. But money is just part of the solution. A high level of safety is, first and last, a matter of behaviour, care and knowledge.”

Chief Executive Officer Søren Huscher, NPP: “If you cannot meet the demands on safety, you might as well close the shop.”
The oil majors’ 2 main ways of verifying safety levels

**Inspection on board the vessel:**

**Ship Inspection Report Programme (SIRE)**

The programme was introduced by the oil companies’ global organisation Oil Companies International Marine Forum (OCIMF) in 1993 as a supplement particularly to the inspections which are conducted at port calls by the countries in various parts of the world – port state controls – and by the state-authorised classification societies. The SIRE inspections focus on how the vessel is operated by the crew and on the safety level. These inspections must be conducted at least every 6 months. If a vessel fails a SIRE inspection, conditions must be brought in order for the oil companies to use the vessel again.

**Audit in the head office:**

**Tanker Management Self Assessment (TMSA)**

The programme was introduced by Oil Companies International Marine Forum (OCIMF) in 2004 as a tool to help shipping companies assess, measure and improve the management systems which deal with safety on board the vessels. TMSA supplements the shipping industry’s own quality code, and the overall aim is to encourage tanker shipping companies’ self-regulation and to provide the grounds for continuous improvement of safety on board the vessels.
Another 13 young people have completed NORDEN’s 2-year shipping trainee programme – 12 as shipping trainees and 1 as finance trainee.

The newly qualified are Dorothy Tan Siew Hui, Lin Qinxin, Benita Low Gou Jun, Julie Kobbernagel, Nanna Sinding Brage-Andersen, Rasmus Zerlang, Cathrine Schmidt, Christoffer John Hansen, Stine Gøttrup, Mads Thomsen, Aphro Tang, Michael Belmore and Ross Lawton.

They finished at the end of July and were celebrated with student’s caps, diplomas and well wishes for a happy future at their respective offices – i.e. at the head office in Hellerup, Denmark, and at the overseas offices in Singapore, in Shanghai, China, and in Annapolis, USA.

All of them will continue in NORDEN or Norient Product Pool with the exception of Lin Qinxin from the Singapore office, who has decided to leave NORDEN to study at university.

Since 2005, Eko Zheng has been one of NORDEN’s 2 port captains in China.

As he is responsible for NORDEN’s port calls in the northern part of China, he was also present at the beginning of August, when the Handysize vessel NORD AUCKLAND was being loaded with fertilizer in Yantai, approximately 500 km south-east of Beijing. The vessel was being loaded with 30,265 tons of fertilizer to be transported to Mexico, and as port captain, it was Eko’s job to assist the crew during the loading.

"Eko’s experience with loading and discharging operations in China is of major significance when we want to ensure that NORDEN’s customers receive the best possible service," says head of the Shanghai office, General Manager & Chief Representative Jens Fjordgaard Jensen.

NORDEN loaded close to half a million tons of fertilizer in China in 2015.
NORDEN well prepared for the market conditions

NORDEN maintains its focus in Dry Cargo on the vessel types Supramax and Panamax. In the first half of 2016, the Company has therefore sold 2 Capesize vessels and 4 Post-Panamax vessels, and consequently does no longer own any of these vessels types. In addition, the Company has sold 4 Handysize vessels. On the other hand, NORDEN has bought 1 and long-term chartered 3 Supramax vessels. At the same time, NORDEN has further increased its short-term chartering of dry cargo vessels and adjusted its exposure to a tanker market where the rates, earlier than expected, have dropped significantly.

“Combined with NORDEN’s cost focus, we are therefore well prepared for a dry cargo market which, despite slight improvements in the second quarter, still looks challenging and a tanker market which is expected to offer weaker rates in the second half-year compared to the second quarter,” says CEO Jan Rindbo.

In the second quarter, NORDEN realised an overall result of USD -4 million compared to USD 29 million in the same quarter of 2015. It is an adjusted result for the period, which means that the result is adjusted for profits or losses from the sale of vessels etc. and for so-called fair value adjustment of certain hedging instruments which is used for example when buying bunkers for the vessels.

The Dry Cargo Department realised an adjusted result for the period of USD 7 million (USD 25 million).

Cash flows from operating activities in the second quarter were negative – i.e. USD -16 million (USD 65 million).

At the end of the second quarter, NORDEN’s cash and securities amounted to USD 346 million (USD 340 million).

Dry Cargo beat the market by 31%

In the second quarter, the Dry Cargo Department utilised the increased activity in the market, among other things, by chartering a number of so-called single trip vessels. This initiative contributed to earnings that were 31% above the dry cargo market in general.

The oversupply of vessels continued to have a negative influence on the dry cargo market, and while rates improved compared to the first quarter of the year, they remain at historically low levels. In addition to the usual seasonal pick-up in demand for transportation, exports to China contributed with growth, as these were 6% higher in the second quarter compared to the same period of 2015. Exports of iron ore to China grew the most, increasing by 11%.

The most notable drop in exports was registered in Europe, as coal exports to Europe went down by more than 20%.

Tankers beat the market by 14%

The market in the second quarter did not live up to NORDEN’s expectations. Rates decreased a little sooner and a little more than expected, and the decline has continued after the end of the quarter. Product tanker rates decreased steadily throughout the quarter by approximately 20% compared to the first quarter.

The slowdown in rates is largely attributable to deteriorating refinery profitability, as the continued large stocks of refined oil products and crude oil across the globe have resulted in fewer export opportunities.

But again NORDEN’s tanker vessels beat the market – by 14%.

Gasoline demand and production went up by 3% during the quarter, contributing significantly to the accumulated growth in oil demand for the second quarter. The increased gasoline production, however, mainly occurred in regions which have previously used imports in order to cover an eventual gasoline deficit. The extra production thus did not benefit export volumes and freight rates to the same extent as last year. In addition, gasoline transportation was not sufficient to compensate for the lacking cargoes of other refined oil products.
# NORDEN's fleet

## Dry Cargo

| Capesize | Total number of vessels | 1 | Owned vessels | 0 | Chartered vessels | 1 | Length | 290 metres | Width | 45 metres | Cargo capacity (deadweight) | 170,000-180,000 tonnes | Cargoes | Iron ore and coal | Customers | Steel works, mining companies and power plants | Average age – owned vessels | Total number of Capesize vessels in the global fleet | 1,503 | Average age of Capesize in the global fleet | 7.5 years |
| Panamax | Total number of vessels | 86 | Owned vessels | 4 | Chartered vessels | 82 | Length | 215-230 metres | Width | 43 metres | Cargo capacity (deadweight) | 110,000-120,000 tonnes | Cargoes | Iron ore and coal | Customers | Steel works, mining companies and power plants | Average age – owned vessels | Total number of Panamax vessels in the global fleet | 2,023 | Average age of Panamax in the global fleet | 8.7 years |
| Supramax | Total number of vessels | 90.1 | Owned vessels | 5.5 | Chartered vessels | 84.6 | Length | 190-200 metres | Width | 32 metres | Cargo capacity (deadweight) | 50,000-62,000 tonnes | Cargoes | Iron ore, coal, grain, cement, sugar and fertiliser | Customers | Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser | Average age – owned vessels | Total number of Supramax vessels in the global fleet | 3,370 | Average age of Supramax in the global fleet | 8.1 years |
| Post-Panamax | Total number of vessels | 9.2 | Owned vessels | 4 | Chartered vessels | 5.2 | Length | 240-250 metres | Width | 43 metres | Cargo capacity (deadweight) | 110,000-120,000 tonnes | Cargoes | Iron ore and coal | Customers | Steel works, mining companies and power plants | Average age – owned vessels | Total number of Post-Panamax vessels in the global fleet | 541 | Average age of Post-Panamax in the global fleet | 6.2 years |
| Handysize | Total number of vessels | 39.1 | Owned vessels | 12 | Chartered vessels | 27.1 | Length | 170-190 metres | Width | 27-31 metres | Cargo capacity (deadweight) | 28,000-38,000 tonnes | Cargoes | Iron ore, coal, grain, steel, cement, sugar and fertiliser | Customers | Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser | Average age – owned vessels | Total number of Handysize vessels in the global fleet | 2,653 | Average age of Handysize in the global fleet | 9.4 years |

## Tankers

| MR | Total number of vessels | 27 | Owned vessels | 9 | Chartered vessels | 18 | Length | 180-185 metres | Width | 32 metres | Cargo capacity (deadweight) | 45,000-50,000 tonnes | Cargoes | Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel | Customers | Oil majors and oil traders | Average age – owned vessels | Total number of MR vessels in the global fleet | 1,281 | Average age of MR in the global fleet | 8.6 years |
| Handysize | Total number of vessels | 13 | Owned vessels | 13 | Chartered vessels | 0 | Length | 175-185 metres | Width | 27-31 metres | Cargo capacity (deadweight) | 37,000-40,000 tonnes | Cargoes | Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel | Customers | Oil majors and oil traders | Average age – owned vessels | Total number of Handysize vessels in the global fleet | 511 | Average age of Handysize in the global fleet | 11.5 years |

## Number of own vessels on order:

- **Dry Cargo:** 9 vessels
  - Panamax: 2 vessels
  - Supramax: 7 vessels
- **Tankers:** 0 vessels

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Notes: All data as per 30 June 2016. Source - global fleet data/dry cargo: Clarksons. Source - global fleet data/tankers: SSY
The backdrop could not be more Brazilian and the place could not be more Danish, when NORDEN’s office in Rio de Janeiro on 9 August hosted an informal reception for about 65 business partners, i.e. customers, brokers and agents – primarily from Brazil. The reception took place on the 84-year-old, state-owned Danish training ship DANMARK, which had 15 crew members and 75 Danish and 5 Brazilian trainees on board. The ship visited the Brazilian city between 5-21 August on the occasion of the Olympic Games at the end of this year’s big voyage. The training ship had made sure the buffet at the NORDEN reception consisted of Danish dishes, and to take home in memory of the visit on board the white painted, three-masted fully rigged ship the guests were given a piece of almond cake with the ship’s logo. “Together with our guests we had an incredibly beautiful day on the water with a view of Botafogo bay and the famous statue of Christ in the background and Sugarloaf Mountain close by. Yes, and the sky was very blue and the sun very clear,” recounts General Manager Rasmus Saltofte, head of the Rio office.