Based on NORDEN’s new strategy Focus & Simplicity, the Dry Cargo Department will now focus on the 2 vessel types Panamax and Supramax where NORDEN already has a strong global position.

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Focus on the customer

On pages 14-16, you will find an article on how NORDEN’s new strategy Focus & Simplicity prepares the ground for an increased focus of our efforts on fewer vessel types. We wish to focus our efforts since thorough analyses have shown that within dry cargo, the abilities of NORDEN’s talented employees really come into play and make a difference when we are dealing with the Supramax and Panamax vessel types.

As a leading operator, NORDEN will be able to offer its customers even more flexibility and reliability by getting even closer to the customers within selected vessel types. Our aim is to become the customers’ preferred shipping company, and the shipping company that they are most reluctant to see leave the negotiation table – first choice, last refusal. This imposes high demands on our organisation and our customer focus, but our starting point is better than good.

This gives the customer flexibility and reliability, but it also provides NORDEN with an even better starting point for most efficiently combining cargoes and vessels. Quite simply, we are able to reduce the number of nautical miles sailing in ballast – i.e. without cargo – by having more vessels at our disposal and an even better knowledge of cargoes.

Our strategy is dependent on the right people, and consequently it is decisive for NORDEN that we are able to attract and retain talented employees and that we are able to offer them development. On pages 8-13, you will find an article on how NORDEN makes a targeted effort to recruit the best cadets – our future officers on the bridge and in the engine room – to crew our many vessels. We need skilled, energetic people who are willing to take on the large responsibility of getting a vessel and the customer’s cargo safely to its destination. Because people make all the difference.

Luckily, it seems like we also make a difference for the cadets, and we are thereby able to attract the right ones.

Readers might notice that this edition of NORDEN NEWS is a bit different from previous versions. We have decided to merge our internal technical employee magazine On Board with NORDEN NEWS, and the result is an extended magazine with even more articles on the many initiatives that NORDEN has launched to become the preferred partner in tramp shipping.

I wish you all a merry Christmas and a happy New Year. Enjoy your reading.

Jan Rindbo, CEO

“Our aim is to become the customers’ preferred shipping company”

NORDEN is already recognised as one of the world’s leading operators of Supramax and Panamax vessels as we have almost 150 vessels within these two vessel types at our disposal. By increasing our customer focus within this area, we will, to an even higher extent, not only be informed about interesting cargoes, we will also be able to extend our fleet to ensure that a Supramax or Panamax vessel from NORDEN is always nearby.
Update on NORDEN’s Facebook page

5,000 followers

At the end of September, NORDEN reached its first milestone and got its follower number 5,000. The page lets followers see NORDEN’s routines at sea and at the offices from another angle than the more official one portrayed through our website www.ds-norden.com.

Bon voyage to NORD SWIFT

The serial about our newly built MR product tanker NORD SWIFT came to an end when she embarked on her maiden voyage on 28 September. We have followed her making closely on Facebook right from the beginning in March.

Canary on board

A photo series from Captain Jose P.B. Galan from our Panamax bulk carrier NORD BELUGA was also well-received by NORDEN’s followers and got many likes. A small bird had taken residence on board and took the opportunity to go exploring. Following NORDEN is apparently also a popular pastime among birds, who are always welcome on board the vessels.

Top scorer

The top scorer of the quarter was Captain Debie Morera, who got 78 likes for his post and pictures of our product tanker NORD PRINCESS before and after her paint job in the dry dock in Setubal, Portugal.

Would you also like to follow us on Facebook?
Facebook/dampskibsselskabetNORDEN
NORDEN around the globe

NORDEN’s man at the ports of India

Since NORDEN opened its dry cargo office in Mumbai in India 10 years ago, Bhaswar Purkayastha has been Port Captain – the key person who, in cooperation with the operators on shore and the personnel onboard the individual vessels, ensures frictionless voyages when one of NORDEN’s approximately 200 dry cargo vessels call a port: to load or discharge. Bhaswar Purkayastha and his team in Peninsular is a vital part of NORDEN’s business in India and the service NORDEN offers its customers in India. “The knowledge, experience and commercial drive that characterises Captain Purky - which he calls himself – and his team offer great assistance to the office here in Mumbai, when qualified decisions are to be made,” says head of the Mumbai office, General Manager Peter Koch Hansen. First and foremost, our Mumbai office needs his assistance when we clean cargo holds, supervise port operations and make stowage plans, which also include handling of documents and so on. “With the assistance from Captain Purky, we are able to offer professional service to our customers all around India,” says Peter Koch Hansen.

Customer visit to northern Chile

General Manager Michael Warming and Chartering Manager Morten Vesth from NORDEN’s dry cargo office in Santiago in Chile and Operations Manager Andreas Rindom from the Annapolis office in the USA have joined the company SQM on a trip to the city of Tocopilla in northern Chile. This is where SQM has its loading facilities. The purpose was to hear more about SQM’s needs with a view to being able to provide them with the best possible service. For example, SQM’s trade compositions combined with the restrictions and conditions in their terminal require a close dialogue between NORDEN’s operators and the captain of the vessel during the loading operation. SQM, who produces fertilizer among other things, has been one of NORDEN’s largest and most important customers in Chile over a number of years, and NORDEN has a multi-year contract with the company. During the 2-day long journey with Transport & Foreign Trade Director Fernando Vliegenthart from SQM as host, the NORDEN team entered into a contract for the transportation of a cargo of fertilizer to South Africa. “It is always nice to meet our customers face to face instead of only speaking with them on the phone or exchanging e-mails with them,” says Michael Warming and Morten Vesth. They are the first employees in NORDEN’s office in Santiago, which opened this summer and covers Chile, Peru, Colombia and Ecuador.

New employee on product tanker

Captain Claus Larsen on the product tanker NORD SUSTAINABLE recently got a new crew member which may be useful to have on board when sailing the high-risk areas in South-East Asia, where you must keep a lookout for pirates 24 hours of the day. An owl was suddenly found on board the vessel and, as the Captain says, there are no maintenance costs related to owls, and, in addition, they are able to see at night as opposed to humans.
The employees of NORDEN’s representative office in Shanghai in China celebrated Orient’s 100th anniversary with a trip back in maritime history. They visited the Shanghai Maritime Museum, where the highlight was a visit to a replica of the vessel that the famous Chinese explorer Zheng He used 600 years ago.

Zheng He (1371-1435) was a Chinese admiral and diplomat, and, on the initiative of the Yongle Emperor, he led a number of maritime expeditions to South-East Asia, India and Africa in the years 1405-33. Zheng came from Yunnan and made a career for himself as a eunuch general in the Chinese army. The fleet expeditions, counting up to 27,000 crew members, were the world’s greatest maritime achievement at that time, and they resulted in a strengthening of China’s political and commercial influence in the countries around the Indian Ocean. The NORDEN employees followed up the many historical impressions with a seafood buffet lunch – while sending a kind thought to Orient’s Fond, who picked up the tab.

**NORDEN does a half marathon as well**

As a NORDEN employee, you of course also run a half marathon if and when an opportunity presents itself. Most recently, Assistant Chartering Manager Mads M. Simonsen from the dry cargo office in Melbourne, Australia, laced up his running shoes and ran the 21.5 kilometres in perfect manner. He even managed to do it in 1 hour and 43 minutes. The race started by the Melbourne Cricket Ground, the old Olympic stadium from the 1956 games – the world’s 10th largest stadium. During the race, the participants passed through some of the most beautiful areas of Melbourne: The Royal Botanic Gardens, Albert Park and Lake and Port Phillip Bay.

**The Shanghai office on a museum visit**

**Halloween with roasted whole pig**

Being a seafarer is challenging. You are a long way from home, you are sailing across the big oceans, and when you wake up in the morning, you meet new challenges every day – if nothing else, by way of the weather, which can be bad and cold. You may also get bored on board – or even get homesick. This is why it is important that you encourage the crew members to do something together, and this was exactly what Captain Albert A. Gonzaga of the dry cargo vessel NORD MONTREAL did for this year’s Halloween. While sailing on the Atlantic Ocean on their way from Jamaica and Venezuela to Canada with a cargo of raw materials for aluminum production, he had the Filipino crew prepare a full-blown – and horrifically enjoyable! – Halloween party, dressing up and serving delicious food. What the main course consisted of? Whole roasted pig, of course, which is a great delicacy in the Philippines.

**The Singapore office on 4 wheels**

NORDEN’s and Norient Product Pool’s employees in the Singapore office aim to always seek new challenges – most recently on a local go-cart course in the city-state. They were 11 to participate in the race, and all 11 of them did all that they and the go-cart could to get across the finish line. But there could be only 1 winner, and that was Senior Operations Manager Nikolaj R. Lambertsen from Norient Product Pool.
Customer focused training of officers

 Approximately 65 young Filipinos and Danes are currently training for a future job as officer on the bridge or in the engine room. They are part of NORDEN’s efforts to ensure that the Company has the most competent crews, which are able to offer the customers the best possible service. When selecting cadets, NORDEN looks for those who are able to go all the way and end up as captain or chief engineer in NORDEN’s large fleet.

Shipping companies can buy the same ships. It is also difficult to stand apart from competitors in terms of rates, so what really matters in a market characterised by great competition is the service – including reliability and flexibility – that a shipping company offers its customers.

“A competitive service that makes a concrete and measurable difference to our customers presupposes that NORDEN has the most competitive crews on all of its vessels – this applies for able-bodied seamen as well as officers. It also presupposes that the crew members feel as connected to NORDEN as possible, encouraging them to stay with us and allowing for a high degree of loyalty to arise between them and NORDEN,” says Torben Lykkegaard Pedersen, Head of Marine HR.

The fact that NORDEN currently employs approximately 65 cadets, who are young people training for a future job as officer – either on the bridge or in the engine room – should be seen in that light. Two thirds of the cadets work on the bridge, and the rest work in the engine room.

“Our seamen are the ones who deliver the products to the customers. They are our ambassadors at the very front line. Consequently, our training of cadets is not just a demonstration of long-term thinking but definitely also strategic thinking, which is to strengthen our competitiveness as we become even better at meeting our customers’ needs. In other words, this is also a matter of customer focus,” says Torben Lykkegaard Pedersen.

Next stop: Stripes on the shoulders

When the cadets have finalised their education after 3-4.5 years, the way to a career with stripes on the shoulders is paved. First as junior officer and later – assuming that all goes well – as senior officer, that is chief officer/captain or second engineer/chief engineer.

“In NORDEN, it is not up for discussion whether or not we should aim at having the most competitive crews, as they are decisive for our ability to serve our customers optimally. Consequently, we have a sharp focus on the selection and later education of cadets, who, as future leaders on our vessels, will have a decisive influence on – dare I say – everything on board. Each vessel should be considered a small company with 22 employees. These companies are so small that the leaders make all the difference. If they have the ambition and the will to do something, if they have flair

“It is a known fact that work satisfaction is considerably improved when an employee gets larger influence on his or her work situation”

Torben Lykkegaard Pedersen
for people both in work-related situations and in their spare time – on board a vessel, the crew members spend all their time together – the crew can work together to achieve the most amazing things. And this is not just for the benefit of the customer – and thereby also NORDEN – but indeed also of the crew itself,” says Torben Lykkegaard Pedersen.

Must be able to work independently

For NORDEN, it is important that a crew on board a vessel does not develop into a simply operations-oriented crew, which only receives orders, encouragement and scolding etc. from one of the offices on land, Torben Lykkegaard Pedersen points out. A crew must consist of talented leaders and talented able-bodied seamen. A crew is to cooperate with the offices, but it must also be able to think and work independently and make use of the fact that it often knows best what the right decision is in a given situation, since the crew is on board the vessel and knows the actual conditions and needs, not least the customers’ needs. The more the offices leave the decision-making authority to the crew, the more resources are activated with the crew, the more the crew’s potential is utilised and the more interesting it becomes to work on board.

“It is a known fact that work satisfaction is considerably improved when an employee gets larger influence on his or her work situation. Few people feel contented by just following orders. However, delegation of influence and consequently responsibility will only become a success, if the people you delegate to are highly talented. Therefore, these are the people that we would like to attract,” says Torben Lykkegaard Pedersen.

To ensure a food chain with the most talented employees for the company, it is necessary to get hold of the future employees at a young age in order to not just attach them to the company but also to educate them as much as possible.

Educates own officers

Today, NORDEN educates Danes and Filipinos, and in round numbers, the same number of Filipinos and Danes are presently enrolled in the cadet programme.

NORDEN – and the shipping companies in general – has no direct influence on the theoretical education programme of the navigation schools and schools of marine engineering on land, but the schools strive to deliver relevant education. However, when the young people leave the class rooms and replace their jeans and T-shirts with the uniform at sea, NORDEN is able to influence the cadets with NORDEN’s values and ways of doing things.

“We have very talented officers in the engine room as well as on the bridge who are able to pass on their knowledge and experience to the next generation. It is my understanding that the officers are wholeheartedly interested in the cadet programme and consider it fun to contribute to the education of cadets. First and foremost, because they see the purpose of it – partly because NORDEN needs this food chain of future officers, and partly because they experience that the cadets are eager to learn,” says Torben Lykkegaard Pedersen.

At sea for 6-12 months

The cadet programme takes 3-4.5 years. The theoretical part takes place on a navigation school or a school of marine engineering on land. The apprentice period at sea takes 6-12 months and is spread out over several turns.

250 cadets in 10 years

During the past 10 years, up to 250 young Filipinos and Danes with an ambition to become officer on the bridge or in the engine room have received the practical part of the cadet programme on NORDEN’s dry cargo or product tanker vessels. Approximately 160 of the NORDEN cadets continued with NORDEN as junior officers after the education programme – either as third/second officer or as fourth/third engineer.
It is NORDEN’s ambition to take the driver’s seat when it comes to selecting future officers.

“Due to NORDEN’s status as a well-managed shipping company which aims high, many young future cadets are interested in having their sea service/apprenticeship with us. This also implies that we have many candidates to choose from, and in the selection process, our intention is to employ future captains or chief engineers. It is our hope that those who start as cadets at NORDEN are able to make it all the way to the top. If not, we have chosen the wrong candidates,” says Torben Lykkegaard Pedersen.

In order to meet NORDEN’s requirements, the future cadets must be theoretically well-grounded. However, they must also be interested in learning all of the practical parts, and they must understand the value of practical knowledge and experience. They must also be willing to be part of a hierarchical system, but without lacking or losing the ability to independently suggest how a situation can be handled — and without having an exaggerated or misguided respect for their superiors. If, for example, a superior one day ignores the safety rules, the cadets must have the courage to point it out immediately. It is also a requirement that the future cadets are good at seeing possibilities and that they react constructively to the many unforeseen situations that arise every day at sea.

“Last but not least, they must have a clear potential to become leaders — good leaders,” says Torben Lykkegaard Pedersen.
René Jensen, Cadet, Master Mariner programme

“I chose to do my cadet training at NORDEN because it is a shipping company of good reputation and with many years of experience. NORDEN’s cadet training programme has several specific strengths. It means a lot to me that NORDEN has a considerable fleet of modern oil and chemical tankers, operating in an exciting and very appealing business area, which offers countless opportunities and challenges. This helps to ensure the training and experience necessary for a cadet in his or her future work as officer. In addition, as a cadet in NORDEN, you have a high degree of influence on the planning of the training programme, and as you work for a tramp shipping company, no two journeys are likely to be the same.

When I have finished my training, I will look forward to sailing as a junior officer and making use of everything I have learned.

My best advice to those considering the cadet programme is simply: Do it! Cadet training has given me so much, both professionally and personally. It is an incredible way to be challenged and trained. The training provides an in-depth understanding of the profession. If you show an interest in learning and in being challenged, you can be sure that, as a cadet, you will be allowed to try your strengths on the tasks on board. And you will be observed with great interest by skilled officers.”

Kenneth Alcain, Cadet, Master Mariner programme

“NORDEN has many strengths when it comes to training cadets. NORDEN makes sure that they do well during the theoretical part of their training by demanding certain grades, just as NORDEN ensures that they are well-prepared overall before their first voyage. During all of the practical training on board, NORDEN watches all cadets closely to ensure that they are sufficiently qualified to become junior officers after completing their training.

I hope that I too one day will be sufficiently qualified and worthy to go on board a NORDEN vessel in the capacity as officer.

Young people who are considering the cadet programme should remember that the life of a seafarer is exciting and challenging, and they should always have in the back of their mind that the main purpose of the cadet programme is to make qualified officers out of us. Therefore, during the entire training, you must aim high and use all that you learn.”

Niels Sørensen, Cadet, Marine Engineer programme

“I feel extremely honoured to be able to receive my training in a shipping company like NORDEN. There are a number of advantages associated with receiving your cadet training here. The ones I value the most are the familiar tone within the company, the challenge of working on board tanker vessels and the charm of tramp shipping, which constantly offers voyages that are different from the one before.

So far, I have not regretted my decision to become a cadet at NORDEN one single day. This is why I go to work every day with a smile on my face. You cannot ask for more!

Provided I get the chance, my dream is to become third engineer in NORDEN, and from there work my way up to chief engineer.

My best advice to those considering the cadet programme at NORDEN: Do it! If you have an interest and get the chance, then you must grab it. A lot of adventure, knowledge and experience is waiting for you.”
Ian John Makiling, Cadet, Master Mariner programme

“One of the greatest pleasures in my life is to work in the maritime industry and for a well-founded shipping company characterised by social responsibility.

NORDEN is an inspiring company for a greenhorn in the maritime world who would like to become officer one day. NORDEN is not only a business; NORDEN also has a good reputation with regard to the learning environment for cadets.

As a cadet, I have experienced small and large challenges. Life on board has never been easy. You have many sleepless nights and exhausting days. You are tested physically, mentally, spiritually and emotionally. Your life is always at stake, but you will never stop learning, because you want to fulfil your dreams and your family’s ambitions. All eyes rest on you. They keep tabs of all of your attempts and mistakes in your efforts to do your work perfectly. You are surrounded by a lot of things that you must learn and understand.

If everything goes well, I may join the group of skilled officers in NORDEN. I dream of retiring as captain one day.

To future cadets, I will say this: You must focus on your goal, and you must believe in what you do.”

Christopher Thorsø Sørensen, Cadet, Master Mariner programme

“When I attended Sydlangeland’s maritime continuation school, I heard a lot of good things about NORDEN – also from our teachers – and when I had almost finished my training at HF-Søfart (Higher Preparatory Examination Course, shipping programme) in Marstal and had to apply for a position as a cadet, NORDEN was an obvious choice for me. And I do not in any way regret my decision.

I have learned so much at NORDEN, and I have worked with some very skilled officers, who have provided me with significant competencies for my future work as an officer. All in all, I have met some great colleagues on board the ships I have worked on.

I therefore hope to continue my career in NORDEN, when I have finished my training. NORDEN is a serious shipping company, and this is very important to me.”

Thilde Hedegaard, Cadet, Marine Engineer programme

“Before I became a cadet, my sailing experience was limited to having been a passenger on board a ferry once. However, during the workshop training at the school, I spoke with someone who was already a cadet at NORDEN, and I realised that the cadet programme sounded just right for me, and therefore as something I had to try out. At the school, I also spoke with cadets training at other shipping companies, and I found out that NORDEN should be my first priority. Fortunately, I was accepted to sail for NORDEN, and this I am still very happy about.

NORDEN has many good values, and there are many skilled officers on board the ships who are interested in us cadets learning as much as possible. It is always possible to ask for help if there is something you are unsure about when you are out sailing – and also when you are at home, because you can always call the head office.

I will continue sailing when I have finished my training. Even though sailing means that you are away from home for 8 weeks, signing on for those long periods does have some advantages, as you have time to really get into your work and have a real everyday life on board the ship before going home again.

I am really happy that the crew on board a ship are from different countries, as it gives you the opportunity to learn about other cultures, working methods and languages. I also really like the challenges and experiences you encounter when arriving at and departing from various ports all over the world. And also, I enjoy that you are sometimes able to take shore leave and do some sightseeing.

In addition, I would advise future cadets – and before the first voyage! – to familiarise themselves thoroughly with maritime legislation, maritime technical terms etc. And they should not be afraid to ask “stupid” questions, as these are probably quite relevant, and you can learn a lot from the answers.”
Jovel Magdayao, Cadet, Master Mariner programme

“I decided to do the practical part of my cadet training at NORDEN, because NORDEN is an exceptionally good place of study for cadets. NORDEN is good at training cadets, making them skilled and well-prepared for the job as officer. NORDEN prepares the cadets for the real challenges in a seafarer’s life. In addition, NORDEN helped me finish my theoretical training, and, in so doing, the company has also given me the opportunity of a bright future.”

My goal is to go on board a NORDEN ship as junior officer one day.

My best advice to future cadets: Never stop learning and make sure you embrace NORDEN’s values of flexibility, empathy, reliability and ambition. And when you are on board a ship, you have to make sure to develop and maintain harmonious relations with all crew members, and make sure to take safety seriously – at all times!”

Marc Jestoni Maningo, deck cadet

“NORDEN offers their cadets training at a world-class level, which prepares us to become competent and well-trained cadets. NORDEN also provides a motivating atmosphere for our professional development towards becoming officers. I intend to seize this opportunity to be a part of NORDEN’s success and realise my dream of qualifying for captain.

For future cadets, I would say: Do everything out of love. Love your work, love nature, love the culture on board and be a good colleague. Take every opportunity to learn something new. But, most importantly: Use everything that you learn during your training.”

2 short questions for the Marine HR

What can NORDEN teach the cadets that they cannot learn anywhere else?

“We can teach them to work in a company with very short chains of command and where there is a tradition for listening to the employees – no matter the employee’s position in the hierarchy. Even though NORDEN is a large shipping company, NORDEN’s management structure is very simple and much like the management structure you might find in smaller companies,” says Torben Lykkegaard Pedersen.

What can NORDEN’s managers learn from the cadets?

“The cadets can offer the officers suggestions for new ways of doing things – they can be the breath of fresh air that every work place needs.”

Read more: www.ds-norden.com/career
New strategy strengthens NORDEN’s position

NORDEN will strengthen its position where NORDEN already has a strong foothold. Within Dry Cargo, the new strategy Focus & Simplicity means increased focus on the vessel types Supramax and Panamax, where NORDEN wishes to become first choice – Industry Leader.

It is both focused and simple:

• NORDEN will strengthen its position where NORDEN already has a strong foothold
• NORDEN wishes to offer its customers increased flexibility and reliability
• NORDEN will make use of its human and financial resources to the best effect
• NORDEN wishes to be the preferred dry cargo operator within the vessel types Supramax and Panamax
• NORDEN wishes to be first choice, last refusal – in other words, the shipping company that is first choice and given the opportunity to make the last refusal.

This is the target of the new strategy Focus & Simplicity, i.e. to strengthen NORDEN’s business opportunities both in the current historically difficult dry cargo market but also when the dry cargo market turns for the better.

“By concentrating efforts, customer focus and investments within the vessel types Supramax and Panamax, NORDEN will be able to offer its dry cargo customers more of what they demand the most: Flexibility and reliability. At the same time, NORDEN will be able to reap the benefits of economies of scale and obtain larger flexibility in the positioning of vessels to ensure that a NORDEN vessel is always ready to take on a task – in all oceans,” says CEO Jan Rindbo.

The main part of the fleet

With 73 Supramax vessels and 73 Panamax vessels – by the end of September – the 2 vessel types make up the main part of the Dry Cargo fleet consisting of a total of 198 vessels. The rest of the Dry Cargo fleet consists of the vessel types Capesize (3), Post-Panamax (9) and Handysize (40).

In the Tanker business, NORDEN will keep the 2 vessel types Handysize (16) and MR (32), whereas the vessel type LR1 (1) will be phased out.

CEO Jan Rindbo: “NORDEN aims at becoming industry leader within Supramax and Panamax.”
We will never have a fire sale

“Our strong engagement in Supramax and Panamax will be supplemented by Handysize vessels. In the long-term, it is our intention to phase out owned and long-term chartered Capesize, Post-Panamax and Handysize vessels. It is not possible to say how long it will take for the phase-out to be completed. The chartered vessels are to be redelivered to the owners on individual dates, and our owned vessels are to be sold – but only when and if it is commercially and financially sensible. We are definitely not preparing a fire sale. We are merchants after all,” says Jan Rindbo.

Better access to cargoes

By expanding the activities within Supramax and Panamax and by increasing our customer engagement, NORDEN will gain better access to cargoes and thereby business opportunities, and at the same time, NORDEN’s market insight will improve leading to improved basis for decisions.

“We also wish to be the shipping company that customers ultimately want to do business with”
CEO Jan Rindbo

“When we operate a large fleet of Supramax and Panamax vessels, we are better able to plan their trips and trade patterns. This will lead to fewer ballast trips, i.e. trips without cargo and earnings. Just as increased accommodation of our customers’ need for flexibility and reliability contributes to improving our business, our business is also improved when the number of days with cargo on board is increased,” says Jan Rindbo.

Long-term relationships

He adds that NORDEN still intends to establish long-term relationships with customers and the owners from where NORDEN charters vessels – both within dry cargo and tankers.

“We maintain our vision to be the preferred partner. But our vision is not limited to being the first choice for our customers and other partners. We also wish to be the shipping company that customers ultimately want to do business with. We want to be our customers’ first choice and the company that is given the opportunity to make the last refusal – first choice, last refusal,” says CEO Jan Rindbo.
The strategic decision to focus NORDEN’s dry cargo business within the vessel types Supramax and Panamax builds on sound logic and good business acumen. Consequently, it is natural to implement it, says Executive Vice President Ejner Bonderup.

He adds that the decision is based on data and facts – not gut feeling.

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“In contrast, only very few customers want NORDEN to operate within all vessel types. Another part of the service, which NORDEN wishes to become better at offering the customers, is that a NORDEN vessel – either a Supramax or a Panamax vessel – is always available when customers need it.

Head of the Dry Cargo Department emphasises that NORDEN will furthermore continue to operate Handysize vessels globally although it will be without owned and long-term chartered vessels in the long term.

Increased focus on core customers

“We wish to increase the focus on our core customers. We wish to become better at dealing with them in depth and not just in broader terms,” says Ejner Bonderup.

With the decision to implement increased focus and simplicity, NORDEN also sets out to become faster at providing the customers with a price quotation for transporting a given cargo from A to B. Because it is a known fact that fast – and correct! – pricing of a cargo gives NORDEN a preferential position with the customer.

Wants to make a difference

“We wish to spend our money and time within markets and business segments where we are able to make a difference for the customer and consequently also for NORDEN – customers and NORDEN basically have identical interests. If it creates value for the customer, it also creates value for NORDEN. In short – we will be present in the market and with vessel types where we are able to create most value for the customers and for NORDEN,” says Ejner Bonderup.

It is his assessment that “there is plenty of extra potential in the dry cargo market – no matter how challenging it is at the moment.”

Sound logic and good business acumen

If it creates value for the customer, it also creates value for NORDEN.”

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The oil companies’ continuous follow-up on the quality of NORDEN’s product tankers in the form of the so-called SIRE inspections – SIRE is an abbreviation for Ship Inspection Report Programme – has great commercial impact since only approved vessels are allowed to sail for the oil companies. For that reason, it is necessary that NORDEN performs well when the SIRE inspectors come on board. According to the oil companies’ joint demands on the area, inspectors must come on board at least every 6 months.

Furthermore, the remarks – as the observations are called – from the SIRE inspections provide NORDEN’s Technical Department with a deeper insight into the vessels’ potential challenges allowing the department to attend to them.

NORDEN has 2 overall objectives with the SIRE inspections, which focus on safety as well as the operations of the vessels and which have taken place on the entire world fleet of tanker vessels since 1993 in the wake of several catastrophic oil spills at sea:

- The inspections must never result in the oil companies failing the vessel
- The number of remarks must on average be below NORDEN’s target

**NORDEN meets its target**

In line with other shipping companies, it is NORDEN’s target for the inspections in 2015 that there cannot be more than 4.25 remarks on average per inspection. The product tanker fleet meets this target.

"In general, the number of inspections with more than 5 observations is decreasing. This is satisfactory since it reflects that the fleet’s safety level is high and that we have qualified crews," says Performance Manager Simon Baun Christensen.

**NORDEN performs well**

More than 2 years have passed since a SIRE inspection led to the failing of a NORDEN vessel, and during the same period, almost 100 SIRE inspections have been conducted on NORDEN’s product tankers.

When a tanker vessel fails a SIRE inspection, conditions must be rectified in order for the oil companies to use the vessel again. Through their organisation, Oil Companies International Marine Forum, the oil companies are able to share the reports resulting from the SIRE inspections. This is to allow for the largest possible degree of transparency on the area.

"It can be difficult to prevent design-related remarks in the short term as it takes time to make modifications. On the other hand, remarks related to the crew can often be prevented by use of education, instructions and knowledge from previous experiences. The number of remarks per inspection which fall under the scope of the crew’s responsibility has indeed decreased gradually during the last 3 years," says Simon Baun Christensen.

**New way to reward the crew**

In order to raise the crews’ focus on the risk-related aspect of the SIRE inspection results, the Technical Department is in the process of developing a new way to reward the crews as it wishes to reward those exact crews who make a special effort on the area.
NORMALLY, coal, grain, iron ore, cement or another traditional raw material fills the holds on NORDEN’s fleet of around 200 dry cargo vessels. But when NORD SUMMIT left South Korea heading for the US west coast, the 200-metre-long and 32-metre-wide Supramax vessel was loaded with wind turbines. This was the first time that a NORDEN vessel had such cargo on board.

“The transportation of wind turbines shows that NORDEN is a flexible and competent shipping company with ambitions and skills to enter a new business area. Transporting wind turbines is exactly that – not only for NORDEN, but for Dry Cargo vessels in general. Usually, wind turbines are transported on so-called multi-purpose vessels, which are built to transport various cargoes. We have now documented that our vessels, after a relatively simple technical modification, can handle these kinds of transports, which we definitely also have the necessary human competences both at sea and on land to accomplish. So when we have the opportunity and if it matches our business model, we are prepared for future voyages with wind turbines,” says Executive Vice President and Head of the Dry Cargo Department Ejner Bonderup.

The strategy is to work with a few handpicked potential customers, to analyse their needs and to cooperate with them to develop some opportunities, which both they and NORDEN have a commercial interest in converting to cargo contracts.

43 wind turbines in 129 parts
NORDEN’s first transportation of wind turbines included 43 wind turbines, each consisting of 3 sections - in total 129 giant parts, each measuring 80 metres. Total weight was 5,160 tonnes – or 120 tonnes per wind turbine. Normally, you cannot see what a NORDEN dry cargo vessel is transporting because the cargo is beneath deck, but since several of the wind turbine parts were on the deck of NORD SUMMIT, it was very clear to see – during the long sail across the Pacific – what the cargo was.

Senior Business Development Manager Lars Husmand is responsible for providing NORDEN with this special cargo. He began working for NORDEN in 2014 and has experience from working with a broad spectrum of cargoes for multi-purpose vessels.

Longer authorisation procedure
Before the wind turbine contract was signed, NORDEN went through a thorough authorisation procedure with the customer, who is among the 10 largest wind turbine producers in the world. This process included technical, operational, commercial and legal aspects. NORDEN proved itself in this process, which aimed to determine that the Company is qualified to do the job.
“Compared to multi-purpose vessels, dry cargo vessels offer many square metres, and since the wind turbines tend to increase in size, our vessels meet the industry demands,” says Lars Husmand.

**Various competences**

Before the wind turbine contract was signed as well as during the execution of the transport task, it was of significant importance that NORDEN has charterers, newbuilding specialists, vessel inspectors and operators with very different skills and with the ability to complement each other in order for the project to run smoothly.

“It involved a minor reorganisation and some dedicated colleagues with focus, energy, ambitions and flexibility combined with solid external expertise to plan and complete this historical voyage with wind turbines,” says Lars Husmand.

As the voyage with wind turbines demanded a technical modification of NORD SUMMIT, e.g. welded on mountings for fastening of the wind turbine sections, NORDEN’s classification company was also involved in the project. A classification company must on behalf of the maritime authorities ensure, that a vessel is in technical perfect order, and consequently you cannot just change the original construction of the vessel. All changes have to be approved prior to a vessel’s journey. All changes made on NORD SUMMIT were approved.

**Lay high in the water during the voyage**

The voyage was a success. Since wind turbines are not as heavy as coal, grain, iron ore, cement – or the other traditional commodities which NORDEN’s dry cargo vessels normally carry – and since there is a limit to how much ballast water a dry cargo vessel can carry in order to compensate for the lack of weight from the cargo, NORD SUMMIT lay fairly high in the water. However, this did not affect the safety – nor did it make the crew sea sick.

**A Learning Process**

Senior Business Development Manager Lars Husmand says that the voyage with wind turbines has been a good learning process for all in NORDEN’s organisation.

“We have learned a great deal. Fortunately, we already knew beforehand what the customers expected from us, and we were able to adapt from a traditional dry cargo mindset to a mindset focused on transportation of wind turbines,” says Lars Husmand.

He adds that the transportation of wind turbines compliments NORDEN’s already existing presence in the renewable energy sector, i.e. the Company’s many trips with biomass from the US to Europe.
The art of buying 1.3 million tonnes of vessel fuel each year

NORDEN’s special department for the procurement of vessel fuel – bunkers – must not only ensure that the fuel is purchased at the right price. It is also important that the quality is satisfactory to avoid engine failure, that NORDEN receives the ordered quantity and that delivery takes place on time.

When a Supramax dry cargo vessel powers ahead at 12 knots (about 22 kilometres an hour) and with 55,000 tonnes of cargo in the holds, it consumes 1 tonne of fuel an hour. That is 24 tonnes a day or 168 tonnes a week. During the course of a financial year, this adds up to many tonnes of fuel and a lot of money, as the price of 1 tonne of fuel is approximately USD 225 – or approximately USD 450 when using fuel with a low sulphur content.

Despite the significant drop in oil prices since the second half-year of 2014, vessel fuel – also called bunker oil or just bunkers – still makes up the largest single cost item in connection with the thousands of voyages that NORDEN’s fleet of dry cargo vessels and product tankers completes every year. In 2014, NORDEN and Norient Product Pool spent a total of USD 700 million on bunkers.

Over several years, NORDEN has intensified its efforts to improve fuel efficiency. This has been done by ordering increasingly fuel efficient vessels – so-called eco vessels – and through technical optimisation of the existing fleet. NORDEN has also set up a Fuel Efficiency Team which, with its initiatives to achieve optimal running of the vessels, is the pivotal point of the current efforts to improve fuel efficiency of the fleet by 3%.

Focus on the customers
But NORDEN not only works hard to make vessels more fuel efficient. Every day, the company also strives to buy fuel as cheap as possible, and here the ball is with NORDEN’s Bunkers Department, established in 2007 when bunker consumption grew considerably as a consequence of the increasing number of vessels in the fleet.

NORDEN focuses on its customers. It thus benefits the customers in the form of lower rates when NORDEN performs technical optimisations of the vessels, when NORDEN optimises the operation of them, when the price of oil goes down, and when NORDEN is able to further reduce its fuel costs through risk management and optimisation of daily bunker purchases.

“Each day, we review yesterday’s purchases and assess if they are in line with our targets”

General Manager Klaus Stamp

More than 300 ports in play
NORDEN’s approximately 200 dry cargo vessels and Norient Product Pool’s about 90 product tankers primarily use fuel with a maximum sulphur content of 3.5% at about USD 225 per tonne. But due to the new environmental regulations in Northern Europe and the USA/Canada stipulating a limit on sulphur content in vessel fuels at maximum 0.1%, fuel at about USD 450 per tonne now makes up approximately 15% or about 0.2 million tonnes of NORDEN’s total yearly purchase in the region of 1.3 million tonnes of bunkers.

Since NORDEN is involved in tramp shipping and therefore does not sail on fixed routes as liner companies do, but loads and discharges at the ports determined by the customers, the Company buys bunkers in more than 300 different ports around the world. On the top of the list is Singapore, which is the cheapest bunker port in the Far East. More than 200 times a year, a NORDEN/Norient Product Pool vessel stops here to take on bunkers. “Due to the significant price fluctuations in the bunker market, it is important not only to buy the bunkers on the right day when the price is low, but also to buy it at the cheapest port – when it is at all possible depending on the journey of the vessel. Every dollar saved is a dollar earned,” says General Manager Klaus.
For 30 years, Klaus Stamp has worked with vessel fuel, and that makes him one of the most experienced bunker purchasers in the shipping industry – the specialist term for vessel fuel is bunkers.

He received his shipping training from the East Asiatic Company (ØK), and after working for Chemoil Corporation, Maritime Agency Bunker and OW Bunker & Trading – where he sat on the other side of the negotiating table – he came to NORDEN in 2005, and in 2007 he started creating and running the bunkers department. The need for a bunkers department arose as the fleet grew. The need for bunkers also grew and so did the possibility of benefiting from being a major customer.

“The fascinating thing about bunkers is first and foremost that you operate in a very international industry where you communicate with many different people around the world on a daily basis. Secondly, the bunker market changes rapidly, and consequently it is important that you are able to make fast decisions – preferably with the right timing. I am also fascinated by the fact that judgement is delivered at the end of the day,” says Klaus Stamp.

According to him, at least two qualifications are required if you want to be good at purchasing bunkers:

It requires thorough market knowledge and it requires sound business acumen.

“It is definitely not a 9-to-5 job. You are on call 24/7. However, it is a fantastic feeling when you hit the market perfectly, and NORDEN and Norient Product Pool thereby save lots of dollars,” adds Klaus Stamp.

That is why it is called bunkers

Why is fuel for vessels called bunker oil or just bunkers? Well, once upon a time, vessels were fueled by coal which was kept in a bunker, which is another word for coal scuttle. Coal is no longer used as fuel, but the word bunkers lives on as a term for its replacement.

Paper ensures risk management

It is not a part of NORDEN’s business model to speculate in the price development of bunker oil, and that goes for both types. So unless a voyage is to be undertaken within the next 10-15 days, when the bunker suppliers will offer the fuel at a fixed price, or it is evident from the charter party that the fuel price is to be adjusted when the voyage is to be completed, the Bunkers Department needs to start the process of buying bunkers on paper, also called to hedge.

“This way, we are familiar with the finances of a future voyage here and now, and so we have removed the uncertainty that would otherwise be connected with the contract if we waited and bought the fuel at the time of the voyage. And to avoid any kind of speculation in the price development of bunker oil – to avoid that we are tempted by speculations about lower prices in 3 days or 3 weeks, speculations that may turn out to be completely wrong – we only have a day and a half to buy the bunker oil on paper. Here in the Bunkers Department, we strive to buy the oil at the right price – we do not speculate,” explains General Manager Klaus Stamp.

When the voyage – where the bunker price has been secured on paper – is to be undertaken, the price of bunker oil may have risen, but it may also have dropped. If it has risen, the bank or the trading house will pay NORDEN the difference between the agreed price and the current price. If the price has dropped, then

NORDEN’s Mr. Bunkers

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**Effective risk management**

Whether the price has gone up or down when a voyage is to be completed, however, does not make a difference to NORDEN. The important thing when you enter into a contract of affreightment is that you know the maximum amount you can end up paying for the bunker oil to be used on the voyage.

\[\text{“It is not a part of NORDEN’s business model to speculate in the price development of bunker oil”}\]

General Manager Klaus Stamp

“No, you cannot say that we therefore earn or lose money because we would never have speculated in the price development in the first place. On the contrary – by establishing the price we carry out effective risk management. Risk management that entirely corresponds to how house owners very often chose to enter into agreement about interest rate hedging on a new mortgage loan,” says Klaus Stamp.

The banks and the trading houses are only used for establishing or guaranteeing the bunker price. When NORDEN has settled accounts with them, the Company buys the bunkers physically and at the current price from one of the usual suppliers of bunker oil.

**Operators make the order**

Every time a cargo contract is to be executed, the operations departments in Dry Cargo and Norient Product Pool make the practical arrangements involved in connection with the voyage. This includes calculation of bunker consumption from loading port to discharge port. When the operations departments know the bunker consumption, they ask the Bunkers Department to buy the bunkers for them.

“2-3 weeks prior to the vessel’s arrival to the port where the operations department plan to take on bunkers, the department gets in contact with us to order bunkers for delivery at the desired port. Then it is our job to assess where we can buy the bunkers at the best price. Based on our assessments, we send out one or more quotation requests to the market. We may send them directly to the suppliers who are physically represented at the given port, or we may send them to a trader who is not represented in the port but who might still be advantageous to do business with. Our assessments take into account the price, supply security and quality. After the negotiations, which take place via e-mail or telephone, we close the deal at the best price, and then we send a confirmation via e-mail to the supplier including the agreed upon delivery details and terms, and our operations department receives a copy. To make sure that the supplier has enough time for the practical aspects, the supply agreement must be in place 4-7 days prior to the vessel’s arrival,” says Klaus Stamp.

**Fluctuating prices**

Bunker prices fluctuate a lot. Since the autumn of 2014, prices have dropped to less than half, and large price fluctuations can occur in just one day.

“Prices are not only determined by supply and demand and expectations for the future. Political and macroeconomic circumstances also have an impact on the price formation. In the Bunkers Department, we make an effort to evaluate if our purchases have been favourable. Each day, we review yesterday’s purchases and assess if they are in line with our targets,” says Klaus Stamp.

**Quality is a challenge**

“It is a challenge for us to become better at obtaining the right market information which enables us to make the right decisions. It is also a challenge to ensure that we receive the quality and quantity that we have ordered and are being charged for. Unfortunately, the quality in certain areas has worsened in recent years – this can cause engine damage, and in some parts of the world, we have to pay careful attention and ensure that we receive the agreed quantity. Consequently, we choose our suppliers selectively. Luckily, many of our suppliers consider us their business partner, and we have developed good and solid relationships with them built on trust over many years. This is crucial in ensuring that everything proceeds according to plan and in making sure that problems – if they do occur – can be solved in a sensible manner,” says General Manager Klaus Stamp.

**Fueled by a residual product**

The classic bunkers with a sulphur content of maximum 3.5% is a residual product. In simple terms, this fuel is what remains when gasoline, diesel oil, jet fuel and heating oil have been extracted from crude oil at the gigantic distilling plants at the oil refineries.

The bunkers almost have to be shoveled up – it is that viscous, and in order to be used as fuel in a vessel engine, it must be heated up.

The first time the viscous fuel was used on a vessel was in 1928, but it did not become a widely distributed vessel fuel until the Second World War, when the majority of the lighter oil types were reserved for warfare. Consequently, vessel engines were modified to be compatible with the viscous residual product.

The bunkers with a sulphur limit of 0.1% is a thin gas oil, and has been mandatory since 1 January 2015 when sailing in the Baltic, the Kattegat, the North Sea, the English Channel and a 200-nautical-mile-wide area off the US and Canadian coasts.

Even Christmas Eve

“Bunkers is definitely not an off-the-shelf item. There are different prices, different qualities and different levels of service, and for that reason, many years of knowledge of and trust in the individual suppliers play a pivotal role when you make a living from purchasing bunkers. Cold and dry market data and gut feeling are not enough. If one of our vessels suddenly needs bunkers in a port immediately, it is important that everyone in the Bunkers Department knows which one of our suppliers we can call without being overcharged – no matter if it is in the middle of the night or even Christmas Eve,” says Klaus Stamp.
A vessel is a dangerous place to work. Consequently, safety takes first priority on NORDEN’s vessels. All crew members must take the necessary safety precautions before they embark on a task, and the hierarchical system must never stand in the way of safety. If a younger person on board catches a master forgetting or being downright careless about safety, he must tell him – immediately!

That is the starting point for the Technical Department’s safety policy. In order to increase focus on preventive efforts, the company has introduced a new reward system.

Furthermore, the aim is to become better at learning from the situations where something nearly went wrong because safety was in place. This will allow for the implementation of effective countermeasures in order to avoid similar situations and consequently the risk of accidents and injuries – not just on the vessel where it nearly went wrong, but on all of NORDEN’s vessels.

**Previously collective reward**

Previously, a vessel was rewarded if it had not been involved in an accident resulting in loss of workdays for 500 consecutive days. The reward consisted of a sum of money, which was paid to the vessel’s club, which uses it for the general welfare for the crew on board. In addition, the vessel was mentioned in NORDEN’s previous magazine for seafarers, On Board.

Now the days of collective reward to the vessel and its crew are over. In the future, once a month, individual crew members who by personal initiative have made an active effort to ensure safety during the past month will receive an award. The award, which consists of a diploma, a sum of money and a visible proof of the distinction in the form of a safety helmet in a special colour, is motivated and granted by the vessel’s safety committee. The award winning crew members will also be mentioned in various internal publications.

**At the top of the agenda**

“The previous system taught us that the rewards given were simply too far apart in terms of time, and they were not personal enough to adequately encourage safety awareness.

**Bosun Balkrishna Baban Wadgaonkar, NORD FARER**

*Balkrishna Baban Wadgaonkar is rewarded for not hesitating to remind even senior officers that they must wear appropriate protective equipment. For instance, when he asked a senior officer to put on a helmet before he went into the bow propeller room, and when a colleague was asked to wear a safety harness before he continued painting some pipes, even though there was only a small risk of falling overboard.*

“Safety is important because no seafarer wants accidents on board. When I signed on, I was certified “fit for duty”, and when I sign off, I wish to be in the same condition. Otherwise I won’t be able to sail again, and then I can’t provide for my family at home,” says Balkrishna Baban Wadgaonkar.

He says that also before the new reward programme was introduced, there was a safety culture on board. But the new way of rewarding safety helps crew members who were previously too reluctant to say things outright when it came to safety.
during a busy life on board with many focus areas and day-to-day tasks. We are convinced that the new system will be able to more efficiently ensure that safety awareness is at the top of the agenda for everyone on board at all times,” says General Manager Jørn Andresen, Technical Department, who is responsible for the safety on board.

He adds that, naturally, promoting your own and colleagues’ safety is a reward in itself and that fact should not be underestimated, of course.

**Struggle with barriers on board**

“However, when we talk about promoting safety on board, we sometimes struggle with certain barriers on the vessels. The classic example is the crew member who hesitates to intervene if a colleague for some reason or another – everyone are equally bad! – is about to do something that is unsafe. Some crew members hold back in such situations, maybe because they consider it impolite to intervene. Others hesitate to intervene against a superior. That is of course not how it is supposed to be,” says Jørn Andresen.

It is the Technical Department’s ambition that the new reward system can strengthen the safety culture on board the vessels further in the long term by making it an even more integrated part of the everyday work on board the vessels.

**Everyone is responsible for safety**

By pointing out positive examples of safety-related behaviour once a month, the Technical Department sets out to show all crew members that it is legitimate to care about your own as well as your colleagues’ safety. Each and every one should understand that they all – no matter their rank and position on board – have a responsibility to stop situations which are not safe. The new reward system should make it patently clear for every one that when there is reason to intervene, you should do that – and you might even be rewarded for it.

“When we recruit new seafarers, we talk about safety a lot, and as a company, we have taken a number of initiatives to promote safety. Nevertheless, accidents continue to occur on the vessels and as long as that is the case, safety awareness can and must be raised further,” says General Manager Jørn Andresen.
The aim is to become better at learning from the situations where something nearly went wrong

General Manager Jørn Andresen

Andru Joensen is rewarded because of his approach to carrying out daily tasks, which is always characterised by his safety awareness. He has for example prevented crew members from using the fire-fighting equipment wrongly and has detected faulty stop valves on the fire-fighting pipe.

“This reward does not change the way I wish to carry out the safety-related aspects of my job. But it is always nice to be recognised for your contribution at work – it is a good boost. To me, however, the important thing is that my daily work has resulted in increased safety on board,” says Andru Joensen.

The challenge is, says Joenser, to work out how to complete a task as effectively and safely as possible without it being like climbing a mountain.

Because potential dangers lurk around every corner on a ship, and crew members therefore work in a dangerous environment, it is essential that everyone contributes to the improvement of safety to the best of their ability.

“This ensures that we all return home to our loved ones in one piece,” says Andru Joensen.

AB Polberth A. Rojas, NORD MONTREAL

Polberth A. Rojas is rewarded because he only begins his daily tasks when he has made sure that everyone is wearing appropriate protective equipment, just as he performs random safety checks on deck.

“This reward makes me realise that I live up to NORDEN’s safety culture, and it makes me do even more for safety and inspire others to do the same. Safety is definitely important. Out of consideration for our families, we strive to perform our duties in the safest way possible. The family is what makes us cope with our daily challenges and the distance home, and I always look forward to coming home and, of course, with no injuries. My colleagues make up my other family, and I therefore pay attention to their safety too. No one wants to see a colleague get hurt. We are all on board the same ship, and a shipmate’s contribution to safety contributes to an overall safe environment,” says Polberth A. Rojas.

He says that the new reward programme in an effective and appealing way motivates everyone to think safety into everything they do.
Small devices with large effect

**Small devices on newbuildings from the Japanese shipyard Oshima, where NORDEN has 11 dry cargo vessels on order, improve the vessels’ propulsion efficiency by 6-8% according to the shipyard.**

For more than 35 years, shipyards and their engineers have been developing devices – Energy Saving Devices (ESD) – that are mounted onto the hull of vessels near the propeller with the purpose of improving propulsion efficiency.

The last 10 years have seen oil prices and consequently shipping companies’ fuel costs explode, and the interest of shipyards and shipping companies in ESDs has therefore increased immensely. Even though the price of oil has been reduced by half over the last year, fuel costs are typically still among the shipping companies’ largest expense items. Hence, the interest in reducing the size of the fuel account as much as possible is still considerable.

**An old idea**

“The idea to save fuel by placing various devices around the propeller is old. However, the first commercial ESD was only introduced in 1980. The Japanese shipyard Mitsui Engineering & Shipbuilding came up with a solution for how to improve the propulsion of vessels. Today, most shipyards have their own ESDs or are alternatively able to offer customers one of the many patented ESDs on the market – for example probably the most famous one, the German Mewis Duct with its characteristic funnel shaped duct that collects the water in front of the propeller. Or it could be the Japanese Propeller Boss Cap Fin,” says Director Newbuilding Søren Westergaard.

An ESD improves the propulsion of a vessel by optimising the way water flows between the hull and the propeller and between the propeller and the rudder.

**ESD with 3 devices**

The Japanese shipyard Oshima Shipbuilding that has been building vessels for NORDEN since 1998, and where NORDEN has 11 dry cargo Panamax and Supramax vessels on order, has also developed its own ESD by the name Advanced Flipper Fins.

Advanced Flipper Fins from Oshima Shipbuilding consist of these 3 devices:

- A swirl generator on the hull of the vessel that makes the water rotate before it reaches the propeller, whereby energy loss due to rotation in the propeller’s slipstream is reduced
- 2 fins on the hull that generate little swirls that move along the hull of the vessel, which helps reduce the resistance of the vessel through the water
- A rudder bulb – a guttiformed tip – with fins mounted onto the rudder of the vessel reducing the swirls generated behind the propeller and converting them into propulsion

"By means of model testing, the shipyard has calculated that these devices will increase the vessels’ propulsion efficiency by 8% when the vessels are carrying cargo, and by 6% when they are not carrying cargo – i.e. in ballast. So you can save a lot of money by having these relatively simple technical devices mounted onto the vessels,” says Søren Westergaard.

**Less a shoebox, more a vessel**

He adds that over the last few years, NORDEN’s newbuildings – both dry cargo vessels and product tankers – have been technically optimised on a number of other areas to reduce fuel consumption and by doing so also CO₂ emissions. The optimisations are varied such as a more streamlined hull – less "a shoebox" and more a vessel – as well as a larger propeller that turns more slowly and is more efficient compared to a smaller propeller that has a faster spin.
Happy crew members generate a safe vessel

When you treat your crew members as friends, they show more initiative and become more inventive, and positive energies are created on board. This makes the ship a safer work place, says the Filipino captain.

Jose P.B. Galan has been a captain in NORDEN since 2012. He is from the Philippines, 39 years old, married and has 3 children.

For the Filipino captain Jose P.B. Galan, each of the four stripes on his shoulders represents a vital aspect of his job as captain and head of the crew: the crew’s safety, the cargo’s safety, the environment’s safety and the company’s safety.

However, when dealing with safety issues - whatever it is related to – it all hinges on the entire crew’s performance. Despite his authority and position on the vessel, the captain cannot achieve much alone. He needs all crew members to take active part. Consequently, Jose P.B. Galan uses a lot of energy motivating his crew – both when it comes to work and their spare time.

Harmonious and friendly atmosphere
It is his experience that motivation on board the vessel is achieved concurrently with the captain - as the superior – creating a harmonious and friendly atmosphere on board.

“You create a harmonious and friendly atmosphere when you treat your crew members as your friends. If you do that, you will see how much initiative they show and how inventive they become. You will also experience how different tasks seem easier and are executed faster because more crew members are willing to help. You will notice that the crew members are happier – that they smile more. It all contributes to increased safety within all four areas which the stripes on my shoulders represent,” says Jose P.B. Galan.

Positive energy
In his opinion, it does not dilute his authority as captain when he tries to be kind. On the contrary.

“If you do not create a harmonious relationship between all crew members – and I mean all – the working days on board become depressing and stressful, and if you have depressing and stressful days, life on board the vessel will become unproductive and dangerous. In contrast, happy crew members generate a safe vessel, and a safe vessel generates positive energy and many well solved tasks on board,” says Jose P.B. Galan.

In a critical situation in the middle of one of the great oceans, the best help you can get is from other crew members – able-bodied seamen as well as officers – and not the help you receive from land. This is when the positive energy on board really matters.

“We sail among so much negative energy – e.g. the weather – and therefore I need a vessel with positive energy in order to maintain a reasonable balance,” says Jose P.B. Galan.

Management based on approval
It is his experience that management based on authority is useless on a vessel because the work place is so dangerous and because you need the entire crew “on board”. Management on a vessel needs to be based on approval from the crew members in order to be effective.

“If you treat your crew members as your friends, and if they regard you as their friend, they will also like you. And when they like you, they will listen to you no matter how serious and unpleasant matters you need to share with them,” says the Filipino captain, who finds a great deal of truth in the saying: It is nice to be important, but more important to be nice.

Ready to take a risk
He turns to the American Nobel laureate for literature T.S. Eliot when he explains the reason why he agreed to become a captain 3 years ago. T.S. Eliot once said the following: “Only those who will risk going too far can possibly find out how far one can go.”

“I am willing to take this risk,” says Jose P.B. Galan.
Questions from investors and answers from NORDEN

Following the publication of the interim report for the third quarter, NORDEN’s executive management team has once again been on a roadshow to elaborate on the Company’s view on the markets and the future.

When NORDEN publishes its financial statements 4 times a year, the executive management team embarks on a so-called roadshow to meet some of the large investors. At these roadshows, the investors have the opportunity to ask questions, and the executive management team is able to elaborate on the messages about the markets and future expectations, which were stated in the announcement to Nasdaq – the stock exchange in Copenhagen where NORDEN has been listed since its establishment in 1871.

“Investors always show great interest in meeting us, and we always get many questions,” says CFO Martin Badsted who is responsible for NORDEN’s investor relations.

Following the publication of the latest interim report – for the third quarter – the investors first and foremost wanted to know more about the development in the Chinese market which is of vital importance for the dry cargo shipping companies. They also wanted NORDEN’s estimate on when the historically poor dry cargo market will turn for the better, and they wanted to know what drives the tanker market, which has been favourable since the autumn of 2014. Finally, they had many questions regarding NORDEN’s capital structure.

Q&A

What drives the tanker market?
Martin Badsted’s answer: “We have benefitted from a very strong tanker market during the last 12 months. The drop in oil prices has led to high oil demand growth and considerable stockpiling of especially crude oil and diesel. This has boosted demand for transportation of oil products considerably, which has led to higher rates. The beginning of the fourth quarter was characterised by a slight slowdown, but the rates for transportation of crude oil has increased again since the refineries are back at full speed following maintenance outages, and this supports the rates for transportation of refined oil products – NORDEN’s area of business.”

Q&A

What is happening in China?
Martin Badsted’s answer: “During the last 5 years, China’s import of coal and iron has contributed to more than half of global growth in demand for transportation of dry cargo commodities. China’s steel production is no longer growing, and even coal consumption is declining. This has had a considerable impact on demand. During the last year, the total import of dry cargo commodities to China has dropped by 45 million tonnes compared to the year before. The good news is that, coal imports seem to be stabilising and that iron imports are on the way up since China is no longer drawing on its iron stockpiles as much as previously. However, even if China’s demand for iron and coal were to start increasing again, we only expect low growth rates, since China’s focus changes from establishment of infrastructure and property development to focus on light industry and service. In other words, China is currently not tailwind but headwind for the dry cargo shipping companies, and we have to get used to growth rates for the country’s demand for transportation of dry cargo commodities which are no longer at 5-7% annually, but rather in the region of 2-3%.”

Q&A

What is your assessment of NORDEN’s capital structure?
Martin Badsted’s answer: “We have an appropriate balance in our capital structure. At the end of the third quarter, NORDEN had cash and securities of USD 359 million – an increase of USD 80 million compared to 2014. To this can be added undrawn credit facilities of USD 345 million. Our assessment is that our capital base is sufficient to withstand a difficult dry cargo market, but at the same time effective enough to ensure the shareholders an attractive upside.”

Q&A

How long will the good tanker market last?
Martin Badsted’s answer: “Growth in demand for oil transport will be slightly lower in 2016, and at the end of the year, an increasing number of newbuildings will enter the market to transport crude oil. Spot rates may very well be lower than in 2015, but we still believe that 2016 will be a good year for our product tanker business, which constitutes half of our vessel values.”

Q&A

When will the dry cargo market turn for the better?
Martin Badsted’s answer: “We believe that 2016 will have to pass before we can expect real spot rate improvements. Even though the demand for transportation of dry cargo commodities might increase next year, we expect that the increase in the supply of vessels will continue to be too high to create real rate increases. We will experience heavy scrapping, but too many newbuildings will enter the market – especially Capesize vessels. It is, however, important to add that the rates are at such a low level at the moment that even small positive surprises can have a great impact.”
Continued strong tanker market

The strong tanker market continued in the third quarter. NORDEN’s tanker business that carries refined oil products achieved a new record high result during the quarter, i.e. an EBIT result of USD 37 million compared to USD -2 million in the same quarter last year. The tanker market was not only characterised by increased trade as a result of continued low oil prices and an increase in consumption. Extraordinarily high refinery activity also had a positive impact on the market. Gasoline demand was strong in the third quarter – especially in the USA and China – and gasoline constituted half the total growth in demand for refined oil products for the quarter. The intensive production of gasoline also meant an increased production of especially diesel, which also contributed positively to the demand for transportation, as did diesel stockpiling in Europe.

Saudi Arabia continues to increase exports of refined oil products, and in the first 8 months of 2015 diesel exports were approximately 50% higher than in 2014. The Middle Eastern refined oil products are to an increasing extent transported to Europe. The new refinery capacity in the Middle East is expected to benefit the product tanker fleet in the years to come.

Dry Cargo

T/C earnings in Dry Cargo were 22% above average 1-year T/C rates and 24% above average spot rates from the Baltic Exchange. Earnings cover large variations within the different vessel types. The smaller vessel types, Handy-size and Supramax, performed the best with earnings 39% and 34%, respectively, above the 1-year T/C rates.

The dry cargo market was still challenging in the third quarter of 2015, but rates did, however, increase compared to the historically low levels seen in the first half-year of 2015.

The improved average rates seen in the third quarter were mainly driven by increasing Chinese imports. The significant destocking of iron ore inventories seen in the first half-year was halted and import volumes from Australia and Brazil increased. Imports of coal to China continued to drop, but the decrease in the third quarter was not as drastic as seen in the first half-year. Another driver behind the improved market was the positive development in the Chinese import of minor bulks. Malaysia has replaced the bauxite exports from Indonesia lost in 2014 due to an export ban covering e.g. unprocessed bauxite, and in September, Chinese bauxite imports reached the highest level since the fourth quarter of 2013. Strong Brazilian soybean production also added positively to the dry cargo market.
### Panamax
- **Total number of vessels:** 73
- **Owned vessels:** 4
- **Chartered vessels:** 69
- **Length:** 215-230 metres
- **Width:** 32 metres
- **Cargo capacity (deadweight):** 70,000-85,000 tonnes
- **Areas of operation:** The whole world
- **Cargo types:** Iron ore, coal, grain, bauxite, cement and slag
- **Customers:** Steel works, mining companies, power plants, cement producers, grain traders and trading houses
- **Average age of Panamax vessels in the global fleet:** 9.1 years

### Supramax
- **Total number of vessels:** 73.3
- **Owned vessels:** 4
- **Chartered vessels:** 69.3
- **Length:** 190-200 metres
- **Width:** 32 metres
- **Cargo capacity (deadweight):** 50,000-62,000 tonnes
- **Areas of operation:** The whole world
- **Cargo types:** 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 of Supramax vessels in the global fleet:** 6.4 years

### MR
- **Total number of vessels:** 32.1
- **Owned vessels:** 9
- **Chartered vessels:** 23.1
- **Length:** 180-185 metres
- **Width:** 32 metres
- **Cargo capacity (deadweight):** 45,000-50,000 tonnes
- **Areas of operation:** The whole world
- **Cargo types:** Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
- **Customers:** Oil majors and oil traders
- **Average age of MR vessels in the global fleet:** 2.6 years

### Handysize
- **Total number of vessels:** 39.9
- **Owned vessels:** 12
- **Chartered vessels:** 27.9
- **Length:** 170-190 metres
- **Width:** 27-31 metres
- **Cargo capacity (deadweight):** 28,000-38,000 tonnes
- **Areas of operation:** The whole world
- **Cargo types:** 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 of Handysize vessels in the global fleet:** 3.9 years

### Dry Cargo: 17.5 vessels
- **Capesize:** 1 vessel (chartered)
- **Panamax:** 7 vessels (3 owned and 4 chartered)
- **Supramax:** 9.5 vessels (5.5 owned and 4 chartered)

### Tankers: 5 vessels
- **LR1:** 1 vessel (chartered)
- **MR:** 3 vessels (chartered)
- **Handysize:** 1 vessel (owned)

### Number of vessels on order:
- **Total:** 22.5

### Notes:
- All data as per 30 September 2015. Source - global fleet data/Dry Cargo: Clarksons. Source - global fleet data/Tankers: SSY
This year, NORDEN Invitational took place for the 13th time. Once again, the golf tournament, which takes place in beautiful surroundings in Sunset Hill Country Club in Imabari on Shikoku Island – the smallest of the 4 main islands in Japan, was completed with great enthusiasm. Everyone was in it to win!

The winner was Deputy General Manager Takayuki Hase, Marubeni Corporation, and following the tournament, NORDEN’s CEO Jan Rindbo presented him with the visible proof of his victory.

Approximately 55 Japanese business connections and some ten representatives from NORDEN’s management team headed by Chairman Klaus Nyborg, CEO Jan Rindbo, CFO Martin Badsted and Executive Vice President and head of Dry Cargo Ejner Bonderup took part in the event on the golf course. Team NORDEN performed decently, but once again they had to conclude that NORDEN’s Japanese business connections knows about more than building vessels, chartering vessels and running a bank etc. Many of them are also skilled and experienced golfers.

At the following reception at Imabari Kokusai Hotel, where the number of Japanese guests more than doubled, CEO Jan Rindbo informed the guests of the new strategy Focus & Simplicity – read more on pages 14-16. In that connection, he mentioned that NORDEN has done business in Japan since 1876, and that the Company currently has 23 newbuildings – owned as well as chartered – on order from Japanese yards.

“We will be forever grateful for your support, and we look forward to developing our business further – with you and for our joint benefit,” says Jan Rindbo.