THEME: NORDEN plans to grow itself out of the crisis in the dry cargo market

NORDEN enters new large-scale contract on transport of wood pellets

Porto Trombetas – a port at the end of everything

LARGEST EVER CONTRACT
Over 10 years, NORDEN will transport 20-24 million tons of coal from Indonesia to a new power plant in the Philippines
Cover photo

NORDEN has entered into a 10-year contract with the Philippine energy company GNPower Mariveles Coal Plant Ltd. Co., which owns and operates a modern power plant in the Bataan province on Luzon Island in the Philippines. The contract comprises transportation of 20-24 million tons of coal imported from Indonesia. NORDEN has previously transported coal to the power plant, but under a different contract. The picture shows the Panamax vessel NORD SUN discharging coal at the power plant.

8 February – 1 March 2017
Silent period until the publication of the annual report 2016

22 February 2017
Final deadline for any shareholder proposals to the agenda for the annual general meeting on 5 April 2017

1 March 2017
Publication of the annual report 2016

Early March
Roadshows in connection with the annual report

5 April 2017 at 3pm
Annual general meeting
Radisson Blu Scandinavia Hotel
70, Amager Boulevard
DK-2300 Copenhagen

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A day of golf and good conversation
2016 is drawing to a close, and we are not only saying goodbye to a year that offered historically low dry cargo rates but also hello to a strengthened NORDEN, where the operator activities even more so will come into focus.

In line with the strategy Focus & Simplicity, we are now significantly strengthening our operator activities, specifically focusing our efforts on utilising NORDEN’s position in the market to optimise how we combine cargoes and short-term chartered vessels. The prerequisites for success are there. As you can read on page 10 onwards, based on its history and track record NORDEN has excellent access to customers, cargoes as well as tonnage. Together with our global network of offices with local knowledge and skilled employees, this provides us with a terrific starting point for delivering flexible and reliable transport solutions to even more customers.

In terms of volume, the contract with GNPower on transportation of up to 24 million tons of coal over a 10-year period is the largest in NORDEN’s 145-year history. We are obviously proud that GNPower has chosen exactly NORDEN to handle such an important part of the supply to their modern power plant in the Philippines. The contract extends the collaboration which NORDEN and GNPower have had through a number of years, and once again we look forward to meeting the requirements and expectations which GNPower rightly has for a company like NORDEN.

The same applies to our collaboration with Canada’s largest manufacturer of wood pellets, Pinnacle Renewable Energy Inc. As you can read on pages 16 and 17, to Pinnacle it was important to contract with a counterpart which they could be certain would deliver for the whole of the contract period, covering almost 10 years. Such a counterpart is NORDEN.

With a solid financial position, a fleet of both owned and chartered vessels, modern systems and processes and not least skilled and dedicated employees, NORDEN is ready for what the future might bring – both short-term with more chartered vessels, and long-term with long-running and important commitments to our customers.

I wish all readers a merry Christmas, a happy New Year, and I hope you enjoy reading this issue of NORDEN NEWS.

Kind regards,

Jan Rindbo, CEO
NORDEN's Facebook – highlights

Become Shipping Trainee at NORDEN

‘A world of opportunities’ is the headline of this year’s Shipping Trainee campaign in Denmark. You can apply for one of the sought-after places at the 2-year programme at NORDEN’s head office in Hellerup up until 9 January 2017. NORDEN’s offices in Singapore and Shanghai are also open for applications now.

Find out more at: shippingtrainee.dk and facebook.com/shippingtrainee

A visit from the CEO

This quarter’s most liked Facebook post was the brief coverage of CEO Jan Rindbo’s visit to the Handysize tanker vessel NORD HUMMOCK. On its way to Riga in Latvia, the vessel lay at anchor in Øresund close to the head office in Hellerup, and as it was therefore an opportunity for an impulsive neighbour’s visit, a small delegation started NORDEN’s speedboat and set off for NORD HUMMOCK. On board, they received a warm welcome by Captain Brian Joubert Anthony D’Silva and his crew. NORDEN’s chef at the head office, Martin Rørsig, was also there – with a freshly baked cake. He had joined the vessel in Amsterdam as part of NORDEN’s focus on improving the food quality at sea.

Crack Cancer

15 employees from NORDEN and Norient Product Pool kept a spinning bike going for 24 hours as part of the Crack Cancer campaign in Denmark. In total, 62 bikes were ridden sponsored by various companies that had each spent DKK 10,000 per bike for the event Spinning4Cancer.dk. Louise Mackenzie Hall, Optimisations Manager in Norient Product Pool, took on the job of getting the spinning team from NORDEN and Norient Product Pool going – or rather cycling.

NORD SEOUL twisted and turned

Pictures and accounts from our seafarers on the 7 seas are always popular – even though this time it was “only” a river, the world’s longest though. Captain Jose P.B. Galan shared some of his moments on board our Handysize dry cargo vessel NORD SEOUL, as she twisted and turned down the Amazon for 3 days.
Since August, 7 new shipping trainees have been busy with their 2-year education at NORDEN – 2 in Singapore, 1 in Shanghai, China, 1 in Annapolis, USA, and 3 at the headquarters in Hellerup in Denmark. In September, they were all gathered for 2 weeks in Denmark – first 2 days of introduction at NORDEN and then 8 days of theoretical training at the Danish Shipping Academy.

The Australian steel manufacturer BlueScope has many shipments from Port Kembla.

In order to get even closer to the customers and to learn more about their needs and requirements, face-to-face meetings with customers are an important part of NORDEN’s customer focus. In October, Chartering Manager Jeremy Kim from NORDEN’s office in Singapore and Chartering Manager Mads M. Simonsen from NORDEN’s office in Melbourne in Australia therefore visited steel manufacturer BlueScope in Port Kembla south of Sydney. “It was good to meet the representatives from BlueScope and to thank them for their business. It was also very interesting to see the port and to see how it all works,” says Mads M. Simonsen.

Visit with major steel customer
Docking up close

In October, 5 employees from the Dry Cargo Department of NORDEN’s headquarters in Hellerup, Denmark, had the chance to see what takes place when a NORDEN vessel is in dock. A NORDEN vessel is in dock every 5 years to undergo a big technical check-up of virtually everything and to be re-painted. This time it was the Supramax vessel NORD FUJI and the Handysize vessel NORD ROTTERDAM, which were in dry dock at the Besiktas Shipyard in Istanbul, Turkey. The visit from the head office took one day. And after touring the two dry cargo vessels, there was also time for a tour of the yard, where NORDEN has had many dockings.

7 happy scholarship recipients

In November, NORDEN’s long-standing cooperation with Shanghai Maritime University materialised in the award of another round of scholarships for students and teachers at the renowned university, which has about 22,000 students and where annually about 5,000 graduate with a bachelor’s degree. It was the 12th year that NORDEN awarded these scholarships to 5 students and 2 teachers – the latter being nominated by the students as the best teachers at the university. “By studying and teaching at this amazing university, you have already taken a step towards excellence. Your skills will be in demand in the shipping industry,” said Group Vice President and CEO Jakob Bergholdt, NORDEN Singapore, in his speech.

Future shipping talents visited NORDEN

In November, NORDEN in Singapore invited 26 students for a visit – this coming spring, these students will finish their maritime studies at Nanyang Technological University in Singapore. Group Vice President and CEO Jakob Berg Holdt, NORDEN Singapore, welcomed them after which they were given a brief presentation on both chartering and operations. “For NORDEN, this was a great opportunity to introduce us to the students and promote our trainee programme,” says Jakob Berg Holdt, who offered along the students the following advice: “Choose your career by following your heart and remember that it is during hard times that the greatest minds and best ideas are needed. It is also during hard times that you can make a difference and that you probably learn the most.”
NORDEN enters its largest ever COA

In the course of 10 years, NORDEN will transport 20-24 million tons of coal from Indonesian mines to a new and modern power plant in the Philippines.

NORDEN has signed its largest ever cargo contract (COA). The contract means that over the next 10 years, NORDEN will transport a total of 20-24 million tons of coal from Indonesian mines to a new and modern power plant in the Philippines.

The coal contract, commencing from the first quarter 2017, has been entered into with the Philippine energy company GNPower Mariveles Coal Plant Ltd. Co. (GNPower), which owns and operates the power plant which is located in the Bataan province on Luzon Island.

The power plant began production in 2013, and since then, NORDEN has transported coal to the plant for an Indonesian coal producer. This contract is now expiring, but was still a contributing factor in GNPower’s choice to go with NORDEN.

“Overall, it was a close contest among the bidders, but NORDEN edged out all others by providing the most competitive prices and proving to be the one of the most widely experienced shippers on the Indonesia-Philippines route, especially considering the fact that NORDEN was GMCP’s shipper from its very first shipment continuing up to the present, which gave GMCP a front row experience of NORDEN’s services,” according to John Anthony Becker, President & COO of GNPower.

And GNPower found this experience so positive that they would like to strengthen the cooperation. In future, NORDEN will therefore be supplying GNPower with coal with the power plant as NORDEN’s customer, as the power plant will be buying the coal from different manufacturers in Borneo, Indonesia, and NORDEN will then transport the coal cargoes to the Philippines.

The coal will be transported on Panamax vessels with 25-30 transports per year. Each voyage will take approximately 20 days, but both before and after the transportation at sea, NORDEN is committed to ensuring efficient transportation all the way. With local knowl-
GNPower:
Professional and structured bid

“Throughout the bidding process, it was apparent that NORDEN was one of the bidders seriously interested in and capable of winning the contract. It showed in its efficient responses from the issuance of the first bidding notice to its professionally prepared and organised documentation of its bid,” says President & COO John Anthony Becker, GNPower with the full name of GNPower Mariveles Coal Plant Ltd. Co.

John Anthony Becker adds:

“As the new 10-year COA takes effect, GMCP believes that its good relations with NORDEN will not only continue but will continuously improve based on NORDEN’s commitment to consistent professional shipping services.”

“Securing long-term coverage

Vice President Michael Boetius, who as Head of Industrial Bulk together with Senior Business Development Manager Lars Husmand has negotiated the contract with GNPower on NORDEN’s behalf, says:

“This contract provides NORDEN with the rare opportunity of securing long-term coverage in the Pacific with a strong counterparty. It is also one of the few major coal contracts in the market. The contract consolidates our already strong position in the intra-Asia trade and supplies us with a long-term trading platform.”

Both proud and happy

NORDEN’s CEO Jan Rindbo commenting on the new contract:

“We are both proud and happy that GNPower has chosen NORDEN to take care of the coal transportation to this modern power plant over the next 10 years. I see this as evidence that the customers know that NORDEN is a stable and reliable business partner which you can count upon – also when it comes to very long-term contracts. We look forward to further developing and strengthening our cooperation with GNPower and are now focusing on living up to the high expectations which GNPower and other customers rightly have of NORDEN.”

And from GNPower the expectations are clear:

“We have been very impressed with the flexible and efficient service that NORDEN has offered over the years since the time we received the first coal cargo. We look forward to an additional 10 years of excellent service from NORDEN,” says President & COO John Anthony Becker.

Fast facts

Yearly transports:

25-30

Each voyage expected to last:

20 days

Contract starts:

Q1 2017

Distance to be sailed by NORDEN vessels during the contract’s 10-year period:

3 trips to the moon

GNPower Mariveles Coal Plant Ltd. Co., which has a production of 2 times 300 MW (megawatts), are Sithe Global, AC Energy Holdings Inc. and Power Partners Ltd. Co. The plant was commissioned in 2013.
NORDEN plans to grow itself out of the crisis in the dry cargo market. This is to be achieved through significant growth in the Company’s operator activities by which cargoes are combined with available vessels in the market for one or a couple of trips.

This extra focus on operator activities will take place while NORDEN head on continues its regular business on the spot market (day-to-day market) with the core fleet of owned and long-term chartered vessels.

At the same time, NORDEN is executing its long-term contracts.

Always money to be made
The activities as operator involve global transportation at sea where profit is made as the difference between what the customer pays for transportation and what NORDEN pays for chartering a vessel for a shorter period of time or for just a single voyage to perform the transportation task at hand. As a rule in terms of earnings, operator activities are usually less dependent on market rates than dry cargo business in general. If freight rates are low, the price for chartering unemployed vessels will also be low. Conversely – if prices on unemployed vessels go up, it reflects that freight rates have also increased. Therefore, as a rule money can be made on operator activities during both up- and downturns.

“Activity as an operator is not something new to NORDEN, but it is our ambition to increase this business segment significantly in the coming years. The rates in the dry cargo market are historically low, but operator activities have the advantage of being less dependent on market trends, and we can therefore make earnings within these activities also during hard times. There are plenty of cargoes in the market and there are plenty of available vessels which can be chartered at reasonable prices – for a couple of trips or just one. Our task is to ensure the best combination of cargoes and vessels, so we can make money on it,” says CEO Jan Rindbo.

Big ambitions
At the end of the third quarter, there were 180 vessels in NORDEN’s dry cargo fleet – 80 in the core fleet (20 owned and 60 on long-term charter) and 100 vessels on short-term charter.

“NORDEN is not idly standing by waiting for rates in the dry cargo market to improve. We act and we have big ambitions for our operator activities. With our skilled organisation, our brand, our strong customer relationships, our global presence and our financial position, we have a very good starting point to carry out these ambitions,” says Jan Rindbo.

Next step in strategy
The extra focus on operator activities is a further step in the realisation of NORDEN’s strategy for the coming years. The strategy is called Focus & Simplicity with “focus” referring to the relationship with customers, fleet composition, market exposure, etc. and “simplicity” referring to the way work is done at NORDEN. The strategy will ensure greatest possible value creation – both in these years
2 busy employees in the Dry Cargo Department (Handysize and Supramax) – Chartering Manager Carrie Chen (left) and Assistant Chartering Manager Stine Gøttrup.
“We must make use of our core competencies best possibly – no matter whether it is steel or people”

CEO Jan Rindbo

Senior Chartering Manager Kristian Tvilde (left) and Shipping Trainee Mathias Graae Pedersen on duty in the Dry Cargo Department (Handysize og Supramax). In the background Assistant Chartering Manager William Boatwright – busy speaking to customers.

NORDEN has found an experienced man to head the significant growth in operator activities within dry cargo which the Company announced in the interim report for the third quarter.

Operator activities involve combining cargoes with available vessels in the market, and in this way secure a margin.

The job as new Head of Dry Cargo and thereby the job of heading the increased operator activities has been given to Christian Vinther Christensen, who is 46 years old and has 22 years of experience within dry cargo.

Christian Vinther Christensen’s shipping career began in 1990. He started at Maersk, where he completed the classic 2-year trainee programme which in the years up until 2000 was followed by positions in the Maersk Group – among others at Maersk Broker and in the USA, Hong Kong, China and South Korea. At the dry cargo operator Western Bulk, where he was employed from 2000-2016, he finished as Group Executive Vice President with bottom-line responsibility of close to 70 vessels.

NORDEN well positioned

The activities as operator involve global transportation at sea where the profit – the margin – from the activities as operator is made as the difference between what the customer pays for transportation and what NORDEN pays for chartering a vessel for a shorter period of time or for just a single trip to perform the transportation task at hand. As a rule, money can be made on operator activities during both up- and downturns, but at times the margins are small. To succeed, it is therefore important to optimally utilise knowledge, systems and resources within both operations and chartering.

With its global network of offices and good access to both cargoes and tonnage in the global market, NORDEN is well positioned to increase its operator activities significantly.

He will strengthen NORDEN’s operator activities

“We must make use of our core competencies best possibly – no matter whether it is steel or people”

CEO Jan Rindbo

NORDEN’s dry cargo fleet:

**180 vessels**

Core fleet – owned and long-term chartered:

**80 vessels**

Short-term chartered:

**100 vessels**
strengthen NORDEN’s activities

People and teamwork
“Long and extensive experience with direct bottom-line responsibility has given Christian Vinther Christensen a deep understanding of how people and teamwork make the whole difference. I am therefore confident that he will fit well into NORDEN’s organisation that has many skilled employees, and I look forward to working together with him on making NORDEN even stronger,” says CEO Jan Rindbo.

Ever stronger brand
Christian Vinther Christensen is proud to join NORDEN.

“Through the years, NORDEN has developed an ever stronger brand”
Christian Vinther Christensen, NORDEN’s future head of Dry Cargo

“Some will call me a pragmatic optimist by nature and a big fan of simple executable strategies”
Christian Vinther Christensen about himself on LinkedIn

“Through the years, NORDEN has developed an ever stronger brand, and I am looking forward to developing the potential and growing the operator part further. We operate in a world that is continuously changing, which requires that NORDEN at all times develop its adaptability and readiness at all levels. We must strive to be the first choice among cargo customers, owners, brokers and not least skilled employees,” he says.

Christian Vinther Christensen will become part of the Senior Management team reporting to CEO Jan Rindbo.
They came from China, Hong Kong and Taiwan, when NORDEN’s representative office in Shanghai, China gathered customers and brokers for a reception in November.

In total, approximately 70 people attended the reception that took place at the restaurant Lost Heaven, located on The Bund – Shanghai’s famous promenade along the Huangpu river – and specialised in food from the Yunnan province.

While the attendees enjoyed the good food, there was an opportunity to either talk business or engage in informal networking.

In his speech, CEO Jan Rindbo underlined NORDEN’s long-standing ties to China, which date back to 1875 when the first NORDEN vessel called Shanghai. In addition, he highlighted that NORDEN increasingly strives to be the preferred carrier.

Also the management at Shanghai Maritime University – NORDEN’s long-time business partner – was represented at the reception, which lasted most of the evening.

‘Cheers and welcome’ in Shanghai
Together with the other companies in the Danish Shipowners’ Association, NORDEN is preparing the ground for a significant reduction in CO₂ emissions from global shipping. The Danish shipping companies are promoting that the maritime share of total global emissions of the environmentally harmful greenhouse gas must be maintained at the current 2.2%, although it is expected that maritime transportation will grow in coming years due to population growth in particular. This will require that CO₂ emissions per vessel are reduced.

Shipping is not included in the Paris Agreement from 2015 on the reduction of greenhouse gases with the goal of keeping global temperature increases below 2 degrees Celsius. But CO₂ was on the agenda when there was a meeting recently in the environmental committee of the UN International Maritime Organisation (IMO). They agreed on an action plan for how the shipping industry can contribute in the global efforts to reduce emissions of greenhouse gases.

The Danish shipping companies consider the action plan to be an important step in the right direction. But the action plan says nothing about the level of ambition for the CO₂ reduction within shipping. This is a serious shortcoming in the plan according to the Danish shipping companies, and they are therefore offering their own proposal that total emissions from global maritime shipping must be kept at the same level regardless of how much maritime transportation grows.

The Danish Shipowners’ Association is looking forward to being part of the debate within the IMO and is prepared to discuss both the specific reduction target and how it can be achieved as these two issues are considered to be inseparable.

“The shipping industry should reduce its emissions in line with the rest of the world, and global reductions should be ensured that are large enough to meet the target in the Paris Agreement. This means that both the shipping industry as well as the rest of the world economy must become CO₂ neutral in the course of the second half of this century,” says Anne H. Steffensen, Director General and CEO of the Danish Shipowners’ Association.

In the preparation of the climate policy, the shipowners’ association had a comprehensive CO₂ study conducted. This study shows that there is a need for technical as well as operational improvements in order to achieve the reduction target and that the ships must switch to a fuel with lower carbon content.

“NORDEN has been greatly involved in the development of the climate policy of the Danish Shipowners’ Association on CO₂. Like any industry, shipping must naturally take its fair share of the CO₂ reductions. But it is essential in order to ensure fair competition and a maximum environmental effect that the reduction of CO₂ emissions from shipping is established in a global setting,” says CEO Jan Rindbo.

NORDEN has once again been recognised for its environmental and climate efforts by the British independent non-profit organisation CDP, which makes its collected data from over 1,000 companies worldwide available to approximately 825 institutional investors with a total capital of USD 100 trillion behind them.

Every year since 2008, NORDEN has reported on the Company’s environmental and climate impacts to the CDP.

Based on data and descriptions of working procedures and practices, NORDEN is evaluated and rated (from A, A-, B, B-, etc. to D) reflecting the Company’s efforts within environmental and climate related issues and not least the Company’s ability to report transparently and in detail about these efforts.

This time, NORDEN received a B rating in terms of the Company’s ongoing and solid efforts to manage, reduce and document CO₂ emissions from vessels primarily.
NORDEN enters new large-scale contract on transport of wood pellets

The contract runs over 9 years and covers the transportation of a total of 3.5 million tons of wood pellets from Canada to Europe.

NORDEN stands out more and more in the rapidly growing biomass market. Recently, the Company entered into a new long-term and large-scale contract – a 9-year contract for the transportation of wood pellets from Canada to Europe.

The contract has been made with the Canadian manufacturer of wood pellets Pinnacle Renewable Energy Inc. and covers the transportation of a total of 3.5 million tons of wood pellets from Vancouver and Prince Rupert in western Canada to Europe, mainly to Tyne, Great Britain.

The pellets will be transported on Supramax vessels with 8 transports per year. Each voyage is expected to take approximately 65 days. The contract commences in 2018.

Proud of contracts
“We are proud that Pinnacle has selected us to transport their products. The contracts indicate that not only can we offer a reasonable price and provide good services but NORDEN is also considered a safe haven – as a shipping company with which the customers want to engage in long-term contracts. The customers know that we will fulfill the contracts exactly as agreed. The contracts underpin NORDEN’s

Canada’s largest wood pellet manufacturer

Pinnacle Renewable Energy Inc. is the largest wood pellet manufacturer in Canada. The company, which was founded by the Swaan family more than 25 years ago, is located in the heart of the major timber industry in the province of British Columbia in western Canada.

Pinnacle manufactures a variety of products for the domestic market – especially fuel and animal bedding. But a significant part of the annual production of 1.5 million tons is exported abroad replacing coal and oil in the production of electricity and heat.

In total, Pinnacle has 7 production sites, all of which are surrounded by plenty of high quality raw material. All production sites have 24-hour operations, 7 days a week. More than 250 people are employed in the company.

Part of the company’s profits is used to aid and support the areas in British Columbia, where the mountain pine is affected by epidemic beetle infestation. Some of the aid goes to the sawmills whose production is affected by the epidemic.

Pinnacle’s Westview Terminal, where wood pellets destined for power plants in Europe are being loaded.
dry cargo strategy to be an industrial carrier with a business mindset within the vessel types Panamax and Supramax, which are NORDEN’s primary vessel types,” says CEO Jan Rindbo.

**Return cargo over many years**
As Head of the Industrial Bulk division in Dry Cargo, Vice President Michael Boetius together with Senior Chartering Manager Mark La-Frankie from NORDEN’s Annapolis office have negotiated the Pinnacle contract and brought it home to NORDEN.

“The contract with Pinnacle provides us with an opportunity to achieve two things: First, the contract ensures that our vessels return with cargo from the Pacific to the Atlantic Ocean – a route where traditionally there is less cargo to transport. Secondly, the contract cements our already strong position in the biomass market, in which we have built up considerable experience and expertise,” says Michael Boetius.

**30 million tons of wood pellets**
The wood pellet contract with Pinnacle follows a number of other contracts for the transportation of wood pellets from North America to European power plants which are in the process of replacing coal with cleaner energy sources. Within the past 5-6 years, NORDEN has entered into contracts with volumes amounting to approximately 30 million tons.

The market for wood pellets is rapidly growing. While global demand in 2015 was 13 million tons, the British analysis company Hawkins Wright expects that demand in 2020 will have reached 27 million tons. This translates into an annual growth rate of 16%, which is very significant in a dry cargo market that has not experienced much growth in recent years.

**Fast facts**
- **Yearly transports:** 8
- **Each voyage expected to last:** 65 days
- **Contract starts:** 2018

**Pinnacle looks forward to a long and mutually beneficial relationship**

“We picked NORDEN for a couple of reasons. We needed a partner with their own fleet to ensure that they could ride out whatever cycles we meet in the almost 10-year duration of the contract,” says Senior Vice President Sales & Logistics Vaughan Bassett, Pinnacle Renewable Energy Inc.

“Our partner must also have a very good reputation in the shipping industry and be flexible and customer focused enough to satisfy both ourselves and the receivers consistently over the long term,” says Vaughan Bassett.

“NORDEN also stepped up to satisfy the challenging commercial terms required for this business and demonstrated a level of commitment and creativity that I believe will prove valuable going forward. We look forward to a long and mutually beneficial relationship,” he adds.
Rasmus Saltofte’s working life is now back in Denmark again. After about 2 years in Singapore and just under 7 years most recently as head of NORDEN’s office in the Brazilian metropolis Rio de Janeiro, he is back in the Dry Cargo Department (Handysize and Supramax) at the head office in Hellerup.

“So all together, I have spent almost 9 years abroad at our overseas offices out of a total of 11 years working for NORDEN,” says 31-year-old Rasmus Saltofte, who started his shipping career as a trainee in NORDEN back in 2005. Today, his title is Senior Chartering Manager, and for now he will stay at home.

Commenting on the years abroad as a NORDEN representative, he says:

“I have had the opportunity to experience many aspects of our business in different parts of the world. At the same time, I have witnessed NORDEN’s extensive development.”

“Even though NORDEN is Danish, our customers are rarely Danish. I have gained insight into how our customers around the world think and act, and I have brought this insight with me back to Hellerup. It feels really good to be home again, and I would like to share all this knowledge that I have built up during my many years outside of Denmark with my colleagues at the head office,” says Rasmus Saltofte.

Overseas office in a key role
He is not in doubt that NORDEN’s overseas offices play a big role in generating new business – business which NORDEN otherwise would not have had if the company solely operated from the head office.

Neither is he in doubt that it is important to have good collaborations between the head office and the overseas offices.

“Together with my colleagues in Hellerup, it is now my job to further strengthen the support we provide to our overseas offices,” says Rasmus Saltofte.

Outside-in perspective
On a personal level, he has recently with great pleasure embraced the Brazilian and South American culture and not least population – and has learned and benefitted from that.

“When you are abroad, you also have the opportunity to see yourself and your country from an outside-in perspective, which I have appreciated. I believe that this insight and experience is the best starting point you can have in order to work together with the very different customers and colleagues that you meet as a NORDEN employee,” says Rasmus Saltofte.
Ship cooks have 2 major challenges

“Ship cooks have two major challenges: The greatest one is cultural – sometimes there are three nationalities on board: Indians, Filipinos and Danes. They certainly do not have the same eating habits or the same taste buds. The second challenge is the fact that food selection on board is sometimes relatively limited. And we all know how cooking can go if the fridge is not well-stocked. But on land, there is often a supermarket just around the corner. This is not the case at sea. And therefore it demands creativity,” says Torben Lykkegaard Pedersen.

He is happy with the feedback from the ship cook Philip John Vega Pareja.

“He has realised something very important. He would probably also agree with me that you should always vary the food and remember to taste it before serving it,” says Martin Rørsig.
NORDEN preparing for new rules on ballast water

NORDEN is well on its way adjusting to the new rules on ballast water which will come into force to protect the marine environment.

In future, commercial vessels must clean their ballast water for organisms which due to lack of natural enemies can displace existing organisms in waters where the ballast water is let out.

On 8 September 2017, the Ballast Water Management Convention of the UN maritime organisation IMO will come into force meaning that more than 60,000 commercial vessels must consider the marine environment when managing ballast water.

12 years had to pass since the IMO adopted the convention before it was ratified. It was required that no less than 30 countries representing at least 35% of the world's commercial fleet signed the convention. With Finland's ratification of the convention in September, this requirement was met.

First part unproblematic
The first part of the convention was effected earlier on, and it required that the ballast water be changed at least once during a voyage. This must be done in the open sea – as far away from coastal areas as possible preventing the living organisms in the ballast water from affecting the coastal marine environment.

“A Supramax vessel in ballast will typically need to pump some 20,000 tonnes of water on board to stabilise the vessel during ballasting. The replacement of the ballast water volume may be done either by emptying a few tanks at a time and then re-filling them. It can also be done by pumping water through the tanks changing the water 3 times. The latter will imply that approximately 60,000 tonnes of water must be pumped through the tanks before you can be certain that the water in the ballast tanks has been completely replaced. This replacement is relatively unproblematic,” according to Alex Hjortnæs, who with a position as Senior Newbuilding Manager is working in NORDEN’s newbuilding department and is currently busy with the technical considerations in connection with the new rules on ballast water treatment.
Second part challenging
What really challenges the companies and also NORDEN is the second part of the convention – the one that comes into force in one year, and that stipulates how the ballast water should be treated when it is pumped on board before departure.

The treatment typically requires that the vessels be fitted with a filter system that can capture all major living organisms, which is then pumped out into the water from where they came before the vessel leaves the port. In order to kill the organisms that have not been filtered out, there are different technologies. NORDEN has chosen a system that kills the organisms by generating chlorine from the salt in the seawater.

When ballast water is pumped back into the sea at the loading port, it may be necessary to add a neutralising substance to ensure that the chlorine content is sufficiently low.

Lack of operational experience
The system has two main challenges:

The first challenge is that NORDEN just like the other shipping companies only has little operational experience with such cleaning systems.

“We even though many systems have been fitted on vessels worldwide, only few systems are operating because it is not yet a requirement. So although we are in a number of experience groups with other shipping companies, there is not much experience to share. This is a serious obstacle when we are facing having to install such expensive systems on board our vessels. Depending on the type of vessel, the system will cost from USD 500,000 to USD 1 million per vessel,” says Alex Hjortnæs.

US approval
The second challenge is getting the treatment system which you decide to install on your vessels approved by the US Coast Guard, which has introduced its own and stricter rules independently of the IMO Ballast Water Management Convention.

“We have opted for the systems approved by the US authorities. If they have not yet been approved, we always make sure that the suppliers guarantee that they can upgrade the systems so that they can achieve the approval by the US authorities, which is a prerequisite for our vessels to operate in the USA. And mind you, this upgrade must be at the suppliers’ expense,” says Alex Hjortnæs.

Installation plan
NORDEN owns 41 vessels – 22 dry cargo vessels and 19 product tankers.

According to the Ballast Water Management Convention, all vessels built (keel laying) after 8 September 2017 must have installed ballast water treatment systems from the first voyage on.

NORDEN has 9 vessels – all dry cargo vessels – on order. But the keel has been laid for all vessels, so like all other existing vessels they must first install ballast water treatment systems when they have to renew their International Oil Pollution Prevention Certificate (IOPP). This together with other important certificates must be renewed every 5 years.

Commencement provisions for each of the vessels mean that ballast water treatment systems will be installed up until 8 September 2022.
A port at the end of everything

Porto Trombetas is a port at the end of everything. First you travel 30 hours up the Amazon River. Then you turn right on to Rio Trombetas – one of the 1,000 tributaries of the Amazon River, which is 6,500 km long. And after additional 6 hours of sailing, you finally reach Porto Trombetas, one of the world’s main loading ports for bauxite used in the production of aluminium – a port in the centre of Brazil’s tropical rainforest, which is hardly known to the general public.

But NORDEN knows Porto Trombetas, as NORDEN has been a regular visitor there since 2007.

The small port where only one vessel can load at a time and where, during loading, NORDEN’s 225 meter long Panamax vessels lie side by side with small fishing boats and dinghies is one of the hundreds of different ports at which NORDEN’s 180 dry cargo vessels called to load or discharge during the first nine months of 2016.

The majority of NORDEN’s dry cargo vessels operates in the spot market – the day-to-day market – and during the nine months, the spot vessels made a total of 2,587 port calls at 610 ports.

NORDEN’s 180 dry cargo vessels are employed in tramp shipping. In contrast to liner shipping, they do not have a fixed route but can load and discharge where the customers require it. In the first nine months of 2016, NORDEN’s dry cargo spot-vessels made 2,587 port calls at 610 ports.
The father of bauxite

When you get on board an airplane, when you drink a can of beer, when you use the stepladder at home or when you are happy about the hubcaps on your car, you should perhaps think kindly of the French geologist Pierre Berthier (1782-1861). For he was the one who in 1821 in the town of Les Baux-de-Provence in the South of France was the first person in the world to discover the aluminium ore bauxite.

Bauxite is formed in a subtropical-tropical climate with rain and dry seasons, and the largest reserves are found in Australia, Guinea, Brazil and Jamaica.

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Captain knows everything about ice sailing

It is the long-term chartered vessels NORDKAP and NORDPOL, which represent NORDEN’s Panamax fleet in Porto Trombetas, and the two vessels transport the bauxite to Port Alfred in Eastern Canada for processing.

Captain Gisli Gudjonsson is one of the NORDEN captains who knows the voyage to and from Porto Trombetas like the back of his hand. In a similar way, he knows NORDKAP, which he regards as his own vessel. He signed on the vessel for the first time in the summer of 2006 and was there when the vessel was convert-

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Porto Trombetas

- Opened in **1979**
- Yearly capacity **18 million tons**
- **1,400 employees**

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Annual capacity of 18 million tons

The bauxite mine in Porto Trombetas opened in 1979. It is owned by Rio Tinto, Vale, South 32, CBA, Alcoa and Norsk Hydro. It is the largest bauxite mine in Brazil covering an area of 143,000 hectares and has an annual capacity of 18 million tons. It has approximately 1,400 employees. From the mine down to the loading facilities in Porto Trombetas, there is less than 30 km, and this distance is covered by transporting the bauxite by train.

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The father of bauxite

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ed into an ice class vessel the same year at a shipyard in China making it able to handle the voyage to Port Alfred also during winter when great masses of ice can complicate sailing in the area.

Ice sailing is Gisli Gudjonsson’s specialty. From across the Arctic to the Antarctic and the northern part of the Baltic Sea, he knows the challenges that can arise from sailing in icy waters.

Port traffic is intense
Gisli Gudjonsson says that traffic at Porto Trombetas is intense. There is always a vessel in port in the process of loading.

In order to ensure continuous loading of bauxite without lengthy and costly interruptions, the next vessel must always arrive approximately 20 hours before it can enter the terminal and load. While waiting, it lies berthed at a buoy in the port.

“When it is our turn, we are shifted to the terminal. The loading of 55,000 tonnes of bauxite, which is our capacity in the 7 cargo holds, takes 18-20 hours. Then, it is off again – away from the tropics and into the cold. And I really mean cold. In winter, temperatures can drop to minus 40 degrees Celsius at Port Alfred,” says Gisli Gudjonsson.

Popular with the crew
The combination of the cold conditions at the terminal in Canada and the warm weather in Porto Trombetas contributes to making the voyage popular with the crew. The waiting time before loading means that the crew members have time to go on shore and go shopping in one of the 2 local supermarkets and eat at a restaurant – there are some to choose from – and they then get to enjoy the Brazilian cuisine as an exotic variation to the food they are served on board.

Although the people living in Porto Trombetas are limited to those who are affiliated with the bauxite mine and the terminal, the city is certainly worth a visit – at least for seafarers after many days at sea. The people living in Porto Trombetas are known for their hospitality.

Challenging first voyage
Gisli Gudjonsson has visited the secluded port many times, and it can be difficult for him to remember one voyage from the other. But he will never forget his first voyage there, which was a bit of a challenge.

When the NORDEN vessel arrived at Barra Norte at the mouth of the Amazon River, there were some local inaccuracies that meant problems with both the nautical chart and the GPS.

But such challenges are a thing of the past, he assures. The only remaining challenge now at Barra Norte is that vessels with cargo – that is, when they are sailing away from Porto Trombetas and the Amazon River – can only pass that spot at high tide. That is how shallow it is.

In addition, NORDEN’s vessels always have piloting assistance on voyages to Porto Trombetas.
Michael Schytt Christensen brings with him a broad and solid background when he assumes the responsibility for the operations of NPP’s product tanker fleet of 53 MR vessels and 37 Handysize vessels.

T he new Head of Operations in Norient Product Pool (NPP) has been found, and he brings with him a broad and solid background. Michael Schytt Christensen is educated Master, he has sailed as chief officer, he has previous employment as Head of Operations, he has worked with vetting activities (oil companies’ safety checks of tankers), and he has been Head of Section at the world’s largest oil rig in the middle of the North Sea.

“Michael can offer us some valuable management experience, which we can all learn from, and which, I am certain, will lift NPP’s offer to all of our customers and other business partners to create value for them. Michael will also be able to speak the right jargon with whomever he comes in contact. I expect a lot from working with him,” says NPP’s CEO Søren Huscher.

NPP is owned equally by the two partners – NORDEN and the Cypriot shipping company Interorient Navigation Company – and the pool handles the operational and commercial management of the combined product tanker fleets of the 2 shipping companies. The American shipping company Diamond S is a pool participant with a substantial fleet. By the end of September, the NPP fleet consisted of 53 MR vessels and 37 Handysize vessels. The head office is in Hellerup in Copenhagen, Denmark, but NPP also has offices in Cyprus, the USA and Singapore.

Supporting NPP’s strategy

“It will be my main task to ensure that our operations department continues to support NPP’s strategy to operate the most profitable pool for its two partners and one participant. We have the opportunity to optimise many processes and decisions during a voyage, and all these aspects have an impact on earnings. In this, I – together with the team – will work on structuring our shared knowledge and ensuring that all experience is shared and implemented. I also have a job in maintaining the relationship to the pool partners and pool participant and in ensuring that we retain close cooperation in the operations of the vessels,” says the newly appointed Head of Operations of NPP, Director Michael Schytt Christensen.

Strength in strong teams

In his new job, he especially looks forward to exploring the strength that can be found in strong teams.

“In previous positions, I have learned that strong teams outperform even the best individuals. I am currently getting to know all of my colleagues. It is interesting to hear their thoughts on how our operations department can perform even better. It occurred to me very quickly that in NPP you have a direct and honest tone, you are prepared to answer any question, tolerance for others is great, you are open to new initiatives and – also very important – you go about your day with a warm twinkle in the eye,” says Michael Schytt Christensen.

Matching all wishes

Why did you apply for the job in NPP?

“I had come to a point in my career where I wanted to try out a major managerial challenge. I wanted the opportunity to manage multiple teams and preferably within shipping, within which I have worked for the most part of my career. The position as Head of Operations in NPP matches my wishes for a new job in all respects,” says Michael Schytt Christensen.
The third quarter developed as expected

Overall, the third quarter developed as expected and, despite NORDEN’s efforts, ended with an unsatisfactory result as a consequence of market developments. The result was USD -12 million compared to USD 18 million at the end of the third quarter of 2015. For the first 3 quarters of 2016, the result was USD -21 million.

All results are adjusted results for the period, meaning that the results are adjusted for profits or losses from the sale of vessels and are without fair value adjustment of certain hedging instruments used for example when purchasing bunkers for the vessels.

“Our early focus on increasing coverage in Tankers combined with the sale of tanker vessels have reduced our exposure to a severely hit tanker market, while in Dry Cargo we are preoccupied with getting the best out of the very poor market. In this connection, the ability to combine vessels with cargoes is a crucial element, and in line with the strategy Focus & Simplicity the Company will utilise its position in the market over the coming years to significantly increase its operating activities in Dry Cargo through increased use of short-term chartered vessels,” says CEO Jan Rindbo. (See separate article on increasing operator activities).

Dry Cargo beat the market by 31%

In the third quarter, Dry Cargo realised a result of USD -8 million. This was an improvement compared to the third quarter last year, when the result was USD -14 million. Among other things, the improvement was due to an increased number of non-core fleet vessels, which contributed to beating the market in Dry Cargo by 31%.

Even though the dry cargo market continued its trend of slight improvements, the rate levels for most vessel types were still close to operating costs. The positive trends in the market were the continued high Chinese imports of iron ore and the unexpected rebound in Chinese coal imports. In other parts of the world, however, coal trade continued its decline. Among other things, this was a consequence of the high domestic coal stockpiles in India and the closedown of thermal power plants in Europe.

Tankers beat the market by 7%

The market conditions in the third quarter meant renewed hardship for NORDEN’s fleet of product tankers. Decreasing growth in oil demand and continued increase in the global tanker fleet put additional pressure on the already depressed rates. The result ended at USD -4 million compared to USD 32 million in the third quarter of 2015.

The lower growth in oil demand is partly due to the fact that demand in Europe has been lower than expected – where especially the outcome of the Brexit vote created increased uncertainty about the future. China, which has been a central driving force behind growth in oil consumption, also reduced its demand in the third quarter.
NORDEN's fleet

Dry Cargo

<table>
<thead>
<tr>
<th>NORDEN's fleet:</th>
<th>Capesize</th>
<th>Post-Panamax</th>
<th>Panamax</th>
<th>Supramax</th>
<th>MR</th>
<th>Handysize</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total number of vessels</strong></td>
<td>1</td>
<td>7</td>
<td>76</td>
<td>71</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td><strong>Owned vessels</strong></td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td><strong>Chartered vessels</strong></td>
<td>1</td>
<td>5</td>
<td>72</td>
<td>65</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td><strong>Length</strong></td>
<td>290 metres</td>
<td>240-250 metres</td>
<td>215-230 metres</td>
<td>190-200 metres</td>
<td>180-185 metres</td>
<td>170-190 metres</td>
</tr>
<tr>
<td><strong>Width</strong></td>
<td>45 metres</td>
<td>43 metres</td>
<td>32 metres</td>
<td>32 metres</td>
<td>32 metres</td>
<td>32 metres</td>
</tr>
<tr>
<td><strong>Cargo capacity (deadweight)</strong></td>
<td>170,000-180,000 tons</td>
<td>110,000-120,000 tons</td>
<td>70,000-85,000 tons</td>
<td>50,000-62,000 tons</td>
<td>45,000-50,000 tons</td>
<td>28,000-38,000 tons</td>
</tr>
<tr>
<td><strong>Cargoes</strong></td>
<td>Iron ore and coal</td>
<td>Iron ore and coal</td>
<td>Iron ore, coal, grain, bauxite, cement and slags</td>
<td>Coal, grain, cement, sugar, fertiliser and wood pellets</td>
<td>Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel</td>
<td>Coal, grain, cement, sugar, fertiliser and wood pellets</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Steel works, mining companies and power plants</td>
<td>Steel works, mining companies and power plants</td>
<td>Steel works, mining companies, power plants, cement producers, grain traders and trading houses</td>
<td>Mining companies, power companies, grain traders, trading houses, producers of cement, sugar, fertiliser and wood pellets</td>
<td>Oil majors and oil traders</td>
<td>Mining companies, power companies, grain traders, trading houses, producers of cement, sugar, fertiliser and wood pellets</td>
</tr>
<tr>
<td><strong>Average age – owned vessels</strong></td>
<td>–</td>
<td>6.3 years</td>
<td>10.1 years</td>
<td>6.5 years</td>
<td>4.8 years</td>
<td>8.0 years</td>
</tr>
<tr>
<td><strong>Total number of in the global fleet</strong></td>
<td>1,518</td>
<td>541</td>
<td>2,023</td>
<td>3,398</td>
<td>530</td>
<td>2,668</td>
</tr>
</tbody>
</table>

Tankers

<table>
<thead>
<tr>
<th>MR</th>
<th>Handysize</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total number of vessels</strong></td>
<td>26</td>
</tr>
<tr>
<td><strong>Owned vessels</strong></td>
<td>9</td>
</tr>
<tr>
<td><strong>Chartered vessels</strong></td>
<td>17</td>
</tr>
<tr>
<td><strong>Length</strong></td>
<td>180-185 metres</td>
</tr>
<tr>
<td><strong>Width</strong></td>
<td>32 metres</td>
</tr>
<tr>
<td><strong>Cargo capacity (deadweight)</strong></td>
<td>45,000-50,000 tons</td>
</tr>
<tr>
<td><strong>Cargoes</strong></td>
<td>Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Oil majors and oil traders</td>
</tr>
<tr>
<td><strong>Average age – owned vessels</strong></td>
<td>3.6 years</td>
</tr>
<tr>
<td><strong>Total number of in the global fleet</strong></td>
<td>1,135</td>
</tr>
</tbody>
</table>

Number of own vessels on order:

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

NORDEN's core fleet consists of owned vessels and vessels chartered for more than 13 months. The core fleet consists of 116 vessels – 80 bulkers and 36 product tankers. On top of this, NORDEN operates 106 vessels – 100 bulkers and 6 product tankers – chartered for less than 13 months. All data as of 30 September 2016. Source: global fleet data/dry cargo: Clarksons. Source: global fleet data/tankers: SSY
of NORDEN’s loyal Japanese business connections within shipping, shipbuilding, financing etc. participated in the traditional golf tournament, NORDEN Invitational, which this year took place in beautiful November weather at the Hojo Country Club on the island of Shikoku – the smallest of the 4 main islands in Japan. The 3 participants from NORDEN – led by Chairman of the Board Klaus Nyborg – yet again had to acknowledge that they often meet their superiors on the Japanese golf courses.

The winner of NORDEN Invitational 2016 was President Naoki Kimoto, Nanko Shipping Co., Ltd., who received a diploma and praise at the following dinner reception.

In his speech to the guests, Chairman Klaus Nyborg said that NORDEN does not just sit back and wait for the market conditions to improve.

“We are actively engaged in the market, and we are actively engaged with our friends and allies. This is yet another reason why I, as Chairman of NORDEN, is honoured and grateful to see all of you here today. When times are tough, you learn who your friends are. No person or company can stand alone. We stand together to deal with the difficult challenges that are still ahead of us in dry cargo. And together we can get the best out of the markets. Thank you for your friendship,” said Klaus Nyborg.

This was the 14th NORDEN Invitational.

And the winner is …
President Naoki Kimoto, Nanko Shipping Co., Ltd.

From left President Koji Sakano, Orient Marine Co., Ltd.; Chairman Klaus Nyborg, NORDEN; Captain/President Katsuya Abe, Nissen Kaiun Co., Ltd.; and President Tadashi Nakajo, MES Shipping Co., Ltd.

From left Assistant General Manager Yoshiyuki Tamei, Sumitomo Corporation; President & CEO Shoichiro Miyazaki, Miyazaki Sangyo Kaiun Co., Ltd; Senior Vice President Henrik Lykkegaard Madsen, NORDEN; and Senior Managing Director Yasushi Takada, Kyoei Tanker Co., Ltd.

From left Assistant General Manager Raita Mori, Mitsubishi Corporation; Senior Project Manager Mads Pilgaard, NORDEN; Masataro Mizuno, Phoenix Co., Ltd.; and Deputy General Manager Kazutomi Uchida, Marubeni Corporation.