

Corporate Social Responsibility Report 2015





977

Employees

225

Vessels

1.6

billion USD in revenue

Established and listed in 1871

Global activities within

- *Dry cargo – transport of commodities such as coal, grain, iron ore, etc.*
- *Product tankers – transport of refined oil products*

Flexible business model of owned and chartered vessels

Owns 50% of Norient Product Pool, NPP, one of the world’s largest operators of product tankers

Share listed on NASDAQ Copenhagen A/S

15,895 registered shareholders

Mission

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

With ambition, reliability, flexibility and empathy, we

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

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

Vision



The preferred partner in global tramp shipping

Unique people

Open minded team spirit

Number one

Values



Flexibility

Adapt and find better solutions

Reliability

Honest, good intentions and no cheating

Empathy

Respect diversity in people and opinions

Ambition

Think ambition into every activity

About this report

This CSR report serves as NORDEN's Communication on Progress (COP) report to the UN Global Compact as well as NORDEN's reporting in relation to the requirements of section 99a and 99b of the Danish Financial Statements Act.

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Welcome



Dear all,

This is the last year of our CSR strategy “On the Right Course”, which has shaped and guided our CSR work during the last 3 years.

In that period, NORDEN has made a great leap forward in terms of what we have achieved within CSR. Key initiatives and efforts in 2015 have been the development of an Anti-Corruption Compliance Programme; participation in the development of the Maritime Anti-Corruption Network and active member of its steering committee; the development with J. Lauritzen of an industry standard within Responsible Supply Chain Management called IMPA ACT, and the fact that NORDEN was awarded a place in the CDP Leadership Index for our reporting on environmental and climate change issues to CDP all 3 years.

In addition, specifically in 2015, NORDEN developed an automated system for registration of facilitation payments and launched 12 anti-corruption e-learning courses. Moreover, we completed 2 human rights impact assessments, 1 for seafarers and 1 for land-based employees, based on the requirements of the UN Guiding Principles on Business and Human Rights.

With all NORDEN has achieved the past year, we look forward to see what lies ahead within CSR in the coming years.

At NORDEN, we have developed a new CSR direction that will guide us in our future CSR work, and most importantly, it will help NORDEN reap the benefits of all our previous CSR efforts. The new direction is a new mindset, where NORDEN starts assessing and evaluating all our current CSR efforts and use them more proactively in everyday business and business dealings.

NORDEN's CSR efforts should add value for our customers, society and NORDEN's business because only then will the true value of CSR be unlocked.

We hope you will follow our new CSR direction and all that it entails in the next 3 years.

Martin Badsted

CFO and Chairman of the CSR Executive body



CSR Direction

During the last year of NORDEN's CSR strategy "On the right course" launched in 2013, NORDEN focused on the development of a new CSR strategy aligned with NORDEN's new business strategy Focus & Simplicity running from 2016-2018. In the process, it became evident that it would not be a traditional CSR strategy with focus areas, targets and projects. Rather, it would be a new way of working with CSR to ensure that NORDEN reaps the full benefits of all our previous and future CSR efforts.

The new CSR direction is based on the concept of "shared value" which was created by the Harvard professors Michael E. Porter and Mark R. Kramer. The central premise behind creating shared value is that the competitiveness of a company and the communities around it are mutually dependent. Recognising and capitalising on these connections between societal and economic progress has the ability to create growth.

To identify what creates value for NORDEN's customers, we interviewed a number of our key customers as well as a number of NORDEN's employees. Through these interviews, key issues were identified and with the assistance of external specialists, NORDEN conducted a socio-economic impact study to identify areas with potential for creating 'shared value' for society, customers and NORDEN.

3 core issues were identified as creating value for all three parties and in line with the business strategy Focus & Simplicity. Therefore, NORDEN has made these the focus of the company's future CSR direction. The 3 identified issues are illustrated and explained in more detail in the box to the right.

The next step for NORDEN is to anchor the new CSR direction throughout all business units and develop criteria to measure the efforts within the 3 issues. The criteria will be developed in the first half of 2016, and therefore this CSR report does not list any future targets. The focus of this report is solely to describe NORDEN's performance and the results of the CSR strategy's focus areas and targets for the strategy period 2013-2015.

THE IDENTIFIED ISSUES ARE

1. Fighting corruption

NORDEN's customers and carriers like NORDEN are from time to time confronted with demands for facilitation payments, bribery or other forms of corruption. This threatens customers' and NORDEN's reputation as well as the functioning and growth of the economy. NORDEN has a zero-tolerance towards bribery and endeavours to reduce facilitation payments. NORDEN wishes to provide a value-added carrier service that reduces and preferably eliminates this risk and the corruption burden on local society and companies.

2. Crew and vessel quality

Reliability and flexibility are 2 of the 3 most value creating factors that a carrier like NORDEN can offer its customers. It is also an essential part of NORDEN's Focus & Simplicity strategy to offer customers reliability and flexibility. However, in recent years, financial pressure and harsh competition have resulted in declining global crew and vessel quality in the industry. NORDEN seeks to provide a value-added carrier service that provides high quality crews and vessels. We will therefore focus on initiatives that will ensure that the high quality and standard is maintained for the benefit of safety, reliability and price.

3. Value chain optimisation

NORDEN's customers' biggest logistical challenges often occur either before or after NORDEN has provided maritime transport services to them. Assisting NORDEN's customers to reduce the logistical challenges will benefit both customers, NORDEN and society, as it can reduce the cost for some of the world's most important raw materials.

VISUAL ILLUSTRATION OF THE VALUE THAT THE 3 IDENTIFIED ISSUES CREATE FOR SOCIETY, OUR CUSTOMERS AND NORDEN

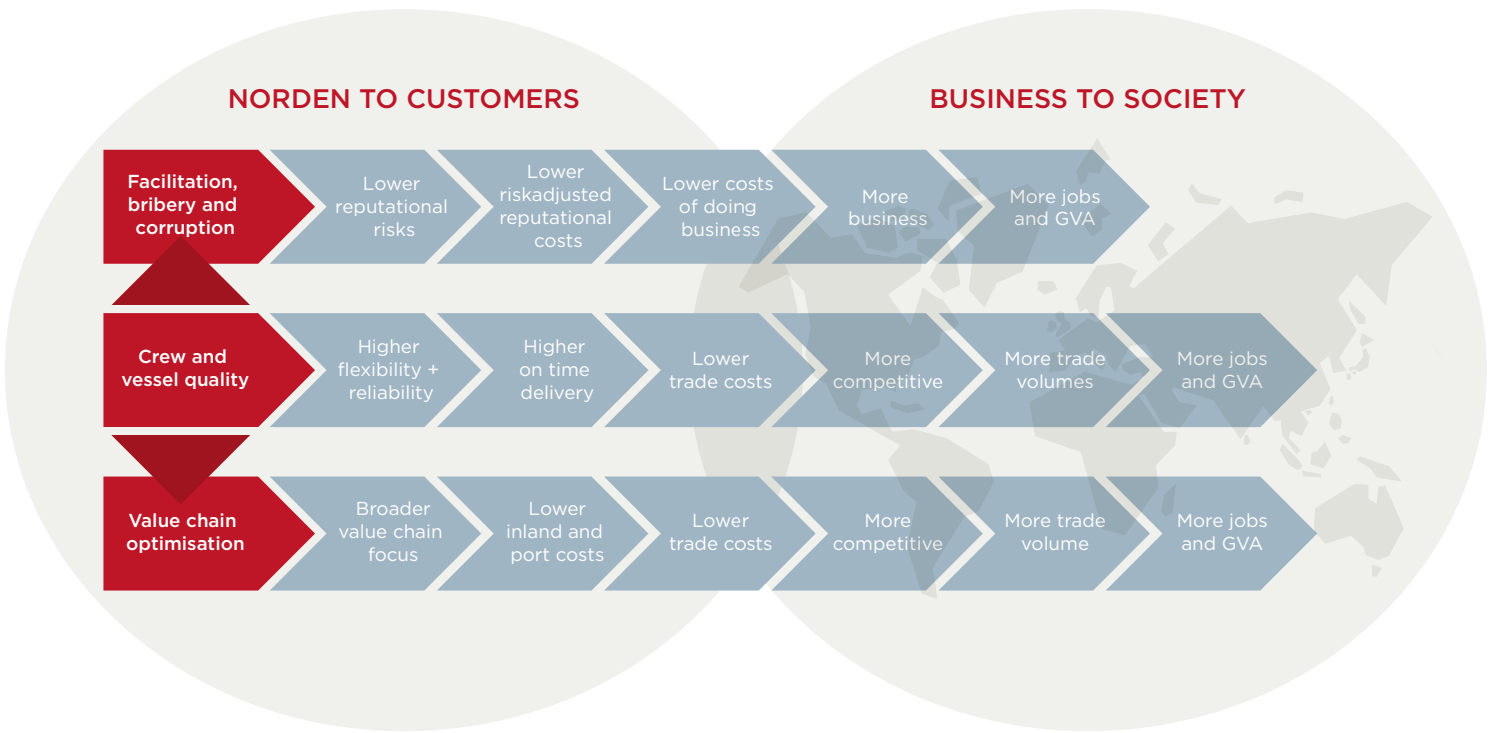


Figure 1: How focusing on the three issues has the potential to create more customer value, more profit to NORDEN and more jobs and economic value for society – or simply ‘Shared’. (GVA – Gross value added).



Nord Superior passing through Femern Belt.

CO₂ Efficiency



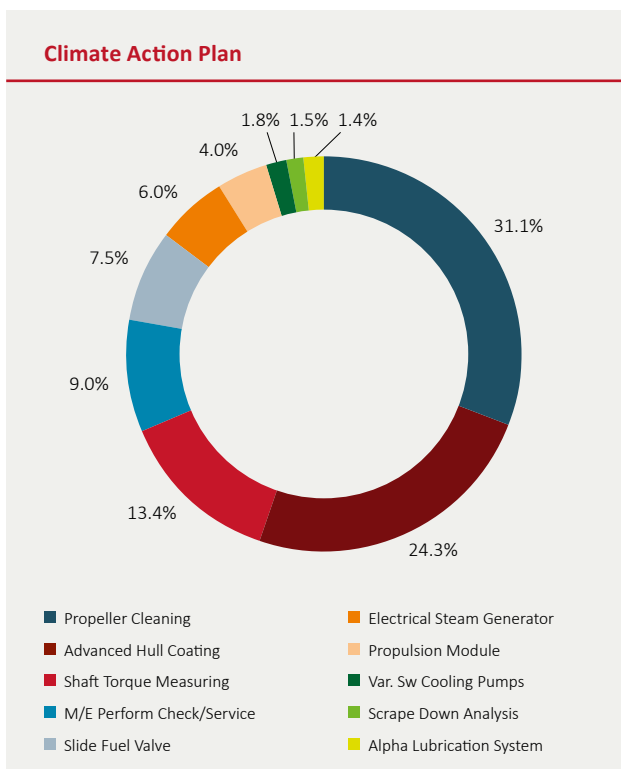
^{1,2} exclusive of vessels on contract to third parties

³ EEOI stands for Energy Efficiency Operational Indicator

CO₂ emissions are proportionally linked with the reduction of the fuel consumption of NORDEN's vessels. To reach the target of reducing CO₂ emissions from owned vessels by 25% compared to 2007-levels by 2020, exclusive of vessels on contract to third parties, NORDEN focuses on 3 different areas. These are technical improvements, maintenance and voyage efficiency and preserving a young and modern fleet.

Technical improvements

NORDEN's Climate Action Plan from 2007 includes 10 fuel saving initiatives, which are assessed yearly for their effectiveness. The effect of each initiative is calculated based on assumptions about engine size, engine type, voyage conditions as well as guidelines from the International Maritime Organisation (IMO) and Inter-tanko. In 2015, the vessel performance monitoring system CASPER was phased out. It was replaced by an improved system, the Propulsion Module, developed internally by our Fuel Efficiency Team.



1. Propeller Cleaning: Adoption of propeller cleaning on an average 6 months basis.
2. Advanced Hull Coating: Reduces marine growth on the underwater hull.
3. Shaft Torque Monitoring System: Ensures an on-line real-time monitoring of the propulsion power delivered to the propeller.
4. M/E Perform Check/Service: Ensures an effective dosage of cylinder lubrication oil via the Alpha Lubricating System and a reduction of the cylinder oil consumption can be obtained.
5. Slide Fuel Valves For Main Engines: Improves the combustion of main engine and ensures a cleaner engine.
6. Electrical Steam Generator: Instead of using the large capacity oil fired boiler to "top up" steam at low engine loads and/or in cold weather, a small electrical heating system can be installed and efficiently generate the required "top up" steam.
7. Propulsion Module: Vessel performance monitoring ensures an overview of the development of the fuel efficiency for each individual vessel in the fleet.
8. Variable Sea Water Cooling Pump Capacity: Can adjust the cooling capacity to the actual cooling demand, electrical power drawn from the main switch board can be reduced and thereby auxiliary engine fuel oil consumption will be reduced.
9. Scrape Down Analysis: More frequent check and service intervals of: the turbo charger, fuel oil pump and air cooler.
10. Alpha Lubricator System for the main engines: Ensures an effective dosage of cylinder lubrication oil and a reduction of the cylinder oil consumption can be obtained.

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

In 2015, the target was to reduce CO₂ emissions from owned vessels by 4.7% via the initiatives in the Climate Action Plan, which NORDEN reached with a total reduction of 10.7%. The pie chart illustrates how large a share of the CO₂ reduction each initiative contributed with in proportion to the overall reduction of CO₂ emissions of 10.7%. The reduction of 10.7% is included in the total data on reduction of CO₂ emissions from owned vessels described below in the subsection Total reduction of CO₂ emissions.

Maintenance and voyage efficiency

Despite the decrease in fuel prices, NORDEN continues to focus on fuel efficiency as fuel still accounts for a significant proportion of total voyage costs. In addition, as previously mentioned, fuel consumption is directly linked to CO₂ emissions, so the more NORDEN can reduce fuel consumption the more CO₂ emissions are decreased.

NORDEN's Fuel Efficiency Team comprises of qualified engineers who cooperate closely with other departments, such as technical, chartering and operations to ensure optimal performance of NORDEN's vessels. They focus on different elements such as monitoring, maintenance and speed optimisation.

By monitoring each vessel's bunker consumption closely, the team can in collaboration with NORDEN's other departments identify potential possibilities of improvement. They can also react quickly when discovering fouling, as fouling can slow down a vessel considerably and thereby increase its fuel consumption. When fouling is discovered, focus turns to cleaning, such as for instance propeller polish.

In addition, the team also focuses on speed optimisation. They make use of the concept of right steaming, which is sailing at the optimal speed according to the framework set out, i.e. time versus cost. It is a practice that optimises our voyages on both owned vessels and chartered vessels.

To ensure that operators and other relevant parties quickly react to a vessel's poor performance, the Fuel Efficiency Team has developed a new system called the Fuel Efficiency Traffic Light. The system follows a vessel's performance within defined categories and shares actions and plans. Emphasis is on knowledge sharing and ownership of actions and plans, so all involved parties have a visual overview of next steps.

Modern fleet

NORDEN owns a modern fuel efficient fleet and has in recent years invested heavily in fuel efficient vessels. This is supplemented by continuously evaluating how existing vessels can be optimised.

NORDEN's definition of eco vessels is vessels that live up to the phase 2 requirements of the IMO's Energy Efficiency Design Index (EEDI), which are to be implemented in the shipping industry by 2020. Phase 2 sets the requirements for vessels built in 2020 and onwards and is the stricter version of the current EEDI requirements. NORDEN strives to adhere to these criteria in all future newbuilding contracts.

In 2015, NORDEN took delivery of 4 eco tanker vessels and 1 eco dry cargo vessel.

Within the next 4 years, NORDEN will take delivery of a total of 8 owned eco dry cargo vessels, 6 long term chartered eco tanker vessels with purchase options, 1 long term chartered eco tanker vessel and 5 eco long term chartered dry cargo vessels with purchase options.

Total reduction of CO₂ emissions

NORDEN is once again disclosing Cargo EEOI performance results in addition to the Total EEOI performance, as Cargo EEOI is the indicator that can be directly affected through the quality and operation of the vessel. Therefore it is the best measure of NORDEN's efforts to decrease CO₂ emissions. Ballast and Port EEOI are linked to market conditions, including cargo availability, waiting time or port stays, which are generally beyond NORDEN's control.

By using the IMO Energy Efficiency Operational Indicator (EEOI), NORDEN is able to see how far we have come in reaching the 25% reduction in CO₂ emissions from the 2007 level by 2020. The EEOI is used to calculate the mass of CO₂ emitted per metric ton of cargo transported per nautical mile sailed. It is a useful indicator as it enables us to compare our yearly CO₂ reduction regardless of changes in fleet size.

The results are visually illustrated in the table "Total reduction of CO₂ emissions".

Due to the large drop in fuel prices, average speeds have gone up over the entire fleet as a result of the use of right steaming. As fuel consumption depends strongly on the speed, the EEOI is expected to increase when speeds increase. Ballast-laden ratio and port time have continued to be at a high level, however Total EEOI has slightly decreased in 2015 compared to the previous year due to among other things NORDEN's fuel efficiency efforts.

If the efficiency of the dry cargo fleet had been unchanged, the observed increase in speed would have resulted in Cargo EEOI increasing by 7%. However, when looking at all NORDEN's voyages performed in the dry cargo fleet, Cargo EEOI has improved

TOTAL EEOI	=	Cargo EEOI	+	Ballast EEOI	+	Port EEOI
$\frac{\sum \text{ton CO}_2 \text{ total}}{\sum \text{distance} * \text{cargo}}$		$\frac{\sum \text{ton CO}_2 \text{ laden}}{\sum \text{distance} * \text{cargo}}$		$\frac{\sum \text{ton CO}_2 \text{ ballast}}{\sum \text{distance} * \text{cargo}}$		$\frac{\sum \text{ton CO}_2 \text{ port}}{\sum \text{distance} * \text{cargo}}$

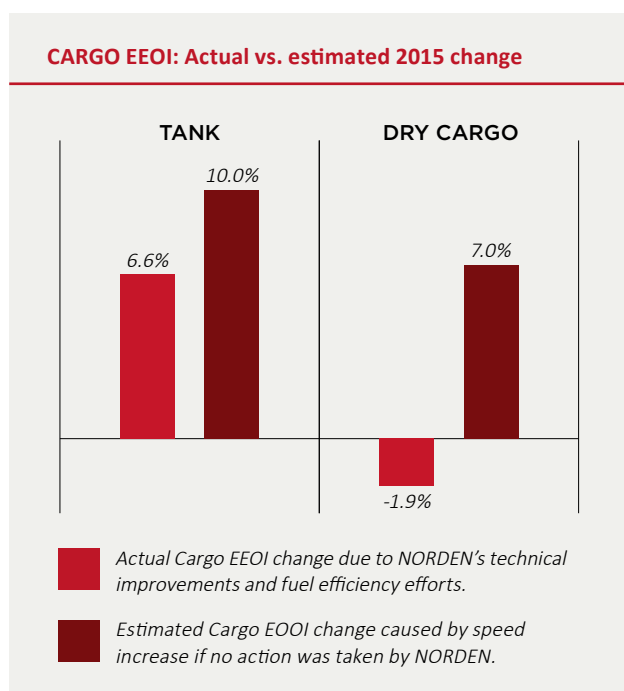
The Total EEOI, as defined by the IMO, may be regarded as made up of three contributions, which are the cargo, ballast and port parts of the voyage.

Total reduction of CO ₂ emissions (all data below exclusive of vessels on contract to third parties)					
		Cargo EEOI		Total EEOI	
		CO ₂ emissions reduction in % since 2007	CO ₂ grams per tonne of cargo per nautical mile in 2015	CO ₂ emissions reduction in % since 2007	CO ₂ grams per tonne of cargo per nautical mile in 2015
Dry Cargo	Owned vessels exclusive of vessels on contract to third parties	23.7%	4.4	2.7%	7.4
	Total operated vessels	9.3%	5.2	-2.7%	7.8
Tankers	Owned vessels exclusive of vessels on contract to third parties	17.5%	8.1	14.5%	15.3
	Total operated vessels	9.2%	8.2	12.1%	15.66

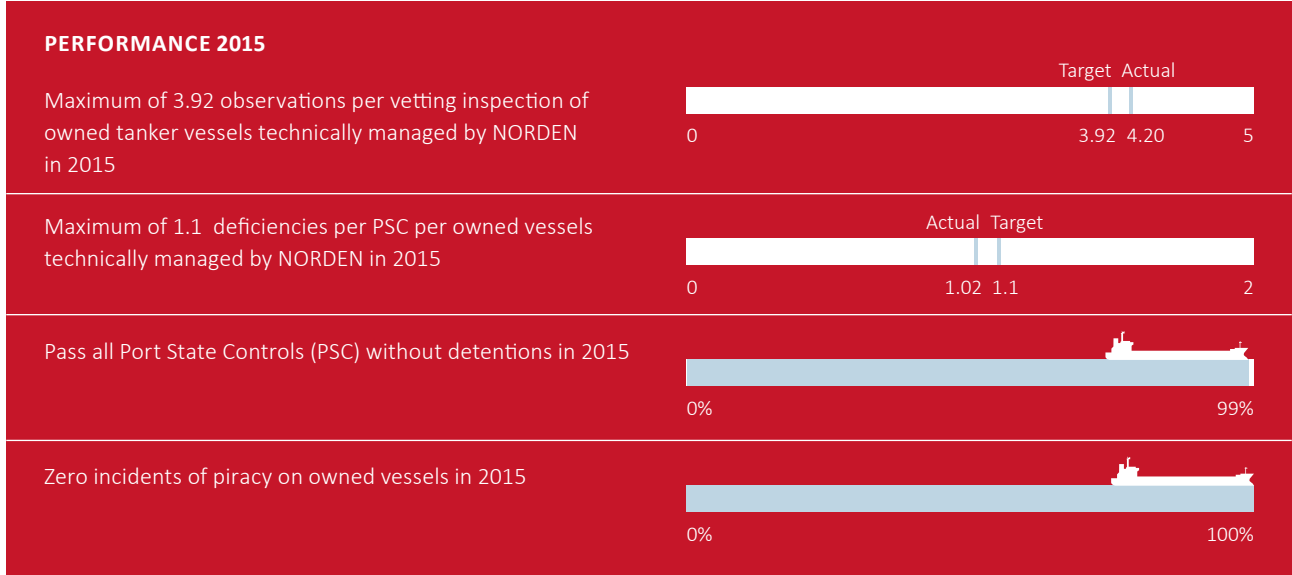
by 1.9% in 2015. This means that the efficiency of the chartered fleet has improved significantly.

For the tanker fleet, the increased speed would result in an increase of Cargo EEOI of more than 10%. However, due to efficiency improvements, we observe that Cargo EEOI has increased by 7.9% for the operated fleet in 2015.

A complete outline of NORDEN's CO₂ emissions and overall environmental performance can be found in the section *Facts, Figures and Assurance*.



Vessel Safety



Vetting

NORDEN’s tanker vessels are continuously vetted by customers. Vettings are risk assessments conducted by oil companies, which focus on the safe and environmental operation of their chartered vessels.

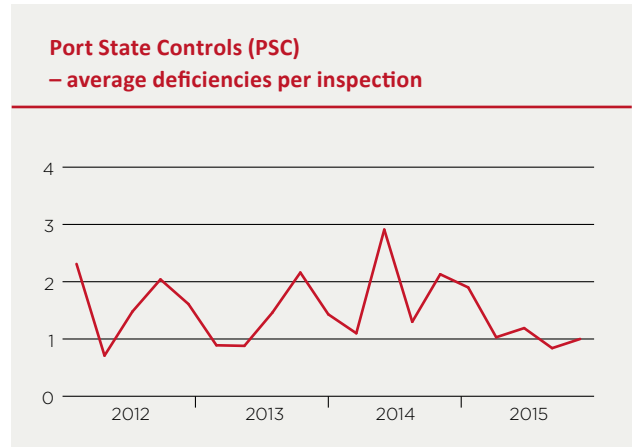
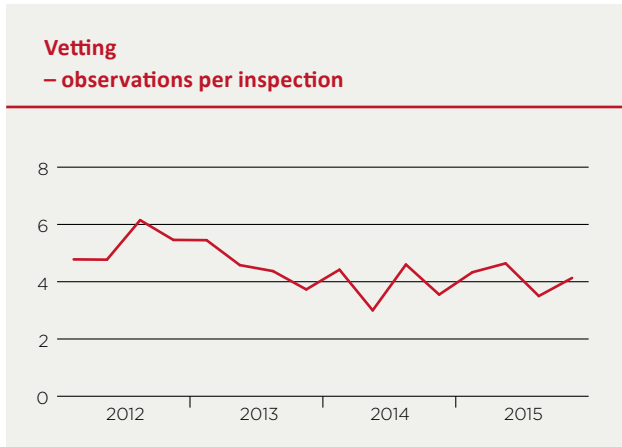
NORDEN's vetting target is to have the average number of vetting observations below the peer group benchmark, as indicated by the Tanker Safety Forum’s Benchmark (end October 2015), which was 3.92 in 2015. NORDEN had a total of 4.20 observations, which is slightly above the target. The SIRE (Ship Inspection Report Program) inspection performance increased from 3.87 observations per inspection in 2014 to 4.20 in 2015. The increase was mainly due to a few inspection outliers caused by challenging inspection circumstances. The majority of inspection went as expected with a good result.

The internal SIRE inspection target for 2016 will again be set low to ensure that the vetting performance and focus are maintained.

There were no direct SIRE rejections in 2015, but some oil major screenings resulted in rejections requiring new SIRE inspections as verification.

The high focus and detailed inspection preparations by the crews and office were maintained in 2015 and will continue in 2016.

Tanker Management Self Assessment office reviews were conducted in 2015 by Oil Majors, which resulted in new time charter business for NORDEN.





Nord Beluga loading sulphur at Pacific Coast Terminal

Port State Control (PSC)

NORDEN's target is to have PSC inspection deficiencies below the peer group benchmark average of 1.1 deficiencies as measured by Boston Consulting Group in 2015. NORDEN had an average of 1.02 deficiencies per PSC inspection per owned vessel technically managed by NORDEN in 2015, resulting in NORDEN meeting its target for 2015.

NORDEN experienced 1 PSC detention out of 106 Port State Control inspections in 2015. In Baltimore, US, NORD-ENERGY (IMO No. 9314090) was detained on 31 January 2015 for 3 days due to incorrect Oily Water Separator operation. NORDEN will continue to focus on safe operation and high maintenance standards of the vessels to avoid similar situations in the future.

The crew and office continuously follow up on the implementation of the corrective and preventive actions on the raised PSC deficiencies to ensure our PSC performance and target are met.

NORDEN has participated in Flag State meetings regarding PSC challenges around the world during the course of the year. Flag State attendance was arranged on a maiden voyage in the Far East to assist the Master and crew in a known challenging PSC port.

Incidents at sea

In 2015, NORDEN experienced 2 minor environmental incidents where oil leaked outside containment into the surrounding water.

On a dry cargo vessel at Port Alfred, Canada, oil was spilled on deck during disconnection of a bunker hose following bunker operation, as the hose had not been properly drained. Approximately 40 liters of oil was spilled on deck and 10 liters of oil went through an untightened scupper plug and onto the ice. The spilled oil was removed on the ice by shore assistance.

On a tanker vessel at anchorage off the Canadian coast, a minor volume of hydraulic oil entered the sea due to an oil leakage from the steering gear unit. The hydraulic oil leaked down the rudder stock of the steering gear unit and into the water. A slight oil sheen was noted on the water and the spill was reported to the respective authorities. The leakage was stopped and no further actions required.

In both cases, the incidents were handled in accordance with NORDEN's Safety Management System procedures and the local authorities were notified of the incident.

There have been no other spill incidents affecting the surrounding environment. NORDEN takes all possible measures to avoid these types of incidents during the daily operation of the vessels. Several times per year, crew members receive training in contingency exercises. In the event of an incident, mitigation material – such as pollution prevention equipment – can be found on board, and the crew is trained in using it. Table top oil contingency drills are performed on both dry cargo vessels and tankers in the office on a yearly basis.

Moreover, due to poor communication, one of NORDEN's owned vessels in external technical management, experienced an unintended incident concerning the use of high sulphur fuel in Glomfjord Port, Norway. As soon as the mistake was noticed, it was rectified.

Piracy

NORDEN continues to follow protective measures in accordance with the BMP4 standard (Best Management Practices to Deter Piracy off the Coast of Somalia and in Arabian Sea Area, Version 4 August 2011 (amended 1 December 2015)), which has been developed by the international shipping industry in collaboration with military organisations and supported among others by NATO, EUNAVFOR, IMB, INTERTANKO, ICS, OCIMF and BIMCO. NORDEN still abide by the same principles when it comes to anti-piracy measures: They are to avoid, detect and delay pirate attacks. In 2015, there have been no piracy attempts on NORDEN's owned vessels.

NORDEN has also renewed the 1-year permission from the Danish Ministry of Justice allowing the use of armed security guards on board Danish flagged vessels. On both Danish and Singaporean flagged vessels, NORDEN will continue to assess the necessity of using armed guards on a case-by-case basis using individual risk assessments.

The piracy trend seen in 2014 continued in 2015. There has been a further decrease in piracy activity off the coast of Somalia and in the Gulf of Aden, while hijackings for cargo theft and attacks off the coast of West Africa when sailing in the Gulf of Guinea remain the main concern. In South East Asia, hijackings for cargo theft and simple robberies continue to be of concern. NORDEN experienced 1 attempted armed robbery and 3 cases of theft in 2015. The attempted armed robbery took place in Indonesia with no crew injured and nothing stolen. Of the 3 cases of theft, 1 took place in Malaysia, 1 in Nigeria and the last 1 in Vietnam. In all 3 cases, only minor items were stolen.

Overall, the number of piracy attacks has dropped due to a combination of factors, including increased military action, preventive measures and increased use of armed guards on board ships off the coast of Somalia and in the Gulf of Aden. However, it is crucial that these combined efforts continue, as any change or complacency could rekindle pirate activity.



Sea trial and vessel performance measurement on open water.

Employee Conditions



Employees at sea

The Marine HR department has redesigned NORDEN's appraisal system during 2015 and will launch its new system at the beginning of 2016. The system has been developed in close cooperation with a selected team of seafarers that have contributed relevant input and feedback during the development process. The new appraisal system will enable NORDEN to assess the seafarers' competency level, identify any competency gaps and thereby aid us to provide more targeted training to minimise the gaps.

Focus has also been on strengthening internal communication. Every 6 months, a manning session is held where the competencies of NORDEN's senior officers are discussed. This enables NORDEN to better tailor future training efforts.

NORDEN conducts 2 annual officer seminars, each seminar comprising of a session in Copenhagen, Manila and Mumbai. The focus of the autumn seminar was on bridging the gap between land and sea. Emphasis was on NORDEN's values and highlighting that all employees regardless of whether they are land or sea-based belong to the same company and should follow the same set of company values. Therefore, NORDEN's Golden Rules and values were described and presented at the seminars.

The last couple of seminars have provided valuable insight into some of the challenges NORDEN faces. Since many different nationalities are to work together, it is important that NORDEN employees have a strong understanding of cultural differences as well as mutual respect for these differences. Therefore, NORDEN

will focus on cultural awareness training in 2016. In addition, NORDEN will focus on leadership training of senior officers as this is a crucial contribution to a good working environment on the vessels.

Again in 2015, NORDEN did not have any incidents of discrimination and the retention rate was 94% thus meeting NORDEN's target.

Rest hours at sea

NORDEN aims to ensure compliance with regulations and conventions concerning working hours, rest hours, rest facilities and leave to ensure a safe and healthy working environment for employees at sea. In 2015, focus has been on effective planning of working hours and effective performance of work assignments.

NORDEN's target for 2015 was a maximum of 0.5 rest hour non-conformity per full-time equivalent, meaning 0.5 violations per 1 crew member on board a vessel during 1 month. The target was reached with 0.4 rest hour non-conformity per full-time equivalent. The upgrade of the software for records of rest hours in 2014 has been instrumental in helping us achieve our target. It has enabled NORDEN to monitor each vessel and thereby quickly respond if the rest hour data from a specific vessel deviated from the target.

In addition to the online monitoring, NORDEN has continued to conduct safety leadership training in 2015 to promote exchange of information between employees on shore and employees at

sea. NORDEN will also continue to maintain a high focus on training and safety campaigns. It is a mindset change, and therefore the importance of rest hour adherence is a key subject on all officers' seminars.

Lost-Time Injury (LTI) at sea

The assessment of the number and types of injuries in the past year helps NORDEN to evaluate whether our incident prevention efforts are successful or should be strengthened. NORDEN has conducted safety awareness campaigns to minimise incidents of LTI, focusing on 5 simple rules about safety, which are described in the box to the right.

The LTI frequency rate is measured in work-related incidents per 1 million working hours which cause absence from work for more than 1 working day and calculated as an average over the past 12 months. The target in 2015 was a maximum of 0.8 incidents per 1 million working hours, which was not met with an actual LTI of 0.9 incidents per 1 million working hours. Even though the target for 2015 was not met, the actual number of incidents have been reduced by 1 incident compared with 2014, going from 6 incidents in 2014 to 5 incidents in 2015.

Incidents

In 2015, NORDEN has maintained - and will continue to maintain - a strong focus on safety. There have been no fatalities or other grave incidents in 2015.

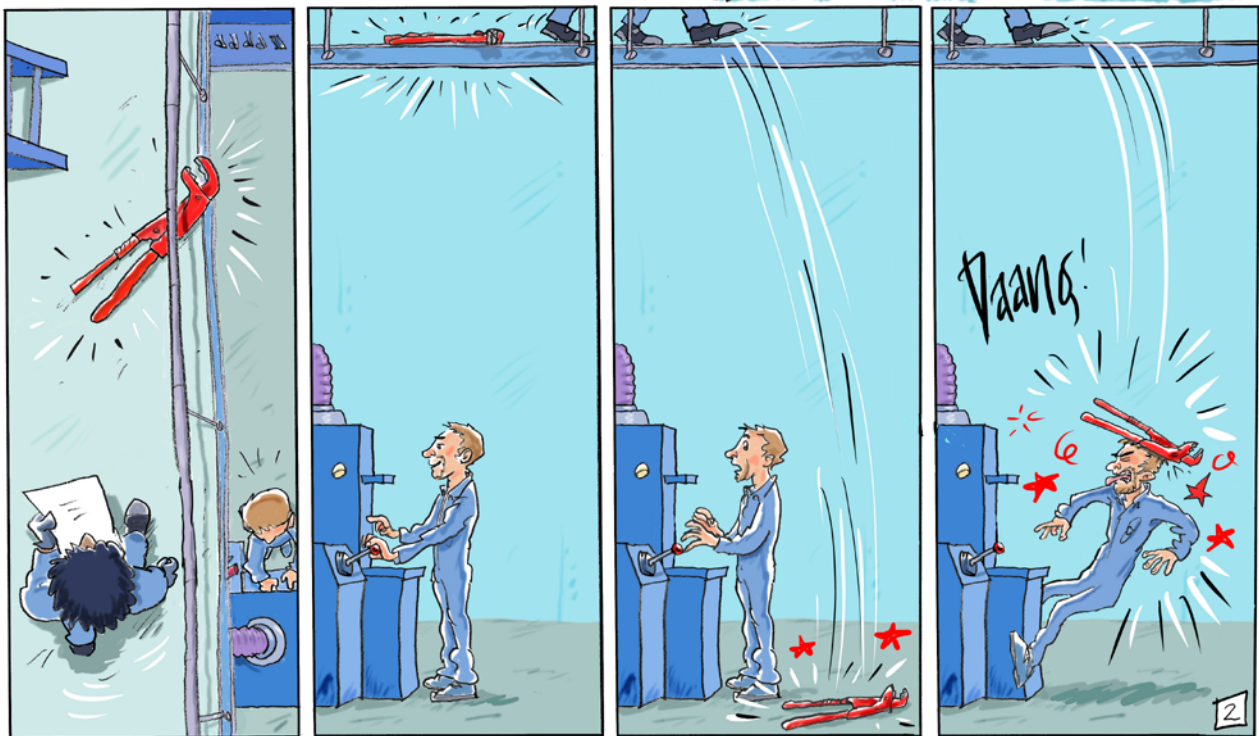
THE 5 RULES ABOUT SAFETY

1. Before you begin a job, consider how to do it more safely
2. Make sure you know how and when to use personal protective equipment
3. As you work, check your position to reduce strain on your body
4. While you are working, be aware of any changes in the area around you – people coming or going, just beginning or ending
5. Start talking with others about safety

Safety reporting

Safety reporting is key to ensure that NORDEN receives adequate information about health and safety on board vessels. NORDEN has relaunched a near miss reporting scheme, which follows the industry standard dividing incidents into four categories: "Unsafe condition", "unsafe act", "near miss" and "accident", as illustrated below.

the unsecured tool



UNSAFE CONDITION

UNSAFE ACT

NEAR MISS

ACCIDENT

In addition, NORDEN has shifted focus from quantitative data to qualitative data to better understand the incidents and implemented initiatives to reward good safety behaviour. A monthly safety awareness award is given to a crew member who has actively promoted safety during the course of the month. The award is given by the safety committee on board and consists of a safety awareness diploma, the right to wear the special safety hard hat and a minor monetary reward.

Employees on shore

NORDEN believes in equal opportunities and fair treatment for everyone and prohibits any form of discrimination and harassment. No discrimination incidents were reported in 2015. NORDEN strives to provide a working environment, which is diverse, inclusive, respectful and tolerant. NORDEN employs 21 different nationalities, and covers a wide range of different age groups ranging from 20 to 68 years.

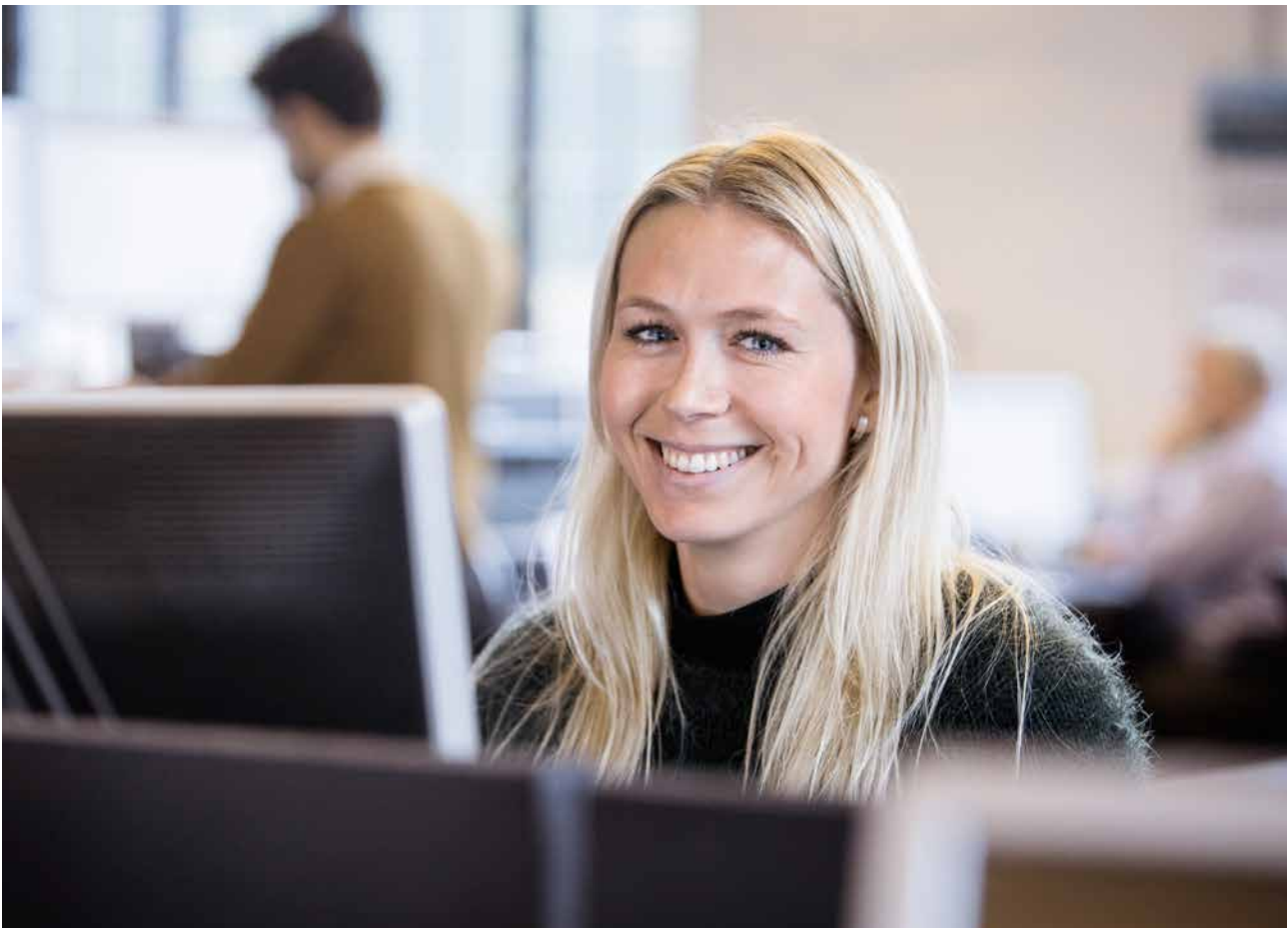
In order to ensure continuity and internal knowledge, NORDEN has a goal of 90% retention rate for employees on shore. However, due to organisational adjustments in 2015, NORDEN only reached a retention rate of 84%, not meeting our goal. NORDEN will increase the focus on this area going forward.

NORDEN supports diversity and strives to promote equal opportunities for all employees within the organisation. However,

NORDEN recognises that shipping historically is a male profession and that the company faces challenges with regards to gender distribution, in particular in management positions.

NORDEN's Board of Directors has set a target for the share of the underrepresented gender on the Board. NORDEN's target for the share of shareholder-elected women on the Board of Directors is to retain representation of at least 16% (1 out of 6) and aim to increase this share to 33% before 2017. In 2015, the share of female board members increased to 20% due to a decrease in the number of shareholder-elected board members from 6 to 5. When recruiting new board members for election, the Board of Directors consistently consider female candidates.

NORDEN has a policy in place focusing on strengthening the gender distribution at other management levels, see Facts, Figures and Assurance for an outline of NORDEN's gender distribution at management level. In implementing the policy on gender distribution, NORDEN focuses on 3 interconnected areas. Firstly, NORDEN works to identify and address the root causes to the uneven gender balance. Identifying and addressing root causes helps to ensure that NORDEN does not lose female talents due to unnecessary perceived or actual structural impediments. NORDEN does this for example by analysing feedback from exit and appraisal interviews. An interconnected focus area is to strengthen the retention rate of existing female employees



NORDEN employee in Dry Cargo Operations

within the organisation, in order to build an internal pipeline of female talents. NORDEN does this by offering flexible working hours, management training and by focusing on employee work-life-balance. The third focus area is to work to attract female candidates to the specific positions from which future managers are typically promoted. In 2015, NORDEN hired 4 female shipping trainees, which gives 18 trainees in total with a gender distribution of 45% female and 55% male trainees.

NORDEN recognises that achieving a diverse and balanced gender composition at management levels is not something that is achieved overnight – it requires a long-term focus and commitment. Therefore, diversity also be in focus for 2016.

Commitment to Human Rights

During the course of 2015, NORDEN developed the company's human rights due diligence process based on the UN Guiding Principles on Business and Human Rights (UNGPs). NORDEN conducted 2 human rights impact assessments – 1 for onshore employees in NORDEN's headquarters in Hellerup and overseas offices, and 1 for seafarers on vessels owned by NORDEN.

Focus of the impact assessments was the 48 human rights listed in the International Bill of Human Rights and the requirement of the UNGPs that all companies should identify their adverse impacts on these rights.

For each human right, NORDEN has evaluated whether or not NORDEN is at risk of adversely impacting the right given the industry, the locality and the nature of NORDEN's business. For the rights at risk, NORDEN assessed whether there is an actual or potential adverse impact on these rights and if any of the identified impacts could be determined as salient human rights impacts. The UNGPs define salient human rights as those rights that are in particular high risk of being severely impacted by a company's activities or business relationship.

Next step was to conduct an analysis of all relevant policies and procedures in relation to the 48 human rights, to identify gaps. For all rights, where NORDEN had an actual or potential adverse impact, NORDEN identified the affected stakeholders, how to track the effectiveness of the response and what type of remediation activities was offered to the impacted stakeholders. The assessments were conducted in collaboration with the HR department for employees on shore and with Marine HR department for employees at sea.

If adverse human rights impacts are identified, NORDEN prioritises these and takes actions to prevent or mitigate accordingly. NORDEN tracks effectiveness of the actions taken to continue improvement. For the prioritised impacts, NORDEN is also committed to provide or collaborate around their remediation. To re-



NORDEN employee at the headquarter in Hellerup.

flect the process NORDEN has gone through in 2015, an updated Human Rights Policy will be implemented in 2016.

In 2015, 2 salient human rights issues were identified at sea. Based on the human rights impact assessment, NORDEN has identified an actual adverse impact on the right to rest, leisure and paid holidays as 0.4 rest hour non-conformity per full-time equivalent was registered in 2015, as described under the section Employee Conditions. To prevent and mitigate this impact, NORDEN focuses on training and safety campaigns, and to remediate this impact, NORDEN offers various types of compensation to employees.

The other salient human rights issue identified concerned the right to life. NORDEN has, like the rest of the shipping industry, a potential adverse impact on the right to life, as vessels are a high-risk workplace. NORDEN can both cause and contribute to this potential adverse impact – cause by not ensuring that our vessels are maintained and the crew is properly trained, and contribute if the security guards, NORDEN hires on our vessels when sailing in high-risk piracy areas, cause fatalities.

To prevent and mitigate this impact, NORDEN ensures that vessels and safety equipment is properly maintained, NORDEN continuously organise security campaigns and training sessions, and NORDEN conducts due diligence on the security guards hired. In case of an unlikely actual impact, NORDEN will remediate this in close cooperation with NORDEN's insurance company who is responsible for handling these issues.

In parallel with the human rights impact assessments, since September NORDEN has actively participated in the UNGPs Professionals Network hosted and facilitated by Global CSR, a leading consultancy in the area of business and human rights. The network has participants from various industries. The purpose of

the UNGPs Professionals Network is to create a cross-sectorial business-driven forum where professionals, tasked with the implementation of the UNGPs in their company, can share views, knowledge, solutions and receive expert input to challenges in implementing the UNGPs. The network also enables participants to stay updated on the international developments and best practices concerning implementation of the UNGPs.

In 2016, NORDEN will focus on communicating the results throughout the organisation, arrange human rights awareness training and develop and implement the procedures described in the human rights action plans.

Community engagement

In 2015, following NORDEN's recommendations, D/S Orients Fond supported a variety of different projects such as Mission to Seafarers, which provides worldwide help and support to 1.5 million men and women seafarers. Sailors Society received funds for a minibus for their new port chaplain in Salvador, Brazil as well as the running costs of the bus for 5 years. Support was also given to the Port Integrity and Efficiency Project piloted by the Maritime Anti-Corruption Network (MACN). The project aims to bridge the gaps identified in the Nigeria Risk Assessment Project conducted by MACN and UNDP in 2012-2013, which analysed the specific corruption risks in six Nigerian ports. Lastly, funding was provided for a 2-year scholarship for students for the Singapore Management University.

Through D/S Orients Fond, NORDEN has supported Save the Children Denmark's project in Somalia since 2009. We have supported a specific project from 2013 to 2015, which aims to contribute to the creation of a sustainable and coherent education system by providing education adapted to the different age groups in Somaliland and Puntland. To learn about the results of the project, read the following status report provided by Save the Children.

Transparency

PERFORMANCE 2015

Part of the leadership index in the CDP reporting 2015



CSR strategy

Transparency is an essential part of working with CSR in NORDEN, and as a company, we strive to provide information on all NORDEN's actions and efforts within CSR.

In 2015, NORDEN continued the company's efforts within the 7 focus areas in the CSR strategy "On the right course" launched in 2013. NORDEN activities within each of the 7 focus areas are described in the respective section of this report.

NORDEN's main focus in 2015 has been the development of a new CSR direction, roll-out of the 12 anti-corruption e-learning trainings and the completion of NORDEN's human rights impact assessments both at sea and on shore.

CDP

NORDEN reports to the CDP (formerly known as the Carbon Disclosure Project) regarding our efforts to reduce CO₂ emissions and the impact of climate change on our business. Regulations which attempt to offset the impact of climate change as well as changes in weather patterns are the main consequences of climate change for the industry and NORDEN.

NORDEN has been identified as a Nordic leader for the quality of climate change related information disclosed in 2015 to investors and the global marketplace through CDP, an international not-for-profit organisation. NORDEN has therefore been awarded a position on the Nordic Disclosure Leadership Index (CDLI) for the 6th consecutive year.

The reported data has been independently assessed against CDP's scoring methodology and marked out of 100. Those organisations graded within the top 10% in the region constitute the CDLI. NORDEN has scored 99 and is still the only shipping company represented in the Nordic CDLI.

However, NORDEN is not part of the A list this year, as we have gone from performance band A to performance band B. This is due to a combination of reasons, such as higher activity and thereby higher fuel consumption and higher emissions than 2014, while at the same time having a decrease in revenue and number of employees from 2014 level.

Whistleblowing

In 2015, NORDEN received 1 whistleblowing incident through the internal whistleblowing scheme SafeLine. The whistleblowing report was closed after a thorough investigation and was handled in accordance with the rules applicable to the scheme. The scheme was implemented in 2011 and is a means to support transparency within the organisation, providing the Board of Directors and all employees safe access to report any violations of law and regulations, NORDEN's Employee Code of Conduct and other serious irregularities.



NORDEN crew heading for Svalbard.



Environmental Management



Sulphur oxide (SOx)

As SOx emissions are harmful to people and the environment, NORDEN aims to reduce our emissions of SOx mainly through the purchase of bunkers with reduced sulphur content. Bunkers is the fuel oil used by vessels. NORDEN's target in 2015 was a weighted average sulphur content of 2% for total bunkers purchased for our operated vessels, which was not reached by achieving a total of 2.01%.

In January 2015, all Emission Control Areas (ECAs) introduced a sulphur control limit of 0.1%. There has been no shortage of availability of low sulphur oil since the introduction of the new requirement limit. The majority of bunkers bought by NORDEN for use in ECAs has been gasoil, which has a sulphur limit of 0.1%. In 2015, around 15% of our total bunkers purchased was gasoil of which around 7% was Ultra Low Sulphur Oil (ULSFO).

The next regulation comes into effect January 2020 and concerns global sulphur limits. These will go from 3.5% to 0.5%, though the ECAs will still preserve a sulphur limit of 0.1%. However, if in 2018 it is not deemed possible to reach this goal and thereby implement the regulation, IMO will postpone it until 2025.

Nitrogen oxide (NOx)

NORDEN's strategy is to have a young and modern fleet, which has a positive effect on our reduction of NOx emissions. NORDEN focuses on reducing emissions of Nitrogen Oxide (NOx), which is harmful to people and the environment as it causes smog and acid rain.

Based on a vessel's construction date, the IMO has defined different tiers, which have different criteria for NOx limits. All NORDEN's 119 vessels in our core fleet are as a minimum Tier I compliant as they are all built after 1 January 2000. Out of these, 61 of NORDEN's vessels are Tier II compliant as they are built after 1 January 2011, which means that they emit 15% less NOx emissions per ton of fuel consumed than vessels that are Tier I

compliant and 36% less than vessels that are not Tier I compliant. This entails that 58 of NORDEN's vessels in our core fleet are merely Tier I compliant, which means that they emit 13% less NOx emissions per ton of fuel consumed than vessels that are not Tier I compliant.

Waste

All of NORDEN's waste is disposed of in accordance with the rules set forth by the IMO. To minimise the amount of waste, NORDEN asks suppliers to reduce their packaging or take it back, which gives less packing on board the vessels. In addition, NORDEN instructs crew members in how to recycle on board the vessels and dispose of waste according to the regulations and the designated waste containers.

In 2015, NORDEN's target was to reduce waste from the 2014 level by 5% from owned vessels operated by NORDEN. NORDEN had a reduction of 17% thus meeting the target. The relative high decrease of the accumulated waste is a consequence of increased focus and monitoring in combination with an initiation of technical solutions on board.

Ballast water treatment system

Planning, selection and implementation of ballast water treatment systems depend mainly on the legislation from the IMO as well as the legislation established by the US Coast Guard (USCG). The IMO's ballast water management convention of 2004 has not yet been ratified, and the US Coast Guard has yet to grant type approval to any of the existing ballast water treatment systems. The US Coast Guard has therefore decided to allow shipping companies to apply for an extension until US Coast Guard type approved systems are available. NORDEN is prepared to install ballast water treatment systems after such systems, feasible for NORDEN's vessels, are type approved by the US Coast Guard or the IMO convention is ratified.

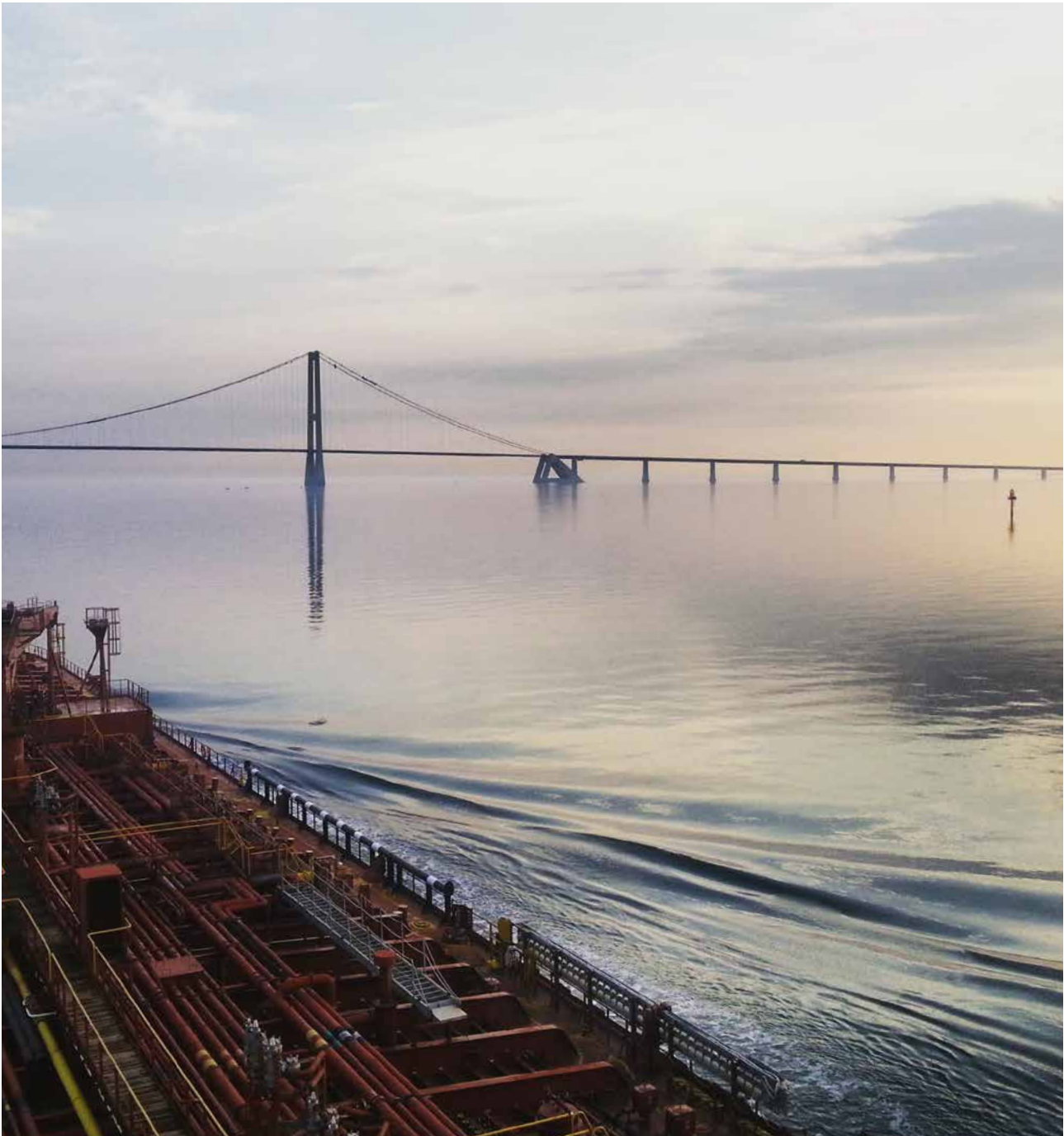
Onshore energy consumption

NORDEN installed a new ventilation system at the head office in Hellerup over the summer, which according to the estimates from the supplier, should result in an energy reduction of approximately 5%. However, the real benefits of the system will only be visible end 2016, when the system has been in operation for a full year.

Besides the change in ventilation, NORDEN focuses on decreasing onshore energy consumption through gradual changes. NORDEN's overall aim is to reduce energy consumption per

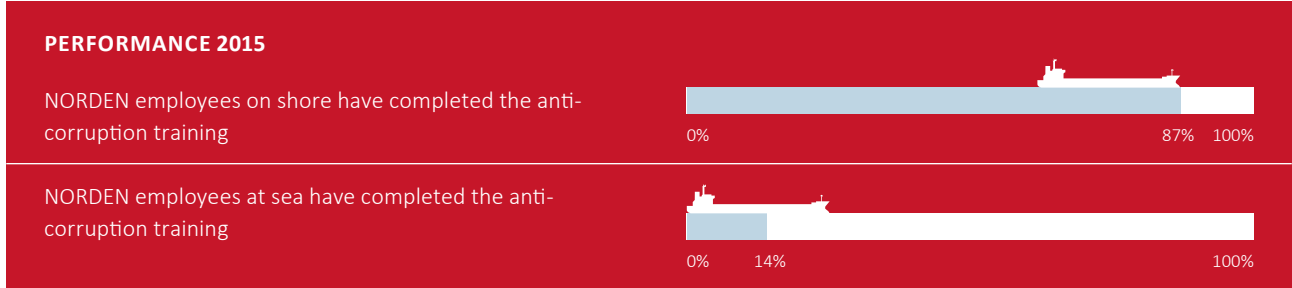
employee compared to last year. One of the means to do so is to favour the most energy efficient solution when repairing or changing equipment in NORDEN's offices.

NORDEN's energy consumption has increased from 4.7 MWh per employee in 2014 to 5.2 MWh per employee in 2015. The increase is due to several factors, such as fewer employees in NORDEN's overseas offices as well as a cooler spring and summer in Denmark which resulted in increased heating consumption at our head office in Hellerup.



Passing through the Great Belt, Denmark.

Anti-Corruption



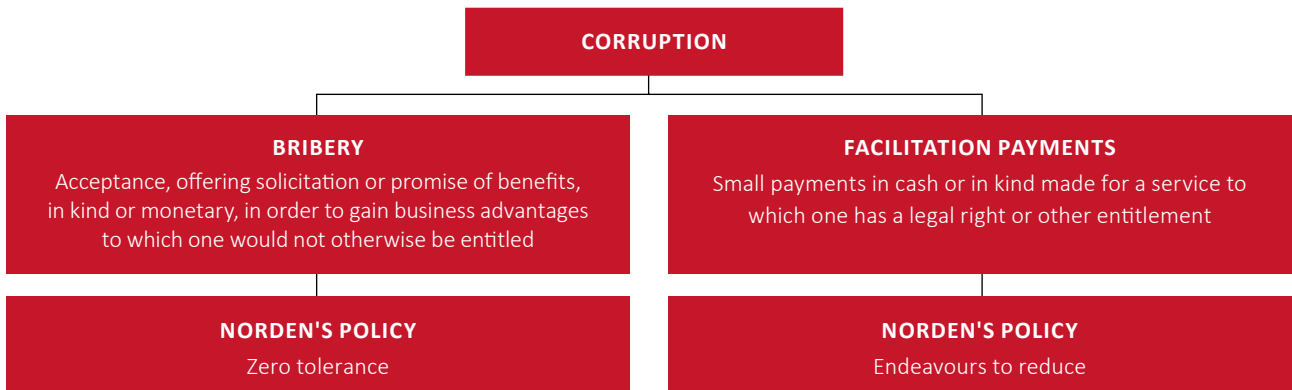
NORDEN's Anti-Corruption Compliance Programme was anchored in the organisation in the beginning of 2015. In connection with the risk assessment conducted when developing the programme, employees have been divided into groups based on the corruption risks they faced in connection with their daily tasks and job function.

12 different e-learning courses have been developed for land-based employees, each tailor-made to address the specific identified challenges faced by these groups. All 12 e-learning courses were launched end March, and by end December, 87% of NORDEN's land-based employees, both at the headquarter and overseas offices, had passed the training. NORDEN's Board of Directors and Executive Management also underwent anti-corruption training in the form of a tailor-made workshop. In addition to the 12 e-learning courses, an e-learning targeting frontline operators as well as a workshop for Senior Management was developed within the Maritime Anti-Corruption Network and implemented in NORDEN in October 2014. As mentioned in NORDEN's CSR report 2014, end year 2014 all Senior Management and operators had passed the training.

NORDEN's seafarers had already received e-learning training developed within the Maritime Anti-Corruption Network in Octo-

ber 2014. Every time a senior officer, junior officer or cadet sign on a vessel, they are required to take the training. As illustrated by NORDEN's performance results above, however, this has not been carried out. The majority of NORDEN's seafarers have still not taken the training, only 14% have done so. In the second and third quarter of 2015, NORDEN increased awareness and outreach to the vessels highlighting the importance of taking the mandatory training. Moreover, at NORDEN's bi-annual officer seminars in Copenhagen, Mumbai and Manila, anti-corruption workshops were held to emphasise the importance of this issue and the strong focus NORDEN has on this area. Real-life cases and situations were discussed and feedback was given, which is of great value to ensure relevant and updated training material. NORDEN expects the increased efforts to be visible in our 2016 training performance results.

18 out of 52 of NORDEN's owned vessels are in external technical management, which means that the seafarers on these vessels are employed by a third party. NORDEN has decided that these seafarers should receive the same training as NORDEN's own seafarers. Therefore, the vessels have received the anti-corruption e-learning course, and the seafarers are expected to take the course as soon as they sign on the vessel. However, the training results are lower than for NORDEN's own seafarers, 8% have tak-



Distinction between bribery and facilitation payments.

en the training, so NORDEN will continue to increase awareness on the importance of anti-corruption.

Every 3 months, NORDEN updates the anti-corruption IT system with new employees, both at sea and on shore, to ensure that all employees receive the training. The e-learning courses are updated every 2 years, and high-risk employees receive an annual workshop in addition to the e-learning, where concrete incidents and dilemmas are discussed.

NORDEN has a zero tolerance towards bribery and endeavours to reduce facilitation payments. In the third quarter of 2015, NORDEN launched an automated facilitation and bribery registration

system. Facilitation payments can be defined as small payments in cash or in kind made for a service to which NORDEN has a legal right or other entitlement. The registration system enables NORDEN to better identify challenges and pinpoint trends and patterns. The Captain, Operator or Superintendent log into the system and report if a demand for facilitation payment or bribery payment has been made, who made it, what they asked for and if the demand was successfully resisted. The reason why they must still report a demand even though they did not end up paying is because NORDEN needs to be able to calculate whether we have successfully reduced facilitation payments by comparing how many demands were made in a given year, with how many we ended up paying.

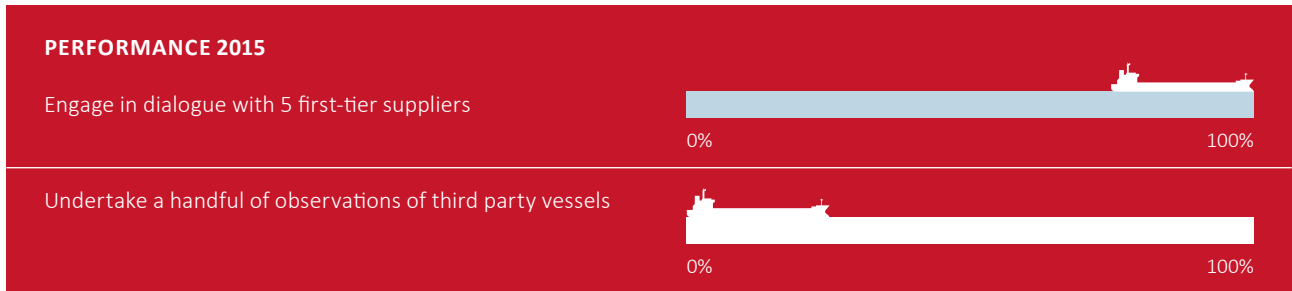


Besides all our internal efforts within anti-corruption, NORDEN believes that companies cannot eradicate corruption on their own. There is a need for joint efforts within the field, and that is why NORDEN has been an active participant in the Maritime Anti-Corruption Network since its establishment in 2011, being specifically part of the steering committee since 2012.

During 2016, NORDEN will continue our efforts within anti-corruption, update training and the Compliance Programme as well as start undertaking anti-corruption due diligence by using the due diligence tool developed within the Maritime Anti-Corruption Network (MACN).

A description of all the projects that MACN and its members are working on within the network can be found in our online CSR report at www.CSRatNORDEN2015.com, in the Anti-Corruption Section.

Responsible Supply Chain Management



IMPA ACT award

NORDEN received an award for “Outstanding effort in the field of responsible supply chain management in the shipping industry” at the International Marine Purchasing Association’s (IMPA) Annual Conference in London in September 2015. The award was presented to Mr Ole Lykke, Head of Strategic Purchasing by Her Royal Highness Princess Anne. The award was given to both NORDEN and J. Lauritzen A/S for our contribution in founding the IMPA ACT Responsible Supply Chain Management programme. IMPA ACT goes beyond the requirements set by the UN Guiding Principles on Business and Human Rights (UNGPs) and includes provisions on anti-corruption and the environment. The aim is that IMPA ACT will become a maritime industry standard, as a common approach will ensure consistency and prevent that suppliers receive too many different codes of conduct. Moreover, it will reduce costs and resource consumption in the short- and long- term both for the company but also for the supplier.

Train the trainers

Today, NORDEN’s work with responsible supply chain management is centered in Strategic Purchasing in NORDEN’s Technical Department. Next step is therefore to implement responsible supply chain management throughout the whole organisation, so employees who purchase goods and/or services on behalf of NORDEN make use of responsible supply chain management when dealing with their suppliers. To accomplish this, NORDEN has decided to make use of the concept Train the trainers. In the autumn of 2015, training sessions were held with the other purchasing functions in the Technical Department. They were introduced to the programme and its different steps, tools and working documents. They will hereafter train other departments in NORDEN with support from the CSR Department. NORDEN’s aim is that all employees who purchase goods and/or services on behalf of NORDEN will be working with responsible supply chain management within the next 2 years.

Engaging with suppliers

NORDEN engaged with 5 new suppliers in 2015 who were chosen based on spend, dependency and frequency. These are the same selection criteria NORDEN uses every year to select suppliers to engage with. 2 of the 5 suppliers NORDEN engaged with in 2014 have finalised the IMPA ACT process while the other 3 are still undergoing the process.

Third party vessels

NORDEN aimed to conduct a handful of third party vessel observations in 2015. The purpose of these observations is to collect information and experience that will enable NORDEN to establish and pinpoint what measures to take in the future to ensure that third party vessels uphold classifications and flag state requirements. NORDEN has decided to prioritise other issues in 2015 and we have therefore postponed the observations until 2016.



Mr Ole Lykke, Head of Strategic Purchasing (NORDEN) receives the award from Her Royal Highness Princess Anne



Fact, Figures and Assurance

TABLE 1: ENVIRONMENTAL PERFORMANCE

	Unit	2011	2012	2013	2014	2015
Energy consumption						
Intermediate fuel oil (owned vessels operated by NORDEN)	1,000 mt	224.0	219.3	98.0	116.0	125.7
Marine diesel oil and marine gas oil (owned vessels operated by NORDEN)	1,000 mt	8.0	9.4	2.7	5.9	19.6
Intermediate fuel oil (other dry cargo vessels operated by NORDEN)	1,000 mt	710.3	654.1	809.8	675.2	649.9
Marine diesel oil and marine gas oil (other dry cargo vessels operated by NORDEN)	1,000 mt	12.2	14.3	14.5	18.5	50.8
Intermediate fuel oil (other tanker vessels operated by NORDEN in Norient Product Pool)	1,000 mt	97.7	140.7	133.2	131.7	107.2
Marine diesel oil and marine gas oil (other tanker vessels operated by NORDEN in Norient Product Pool)	1,000 mt	7.4	9.3	7.7	8.5	38.3
Direct energy consumption by primary energy source (a)	1,000 mt	1,059.6	1,047.1	1,066.1	955.8	991.5
Electricity and district heating (offices)	MWh	1,410.9	1,377.6	1,339.2	1,313.3	1,395.4
Indirect energy consumption by primary source (offices)	TJ	5.1	5.0	4.8	4.7	5.0
Transport work (b)						
Transport work (from owned vessels)	1,000,000 mt*nm	50,243	56,581	35,797	39,154	45,891
Transport work (other dry cargo vessels operated by NORDEN)	1,000,000 mt*nm	258,536	238,701	312,983	271,659	278,407
Transport work (other tanker vessels operated by NORDEN via Norient Product Pool)	1,000,000 mt*nm	19,607	25,538	29,451	27,401	28,846
Transport work (all operated vessels)	1,000,000 mt*nm	328,386	320,820	378,231	338,214	353,144
CO₂ emissions (c,d)						
Total from owned vessels	1,000 mt	726.6	716.4	314.1	380.0	454.3
Other dry cargo vessels operated by NORDEN	1,000 mt	2,262.2	2,093.0	2,568.7	2,162.0	2,186.9
Other tanker vessels operated by NORDEN in Norient Product Pool	1,000 mt	329.4	470.1	439.7	437.5	456.7
Total direct CO ₂ emissions (scope 1)	1,000 mt	726.7	716.4	314.1	380.0	454.3
Total indirect CO ₂ emissions (scope 2)	1,000 mt	0.4	0.4	0.4	0.4	0.5
Total other indirect CO ₂ emissions (scope 3)	1,000 mt	2,595.0	2,566.9	3,011.6	2,602.8	2,646.5

TABLE 1: ENVIRONMENTAL PERFORMANCE – CONTINUED

	Unit	2011	2012	2013	2014	2015
Other air emissions (all operated vessels)						
So _x emissions (weighted as SO ₂) (e)	1,000 mt	43.7	48.4	46.5	40.7	40.1
No _x emissions (weighted as NO ₂) (f)	1,000 mt	101.4	99.7	102.3	90.7	86,7
Other resource consumption						
Waste (average per vessel per month)	cbm	3.1	2.8	5.5	5.3	4.4

- (a) The figure includes energy consumption on owned vessels, other dry cargo vessels operated by NORDEN and other tanker vessels operated by NORDEN in Norient Product Pool. In 2015, the direct energy consumption by primary energy source in joules was 41,153.7 joules.
- (b) Transport work is defined as the mass transported times the distance and enables the reader to put the other values into perspective.
- (c) CO₂ emissions from vessels are calculated from the fuel quantity consumed on a voyage times the duration of the voyage (calculated pro rata) times the CO₂ emissions factor for each bunker type (for residual fuel oil the CO₂ emissions factor is 3.1144, and for marine diesel oil and marine gas oil the CO₂ emissions factor is 3.206 (source: "Second IMO GHG Study 2009").
- (d) Scope 1 emissions include emissions from owned vessels operated by NORDEN and also emissions from owned company cars. Scope 2 emissions include emissions from land-based activities at NORDEN's offices worldwide, except from the Annapolis, Santiago and Melbourne offices since electricity is integrated in their rental costs. Scope 3 emissions include emissions from chartered vessels, business travel by air transport and leased company cars.
- (e) SO_x emissions are weighted as SO₂ emissions since this is presumably what the emissions will become in time. SO₂ emissions are calculated from the fuel quantity consumed during the year times the average sulphur content in the bunker fuel (in 2015: 2.01%) times 2 since sulphur is about twice as heavy as oxygen. The formula is provided by MAN Diesel & Turbo SE.
- (f) NO_x emissions are weighted as NO₂ emissions since this is presumably what the emissions will become in time. NO₂ emissions are calculated from the energy that the main engine produces times the Tier I NO_x limit which is 17 gr/kWh, as NORDEN's owned and operated vessels are Tier I compliant. The energy produced is calculated using the fuel oil consumed in kg divided by the SFOC which in this case is estimated to be 0.173 kg/kWh (source "Project Guide for MAN S50MC-C7 two-stroke engine, 6th Edition, January 2009"). The figure for NO_x is a conservative estimate, as approximately half our owned vessels are Tier II compliant as described in the section "Environmental Management."

TABLE 2: ACTIVE CORE FLEET

NORDEN's active core fleet, 31 December 2015				
	DIS flag (Denmark)	SRS flag (Singapore)	Other flags	Avg. years of operation
Owned vessels, Dry Cargo fleet	3	23	0	6.1
Owned vessels, Tanker fleet	15	7	0	5.6
Chartered vessels with purchase option, Dry Cargo fleet	0	7	45	4.4
Chartered vessels with purchase option, Tanker fleet	0	1	18	6.7
Total active core fleet	18	38	63	5.4

Note: NORDEN's active core fleet is constituted by vessels either owned by NORDEN, or if the charter period for a time charter vessel is 13 months or more, regardless of whether a purchase option on the vessel is included.

TABLE 3: TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT AND REGION BROKEN DOWN BY GENDER (WOMEN = W, MEN = M)

Employees at sea 2015			Employees at sea 2015		
	W	M		W	M
Full-time	9	680	Indefinite or permanent contract	5	126
Part-time	0	0	Fixed term or temporary contract	4	554

Employees on shore 2015	Copenhagen		Singapore		Shanghai		Mumbai		Rio de Janeiro		Annapolis		Melbourne		Santiago	
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
Full-time	51	131	13	23	7	6	1	5	2	2	2	15	0	2	0	2
Part-time	13	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Employees on shore 2015	Copenhagen		Singapore		Shanghai		Mumbai		Rio de Janeiro		Annapolis		Melbourne		Santiago	
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
Indefinite or permanent contract	60	133	12	19	5	6	1	5	2	2	2	14	0	1	0	0
Fixed term or temporary contract (e.g. trainees and maternity leave replacements)	4	11	1	4	2	0	0	0	0	0	0	1	0	1	0	2

TABLE 4: TOTAL NUMBER AND RATE OF NEW EMPLOYEES HIRED AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION

Age	Employees at sea hired in 2015	Employees at sea who left NORDEN in 2015	Employees on shore hired in 2015	Employees on shore who left NORDEN in 2015
<30	86	40	15	14
30-50	98	47	18	26
>50	15	31	3	7

Gender	Employees at sea hired in 2015	Employees at sea who left NORDEN in 2015	Employees on shore hired in 2015	Employees on shore who left NORDEN in 2015
Women	5	0	14	15
Men	194	118	22	32

Location	Employees on shore hired in 2015	Employees on shore who left NORDEN in 2015
Copenhagen	30	31
Singapore	4	10
Shanghai	1	3
Mumbai	1	2
Rio de Janeiro	0	0
Annapolis	0	1
Melbourne	0	0
Santiago	0	0

TABLE 5: EMPLOYMENT LEVEL

2015	Copenhagen		Singapore		Shanghai		Mumbai		Rio de Janeiro		Annapolis		Melbourne		Santiago	
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
Leaders	8	32	1	2	1	1	0	1	0	1	0	2	0	1	0	1
Employees excl. leaders	56	112	12	21	6	5	1	4	2	1	2	13	0	1	0	1
Leaders in % of total workforce	4	15	3	6	8	8	0	17	0	25	0	12	0	50	0	50
Gender distribution in % of leaders	20	80	33	67	33	67	0	100	0	100	0	100	0	100	0	100

Note: A leader is defined as someone with leadership responsibilities, meaning leading a team of at least 1 other person, regardless of title.

TABLE 6: PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT-MANAGEMENT WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY

Employees on shore	100%
Employees at sea	100%

Note: The Work Environment Committee covers all employees on shore. All employees at sea are covered by safety organisation consisting of a safety representative, a supervisor and the master of the vessel.

Independent Auditor's Limited Assurance Report

To the Stakeholders of Dampskibsselskabet NORDEN A/S (NORDEN)

We have undertaken a limited assurance engagement of the non-financial data and information stated in the NORDEN 2015 Corporate Social Responsibility Report (the CSR Report). A multi-disciplinary team including assurance practitioners, engineers and other experts conducted this engagement.

Management's Responsibility for the non-financial data and information

Management of NORDEN is responsible for the preparation of the consolidated non-financial data and information in accordance with Group Accounting Policies. The NORDEN non-financial accounting policies are available on www.CSRatNORDEN2015.com in the "Fact, Figures and Assurance" section. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the consolidated non-financial data and information ensuring that data are free from material misstatement, whether due to fraud or error.

The NORDEN non-financial accounting policies contain Management's reasoning for the selection of topics and indicators as well as define reporting scope for each data type.

Our Independence and Quality Control

We have complied with the "Code of Ethics for Professional Accountants" issued by the "International Ethics Standards Board for Accountants", which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PwC applies "International Standard on Quality Control 1", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is, based on the procedures we have performed and the evidence we have obtained, to express a limited assurance conclusion:

- Whether the NORDEN 2015 CSR Report support the UN Global Compact principles, and
- Whether the NORDEN consolidated non-financial data and information stated in the CSR Report are prepared in accordance with the non-financial accounting policies.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information". The standard requires that we plan and perform this engagement to obtain limited assurance about whether the consolidated non-financial data and information are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of NORDEN's use of stated accounting policies as the basis for the preparation of the NORDEN consolidated non-financial data and information, assessing the risks of material misstatement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the consolidated non-financial data and information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Given the circumstances of the engagement and based on our professional judgement, our procedures have included:

- Inquiries regarding methods, procedures and internal control, observation of processes performed and selected interviews with data and reporting responsible personnel;
- Checking data on a sample basis to underlying documentation, and evaluation of the appropriateness of quantification methods and compliance with stated non-financial accounting policies;
- Assessment of how NORDEN have reported upon the ten principles of UN Global Compact.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we express a limited assurance conclusion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us not to believe that

- The NORDEN 2015 CSR Report support the UN Global Compact principles, and
- That the consolidated non-financial data and information presented in the 2015 NORDEN CSR Report are prepared, in all material respects, in accordance with the stated accounting policies.

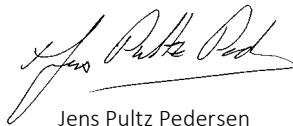
Copenhagen, 2nd March 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab



Bo Schou-Jacobsen
State Authorised Public Accountant



Jens Pultz Pedersen
M.Sc.(Eng.)

Accounting Policies

The report boundary includes assets in the parent company, subsidiaries and joint ventures, as well as employees in the parent company and subsidiaries. This report is published annually and covers the period 01.01.15-31.12.2015. The last CSR report was published on March 4, 2015 and covered the period 01.01.2014-31.12.2014.

The reporting boundary can be divided into several categories: NORDEN's owned vessels, owned vessels, which are operated by NORDEN, owned vessels, which are in technical management by NORDEN, all operated vessels (owned and chartered), chartered vessels and owned vessels on contract to 3rd parties. Operated refers here to commercially operated which includes but is not limited to purchasing bunker and paying ports and agent costs. Technical management includes but is not limited to repair and maintenance of the vessel, staffing and waste. Throughout the report, it is specified what category the data refers to.

ENERGY AND CLIMATE

CO₂ emissions

NORDEN's CO₂ emissions are calculated in accordance with the Greenhouse Gas Protocol and the financial control approach, where emissions are divided into scope 1, 2 and 3, is applied. Scope 1 emissions include emissions from owned vessels as well as owned company cars. Scope 2 emissions include emissions from land-based activities at NORDEN's offices worldwide, except the Annapolis office since electricity is integrated in rental costs. Scope 3 emissions include emissions from chartered vessels, leased company cars and business travel by air transport.

NORDEN uses the internal shipping system called IMOS (Integrated Maritime Operating System). In IMOS, fuel figures for tanker and dry cargo vessels are registered when arriving/bunkering/ departing a port.

For tankers the figures are partly updated manually by the operators or they can import the fuel figures stated by the Captain via MOEPS through an established integration to IMOS. For dry cargo vessels, the fuel figures are manually entered by the operator into IMOS.

The total fuel consumption for tanker and dry cargo is calculated by adding the fuel that already exists on the vessel at the beginning of the voyage with the purchased bunker during the voyage, thereafter subtracting the remaining fuel on the vessel when the voyage ends. This is done for each vessel and registered in IMOS.

CO₂ emissions from vessels are calculated on the basis of the fuel quantity consumed on a voyage multiplied by the duration of the voyage (calculated pro rata) multiplied by the CO₂ emissions factor for each fuel type. In order to be in accordance with the

IMO "Guidelines for Voluntary Use of the Ship Energy Efficiency Operational Indicator (EEOI)" from 2009, the CO₂ emission factors have been slightly changed from 3.13 in previous years to 3,1144 in 2013 for residual fuel oil, and from 3.19 in previous years to 3.2060 for marine diesel oil and marine gas oil. This data is applicable for all NORDEN operated vessels.

Scope 1

Besides CO₂ emissions from owned vessels as described above, Scope 1 includes CO₂ emissions from owned company cars.

CO₂ emissions from owned company cars are calculated based on the following assumptions: all the cars are diesel cars with a yearly usage of 20,000 km per car, 12 km/l, and CO₂ emissions of 2.65 kg/l. The conversion factor is from Key2Green.

Scope 2

Emissions from offices are based on electricity, heating and air condition consumption for each office, except the Annapolis, Melbourne and Santiago offices where the electricity costs are integrated in the rental costs and therefore cannot be specified. The electricity, heating and air condition consumption data has been provided by each office by reading the meter at the beginning and end of the year. These figures are converted to CO₂ emissions from kWh using the International Energy Agency's conversion indicators for 2009 in the specific countries we are located in. (United States 508 grams CO₂/kWh, Denmark 303 grams CO₂/kWh, India 951 grams CO₂/kWh, Singapore 519 grams CO₂/kWh, China 743 grams CO₂/kWh and Brazil 64 grams CO₂/kWh)

The energy from our headquarters in Hellerup comes from the following primary energy sources: coal, natural gas, biofuel, oil, garbage and nuclear power. We do not have the data for our other offices.

Scope 3

Emissions from chartered vessels based on their fuel consumption are calculated in the same way as described for owned vessels in scope 1.

Leased company cars are calculated based on the following assumptions: all the cars are diesel cars with a yearly usage of 20,000 km per car, 12 km/l, and CO₂ emissions of 2.65 kg/l. The conversion factor is from Key2Green.

The CO₂ emissions from business travel are calculated according to the guidelines from the travel agencies, which have provided us with the data. For voyage distances of less than 1,000 km, the factor 0.18 per km is used to calculate the CO₂ emissions, while for voyage distances of more than 1,000 km, the factor 0.11 per km is used.

Energy Efficiency Operational Indicator (EEOI)

EEOI is defined as: CO₂ emitted per metric ton of cargo transported, per nautical miles sailed. The formula used to calculate EEOI is

$$\text{Average EEOI} = \frac{\sum_i \sum_j (FC_{ij} \times C_{Fj})}{\sum_i (m_{\text{cargo},i} \times D_i)}$$

Where:

- **j** is the fuel type
- **i** is the voyage number
- **FC_{ij}** is the mass of consumed fuel *j* at voyage *i*
- **C_{Fj}** is the fuel mass to CO₂ mass conversion factor for fuel *j*
- **m_{cargo}** is cargo carried (tonnes) or work done (number of TEU or passengers) or gross tonnes for passenger ships
- **D** is the distance in nautical miles corresponding to the cargo carried or work done.

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

Climate action plan

NORDEN reports weighted average sulphur content. When buying bunkers the amount of low sulphur fuel is registered in IMOS. SO_x emissions are weighted as SO₂ emissions since this is presumably what the emissions will eventually become in time. SO₂ emissions are calculated from the fuel quantity consumed during the year multiplied by the average sulphur content in the fuel (in 2015: 2.02%) multiplied by 2 since sulphur is about twice as heavy as oxygen. The formula is provided by MAN Diesel & Turbo SE. The data is applicable for all NORDEN operated vessel.

NO_x emissions are weighted as NO₂ emissions since this is presumably, what the emissions will eventually become. NO₂ emissions are calculated from the energy that the main engine produces multiplied by the Tier I NO_x limit which is 17 gr/kwh, as NORDEN’s owned and operated vessels are Tier I compliant. The energy produced is calculated using the fuel oil consumed in kg divided by the SFOC, which in this case is estimated to be 0.173 kg/kWh. Source: “Project Guide for MAN S50MC-C7 two-stroke engine, 6th Edition, January 2009”. The data is applicable for all NORDEN operated vessel.

Waste

The data for waste is applicable for owned vessels, which are in technical management by NORDEN. The waste handled on board is categorized in nine categories in accordance with the MARPOL convention. The amendment to the convention was enforced 1st of January 2013 and the different categories were renamed.

These categories are listed in the table below. The waste data reported in the CSR report does not include category G – “Cargo Residues”.

In 2015, Category G (former category 4) has been excluded (as was the case since 2012) as this category is dependent on the type of cargo transported. This is a commercial decision and the choice of cargo has a direct effect on the amount of waste and hence the target. Therefore, we have decided to base our new target on categories where our procedures and crew on board can influence the amount of waste.

The amount of waste is reported to the office by the master of a vessel each month. The records of the disposed waste are registered in the garbage record book. Our waste is disposed of in accordance with Marpol Annex V. All records are conducted in cubic meters.

MARITIME SAFETY AND SECURITY

Vetting

Vetting inspections are performed by inspectors from oil companies in accordance with the Ship Inspection Report Programme (SIRE). Observations identified during the inspection are reported to vessel and office by the inspector (results are also recorded in the SIRE database by OCIMF). The data is applicable for owned vessels which are in technical management by NORDEN.

Port State Control

Port State Controls (PSC) are performed by inspectors from a relevant PSC MOU, and the result of the inspection is reported to the master of the inspected vessel, who forwards the inspection report to office. The data is applicable for owned vessels which are in technical management by NORDEN.

NORDEN’s Port State Control target is to have lower deficiencies per owned vessel technically managed by NORDEN per PSC than the peer group benchmark average (as measured by Tanker Safety Forum Benchmark and Boston Consulting Group Benchmark).

The average number of deficiencies per PSC from the Boston Consulting Group’s peer group was the following for 2014 (which is used as a reference as 2015 data is not available by the time NORDEN’s CSR report is published):

- 0.9 deficiency per PSC for tankers
- 1.3 deficiencies per PSC for bulk
- 1.1 deficiency per PSC for both bulk and tankers

However the Boston Consulting Group’s peer group consists primarily of tanker vessels; had the peer group had the same

Total EEOI	=	Cargo EEOI	+	Ballast EEOI	+	Port EEOI
$\frac{\sum \text{ton CO}_2 \text{ total}}{\sum \text{distance} * \text{cargo}}$		$\frac{\sum \text{ton CO}_2 \text{ laden}}{\sum \text{distance} * \text{cargo}}$		$\frac{\sum \text{ton CO}_2 \text{ ballast}}{\sum \text{distance} * \text{cargo}}$		$\frac{\sum \text{ton CO}_2 \text{ port}}{\sum \text{distance} * \text{cargo}}$

The records of the disposed waste		
A	Plastics	Garbage that consists of or includes plastic in any form, including synthetic ropes, synthetic fishing nets, plastic garbage bags and incinerator ashes from plastic products. Garbage under this category is prohibited to be discharged at sea.
B	Food wastes	Spoiled or unspoiled food substances. Food wastes may be discharged at sea under specific circumstances/requirements.
C	Domestic wastes	Garbage generated mainly in the accommodation spaces on board the ship (e.g. drinking bottles, papers, cardboard etc.). Garbage under this category is prohibited to be discharged at sea.
D	Cooking oil	Edible oil or animal fat used for the preparation or cooking of food. Garbage under this category is prohibited to be discharged at sea.
E	Incinerator ashes	Ash and clinkers resulting from shipboard incinerators used for the incineration of garbage. Garbage under this category is prohibited to be discharged at sea.
F	Operational wastes	Solid wastes (including slurries) that are collected on board during normal maintenance or operations of a ship. Garbage under this category is prohibited to be discharged at sea.
G	Cargo residues	Remnants of any cargo which remain on the deck or in holds following loading or unloading. This category does not include cargo dust remaining on the deck after sweeping or dust on the external surfaces of the ship. Such garbage may be discharged at sea under specific circumstances/requirements.
H	Animal carcasses	Bodies of any animals that are carried on board as cargo and that die or are euthanized during the voyage.
I	Fishing gear	Garbage under this category is prohibited to be discharged at sea.

distribution between tankers and bulkers as the NORDEN fleet, the average of the peer group would have been 1.1. We therefore used 1.1 deficiencies per PSC as our target for 2015.

Near-miss, LTIF and TRCF

The data is applicable for employees at sea on NORDEN owned vessels which are in technical management by NORDEN.

Near-miss, Lost Time Injury Frequency and Total Recordable Case Frequency are reported monthly from the master of the vessel to office in accordance with OCIMF's 'Marine Injury Reporting Guidelines'.

Near-misses refer to situations, which could have led to an accident if they had developed further.

NORDEN measures Lost-Time Injury (LTI) frequency rate as work-related incidents per 1 million working hours which result in occupational illness causing absence from work for more than 24 hours. The LTI frequency rate is measured as an average over the past 12 months.

EMPLOYEE CONDITIONS

The number of employees has been divided according to GRI by gender, age, employment contract and type. We have divided our reporting into employees at sea and employees on shore.

Employees at sea

When an employee at sea is hired, his/her information is put into our system "Omega" manually by an employee on shore. All the employees at sea are full-time.

An indefinite or permanent contract is a contract with an employee for full-time for an undefined period.

A fixed-term or temporary contract is a contract of employment that ends when a specific time period expires, or when a specific task, that has a time estimate attached, is completed.

Total employed

When calculating total employed, the goal is to determine the total number of sea farers by the end of the year ("Calculation date"). This will be any employee that has been hired before or at the calculation date, has not (yet) been dismissed and at the calculation date has an active status (an active status is any status code but 9 = dismissed or 5 = PH-pool).

To attain this goal there are three factors to consider:

- I Employment date
- II Dismissed date
- III Start date (of activities)
- IV Status code (of last activity with a start date
 <= to the calculation date)

These three factors can be found by combining following data-sets:

- A Omega\Om01Crew Om01Crew
- B Omega\Om01CrewHist Om01CrewHist

To determine the last status code (IV), the query will have to sort out any activity with a start date (III) after your calculation date, and then grouping the data to get the last status code per employee. This should end up with a dataset consisting of one row per employee.

When the dataset is complete and the factors know, the total number of sea farers will be the sum of employees that meet all the following requirements:

- Employment date <= Calculation date
- Dismissed date > Calculation date OR Dismissed date = NULL
- Status code <> 5
- Status code <> 9

Retention rate

In 2013, NORDEN switched from using a generic retention rate, established by dividing the number of employees that left in the reporting period by the average number of employees in that same period, to INTERTANKO Retention Formula from March 2009, which accounts for the type of termination. The new formula is as follows:

Retention rate(R) is calculated within a calendar year (CY) by using the following formula:

$$R = 1 - \frac{F_r}{E_t}, \text{ hvor}$$

$$F_r = F_t - F_b - F_u$$

E_t = Average number of employees within the CY

F_r = The number of terminations within the CY which cannot be categorized as "Beneficial" or "Unavoidable"

F_t = The total number of terminations within the CY

F_b = The number of terminations within the CY which can be categorized as "Beneficial"

F_u = The number of terminations within the CY which cannot be categorized as "Unavoidable"

To determine the elements required to calculate the retention rate, the following factors must be considered:

- **START DATE** – Date where an activity is started
- **END DATE** – Date where an activity is ended
- **STATUS** – The category of the activity (9 = dismissed, any other is considered work related)
- **DISMISSED REASON** – Static category of dismissal (0 = resigned; 1 = beneficial; 2 = Unavoidable)
- **NOTFORREHIRE** – Tag for employees NORDEN has a reason not to employ in the future (1 = reason not to employ)

A person is considered terminated (F_t) when:

- An activity has STATUS = 9 (START DATO = Termination date)

Categorizing the terminations, is done by the following:

Firstly NOTFORREHIRE is considered, if this is = 1, then the termination is considered to be "Beneficial". Secondly DISMISSED REASON is considered; 1= "Beneficial" ; 2 = "Unavoidable". Any other termination is considered to be part of (F_t).

The average number of employees (E_t) within the CY, is the total days each employee has had activities (excluding STATUS 9) within the CY divided by the number of days within the CY.

Example

John is hired 01-05-2013 afterwards he is fired 15-08-2013 and then he is rehired 20-10-2013. Which means he has been employed in two intervals of 106 days and 73 days, which means he counts as 0,49 employee.

The retention rate excludes employees from NORD QUEBEC, NORD MONTREAL and NORD PENGUIN, which are manned from Univan's Manila office. The at-home pool management is not applicable for agent with only 3 vessels in crew management. The rotation includes other vessels under Univan management (non – NORDEN fleet) in order to uphold rotation. All off signers are removed from the pool count upon repatriation of vessels in order to avoid influencing the retention incorrectly.

Rest hours at sea

Rest hours are monitored in accordance with ILO and STCW conventions. All violations of rest hours conventions are recorded on board each vessel and they are all reported to office on a monthly basis. Rest hour non-conformity is calculated per full-time equivalent, i.e. how many violations have occurred per 1 crew member on board a vessel during 1 month.

Employees on shore

Employees on shore are employees hired for a position on land in one of our offices.

When hired employees are registered manually in our HR system, Fairsail, data such as gender, age, position and work office is recorded. Management includes employees above General Manager level.

Full-time employees are employees who work 37 hours a week, while part-time employees are employees who work under 37 hours a week. Student workers are included in part-time employees.

An indefinite or permanent contract is a contract with an employee for full-time or part-time work for an undefined period.

A fixed-term or temporary contract is a contract of employment that ends when a specific time period expires, or when a specific task, that has a time estimate attached, is completed. Trainees and maternity leave replacements are included in this category.

The retention rate is calculated based on the average number of employees in the reporting period. It is calculated as the number of employees that left in the reporting period divided by the average number of employees in that same period. The data is drawn from Salesforce and sorted by employment date and eventual dismissal date.

Anti-corruption

The external investigator has provided us with data on the amount of reported incidents.

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