

A photograph of a red ship being hoisted by a crane on a ship's deck at dusk. The ship is suspended in the air, and the crane's structure is visible. The background shows a calm sea and distant mountains under a twilight sky. The scene is illuminated by the ship's deck lights and the ambient light of the sunset.

CORPORATE SOCIAL RESPONSIBILITY REPORT 2011

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NORDEN IN BRIEF

Dampskibsselskabet NORDEN A/S (NORDEN) operates globally in dry cargo and product tankers with one of the most modern and competitive fleets in the industry. NORDEN operates a total of 238 vessels.

In addition, vessels from 3rd parties are operated in pools of which NORDEN is either co-owner or manages. These are Norient Product Pool, NORDEN Post-Panamax Pool and NORDEN Handysize Pool.

In Dry Cargo, NORDEN is active in all major vessel types. NORDEN is one of the world's largest operators in Panamax and Handymax, in addition to having growing activities in the Handysize and Post-Panamax vessel types as well as activities in Capesize. NORDEN Handysize Pool and NORDEN Post-Panamax Pool operate the Company's owned vessels in addition to tonnage from Interorient Navigation Company Ltd. (INC).

In Tankers, NORDEN's activities comprise Handysize, MR and LR1 product tankers. NORDEN's vessels are operated commercially by the 50% owned Norient Product Pool, which also operates vessels from INC and is one of the largest product tanker pools in the world.

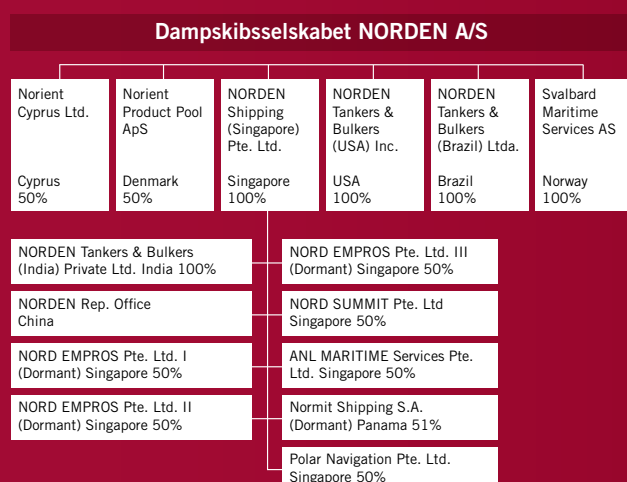
NORDEN's core fleet consists of owned vessels and vessels on long-term charter with purchase option. The core fleet is supplemented by vessels chartered on a short-term basis or for individual voyages, and this mix allows NORDEN to rapidly adjust the size and costs of the fleet to changing market conditions. Purchase and extension options on many chartered vessels increase flexibility of the fleet and also contribute to the value creation.

NORDEN has its headquarters in Denmark, and offices in Singapore, China, India, the USA and Brazil, a network of port captains as well as site offices at shipyards in Korea, China, Vietnam and Japan. NORDEN has 259 employees on shore and 793 on board owned vessels. In addition, Norient Product Pool has 47 employees at its offices in Denmark, Cyprus, Singapore, the USA and Brazil (being established).

NORDEN was founded and listed in 1871 and is one of the oldest listed shipping companies in the world. Management focus is long-term and rooted in NORDEN's vision, mission and values. The goal is for NORDEN to continuously develop for the benefit of its stakeholders and to achieve high, stable earnings. The share is listed on NASDAQ OMX Copenhagen A/S, and NORDEN has approximately 17,500 registered shareholders.

(Numbers are stated at 31 December 2011).

GROUP STRUCTURE



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

A WORD FROM THE BOARD OF MANAGEMENT



Carsten Mortensen on the right and Michael Tønnes Jørgensen on the left, the Board of Management.

We strongly believe that a business-driven CSR strategy is the way forward. By integrating CSR efforts into our everyday business and mindset, we strengthen our business and ensure future opportunities as our stakeholders' focus on ethical behaviour increases.

The growing tendency among our stakeholders, especially our customers, to focus on CSR issues is an advantage for NORDEN as CSR has always been embedded in our values and business conduct, even if we have not always called it CSR or worked systematically with it. Consequently, we are now beginning to do so, and we are implementing new CSR initiatives which will both strengthen our business and provide value for our customers and other stakeholders. In 2011, we experienced that our CSR profile played a role in landing us the third largest cargo contract in NORDEN's history.

Ambition is one of NORDEN's values, which is reflected in the way we establish goals. We believe that CSR is about raising the bar, and therefore we set ambitious goals in order to

move the agenda forward. This report will give you an overview of the goals which we have set within our different CSR focus areas and how far we have come in reaching these. We have not reached all the ambitious goals which we have set, but this does not mean that we will start setting less ambitious goals in the future. We will continue to challenge ourselves to improve our performance and raise the bar.

In 2011, our focus on climate was strengthened, and emphasis was put on fuel efficiency as an essential element of our long-term business. Fuel efficiency is directly linked to our bottom line as a reduction of fuel consumption leads to lower costs as well as a reduction in CO₂ emissions. Fuel efficiency has become a new and important parameter when we consider ordering and acquiring vessels, and therefore, both knowledge and experience in this area are essential tools. Our research project, ECO vessel of the future, aims at designing a vessel with reduced fuel consumption of at least 25%, and this project provides us with experience and knowledge of different fuel efficiency measures. We applied this knowledge when we ordered 4 fuel efficient MR product tankers and redesigned 2 Handy-size vessels. Combined with our strategy to own a modern fleet, which is traditionally more fuel efficient, investments in fuel efficiency make us better equipped to handle fuel price increases.

In addition to our fuel efficiency measures, NORDEN launched a number of initiatives within our other CSR focus areas to strengthen our CSR efforts and our business. You can read more about the individual initiatives in this report.

2012 will be the year when NORDEN will truly make way in the field of CSR. We will finalise our CSR strategy and action plan with concrete initiatives, as well as formalise our Code of Conduct. We look forward to sharing all of our successes and challenges with you in our next report.

REPORTING

This report is based on the focus areas which we deem relevant for our business and are in line with the UN Global Compact's (UNGC) principles. These focus areas are energy and climate, maritime safety and security, employee conditions and anti-corruption.

To ensure transparency and consistency in NORDEN's CSR reporting, we have collected data and developed our report in accordance with the Global Reporting Initiative's (GRI) G3.1 Sustainability Reporting Guidelines and Logistics and Transportation Sector Supplement. Only indicators that are relevant to our business and stakeholders have been chosen.

We have thus created a CSR reporting model which is tailored for NORDEN and our business and is based on recognised standards such as GRI and UNGC. More information on these standards, the indicators we report on, as well as the reporting boundary can be found in Annex 2 of the report. This report also serves as NORDEN's Communication on Progress (COP) Report 2011 to the UN Global Compact.

Our report application level is C+ as the content of this report has been verified by PricewaterhouseCoopers (PwC) and Det Norske Veritas (DNV).

GRI guidelines
and sector
supplement

UN Global
Compact's
principles

Materiality
assessment

NORDEN's CSR
reporting model



NORDEN'S PERFORMANCE

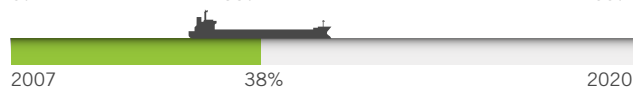
The following outline gives an overview of NORDEN's CSR focus areas and performance by listing some of the major targets that were set for 2011 and the results achieved.

ENERGY AND CLIMATE

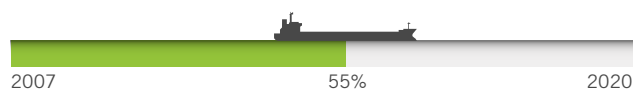
Goal 1: Reduction of the simple average sulphur content from 2.09 % to max. 2% in total bunkers purchased in 2011



Goal 2: Reduce CO₂ emissions by 25% from 2007 to 2020 for owned tanker vessels



Goal 3: Reduce CO₂ emissions by 25% from 2007 to 2020 for owned dry cargo vessels



Goal 4: Part of the Leadership Index in the CDP reporting in 2011



MARITIME SAFETY AND SECURITY

Goal 1: Zero rejections per vetting inspection in 2011



Goal 2: Pass all Port State Controls (PSC) without detentions in 2011



Goal 3: Near-misses reporting should be above 1 per vessel per week in 2011



EMPLOYEE CONDITIONS

Goal 1: Increase the retention rate for employees at sea from 2010



Goal 2: Increase the onshore retention rate from 2010



ANTI-CORRUPTION

Goal 1: Establish a gift policy in 2011



Goal 2: Launch a whistleblowing system in 2011



ENERGY AND CLIMATE

Since NORDEN's core business is transport of goods, impact on the environment is inevitable. Tightened regulations, increased fuel prices and greater political focus on the climate combined with lower freight rates affect our and other shipowners' business. NORDEN's focus in the area of the environment is primarily on energy and climate, and this focus was increased in 2011 owing to the rising fuel prices and our wish to reduce our environmental footprint.

Energy efficiency improvements are directly linked to our bottom line as fuel saving initiatives enable us to reduce our fuel consumption and hence our costs. Moreover, these investments in energy efficiency make us more resilient towards increasing fuel prices, thus strengthening our competitiveness.

In addition, as a competitive advantage, NORDEN has strategically decided to own a modern fleet, which is traditionally more fuel efficient.

The following sections describe the goals set and initiatives implemented in our efforts to become more energy efficient. Det Norske Veritas (DNV) has verified all the environmental data in the report.

Carbon dioxide (CO₂) emissions

The Danish Shipowners' Association has set a target to reduce relative CO₂ emissions from owned vessels by 25% by 2020 compared to the 2007 level, where 15% should be a result of technical improvements and 10% a result of speed reductions. In order to assess how close NORDEN is to reaching this target, we use The International Maritime Organization's (IMO) Energy Efficiency Operational Indicator (EEOI) when calculating our CO₂ emissions from owned and operated vessels. The EEOI enables us to compare our yearly CO₂ reduction regardless of changes in fleet size, as EEOI is defined as: CO₂ emitted per metric ton of cargo transported, per nautical miles sailed.

Since 2007, NORDEN has reduced its CO₂ emissions from owned and operated dry cargo vessels, exclusive of vessels on contract to 3rd parties, by 3%, whereas CO₂ emissions from owned dry cargo vessels alone has been reduced by 14%. The difference between the reduction of CO₂ emissions from owned

vessels and that from owned and operated vessels can partly be attributed to the following items. NORDEN has a climate action plan comprising fuel saving initiatives on owned vessels. We also have the ability to steam with lower engine load on owned vessels, meaning that slow/right steaming is possible to a higher extent than on chartered vessels.

The reduction of CO₂ emissions from owned and operated tanker vessels, exclusive of vessels on contract to 3rd parties, is 14%, whereas CO₂ emissions from owned tanker vessels alone has been reduced by 9%. The main reason for this difference is that we did not utilize the full cargo load for 5 out of 7 voyages by MR product tankers in the fourth quarter of 2011.

A detailed overview of our environmental performance and CO₂ emissions can be found in Table 1 in Annex 1 page 21.

Sulphur and Nitrogen oxide (SO_x and NO_x)

It is important for us to focus on the reduction of emissions of SO_x as these are harmful to people and the environment. Therefore, we aim at reducing our emissions of SO_x through purchase of bunkers¹ with reduced sulphur content. The goal for 2011 was a simple average sulphur content of 2% for the total bunkers purchased for our operated vessels. We came very close to reaching this target but due to changes in trade patterns, we realised a slightly lower reduction of 2.06%. We have sailed less in the Emission Control Areas (ECA) than planned and more in the Far East and India, where the sulphur content in the purchased bunkers is higher than in Europe and where it is difficult to purchase large quantities of bunkers with reduced sulphur content. For 2012, our target is a simple average sulphur content of max. 1.95% in the total bunkers purchased for our operated vessels.

NORDEN's active core fleet at 31 December 2011

	DIS flag, (Denmark)	SRS flag, (Singapore)	Other flags	Avg. years of operation
Owned vessels, Dry Cargo fleet	4	23	0	2.9
Owned vessels, Tanker fleet	12	5	0	4
Chartered vessels with purchase option, Dry Cargo fleet	0	2	38	2.7
Chartered vessels with purchase option, Tanker fleet	0	0	10	2.6
Total active core fleet	16	30	48	3.1

1) Bunker is the fuel used by vessels.

In the coming years, the International Maritime Organization (IMO) will issue a number of regulations on sulphur emissions which will affect NORDEN and the rest of the shipping industry. The impact of these regulations on our business will to some extent be offset by an inclusion of the induced costs in our current long-term cargo contracts. The below table provides an overview of some of the new regulations and their impact on our business.

Apart from SO_x, NORDEN also focuses on reducing emissions of Nitrogen oxide (NO_x). NO_x is harmful towards people, animals and plants as it causes smog and acid rain. We have identified a reduction of NO_x emissions of approximately 12-14% per tonne of fuel consumed.²

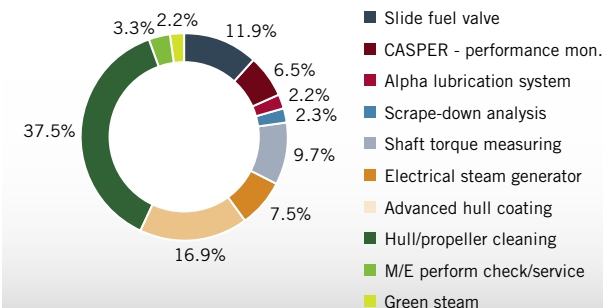
Climate action plan

In 2007, we established an action plan consisting of 14 fuel saving initiatives on owned vessels. Each year, the initiatives were evaluated based on impact or whether they could profitably be combined with another initiative. As a result, the number of fuel saving initiatives have now been reduced to 10, where 4 initiatives have been integrated into initiative 9 "Increased service and check of main engine performance".

By investing in these initiatives, we reduced our CO₂ emissions from owned vessels by 5.4% in 2011, and we thus met our target of 3.5%. This reduction is included in the previously mentioned EEOI data for owned vessels.

In last year's report, CO₂ emissions from NORDEN's owned vessels were reported to have been reduced by 4.7% in 2010.

Climate action plan



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

However, further analysis showed that the estimated reduction of CO₂ emissions was in fact 6.2% in 2010.

Above you can see how large a share of the CO₂ reduction each initiative contributed in proportion to NORDEN's total reduction of CO₂ from owned vessels (5.4%) in 2011.

The initiative which contributed the most in reducing CO₂ is propeller cleaning. A description of the initiatives can be found in Table 2 in Annex 1 on page 22. The effect is calculated based on assumptions about engine size, engine type and ballast conditions, and the effect of the initiatives is estimated based on guidelines from IMO and Intertanko.

Date	Regulation	Impact on NORDEN's business
January 2012	Global limitation of sulphur content to 3.5% (previously 4.5%)	No significant business impact as we are already striving to purchase bunkers with less sulphur. Since October 2011, we have mainly bought bunkers with a sulphur content of less than 3.5%.
August 2012	New ECA (Canada and USA): sulphur content limit of 1%	Medium business impact as the USA is an important market for NORDEN. Hence our bunker costs will increase as bunkers with 1% sulphur is approximately 10% more expensive than that containing 3.5%. However, the low-sulphur bunkers might become less expensive as more ports in the new ECA will have to supply it.
January 2015	All ECAs: sulphur content limit of 0.1%	Huge impact and challenge as bunkers containing 0.1% sulphur does not exist in today's market. It is uncertain whether or not there will be sufficient quantities and what the price level will be. Moreover, if sufficiency proves to be a problem, gas oil will be used instead, resulting in increases of more than 50% in bunker costs. For NORDEN and the rest of the shipping industry, this increase is likely to cause rising freight rates in all ECAs.
January 2020	Global limitation of sulphur content to 0.5% (previously 3.5%) (target to be revised in 2018 and if impossible to reach, postponed until 2025)	Even greater impact and challenge which might result in us having to consider alternative means of minimising sulphur emissions. Such alternatives could be investment in new technologies such as scrubbers.

2) NORDEN operates a young fleet which is Tier I compliant, as the vessels are built after 1 January 2000. Source IMO's "Second IMO GHG Study 2009".



NORDKAP approaching Port Alfred, Canada.

Fuel efficient vessels

We have an ongoing research project across NORDEN's departments called ECO Vessel of the future, by which we aim to design a vessel with reduced fuel consumption of at least 25%.

The initial step consisted of examining which restrictions and regulations could affect our project, how we could benchmark it, as well as evaluating various technologies, systems, equipment and designs.

In the project, we try to align the different technologies and see if they can work together.

“We have an improved propeller design and an improved bottom paint which each reduces fuel consumption by approximately 4%, but whether or not the two things put together will amount to a reduction of 8% cannot be safely predicted,”

says **Steven Sandorff**, ECO vessel of the future Project Manager.

Moreover, the fuel efficiency technologies also have to be commercially viable. This means that we cannot just implement all the identified measures when designing a vessel as the vessel has to live up to certain criteria, i.e. length and depth restrictions, to ensure that it can call a port. Therefore, the project will also map the world's ports to assess what the optimal vessel size should be for our new ECO vessels.

Throughout the project, we have been and will continue to be in dialogue with relevant customers and shipyards to ensure the project's success.

An added benefit of our ECO vessel project is that we can use the experiences we have gained when deciding on implement-

ing energy efficient measures on vessels. This was the case when we ordered 4 MR product tankers from the Korean yard STX Offshore & Shipbuilding Co. Ltd. to be delivered in 2013. Apart from changes to the choice of main engine and propeller, we also decided to implement a MEWIS® duct that combines a duct positioned right in front of the propeller with an integrated asymmetric fin arrangement. Our conservative estimate is that the new arrangement will result in a 5% fuel saving. Same will be verified by model tests prior to installation. We do not merely wish to implement grand scale measures but to consider the entirety of the vessel. We have therefore decided to also focus on low-scale saving measures such as increased insulation of accommodation and energy saving light bulbs.

All in all, we will implement energy saving devices on the MR product tankers that will reduce fuel consumption by 15-18% compared to 2007 standard designs. This corresponds to a daily cost saving of approximately USD 3,000 based on current fuel prices.³

The knowledge was also useful when designing our 2 new Handysize dry cargo vessels, where we chose two main improvement areas: an NPT propeller with a larger diameter and a more powerful but de-rated main engine. The sea trials have been positive, showing a reduction of approximately 12-13% compared to previous sister vessels. Furthermore, these vessels will be fitted with our before-mentioned fuel saving measures which will further reduce fuel consumption by approximately 5%.

Apart from the before-mentioned vessels, we have long-term chartered 4 fuel efficient Panamax vessels for a period of 7-8 years to be delivered in 2014, which will result in reduction of fuel consumption by approximately 15% compared to standard designs.

NORDEN will continue to focus on fuel efficient vessels and maintain a modern and young fleet.

³) Based on Rotterdam fuel prices, 30.December 2011.

Right steaming

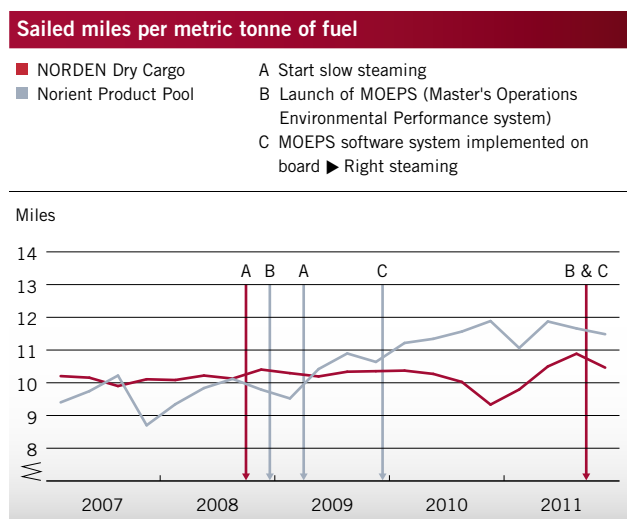
In NORDEN, we have decided to use the term right steaming instead of slow steaming as we believe it to be more accurate.

Right steaming is simply performance-driven operation. If a vessel can only call a port Monday, it makes no sense that it arrives Saturday after having sailed at a high speed burning large amounts of fuel. It should instead have sailed at the right speed to arrive Monday, hence minimising fuel consumption and CO₂ emissions.

Right steaming entails sailing with the optimal speed according to the framework set, i.e. time versus cost. Right steaming is a practice that optimises our voyages both on owned vessels and chartered vessels. This also means that when freight rates increase in the future, we will still continue to right steam as it makes good sense in terms of business.

In 2011, the performance system MOEPS⁴, developed by Norient Product Pool, which operates all NORDEN's tanker vessels, was implemented in a special version on the dry cargo core fleet. This system helps us optimise our voyages and ensures that we right steam as we can monitor the speed and consumption of fuel. If a master sails at a higher speed than planned thereby burning more fuel, this is highlighted in MOEPS and the operator can, in cooperation with the captain, ensure that optimal speed is regained.

The system reduces the workload for operators as all relevant documents, data and procedures are accessible and structured



Note: A plunge is visible in Q1 and/or Q4 each year due to sailing through ice. The degree of the plunge is linked to the harshness of the winter. The graph is for owned and operated vessels.

4) MOEPS stands for Master's Operations Environmental Performance System.

5) Prevention of Pollution from Ships" (MARPOL) Annex V.

“The main reason for the industry to engage in slow steaming was a necessity to reduce the very high bunker costs, with reduction of CO₂ emissions as an added-value. Although the latter has proved a very positive added benefit, we strongly believe that right steaming is the way forward. It is a long-term sustainable competitive advantage as we will practice it regardless of crisis or prosperous times. It is simply about looking at the whole picture and planning the most optimal voyage,”

says **Lars B. Christensen**, Senior Vice President and Head of Tankers.

in the system. Our performance systems also create greater transparency enabling us to continually render our procedures, systems and voyages more effective.

Virtual arrival

The concept of virtual arrival is closely linked to right steaming and optimisation of voyages.

Virtual arrival is a partnership between NORDEN, the customer and a weather routing company with the aim to reduce bunker costs and thereby also CO₂ emissions. In practice, it means that if a vessel is scheduled to arrive on a specific day, but the circumstances entail that this is not optimal, for instance due to congestion in the terminal, then an agreement is made with the customer and a new scheduled time and speed is planned.

We engage with the weather routing company to ensure that the speed chosen is in line with the weather forecast. In the end, the gain obtained on the saved bunkers is divided between the customer and NORDEN.

Our first virtual arrival voyage was conducted in 2011 at the request of one of our customers. We find it very positive that customers are becoming aware of the benefits of virtual arrivals. We hope that in the years to come, we will make use of virtual arrivals to a higher extent as we believe it is beneficial both to our customers, the environment and NORDEN.

Waste

All our waste is disposed of in accordance with the rules set forth by the IMO.⁵ Our 2011 target was to reduce waste from owned vessels operated by NORDEN by 5% compared to 2010. To help reach this target, we asked our suppliers to reduce their packaging or take it back, which meant that less packaging was taken on board the vessel.

The amount of waste slightly increased in 2011, and we are currently investigating the reason for this. To get an overview of our waste, please consult Table 1 in Annex 1 page 21.



Garbage disposal area on board NORD NIGHTINGALE.

Onshore initiatives

We believe that we can reduce our onshore environmental footprint even if it is relatively insignificant compared to that of our vessels.

In 2011, we entered into an energy partnership with Danish energy group DONG Energy which implies that all of our electrical energy consumption will come from renewable energy. Moreover, DONG Energy will perform an “energy check” in 2012 of our headquarters to assess where energy efficiency investments could be made. The findings of this inspection will be used to focus our future onshore environmental initiatives.

Our IT systems have been virtualised which saves energy, and a long-term initiative entails replacing all computers with energy saving computers and installing a system that shuts down all computers at a specific time to minimise energy waste. In the canteen, we have removed all tinfoil, reduced aluminium cans to a bare minimum and replaced still bottled water with tap water in reusable bottles.

We also consider ways to minimise our environmental impact when we travel overseas and by land. Video conferences are

a means to do so. Furthermore, we are in dialogue with a taxi company which increasingly focuses on replacing its fleet of cars with electric cars. We have also joined the initiative “Eco friendly electric car” where NORDEN tests an electric car for 2 years (from June 2011).



Godmother, Laura Rosholm, during the namegiving ceremony of NORD EL, which is similar to namegiving ceremonies for new vessels.

Carbon Disclosure Project

Since 2008, NORDEN has reported within the framework of the Carbon Disclosure Project (CDP) on our efforts to reduce CO₂ emissions. The CDP is an independent non-profit organisation that assembles worldwide information on the impact of climate change on companies and their efforts to reduce CO₂.

For the last two years, we have been part of the Leadership Index, which comprises the upper 10% of the Nordic listed companies which have displayed the most professional ap-

proach to climate change disclosure practices. For our 2009 CDP report we ranked 18 out of the 200 companies that had completed a CDP report, and for our 2010 CDP report, we ranked 17 out of 260 companies. Both times, we were the only shipping company in the Leadership Index, which counts companies from Sweden, Finland, Norway and Denmark.

NORDEN will continue to engage in the CDP reporting, as we see it as important information for our stakeholders, specifically investors and customers.

MARITIME SAFETY AND SECURITY

In NORDEN, we have a strong focus on ensuring high standards of maritime safety and security via for instance increased efforts in connection with vettings. By focusing on modern and high quality vessels, we seek to become an attractive business partner for our customers.

In Tankers, it is particularly important as oil majors have a no-risk approach and continuously tighten their requirements regarding technical conditions, safety, quality, maintenance, systems and employee qualifications.

By ensuring a high standard and optimisation of systems and processes, we can also minimise the risk of injuries and incidents that might impact our crew and the external environment.

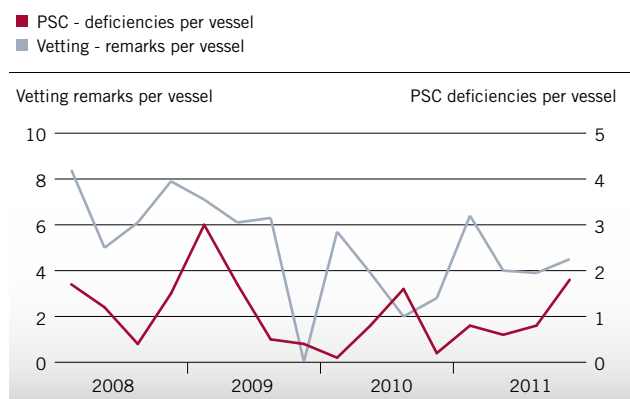
Vetting inspections

In 2011, the increased focus on successful vetting inspections was maintained in order to reduce the risk of injury, grounding, wrecks, spills and other incidents that might impact the external environment. All NORDEN vessels are suitable for chartering by oil majors. Vettings are historically conducted on behalf of oil companies who are focused on the safety and environmental operation of the tanker fleet.

NORDEN has employed a full time senior vetting manager whose role it is to maintain the uniformity in our procedures and the constructive dialogue with vessels, inspectors and customers, specifically the oil companies. We believe that even with a larger fleet, we can maintain the quality in the vetting inspections and still reduce vetting remarks in the long term.

Our target in 2011 was a maximum of 4 remarks and zero rejections per inspection of owned vessels operated by NORDEN.

Vetting and Port State Controls (PSC)



Vetting inspection on NORD STRAIT.

We had 4.76 remarks which, though higher than aimed for, was still below the industry average of 5.96.⁶ The increased number of observations was partly due to growth of the fleet and the subsequent increase in the number of crew members introduced to NORDEN's systems. No vessels were rejected.

Port State Control (PSC)

A PSC is an inspection of foreign vessels in ports to verify that the condition of the vessel and its equipment complies with the requirements of international regulations and that the vessel is manned and operated in compliance with these rules. In 2011, our owned vessels which were operated by NORDEN had an average of 0.9 deficiencies per vessel per PSC, which means that we did not meet our target of 0.5 deficiencies per vessel per PSC. The reason for this is the same as for the vetting observations.

We experienced 71 Port State Controls in 2011 and only one detention. Our dry cargo vessel NORD DORADO (IMO no. 9448035) was detained at port in Newcastle, Australia for 2 days in January 2011 due to failure of the emergency generator to connect to the emergency switchboard. This was the first inspection after delivery from the yard. We repaired the emergency generator to class satisfaction. Following this incident, we have implemented procedures throughout the fleet, with weekly and monthly tests of the emergency generator that must

⁶ The Tanker Safety Forum's benchmark is used as industry benchmark (2011).

be recorded in a log. We are confident that further familiarisation of the crew with these procedures will eliminate this type of incident in future.

Incidents

We constantly strive to ensure that our vessel operations are as safe as possible. In 2011, one incident that had a minor impact on the external environment was reported. During bunkering of NORD GOODWILL off Texas City, the bunker hose on the bunkering barge leaked and caused bunkers to be spilled. Approximately 1-2 gallons ran into the water. The US Coast Guard was satisfied with the clean-up operation initiated by the bunkering company.

We experienced a 34% decrease in incidents per vessel without impact on the external environment in 2011.

Near-misses

NORDEN also focuses on reporting of near-misses as a safety awareness indicator. The term near-misses refers to situations, which could have led to an accident if they had developed further. The goal is to receive as many reports as possible, as they reflect the employees' focus on safety. Our 2011 target was to report a minimum of 1 near-miss per vessel per week, and with an average of 1.6 near-misses per vessel this target was met. We received 2,309 near-miss reports in 2011, while we received 1,541 reports in 2010.

The near-miss reports are analysed to assess which issues observed on board vessels are the most important to improve. Three key areas were identified after analysing near-miss reports from 2010. These areas were safety on deck, safety in the engine and Fire Fighting Appliances/Life Saving Appliances.

On the basis of these results, it was decided to launch a comprehensive safety behaviour campaign. This campaign would further strengthen our current efforts within incident prevention. The initiatives included publishing of articles on safety issues in our internal magazine aimed at the crew, safety bulletins, knowledge sharing, addressing the issue at officers' seminars and in the dialogue with our senior officers. Moreover, during onshore staff's visits on board the vessels, safety meetings with the entire crew were conducted where current issues were ad-



NORD MARINER discharging salt in Kalundborg.

dressed and the crew members were encouraged to ask questions and provide input.

Lost-Time Injury (LTI)

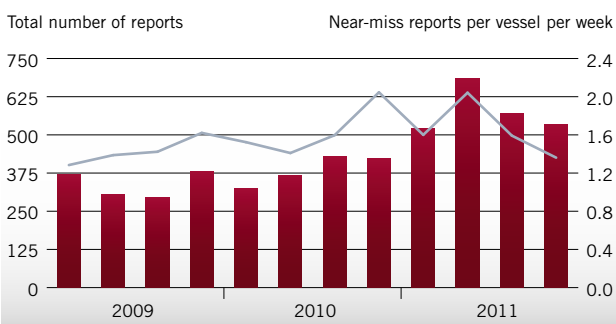
Another indicator monitored is the Lost-Time Injury (LTI) frequency rate, which provides us with an overview of the number of incidents that took place in the past year. This assessment can help us evaluate whether our incident prevention efforts are successful or should be strengthened. We measure the LTI frequency rate in 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. In 2011, our LTI frequency rate was 1.2, which meant that we did not reach our target of 0.75. The industry standard was 1.65 for 2011.⁷

The Total Recordable Case Frequency (TRCF) indicates the number of incidents that have resulted in medical treatment. In 2011, it was 2.23 per 1 million working hours which is a substantial decrease from 5.68 in 2010.

There were no fatalities and no grave injuries in 2011.

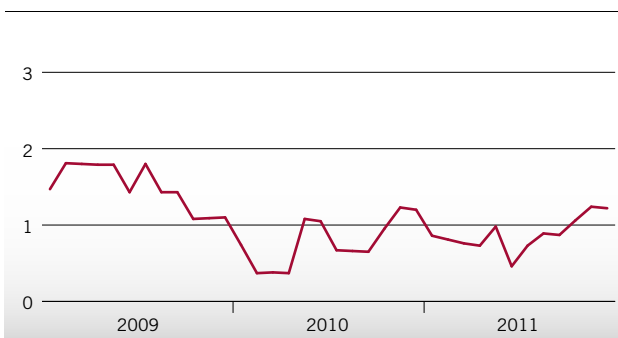
Near-miss reporting

- Number of near-misses reports
- Near-miss reports per vessel per week



LTI frequency rate

- Lost Time Injuries per 1 million working hours



7) The Tanker Safety Forum's benchmark is used as industry benchmark (2011).

Piracy

NORDEN faces the same challenges as other shipping companies when it comes to piracy off the coast of Somalia, in the Gulf of Aden, the Red Sea, the Arabian Sea and the Indian Ocean. It affects our business and is quite costly. Piracy is an increasing problem and individual countries cannot solve it alone. There is a need for international efforts under the auspices of the UN.

Above all things, our job is to create a secure environment in which our crew feels safe. Hence we have decided to adopt basic principles for anti-piracy measures that can be summed up in three small words: avoid, detect and delay pirate attacks.

NORDEN has implemented comprehensive anti-piracy instructions and guidelines as well as protective measures in accordance with the BMP4⁸ standard.

The increased number of pirate attacks in 2011 and the larger operational range of the pirates, due to use of previously hijacked vessels as mother ships, have led us to the decision to make use of armed guards on select vessels. We assess the necessity for this on a case-by-case basis.

In 2011, NORDEN did not experience any pirate attacks. However, we did experience two suspicious approaches in the Gulf of Aden and the Red Sea, respectively. At both occasions, the suspected pirates abandoned their pursuit.

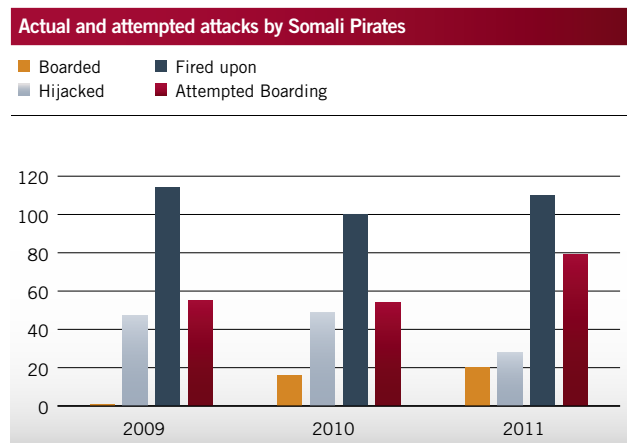
As before mentioned, piracy is most often seen off the coast of Somalia, in the Gulf of Aden, the Red Sea, the Arabian Sea and the Indian Ocean. However, a new tendency is appearing with pirates operating off the coast of West Africa in the Gulf of

“We constantly evaluate our measures and we are in continuous dialogue with authorities, external advisers and experts in the industry to benchmark our efforts and get new ideas for strengthening safety for our ships and crew in high risk areas,”

says **Flemming Dahl Jensen**, QA Manager.

Guinea⁹, where mainly tanker vessels are hijacked and part of their cargoes stolen before the vessel is released.

The increasing challenges in the Gulf of Guinea has led to us updating the joint security policy between NORDEN and our joint-venture partner Interorient. Numerous precautionary measures have been implemented alongside the full implementation of the BMP4 on all vessels entering the Gulf of Guinea.



Source: ICC International Maritime Bureau's 2011 report on "Piracy and armed robbery against ships". The data covers the following areas: Somalia, the Gulf of Aden, the Red Sea, the Arabian Sea and the Indian Ocean. Boarded vessels are vessels that were boarded but not successfully hijacked.

Economic development in Somalia

A partnership between Save the Children, the Danish Ship-owners' Association, NORDEN and 4 other shipping companies has been formed with the purpose of providing the Somalis with education and employment opportunities, which can lead to increased economic development in Somalia.

The education and employment project gives the young Somalis a possibility to complete an education as an electrician, building constructor, hairdresser, carpenter, secretary or within IT.

It only costs DKK 2,500 to provide one person with an education, and the last evaluation in April 2011 showed that 3,579 young Somalis had completed the education. The goal is for 10,000 young Somalis to receive an education within the next 3 years.

In addition, there is also focus on educating the teachers to enable them to contribute to a sustainable and coherent educational system, which in turn ensures relevant primary education for the Somali youth.

8) BMP4: Best Management Practices to Deter Piracy off the Coast of Somalia and in Arabian Sea Area, Version 4- August 2011.

9) The Gulf of Guinea covers the area off the coast of Benin, Togo and Nigeria.

EMPLOYEE CONDITIONS

Employees are the backbone of NORDEN and an essential ingredient in ensuring successful business operations. Therefore, it is important for us to have highly qualified and motivated employees who work together to achieve common goals.

Our employees can be divided into two categories: our employees at sea, and our employees on shore consisting of employees at our headquarters in Denmark and our overseas offices. We believe in treating our employees equally and providing them with the best possible working environment.

Employees at sea

The world fleet has grown considerably over the last years resulting in a high demand for officers, which is a challenge for the whole industry. NORDEN addresses this challenge by providing high-quality educational opportunities and maintaining a strong focus on crew welfare and a safe working environment.

In the fleet, the competency system NORDEN Officer Career Program (NOCaP) has been developed following a pretesting period. The system draws up a development plan for each officer's competences and outlines uniform criteria for each position, thus making it simpler to train newly employed officers and to offer existing officers career development, while documenting the progress.

We also support cadet programmes for our Danish, Philippine and Indian seamen and will continue to support these programmes in the future.

NORDEN offers the employees various benefits on board to ensure a healthy working environment. We provide healthy nutrition and access to exercise equipment. In addition, we believe it is important for our seamen to be able to have regular contact with their families and friends, as they are far away from home. This particular need is reached by providing free phone cards and internet connection on board our vessels. During officers' seminars and in the daily communication between vessels and land, we also engage in open dialogue with our colleagues at sea to better understand their needs and how we can meet them.

NORDEN's retention rate for employees at sea remained approximately 81% in 2011. In 2012, we will continue to focus on maintaining a high retention rate for our employees at sea by providing a safe, healthy and attractive working environment.

Captain on board NORD STRAIT overlooking Rotterdam, the Netherlands.





Cargo operation on board NORD POWER in Stigsnæs, Denmark.

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 our employees at sea. For instance we focus greatly on complying with rest hour regulations where our long-term goal is to have 100% compliance with rest hours at sea. In 2011, we had 0.40 rest hour non-conformity per full-time equivalent, meaning 0.40 violations per 1 crew member on board a vessel during 1 month. Other offshore employee data can be found in Tables 3 to 6 in Annex 1 pages 22-23.

Employees on shore

We believe that a company's most valuable asset is its employees and therefore, we need to ensure a good working environ-

ment in which our employees feel appreciated and heard. Our 2010 employee survey, called Cultural Performance Driver (CPD), showed low scores on internal communication and feedback. To address this challenge, all employees attended communication workshops in 2010.

In 2011, a Communication Task Force was created with the aim of establishing a set of Golden Rules of Communication for NORDEN based on the results from the internal communication workshops. The main result from the workshops was that challenges vary between departments and therefore, it is essential that each department identifies their particular challenges with regard to three main areas: feedback, knowledge sharing and mutual results.

Successful partnership between NORDEN and Specialisterne

Specialisterne is an IT consulting company in which 75% of the employees have a diagnosis classified within the autism spectrum. Specialisterne has a strong eye for detail, and the employees' skills are highly valued in the business community.

We have entered into a partnership with Specialisterne to create a tailored educational opportunity which will enable their students to receive a relevant education and a certificate of competencies obtained.

There is a real need for this type of education. During the last year, we have hired IT interns from Specialisterne. When

they finish their scholarship, the majority of them do not have the ability to continue an education, as they have to pursue it at a school which does not take their strengths and weaknesses into account. Therefore, they need a relevant educational opportunity which focuses on their skills and enables them to obtain a job.

"We have been very pleased with the students we have employed. One of our students, Daniel, whom we mentioned in last year's CSR report, has really come a long way and is very glad that his skills are valued in NORDEN. Along with his fellow students, he is going to benefit greatly from this educational opportunity," says **Sture Freudenreich**, Head of the IT Department.

Our next CPD survey will be conducted in 2012, and we hope to see increased scores as a result of our efforts as we believe that good internal communication is closely linked with employee work satisfaction.

We also believe it is important to challenge our employees and ensure that they possess the necessary skills within their field. Therefore, competence building is essential for NORDEN, and we promote a working culture where demand for and attendance at courses are a natural part of an employee's daily work.

Our Work Environment Committee continues to find sustainable solutions to the challenges identified in last year's workplace assessment which pertained to heating problems, solar reflections on computer screens and the noise in the open-plan office. Initiatives such as establishing a fire safety plan and running a fire drill was conducted in November 2011. Upcoming initiatives include minimising noise from cell phones and reducing the smell from the smoking room.

We are still facing the same challenge as last year concerning the gender distribution in NORDEN. We are aware that, historically, shipping is primarily a male profession and therefore, when possible, we aim at creating a more balanced distribution between men and women. For instance, we have initiated a campaign to attract more female trainees.

Moreover, we strive to maintain a working environment which is tolerant, respectful and inclusive and in which everyone has equal opportunities regardless of their religion, ethnicity, age, etc. In 2011, no discrimination, neither at sea nor on shore was reported.

Our onshore retention rate, including all overseas offices, increased from approximately 83% in 2010 to 88% in 2011, thus meeting our target of improving our retention rate from 2010. Our goal for 2012 is 90%. Other employee data can be found in Tables 3 to 7 in Annex 1 pages 22-23.



Employees in Hellerup, Denmark.

Code of Conduct

End of 2011, we started formalising a Code of Conduct that will be anchored within the organisation in the first half of 2012.

We have started gathering existing policies on ethical business conduct and assessing in which areas the policies can be improved. The Code of Conduct will provide transparency as well as an overview of all our policies and guidelines, and will be communicated to both internal stakeholders such as employees, and external stakeholders such as customers and vendors.

Community engagement

Japan is among NORDEN's 10 largest dry cargo markets and an important strategic market for NORDEN. We have entered into long-term new building contracts for nearly 100 vessels since the end of the 1990s. When the earthquake hit the country in March 2011, NORDEN quickly donated DKK 1 million, which was spent on education and children in Higashi Matsushima. In addition to this amount, our employees decided to initiate an employee fundraising by which DKK 128,000 was collected and spent on toys for children in day care.

Shanghai Maritime University in China: Since 2005, we have sponsored scholarships for students on a yearly basis

and conducted annual workshops on campus. All of these initiatives broaden the knowledge of NORDEN and help us recruit top students.

Nanyang Technological University in Singapore: We provide scholarships and training to select students attending the Maritime study programme at the university.

The Holy Cross of Davao College in the Philippines: We have decided to pay for the third and fourth year of tuition for approximately 40 cadets. We provide these cadets with sailing experience on board our vessels during their fourth year.

ANTI-CORRUPTION

Corruption is a problem that has significant impact on companies as well as countries' economic, political and social situation.

Corruption creates an unfavourable business climate and limits the willingness of countries and companies to invest in a country. It also affects the populations' trust towards their governments and can weaken a country's democratic foundation. Moreover, the transfer of funds to a small group of individuals increases income inequality, which in turn might lead to civil discontentment.

Bribery is the acceptance or offering of benefits (in kind or monetary) in order to gain business advantages to which a party would otherwise not be entitled. NORDEN has a zero-tolerance policy towards bribery.

Facilitation payment is a small payment made for a service to which we have a legal right or other entitlement. Our employees are occasionally faced with these types of demands as they are customary in some parts of the world. We strive to avoid the use of facilitation payments and have a long-term goal of eliminating them.

To minimise incidents of corruption, it is important to create as much transparency as possible in one's business operations. NORDEN wishes to be a transparent company, and therefore we have a strong focus on external and internal reporting and communication.

We have started mapping the challenges we face with regard to corruption as we believe it is important to identify the extent of the problem. In connection with this, we are actively participating in the Maritime Anti-Corruption Network (MACN) – a network in which shipowners and shipowners' associations share best practices and try to identify the challenges of the industry with regard to corruption. The members of the network represent different areas of the shipping sector with head offices in Denmark, Norway, Germany, the UK, the US and Sweden. You can read more about the network and its short-term and long-term goals on our website.¹⁰

In 2012, we will continue to focus on anti-corruption and maintain our efforts within the Maritime Anti-Corruption Network.

Gift and entertainment policy

One way to enhance transparency and accountability is by developing guidelines. These will, as previously mentioned, be assembled in a Code of Conduct.



Employees can receive guidance about gifts in NORDEN's gift policy.

Part of our guidelines is a gift and entertainment policy, which was created and approved in 2011. The policy sets forth the definition of a gift compared to what can be interpreted as bribes or facilitation payments, thus creating a common understanding.

Whistleblowing

Our whistleblowing system SafeLine is another means of creating transparency. It was launched in September 2011 and had not received any inquiries by the end of the year. The process of establishing a whistleblowing system proved quite time-consuming, nevertheless we are satisfied that the system has now been launched.

“The whistleblowing system is the natural next step for NORDEN to take, being a company that responds positively to demands and recommendations from its customers and partners of which many have launched similar systems to absorb irregularities,”

says **Mogens Hugo**, Chairman of the Board of Directors.

The system provides all employees, the Board of Management and members of the Board of Directors safe access to report any violations of law and regulations, policies and guidelines, or other serious irregularities.

¹⁰) www.ds-norden.com/profile/csr/anticorruption/

STATUS AND FUTURE

2011 was characterised by an ongoing global economic crisis, continuous low freight rates, increased piracy issues and unstable political situations in many countries. The year has given rise to numerous successes and challenges.

This section sets out to outline some of them and presents a long-term perspective of the future challenges and opportunities we might face.

Successes 2011

We have experienced increasing interest in our CSR work as customers and other stakeholders, now more than ever, focus on cooperating with companies that have a transparent business operations model and a strong strategic CSR profile. Hence CSR is starting to play a role in differentiating ourselves from other shipowners when we negotiate contracts. For instance it played a part in landing us the third-largest cargo contract in NORDEN's history.

Our reporting efforts were also valued as we received the Information Prize for 2011, and the award for best description of value creation, long-term goals and operational and financial risks in the annual report among the 20 most traded listed companies (OMXC20). We also ranked number 17 out of 260 Nordic companies in our Carbon Disclosure Project reporting.



Michael Tønnes Jørgensen CFO receives the award for best description of value creation, long-term goals and operational and financial risks in the annual report.

Another success has been an internal one, where NORDEN has decided to dedicate greater focus on CSR by establishing a CSR Department and creating procedures to systematise our business driven CSR work.

Challenges 2011

Piracy constitutes an increasing problem and has high economic impact on our business. In 2011, we spent approximately USD 7 million on anti-piracy equipment, hardship payments to our crew, risk assessment and safety monitoring, armed security guards as well as additional fuel due to increased speed and rerouting for owned vessels. With the spread of piracy, we do not believe that these costs will decrease in the near future.

In 2011, Denmark, the EU and the UN have, in some cases, passed or extended sanctions against regimes in selected countries. This has had a certain impact on NORDEN's business. Examples include the Ivory Coast where NORDEN was briefly unable to perform on a large cargo contract due to EU sanctions, which shut down the ports. However, when sanctions were lifted in April, NORDEN could resume the transports under the contract. In Libya during the sanctions against Gaddafi's regime, NORDEN had a number of voyages to ports controlled by the Transitional Council. The voyages were made according to UN resolutions and under NATO supervision.

The future for NORDEN

2012 is the year where we will finalise our CSR strategy, which will be aligned with our business strategy, and a CSR action plan with concrete initiatives that will guide and systemise NORDEN's CSR work. During the strategy process we will make a materiality assessment where we will define which areas are the most important to focus on. We will engage with stakeholders to make this assessment. Policies and targets within these areas will thereafter be defined. The strategy process will also give rise to procedures on how and when to engage with stakeholders. Moreover, an annual CSR workplan will be developed to systemise our business-driven approach to CSR.

Future challenges and opportunities

Climate change implications are embedded in The Board of Management's business considerations and in the conduct of long-term market and risk analyses. The main consequence of climate change for the industry and NORDEN is regulations which attempt to offset the impact of climate change. The changes in weather patterns also have an impact on NORDEN's and other shipowners' business, e.g. through changing trading patterns.



NORDKAP sailing towards Port Kamsar, Guinea.

Moreover, the increased focus on renewable energy may potentially impact our business in the long run as one of our current core focus areas is transporting energy based on fossil fuels. In Tanker, our business is primarily devoted to refined oil products, while in Dry Cargo coal constitutes approximately 40% of our transported volumes. We see future global disparities where European countries and eventually North America substitute fossil fuels with other energy sources while the emerging markets in Asia and South America increasingly demand conventional energy forms, such as coal. NORDEN has entered into a number of biomass contracts for European utility companies while NORDEN's contract portfolio for coal to Asian utilities continues to grow. We will continue to be at the forefront in order to be able to serve both markets.

As before mentioned, piracy is a challenge for our Tanker and Dry Cargo business. A proposal has been put forward concerning the alteration of procedures for armed guards on vessels. Today, you need to apply to the Ministry of Justice every time you need an armed guard on your vessel, which is time and resource consuming. Moreover, it negatively affects our ability to be flexible. If the proposal is approved then we are able to remain flexible, protect our crew and save costs and time.

The ratification of IMO's ballast water¹¹ management convention will have a significant economic impact on the whole industry as well as NORDEN. After ratification of the convention, all ballast water must be treated on board ships before being discharged into the sea to avoid that any microorganisms are introduced in the waters where they might potentially be harmful. The ballast water treatment systems are costly, however, the technology is

undergoing a continuous positive development in terms of efficiency and price, and NORDEN is constantly monitoring the pros and cons of the different technologies.

Lastly, we have a strategy which allows us to invest in times of crisis whilst saving up in prosperous times. This flexibility also allows us to further invest in the quality of our vessels and increasingly differentiate ourselves from our competitors. This will also result in an ability to service all major customers, specifically those that have very rigid and high demands for quality.



NORD PISCES loading coal in Riga, Latvia.

¹¹) Ballast water is used to stabilise a vessel and ensure propeller immersion when sailing without cargo from one destination to another.

CSR AT NORDEN

Good business conduct and behaving ethically have always been part of NORDEN's way of doing business. Our values are flexibility, reliability, empathy and ambition, and in NORDEN, CSR is embedded in these values. For instance for NORDEN, reliability means honesty, good intentions and no cheating, while empathy means respect for diversity in people and opinions. NORDEN's CSR efforts are thus closely linked to our values.

Business-driven approach to CSR

NORDEN has chosen a strategic business-driven approach to CSR as we believe that an initiative is only sustainable if it is good for business. If a company decides to engage in mere philanthropic activities, then these activities would not be prioritised in times of crisis. On the contrary, if a company invests in initiatives that are linked to its core competencies and business strategic challenges, then it would still engage in these initiatives in times of crisis, because it makes sense in terms of business and has maybe even become a differentiating factor for its customers.

When choosing a business-driven approach to CSR, it is important that CSR is integrated into the daily business routines and conduct of the company. Hence, CSR should not be seen as an add-on. NORDEN's core business is maritime transportation

and our CSR focus is aimed at areas that might pose challenges and/or create opportunities for our business. The following areas have been identified: energy and climate, maritime safety and security, employee conditions, and anti-corruption. These focus areas are in line with UNGC's principles and GRI's reporting standards.

We have previously conducted a stakeholder analysis to determine NORDEN's key stakeholders based on two criteria: the specific stakeholder's level of concern about CSR issues and the specific stakeholder's ability to impact NORDEN's business. The following stakeholders have been identified as NORDEN's primary stakeholder groups: employees at sea and on shore, customers and brokers, suppliers, authorities and regulators, investors and analysts, external organisations and local communities.



View from NORDEN's Shanghai office.

NORDEN is engaged in an ongoing dialogue with our stakeholders to assess whether our CSR focus areas are still relevant or if other areas might be relevant to include. Moreover, NORDEN assesses whether new stakeholders might be relevant to include as a primary stakeholder group, and if actual key stakeholders have become less important to NORDEN and its business.

Moreover, we have established an overall CSR policy as well as more specific policies on human and labour rights, the environment and anti-corruption, which can be found on our website.¹²

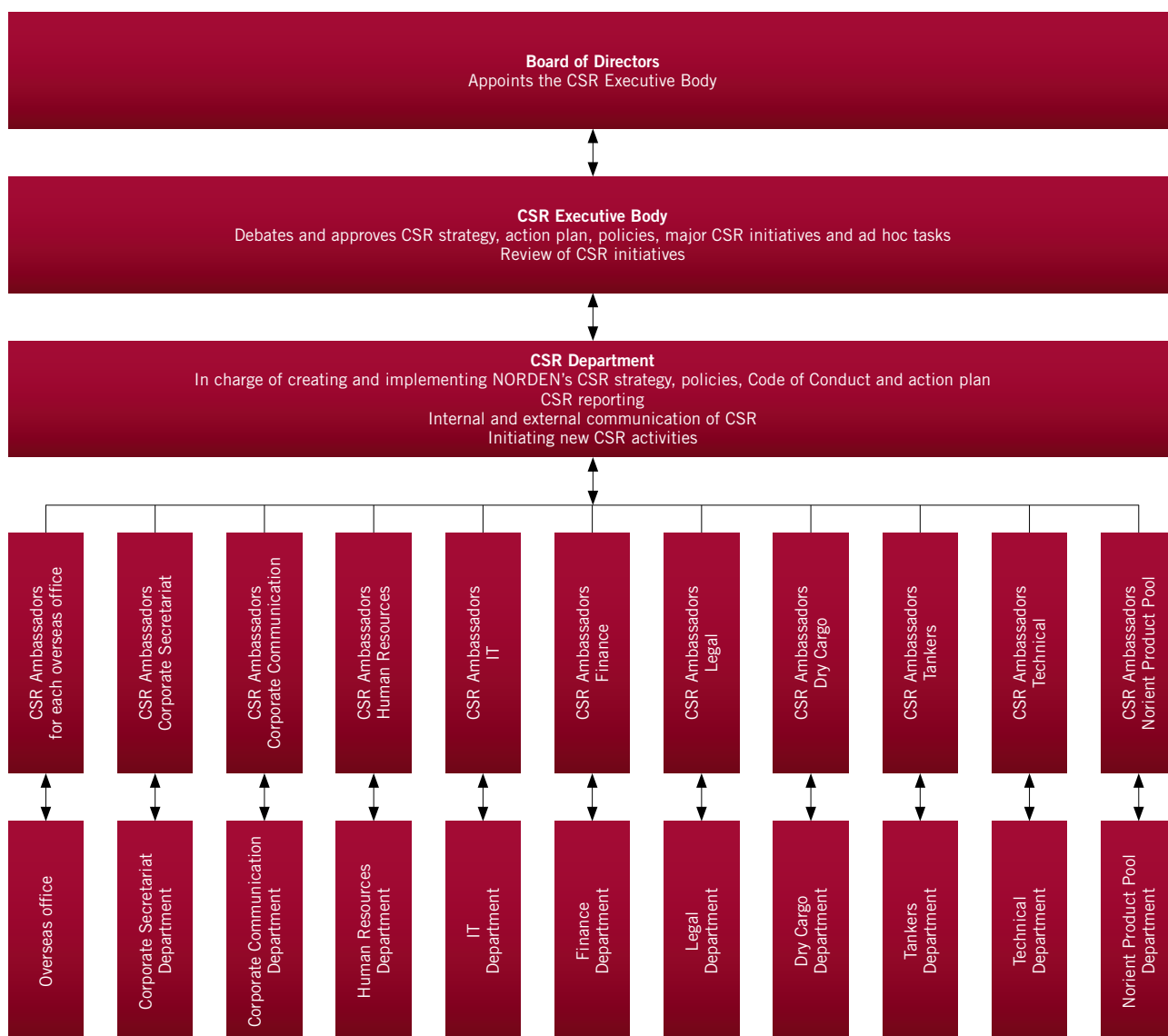
Organisation of CSR

A CSR Department was established in January 2011 to ensure a systematic and business-driven approach to CSR. The CSR Department is responsible for establishing and implementing NORDEN's CSR strategy, policies, Code of Conduct and action plan. Moreover, it is also in charge of producing NORDEN's CSR report,

communicating internally and externally on our CSR work, as well as participating in various relevant CSR networks and forums. The CSR Department reports to the CSR Executive Body, whose role it is to debate and approve NORDEN's overall CSR direction.

To successfully anchor CSR in NORDEN and ensure that it is always linked to our business strategy, CSR ambassadors within the different departments will be appointed. Departments such as Tankers and Dry Cargo are in dialogue with customers on a daily basis. For that reason it is essential that the employees in these departments possess the latest knowledge of NORDEN's CSR efforts if customers were to inquire about it. The CSR ambassadors receive regular updates from the CSR Department about NORDEN's CSR efforts.

A visual overview of the organisation of CSR in NORDEN can be seen below.



12) www.ds-norden.com/profile/csr/nordensviewson...

ANNEX 1: FACTS AND FIGURES

Table 1: Environmental performance

Energy consumption	Unit	2009	2010	2011
Intermediate fuel oil (owned vessels)	1,000 tonnes	128.4	162.6	224
Marine diesel oil and marine gas oil (owned vessels)	1,000 tonnes	2.7	6.2	8
Intermediate fuel oil (other dry cargo vessels operated by NORDEN)	1,000 tonnes	567.4	572.6	710.3
Marine diesel oil and marine gas oil (other dry cargo vessels operated by NORDEN)	1,000 tonnes	8.3	10.4	12.2
Intermediate fuel oil (other tanker vessels operated by NORDEN via Norient Product Pool)	1,000 tonnes	121.8	94.7	97.7
Marine diesel oil and marine gas oil (other tanker vessels operated by NORDEN via Norient Product Pool)	1,000 tonnes	3.5	6.9	7.4
Direct energy consumption by primary energy source ^(a)	1,000 tonnes	832.1	853.4	1059.6
Electricity and district heating (offices) ^(b)	Megawatt hour	1,177.9	1,366.6	1,410.9
Indirect energy consumption by primary source (offices) ^(c)	Terrajoule	4.2	4.9	5.1
CO₂ emissions ^(d,e,f)	Unit	2009	2010	2011
Total from owned vessels	1,000 tonnes	379.4	510.2	726.6
Other dry cargo vessels operated by NORDEN	1,000 tonnes	1,802.4	1,825.4	2,262.2
Other tanker vessels operated by NORDEN via Norient Product Pool	1,000 tonnes	392.4	318.4	329.4
Total direct CO ₂ emissions (scope 1)	1,000 tonnes	379.5	510.2	726.72
Total indirect CO ₂ emissions (scope 2)	1,000 tonnes	0.3	0.4	0.4
Total other indirect CO ₂ emissions (scope 3)	1,000 tonnes	2,247.5	2,279.90	2,595.0
Other air emissions (all operated vessels) ^(g)	Unit	2009	2010	2011
SO _x emissions (weighted as SO ₂) ^(h)	1,000 tonnes	37.1	34.7	42.5
NO _x emissions (weighted as NO ₂) ⁽ⁱ⁾	1,000 tonnes	80.3	81.6	101.4
Other resource consumption (owned vessels operated by NORDEN)	Unit	2009	2010	2011
Waste (average per vessel per month)	Cubic meter	5.6	4.7	5.4

(a) The figure includes energy consumption on owned vessels, other dry cargo vessels operated by NORDEN and other tanker vessels operated by NORDEN via Norient Product Pool. In 2011, the direct energy consumption by primary energy source in joules was 42,712.6. The increase is due to growth of the fleet.

(b) The figures have been corrected due to inaccurate heating data for our Copenhagen office received from our heating provider during the last couple of years.

(c) The figures have been corrected due to inaccurate heating data for our Copenhagen office received from our heating provider during the last couple of years.

(d) Small deviation in the figures published in the CSR report 2010 due to the use of a more accurate accounting method.

(e) 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 3.13, and for marine diesel oil and marine gas oil the CO₂ emissions factor is 3.19. (source: "Second IMO GHG Study 2009").

(f) Scope 1 emissions include emissions from owned vessels and also emissions from 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, business travel by air transport and leased company cars.

(g) The basis for calculations has been expanded for SO_x and NO_x going from owned vessels to all operated vessels which explains the deviations in the figures from the ones published in the CSR report 2010.

(h) 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 2011: 2.06%) times 0.02 since sulphur is about twice as heavy as oxygen. The formula is provided by MAN Diesel & Turbo SE.

(i) 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").

Table 2: Climate action plan

1. **Slide fuel valves for main engines:** improves the combustion of main engine and ensures a cleaner engine.
2. **CASPER- Vessel performance monitoring:** ensures an overview of the development of the fuel efficiency for each individual vessel in the fleet.
3. **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.
4. **M/E cylinder oil scrape down analysis** for the main engines: 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. **Shaft torque monitoring system:** ensures an on-line real-time monitoring of the propulsion power delivered to the propeller.
6. **Electrical heater:** 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. **Advanced hull coating:** reduce marine growth on the underwater hull.
8. **Propeller cleaning:** adoption of propeller cleaning on an average 6 months basis.
9. **Increased service and check of main engine performance.** More frequent check and service intervals of:
 - the turbo charger
 - fuel oil pump
 - air cooler
10. **Funding of environmental research, for instance Green steam:** on board decision making system that can guide the master to achieve the best possible trim for the actual condition of the vessel, as the trim can have significant effect on the resistance of a vessel.

Table 3: LA1 Total workforce by employment type, employment contract, and region broken down by gender (Women= W, Men= M)

Employees at sea 2011											W	M
Full-time											2	791
Part-time											0	0
Employees at sea 2011											W	M
Indefinite or permanent contract											2	161
Fixed term or temporary contract											0	630
	Hellerup		Singapore		Shanghai		Mumbai		Rio de Janeiro		Annapolis	
Employees on shore 2011	W	M	W	M	W	M	W	M	W	M	W	M
Full-time	46	111	10	38	7	7	1	3	1	2	5	11
Part-time	13	4	0	0	0	0	0	0	0	0	0	0
	Hellerup		Singapore		Shanghai		Mumbai		Rio de Janeiro		Annapolis	
Employees on shore 2011	W	M	W	M	W	M	W	M	W	M	W	M
Indefinite or permanent contract	54	107	10	35	7	7	1	3	1	2	3	10
Fixed term or temporary contract (e.g. trainees and maternity leave replacements)	5	8	0	3	0	0	0	0	0	0	2	1

Table 4: LA2 Total number and rate of new employees hired and employee turnover by age group, gender and region

Age	Employees at sea hired in 2011	Employees at sea that left NORDEN in 2011	Employees on shore hired in 2011	Employees on shore that left NORDEN in 2011
<30	130	22	24	11
30-50	164	64	22	15
>50	73	39	8	3

	Employees at sea hired in 2011	Employees at sea that left NORDEN in 2011	Employees on shore hired in 2011	Employees on shore that left NORDEN in 2011
Women	2	0	15	7
Men	365	125	39	22

	Employees on shore hired in 2011	Employees on shore that left NORDEN in 2011
Hellerup	41	22
Singapore	6	5
Shanghai	2	1
Mumbai	0	0
Rio de Janeiro	0	1
Annapolis	5	0

Table 5: LA4 Percentage of employees covered by collective bargaining agreements

Employees on shore	0%
Employees at sea	100%

Table 6: LA6 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.

Table 7: Employment level

2011	Hellerup		Singapore		Shanghai		Mumbai		Rio de Janeiro		Annapolis	
	W	M	W	M	W	M	W	M	W	M	W	M
Management (general managers and above)	6	31	1	6	0	2	0	1	0	1	0	2
Employees excl. management	53	84	9	32	7	5	1	2	1	1	4	10
Management in % of total workforce	3	18	2	13	0	14	0	25	0	33	0	13
Managers in % of total management	16	84	14	86	0	100	0	100	0	100	0	100

Table 8: LT11 Description of policies and programmes regarding substance abuse

The crew is introduced to NORDEN's Drug and Alcohol policy before boarding the vessel. NORDEN has an alcohol policy stating that the blood alcohol content must not exceed 0.4‰ at any time and must be zero for watch-keeping personnel. Abstinence for 24 hours before arriving in port and during the entire port stay must be observed. Violations of the policy are subject to disciplinary actions and possible dismissal with immediate effect. The relatively liberal position on alcohol is due to the Company's wish for the crew to be able to enjoy an occasional beer or a glass of wine for off duty personnel. Compliance with the alcohol policy is ensured by random and unannounced tests of the crew.

ANNEX 2: GLOBAL REPORTING INITIATIVE

The GRI indicators and topics from last year's report were chosen based on an analysis and discussion in the CSR Executive Body. These indicators and topics have been revised in 2011 by the CSR Executive Body, the CSR Department and the responsible employees for each CSR focus area. This process has led to a reduction from 22 performance indicators to 14 indicators to enable a more in-depth reporting. We have also gone from GRI G3 to GRI G3.1.

The report boundary includes assets in the parent company, subsidiaries and joint ventures, as well as employees in the parent company and subsidiaries.

We have decided to expand our environmental data reporting, so we now also report on our energy consumption, SO_x and NO_x emissions for all NORDEN operated vessels and not merely

owned vessels as last year. We believe that this provides a better overview of our environmental footprint. Our accounting policies can be found on our website.¹³

The table on the next page depicts which UN Global Compact principle and GRI indicator the specific section in the report refers to, as well as the fulfillment of the GRI indicator. A GRI table that follows GRI's indicator in a chronological order can be found on our website.¹⁴

Some of the indicators cannot be fulfilled merely via the CSR report; other sources such as the annual report 2011 and our accounting policies should also be consulted. This is the case for indicators 2.3, 2.5-2.9, and 4.1-4.3 which are located in our annual report 2011, and indicators 3.1-3.3, 3.6-3.9 and EN4 which are located in our accounting policies on our website.


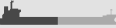










NORD DESTINY at Svalbard, Norway.

¹³⁾ www.ds-norden.com/profile/csr/csrreports/

¹⁴⁾ www.ds-norden.com/profile/csr/csrreports/

GRI reporting and UNGC overview

NORDEN's CSR report	Location	UN Global Compact's principles	GRI indicator and fulfilment
NORDEN in brief A word from the board of management Reporting NORDEN's performance	Pages 2-4		Fully  Partially  1.1 Senior decisionmaker statement 2.1 Name of the organisation 2.2 Primary brands, products, and/or services 2.3 Operational structure of the organisation 2.4 Location of organisation's headquarters 2.6 Nature of ownership and legal form 2.8 Scale of the reporting organisation 2.9 Significant changes in the reporting period 
Energy and Climate	Pages 5-9	7: Support a precautionary approach to environmental challenges 8: Undertake initiatives to promote greater environmental responsibility 9: Encourage the development and diffusion of environmentally friendly technologies	LT1 Number of ships controlled EN16 Total GHG emissions
Maritime safety and security	Pages 10-12	1: Support and respect the protection of human rights 2: Not complicit in human rights abuses 7: Support a precautionary approach to environmental challenges 8: Undertake initiatives to promote greater environmental responsibility	LT13 Detainment of ships by port inspectors 
Employee conditions	Pages 13-15	1: Support and respect the protection human rights 2: Not complicit in human rights abuses 6: Elimination of discrimination	HR4 Discrimination LT9 Policies for working hours, rest hours, etc. 
Anti-corruption	Page 16	10: Work against corruption in all its forms	
Status and future	Pages 17-18	1: Support and respect the protection of human rights 2: Not complicit in human rights abuses 7: Support a precautionary approach to environmental challenges 8: Undertake initiatives to promote greater environmental responsibility	2.10 Awards received in the reporting period EC2 Financial implications and other risks and opportunities due to climate change 
CSR at NORDEN	Pages 19-20		4.1 Governance structure 4.14 Stakeholder groups 4.14 Stakeholder engagement 
Annex 1: Facts and figures	Pages 21-23	1: Support and respect the protection of human rights 3: Uphold the freedom of association the right to collective bargaining 7: Support a precautionary approach to environmental challenges 8: Undertake initiatives to promote greater environmental responsibility 9: Encourage the development and diffusion of environmentally friendly technologies	3.10 Effect of any re-statements of information 4.4 Shareholders and employee mechanisms EN3 Direct energy consumption EN4 Indirect energy consumption EN16 Total GHG emissions by weight EN17 Other relevant indirect GHG emissions LA1 Total workforce LA2 New employee hired and turnover LA4 Collective bargaining agreements LA6 Formal joint management committees LT11 Substance abuse 
Annex 2: Global Reporting Initiative	Pages 24-25		3.5 Process for defining report content 3.11 Significant changes 3.12 GRI table 
Auditors' reports	Pages 26-27		
Backpage	Page 28		3.4 Contact point for questions 

AUDITORS' REPORTS

PricewaterhouseCoopers' Independent Auditor's Report

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

We have reviewed NORDEN's Corporate Social Responsibility Report 2011 (the CSR Report) for the purpose of expressing an opinion on the reliability of the 2011 non-financial data stated in the CSR Report and on whether the reporting has been prepared in accordance with Global Reporting Initiative's sustainability reporting guidelines (GRI G3.1), application level C+.

Criteria for the preparation of the CSR Report

The non-financial data have been prepared in accordance with the criteria set out in Annex 2 of the CSR Report and in the accounting policies. Furthermore, NORDEN has prepared a GRI G3.1 content index.

The accounting policies and the GRI G3.1 content index are available on www.ds-norden.com.

These documents contain information on the scope of the CSR Report, types of data included and Management's reasons for choosing the data as well as the indicators included from GRI G3.1 and the GRI Logistics and Transportation Sector Supplement, Pilot Version 1.0.

Responsibilities and limitations

NORDEN's Management is responsible for preparing the CSR Report, including for establishing internal registration and control systems with a view to ensuring reliable reporting, specifying acceptable reporting criteria and choosing data to be collected. Based on our work, it is our responsibility to express an opinion on the reliability of the non-financial data and on whether the CSR Report has been prepared in accordance with GRI G3.1, application level C+.

The scope of the engagement has not included a review of energy consumption and emissions to air data. We refer to the statement prepared by DNV.

Scope

We have planned and performed our work in accordance with the international standard on assurance engagements ISAE 3000 (assurance engagements other than audits or reviews of historical financial information) for the purpose of obtaining limited assurance that

- the 2011 non-financial data in the CSR Report have been stated in accordance with the criteria mentioned
- the reporting has been prepared in accordance with GRI G3.1, application level C+
- the CSR Report meets United Nations Global Compact's requirements for annual communication on progress

The assurance obtained is limited compared to that of an audit engagement as our work has been limited to a review of documentation presented, inquiries and sample testing of information and data.

Opinion

Based on our work, nothing has come to our attention causing us to believe that

- the 2011 CSR data in the CSR Report have not been stated in accordance with the criteria mentioned
- the GRI G3.1 indicators listed on NORDEN's website have not been stated and disclosed in accordance with GRI G3.1, application level C+
- the CSR Report does not meet United Nations Global Compact's requirements for annual communication on progress

We are thus able to state that nothing has come to our attention causing us to believe that NORDEN has not reported in a reasonable and balanced manner.

Copenhagen, 7 March 2012

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab



Bo Schou-Jacobsen
State-Authorised Public Accountant



Birgitte Mogensen
State-Authorised Public Accountant

Det Norske Veritas' assurance statement

DAMPSKIBSSELSKABET NORDEN A/S asked Det Norske Veritas ('DNV') to verify data for 2011 according to the scope below. DAMPSKIBSSELSKABET NORDEN A/S is entirely responsible for the content of the data. DNV's responsibility is to DAMPSKIBSSELSKABET NORDEN A/S's management only, according to agreed terms and assuming that all information provided to us is true. This statement is intended for DAMPSKIBSSELSKABET NORDEN A/S management and broader stakeholders.

Scope of Assurance and Limitations

DNV verified in February 2012:

- the CO₂ emissions data for 2011 for scope 1, 2 and 3. Scope 1 defined as: owned vessels and owned company cars. Scope 2 defined as: electricity and heating at office premises. Scope 3 defined as: chartered vessels, leased company cars and business travel by airplane.
- SO_x and NO_x data
- EEOI data & Climate action plan

We reviewed:

- Excel sheets for accumulation of data and calculations
- Samples of reports / data from suppliers supporting the scope
- Accounting principles related to Climate and Energy and the application of these to the data collection and calculations

We evaluated the GHG data adherence to the three principles; Materiality, Reliability and Completeness, as set out in DNV's Protocol for Verification of Sustainability Reporting.

Verification Methodology

We planned and carried out the work in accordance with the DNV's Protocol for Verification of Sustainability Reporting. Through on-site verification of data, reporting tools, documents and interviews, we challenged the data presented in the Report.

Conclusions

In DNV's opinion, the Report paragraphs "Energy and Climate" and Annex 1 table 1 and 2 provides a fair and credible representation of DAMPSKIBSSELSKABET NORDEN A/S's performance according to the defined scope. The quality of emission and performance data is acceptable.

We evaluated adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Materiality; Good. Scope 1 and 2 is defined and data collected accordingly.

Reliability; Acceptable. The specified performance information in the statements for 2011 is reliable. Data is based on internal or external sources of good quality.

Completeness; Good. According to the scope all material information is reported.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported back to the management of DAMPSKIBSSELSKABET NORDEN A/S. They are generally consistent with management objectives already in place.

- Principles for calculation documented in excel sheets could be improved e.g. by adding information on data and information sources used or by standard operation procedures.
- Collection of data for fuel consumption has been improved in efficiency and transparency. But handling of data and calculation related to bunker sulphur can be improved on efficiency and transparency.

DNV's Competence and Independence

DNV provides sustainability risk management services through qualified specialists worldwide. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV maintains complete impartiality towards people interviewed during the assignment.

Copenhagen, 13 February 2012
For Det Norske Veritas,
Business Assurance, Danmark A/S



Uffe Pilgaard
Lead Verifier



Jens Peter Høiseth
Key Customer Manager

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