

# Corporate social responsibility (CSR)

Nordic Tankers focus its CSR efforts in areas related to health & safety, environment & climate, general welfare and training for its employees.

## Introduction

In 2011 the CSR terminology became more recognized in our organisation and activities were better structured under the CSR umbrella. We have continued to follow the structure of the 10 principles of the UN Global Compact (UNGC), and have set and will continuously set new targets to improve in the areas covered by the principles of the UNGC. Based on this approach we felt committed and ready to sign the UNGC charter, which we did in August 2011.

UNGC logo

## Framework

During 2011, the Company has still focused our CSR initiatives on areas within our sphere of control: Employees in Nordic Tankers, at sea and ashore and on assets either owned and/or technically managed by Nordic Tankers. This will still be the case in 2012, yet, we will begin touching upon areas outside our immediate sphere of control, but inside our sphere of influence, such as supplier management and anti-corruption. These are areas that are more demanding, and where it is difficult to make a difference as an individual company. Initiatives in these areas will therefore largely be based on active participation in industry networks, nationally and globally, such as The Danish Shipowners' Association and the International Maritime Organisation (IMO). CSR efforts in Nordic Tankers continue to be business driven, our efforts are not about charity, but it is about assuming responsibility and taking part in the fundamental and universal challenges concerning environment and climate, business ethics, basic human rights and labor standards. Also with the belief that taking initiatives that support long-term sustainable growth globally, nationally and within the industry, will also prove long-term sustainable growth for the Company.

## Overall CSR policy

The overall CSR policy for Nordic Tankers remains:

In Nordic Tankers, we will actively initiate and participate in activities related to CSR, and we will incorporate CSR initiatives in our strategy at any given time. We will focus its efforts on areas related to health & safety, environment & climate and general welfare and training. Nordic Tankers will strive to continuously improve itself in these fields and communicate openly with stakeholders about results. As with everything else in Nordic Tankers, CSR challenges will be met with a can-do attitude, and will be solved with integrity and passion.

During 2012 it is our target to develop more specific policies and a code of conduct for Nordic Tankers.

## Human & Labour rights

With respect to human and labour rights, Nordic Tankers continue to focus on safety and welfare, both at sea and ashore.

### Continued focus on prevention and safety

Nordic Tankers operates a modern fleet with an average age of only 5,6 years. Nordic Tankers owned vessels are built at shipyards with high standards, thus the far majority of the vessels managed by Nordic Tankers Marine have a high safety and welfare standard compared to the industry average at such. Nordic Tankers Marine continuously strives to improve the safety and welfare on board our vessels. The aim is to avoid accidents, harming people, the environment or assets, and to ensure a high retention rate among our seafarers. To follow-up on the safety on the vessels a number of KPI's are thoroughly monitored on a monthly basis. These KPI's include among others: Lost Time Incidents (the so called LTIs) and Near Misses. Lost Time Incidents are work related incidents resulting in absence from work on a scheduled work shift on the day following the injury. The LTI frequency is an international standard calculated by multiplying the number of LTI's with a factor between 1.000.000 (one million) hours and the actual number of working hours on board our vessels and is calculated 12 months backwards. The goal setting for the fleet for 2011 was 1,20 with an actual 2011 result of 1,45 (1,8 in 2010) equal to a total of 7 LTI's onboard 35 vessels in 2011. None of these LTI's resulted in the death of any seafarer, but any incident to any seafarer is one too many. All incidents are thoroughly investigated and corrective measures set in motion whenever possible. Near Misses are important to identify and report, as it enables the company to prevent accidents and incidents from occurring. We have a goal for each vessel to report minimum 4 Near Misses per month. The result was 3,67 reports per vessel per month (3,24 in 2010) which is at an acceptable level. Statistically we have seen that the vessel with most Near Miss reports over the past two years actually has not had any accident or incidents for two years in a row. Seafarers or anybody else may report any non-compliance with rules and policies regarding safety, environment, and welfare through Nordic Tankers open reporting system accessible on the Nordic Tankers web-site.

Nordic Tankers Marine has all the safety procedures and all the KPIs needed to manage its vessels safely. But procedures are one thing, and culture is another. During 2011 investigations into how to best bring safety from a procedural area into being an

integral part of the culture was undertaken, and based on the findings, the first steps of implementation will take place during 2012.

#### **Piracy continues to be a challenge to our industry**

Piracy remains a major threat to the safety and peace of mind of the seafarers, their families and the company when passing through the Gulf of Aden and off the coast of Somalia and Kenya. According to the International Maritime Bureau, during 2011 there were 237 pirate attacks which is almost the same as in 2010. Of the 237 attacks 28 vessels were hijacked, 41 less than in 2010, but still 28 too many. A major change took place in 2011 with the introduction of use of armed guards. Nordic Tankers also adopted this practice in addition to all other procedures already in place. Nordic Tankers had 7 passages through this area in 2011, but have fortunately not suffered any hijackings, or any attacks on their vessels.

We continue to participate in the Piracy committee in The Danish Ship Owner's Association, which we find to be the correct way to assert our influence and put pressure on governments to co-operate and do something against this serious threat to the safety of seafarers and global trade

#### **Connecting sea with shore**

Seafarers in Nordic Tankers Marine are all employed on conditions well above international requirements, such as applicable ILO conventions. Through our membership of International Maritime Employers Committee (IMEC), all vessels flying Bahamas and Malta flags are covered by internationally recognized Collective Bargaining Agreements reached with the International Transportworkers Federation (ITF) and green cards for these vessels have been issued. The Maritime Labour Convention (MLC2006) which is expected to be ratified during 2012 or 2013, with entry into force in 2013 or 2014, is a global ILO convention regulation employment standards and conditions. Nordic Tankers is monitoring the ratification process and it has already been adapted in our procedures so we are well prepared for the implementation.

All our seafarers are trained and educated well above the minimum standards as laid out in the STCW-convention, as amended in 2010. Further, the company invests heavily in both shore based training; computer based training onboard as well as on our own onboard trainers, who visit each vessel for training purposes at least once annually. During 2012 we will see the implementation of our competency management system as based on the internationally recognized TOTS-system as developed by INTERTANKO.

Good communication is a cornerstone in the cooperation and communication between sea and shore, between seafarers and their families or with the colleagues in the office ashore. For this purpose all vessels have internet access via satellite which is for free use by the seafarers. Further Nordic Tankers opened intranet access for all seafarers as well during 2011.

#### **Dedicated Nordic people**

The majority of the areas addressed in the 2010 workplace assessment (APV) in Copenhagen were addressed during 2011. Despite the fact that there will always be areas to develop and improve, Nordic Tankers remain a workplace with generally satisfied and highly motivated employees which, amongst others, are noticed through a high degree of participation in all company activities. An important focus for 2011 was to develop the leadership skills in our management team, and our leadership Navigation program was successfully completed during the fall of 2011.

Nordic Tankers supports diversity and equality, and during 2011 The Company signed the charter "Operation chain reaction", an initiative by the Ministry of Equal Rights, supporting more Women on boards. Our base line figures show that we have 70% men and 30% women employed. The ratio between managers is 79% male and 21% female, and our talent pool shows a split of 55% male and 45% female. We are an international industry and it is generally not a problem to attract diversity as such, while attracting women in particular is a challenge, in a traditionally male dominated business.

#### **Environment and Climate**

Nordic Tankers continues to focus its environmental efforts on a reduction of CO<sub>2</sub> and SO<sub>x</sub> emissions at sea, and a reduction of power usage and travelling ashore.

#### **Ship efficiency matters for both the environment and the bottom line**

The shipping industry is responsible for close to 80% of the global transportation of goods and for approximately 3% of the world's total CO<sub>2</sub> emissions. Compared to other means of transportation, shipping is by far the most energy efficient. Nordic Tankers still wishes to continually reduce its emissions. As fuel costs account for a significant amount of a vessel's voyage costs, there is also a financial incentive in reducing the consumption of fuel.

During 2011 Nordic Tankers developed a Company Efficiency Energy Management Plan (CEEMP) which will lead to the development and implementation of a Ship Efficiency Energy Management Plan (SEEMP) for each Company vessel. The plan includes programs for voyage optimization, propulsion resistance management, machine optimisation and instructions on cargo handling optimisation and energy conservation awareness.

All vessels in Nordic Tankers slow steam, if the schedule allows for slow steaming, which is the case on approximately 75% of all voyages. Slow steaming means that a vessel sails at less than maximum speed, reducing fuel costs and NO<sub>x</sub>, SO<sub>x</sub> and CO<sub>2</sub> emissions. Nordic Tankers also complies with international requirements of burning low sulphur fuel oil in Emission Controlled Areas (ECA). Areas requiring the use of low sulphur fuel oil are increasing, reducing the overall SO<sub>x</sub> emissions. Nordic Tankers is now calculating the total CO<sub>2</sub> emissions of its fleet according to InterManager guidelines and is reporting the total fuel oil consumption to The Danish Shipowner's Association, who keep track of the industry's efforts in this area. As planned, the Company also completed its ISO 14001 certification and earned its accreditation in December 2011. ISO 14001 is a framework for a holistic strategic approach to the organisation's environmental policy and planning. For higher impact reductions in greenhouse gas emissions on our own vessels, we believe that this is a global challenge that needs to be dealt

with at a global level. Nordic Tankers supports, participates and ratifies all such initiatives through the Danish Shipowner's Association and IMO. Nordic Tankers is partner in the initiative Greenship of the Future, whose goal it is to ensure full focus on emission reduction, innovative project in cooperation with the maritime cluster including suppliers, flag state authorities, shipping companies, universities and more.

#### **In the office**

The IT infrastructure is all virtualized and outsourced to a datacenter, that continuously focus on green data solutions resulting in considerable energy and space usage reductions. During 2011 old printers in the Copenhagen office have been exchanged with new environmentally friendly fixed ink printers and the old light bulbs have been exchanged with LED. All initiatives that reduce the electricity bill of Nordic Tankers and create less waste and reduce CO2emissions.

#### **Taking CSR beyond Nordic Tankers**

During 2011 the CSR committee in The Danish Shipowners' Association, initiated collaboration with the Center for CSR (CenSa), an initiative under the Danish Business Authority which is part of the Ministry of Business and Growth. CenSa will undertake a project called "Bound for a better World", which amongst others will work with the creation of industry specific inspirational material with respect to supplier management. Nordic Tankers is collaborating in this project and based on the findings will start setting on targets in this field.

Another industry initiative that has started during 2011 is the network now named: Maritime Anti-Corruption Network (MACN). The purpose of the network is to share best practices and align policies and approaches in the field of anti-corruption, addressing and solving specific challenges and seeking support from government bodies to target corrupt practices in challenging jurisdictions and encourage root cause solutions. Nordic Tankers supports this initiative.