

# Communication On Progress 2013

Odfjell SE



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## Letter from President/CEO

Odfjell is committed to maintaining high ethical, social, environmental and governance standards, and to creating sustainable values for the benefit of all of our stakeholders. We have been supporting the United Nations Global Compact since 2011 and since then have gradually been implementing the ten universal principles within the area of Human Rights, Labour, Environment and Anti- Corruption as an integrated part of our strategy, culture and daily operation. For 2013 we have enlarged our scope to also include companies in which we partly own as well as our suppliers.

Our main focus in 2012 has been energy saving initiatives and we have engaged all employees to suggest further areas of improvements in energy saving. Several of the suggestions will be implemented in 2013.

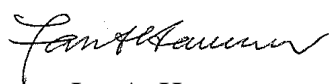
Another main task in 2012 has been the development of a Supplier Code of Conduct. Our goal is to introduce it to all our suppliers in 2013.

To ensure sound working condition for our employees, in 2013 we have initiated a safety culture survey for all employees related to the shipping division. The purpose is twofold. Firstly to uncover if there are any QHSE related areas that need special attention and secondly to benchmark us against other shipping companies.

In this 'Communication on Progress' we outline our efforts to gradually improve and implement the integration of the Global Compact and its ten principles into the Odfjell Group. This information will be shared with our stakeholders on [www.odfjell.com](http://www.odfjell.com) and by other means of communications.

We will continue to support the United Nations Global Compact and are gradually implementing the ten universal principles and plan to continue to maintain these principles in the years to come.

Yours sincerely,



Jan A. Hammer

## About Odfjell

Odfjell is a leading company in the global market for transportation and storage of chemicals and LPG/ Ethylene and other speciality bulk liquids. Originally set up in 1914, the Company pioneered the development of chemical tanker trades in the middle of the 1950s and the tank storage business in the late 1960s. Odfjell owns and operates chemical tankers and LPG/Ethylene carriers in global and regional trades as well as a network of tank terminals.

Odfjell's business is an important contributor to industrial and societal development around the world. Our core business comprises transporting and storing organic and inorganic bulk liquid chemicals, acids, animal fats, edible oils, potable alcohols and clean petroleum products – important ingredients and raw materials for everyday life, in products like medicines, medical equipment, building materials, cosmetics, food, textiles, cars, plastics, etc.

## Corporate Social Responsibility

### *Our CSR Policy*

*Odfjell's corporate social responsibility encompasses quality, health, safety and care for the environment as well as business ethics, human rights, non-discrimination and anti-corruption. We aim at sustainable development for our investors, customers, employees and the communities in which we operate through balancing financial results and corporate social responsibility within our sphere of influence. We work in accordance with international and national regulations that govern our business and take positive measures beyond mandatory compliance.*

As a leading company in the global market for specialised transportation and storage of bulk liquids, we have taken it upon ourselves the moral obligation to maintain a high level of ethical standards throughout our activities and to ensure that we conduct our business to high quality, safety and environmental standards. In addition to the CSR policy we have several other policies and a Code of Conduct that already partly cover the UN Global Compact's ten principles.

### *Our stakeholders*

Given the nature of the global maritime industry, the list of stakeholders covers a wide range of different people and organisations. The stakeholders with whom we will communicate and implement the ten principles are defined as:

- Employees
- Shareholders
- Business partners/investors
- Suppliers
- Trade associations
- Customers
- Authorities
- Public service officials
- Non-political organisations
- The society at large

## **Governing documents**

We have established a number of governing documents that guide the Company in the day-to day operations. Principles such as Corporate Mission Policies, Strategic Business Model, Code of Conduct, Supplier Code of Conduct, Corporate Quality Management Requirements and Corporate HSE and CSR Requirements provide the overlaying framework of the governing documents, defining everything from preferred individual behaviour to the strategic direction of the Company.

### ***Code of Conduct***

Our Code of Conduct enforces ethical behaviour in everyday business activities and describes our commitment to integrity. It applies to Odfjell and its subsidiaries and is applicable to all employees, Directors and representatives of the Company, irrespective of nationality and domicile.

All employees shall conduct their actions in keeping with applicable, relevant laws and regulations. Beyond that, all employees shall respect safety and environmental concerns and be responsive to the concerns of the wider society.

### ***Supplier Code of Conduct***

Conducting business with high ethical standards is important for us. In light of this, we have formalised a Supplier Code of Conduct to articulate our expectations of those with whom we conduct business. Our Supplier Code of Conduct outlines our expectations to suppliers, vendors, contractors and others with whom we conduct business, in respect to sound and responsible ethical, social and environmental practices.

## **Reporting mechanism**

Our Code of Conduct describes the process related to the notification about suspected malpractice. Violation of our standards and/or procedures may create situations that are negative for the Company and dangerous for personnel, environment and property. It is therefore both important and positive for all personnel involved that such violations are brought to the attention of the Management as quickly as possible.

Should an employee be aware of any infringement or suspected infringement of the Code, the issue shall be raised with a superior. If this is deemed difficult, the employee shall notify the Compliance Officer. Discretion may be requested.

No employee shall be discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against as a result of reporting a breach of this Code, or any other Company policy or procedure (whistle blowing).

## **Induction programme**

We have developed an induction training programme for all new employees. The programme consists of three mandatory online courses; Odfjell Common

Competence, Competition Law and Quality, Health, Safety and Environment (QHSE).

- Odfjell Common Competence introduces the Company history, structure, policies, strategy, business model and areas.
- The QHSE module focuses on quality principles in Odfjell (PDSA circle), Quality management and HSE management. In some locations this course is taught in a classroom environment with discussions thereafter.
- The Competition Law Compliance online course gives guidance in relation to situations where competition law may be relevant, with focus on the main principles of competition law. To successfully complete the course the employees have to pass the assessment.

It is the Managers responsibility to add elements into the induction training plan based on their individual needs. Furthermore, Manager's are responsible for ensuring that the Code of Conduct and the corporate policies are understood and implemented. In some locations HR is responsible for a discussion of these policies.

## CSR Council

In 2011, a Company Corporate Social Responsibility Council (CSR Council) was established. The Council's main task is to ensure that the ten principles are gradually implemented. The council meets twice a year with three subcommittees established to cover the main areas; Human Resources and Labour, Environment and Anti – Corruption. The subcommittees make sure that initiatives are being made to progress with the implementation of these ten principles.

## UN Global Compact Nordic network

Odfjell is a member of the UN Global Compact Nordic Network (GCNN), the forum in which participants from Iceland, Finland, Sweden, Denmark and Norway meet and discuss the implementation of the ten principles. They cover best practice and common challenges, and this forum enables the companies to gain a broader understanding of appropriate means in which to implement the UN Global Compact's ten principles and how to help the different industries to contribute to a sustainable development business.

## Human Rights Principles

### Principle 1 & 2

- Businesses should support and respect the protection of internationally proclaimed human rights.
- Business should make sure that they are not complicit in human rights abuses

## ***Assessment, Policies and Goals***

### **Our Human Resources Policy**

*We shall ensure a safe working environment and encourage open communication and teamwork. We shall offer interesting and challenging jobs with opportunities for development of individual skills. Integrity and proficient job performance are required. We shall link compensation to individual development and performance.*

Odfjell aims to be a company for which people want to work, a company that boasts an interesting working environment both at sea and ashore. We support, respect and work according to the Universal Declaration of Human Rights.

We comply with the national rules and regulations in countries in which we operate. Our HR policies and Code of Conduct shall ensure that we take care of our employees according to Human Rights and prevent potential abuse.

Odfjell has written policies, governing documents, guidelines and contracts available for employees that clearly states employee rights and responsibilities and their compensation and benefits.

A programme aiming at improving health care for seafarers has been established, which stresses the importance of exercise and a healthy diet. As our seafarers spend a considerable amount of time at sea away from their homes and families, we focus on ensuring proper accommodation on our ships. The current working environment is considered to be good. This health care programme has been implemented on all ships in 2012.

The majority of the employees at Odfjell have access to an annual free health check. This benefit allows the seafarers and onshore employees to have regular medical check-ups.

Ergonomic surveys are carried out every year at our headquarters in Bergen and at the main overseas offices. At sea, ergonomic surveys related to noise and working conditions in general have been carried out on some vessels. Further use of such sample surveys will be evaluated.

For 2012, our main goals were:

- Improve awareness about Human Rights in our fully owned companies.
- Review and amend Company policies in order to more explicitly reflect the Human Rights principles.
- Map and review the Human Rights aspects with regards to the companies in which we have a part ownership. This work will continue in 2013.

### ***Implementation***

Our goals for 2012 were mainly achieved by training through internal arrangements such as meetings, news and presentation of induction documents for new employees.

Improvement of awareness about Human rights has been achieved through:

- Training of Head of Departments at the Manila office as part of an internal management programme.
- Human Rights and Labour principles have been subject of attention in our internal Company magazine and at employee meetings.
- Odfjell's document regarding CSR has been accessible for all employees through the Company's intranet.
- Continued training activities in 2013.

### ***Measurement of outcomes***

There has not been any suspected or unethical behaviour reported, nor concerns shown about possible breaches of Odfjell's Code of Conduct or violation of Human Rights during 2012.

No legal claims have been made against the Company by any employee regarding breaches of Human Rights.

### ***Goals 2013***

- Review of Company policies is extended to 2013 and we will continue to emphasise the importance of Human Rights and Labour principles.
- Map and review the Human Rights aspects with regards to the companies in which we have a part ownership will continue in 2013.
- Internal training on our CSR policy and activities for employees and in particular for new employees.
- A Supplier Code of Conduct will be launched including focus on the four main areas of the UNGC principles.

## **Labour Principles**

### **Principle 3, 4, 5 & 6**

- Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Business should uphold the elimination of all forms of forced and compulsory labour
- Business should uphold the effective abolition of child labour
- Business should uphold the elimination of discrimination in respect of employment and occupation

### ***Assessment, Policies and Goals***

We respect the rights to associate and any forms of forced or compulsory labour are not allowed. We strongly oppose child labour, which is not allowed within Odfjell under any circumstances. We maintain a policy of providing employees with equal opportunities for development of skills and offering new challenges within our Company. Gender-based discrimination is not allowed with regards to recruitment, promotion or remuneration.

In Odfjell dialogue with employees is of importance. For that reason a number of employee consultation committees have been established at our various locations. Some examples are:

- Officers' Council with the main purpose to contribute to the co-operation between personnel on board our ships and ashore, by exchange of information and viewpoints. Members of the Officers' Council are four Officers as well as the President/CEO, SVP Ship Management and the Council Secretary.
- A Working Environment Committee (AMU) at the head office in Bergen represents the employer, employees and the safety service. The Committee has four annual meetings. All employees can address the Committee with any working environment issues.
- A Work Council Committee (Kontaktutvalg) with four annual meetings. The Council represents both the employer and the employee and is established to maintain and improve motivation, efficiency and the working environment at the headquarters in Bergen.
- A Work Council at Odfjell Terminals Rotterdam (part ownership) following the Work's Council Act of the Netherlands.
- An Employee Board has been established at our offices in at the Philippines to ensure that personnel's overall view and/ or recommendatory initiatives on various issues are presented to Management for approval and implementation.
- The European Representative Body was established in connection with the conversion of Odfjell ASA and Odfjell Terminals AS to SE-companies (in accordance with the Norwegian European Company's Act of 1 April 2005.) The Committee consists of two members from Odfjell Terminals Rotterdam B.V. Work Council, two members from Odfjell Officers' Council, two members elected among the Bergen employees, and the President/CEO.

Our goals for 2012 were as follows:

- Ensure that the Company is in compliance with local law with respect to collective bargaining and freedom of association.
- Clearly state minimum age limits for Odfjell employees.
- Implement age verification procedures in our employment policies.
- Review recruitment and promotion procedures with respect to transparency and documentation.
- Establish separation guidelines for employees who decide to terminate employment.
- Review Company policies to ensure that employees in Odfjell have equal possibilities to develop and progress within the business independent of race, religion and gender.

### ***Implementation***

In our efforts to ensure that our ethical standards are compliant, we have a Compliance Officer to help and guide employees that may be faced with difficult

situations or ethical dilemmas in work related situations. A parallel role called 'Designated Person' is available for seafarers as required and defined by the International Safety Management Code (the ISM Code).

The Corporate Compliance Officer and Designated Person have been approached several times regarding different situations in 2012. All matters have been handled in accordance with our internal requirements and procedures. In 2012 a Designated Person Assistant position was implemented at our office in Manila to reduce potential cultural differences and long geographical distance between the headquarters and maritime personnel.

The Human Resources Departments within Odfjell ensures that all labour regulated activities are reviewed according to the countries specific regulations and they will ensure that these principles are fulfilled.

Recruitment procedure has been reviewed to ensure that there is more transparency in this important process.

Separation guidelines have been established at several locations to ensure that similar situations are treated the same way and that employees can be informed beforehand.

We have an on-going focus on risk awareness and safety culture as part of our proactive approach to QHSE. In 2012 Odfjell implemented recognised industry methods in all business units for doing Root Cause Analysis of medium and high risk incidents to uncover and eliminate the underlying causes to accidents and incidents. In 2013 we will arrange an extensive safety culture survey in the total shipping division (shore and sea) with the purpose of improving our safety culture.

### ***Measurement of outcomes***

#### **Gender and ethnicity**

Odfjell maintains a policy of providing employees with equal opportunities for development of skills and offering new challenges within our Company. All employees are treated equally, irrespective of ethnic background, gender, religion or age – and they are offered equal opportunities for development and promotion to managerial positions. Gender-based discrimination is not allowed in terms of recruitment, promotion or wage compensation. Of about 224 employees at the headquarters in Bergen, 67,4% are men and 32,6% women, whilst the corresponding global figures (about 908 employees in our fully owned onshore operations) are 74,4% and 25,6% respectively. Three of the Directors of the Board of the Group are women. Recognising that we employ relatively few women, we endeavour to recruit women to Ship Operations, Chartering and Ship Management, and we also promote life at sea as an attractive career.

#### **Absence rate**

Compared to last year the recorded absence rate at the headquarters has been reduced from 3,15% to 2,67%. For the Filipino mariners the absence rate was 0.55% and for Europeans 3.78%.

### **Employee satisfaction survey**

Every other year we carry out employee satisfaction surveys at our headquarters in Bergen and at the main overseas offices. The corporate results show that the overall satisfaction and motivation in Odfjell is rated higher than the international Employee Engagement Index (EEI); 67 against 63 respectively. Odfjell also has a high retention rate compared to that of other industries.

### **Lost Time Injury Frequency**

The Lost Time Injury Frequency (LTIF) indicator has improved with the on board and onshore figures decreasing to 1.21 in 2012 from 1.23 the previous year. The LTIF at the companies (tank terminals) in which we have a part ownership, had an decrease from 2.9 in 2011 to 1.3 in 2012.

No incidents involving fatalities were recorded in 2012 as in 2011.

The Lost Time Injury Frequency is based on:

- Sum of fatalities + lost time injuries \* 1.000.000/hours worked.

Summary of the last years result:

Year	On board and off shore shipping	Tank terminals
2008	2.30	9.50
2009	2.25	7.90
2010	1.50	2.20
2011	1.23	2.90
2012	1.21	1.30

In December 2012 we decided to make a safety culture survey in the first quarter of 2013. The survey is limited to the shipping business. Depending on the results, actions will be defined and implemented with the goal to become a proactive organisation within HSE.

### **Response to Labour Standard violations**

There have not been any reported possible breaches of Labour Standards since Odfjell became a member of the UN Global Compact 2011.

Our Human Resources Departments have not reported any breach of any Labour principles for 2012.

### **Goals 2013**

- Clearly state minimum age limits for Odfjell employees in overall governing documents and the implementation of the age verification procedures will continue in 2013.
- Establish a corporate procedure on reporting of breaches/no breaches of Labour principles.

- Strengthen openness of communication/reduce barrier of communication between our Compliance Officer and our seafarers through a new DPA assistant in the Philippine office.
- Establish a Board/Committee with the purpose for management and employees to work closer together at larger locations (Singapore) where such Board/Committee does not exist.
- A safety culture survey will be carried out in 2013 to map our existing safety culture and to initiate measure for improvement.
- Carry out 21 internal corporate audits to ensure compliance with corporate – and management level requirements and expectations and to promote QHSE culture and to raise standards.

## Environmental Principles

### Principle 7, 8 & 9

- Businesses should support a precautionary approach to environmental challenges.
- Businesses should undertake initiatives to promote greater environmental responsibility
- Business should encourage the development and diffusion of environmentally friendly technologies

### ***Assessment: Policy and Goals***

#### **Our Health, Safety & Environmental Policy**

*We shall give the highest priority to health, safety and environmental protection. All our activities shall be based on a zero accidents philosophy, meaning that our goal is no personnel injuries, no accidental pollution, reduced environmental impact and no damage to cargo, ships, terminals or other properties. We shall evaluate risk, review performance and share experience.*

#### **Our Quality Policy**

*Our Quality Management System shall ensure work processes that always meet customers expectations and comply with statutory and internal requirements. We shall plan and execute our service with due attention to the resources required. We shall strive for continuous improvements through monitoring performance, active use of experience feedback, audits and reviews. Use of best practice and risk management shall enhance safe and reliable performance.*

### ***Implementation***

#### **Environmental projects in 2012**

Many projects have been on the agenda in 2012 with an environmental focus. Some of them were new and some are on-going. Main focus for our projects has been to reduce our emission of CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>x</sub>.

#### **Energy Saving Campaign**

In 2012 an internal campaign was launched encouraging all Odfjell employees to suggest energy-saving initiatives where the best proposals received awards. Many of the proposals will be initiated in 2013.

### ISO 14001

Odfjell Ship Management holds the ISO 14001 certification, which covers all 45 ships under our own management. The initial certification date is from July 2005 and the certification body is Det Norske Veritas (DNV). The purpose of the ISO 14001 certification is to ensure the implementation, maintenance and continual improvements of our environmental performance.

### Ship recycling – Green Passport

Odfjell has established a programme to obtain Green Passports for all older ships, in order to enable controlled recycling of such units. The programme meets all requirements and expectations of IMO Resolutions A 962 and 179 regarding recycling of ships and means that the Company is several years ahead of the mandatory deadline for the enforcement of these resolutions. The programme was introduced in 2008 and is an on-going programme. Five ships are in the process of obtaining the certification 2013.

### External weather routing

Advanced weather routing services have been in use since December 2009, both for our owned fleet and the time chartered ships. About 900 sea voyages were subject to external weather routing in 2012. Following the route optimisations for these voyages the ships reduced their time at sea by a total of at least 45 days. This equates to a fuel saving of approximately 1,600 tonnes, which in turn is equivalent to about 5,000 tonnes CO<sub>2</sub>. This successful initiative is a permanent initiative.



Example from external weather routing

### Reduced oil leaks from stern tube sealing systems

In order to improve the performance of the stern tube sealing system, Odfjell embarked on a major upgrade programme in 2009, with the aim of improving the systems on 19 ships to the highest technical standard. In 2012 it was installed two systems and three systems are scheduled for 2013. The programme is on-going.

### Bilge water treatment plants

In order to reduce the oil content in bilges to two parts per million (ppm), Odfjell has upgraded to more advanced bilge water treatment plants on our vessels. The MARPOL requirement is 15 ppm, whereas Odfjell by upgrading the bilge water treatment plants are able to reduce the content in the bilges two ppm which is

considerable much lower than the requirements. By 2012, 39 vessels have been upgraded, and three additional vessels will be upgraded in 2013. The programme is on-going.

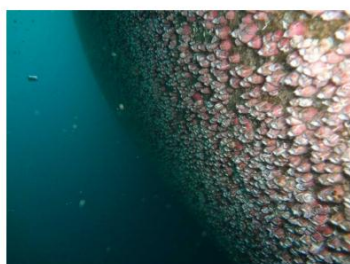
### **Reduced fuel consumption**

Odfjell has established a project to install a duct on the propellers on some ships. The duct will cut fuel consumption, and thereby reduce emissions. The first installations were completed in 2011, and have had positive results. In 2012 ten ducts were installed and four is planned for 2013. The project is on-going.

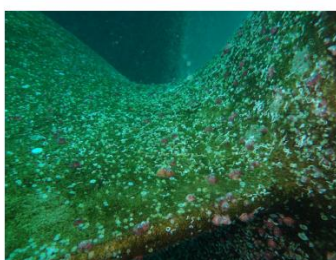
### **Intermediate hull cleaning and propeller polishing**

Hull cleaning and propeller polishing are a normal part of ordinary dry-dockings. However, Odfjell has started to make ships to undergo hull cleaning and propeller polishing in between scheduled dockings. All Odfjell operated ships, both time chartered and owned, are being more closely monitored and cleaning intervals are being shortened. The result of this type of intermediate operations can be a significant reduction of fuel consumption and emissions of CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>x</sub> either directly, or through reduction of the vessels EEOI. One operation conducted in 2012 made the speed of the vessel increase by 18% while still maintaining the low consumption, thereby increasing the energy efficiency significantly.

PORT SIDE (BEFORE CLEANING)



"BLADE ROOT" (BEFORE POLISHING)



PORT SIDE (AFTER CLEANING)



"BLADE ROOT" (AFTER POLISHING)



### **Tank cleaning – chemical treatment**

Odfjell Tankers continues to develop effective tank cleaning methods that meet the highest industrial standards. Our initiative to reduce the number of cleaning chemicals to four main products and two supplementary products has been successfully implemented. In 2012 we focused on monitoring and reducing the amount of fuel used for heating water during the tank cleaning process.

### **Energy saving initiatives Odfjell Terminals (Houston)**

At the terminal in Houston several emission saving activities was initiated in 2012 for instance.

- Installation of new boiler resulting in an approximately 70% reduction in boiler NOx emissions.
- Installation of low-NOx diesel engine for emergency fire water pump.
- Installation of scrubbers to reduce bad smell from storage tanks, truck bay and jetties.

### ***Measurements of outcomes***

In 2012 the Odfjell fleet consumed 569,000 tonnes of fuel oil, of which 22,000 tonnes were marine distillates. Based on the consumption of 104 vessels, total emissions of CO<sub>2</sub> amounted to 1,774,000 tonnes, which represents a 4% increase in shipping-related emissions compared to 2011. Total emissions of SO<sub>x</sub> rose 0.8% to 27,619 tonnes, reflecting the increased operated fleet. All fuel purchased by Odfjell is tested by the third party company Det Norske Veritas Petroleum Services (DNVPS). Test results on the fuel purchased in 2012 revealed a sulphur content of 2.44%, compared with 2.54% in 2011. The global limit in 2012 outside ECA was 3.5%.

### **SO<sub>x</sub> emissions**

Based on all consumption in 2012 (both at port and at sea), Odfjell's vessels emitted on average 0.27 grams per tonne cargo transported one nautical mile. This is slightly below 2011 levels.

### **CO<sub>2</sub> emissions**

In 2009 IMO's Marine Environment Protection Committee circulated guidelines for voluntary use of an Energy Efficiency Operational Indicator (EEOI), defined as the amount of CO<sub>2</sub> emitted per unit of transport work. Since 2008 Odfjell has calculated the EEOI at ship and fleet level. The calculations are performed in accordance with IMO MEPC Circular 684. Including fuel consumption both in port and at sea, the EEOI for the Odfjell fleet was 17.48 grams of CO<sub>2</sub> per tonne cargo transported one nautical mile (g/tnm) in 2012. This is a slight improvement compared to 2011. The figure for consumption at sea was 14.35 g/tnm, a 2.5% improvement compared to the previous year. This is in contrast to a drop in cargo volumes in 2012, negatively affecting the EEOI.

Odfjell Terminals (Jiangyin) – OTJ, was rated as advanced company in environmental protection in 2012 by the safety and environmental protective station of Huangtu Town Jiangyin city.

### **Carbon Disclosure Project - CDP**

The Carbon Disclosure Project – CDP, is a leading international non-profit organisation focusing on the business response to climate change and is based upon the Greenhouse Gas protocol. The project handles climate change related data from major global corporations on behalf of 655 of the world's leading investment institutions with more than \$78 trillion in assets. The survey mainly requests information about the climate strategies, impact on the environment and the carbon footprint due to our activities.

In 2012, Odfjell's response to the annual Carbon Disclosure Project covered the shipping business, headquarters in Bergen and the terminals in Rotterdam and Houston. The total CDP footprint in 2012 was on a par with in 2011 and the majority

of the emissions came from fuel used by ships. There was a 4% increase in emissions from ships in 2012 compared with 2011 due to the rise in the number of vessels in the fleet from 91 in 2011 to 104 in 2012. The CDP score in 2012 was 68, which is close to the average score for all Nordic companies. This represented an improvement of 6.3% compared with 2011 when the score was 64. The maximum score is 100.

### **Goals**

- Review the QHSE policy and from that generate more specific and explicit environmental goals.
- To implement proposals from the Energy Saving Campaign.
- Consider systems for green audits.
- Focus on eco-friendly design for newbuildings.
- Continue with the different on-going energy optimisation programmes.

For more information please see the Odfjell Annual Report 2012.

### **Anti-Corruption Principle**

#### **Principle 10**

- Businesses should work against corruption in all its forms, including extortion and bribery

### **Assessment, Policy and Goals**

#### **Bribery and Corruption policy**

*Odfjell is firmly opposed to all forms of corruption. Odfjell's objective is to compete in the marketplace on the basis of competitive services and prices. Under no circumstances is it acceptable to offer, give, solicit or receive, any form of bribe, kickback, improper or illegal inducement.*

The Company is focused on keeping high standards with regard to anti-corruption. The shipping fleet is operated in complex and extensive trading patterns and our customers demand safety, quality and the highest standards of service. We have a clear and defined bribery and corruption policy, but will consider developing more specific requirements into the procedures.

Evaluation and risk of corruptions in business processes are considered from case to case. Actions which were focused in on in 2012 both for our fully and partly owned companies were:

- The Code of Conduct was reviewed.
- Reporting procedures were evaluated.
- The anti-corruption initiative which covers agents, intermediaries, officials and consultants will be reviewed.
- The interactions with suppliers were evaluated.
- Preparation of a Supplier Code of Conduct.

- Participated in meetings with the Anti-Corruption Network (MACN) to share experiences and best practice with other ship owners.

### ***Implementation***

Demands for facilitation payments (any payment made to a public official or otherwise, the purpose of which is to expedite or to secure the performance of a routine governmental action) are still common in many countries. Consistent with international business principles for countering bribery however, Odfjell is working with local representatives and reviewing customary business practices to identify and eliminate such payments.

We have established anti-corruption measures as a part of our purchasing routines. For instance, execution of purchase and approval of corresponding invoices shall be performed by separate employees.

In addition to our policies, our Code of Conduct is meant to enforce ethical behaviour in everyday business activities and must be read by and applied to all employees; directors and representatives of the Company, irrespective of their domicile.

All employees shall conduct their actions in keeping with applicable, relevant laws and regulations. Beyond that, all employees shall respect safety and environmental concerns and be responsive to the concerns of the wider society. The Code is supplemental to local Odfjell employment policies at our offices in various countries.

In our efforts to ensure that our set of ethical standards are compliant we have a Compliance Officer to help and guide employees that may be faced with difficult situations or ethical dilemmas in work related situations. A parallel role called 'Designated Person' is available for seafarers as per the ISM code.

### ***Measurement of outcomes***

We have established anti-corruption measures as a part of our purchasing routines. For instance, execution of purchase and approval of corresponding invoices shall be performed by separate employees.

### ***Goals***

To assure the focus of the ethical behaviour and our commitment to integrity, an e-learning tool related to the principle Code of Conduct will be developed. This will be a top-down activity and the programme will be mandatory for all working for Odfjell.

In addition an online anti-corruption course made by the Norwegian Shipowner's Association will be made available for all employees.

For 2013 the following actions are planned:

- Launch of the Supplier Code of Conduct, follow it up and map the response from our suppliers on this initiative.
- Internal information and training of related personnel.
- Report on compliance with the Code of Conduct for senior managers.

- Join the Maritime Anti-Corruption Network (MACN) to share experiences and best practice with other ship owners.