



NORDIC TANKERS



NORDIC TANKERS

Corporate Social Responsibility

Annual Communication on Progress 2013

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Offices



Copenhagen



Herning



Stamford



Houston



Golfe-Juan



Bogota



Riga



Mumbai

Nordic Tankers in brief

Nordic Tankers operates one of the largest, most sophisticated chemical tanker fleets in the segment below 25,000 dwt. The company transports chemicals, feedstock, vegetable oil, mineral oil, etc. Following recent acquisitions, 33 of the approx. 100 operated tankers are owned.

Headquartered in Copenhagen, Denmark, Nordic Tankers has offices in Herning (Denmark), Riga (Latvia), Golfe-Juan (France), Stamford (Connecticut, USA), Houston (Texas, USA), Bogota (Colombia), Mumbai (India) and Singapore. Through its pool partnerships with Womar, Nordic Tankers also has offices in Singapore. The company has approx. 210 employees ashore and 1,370 at sea.

Nordic Tankers is a consolidation of a number of tanker operators; including herring shipping that was started in 1963 and acquired by the investment fund Triton in 2011. In 2012, Triton also acquired all chemical tanker activities from Nordic Shipholding Group and amalgamated them with herring shipping under the Nordic Tankers brand.

Company values and vision



SAFETY
TEAM-SPIRIT
INTEGRITY
CAN-DO

VISION



To be the preferred provider of safe tanker shipping solutions to the oil and chemical industry, known for the best people and operational excellence.

CEO Statement

In 2013, Nordic Tankers has continued its efforts to combine the activities of Nordic Tankers and herring shipping, and all corporate and administrative functions have been transferred to the head office in Copenhagen.

The combination of activities also means including herring in all CSR related activities, while continuing the progression of business driven CSR initiatives in the company in general.



Our key focus area during 2012, safety, has continued on top of our agenda throughout 2013. Safety will again have its own chapter in our report, as a high safety level is important across a number of UNGC principles relating to both human and labour rights as well as environment and climate. During 2013 most of our officers and colleagues ashore have participated in the Safety Leadership course, breaking down boundaries between sea and shore, and ensuring the same understanding of our joint and individual responsibility when it comes to safety; also expressed through our safety statement: **Safety starts with Us**. This focus will continue throughout 2014, where the Safety Leadership courses will continue and our "Take 5" and "Stop unsafe operations" campaign will be implemented across the organisation at sea and ashore. You can read more about the safety initiatives on page 7.

2013 has been a busy year; another key focus area, apart from safety that has kept us busy is: Business Optimization. This has included many initiatives ranging from implementation of new business applications across the organisation to fuel optimization projects. The latter is also a good example of a business driven CSR initiative, as our ability to optimize fuel consumption, benefits both the environment by declining emissions and our bottom line through reduction of our fuel costs. 2013 was also the first year, where we targeted to take the first step towards moving our CSR efforts outside our own sphere of control. We have met this target, as we joined two industrywide initiatives MACN (Maritime Anti-Corruption Network) and the IMPA ACT (International Marine Purchasing Association ACT). MACN works with the global challenges facing our industry with respect to bribery and facilitation payments whereas the IMPA act standardizes terms and conditions and works towards more responsible supplier management.

Many other areas have progressed in 2013, and advances are described in the report, together with projects and targets for 2014, where we will continue our developments within all the UNGC principles.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Per Sylvester Jensen', written over a light blue horizontal line.

Per Sylvester Jensen
CEO
Nordic Tankers
"Safety starts with Us"



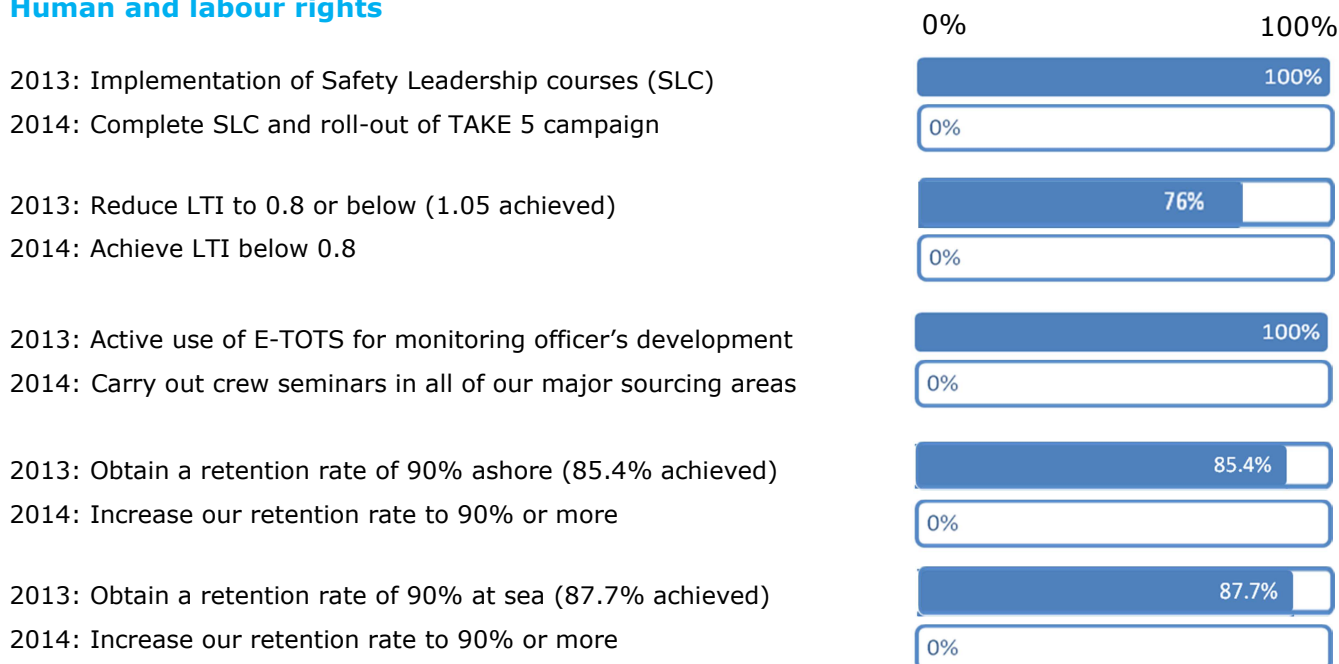
We support the Global Compact

In August 2011, Nordic Tankers signed the United Nations Global Compact (UNGC). Nordic Tankers supports the ten principles with respect to human and labour rights, the environment and anti-corruption and view our commitment as a platform for having a strategic and structured approach to sustainability issues.

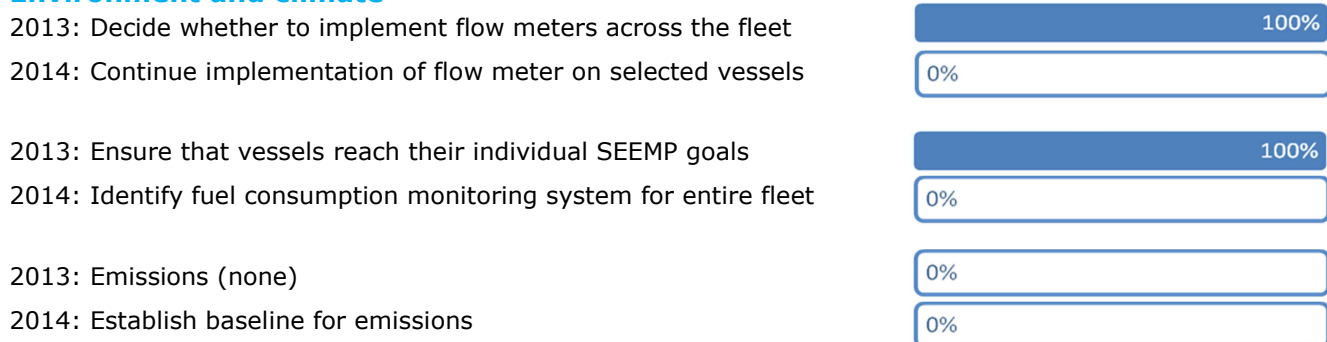
Nordic Tankers' CSR performance

Nordic Tankers strives to continuously improve itself within a number of targeted CSR focus areas. Achievements in these focus areas along with goals for 2014 can be seen from the below overview.

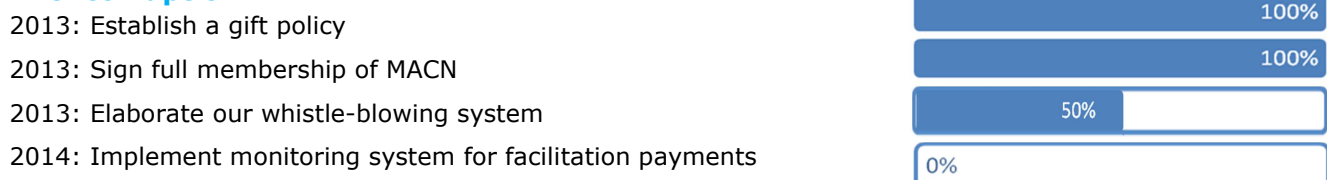
Human and labour rights



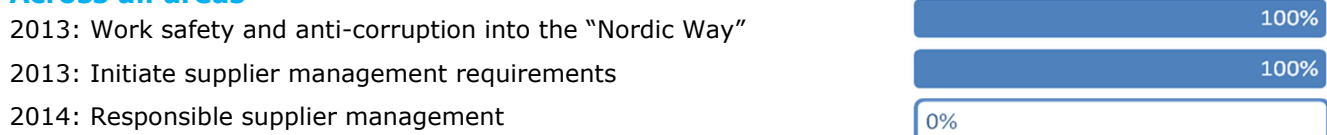
Environment and climate



Anti-corruption



Across all areas



Policies and framework

Nordic Tankers' CSR initiatives are embedded, carried out and measured within the various departments as a natural part of the development of our business.

Apart from this business driven approach, the initiatives are guided by the UNGC and our corporate governance policy, which also includes specific policies on safety, CSR and anti-corruption. During 2014 a gift policy was added to our CSR related policies.

Nordic Tankers' safety policy:

It is Nordic Tankers' policy to conduct our business in a manner that protects the safety of our employees, others involved in our operation, customers, property and the environment. We strive to prevent all accidents, injuries and occupational illnesses through the active participation of every employee. We are firmly committed to continuous efforts aimed at identifying, eliminating and managing safety risks associated with our commercial activities.

Nordic Tankers' CSR policy:

Nordic Tankers will actively initiate and participate in activities related to CSR and will incorporate CSR initiatives in our strategy at any given time. Nordic Tankers will focus on areas related to health and safety, environment and climate and welfare and training.

Nordic Tankers will strive to continuously improve itself in these fields and communicate openly with our stakeholders about the results we achieve. As with everything else in Nordic Tankers, CSR challenges will be met with a can-do attitude and will be solved in a safe manner with integrity and teamspirit at heart.

Nordic Tankers' anti-corruption policy:

Nordic Tankers is committed to ensuring adherence to high legal and ethical standards in addition to applicable laws. This must be reflected in all aspects of our operations. Integrity must be present in all our dealings. Consequently, the directors, officers and employees of Nordic Tankers shall refrain from offering, promising, giving, demanding or accepting an advantage as a motivation for an illegal or unethical action.

Nordic Tankers has joined the international Maritime Anti-Corruption Network (MACN) to collaborate to address and solve specific industry challenges in this field.

Nordic Tankers' gift policy:

Receipt of gifts, advertising, business lunches and other similar appreciation can be accepted when they are customary and within a reasonable amount. Each employee is responsible for evaluating whether any gift or other appreciation received is customary and within a reasonable amount, as well as evaluating whether it could influence your decision making or conflict with Nordic Tankers' interest.

Safety starts with Us



In March 2012 a company-wide safety culture programme was initiated. Based on a thorough analysis conducted by the Norwegian maritime consultancy company PROPEL involving the entire organization – sea as well as shore personnel – a series of initiatives and projects were started – all with focus on improving safety and safety culture.

Together with Nordic Tankers, Maersk Training Center developed a three-day Safety Leadership course for the top four officers on board the vessels and all shore-based personnel with regular contact with the vessels. The course is focused on taking leadership on safety related issues and cross-cultural awareness and communication. After approximately 3 to 4 months, the participants have a one day follow-up course on which they present findings on their own personal development plan.

In 2013 the first 10 courses were completed in Riga, Manila and Copenhagen with a total of 268 participants – 198 officers and 70 shore-based personnel. The first follow-up course was conducted in 4th quarter of 2013.

The evaluation for the first 10 courses averaged 4.18 (on a scale from 1-5 with 5 being excellent), so we consider the course a success. On each course we try to establish the main topics brought forward that would require special attention afterwards in order to continuously improve our overall safety.

In 2014 the remaining seven Safety Leadership courses will be completed with about 300 participants and 15 follow-up courses. Furthermore a training programme for Superintendents will be initiated with focus on safety training and communication skills when on board the vessels. Also workshops in the offices will be conducted.

During the first quarter of 2014, Propel will conduct their final analysis report based on questionnaires and interviews across the entire organization. This will hopefully reflect the efforts accomplished in 2012-2013 positively.

Workshops ashore

During 2014 we will implement workshops for the office employees on cultural awareness, TAKE 5 and communication – all issues that are implemented for our seafarers in Safety Leadership courses and seminars.

Personal protection equipment (PPE)

We have renewed our “Personal Protection Equipment” and chosen each item with focus on safety and quality, taking in advice from the seafarers, who are the actual users of the equipment. This way we ensure the best possible solutions. We are presently preparing a matrix and written instructions for the safest and best usage.

Christina Kracht, Safety Culture Manager – Nordic Tankers, says:

“Safety Culture is not just a slogan or a temporary focus area for Nordic Tankers. Safety culture is here to stay!”

Human and labour rights

Nordic Tankers people, both at sea and ashore, are our most valuable asset and therefore the backbone of the company. Ambitious and highly motivated employees are thus playing an essential role as we strive to continue our growth and development. With team spirit as one of our company values, we want to have a working environment, where we all work together to achieve common goals.

Employees in numbers

At year end 2013, Nordic Tankers had approximately 1,370 employees at sea and 214 ashore. Our retention rate ashore was 85.4% compared to our retention rate at sea in 2013 which was 87.7%. The goal for 2014 is to obtain a retention rate of 90% or higher ashore and at sea.

Diversity

Our recruitment processes reflect an ambition of having diversity in the company, both when it comes to gender, nationalities and cultures. We believe that a diverse workforce is more creative, and creates better results at the end of the day.

In connection with the Danish "Guidance on Target Figures and Policies for the Composition of Gender" released during 2013, we formalized our ambitions and processes and set the following targets for the future:

Nordic Tankers has a target to have elected 1 female board member before April 2017. In seeking qualified candidates, the board will take into account the joint competencies in the board.

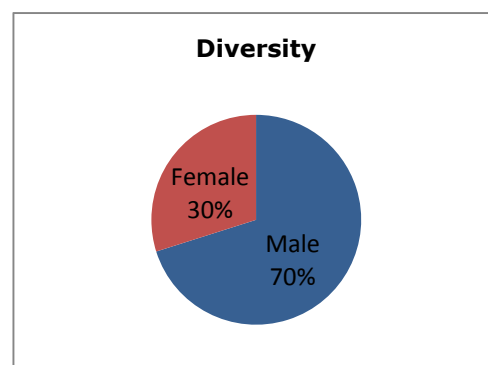
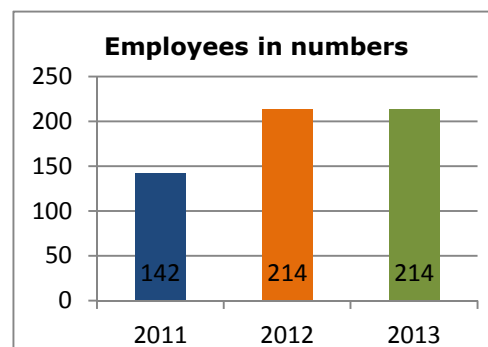
Helle Bjerre, Senior Vice President, People, IT, CSR and Communication – Nordic Tankers, says:

"We always choose what we consider the most competent person for any given job, but we have broadened our minds with respect to evaluating how "most competent" is measured. As we believe diversity creates better results, we try to include this element in our evaluation of potential future colleagues, by not only including skills and personality in the evaluation, but also how he or she will fit, become a new dynamic and add value in a team and to the company."

NT People ashore

Workplace Assessment

Every third year we initiate a workplace assessment (APV) with the purpose of giving us valuable input in regards to the physical and psychological work climate in the organisation. The outcome is different actions points, where both managers and employees are responsible for a successful improvement within these action points. This workplace assessment is essential, as we believe that good ideas and an attractive workplace is created in collaboration between managers and employees.



Developing people ashore

As mentioned in last year's CSR report, we have in 2013 initiated a sales and negotiation programme for both the commercial and technical part of the organisation. This programme was initiated to sharpen our employees' focus and competences on the customer perspective of business optimization. The initiated programmes in 2012; Leadership Introduction and Project Management were completed in 2013 with good results. These programmes will be ongoing in the future.

Annette Hasenberg, Director, People and Culture – Nordic Tankers, says:

"Nordic Tankers is an ambitious company and 2013 has been a busy year full of new projects and initiatives. The integration of the two companies, hereunder the creation of a common strategy and values, has again in 2013 been a focus point. Further, several competency development programmes and new IT systems have been rolled out in order to support our business optimisation and profitable growth strategy. We feel the company is in good shape to meet the challenges ahead and become the winner of the future".

Trainees

Every year Nordic Tankers recruits young talented shipping trainees. The trainee programme is a two-year educational programme which varies between theory and practice. The theoretical part will take place at Copenhagen Business School (CBS) and at the "Danish Shipping Academy" (DSA), where the trainees are introduced to shipping related topics such as: Maritime Economics, Maritime Law etc. The trainees will be part of a rotation plan, where they become acquainted with the different departments of Nordic Tankers. Focus is on the commercial departments, where the trainees potentially will continue their career.

Kristine Baagø, Business Partner, People and Culture – Nordic Tankers, says:

"We run a professional and thorough recruitment process for trainees, and we acknowledge our responsibility towards the chosen few that are selected. It is our responsibility to continuously guide and support the trainees during their two-year training in order to give them the best possible start on their future career in shipping".

NT People at sea

Our vessels are trading in every corner of the world, often in harsh and challenging environments. On top of that, our seafarers are met with an ever increasing number of requirements.

The Company has high ambitions in terms of quality and safety, as we want to be considered a top quartile operator by our customers. To meet our objectives, we need to retain and continuously develop our people working at sea and to secure a strong link between sea and shore.

Nordic Tankers has increased the number of seminars and meetings with participants from both sea and shore, and in addition to this, a Safety Leadership course was introduced in 2013. The Safety Leadership course is mandatory for senior officers at sea and all shore staff with daily contact to colleagues at sea.

MLC 2006

At a maritime conference in 2006 the UN's International Labour organisation adopted a convention concerning working conditions for seafarers – the Maritime Labour Convention.

The convention determines the level of working conditions for seafarers globally, and is considered a corner stone in modern shipping along with the SOLAS-, MARPOL-, and STCW-conventions.

The MLC 2006 came into effect 20 August 2013, and all our vessels and manning offices are of course in compliance and certified by the relevant maritime authority.

Social media

During the seminars of 2013, proper use of Social Media was addressed by MTI networks. Focus was on how to avoid compromising Nordic Tankers, clients or oneself. The material was later distributed to all vessels along with the Nordic Tankers Social Media policy.

Crew health

The health of our crews is very important to Nordic Tankers. That is why a focused initiative on healthy food and proper hygiene in the galley has been implemented during 2013.

Donation

In the beginning of November, the Visayas region of the central Philippines was struck by the typhoon Haiyan. The storm claimed over 6,000 lives and displaced 4 million people from their homes. Even though life slowly returns to normal, the reconstruction of infrastructure and homes will take years and the emotional damage will take even longer. As many of our good seafarers are Philippines, Nordic Tankers decided to donate a substantial amount of money to the Red Cross in the Philippines.



Vessel safety and security

Vessel safety is closely related to the overall safety focus in Nordic Tankers, described on page 7.

Nordic Tankers operates a modern fleet with an average age of about six years. Our owned vessels are built at shipyards with high standards, thus the far majority of the vessels managed by Nordic Tankers have a high safety and welfare standard compared to the industry average as such. With that focus, we strive to become an attractive employer for our seafarers and the preferred business partner for our customers.

Before the merger of Nordic Tankers and herning shipping, the technical department of Nordic Tankers had already worked with a risk assessment called "TAKE 5". This strives to eliminate unforeseen incidents and is not only an important tool for our seafarers but also to our shore based colleagues. On this basis this tool has now been redesigned and will be rolled out to the entire organisation during 2014.



Lost Time Incidents (LTI)

The main aim of the Safety Culture is to avoid accidents harming people, the environment or assets and to ensure a high retention rate among our seafarers. The Lost Time Incidents (LTI) frequency rate provides us with a measure of the number of incidents in the past year giving us a tool to evaluate whether the safety initiatives work.

The LTI frequency is measured as work-related incidents per 1 million working hours, which cause absence from work for more than one working day. Further, the frequency is measured as an average over the past 12 months. Over the past years, the company has noted a steady decreasing trend of LTI's. The goal for 2013 was 0.8, and we managed to get very close to meeting the goal with a result of 1.05 - equal to a total of 8 incidents fleet wide (0.63 with three incidents in the NTM fleet and 1.76 with five incidents in the hs fleet). Although the result is in line with the industry and a measurable result of the safety initiatives implemented during the last years, our ambition is clearly to reduce the LTI frequency further. The goal for 2014 is to maintain LTI's below 0.8.

Tragically, 2013 was sadly shadowed in the worst possible way as one of our seafarers was lost in an explosion accident on board one of our vessels. The investigation of the incident has led to a number of preventive measures, based on the lessons learned from this tragic event.

Near miss

Nordic Tankers also has a strong focus on near miss reporting on board our vessels, because we view this reporting as a safety awareness indicator. Near miss refers to situations that could have led to an accident if they had developed further. The ultimate goal is to receive as many reports as possible as they reflect the employees' focus on safety, but we have set a goal of 4 per month per vessel. This goal was nearly achieved in 2013 where we in average received 3.7 reports per month per vessel (3.6 in the NTM fleet and 3.8 in the hs fleet).

Maritime security

Piracy

Piracy still remains a big concern and risk for seafarers and vessels. Being an international global operator, Nordic Tankers Group is exposed to this risk, in particular in areas such as Gulf of Aden (GOA) inclusive associated waters as well as on the West Coast of Africa, in particular in Gulf of Guinea (GOG).

In recent years, the effective international countermeasures against piracy related activities having its offspring in GOA have led to the establishment of a number of effective initiatives enabling reasonable control of the risk. Successful initiatives include but are not limited to naval presence, established transit corridors, well established international best practices as well as unhindered access to the utilization of armed guards. The number of incidents in GOA has consequently been reduced significantly.

In West Africa, the piracy related crime has become significantly more frequent, organised and violent over the last 3-5 years. Current scenario mainly relates to GOG, but recent incidents confirms the criminals capabilities of carrying out attacks off Angola as well, to the scenario in general is developing in a concerning direction.

In supplement to the above, it is worth noticing that the scenario in GOG is significantly more complex than in GOA, wherefore effective measures are likewise more complex and dynamic.

Nordic Tankers Group has extensive countermeasures in place and having safety as the top priority, security measures go above commercial aspects. During many years of operation with high risk profile vessels – small tankers carrying CPP – we have developed an in-depth cooperation with major stakeholders and industry partners enabling continuous development of policies to ensure safe operation.

In supplement to above, we are likewise significantly involved in driving international understanding and development of actions against the piracy activities on a political level.

Environment and climate

The shipping industry is responsible for close to 80% of the global transportation of goods and approximately 3% of the world's total CO2 emissions. Compared to other means of transportation, shipping is by far the most efficient. However, climate changes have been on the global agenda for the past years, especially due to the increase in emissions worldwide, and Nordic Tankers wishes to participate in the reduction of emissions.

Ship efficiency matters for both the environment and the bottom line

The reducing of emissions is first and foremost a company priority to lessen the impact on the environment. On top of that improvements are directly linked to our bottom line. Fuel saving initiatives enable us to reduce fuel consumption and hence our costs. Emissions can also be further reduced through the optimization of speed, trading patterns and ballast voyages. The environmental activities are therefore both anchored in the technical, chartering and operations departments of the Nordic Tankers organization. All vessels in Nordic Tankers eco steam, if the schedule allows for eco steaming, which is the case on approximately 75% of all voyages. Eco steaming means that a vessel sails at less than maximum speed and thus reduces both fuel costs and CO2 emissions.

Energy efficiency initiatives are carried forward through the Ship Energy Efficiency Management Plans as well as in our Environmental Management Systems (ISO 14001). These systems ensure that the organisation will work with continuous improvement and constantly move the bar.

Nordic Tankers is currently working on the consolidation of emissions data in order to document our emissions footprint.

Energy efficiency projects

A number of energy saving pilot projects has been completed in 2013. The projects related to installation of fuel flow meters, performance systems and improvement of sea water cooling systems, and they have proven to provide significant energy savings. As a result it has been decided to introduce these solutions on board all our vessels where they will give significant savings in order to further reduce energy consumption on board vessels in the Group.



Anti-corruption

Corruption has been identified as one of the world's greatest challenges when it comes to reduction of poverty, which is one of the UN millennium goals. The UN has sharpened their focus on corruption as it has a negative impact on countries, communities and the businesses impeding economic growth and sustainable development.

Recent legislation such as the UK Bribery Act has led to an increased focus on anti-corruption, an area where:

Nordic Tankers is committed to ensuring adherence to high legal and ethical standards in addition to applicable laws. This must be reflected in all aspects of our operations. Integrity must be present in all our dealings. Consequently, the directors, officers and employees of Nordic Tankers shall refrain from offering, promising, giving, demanding or accepting an advantage as a motivation for an illegal or unethical action.

In connection with the Company's anti-corruption policy, we have in 2013 established a gift policy. This policy can be found on page 6 "Policies and framework". We also had a goal to introduce a whistleblower system during 2013. This has not been completed, but a proposal has been made, and we expect to make a decision and introduce it during 2014.

Industry challenge that requires a joint effort

Fighting facilitation payments is an important target for Nordic Tankers, but this challenge cannot be solved alone and calls for a joint effort in the industry.

We participate in the Maritime Anti-Corruption Network (MACN) together with other representatives from different areas across the shipping industry.

The membership of MACN enables Nordic Tankers to co-contribute to the development of innovative methods and systems to fight corruption and facilitation payments globally. Therefore we encourage business partners, agents, public officials and other stakeholders in general to comply with international standards and legislation.

The goal for 2014 is to start monitoring Nordic Tankers' exposure to facilitation payments.



Maritime Anti-Corruption Network (MACN)

The MACN is a global business network working towards its vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. The MACN respond to the UK Bribery Act 2010.

The purpose of the network is more specifically to share best practices and align policies and approaches in the field of anti-corruption. One of the ambitions of the network is to seek support from governmental bodies and international organizations to target corrupt practices in challenging environments and seek solutions to root causes for corrupt practices.

<http://www.bsr.org/en/our-work/initiatives/maritime-anti-corruption-network>

Supplier management

Responsible procurement and supply chain management has always been a high priority at Nordic Tankers. Ensuring that business with suppliers, outside the company, is done in line with international conventions and standards is very important to Nordic Tankers.

To ensure that business with our partners and suppliers is done in line with international conventions and standards; Nordic Tankers has joined the IMPA ACT. By being a part and an active contributor to the IMPA ACT we can not only improve our own operational standards and brand, but also contribute to integrate environmental, social and economic considerations in all parties involved in our supply chain.

Nordic Tankers has also initiated a process of developing an online survey for suppliers to fill in. The main purpose of the survey is to outline our expectation towards suppliers in the areas of quality, health and safety.

The development process of the survey screening tool is on-going and constantly aligned and adjusted in relation to experience and to input from internal and external stakeholders. Developing the best possible survey screening tool is a goal for Nordic Tankers to conduct survey among the top 200 suppliers.

As part of streamlining the purchasing process, and to ensure the supply of quality and eco-friendly products, Nordic Tankers has issued a standard catalogue to all vessels. The catalogue contains a wide range with everything from PPE to eco marked cleaning articles.

By using the standard catalogue, when placing a purchase order, all parties involved is taking an active part in ensuring purchase of high quality and environmental friendly products.

A long-term perspective

Our commitment and goal to ensure responsible procurement have a long-term perspective and remains unchanged. The procedures are seen as a process that will change and expand over time.

We are convinced of the benefits it will bring through the opportunity to engage with suppliers in a long-term strategic development.

Mikkel Engsbro, General Manager, Procurement – Nordic Tankers, says:

Nordic Tankers believes that responsible procurement and a close cooperation with suppliers are key elements in making our company stronger and safer, through a strong and trustworthy supply chain.

Shipping adds value in a socioeconomic context

International trade is a prerequisite for economic growth, and sea transport is the most important transport mode for facilitating international trade. During 2013, Nordic Tankers contributed together with its Danish peers and Danish Shipowners' Association to a report documenting the socioeconomic benefits of shipping. The report: "On course for a better world" came out during the summer, and highlights how business activities in the areas of anti-corruption, piracy and emissions in a number of areas are able to combine increased competitiveness with increased socioeconomic value-added. In other words it confirms that business and CSR are not opposites, and that a business driven CSR approach is the right way forward.