



Corporate Social Responsibility Report



Norges
Rederiforbund
Norwegian
Shipowners'
Association



WE SUPPORT



Photo: Kilian Munch

Navigating the right course of history

All business activities have an impact on society. The people employed, investments made, emissions produced, resources consumed, products offered, earnings received, taxes, salaries and dividends paid – all impact a far wider circle than that of a company itself.

So, does this mean that individual companies also carry a wider corporate social responsibility? Does it imply that any company carries a social responsibility beyond the obvious obligation of complying with relevant rules and regulations?

I know there are still different schools of thought on this subject, but my answer is a clear and unequivocal “YES”. Since no company exists and works in isolation, it cannot behave as if it does. I firmly believe that the narrow approach of “no legal wrong-doing” has been overtaken by history. Such an approach would hardly serve the genuine interest of a company itself, or those of the wider business community or society at large.

Any company taking a long-term view of their business should acknowledge their importance to society at large, and act accordingly. They should do so to ensure the company’s licence to operate, to promote the company’s reputation, and to improve their ability to attract the best people. They should do so to enhance the standing of business in society and to underpin the business community’s legitimacy as a responsible partner in political processes. They should do so to release the full potential of business in contributing to sustainable economic growth and prosperous societies.

This approach to doing business must start at the top of a company. It is the top management – their integrity, principles and values – that define the attitudes and references for the rest of the organisation in how they integrate these standards into their daily operations.

The Norwegian Shipowners’ Association is a proud member of the *UN Global Compact*. We consider our commitment to the ‘Ten Principles of Doing Business’ to serve both as a moral obligation and a commercial inspiration.

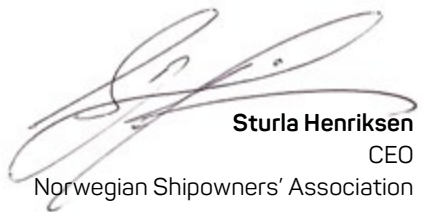
The ten principles outline businesses’ fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption. We see them, in essence, as a codification of decency, responsibility and common sense. In this report, we describe our commitments, approaches and current actions in all of these areas.

We also consider the ten principles to serve as a platform and a basis for setting higher goals and ambitions. We are convinced that the maritime industry constitutes an important and indispensable part of the solution for a sustainable global development. In order to draw a map for navigating this course, we have commissioned DNV GL to produce a report on how the ‘Seventeen Sustainable Development Goals’, adopted by the UN in December 2015, could be transformed into maritime business opportunities.

The report analyses the 17 SDGs and their 169 associated targets, and identifies a vast array of important and exciting maritime business opportunities. These are derived from the need to provide healthy food, new medicines, precious metals and minerals, renewable energy, and green transportation for a rapidly growing world population.

We believe that the UN’s ‘Ten Principles of Doing Business’ and the ‘Seventeen Sustainable Development Goals’ are interdependent and mutually reinforcing. Taken together, they serve as beacons for a sustainable and prosperous global development. Combined, they provide a map guiding us to new and exciting business opportunities.

For the Norwegian Shipowners’ Association and our members, they also provide a sense of mission, purpose and pride in our daily work.



Sturla Henriksen
CEO
Norwegian Shipowners’ Association

The Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a global call for action to protect the planet, ensure dignified lives for all people, and achieve inclusive economic growth, peace and prosperity. Adopted by the United Nations on 25 September 2015, the 2030 Agenda for Sustainable Development is structured into 17 interconnected and complementary Sustainable Development Goals, including a total of 169 targets.

ECONOMY

For shipping the challenge is twofold: to provide a decent and safe working environment on board ships and throughout the shipping value chain; and to facilitate economic growth through affordable shipping services, but not at the expense of the biosphere.

SOCIETY

The shipping industry's main contribution to the social goals is related to public health and to providing affordable access to global markets for food and other products.

BIOSPHERE

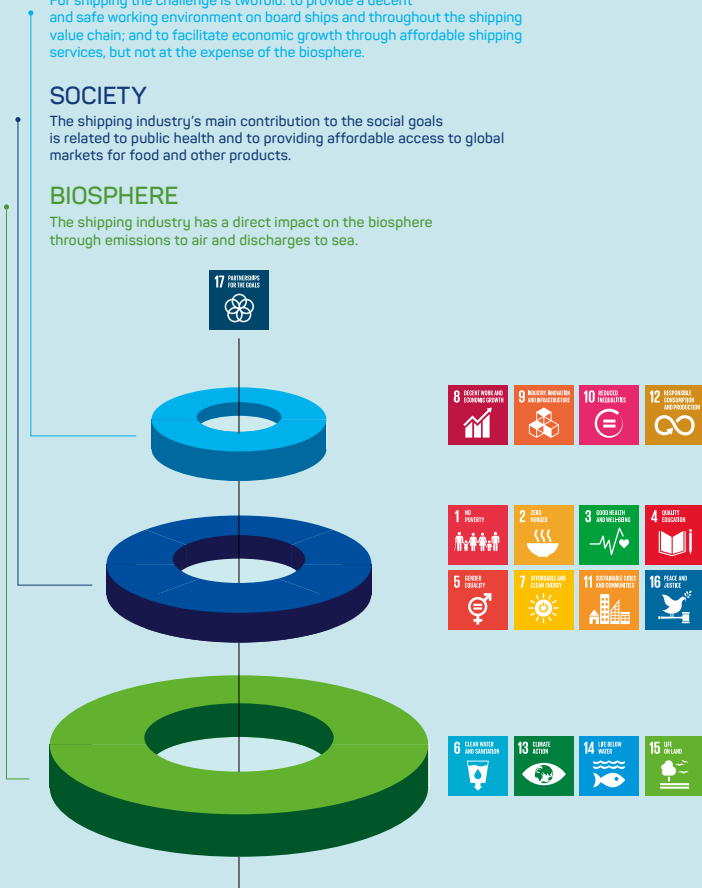
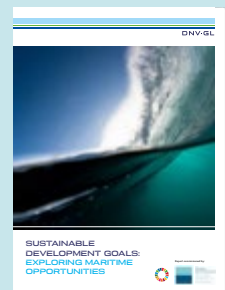
The shipping industry has a direct impact on the biosphere through emissions to air and discharges to sea.

The goals and targets provide global guidance to all governments, enabling the setting of relevant national targets.

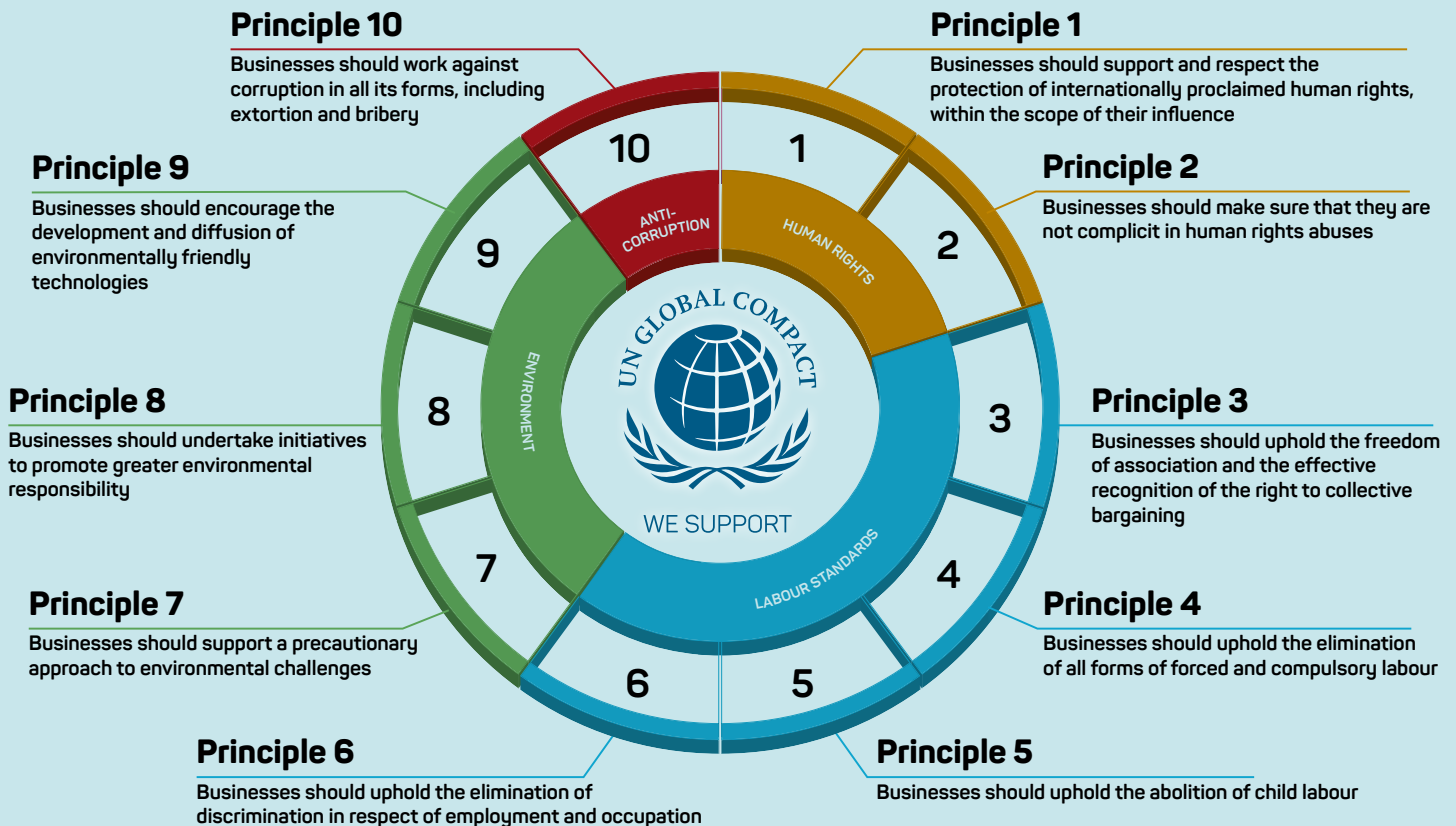
However, the SDGs extend beyond the realm of the public sector. They are a call for action to all societal actors, giving particular importance to the role of non-state actors, including business. The SDGs present an extraordinary opportunity for companies to align their strategies and business models with global sustainable development needs. As a global industry, shipping has a critical role to play in meeting many of the goals, and indeed is already contributing to several of the main targets.

The SDG-report explores shipping's potential contributions to the Sustainable Development Goals and identifies five main opportunity areas where the shipping industry can contribute. The report takes how the industry is already contributing to achieving the goals as its point of departure, and looks forward towards emerging opportunities. In the report we examine how shipping can contribute to achieving the SDGs through:

- managing its own operations sustainably;
- influencing and setting requirements for suppliers in the maritime industry;
- enabling other industries in the ocean space to generate economic growth and work, while protecting natural resources for the future.



The UN Global Compact's 10 principles



Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.

Responsible businesses enact the same values and principles wherever they have a presence, and they know that good practices in one area do not offset harm in another. By incorporating the Global Compact principles into strategies, policies

and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

The UN Global Compact's Ten Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.



Human rights

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PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights.

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PRINCIPLE 2: Businesses should make sure that they are not complicit in human rights abuses.

There is a global expectation that all enterprises should respect human rights. Respecting human rights means that a business should use due diligence to avoid infringing on human rights (“do no harm”). In addition, businesses are encouraged to take voluntary action and make a positive contribution towards the protection and fulfilment of human rights, whether through core business, strategic social investment, philanthropy, public policy engagement, advocacy, or partnerships and other collective action.*

Our approach: The fundamental basis for all business activities must be a genuine respect for human rights and the individual. We approach this topic along two perspectives. Firstly, by acting prudently to avoid infringing on the Human Rights as laid out by the UN. And, secondly, by pursuing the true spirit of the Human Rights Declaration by actively undertaking and promoting efforts to help people in need and to improve their lives and well-being.

Migration in the Mediterranean

In recent years, an unprecedented number of people have attempted the dangerous sea crossing to Europe, often in overcrowded boats not fit for purpose and many at the mercy of human smugglers. Several Norwegian controlled ships and their crew took part in rescue operations and saved thousands of refugees in the Mediterranean. The Norwegian Shipowners’ Association urged international society to address the crisis and also took various actions to improve the safety of migrants and seafarers involved in the operations:

- In accordance with shipowning companies and relevant authorities, the Norwegian Shipowners’ Association developed procedures and best practices to better prepare ships and crew for the emotional and physical challenges related to the rescue operations.
- The Norwegian Shipowners’ Association partnered with the Norwegian Refugee Council to draft a set of demands to international and national authorities in order to stop migrants from risking their lives crossing the Mediterranean, and to provide support to merchant vessels that were partaking in rescue operations on a regular basis.
- The association also joined forces with seafarers’ unions to urge EU Member States to take collective action to address the humanitarian crisis in the Mediterranean Sea.

Crisis support and humanitarian assistance

Norwegian ships are present in all corners of the world, and are often asked to assist in various

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Photo: Marius Remøy

emergency situations. In May of 2014, the Norwegian Shipowners' Association signed a letter of intent with the UN World Food Program to support the WFP in crisis response through the network of its members, either to provide vessels if necessary, or through in-house know how. In May 2017, this collaboration resulted in the official signing of a three-year partnership agreement with the two organisations to cement and further develop the relationship.

The agreement has been invoked on several occasions since its signing in 2014. One example was in the spring of 2015, when UN personnel were evacuated from two ports in Yemen; Aden and Hodeidah, as the civil war broke out. There were several Norwegian vessels in the area that agreed to take on the mission, but the seismic vessel "Seabird Explorer" was the closest. Norwegian Shipowners' Association has also been contacted after natural disasters have struck, such as the cyclone hitting Vanuatu in 2015.

If and when possible, the Norwegian Shipowners' Association will engage its members and vessels to provide assistance in need.

Support of NGO activities

The Norwegian Shipowners' Association has partnered with NGOs in several crises. During the peak of Somali piracy, the Norwegian Shipowners' Association supported a project initiated by the Norwegian Church Aid in piracy-prone areas of Somalia. The aim of the project was to provide Somali communities with alternative livelihood opportunities, as criminal activity at sea is generally a response to difficulties on land.

SOS Children Village Cebu Philippines

Norway and the Philippines have a strong and close maritime relationship. With a significant number of Filipino seafarers on board Norwegian controlled ships, many Norwegian ship owning companies appreciate the opportunity to contribute to the Filipino society by sponsoring and supporting the SOS Children's Village in Cebu.

There are 38 million children in the Philippines, one third of whom live in poverty. SOS Children's Villages provide these children with loving homes, health care and education.

Labour and working conditions

3

PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

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PRINCIPLE 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Decent working conditions, including those that protect the safety and health of workers, are far from assured in today's global business community. The illicit use of child labour and forced labour remains a risk as global supply chains extend to distant regions. The Global Compact's labour principles are championed by the International Labour Organisation (ILO).*

Our approach: The Norwegian Shipowners' Association is a large employer organisation representing Norwegian controlled ship owning companies and offshore contractors. We support the tripartite cooperation between trade unions, employers' organisations and authorities, and actively promote safe working conditions for seafarers. We work through international organisations such as IMO and ILO, and our own bargaining agreements, to secure good working and living conditions on board the vessels.

Norwegian Shipowners' Association Collective Bargain Agreements (CBA)

Our collective bargaining agreements represent companies employing about 50 000 seafarers from more than 50 countries. Our agreements are established with Norwegian and foreign trade unions and cover all ships in international trade. Our agreements are well above minimum standards set by the ILO and address important labour and human rights principles such as safe and healthy working conditions, freedom of association, no forced labour or child labour, and access to social security.

With our support, Norway has implemented the eight fundamental ILO conventions, SOLAS and all other relevant conventions.

The Norwegian shipping industry has also been in the forefront of setting stricter regulations for recycling of vessels to enforce better working standards for employees. Read more on our position on recycling on page 14.

ILO Joint Maritime Commission

The International Labour Organization has a tripartite structure where employers and employees participate with authorities when conventions and recommendations are adopted. The ILO has a Joint Maritime Commission for the shipping industry, which consists of an equal number of employees' representatives from the International Transport Federation (ITF) and employers' representatives from the International Chamber of Shipping (ICS). The Norwegian Shipowners' Association is represented in the Commission due to the large Norwegian fleet. The Commission is central to the ILO's work because, among other things, it conducts negotiations on

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PRINCIPLE 5: Businesses should uphold the effective abolition of child labour.

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PRINCIPLE 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

the ILO Standard for minimum wages for seafarers. The tripartite cooperation plays a very important role in developing international legally binding instruments to secure decent working conditions for seafarers from all nations.

The Maritime Labour Convention and SOLAS

The Maritime Labour Convention MLC 2006 and SOLAS are examples of conventions regulating working conditions, health, and safety issues for seafarers. Within the tripartite structure, the MLC 2006 is continuously under development. It follows from the convention that after inspection of a ship, the flag state shall issue a ship certificate with a reference to the seafarers working conditions on board, confirming that the ship meets the requirements of the convention (DMLC). Terms of employment shall also be subject to port state control. If the check reveals a serious breach

of occupational safety requirements, the ship may be detained until breaches are corrected. This convention has had great significance worldwide and our association is one of the driving forces in securing and developing the convention.

NTC Manila

The Norwegian Training Center - Manila (NTC-M) was established by the Norwegian Shipowners' Association to provide relevant and qualified training for Filipino seafarers serving on the ships of its members. Together with four schools around the country - The University of Cebu, DMMA in Davao, John B. Lacson and PMMA - around 6.000 young men and women have received full scholarships for maritime education. Over the last 25 years more than 100.000 seafarers have been trained at the NTC-M.



Photo: Philip Lote

Tacloban

The Norwegian Shipowners' Association's training vessel, Kapitan Felix Oca (KFO), chartered by the Norwegian Training Center-Manila, was the first ship to dock at the typhoon-struck port of Tacloban on 15 November 2013. The ship departed Manila for Tacloban with 100 tonnes of food and medical equipment and personnel. Onboard were 159 cadets from the NTC-M training center. One of the cadets on board described the relief operation:

"On November 15, I had my first glance of Tacloban City. That was when I fully realized the importance of our mission. The place seemed to be flattened to the very ground. Houses and buildings crumbled to mere slabs of stones. Trees were barren, left with not even a single leaf, adding gloom to the place. Looking at the faces of the people was so

heartbreaking. We are not simply bringing relief goods. We have brought a miracle. The unloading was almost effortless. We are filled with renewed strength. Strength that we found from our will to help these people. We are doing this for our country. We are doing this for Philippines."

<http://itsthethird2.blogspot.no/>

The Mediterranean crisis

Norwegian owned vessels and crew took part in rescuing more than 5000 people in the first weeks of the Mediterranean crisis. "We are tough seafarers who can work around the clock, but these kind of experiences are demanding in a completely different way," said Cadet Syver Grepstad from the Bourbon Orca vessel, in the UN-hearing on the refugee crisis in the

Mediterranean. UN High Commissioner for Refugees Antonio Guterres deeply acknowledged the important Norwegian efforts. The Shipowners' Association, in cooperation with Norwegian sailors and shipping companies, prepared guidelines for how the complex rescue operations can be handled in the best possible way.



Environment

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PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges.

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PRINCIPLE 8: Businesses should undertake initiatives to promote greater environmental responsibility.

The world is facing unprecedented, interconnected environmental challenges. New corporate efforts are needed to address environmental responsibilities. The Global Compact encourages companies to move beyond traditional approaches based largely on compliance and narrow risk assessment. Businesses are being challenged to address environmental risks and opportunities.*

Our approach: The Norwegian Shipowners' Association has a proactive and ambitious vision of zero harmful emissions to air and sea. The objective is to prevent Norwegian shipping and offshore contracting activities from producing environmentally harmful emissions or discharges. The International Maritime Organization (IMO) has developed a globally binding regulatory framework for safety and the environment at sea. In close cooperation with the Norwegian authorities, we actively contribute to the work in IMO to find safe, cost-effective and environmentally friendly solutions for international shipping. We strongly believe that tomorrow's winners in international markets must focus on energy efficiency and environmentally friendly solutions.

Shipping is part of the climate solution

The Paris Agreement does not address emissions reductions for shipping. Nonetheless, all sectors of the economy are expected to contribute, and the Norwegian Shipowners' Association views it as highly positive that the IMO has initiated a process for implementing a system to regulate CO₂

emissions from shipping. In order to succeed, *global* rules need to be adopted. All major shipping nations must now work constructively together in the IMO to this end. With the Paris Agreement as a basis, the Norwegian Shipowners' Association maintains that CO₂ emissions from international shipping should be reduced by 50 per cent from 2025 to 2050. The shipping industry shall be decarbonised during the second half of the century, and CO₂ emissions should be eliminated by 2100. Expectations are high for the IMO to follow up with substantial and proactive reduction measures that lay out a time frame and concrete reduction targets.

There are several possible combinations of measures to achieve the emission reduction targets in the Paris agreement. CO₂ reduction from shipping requires a combination of reduction measures within logistics, alternative fuels, technical and operational measures, and available carbon offset solutions in other sectors. These are all demanding and expensive, and will require new technological solutions based on new alternative fuels.

In order to contribute to a knowledge-based discussion on how shipping can meet a 2-degree

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PRINCIPLE 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

emission trajectory, the Norwegian Shipowners' Association has commissioned the report Navigating a low-carbon future from DNV GL exploring the different pathways available.

The seaway is the green way

Seaborne transport is the most energy efficient form of transportation of goods, and ships transport more than 80 per cent of world trade.

A single ship can carry the cargo volume of hundreds of trucks, with only a fraction of the harmful CO₂ emissions. Analysis shows the potential for transferring 5-7 million tonnes of cargo from land to sea in Norway. If the potential for transferring goods is utilised fully, 300,000 trucks can be taken off the road and their cargoes moved by sea. This would contribute to a reduction in the climate footprint of 300,000 tonnes of CO₂ annually, and reduce costs to society by NOK 1.3 billion.

Sulphur regulation 2020

In a landmark decision for both the environment and human health, 1 January 2020 has been set as the implementation date for a significant reduction in the sulphur content of bunker oil used by ships. The Norwegian Shipowners' Association emphasises that it is important for the international community to adhere to these provisions and ensure implementation on the same terms for everyone. These strict and responsible

emissions requirements will lead to a radical reduction in sulphur emissions from shipping and improve the environment for individuals and communities. The Norwegian Shipowners' Association has for years supported global sulphur regulations for the global shipping industry. The decision also demonstrates a clear commitment by the IMO to ensure that shipping meets its environmental obligations.

NOx regulations

The Norwegian Shipowners' Association supports ambitious international rules and environmental initiatives to reduce atmospheric pollution.

The Norwegian Shipowners' Association is among the fifteen founders of the Norwegian NOx Fund. The fund gives support to NOx-reducing measures and has been an important vehicle for successfully reducing NOx emissions within the shipping industry in Norway. For these reasons, the Norwegian Shipowners' Association is satisfied with the prolongation of the NOx fund until 2025. The NOx Fund has proven to be a well-designed measure that has contributed to substantial reduction of emissions from industry.

The Norwegian Shipowners' Association is also satisfied to note that the IMO has agreed to establish a Nitrogen Emission Control Area (NECA) in 2021 in the Baltic Sea and in the North Sea, to



limit nitrogen oxide emissions from ships' exhaust. NOx emissions from shipping are a major source of airborne deposition of nitrogen, aggravating nutrient pollution, or eutrophication, one of the main environmental concerns in the Baltic.

Establishment of a CO₂ fund

The Norwegian Shipowners' Association believes that an international CO₂ fund for international shipping should be established. An international CO₂ fund would help break down barriers that keep new environmentally friendly technologies from being taken into use.

We believe the establishment of a global CO₂ fund should be under the auspices of the IMO. If necessary, a carbon levy would be an effective market mechanism to ensure income to the fund, and that targets for reduced CO₂ emissions from shipping are met.

The Norwegian Shipowners' Association also supports the establishment of a national CO₂ fund for those segments of industry in Norway presently subject to the CO₂ tax, but which would not be covered by an international CO₂ fund. A national CO₂ fund should be established along the same principles as the NOx fund.

Recycling of ships

The Norwegian Shipowners' Association has for years worked to encourage shipbreaking yards to improve their working environment, in particular yards in South-East Asia. The focus has been on health, environment and safety issues like safe working conditions, child labour, management, environmentally responsible handling of hazardous and toxic substances, and safe dismantling and cutting operations.

In this quest, we urge our members to adhere to the Hong Kong Convention (HKC) although it has not yet entered into force, and to choose recycling facilities that adhere to the convention. We consider that our members have an independent responsibility to ensure proper recycling of their ships. This also applies to ships sold to third parties prior to recycling. We advise our members against recycling ships at yards using 'beaching'¹ as a method.

High North – high stakes

Three continents converge in the Arctic. Here we find some of the world's largest concentrations of seafood, energy, oil and gas, metal and mineral resources, and here we see critical geostrategic interests intersect. At the same time, the trend of serious melting of the polar ice cap is cause for great concern.

¹ The Norwegian Shipowner's Association defines 'beaching' as "the recycling of ships without the use of fixed installations for collection and handling of dangerous and polluting waste".



Photo: Bjarne P. Hovland

The Norwegian Shipowners' Association believes that development of commercial activities in the Arctic requires a gradual and responsible approach based on scientific, industrial and practical competence. In 2014 the Norwegian Shipowners' Association launched the 'Arctic Business' initiative, creating a meeting place for business, by business, where Arctic development could be discussed among stakeholders in the business community. The mission is to engage, educate and commit the business community to sustainable development of the Arctic.

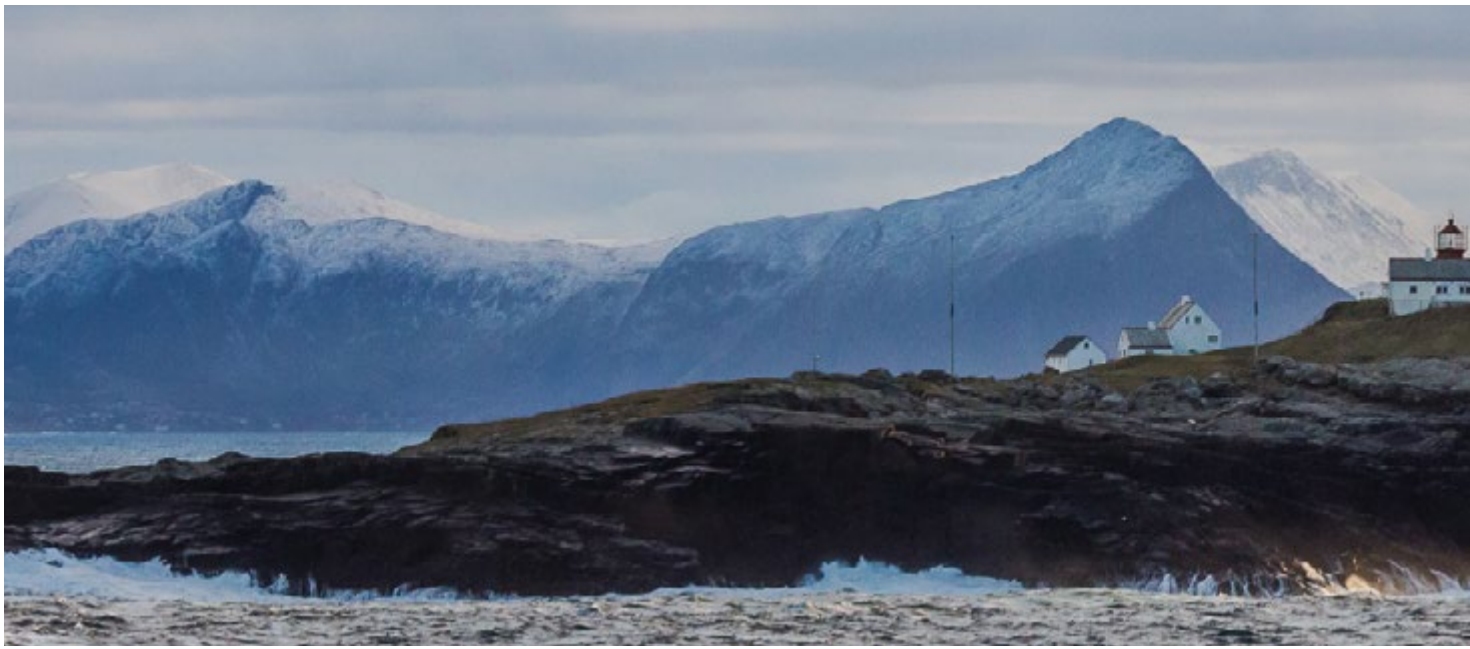
The International Code for Ships Operating in Polar Waters (The Polar Code) has been developed to increase the safety of ships' operation and mitigate the impact on the people and environment in remote, vulnerable and potentially harsh polar waters. The Polar Code acknowledges that polar water operation may impose additional demands on ships, their systems and their operation, beyond the existing requirements in other relevant binding IMO instruments.

The Norwegian Shipowners' Association believes it is very important to increase preparedness and search and rescue capacity in the Arctic in general, and in the Norwegian High North in particular. Therefore, the Norwegian Shipowners' Association was one of the initiators of the Search and Rescue in the High North project (SARiNOR). The project's

objective is to uncover potential for improvement in the areas of search, rescue, survival in cold climates, communication, and shared situational awareness, including joint operations in the Norwegian High North.

Based on our firm belief that the business community has an important role to play in discussing Arctic development, the Norwegian Shipowners' Association is a legacy member of the international, independent organisation Arctic Economic Council (AEC). The AEC works to facilitate Arctic business-to-business activities and responsible economic development through the sharing of best practices, technological solutions, standards, and other information.

The Arctic is a diverse, rapidly-changing and, in many places, environmentally sensitive region that is home to four million people. The Arctic is also an emerging global investment opportunity with an economy similar in size to those of Portugal or Ireland. To balance these dimensions, the Norwegian Shipowners' Association partnered with the World Economic Forum to establish an 'Arctic Investment Protocol' to promote sustainable and equitable economic growth in the region while enhancing community well-being and building resilient societies in a fair, inclusive and environmentally sound manner.



Furthermore, the Norwegian Shipowners' Association was one of the initiators of the Center for High North Logistics (CHNL), and continues to be an active participant and supporter. CHNL promotes robust knowledge of logistics solutions in the Arctic, and contributes to Norwegian and international research and development through investigations, advisory activities and information work. CHNL's mission is to build up an international knowledge network with key businesses, research institutions and public authorities on Arctic resources, transport and logistics.

Heavy fuel oil in the Arctic

The Norwegian Shipowners' Association supports a possible ban on the use of the heavy fuel oil (HFO) for propulsion in the Arctic through the IMO. The ban will be on HFO for propulsion purposes only, and should apply within the geographical area of the Polar Code. This position recognises the NSA's responsibility when operating in sensitive areas in the High North. The position is contingent on the following clarifications:

- It should still be possible to carry heavy oil in the bunker tanks when operating within the areas regulated by the Polar Code.
- It should be permitted to use heavy oil for propulsion outside the areas regulated by the Polar Code.

This will reduce the total volume of heavy oil in the Arctic and lead to a reduction in the risk of accidental spillage with major consequences in the vulnerable arctic environment.

Ballast water treatment

The International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) was adopted in 2004 and entered into force on 8 September 2017. The Norwegian Shipowners' Association supports the Convention and has over the years worked to secure its implementation as rapidly as possible. The Norwegian Shipowners' Association is satisfied with the IMO decision to extend the deadline so that new ships built after 8 September 2017 must meet the BWM requirements at delivery, while existing ships must generally meet the first IOPP renewal after 8 September 2019. The long-awaited agreement will have a global impact. It provides assurance to the maritime community regarding mandatory compliance dates for ballast water discharge.

Big data initiative

The Norwegian fleet of foreign going vessels produces vast amounts of data during their operations on the world's oceans. The cost of keeping surplus information stored is relatively small and may potentially be of great value to others. These data sets represent potential 'raw material'



Photo: Bjarne P. Hovland

for research and analysis that can provide valuable and necessary information about the marine space, including meteorological and oceanographic conditions, temperature data, salinity, biomass, and seabed and ground conditions. This data can form the basis for sustainable future development and production in the ocean space.

Members of the Norwegian Shipowners' Association have been invited to provide their surplus non-commercial data to help designated research and development organisations acquire more knowledge of the world's oceans. The purpose is to strengthen the knowledge base that will help Norway to maintain and further develop its position as a leading maritime nation.

Plastics in the ocean

The Norwegian Shipowners' Association acknowledges that plastics in the oceans are a fundamental threat to sustainability, resource

utilisation, and life on earth. The Norwegian Shipowners' Association will support initiatives with the purpose of establishing a sustainable balance for future generations in a healthy and productive ocean.

Green Coastal Shipping program

The Norwegian Shipowners' Association chairs the Green Coastal Shipping Programme, a collaborative project between government authorities and the private sector. The objective is to encourage more widespread adoption of environmentally friendly solutions and to position Norway as the world leader in environmentally friendly and energy efficient short-sea shipping. Overall goals are to move goods from road to sea, and to take a leading position within green coastal shipping.





Anti-corruption

10

PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The tenth principle against corruption commits UN Global Compact participants not only to avoid bribery, extortion and other forms of corruption, but also to proactively develop policies and concrete programs to address corruption internally and within their supply chains. Companies are also challenged to work collectively and join civil society, the United Nations and governments to realize a more transparent global economy.*

Our approach: The shipping industry, like any other global industry, is vulnerable to corruption. Corruption raises the cost of doing business, hindering growth, investment and job creation. Strengthening global and national maritime regulatory institutions is important to reduce opportunities for corruption and bribery. Cooperation between governments and industry is a key factor in combating illicit practices.

Maritime Anti-Corruption Network (MACN)

MACN is a private global business network working to realise the vision of a maritime industry free of corruption and enabling fair trade to the benefit of society. The Norwegian Shipowners' Association was an early advocate for the establishment of MACN, providing shipowners with a collective network to counter the practice of holding vessels and crews for facilitation payments. MACN and its members promote good corporate practice for combatting bribes, facilitation payments and other forms of corruption. The organisation collaborates

with key stakeholders, including governments and international organisations, such as the United Nations Development Programme (UNDP) and the International Chamber of Shipping (ICS).

MACN has pursued collective actions that have resulted in tangible outcomes, like the passing of new legislation on vessel clearance processes in Argentina, a decrease in waiting times in ports, and a drop in the number of attempts to solicit facilitation payments. MACN has also helped to strengthen member policies empowering captains to refuse illicit demands, and MACN members are increasingly using the anonymous incident reporting mechanism to share experiences and expose corrupt practices.

Transparency International and TRACE

Through our membership in Transparency International Norway, we support initiatives towards increased transparency and accountability in financial transactions and the use of agents and intermediaries. The use of

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Photo: Camense Boyeen

agents and intermediaries is a necessity in the shipping industry and represents a challenge. Training of both on shore and on board personnel is crucial to meeting these challenges. One of several useful tools developed by Transparency Norway is a dilemma training guide, and the Norwegian Shipowners' Association has contributed to the translation of the guide into English to increase use of the training material. We have also engaged, through TRACE, a globally recognised anti-bribery business organisation and provider of third-party risk management solutions and due diligence.

Tax

We believe it is important that companies build a sustainable tax strategy, which can be part of their CSR strategy. We also support the important work done by the OECD, including the base erosion and profit-shifting project (BEPS). It is important

that international tax reforms are implemented in a coherent, coordinated manner, ensuring a level playing field and minimising the risk of double taxation.

The Norwegian Shipowner's Association supports efficient, predictable and stable tax regimes that incentivise long-term investment. We seek to develop strong, mutually respectful relationships with tax authorities based on transparency and trust.

The Norwegian Shipowner's Association expects our members to comply with tax laws, regulations and reporting requirements wherever they operate. Secrecy jurisdictions or so-called 'tax havens' must not be used for tax evasion. We also expect tax laws to be applied consistently by the tax authorities.



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