



Nordisk Skibsrederforening  
(NORDISK DEFENCE CLUB)

# ANNUAL FINANCIAL AND RESPONSIBLE BUSINESS REPORT 2021



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# REPORT FROM THE BOARD



2021 was a very active year for Nordisk. The Association handled a large number of cases for its growing membership, and ended the year with its best renewal in a long time. A new CEO was appointed, a new management structure introduced, and several new lawyers employed. The end of year renewal also provided solid growth in the membership and points to good future prospects.

The Association's new CEO, Mats E. Sæther, was appointed in April 2021. He had been a Nordisk lawyer for eight years and knows many of the members already, but quickly set out to meet all of the members – mostly via Teams due to the pandemic. The purpose was to get to know the members and to ask for constructive feedback especially, on how the Association can be the best

possible partner for its members. The feedback was overwhelmingly positive both for Nordisk's competency, proactive attitude and level of service.

A wider modernisation of Nordisk was initiated in 2021, starting with a new management structure where the Association now has a larger and more representative Management

Group. It currently consists of Mats as well as Joanne Conway-Petersen (solicitor), Knut Erling Øyehaug (lawyer) and Lars Theodorsen (CFO). Tasks have also been reallocated within the wider team to free up management's time and to ensure every employee is empowered to contribute to the future success of the Association. New KYC, compliance and anti-harassment routines were implemented and a new policy on diversity introduced. A hybrid office / home office policy was also introduced and the IT systems were upgraded. At the same time, the Nordisk building in Oslo is being renovated to make it even more attractive as a place of work and meeting place for the team.

The Association employed four new lawyers in 2021 – one in Singapore and three in Oslo. The Board is pleased with the recruitments and sees them as confirmation that Nordisk remains a very attractive employer for leading shipping lawyers.

The caseload in 2021 was influenced by the pandemic. With a membership spanning across all segments of the shipping and offshore industries, Nordisk has seen it all. Vessels that could not go to port because the port – or sometimes the whole country – was locked down. Force majeure notices due to rising prices or delays due to lockdowns and supply disruptions. Vessels needing a pilot when all the local pilots were in quarantine. Vessels being sailed from one country to another in order to change crews, because the off signers were not allowed to go

ashore in the first country. Vessels sailed by the shipyard to another country for delivery because the buyer's crew could not get into the country of the shipyard. Some of the cases were of a type Nordisk might not have seen since the Spanish flu a century ago.

Sanctions were also a growing feature of Nordisk's caseload and more resources were allocated to advising members in such cases. The Association assisted in individual cases, but also in developing sanctions compliance manuals for members. Nordisk is in the process of strengthening the sanctions team further due to the dramatic developments in sanctions in early 2022.

In addition to the FD&D service, Nordisk also assists many members on a consultancy basis with strategic legal advice as well as assistance on, for example, charter party negotiations, ship-building contracts, ship sale and purchase, ship finance and sale/leaseback transactions. The team was unusually busy in 2021, leading to the highest consultancy turnover in Nordisk's history. The Board is very pleased with this result and even more so when the Nordisk team worked from home offices for large parts of the year. The Board sees this result as further proof of the resilience of Nordisk's strategy, which is to be a maritime law powerhouse with a service offering that is much wider than that of other FD&D clubs.

Nordisk's aim is to be the preferred FD&D club for quality shipowners from around the world, delivering the best possible service level and advice. While we are not looking to grow



for the sake of growth, we believe there are many more shipowners out there who would enjoy being a member of Nordisk – the leading independent FD&D club in the world.

Turning to financials, Nordisk's financial statement for 2021 shows a consolidated deficit after tax of NOK 4.44 million, down from a profit of NOK 1.15 million in 2020. The reduction is due to normal fluctuations in operating income and costs, and certain one-time extraordinary expenses including once-in-a-generation maintenance costs for the Nordisk office building in Oslo. Operating revenue for 2021 was up by NOK 10.2 million, mainly due to an increase in consultancy income, while operating expenses increased by NOK 22.4 million. Total equity was NOK 61.3 million by year-end 2021. Nordisk's reserves are held in equities and money market funds.

The Board considers Nordisk's financial position to be strong. In addition to Nordisk's own equity, its financial strength and liquidity is further strengthened through a co-insurance agreement with Northern Shipowners Defence Club (Bermuda) Ltd. The equity / retained earnings of this entity were equivalent to NOK 250.4 million at the end of 2021.

The reserves maintained to cover costs were equivalent to NOK 54.1 million.

Nordisk maintains its reinsurance policy in the Lloyd's market, covering up to a NOK 100 million per case. This limit corresponds to the limit of cover established in the new Statutes and Rules. The policy was modified from the year end 2021 to provide improved protection to Nordisk and its members.

The Board is satisfied with the 2021 results and the positive outlook for the Association. We are confident that Nordisk will continue to develop positively during 2022 and onwards. In challenging times like these, with a global pandemic and global travel restrictions followed by the Russian war against Ukraine, Nordisk's expertise and extraordinary level of service is more valuable than ever.

The Board wishes to extend its sincere thanks to the members for their continued support and loyalty and to the whole Nordisk team for their efforts in 2021.

*Oslo, 31 December 2021*

*23 March 2022*

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Chairperson

**Stephan Tschudi-Madsen**  
Board member

**Anders Mikael Thyberg**  
Board member

**Liv Hege Dyrnes**  
Board member

**Knut Nikolai Tønnevold Ugland**  
Board member

**Njål Sævik**  
Board member

**Kristin Schjødt Bitnes**  
Board member

# COMMENTS FROM THE CEO



Nordisk had a very good year in 2021. We maintained the position as the largest independent FD&D provider in the world, and ended the year with a very strong annual renewal. We had a new CEO and management group and modernised our organisation in many ways. We assisted our members in a variety of matters including a growing volume related to sanctions compliance.

If we have not met yet, I am Mats Erik Sæther, the new CEO at Nordisk. I am an experienced shipping lawyer, and have had a keen interest in ships and the sea ever since I was very young. I joined Nordisk in 2013 after spending ten years at leading shipping law firms and was promoted to CEO of Nordisk in April 2021. I live just outside Oslo with my wife, three children, and

a schnauzer called Storm.

Nordisk had a good year in 2021. We handled a raft of cases linked to covid-19, helped settle many potential disputes before legal action was necessary, and assisted our members in a wide variety of matters including a growing volume related to sanctions compliance. The team has performed admirably from home offices dur-

ing the covid-19 restrictions, and we came out at the other end of the pandemic more motivated and united than when we went in.

We employed two experienced lawyers and two associates in 2021. We are looking to recruit more lawyers during 2022, to cater for recent growth and upcoming retirement of some of our most experienced colleagues.

The end of year renewal, which covers most of the membership, ended up just a round-off error below 100 percent. In addition, several new members and fleets entered with us towards the end of 2021 and in early 2022, leading to the best annual renewal Nordisk has had in many years. This gives us comfort that the members appreciate the service we work hard to provide, and the spirit of cooperation that exists between the Nordisk team and the members. We ended 2021 as the largest independent FD&D provider in the world, on a strong financial footing, and with an experienced and motivated crew.

I have joined colleagues on a virtual Teams tour during the last few months of 2021 to meet all of our members. The feedback we received was very encouraging, both regarding the level of service, the deductible structure and the perceived value of the membership. I have also heard good ideas for further improvement, and we have initiated a general project to improve and modernize all sides of Nordisk. Thank you members for taking the time to meet us and for your valuable input.

Our members tell us that they really value our approach to case handling, and how we are always there to discuss their matters and help find solutions. Instead of instructing law firms to handle the cases, we have the lawyers employed in-house here at Nordisk. In fact, our team of specialist lawyers allows us to handle over 90 percent of the cases ourselves. In the remaining cases, we instruct our network of maritime law professionals around the world. This way of working contributes to a close relationship between the Nordisk lawyers and the members. It also allows the lawyers to hit the ground running every time a member contacts us about a case – big or small – because they often already know

the member and their particular preferences well.

When a member approaches us with a challenge, we carefully consider the matter before pursuing it on behalf of the member. Matters are regularly discussed among the team of 22 lawyers in our everyday morning meetings before we make key decisions on how to proceed, to ensure we approach it in a way that can give the best possible result for the member.

Our premiums are set by the underwriting team, led by underwriter Kjell Erik Swartling. He has more than 30 years of experience with Nordisk and has seen the Club more than double in size during his tenure. Throughout those years we have, as always, been careful to only take in quality owners and operators that will fit well with the existing membership and our way of working with and for the members. We always aim to ensure our premiums are shared in a fair way across the membership. I am confident the premiums we charge, combined with the beneficial deductible structure, gives the members an excellent service at a modest price. We also aim to further increase the value of the membership by expanding our services further within areas such as sanctions and compliance.

We have modernised the management structure of Nordisk over the last year, by establishing a Management Group. I am joined there by three of my great colleagues; Joanne Conway-Petersen (English solicitor and FD&D litigation lawyer), Lars Theodorsen (CFO) and Knut Erling Øyehaug (Norwegian shipping and offshore lawyer). It has been rewarding putting together this Management Group and seeing how well it has worked.

Examples of other improvements implemented over the year include:

- Closer integration and cooperation across the Singapore and Oslo offices.
- Improved training and knowledge sharing, to strengthen our ability to provide the best possible FD&D and legal service to our members.
- Diversity project to ensure we achieve and maintain equality and diversity. For example, we have taken steps to verify

that bias does not influence our hiring decisions. We are also working with Women's International Shipping and Trading Association (WISTA), where I am taking part in their Maritime Meet-up mentorship program. WISTA's aim is to accelerate career opportunities for women in the maritime industry, and we are eager to play our part.

- Following a survey which showed that flexibility was something the team wanted, we implemented a hybrid work model where employees can work at home up to 50 percent of the week. This has been working very well.
- More social gatherings and events.
- Performing much needed major maintenance and upgrades to our building in Oslo, including a gym in the basement. We are also installing external lighting and other improvements, to ensure our great 1916 house will be more welcoming than ever.

The financial results for the Association in 2021 are also satisfactory. The deficit for the year is as expected, and was a result of normal variations in costs, certain extraordinary financial costs, as well

as extraordinary maintenance costs for our office building in Oslo.

Turning to our working environment, we have over the years had a very low absence ratio. This continued in 2021, when it was 1.5 percent (adjusted for long term absence).

Two of our long serving secretaries, Aud B. Koi and Ada Schive, retired in 2021. We were able to hold a proper retirement party in between the various covid lockdowns. Thank you, Aud and Ada, for being such outstanding colleagues throughout the years. We look forward to seeing you at the annual retiree's lunches.

The Nordisk team is in ship shape and ready to service members in the best way possible in 2022 and beyond. The team and I look forward to working with you. Please stop by for a coffee or lunch if you are nearby, whether in Singapore or Oslo. Members and friends are always welcome at Nordisk. Thank you members for placing your trust in Nordisk.





# NORDISK RESPONSIBLE BUSINESS REPORT 2021



During 2021 we have taken steps to improve Nordisk's responsible business profile and have put words into action. Here are some highlights.

Nordisk is a modern and diverse workplace, with a vision built on tradition, integrity and service. We were established in 1889 to serve the interest of the shipping community. That is what we still do every day, but we must also go the extra mile to ensure that Nordisk maintains its flagship position in the service it provides to its members, as a place to work for its employees and in how we contribute positively to the society around us.

#### **Environmental Action**

For many years we have been working on ways to reduce and improve on Nordisk's environmental footprint and sustainability. We recycle and by providing buffet style lunches in-house to employees, we eliminate ready-made food and the inevitable packaging that produces. We also recycle plastics and paper, and recycle 100 percent of our plastic bottles.

In terms of carbon footprint, the pandemic has shown that we can work remotely and digitally thereby avoiding unnecessary commuter travel. We have cut down the number of face-to-face meetings that require travel. Lawyers have also partaken in remote mediations and arbitrations, again reducing the need to travel.

We have engaged new IT systems which allow employees to access documentation more readily and collate documents for litigation without the need for hard copy printing.

### Social Action

Nordisk cares deeply about diversity. Nordisk has both men and women working at the board of director level, in management and has gender parity across the legal and administrative teams. We also work with Women's International Shipping & Trading Association (WISTA), including in their Maritime Meet-up mentorship program. We are working to achieving better gender parity at board of director level.

We are working to ensure that the law firms and



Finally, we strive to help the members choose green and responsible solutions. We have been working closely with members on green vessel recycling options as well as educating the industry on the subject through presentations for members, the Norwegian Shipowner's Association, at leading banks and industry companies, and similar. We have provided articles and seminars covering the new IMO decarbonization legislation coming into force in 2023 as well as representing our members on the BIMCO decarbonization committees, to influence the green agenda from within.

There is much more work to be done however, particularly into auditing the supply chain and sustainability. Preparing Nordisk's new Environmental Policy will provide a backbone for making positive environmental choices going forwards.

other service providers we engage adhere to good corporate practices on diversity in general, and on the teams working for Nordisk and its members in particular. We have taken concrete action on this front in 2021, by asking for updated and more diverse team compositions at law firms and other service providers.

We care about work life balance. As in most service providing companies over the last two years, Nordisk adapted to its employees working from home. We have decided to maintain the flexibility to work from home through a new policy whereby everyone can work from home up to 50 percent of the time. We believe flexible working practices can have a substantial effect on inclusion, whether by improving mental health or making career choices more accessible for more people. The policy provides employees with autonomy to plan their time, including in helping parents and caregivers prioritise the fam-

ily during the times of day when they are most needed.

Nordisk has been here for generations and will be here for many more. We know that Nordisk's future success depends on hiring excellent maritime lawyers years and decades from now. Therefore, we take a keen interest in the younger generation of lawyers and professionals coming into the shipping, offshore and offshore wind industries. With this in mind and by way of example, Nordisk lawyers provide internal training for member employees and teach maritime law at the University of Oslo. We also manage the Kristian Gerhard Jebsen & Jantzen scholarship fund to assist and mentor young aspiring shipping professionals.

We regularly support charities, including the Red Cross, Doctors Without Borders (MSF), and Save the Children.

### **Ethics and integrity**

As lawyers, integrity is at the core of our profession and the service we deliver at Nordisk. We act responsibly and under our motto "mild i form, sterk i sak" ("pleasant in manner, powerful in deed").

We have zero tolerance policy on corruption and bribery as is also reflected in our employee handbook alongside a new diversity and equality policy. We have zero tolerance for harassment including sexual harassment.

Nordisk is a multinational and multicultural company, with clients across the world. We therefore employ English as the working language so that nobody feels excluded by language barriers.

Our aim is to provide the best possible service for the lowest premium. Our aim is to ensure the annual premiums paid by each member is fair in comparison with the premiums paid across the membership.

### **The Future**

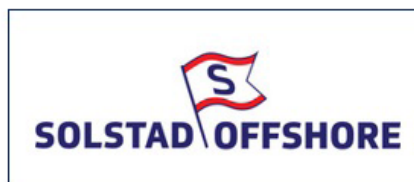
ESG will be given more focus going forwards. Over the coming period:

- We will remain a pleasant, inclusive and interesting place to work.

- We will continue to attract the very best maritime lawyers and staff.
- We will be the preferred FD&D provider for quality owners and operators.
- We will stay ahead of the curve on sustainability to ensure resilience and longevity.



# A CROSS SECTION OF MEMBERS





# OUR MANAGEMENT AND LEGAL TEAM

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# OUR MANAGEMENT AND LEGAL TEAM

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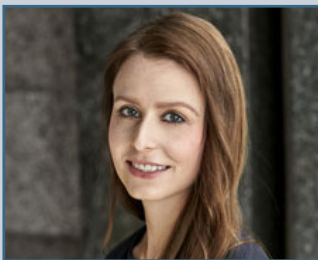
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# FINANCIAL STATEMENT 2021

## Summary of Audited Accounts

All amounts in 1000 NOK	2021	2020
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>OPERATING REVENUES AND EXPENSES</b>		
Total operating revenues	121 888	112 043
Operating expenses		
Legal fees	6 859	2 945
Personnel expenses	103 829	91 782
Depreciation of fixed assets	1 761	1 748
Other operating expenses	21 355	16 802
Total operating expenses	133 806	113 276
Operating profit	-11 918	-1 233
<b>NET FINANCIAL INCOME</b>	<b>5 630</b>	<b>2 487</b>
Profit before tax	-6 288	1 254
Tax cost	-2 529	105
<b>PROFIT FOR THE YEAR</b>	<b>-3 759</b>	<b>1 149</b>
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	6 578	3 847
Fixed assets	16 392	16 254
Financial assets	186	406
<b>TOTAL NON-CURRENT ASSETS</b>	<b>23 156</b>	<b>20 507</b>
<b>CURRENT ASSETS</b>		
Debtors	32 682	27 637
Shares in money market and mutual funds	36 161	44 117
Deposits	17 719	19 150
Total current assets	86 562	90 904
<b>TOTAL ASSETS</b>	<b>109 718</b>	<b>111 412</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Total equity	64 336	67 663
<b>LIABILITIES</b>		
Total long-term provisions	16 607	16 252
<b>CURRENT LIABILITIES</b>		
Tax payable	203	123
Other current liabilities	28 572	27 373
Total current liabilities	28 775	27 496
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>109 718</b>	<b>111 412</b>

# CASH FLOW STATEMENT

## (INDIRECT METHOD)

All amounts in 1000 NOK	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating profit before tax	-6 288	1 254
Tax paid	-123	-121
Profit/loss from sale of assets	-31	0
Depreciation	1 761	1 748
Changes in debtors	-5 049	-14 586
Changes in creditors	3 285	-2 632
Difference between pensions expense and in-/outgoing payments	-1 351	592
Net change in other accruals	-5 630	-2 724
Net cash flow from operating activities	-13 426	-16 469
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Proceeds from sales of fixed assets	155	0
Investments in fixed assets	-2 025	-427
Payments on the purchase of other investments	-45 000	-45 000
Payments on the sale of other investments	58 811	61 000
Net cash flows from investment activities	11 941	15 573
Currency gain/loss on cash and bank deposits	54	-26
<b>NET CHANGE IN CASH</b>	<b>-1 431</b>	<b>-922</b>
Cash and bank deposits 01.01	19 150	20 072
Cash and bank deposits 31.12	17 719	19 150



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