



Nordisk Skibsrederforening
(NORDISK DEFENCE CLUB)

ANNUAL FINANCIAL AND RESPONSIBLE BUSINESS REPORT 2023



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REPORT FROM THE BOARD



2023 marked a year of dynamic growth and notable achievements for Nordisk. The team supported members, as the industry dealt with a growing number of disruptions, including the resurgence of Somali piracy and Houthi terrorist attacks on ships in the Bab al Mandeb strait and beyond. Nordisk enjoyed a robust renewal season, underscoring our members' confidence in our direction and services.

This past year, we continued to modernize and streamline our operations, as part of our new strategy drive. By reallocating responsibilities across our team, we optimized management efficiency and further empowered our employees, fostering an environment where each individual contributes to Nordisk's ongoing success. We were excited to bring on board three new

lawyers at the Oslo office in 2023. These included one seasoned English lawyer recruited from leading international law firm Stephenson Harwood, and two very talented young Norwegian professionals. Further recruitment is planned for 2024 to cater for growth in membership and the members' increasing requirement for support in areas like dispute resolution, sanctions compli-

ance and transactions support.

A major focus in 2023 has been enhancing our risk management and legal services to address new maritime threats, including the Houthi attacks on commercial shipping. The “dark fleet” continued to grow in 2023 as Russia, Iran and their allies built a separate fleet to serve their needs without being hindered by Western sanctions. It is a very regrettable development, and one which increases the risk of pollution and accidents as poorly maintained ships ply the seas uninsured and with little or no regulatory oversight. We commend Nordisk’s team for their proactive legal strategies and comprehensive sanctions advice, which has proven crucial to many members as they navigate the complex challenges posed by these developments.

Environmental and social governance (ESG) issues also remained at the forefront in 2023, with increasing expectations for corporate responsibility. In response, we have bolstered our consultancy services, helping members navigate the evolving regulatory requirements and societal pressures, helping them not only comply but lead in sustainability.

Our transactions and consultancy arm achieved its highest turnover yet in 2023, which we see as a testament to the breadth and quality of services provided. These services span from charter party negotiations and shipbuilding contracts to ship sale & purchase and complex sale and leaseback transactions.

As we reflect on the past year, the Board is immensely proud of the resilience and ingenuity of the Nordisk team. Our strategic approach has set us apart in the maritime legal field as a preferred partner for first class global shipowners.

Looking forward, while growth for growth’s sake is not our goal, we are enthusiastic about welcoming more members into the Nordisk arena, and will strive to continue serving as the leading independent FD&D club and legal adviser in the maritime industry.

Turning to financials, Nordisk’s financial statement for 2023 shows a consolidated deficit after tax of NOK 7.0 million, down from a deficit of NOK 18.4 million in 2022. The deficit of the year is mainly attributable to various one-off costs. Operating revenue for 2023 increased by NOK 6,2 million, which was partly due to



an increase in membership income and partly increased consultancy income. Our operating expenses saw a reduction of NOK 6.6 million compared to the previous year. Total equity was NOK 39.4 million by year-end 2023. 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 an insurance and co-membership agreement with Northern Ship-owners Defence Club (Bermuda) Ltd. The equity / retained earnings of this entity were equivalent to NOK 231 million at the end of 2023. The reserves maintained to cover costs were equivalent to NOK 38.1 million.

These figures will allow the association to invest in the team and in resources, and keep an eye to windward for approaching storms in these uncertain times. However, Nordisk is a not-for-profit mutual association, and the goal is to keep the income and costs stable over time. Rest

assured, we are working hard with the team to keep costs in check and the premiums as low as possible.

The Board is satisfied with the 2023 results and the positive outlook for Nordisk. We are confident that Nordisk will continue on its current strong trajectory in 2024 and beyond. In challenging times like these, with several ongoing armed conflicts including the Russian war against Ukraine and Houthi attacks on shipping, we believe that Nordisk's skills and extraordinary service level is more valuable to members than ever before.

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 2023.

Oslo, 31 December 2023

20 March 2024

Jan Fredrik Meling
Chairperson

Anders Mikael Thyberg
Board member

Kristin Schjødt Bitnes
Board member

Knut Nikolai Tønnevold Ugland
Board member

Njål Sævik
Board member

Jan William Denstad
Board member

Dorte Thuesen Christensen
Board member

COMMENTS FROM THE CEO



2023 was a busy year and one where we felt of increasing use and value to the members. Members required support on a multitude of issues, including dispute resolution, ETS regulations, advice on war risk and assistance in relation to the scourge of Houthi terrorist attacks on ships. We supported an increasing number of members with transactions including a number of shipbuilding projects, big and small. After another strong renewal we saw further growth in membership during the year, along with an increasing need for our services. We employed several new colleagues in 2023, and are looking to welcoming more lawyers in 2024.

The geopolitical landscape changed in 2023, threatening to bring an end the unprecedented era of globalization and prosperity that has lasted a generation.

We are proud to say that have not had to lose any members or terminate cover for any ships in the aftermath of Russia's cruel attack on Ukraine. We have always been careful to only accept new

members that will fit with the risk profile of the existing membership. This strategy has proven sound in 2023 and no member has proved to be problematic from a sanctions risk perspective. Rest assured we will continue to be as careful as ever in vetting potential new members in 2024 and beyond.

Our work in 2023 was varied, but a key element has involved helping members steer clear of the minefield that is the “dark fleet”. We have seen first-hand how skilled the bad actors have become at hiding their dubious ownership links or trading plans. When required to protect a member’s interests we have thrown all our combined 300+ years of shipping and legal experience into the task.

They say history doesn’t repeat itself, but it does rhyme. During our 135 years we have seen many varieties that we see reflected in the current problems facing the industry, and the world. We were there for members during the two World Wars, when we dealt with blockades, sanctions, war risk and attacks on ships. We were also there for members in the challenging Tanker War of the 1980s, when vessels were attacked weekly and even daily for over five years. We dealt with the infamous “Chemical Ruby” and “Germa Lionel” state hijacking cases in Nigeria and Libya in the 80s, and we argued some of the key court and arbitration cases over Somali pirates in the 2000s.

Unfortunately, we are again dealing with war risks, threats to seafarers, sanctions and restrictions that affect the members and their seafarers, like Iran’s state hijacking of ships, Houthi and Russian attacks on merchant ships, and piracy off Somalia and elsewhere.

We often give seminars for members and the industry. As an example, I held a series of seminars in 2023 on the “dark fleet” at various conferences, and for members, banks, class societies, law firms and ship brokers. In my presentation I have argued that the dark fleet will likely morph into a “parallel fleet” operating separately from the Western and international shipping fleet. This will bear similarities to the Soviet Bloc fleet that existed during the Cold War. I have argued the development of this parallel fleet would likely

speed up once Russian came to accept its fate, which is to be shut out from the Western / international world of shipping and commerce – maybe for generations. We saw this start playing out in late 2023 and it continues into 2024. At the time of writing this article, Tradewinds featured a headline saying a “defiant” Sovcomflot was now moving tankers back to Russian flag, and even renaming them after Belgorod and other Russian regions so as to underline which nation they are from. This is to be contrasted with the typical dark fleet practice of using dubious flags and deliberately murky ownership to disguise links to certain countries.

While this is a regrettable development, it seems unavoidable in light of Russia’s imperialism and brutality on and off the battlefield. When we look back at this period, I fear that we will see the 30 years since the collapse of the Soviet Union in 1991 as an anomaly, both in the shipping world and in the wider world. A period where geopolitical rivalry was at an ebb, and where the world fleet, for a short while, was truly international and served a globalized world. This period seems to be drawing to a close, and we might see the international fleet splinter into separate fleets that each primarily serve its geopolitical power bloc, like in the years before 1991. As a parallel, the term “offshoring” in manufacturing industries is being replaced by some with “friend-shoring”, describing the movement of production away from geopolitical adversaries and over to geopolitical allies.

Looking back at the 135 years since Nordisk was founded there is a clear trend, however. And it gives hope in trying times: These current challenges too shall pass, like the dangers – and evils – faced in previous eras. We will support you as you steer the course through the treacherous waters, and we will work to overcome them together with you.

Our work in 2023 also reflected our work from generations ago in other areas. In our early years in the late 1800s the merchant fleet was transitioning from sail to steam, and we supported members in that transition. We were there for the subsequent – and long drawn out – transition

from steam power to marine diesel engines. We are there for the members now as the transition to new and greener fuels gains traction. We have been involved in many projects in 2023, ranging from hydrogen, battery and methanol powered ships to refits and vessels partly powered by wind. We have been involved in questions over emissions regulations for years, and in 2023 took part in drafting many CII and ETS clauses for members. We were also on the committee that drafted the BIMCO ETS clause.

Turning to our transactions team, we are happy that our members continued to seek our support on a wide variety of shipping transactions in 2023. For example, we were engaged in a growing number of shipbuilding projects. On a recent delivery of an advanced offshore wind vessel, our legal assistance was described by the member as spanning *“from the first PowerPoint to the finished ship”*.

The modernization of Nordisk's organization and way of working continued at full pace in 2023. New colleagues were onboarded, the building in Oslo further modernized, Chat GPT and other new tools were taken into use, and we ramped up our efforts to be useful to the members and the wider industry through our work with BIMCO and Intertanko. Our organizational structure is flat, with employees truly empowered to do what is best for the members, without being held up by red tape.

Many 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 a full set of excellent shipping and offshore lawyers employed in-house here at Nordisk. Our team of specialist lawyers allows us to handle 90 - 95 percent of the caseload ourselves. In the remaining cases, we instruct our network of maritime law professionals around the world when local advice is needed. This way of working contributes to a close working relationship between the Nordisk lawyers and the members.

The financial results for the Association in 2023 show a moderate deficit, which is mostly

attributable to the tail end of the costs for the major renovation of the Nordisk Building in Oslo. We are pleased with the results and confident in the long term sustainability of both our income base and cost level.

Turning to our working environment, we have over the years had a very low absence ratio. This continued in 2023, when it was 1,6 percent (adjusted for long term absence). The flexible policy whereby all employees can work up to 50 percent from home has continued to work well. It allows employees to have more time for their loved ones, and is especially valuable for those who have small children that need their parents in the mornings and afternoons. At the same time, it allows us to deliver a better and more flexible service for the members.

Nordisk as a business does not pollute the environment in any material way, however, we still strive to be environmentally friendly. This includes replacing travel with digital meetings when possible and generally considering the cost (including environmental cost) and benefit before travelling. We are also looking at further improvements to our environmental footprint.

The growing Nordisk team is ready to serve members in the best way possible in 2024 and beyond. Our door is always open and the coffee always warm, so please feel free to 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 for taking the time to read this report and thank you for placing your trust in Nordisk.

Mats E. Sæther
CEO

NORDISK RESPONSIBLE BUSINESS REPORT 2023



During 2023 we have continued work to further improve Nordisk's environmental, social and corporate governance standing ("ESG"). Here are some highlights:

ESG Priorities

Nordisk is a modern association, with a legacy of tradition, integrity, and service to our members. Established in 1889, we were the first maritime organisation in the Nordic region, devoted to advocating the interests of the shipping community. Our mission remains the same today, adapting steadily to an evolving world and the shifting needs of our membership.

We strive to uphold Nordisk's flagship status

as a premier service provider to our members while fostering an exceptional workplace and contributing meaningfully to the industry as a whole.

In 2023, we continued our efforts to enhance Nordisk's environmental, social, and corporate governance (ESG) practices. This year, too, our words have been transformed into action.

Here are some notable highlights:

Social Action

As highlighted in the previous year's report, we work hard to avoid bias in hiring decisions. 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. In collaboration with the Women's International Shipping & Trading Association (WISTA), we participated once again in their Maritime Meet-Up Mentorship Program.

We are dedicated to ensuring that the law firms and service providers we engage follow robust corporate responsibility and diversity practices, particularly in the teams working with Nordisk and its members. In 2023, we reinforced this commitment by prioritising service from firms that could deliver to this standard.

Moreover, Nordisk values work-life balance. We recognise that flexible work arrangements can significantly foster inclusion, enhance mental health, and make career choices more accessible. This policy grants our employees greater flexibility for enhanced efficiency and quality of life, particularly benefiting parents and caregivers by enabling them to prioritise family responsibilities when needed most.

With 135 years of legacy, Nordisk aims to thrive for centuries to come. Our future success hinges on recruiting and developing excellent maritime lawyers. We are, therefore, deeply invested in the next generation of legal and professional talent within the shipping, offshore, and offshore wind sectors. To this end, Nordisk lawyers offer internal training to member employees and teach maritime law at the University of Oslo. Additionally, we administer the Kristian Gerhard Jebsen & Jantzen scholarship fund, which supports aspiring young shipping law professionals. We also have an internship program for young law students with an interest in shipping, and we allow students and research assistants to visit and learn more about the industry and our work. Furthermore, we regularly assist universities and student groups in learning more about our members and the shipping industry in general by facilitating meeting arenas.

We regularly support charities. In 2023 we

have in particular supported organisations helping those in need in Ukraine and other places of war and conflict around the world.

Ethics and Integrity

Ethics and integrity is at the core of our profession and in the service we deliver to members. We act responsibly and ethically, and our motto is "*mild i form, sterk i sak*" ("pleasant in manner, powerful in deed").

We have lived by those words in 2023, by helping members in numerous difficult sanctions related cases as the "dark fleet" has grown and brought new risks to shipping. We have also helped investigate potential vessel buyers, so as to ensure they are not potential bad actors and helped several members avoid such potentially very damaging pitfalls during 2023. Additionally, we have been hosting a series of seminars on the dark fleet and how to identify any sanction-related risks for industry players across the maritime and financing sectors both in Norway and abroad.

With our meticulous approach to admitting new members, we will continue to welcome only those companies that have a strong commitment to ethics and integrity. This longstanding policy ensured that we had no Russian or otherwise problematic members at the time of Russia's attack on Ukraine in 2023.

We uphold a zero-tolerance stance against corruption, bribery, and all forms of harassment, including sexual harassment. During 2023 and early 2024 we have further improved our internal routines on anti-money laundering, anti-corruption, GDPR and other key areas of compliance. At the beginning of 2024, Nordisk also became a member of the Maritime Anti-Corruption Network (MACN) joining forces with the shipping industry in the fight against corruption. In particular, we are engaged in a workshop to draft a balanced and practical anti-corruption clause, addressing the real needs and concerns encountered by those faced with requests for bribes and the like.

Our objective is to deliver an exemplary service to our members while maintaining a fair

and reasonable premium structure. In 2023, we adhered strictly to this policy, ensuring fair premiums across the membership, which helped attract numerous new members throughout the year.

Environmental Action

We see our ability to further environmental protection as partly about how we do our work and partly in how we assist the members.

First, we are constantly striving to minimise Nordisk's own environmental impact and promote sustainability. We recycle waste, have procured an electric bicycle for the Oslo office to reduce our taxi travel in the city, and have eliminated pre-packaged meals to cut down on waste.

Regarding our carbon footprint, we aim to travel only when it is important, and offer employees the flexibility to work remotely up to 50% of the time, minimizing unnecessary commuting. Our lawyers often take part in virtual closing meetings, mediations, and arbitrations to conserve resources and reduce travel.

We actively assist members in adopting environmentally responsible solutions. In 2023, we continued to support work to enhance responsible ship recycling while expanding industry education through various initiatives. Furthermore, we have been engaged with BIMCO committees in drafting their suite of emissions clauses includ-

ing the EU ETS (Emissions Trading System) Clause. We have continued to collaborate with classification societies and other stakeholders to influence the green agenda from within.

The Future

Looking ahead, Nordisk will continue to focus on ethics and ESG. In coming years, Nordisk will:

- (i) Remain a pleasant, inclusive and interesting place to work
- (ii) Continue to attract the very best maritime lawyers and staff
- (iii) Be the preferred FD&D provider for quality owners and operators
- (iv) Continuously adapt our service to the future needs of our members



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FINANCIAL STATEMENT 2023

Summary of Audited Accounts

All amounts in 1000 NOK	2023	2022
PROFIT AND LOSS ACCOUNT		
OPERATING REVENUES AND EXPENSES		
Total operating revenues	132 354	126 152
Operating expenses		
Legal fees	9 614	9 310
Personnel expenses	107 609	104 709
Depreciation of fixed assets	1 477	1 538
Other operating expenses	25 936	35 624
Total operating expenses	144 635	151 180
Operating profit	-12 281	-25 029
NET FINANCIAL INCOME		
Profit before tax	-9 586	-22 427
Tax cost	-2 550	-3 988
PROFIT FOR THE YEAR	-7 035	-18 439
BALANCE SHEET		
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	13 375	10 704
Fixed assets	25 467	21 224
Financial assets	255	210
TOTAL NON-CURRENT ASSETS	39 097	32 138
CURRENT ASSETS		
Debtors	37 303	27 900
Shares in money market and mutual funds	0	16 381
Deposits	12 219	13 965
Total current assets	49 523	58 247
TOTAL ASSETS	88 619	90 385
EQUITY AND LIABILITIES		
EQUITY		
Total equity	39 370	46 340
LIABILITIES		
Total long-term provisions	15 296	17 043
CURRENT LIABILITIES		
Outstanding Legal Fees		
Tax payable	126	142
Other current liabilities	33 827	26 860
Total current liabilities	33 953	27 002
TOTAL EQUITY AND LIABILITIES	88 619	90 385

CASH FLOW STATEMENT

(INDIRECT METHOD)

All amounts in 1000 NOK	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit before tax	-9 586	-22 427
Corrections on previous years without CF-effect	0	-3 822
Tax paid	-138	-101
Profit/loss from sale of assets	0	0
Depreciation	1 477	1 538
Changes in debtors	-8 793	4 047
Changes in creditors	5 933	-1 344
Difference between pensions expense and in-/outgoing payments	-1 405	779
Net change in other accruals	-2 150	1 389
Net cash flow from operating activities	-14 663	-19 941
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from sales of fixed assets	0	0
Investments in fixed assets	-5 715	-2 513
Payments on the purchase of other investments	-16 495	-25
000 Payments on the sale of other investments	35 060	43 384
Net cash flows from investment activities	12 851	15 871
Currency gain/loss on cash and bank deposits	66	316
NET CHANGE IN CASH	-1 746	-3 754
Cash and bank deposits 01.01	13 965	17 719
Cash and bank deposits 31.12	12 219	13 965



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