



NORDEN

Case Study

Dampskibsselskabet NORDEN A/S talks compliance with the right standards under IMPA ACT

Established in 1871, Danish shipowner NORDEN is one of the oldest and most experienced shipping companies in the world. Specialising in global tramp shipping, the company operates one of the most modern and flexible fleets of over 300 dry cargo bulkers and product tankers. In time, NORDEN has developed a base of over 400 suppliers. And with so many suppliers, it is important to make sure that they are in line with NORDEN's standards. For this case study, IMPA is joined by Ole Lykke (Head of Strategic Purchasing) and Kristina Kunigenas (CSR & Compliance Manager), both of whom work at NORDEN, co-founder and first joiner of the IMPA ACT initiative.

Responsible Supply Chain Management (RSCM) and its importance

CSR is often seen as good corporate citizenship and internal compliance with community standards or, just as philanthropy. But CSR should be a strategy tool and tied to the core business of the company and, in order to be efficiently tied with economic success in the maritime industry, it needs to encompass at least seven elements: CO2 efficiency, vessel safety, employee conditions, transparency, anti-corruption, environmental management and, very importantly, Responsible Supply Chain Management (RSCM).

The latter element is crucial to the effectiveness of a CSR strategy; because how can you establish long-term trustworthy relationships with your suppliers if they do not share your set of values?

If your company does things right and tries hard to mitigate its impacts on human and labour rights, anti-corruption and environment, it is only natural to have the same expectation from your supply chain. It is, after all, how a real partnership works and conducting RSCM correctly can increase a business' competitive advantage.

RSCM at NORDEN before IMPA ACT

NORDEN has always been a visionary shipowner and welcomed CSR as an opportunity rather than a reactive tool. We were among the first few shipowners to take an active stance on sustainability in 2006 and this has allowed us to gain the competitive advantage that Kristina mentioned. RSCM was in the spotlight before the introduction of IMPA ACT. The main difference in NORDEN's RSCM practice is that before IMPA ACT in 2013, RSCM was difficult and unstructured, we felt that we were not going down the right path with our approx. 400 suppliers and we spent much time on RSCM.



Building IMPA ACT

In 2009, NORDEN's senior management became a signatory of the UN Global Compact whose principles were made operational by the UN Guiding Principles on Business and Human Rights just two years later. I remember being in front of the Guidelines and understanding nothing from the wording. What did all those things mean?

I am not an academic and it really seemed like rocket science at the time. It was the first time that it really felt needed to take a step further and streamline what had turned into a 'code-mania' system that was burdening procurement professionals.

A way we could see this done was through adopting a uniform approach across the marine procurement industry; we got in touch with Danish shipowner J. Lauritzen and discussed creating a common code of conduct. We contacted IMPA to ask if they could bring this idea to the market as an industry standard.

IMPA ACT was never supposed to reinvent the wheel on social, environmental and economic compliance. What it did, however, was still pioneering work – it brought together the internationally-endorsed principles on corporate governance, tailored to the maritime industry and created the IMPA ACT Code of Conduct. IMPA ACT was meant to be a tool that facilitated cooperation; we have wanted to engage with our suppliers and help them understand the benefits of RSCM, and this Code of Conduct bridges this gap for us.

How IMPA ACT worked for NORDEN

The IMPA ACT Code of Conduct adds to our current sustainability work. The accompanying benefits, such as the guide to RSCM and online resources offered to members ease the process of reading into legislation, guidelines and complicated wording that all-too-often deters professionals from addressing societal challenges.

Since we began implementing the IMPA ACT Code of Conduct, as well as pass it on to our suppliers, we have opened dialogue with our base of suppliers based on the requirements of the Code and we have seen how they are getting a better understanding of a robust RSCM policy. We no longer use the phrase 'customer and supplier'; we prefer 'partnership'.

We started our RSCM journey by engaging five suppliers each year and worked with each of them towards alignment with the Code of Conduct.

We collaborate with these suppliers and prefer to guide them to compliance even if they in the first instance do not satisfy the IMPA ACT requirements, and here it is that the partnership will come into force – we help them to fulfil the requirement. We build trust and, while we know it is business and that relationships sometimes come down to cost, loyalty is always beneficial; as one party grows, so does another. We now get a different cooperation level with our suppliers because we discuss soft issues too.





And they also have the option of becoming an IMPA ACT members and get resources to help them with the implementation of the Code's principles.

The feedback we have had from suppliers was great, and we have had eight partners completing their journey and becoming fully compliant with the IMPA ACT Code of Conduct since 2013. They also have the chance to promote this to their customers. It is only natural that buyers would prefer to engage suppliers who are virtually risk-free and are constantly mitigating their impacts on human rights, labour, environment and anti-corruption. It substantially lowers those high costs involved in the initial due diligence.

In the future, we hope to see the IMPA ACT Code of Conduct becoming the preferred approach across the industry.

Everyone must realise that we now operate in a time where the efficiency of a procurement practice no longer lies solely in a game of numbers, and long-term collaboration between purchasers and suppliers has become very much key.

A standard in the industry was needed to facilitate this work; this is why IMPA ACT has been brought to the market.



Responsible Business Conduct
in the Global Maritime Industry

International Marine Purchasing Association

IMPA ACT is an initiative of IMPA, a non-profit organisation that facilitates cooperation between marine buyers and suppliers and develops best practice standards within the shipping industry. As of 2022, IMPA has more than one thousand members internationally.

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