



## **भारतीय नौवहन निगम लिमिटेड**

(भारत सरकार का उद्यम)

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### ***The Shipping Corporation Of India Ltd.***

(A GOVERNMENT OF INDIA ENTERPRISE)

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## **GLOBAL COMPACT INITIATIVE**

In the year 2001, SCI had pledged its commitment to the United Nations Global Compact. An update on the continued compliance and commitment to the Ten Universally Accepted Principles of UNGC is as follows:

### **VISION (PAST... PRESENT.....) OF SCI**



The Shipping Corporation of India Ltd. was established on 2nd October 1961 by the amalgamation of Eastern Shipping Corporation and Western Shipping Corporation. SCI, started as a marginal Liner shipping company with just 19 vessels. Today, it has metamorphosed into a giant conglomerate with 79 ships of 5.7 million DWT, 46 ships of 0.2 million DWT under Management and 31 Nos. of new vessels on order.

Sailing through for over 5 decades, the SCI today has a significant presence on the global maritime map and is undoubtedly India's premier shipping line. The SCI owns and operates about 1/3rd the Indian tonnage and operates in practically all areas of shipping business; servicing both national and international trades. Keeping in view the demands of the nation's trade, the SCI over the years has diversified into large number of areas, and is today the only Indian shipping company operating break-bulk service, international container service, liquid / dry bulk service, offshore service, coastal passenger service, in addition to manning / managing a large number of vessels on behalf of various Government Departments and Organizations.

The SCI has heralded India's entry into the specialized field of LNG transportation, by acquiring a stake in the two Indian LNG transportation agreements contracted till date, after a global bidding process. SCI is the only Indian shipping company engaged in transportation of LNG, a vital fuel for India's power plant and chemical / petrochemical industry. For the same purpose, SCI has formed three Joint Ventures with one vessel each. On two of these LNG vessels, SCI is managing onboard operation and technical management and the remaining vessel is fully manned by SCI.

As a profitable commercial venture of the Government of India, the SCI has an excellent track record of profitability since its inception. The SCI's annual performance has consecutively been rated excellent for a record 18 times, under the Memorandum of Understanding (MoU) signed with the Government of India.

The Government of India has conferred "Navratna" status to SCI on 01.08.2008 - enhanced autonomy and delegation of powers to the Company towards capital expenditure, formation of Joint Ventures, mergers, etc.

### **Mission**

In line with its vision, SCI is expanding its operation to emerge as a team of inspired performers in the field of Maritime Transportation; serving Indian and Global trades with focus on:

- Maintaining its "Numero Uno" position in Indian Shipping
- Establishing a major global presence in Energy-related, Dry Bulk, niche container shipping markets and offshore services.
- Evolving suitable business models to exploit emerging opportunities in Port/Terminal Management, Logistics, etc.
- Safety of people, property and protection of Environment.

## Objectives

1. To provide its clientele safe, reliable, efficient and economic shipping services.
2. To be an optimally profitable, viable, commercial organization and contribute to the national economy by securing a reasonable return on capital.
3. To own or acquire through options like leasing, demise charter, joint ventures and other innovative financial measures an adequate fleet to cater to significant portion of India's overseas trade, particularly in items of strategic importance like crude oil and petroleum products.
4. To increasingly participate in India's offshore and other marine activities, and to continue to explore opportunities for diversification to ensure overall and steady growth of the Company.
5. To develop internally; Human Resource with a view to achieve higher productivity.
6. To initiate e-governance in the Company at the earliest, covering all areas of operations, tendering and purchase through the 'SET-IT' Project.

## Ten Principles of UNGC

### Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Guided by values, we support universal human rights for our employees and the environment where we operate. We, in SCI, believe that companies can play a positive role in contributing to safeguard human rights, their protection and promotion.

SCI, being in international business, adheres to national and international laws apart from guaranteeing fundamental rights to citizens. Our principles prohibit child labour, forced labour and discriminatory behaviour and recognises right to freedom of association and collective bargaining.

SCI has internal rules/ procedures for different activities and a grievance redressal cell to attend to complaints involving issues of Integrity, Fairness and Transparency in dealings with SCI. Audit mechanism to ensure compliance is in place. The company respects the right to information of public at large.

There is no discrimination on the grounds of sex, religion, place of origin, etc. in the organisation, as all employees are treated equal.

SCI provides safe and healthy working conditions to its employees. The Employees are treated with dignity and are provided with safe and healthy working conditions. To ensure this, following mechanisms have been put in place:

1. Safety Management System (SMS)
2. Training and Development
3. Provision of number of welfare facilities

**Principle 2: Make sure that the organization is not complicit in human rights abuses.**

SCI ensures adherence to labour laws enacted by the Government of India and other international agencies to protect the interest of the workers. Our company places highest importance on Human Rights and ensures that at no point these rights are abused. Protection of human rights is ensured for regular employees as well as for other contractual employees.

The contractors are asked to take appropriate steps for safety and welfare of the workers.

To uphold human rights, SCI ensures prompt handling of grievances of employees and customers for which there is a well established grievance redressal machinery.

No case of human right violation has been reported in SCI during 2010.

**Principle 3: Upholding the principle of freedom of association and recognition of the right to collective bargaining**

Shipping Corporation of India believes in freedom of association and collective bargaining through constructive forums. Negotiations pertaining to periodical wage revisions, service conditions etc. are done in consultation with the employees' forums. Many policies are developed with fruitful contributions from the Employees' FORAs.

Employees are free to join a trade union of their choice without fear of intimidation or reprisal, in accordance with national law.

Unions and Associations representing employees of SCI are

1. Forward Seamen's Union of India
2. The Maritime Union of India
3. The Shipping corporation of India Staff Union
4. The Shipping corporation of India Officer's Association, Mumbai

5. The Shipping corporation of India Officer's Association, Kolkata
6. Shipping Corporation Employee's Union (Kolkata)
7. Shipping Corporation Non- Clerical Staff Union
8. National Union of Seafarers of India

The FORAs are encouraged to participate actively in giving their suggestions on issues pertaining to welfare of the employees.

The seafarers (employees on the ships) are represented by their Trade Unions viz., Maritime Union of India, National Union of Seafarers of India and Forward Seafarers Union of India.

The company regularly encourages interactive sessions between the Management and the employees to facilitate free dialogue.

Working on board Company's well maintained fleet is a pleasure. Fleet personnel enjoy benefits in accordance with existing NMB Agreement and Agreements between INSA (Representing Indian Ship owners) & trade unions like MUI, NUSI and FSUI.

#### **Principle 4: Elimination of all forms of forced and compulsory labour**

Direct employment in Shipping Corporation of India is done through bilateral and mutual agreement between the company and the employee. This leaves no scope for any kind of forced labour.

The Company, while recruiting employees, follows the relevant rules and regulations laid down by the Government of India. This ensures that no unfair labour practices are followed. The terms and conditions of service are lucidly mentioned in the appointment letter.

The employees are governed by Hours of Employment as per bilateral service conditions and hence there is no forced labour in SCI.

Moreover, the Employees have the freedom to leave after adhering to rules in the Company.

#### **Principle 5: Businesses should uphold the effective abolition of child labour**

This principle is upheld by the Shipping Corporation of India in its true spirit.

SCI, being a Government company, follows all Government Rules including strict adherence of the Child Labour (Prohibition & Regulation) Act, 1986.

The minimum age for employment in SCI is 18 years. During direct employment of workmen in the company, criteria of minimum age is applied. Age is verified from birth certificates issued by statutory authorities and school leaving certificates, etc. This ensures that no child labour is directly employed in SCI.

**Principle 6: Principle of elimination of discrimination in employment**

SCI is an equal opportunity employer.

SCI does not believe in any kind of discrimination based on race, religion, gender, political opinion or social origin in its employment related policies. We strongly believe in inclusivity and equality in remuneration, hours of work, paid holidays, maternity leave, security of tenure, advancement, social security, occupational health, safety, etc. For promoting gender equality, SCI has given employment to approximately 20% women.

Being a Central Govt. Undertaking, the Company scrupulously follows Govt. Instructions with regard to reservation in employment for Scheduled Castes/Scheduled Tribes/Other Backward Classes and Physically Handicapped etc. Presently, the Company has approximately 34% workforce in the SC/ST/OBC/Handicapped category.

As on 01/01/2011	Total No. of Employees	Male	Female	SC/ST/OBC/PWD
No.	942	758	184	323
%	100%	80%	20%	34%

SCI provides equal opportunity for training and development to different strata of employees. Company has been steadily deputing employees for trainings outside the organization.

SCI does not allow all kinds of behaviour that are threatening, abusive, exploitative or sexually coercive, including gestures, language and physical contact at the workplace. Our system is well equipped to deal with such situations.

As per Supreme Court Guidelines, a Complaint Committee to handle cases of sexual harassment at the work place is functional in SCI. An outside representative from NGO is a member of this Committee.

Moreover, the Company has established mechanism such as "Grievance Redressal Procedure" for shore employees through which complaints, disputes, dis-satisfaction or feeling of injustice relating to one's employment conditions can be brought to the attention of the Management for appropriate solution.

**Principle 7: Business should support a precautionary approach to environmental challenges.**

The Shipping Corporation of India has taken environmental challenges seriously and it is demonstrated through its' day-to-day operations.

**Environmental Regulations**

Right at the time of construction of ships, it is ensured that that the new ships comply with strict environmental regulations such as

- a. Fuel oil tanks are protected on the sides to avoid direct contact in case of accident.
- b. Vessels engines are being designed to burn very low sulphur fuel to minimize pollution
- c. The refrigerant used by AC plants is environment friendly which if leaked out doesn't contribute to Ozone depletion
- d. The vessel shall have green passport upon delivery i.e. list of all hazardous materials will be kept onboard which will be of great help during recycling/ handling of hazardous materials during in-service repairs.
- e. Paint applied on the underwater portion of the hull is tin free.

**Air and Sea Pollution**

The company is committed to safe guard against air pollution by way of exhaust gases, pollution by oil or sewage and pollution by garbage toxic, plastics etc. into sea water. The Company takes following precautionary measures in this direction.

- Company's vessels are fully compliant of MARPOL regulations and hold valid International Oil Pollution Prevention certificate (IOPP). Each vessel is provided with a Shipboard Oil Pollution Emergency Plan (SOPEP) or Shipboard Marine Pollution Emergency Plan (SMPEP)
- Each vessel is holding valid International Sewage Pollution Prevention Certificate (ISPP)
- Each vessel is holding valid International Air Pollution prevention Certificate (IAPP).
- Company has Garbage Management Plan and each vessel complies with the same.
- As far as practicable, the Company tries to avoid supply of goods which are packed in plastic and promotes eco-friendly/ biodegradable items such as garbage bags, envelops etc.

- The new built tanker vessels comply with requirements under EU Directive 2005/33/EC and are thus EU compliant.
- The company is also in the process of modifying its existing tanker fleet to be EU compliant.

### *Environmental Management System*

The tanker division in SCI has obtained certificate of compliance for Environmental Management system to the ISO 14001:2004 standard by "Indian Register of Quality Systems".

### *Environmental Safety*

- A procedure for leak detection at pre-determined intervals of CFC based refrigerants in all refrigeration and air-conditioning systems on board are being complied. (Record of same is being maintained in vessels' Planned Maintenance System).
- In order to reduce the disposal of lead and other hazardous substances into the sea/land; lead – acid batteries and other batteries are returned to the manufactures.
- As per International Convention on the Control of Harmful Anti-fouling Systems on Ships 2001, the Harmful Anti-fouling Systems on existing tankers (less than 20 years) have been replaced by non-harmful anti-fouling systems since 31<sup>st</sup> December 2007 onwards.

### *Liner Vessels*



The Liner ships of the Company are engaged in the carriage of Hazardous and dangerous goods, both in the break bulk as well as container vessels.



- The company has developed an in-house manual based on IMDG code which deals with shipment of hazardous and dangerous goods on SCI vessels.
- The Container Manual of SCI deals with carriage of hazardous cargo on cellular container vessels owned and operated by SCI.
- The officers dealing with transportation of hazardous cargo are trained through various workshops and seminars to update their knowledge and skills.
- Frequent interaction with our partners in the container line, owners of vessels and other bodies have benefited SCI in developing a separate Managerial skill to deal with environmentally hazardous goods.

### **Principle 8: Initiatives to promote greater Environmental responsibility**

The company is committed to environmental protection as per International Conventions for the prevention of pollutions from ships.

#### **Initiatives**

- Though not mandatory, SCI has taken initiative in this direction by ordering for the first time two platform supply vessels on Cochin Shipyard Ltd. which are of UT 755 CD (Clean Design) and are environment friendly; Clean design.
- All engines fitted on board are meeting requirement of NOx compliances.
- Necessary steps have been taken to minimize air pollution from ships.
- New designs of systems have been adopted which further minimizes/eliminate risks of oil pollution.
- The Company has taken various steps to converse energy loss at sea through the exhaust of Marine Diesel Engines/Boilers in addition to other forms of conversation e.g. use of Fresh Water Generators, Application of Tin- free Self- Polishing Paints etc.
- The SCI has implemented the TMSA requirements in 2007 which are
  1. ISM
  2. ISO 9001-2008 – Quality Management System
  3. ISO 14001:2004 – Environmental Management System
  4. OHSAS 18001:2007 – Occupational Health and Safety System
- In order to maintain the efficiency of Integrated Management System, yearly internal audits are conducted onboard the tankers.
- The Company has introduced Environmental Aspect/Impact register which records how each of the activity impacts the environment.

The tanker fleet complies with statutory MARPOL regulations requirements as follows:

1. Garbage management,
2. Oil pollution,
3. Air pollution and
4. Sewage pollution

Each tanker vessel is certified to the compliance of these regulations.



In addition to above, SCI has set the objective to conserve the natural resources, by reducing the consumption of electricity/water of all shore offices by 5% of the present consumption. The same is monitored at regular intervals.

**Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.**

The company is committed to doing business consciously and responsibly and believes in setting up sustainable systems to protect the environment. The business of transportation of goods by sea brings the operations of the company very close to delicate marine ecosystems and the atmosphere.

**Implementation of Eco-friendly technologies**

SCI has been taking initiatives in incorporating various measures such as installation of ballast water treatment plants in all new vessels being ordered well ahead of regulation coming into force.

All tankers ordered by the Company after October 2007 are green passport compliant.

The company while acquiring new building vessels ensures full compliance with the stringent international regulations of design and operating systems in force.

The design and equipment of these vessels further greatly reduce the environmental impact from emissions to air and also discharges to the sea. These vessels have been assigned the optional notations such as "CLEAN" or "ES".

One of the key components for Global Warming being exhaust gases from internal combustion engines and hydro fluorocarbons used in refrigeration systems.

Company has put in place leak detection system at pre-determined intervals of CFC based refrigerants in all refrigeration and air-conditioning systems on board.

**Principle 10: Business should work against corruption in all its forms, including extortion and bribery.**

**Preventive Measures**

- Financial and commercial transactions are fully computerized on a network and the working is transparent and least susceptible to fraud.
- All tenders are put up on web site to ensure transparency in action.
- Bidders are invited for opening of the tenders and price bids are shared with them.
- Payments are directly credited to the bank accounts of parties/employees through electronic payment modes offered by Indian banks.
- For investment of surplus funds, the laid down procedures and guidelines issued by SCI management and DPE are followed and no brokers/ agents are involved.
- For bulk purchase of foreign exchange, officers of five leading banks are invited to SCI office and simultaneous quotes in writing are taken before choosing the best rate.
- SCI is having Global Cash Management arrangement with HSBC and Citi Bank and cash Management solutions in India with HDFC Bank. All these accounts are operated through net banking.

**Adoption of Integrity Pact**

SCI has taken a leap forward towards ensuring further transparency, equity and competitiveness in public procurements by adopting Integrity Pact Programme for major public procurements in company. The Integrity Pact is applicable to public procurements above threshold value of Rs. One crore. The Integrity Pact (IP) was designed and launched by Transparency International in the 1990s with the primary objective of safe-guarding public procurement from corruption. Thus, Integrity Pact is a tool to help Govt., businesses and civil society to fight corruption in the field of public contracting and ensures that all activities and transactions between a Company and their suppliers are handled in a fair, transparent and corruption free manner. Independent External Monitors (IEMs) are appointed to monitor implementation of Integrity Pact.

### *Preventive Vigilance*

- The vigilance function in SCI keeps watchful eye on the functioning of the organization by conducting regular checks to ensure that the employees while discharging their duties maintain high integrity and honesty.
- Chief Vigilance Officer (CVO) is the nodal officer for reporting complaints regarding corruption which can be filed on line or through KIOSK.
- Vigilance awareness is created amongst the employees through various programmes.
- Immoveable property return statements are collected from the Executives every year so that their assets are known which is monitored by Vigilance department.
- The SCI has also adopted “Code of Conduct for Board Level Members and Senior Management Personnel” under Corporate Governance by SEBI.
- The Company has adopted a whistle blower policy based on the guidelines from Central Vigilance Commission (CVC).
- The Chief Vigilance Officer participates in the Board meetings, whenever required, so that issues of sensitive nature are brought immediately to the notice of the Board of Directors of the Company.
- The organization has adopted Conduct, Discipline and Appeal rules that bar acceptance of bribes and describe it as misconduct.
- Company's working is also monitored by Government Audit, who in turn, reports to Comptroller and Auditor General (CAG) of India, which is an autonomous body and reports directly to the President of India. The Comptroller and Auditor General of India has deputed full time Resident Auditor who monitors Company's working round the year.
- SCI has appointed a firm of Internal Auditors for extensive audit of systems and procedures.

### *Apart from adherence to UNGC principles, SCI has adopted the following as its Corporate Social Responsibility*

SCI, through its corporate policy and philosophy, has committed itself to social responsibility for the benefit of society at large.

SCI formulated its CSR Policy on 19 March 2009 and earmarked 1% of Net Profit of preceding year towards CSR.

An agreement has been entered with Tata Institute of Social Sciences, Mumbai for providing effective programme design, management and delivery of the CSR objects.

### *CSR Initiatives by Company*

- Medical Care facilities at Chhatrapati Shivaji Hospital, Kalwa
- Rehabilitation of Flood affected population of Leh and Ladakh
- Construction of Flood Protection Bund in Leh District
- Pre Primary Education Centres for the children in Mumbai Slums
- Pap Smear Camps in Mumbai Slums
- Nursing Assistant Training to Girls in Backward Areas of Tamilnadu
- Vocational Training and infrastructure development in Mumbai Slums
- Financial Assistance to Students of Weaker Section of Society at IIT's IMU and MTI for Navel Architecture, Marine Engineer and Nautical Science courses

### *Awards & Accolades to Company*

During the period, SCI has received following awards from Business, Statutory Authorities and other Bodies:

- SCI honoured for Official Language Implementation
- Business Leader of the year 2008
- Deal of the year 2008
- Ship Owner of the Year 2007
- Ship Owner / Operator of the Year 2007
- Best International Solution Award
- Innovator of the Year
- Safest & Most Environment Conscious Indian Shipping Company Award
- Tanker Operator of the Year

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