

# 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**

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



The Shipping Corporation of India was established on 2nd October 1961 by the amalgamation of Eastern Shipping Corporation and Western Shipping Corporation. Starting out as a marginal Liner shipping company with just 19 vessels, the SCI today has metamorphosed into a giant conglomerate having 76 ships of 5.1 million DWT and 61 ships of 0.2 million DWT under Management.

Sailing through for over 4 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 33% of 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 a 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 Mission of SCI is to serve India's overseas and coastal seaborne trades as its primary flag carrier and be an important player in the field of global maritime transportation as also in diverse fields like Offshore and other marine transport infrastructure.

SCI is expanding its operation since it has the vision 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 and niche container shipping markets.
- Evolving suitable business models to exploit emerging opportunities in Offshore Oil Sector, Port/Terminal Management, Logistics etc.
- Safety of people and property and protection of Environment.

**The SCI has the following objectives to achieve:**

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 achieving 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.

Shipping Corporation of India takes pride in the fact that it is a responsible and socially committed owner; placing greater emphasis on the safety of life, vessels, cargo and the environment it operates in; and has evolved into a highly quality and safety conscious organization. The SCI has also received numerous awards and accolades in the past from various national and international organizations for achieving excellence in customer satisfaction, operational efficiencies, human resource training, emergency preparedness etc.

SCI stands committed to the principles enshrined in the Global Compact. This is being achieved through appropriate policies and programmes adopted meticulously by SCI, besides total compliance of the relevant statutes all these years. This report gives details on SCI's endeavors and achievements in observance of UNGC'S ten principles.

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

Shipping Corporation of India has always considered human resources as most valuable asset and has focused on the protection of human rights. With Global operations, the Company has always complied with all local as well as international laws. The interest of its clients is given utmost priority and Company has a well-defined Citizens' Charter and Public Grievances Redressal Procedure to aid and assist the clients.

The Employees are treated with dignity and are provided with safe and healthy working conditions. The SCI provides a number of welfare measures for its' employees viz., Medical facilities, gym facilities, leave travel assistance, educational assistance for employees children etc. and focus is directed to reduce work related stress levels of the employees and enhance their skills and knowledge. Training Facilities are offered for overall growth and development of Fleet Personnel and shore personnel. The Maritime Training Institute of the SCI is a branch of World Maritime University, Malmo, Sweden. It is located at Mumbai and focuses on courses for seafarers serving with the Company as well as Maritime University in general.

Company, as its' policy, allows for freedom of association at the work place. There are staff unions to take care of the issues of the non-officer cadre and there are Officers' Associations to take care of the issues of officers. These FORAs are encouraged to participate actively in giving their suggestions on issues pertaining to business policies and welfare of the employees. The seafarers are also represented by their Trade Union viz., Maritime Union of India, National Unions of Seafarers of India and Forward Union Seafarers of India. The Organization has ensured that there are neither discriminatory practices followed nor any gender bias.

To ensure safe working conditions for its employees, Company has introduced the Safety Management System (SMS) by setting up a dedicated ISM Cell, which develops structured and documented procedures in compliance with the International Safety Management Code for Safe Operation of Ships and for Pollution Prevention (ISM Code), in accordance with the resolution A-788(19) of the International Maritime organization (IMO) and SOLAS, Chapter IX. The Shipping Corporation of India has laid down the foundation of the Safety Management System (SMS) by recognizing that the cornerstone of a good Safety Management is commitment from top, competence, attitude and motivation of individuals at all levels that determines the expectations of a good Safety Management System. SCI has the Safety Management System & Environment Protection Policy which states *"Preserve Safety at Sea and Protect the*

*Environment"*. In order to fulfill the aim of safety and environment protection policy, the SCI is committed to the following objectives:

- a. Prevention of injury and loss of life
- b. Avoidance of damage to the environment
- c. Avoidance of damage to property

**In order to achieve these objectives, the SCI shall:**

- a. Endeavour to continuously improve safety management skills of personnel ashore and aboard ships
- b. Establish procedures for shipboard emergencies
- c. Establish safe working practices in ship operation
- d. Provide a healthy and safe working environment.
- e. Establish safeguards against all identified shipboard safety and pollution hazards, comply with mandatory rules and regulation.

The Company would focus on other areas such as education and health and intends to achieve it by:

- 1. Providing beneficial and other assistance to the students belonging to weaker section of society.
- 2. Supporting efforts for community health in slums areas inhabited by weaker section.
- 3. Supporting programmes and efforts for environment protection and enhancement.

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

The Company has always complied with all local as well as international laws. The Company has never encouraged any kind of human rights abuse whether in the form of direct, beneficial or silent. The Company has explicit policies that protect human rights of workers. The interest of its clients is given utmost priority and Company has well-defined Citizens' Charter and Public Grievances Redressal Procedure to aid and assist clients. The security arrangements in the Company ensure that there are no human rights violations. The company is operating in globalized shipping environment since inception and therefore there has been never a need where people had to be relocated for its business operations. The Company follows transparent accounting and business practices.

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

Shipping Corporation of India ensures the freedom of association and collective bargaining by using a constructive forum. Major decisions, such as negotiations pertaining to periodical Wage Revisions, service conditions etc. are done in consultation with the employees forums viz. SCI staff Union and SCI Officer's Association. A lot of policies are developed with fruitful contributions from the Employees' Foras.

The FORAs are encouraged to participate actively in giving their suggestions on issues pertaining to business policies and welfare of the employees. The seafarers are also represented by their Trade Unions viz., Maritime Union of India, National Unions of Seafarers of India and Forward Union Seafarers of India. The company regularly conducts 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: Businesses should uphold the 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 all the rules and regulations laid down by Government of India. Accordingly, it ensures that no unfair labour practices are followed. The Employees have the freedom to leave after following the rules laid down 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.

Indian laws have strict provisions against employment of child labour. SCI, being a Government company, follows all Government Rules. The minimum age for employment is 18 years and during direct employment of workmen in the company, criteria of minimum qualification and minimum age are applied. Age is verified from birth certificates issued by statutory authorities and school leaving certificates, etc.

**Principle 6: Businesses should uphold the elimination of discrimination in respect of employment**

SCI is an equal opportunity employer.

SCI has never allowed any discrimination on the basis of race, religion, gender, political opinion or social origin in its employment related policies like 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 8% of 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 32% workforce in the SC/ST/OBC/Handicapped category.

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

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.

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

- Company's all vessels are fully compliant of MARPOL regulations and hold valid International Oil Pollution Prevention certificate (IOPP). Each vessel is provided with a Ship board 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, envelopes etc.

The tanker division of the Company has obtained certificate of compliance for Environmental Management system to the ISO 14001:2004 standard by "Indian Register of Quality Systems". The tanker division has set the following objectives towards environmental safety and same are being monitored continuously.

- 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' PMS).
- 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. Presently all vessels are having tin free paints.



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. For this ....

- The company has developed an in-house manual known as "HAZMAT" which caters to shipment of IMTG cargoes in containers. This document also highlights Company's policies and procedures in respect of carriage of hazardous and dangerous goods and also procedures adopted in implementing such carriage.
- The officers dealing with transportation of hazardous cargo are trained through various workshops and seminars to update their knowledge and skill.
- 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: Business should undertake initiatives to promote greater Environmental responsibility.**

As per the policy, the company remained committed to environmental protection as per International Conventions for the prevention of pollutions from ships. 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 OCIMF (Oil Companies International Marine Forum) is the foremost authority on the safe and environmentally responsible operation of oil tankers and terminals. Tanker Management and Self Assessment (TMSA) programme was introduced by OCIMF in 2004 as a tool to help vessel owners and operators to assess, measure and improve their management for best practices. The TMSA specifies compliance of various management systems namely:

1. ISM
2. ISO 9001:2000 – Quality Management System
3. ISO 14001:2004 – Environmental Management System
4. OHSAS 18001:2007 – Occupational Health and Safety System

The SCI had implemented the TMSA requirements in 2007 by integrating the above standards for tanker fleet. It is called Integrated Management System. In order to maintain the efficiency of Integrated Management System, yearly internal audits are conducted onboard the tankers. The certifying authority conducts audits on 4 to 6 tanker vessels annually in phased manner to cover the entire tanker fleet. The tanker vessels, when they carryout various activities and operations during the course of their employment, have a record of how each of their activity impacts the environment. The Company has introduced Environmental Aspect/Impact register.

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.

In order to meet the forthcoming IMO Legislations on the subject of green passport, all tankers ordered by the Company after October 2007 are green passport compliant.

The design and operating requirements of ships are governed by stringent regulations set by the International Maritime Organization. The company while acquiring new building vessels ensures full compliance with the stringent international regulations in force.

Many new ships acquired recently by the SCI, voluntarily comply with higher than the mandatory international regulations for design and operations of vessels. 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.

The Company has recently placed an order for New Platform Supply vessels which are of a world renowned Design from Rolls Royce " UT 755 CD" which are first of its kind with "Clean Notation".

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

The Shipping Corporation of India is committed to fostering the most ethical and corruption free business environment. The Company values its relationship with all vendors and contractors and deals with them in a just, fair and transparent manner. The Company follows Open Tender System for all its procurement activities. As a policy, it is ensured that all bidders are invited for opening of the tenders and price bids are shared with all the bidders who choose to remain present.

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.

Shipping Corporation of India being a government company, transparency in dealings is continuously monitored by various in-house and statutory agencies. The company has a full fledged Internal Audit Department. This department ensures that the systems and procedures are in place and are complied with. Deviations with respect to these are promptly brought to the notice of higher management who, in turn, takes timely action to rectify any loose ends. 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 Auditors within the company who monitor Company's working round the year.

The Company is also bound by directives of Central Vigilance Commission (CVC), which is also an autonomous body, directly reporting to the President Of India. The Chief Vigilance Commission has posted a full fledged Chief Vigilance Officer in the rank of Functional Director for reviewing the working of the company for ensuring that the company maintains transparency in its dealings and follows all anti-corruption measures. 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

Company has adopted a whistle blower policy based on the guidelines from Central Vigilance Commission (CVC).

The SCI has also adopted "Code of Conduct for Board Level Members and Senior Management Personnel" under Corporate Governance by SEBI.

Checks and measures are in-built in the organizational system that help in preventing corruption. The organization has adopted Conduct, Discipline and Appeal rules that bar acceptance of bribes and describe it as misconduct. The Company has also initiated following actions to ensure transparency in its working:

- Payments are directly credited to the bank accounts of parties 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.

**Apart from adherence to UNGC principles, SCI has adopted the following as its corporate social *responsibility***

SCI in its corporate policy and philosophy has shown a commitment to social responsibility with a range of activities as vast as it is varied from environmental protection to promoting safety, health and hygiene, both within the corporation and externally. SCI has also undertaken several measures for the benefit of society at large.

- **Scholarship:** For the financial year 2008-09, SCI Management had set aside Rs. 40 Lakhs for welfare of SCs/STs employees.
- **Sponsorship:** The SCI continues to contribute for the welfare of the society by way of Sponsorship, Advertisement, Donation, and banners; to name a few: National Association for Blind, Cancer Aid & Research Foundation, Mumbai, Ashok Chattopadhyay Murari Mohan Charitable Trust, Mumbai, National Institute of Oceanography Int. Conference on Bio-fouling & Ballast Water Mgt., Anti Dowry Movement Bombay, Cancer Patients Aid Association.
- The SCI procures Greeting cards from NGOs like Help Age, CRY, WWF, CONCERN, CARE etc.

As a corporate policy, SCI has decided that 1 % of net profit after tax of the preceding year would be earmarked in the SCI's annual budget towards

Corporate Social Responsibility programme. The Company would be focusing primarily on initiatives such as education and health for implementation of its CSR initiatives. An agreement has been entered with a renowned Tata Institute of Social Sciences, Mumbai for providing effective programme design, management and delivery of the objects.

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