



E.R. SCHIFFFAHRT
Excellent Results in Shipping

United Nations Global Compact

Communication on Progress (CoP) 2015
Reporting Period 2014/04 - 2015/03

This Communication on Progress is valid for E.R. Schiffahrt GmbH & Cie. KG. The report refers to the company as E.R. Schiffahrt or as company.



WE SUPPORT



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Statement of continued support of the UN Global Compact

E.R. Schiffahrt and its management board confirm and renew their commitment to continuously support the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour Standards, Environmental Protection and Anti-Corruption.

Within the entire international commodity trade the biggest proportion of transportation is seaborne. Therefore shipping is an important participant in globalization processes and also a beneficiary of the same.

As a consequence E.R. Schiffahrt recognizes and appreciates its economic, ecologic and social responsibility at both national and international level.

This third annual Communication on Progress documents the measures and results of E.R. Schiffahrt in the aforementioned four areas of the Ten Principles of the UN Global Compact. It also describes aims in this regard for the upcoming reporting period. The report will be made accessible to all stakeholders of the company.

E.R. Schiffahrt and its management board are committed to further incorporate the Ten Principles into its business strategy and to continuously develop and enhance respective objectives and measures.

A handwritten signature in blue ink, appearing to read 'N. Aden', with a stylized flourish at the end.

Nils Aden
Chief Executive Officer



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E.R. Schiffahrt – Overview

E.R. Schiffahrt is a ship management company with around 100 container and bulk vessels in service as of today. This diversified fleet makes E.R. Schiffahrt a strategic partner of the world's leading liner companies and bulk operators.

The company's founder, Erck Rickmers, established E.R. Schiffahrt in 1998. The Rickmers family has been active in the shipping business for five generations.

About 3500 employees on shore and at sea are committed to provide safe, environmental friendly and reliable ship management operations to its clients.

In addition to mandatory certification according to the International Safety Management Code (ISM-Code), the Maritime Labour Convention (MLC) and to the International Shipboard and Port Facility Security Code (ISPS-Code) E.R. Schiffahrt developed an integrated management system certified to the following standards:

ISO 9001:2008 (quality management),

ISO 14001:2009 (environmental management),

BS OHSAS 18001:2007 (occupational health and safety management),

ISO 50001:2011 (energy management)

This management system is established and maintained both on board of the operated fleet and ashore and audited by an external independent third party on an annual basis.

The ISO standard 50001:2011 "Energy Management Systems" has been successfully implemented during the reporting period covered in this Communication on Progress (CoP) as announced in the previous CoP of E.R. Schiffahrt.

Furthermore, E.R. Schiffahrt holds the "GL Excellence – 5 Stars" certificate. This accolade is awarded by the classification society Germanischer Lloyd (GL) now DNV GL for reliable ship operations and the introduction of and compliance with above-average safety, environmental and quality standards. The certificate, which is valid for three years, has been successfully renewed during the reporting period.



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I – Human Rights

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

Principle 2: make sure they are not complicit in human rights abuses.

E.R. Schiffahrt and its management board are committed to support and to protect the International Bill of Human Rights within their sphere of influence and throughout their business activities.

It is further the declared company's policy neither to permit nor to tolerate but to prevent any kind of discrimination and/or harassment of its employees on board or ashore on the grounds of race or the ethnic origin, gender, religion or belief, disability, age or sexual orientation.

Within its management system E.R. Schiffahrt has established a reporting procedure that enables and encourages all employees to report any non-conformity or complaint in regard to the Maritime Labour Convention and other applicable national, international or internal rules and regulations. The latter also includes the declared company's policy statements available on the website of E.R. Schiffahrt.

E.R. Schiffahrt recognizes and appreciates its social responsibility and is or was engaged in the following activities within the reporting period of 2014 in this regard:

The seafarers on board of our vessels are away from their families and homes for several months. It is therefore important for them during their time limited port stays to be able to visit places where they feel welcomed and somehow also at home.

With the Seaman's Club "Duckdalben" the German Seamans Mission has established such a place in the middle of the Port of Hamburg. This Club offers seafarers a welcome change from their everyday life on board e.g. by providing the opportunity to use telephones and the internet, to do some small shopping or to find a quiet moment in a so called Room of Silence where the seven world's religions coexist peacefully. Starting in the year of 2012 E.R. Schiffahrt supports the "Duckdalben" with an amount of 10.000 Euro per year until 2016.

For the seafarers to be able to communicate with their family and friends while at sea all vessels in the E.R. Schiffahrt fleet have been provided with internet access for all crew members throughout the years of 2013 and 2014.

In 2014 E.R. Schiffahrt participated through its group of companies in a donation of US\$ 119.000 to the Sailor's Society. The Sailor's Society is an international support charity. It cares for the personal, professional and spiritual needs of merchant mariners around the globe. The Society works in many countries to assist multinational seafarers of all faiths to enrich and enhance their well-being, both in port and whilst away at sea.



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Also through its mother company E.R. Capital Holding, E.R. Schiffahrt was involved in the donation of EUR 5.000 to the "Stiftung Mittagskinder". In October 2014 the employees of the E.R. Group which is including the employees of E.R. Schiffahrt, were requested to propose and to vote for a social organization in Hamburg to receive this donation. The "Stiftung Mittagskinder" is a foundation which aims at providing socially disadvantaged children better chances in managing their way of life. Doing so the foundation provides every day for about 200 children regular and healthy free meals, help with their homework as well as professional socio-pedagogical support.

Social commitment attracted also physical support amongst the staff of E.R. Schiffahrt: Same as in the previous years, around forty employees participated in the summer of 2014 in a four kilometer charity run in the City of Hamburg, the "HSH-Nordbank Run". The aim of each runner and also of the entire team was to raise money for the initiative "Children Help Children".



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II – Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

It is the declared policy of E.R. Schiffahrt that all employees both on board and ashore shall be treated in a fair, just and correct manner based on relevant international and national rules and regulations and applicable working terms and conditions.

The company has established a grievance procedure which clearly defines the right of any seafarer to file a complaint arising from an alleged violation of his contractual or any other rights.

Conditions of contracts of employment for crew members on board of E.R. Schiffahrt managed vessels are based on collective bargain agreements and are in accordance with the Maritime Labour Convention of 2006 (MLC 2006) and other applicable rules and regulations.

The aforementioned MLC 2006 governs the minimum requirements for seafarers to work on a ship and the conditions of employment, the accommodation and recreational facilities as well as food and catering on board, the health protection, medical care, welfare and social security protection of seafarers. The effective implementation of the MLC 2006 into the company's management system has been verified through an audit by a recognized third party on board of every vessel under the management of E.R. Schiffahrt in 2013. The effectiveness of the system is continuously monitored through annual internal audits on board of each vessel since then.

External crewing agencies are also audited by E.R. Schiffahrt on an annual basis. These audits include the verification of their compliance with the MLC 2006 as well.

Under-aged seafarers are never employed on board of E.R. Schiffahrt managed vessels. Personnel documents are being reviewed during various steps of the initiation of employment and also by the Master as a representative of the company on board.

E.R. Schiffahrt is committed that all identified risks to its personnel are being assessed and appropriate safeguards are established in order to ensure that no unacceptable or avoidable risks are taken.



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To fulfill this commitment procedures to identify critical shipboard operations and to control substances hazardous to the health of employees are established within the management system of the company. Proper implementation of these procedures is being reviewed during internal and external audits on board and in the office ashore as part of the verification process related to companies Occupational Health and Safety Assessment Series (OHSAS) certification. The verification in the office was carried out during the reporting period of this Communication on Progress.

E.R. Schiffahrt has trained its seagoing personnel in these occupational health and safety procedures in 2014 during so called Fleet Officer Meetings in Hamburg, Germany and in Manila, Philippines. More than 80 Captains, Chief Officers, Chief Engineers and Second Engineers as well as Junior Officers/Engineer, Electricians and Cadets were participating in these events.

E.R. Schiffahrt became a founding member of the Container Ship Safety Forum (CSSF) in May 2014. The company holds a seat in the Steering Committee of this forum for three years starting also in May 2014. The CSSF has been founded by seven major container shipping liner companies and ship owning and managing companies with the vision of creating a container shipping industry with high safety standards, ensuring no harm is caused to people, ships, cargo, and the environment. To achieve this CSSF members collaborate to advance the continuous improvement of safety culture and performance in the container shipping industry through measurement, reporting and benchmarking, sharing best practices, and engaging with key stakeholders to develop durable solutions.

In 2014 E.R. Schiffahrt together with researchers of the Fraunhofer Center for Maritime Logistics and Services (CML) developed the Crew Compliance Optimizer. This innovative tool enables the first ever route-based manpower planning and thus optimizes working times on board. It plans manning levels and crew composition dependent on the ship's size, her operating area, the route and the workload. Thus it ensures the important split between working hours and hours of rest.



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III- Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

E.R. Schiffahrt is assessing all identified environmental risks that may emerge within its sphere of influence or through its business activities.

Further, E.R. Schiffahrt is committed to continuously improve its employees' skills and abilities not only but also in regard to environmental protection.

The company has issued instructions and procedures which ensure the safe operation of all vessels in regard to environmental protection. These instructions and procedures are established in the integrated management system which is certified in accordance with the ISO 14001:2009 standard. The verification audits for the certification took place during this reporting period on board of several vessels of the fleet and in the office of E.R. Schiffahrt.

During the reporting period covered by this CoP the integrated management system has been amended with instructions and procedures according the ISO standard 50001 "Energy Management Systems". The certification according to this standard was completed during the annual external office audit in June 2014 as planned and as announced in the previous CoP. The energy management system of E.R. Schiffahrt aims at locating fuel saving potentials and managing energy efficiency effectively on board the managed vessels of the company

All Super-Post-Panamax vessels of E.R. Schiffahrt are certified for highest environmental standards both mandatory and voluntary with the Environmental Passport class notation. This passport was issued by the classification society Germanischer Lloyd (GL), now DNV GL. One of the most important aims which were actively pursued through the year of 2014 and previous years with great efforts of crews on board and staff in the office was to reduce fuel consumption and with that also CO₂-Emissions of the vessels managed by E.R. Schiffahrt. This was done in close cooperation with charterers, with engine manufacturers, research institutes, shipyards and naval architects. Measures to reach this aim were:

- » Slow and super slow steaming: E.R. Schiffahrt's vessels were continuing to reduce their normal voyage speeds wherever and whenever trading pattern would allow this measure.



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- » Installation of turbo charger cut out systems whenever possible: These systems lower the fuel oil consumption and improve the main engine performance when the vessel is slow or super slow steaming.
- » Training: 40 Masters and 35 Chief Engineers from all over the world were invited into the office of E.R. Schiffahrt in order to participate in specific training courses for fuel efficiency awareness and fuel consumption reduction. As a further training measure and as the first shipping company E.R. Schiffahrt has introduced the DNV GL E-Learning Tool “Energy Efficiency on Board” for its entire fleet in 2013. The tool was developed in a pilot project with experts from DNV GL together with E.R. Schiffahrt.
- » In 2014 the company trained 101 Masters and 127 Chief Engineers with this tool in order to continuously improve the energy efficiency on board. Routing and trim optimization: Same as in the previous reporting period dedicated computer software has further been installed on various vessels in the fleet in 2014 to enable the personnel on board to introduce more detailed information into the planning of voyages. Especially in regard to prevailing and anticipated weather conditions, ocean currents and proper adjusted trim of the vessel throughout an entire voyage.
- » Redesign: In the year of 2013 four out of six Super-Post-Panamax vessels of the fleet were modified by installing a new bulbous bow, designed for slower speeds and a new propeller with five blades instead of six in order to improve fuel efficiency and reduce fuel consumption. Associated with that the main engine of these vessels were de-rated from the nominal power output of 72.000kW to 45.000kW. One more vessel of this class has been modified during the reporting period of 2014 as announced in the previous CoP. The remaining one will be modified within this year.
- » For the successful redesign and modification of these six vessels E.R. Schiffahrt has been awarded with the “Modification Excellence Award” by the Classification Society DNV GL in November 2014. The award recognizes the achieved fuel and emission savings by modification of existing vessels.

The company has also successfully re-designed a class of five Post-Panamax container vessels with more efficient propellers and de-rating of their main engines from 69.000kW to 44.000kW. The accomplished fuel savings for these type of vessel are in the range of 15%.

For the present reporting period E.R. Schiffahrt is reviewing a modification on further ten Post-Panamax vessels which may include an engine de-rating as well as a propeller and bulbous bow re-design. For six Sub-Panamax container vessels an energy efficient modification is considered by the installation of a Trim-and Ballast optimization tool and an adjustment of the auto-pilot for slow steaming.

Fuel Safe:

During the reporting period, E.R. Schiffahrt together with partners developed FuelSafe, a new performance monitoring system that enables optimal efficiency with regard to fuel consumption and asset protection. The system retrieves up to 250 measured values. It not only delivers analytical data but is also indispensable for successful monitoring: It



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checks the ship's operation continuously, gathering data on energy output, fuel consumption and sailing conditions on a day-by-day basis. Its reporting features reveal where steps may be taken to increase efficiency, giving the crew specific recommendations for performance improvement.

In 2014 the implementation of a bio-fouling management plan on board of every vessel in the fleet was successfully completed as planned and announced in the previous CoP. Such plan includes procedures for inspecting, maintaining and cleaning the vessels hulls and other areas which are susceptible for marine growth. Controlling marine growth on the vessels is aiming at the prevention of alien species invasions between different ocean regions and also at reducing fuel consumption.

A further success was the implementation of the so called "cold ironing" on one of the company vessels. It enables the vessel to being supplied by shore power during its port stay. It prevents the vessel from producing the required power by its own generators on board which helps to reduce the fuel consumption and the emission of CO₂ and Green House Gases during the time in port.

During the upcoming period of 2015 E.R. Schiffahrt will review the implementation of an intelligent cylinder lubricating system on some of its managed vessels. This environmentally friendly system enables the utilization of used oils of a sufficient quality and may result in a reduction of CO₂ emissions of more than 10 percent.

In the reporting period of 2014 one more electrically powered company car and one hybrid driven car were purchased. These two are replacing cars with conventional combustion engines. The altogether four company e-cars can be charged at the office car park with electrical power exclusively from renewable energy sources as the entire office building is provided with eco-power.

Special attention was paid to the CO₂ emission of newly leased company cars with conventional combustion engines. This has led to a 10 % reduction of CO₂ emissions in 2014 caused by the company car fleet.

The company also offers to all employees subsidized monthly passes for public transport within the metropolitan area of Hamburg, in order to encourage employees to use environmental friendly transportation for commuting between home and work.



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IV – Anti Corruption

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

E.R. Schiffahrt is committed to counteract fraud, extortion and bribery or any other form of corruption within its sphere of influence.

The company has implemented an internal control system that ensures that business activities are checked on a regular base.

Any secondary employment or additional business of employees of E.R. Schiffahrt must be reported to the company and is subject to approval in order to reduce possibilities of contradictions of interest. Salaries paid by E.R. Schiffahrt are ensuring that employees are able to support themselves without the need of an additional income.

E.R. Schiffahrt has established rules and regulations governing acceptance and granting of presents, corporate hospitality and other invitations and stipulating in which cases employees have to report to the company if such benefits are offered to them by third parties that uphold or are about to enter into business relations with E.R. Schiffahrt or its related companies.

Any new employee who joined E.R. Schiffahrt in 2014 has signed these rules within his contract of employment.