



# Zircon Marine

## Sustainability Report



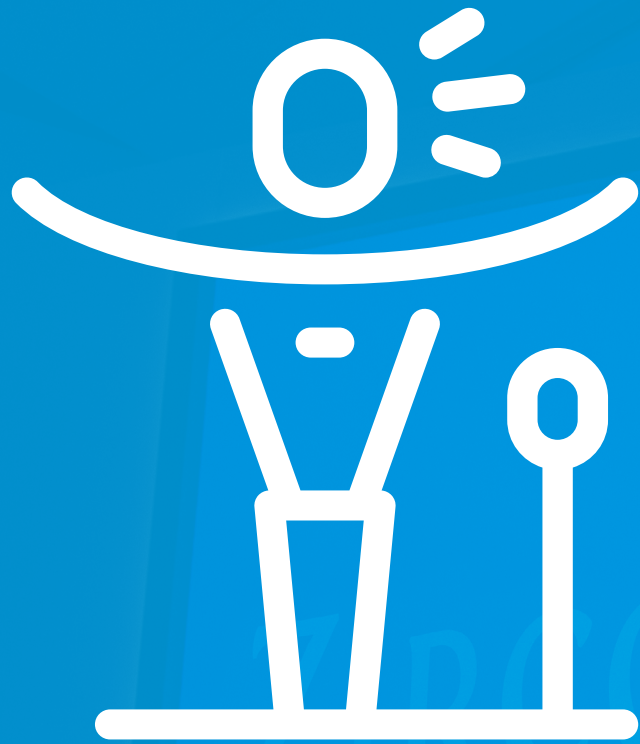


# Table of Contents

5	CEO's MESSAGE
7	WORKING TOWARDS A SUSTAINABLE MODEL
9	ENVIRONMENT
11	SAFETY
13	EMPLOYEES – EMPOWERMENT, ENGAGEMENT AND DEVELOPMENT
15	ECONOMIC CONTRIBUTION
17	CORPORATE GOVERNANCE & INTERNAL CONTROLS
19	CSR INITIATIVES AND COMMUNITY INVESTMENT







# INTRODUCTION

## Chief Executive Officer's Message

ZIRCON  
MARINE





## CEO's Message



Last year, over 3,000 migrants and refugees died crossing the Mediterranean Sea, which according to international migration organisations, makes 2015 one of the deadliest years for migrants and refugees trying to reach Europe from Africa and the Middle East. Refugees mostly travel by boats operated by smugglers with no compulsion to comply with basic maritime safety procedures. But it is not merely the failure to observe safety procedures that has precipitated one of the more distressing tragedies of our time. It is the fact that many of those crossing that sea were merely seeking to escape conflict and poverty.

The business of tackling unemployment and poverty, or of 'creating' employable citizens' is not for governments alone. Beyond the traditional wealth creation role of contributing to Gross National Product, more and more businesses need to orientate their operations to contributing to improving workforce capacity. It is not enough to be an employer of labour or to train a couple of staff on a semi-regular basis. All employees, and potential employees, need to be more competitive in the skills they can offer and companies need to realise, and act on, their social responsibility to contribute to human capital development on a national scale.

Zircon Marine is contributing to the development of a skilled national workforce by adopting inclusive business practices which marry business development with maximizing social impact and empowering people to seek financial independence through employment. Besides providing continuous professional training for staff career advancement and employee engagement, we have committed to supporting women and youth empowerment initiatives as a way of building value for our communities and other stakeholders.

In industries like ours, where opposition from local communities presents a significant risk of disrupted operations, it is too easy to undertake technical training and capacity building as CSR initiatives simply to improve relations with host communities. However there is a much greater value beyond risk mitigation.

Improving workforce capacity and capability would improve the quality of goods and services we produce which would in turn lead to increased GNP and eventually to an improved economy, for everyone. This is why women development and education are some of the objectives of the Innocent Okoye Foundation, founded by Zircon in memory of our late founder, Ikechukwu Okoye.

At Zircon, we take a serious interest in the skills development aspect of national development because it is in our interest to do so. At the end of the day, sustainability goes beyond a series of CSR initiatives, it is about a systematic sharing of value with all our stakeholders. For Zircon, sustainability is not merely a word, it is an attitude; it is not just a key element of our operations, it is the very essence of our corporate culture.

We have formalised our sustainability model by adopting a regular formal reporting process. As with many other things we do, Zircon is an early mover in global-standard sustainability reporting in Nigeria's maritime industry. I hope our efforts will encourage others in the maritime industry as well as other sectors, indigenous firms in particular, to do the same.

A handwritten signature in white ink, reading 'Ajibola', with a stylized flourish at the end.

Seyi Ajibola  
CEO Zircon Marine



WORKING  
TOWARDS A  
SUSTAINABLE  
MODEL



## WORKING TOWARDS A SUSTAINABLE MODEL



Zircon Marine supports and is a proud participant in the UN Global Compact which sets out ten principles for responsible business covering human rights, labour, environment and anti-corruption. Every day, every year, we strive to enact these principles across all areas of our business. Thus, our sustainability model focuses on working conditions of our employees as much as the

external environmental impact of our business. We have taken our time to formally identify our stakeholder groups (clients, employees, shareholders, host communities etc) and review our approach to how we engage with them on issues of concern to ensure that on all topics we are responding appropriately, but most importantly, that we are acting fairly, transparently and

accountably. While it has been argued that sustainability is less about charity and more about securing competitive advantage, we have founded the Innocent Okoye Foundation (IOF), a non-governmental philanthropic organisation, in honour of our late founder IK Okoye, who was passionate about improving lives. Through the Foundation we are involved in a number of 'charitable' initiatives to empower people and promote balanced development.



ENVIRONMENT



## ENVIRONMENT

As we pursue expansion and a more profitable business, we are conscious of the need to reduce to the barest minimum the impact our operations may have on the environment. Accordingly, we have unilaterally committed to using resources more efficiently and responsibly, adopting a mix of energy sources and reducing the intensity of greenhouse gases in our environment.

Zircon Marine complies with existing laws and regulations



on protection of the marine environment, for example, the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN)<sup>1</sup> which establishes the guidelines on environmental and pollution management and their enforcement based on the petroleum industry laws and regulations. We also support and are aligned with the efforts of agencies like the Nigerian Maritime Administration and Safety Agency (NIMASA) to control and prevent pollution in the marine environment. The marine environment is the source of the foremost

global resource – the oceans, which provide our rain water, drinking water, a lot of our food and even the oxygen we breathe. They are also essential as transportation routes. In recognition of the importance of our oceans and waterways, Zircon marine has adopted operational strategies to reduce pollution and waste and mitigate spills and leaks. These strategies include proper training of crew and other employees, regular inspections and the use of navigational aids and on board equipment. Regarding waste management specifically, we are sensitising employees to reduce the use of disposable consumer products, and adopting measures around safer waste transportation and better waste disposal at all our facilities. We also support education and promotional programs around marine litter and support beach clean-up efforts. Zircon Marine ensures that it adheres strictly to the revised guidelines of MARPOL Annex V regarding waste Management and Garbage Disposal, which states that ship generated waste are disposed to a reception facility ashore.

Modern shipping by its very nature, results in high emissions of greenhouse gases (GHG). Beyond simple mitigation tactics like speed reduction, hull cleaning and optimal routing, we are also considering the feasibility of adopting more technical strategies like water flow optimisation, waste heat reduction, efficiency lighting and engine retrofits. We are also acting deliberately to reduce our carbon footprint by investing in energy saving low-carbon infrastructure. We are contributing to cutting carbon emissions in practical ways, like reducing our

dependence on generators (which emit very high levels ) by paying more to access power from embedded grids and supporting our grid supply with inverters and increasingly the installation of solar panels. Additionally we are currently looking into the acquisition of vessels with more modern technology which make them more fuel efficient and therefore lower emissions and are less harmful to the environment.

However we recognise that there is still a lot more that needs to be done. As much as Zircon marine can achieve unilaterally, yet a lot more can be achieved when efforts are replicated across board - nowhere is the power of collective action in the marine industry more important than with regards to environmental sustainability. We are therefore using the medium of this report as a collective call to action for like-minded, forward-thinking actors in the industry to come together to forge a collective strategy to protecting and sustaining our marine environment.

We have also developed emergency response plan for each of our facilities/ sites which can pose risk of marine oil and freshwater pollution during operations. Training and full scale drills are organised with regards to self assessment of pollution response plan preparedness.

<sup>1</sup>Issued in 2002 and revised in 2013

<sup>2</sup>A 2012 estimate put the number of generators in use in Nigeria at 9 million, with a total carbon dioxide emission of 29 million metric tons annually.



SAFETY



## SAFETY

Protecting the health and safety of employees, our clients and host communities is one of the main strengths of our corporate citizenship and we are committed to providing them a healthy and safe environment in which to work and live in line with prevailing regulations. Our safety policy, adheres to global safety standards, and is rooted in three key pillars – Training, Equipment, Compliance.



**Training** - At Zircon, safety begins with staff. All our personnel, not just our engineers, are required to attend specialized training programs adapted to their work descriptions and responsibilities, as well as generalised training sessions. Trainings are not a one-off sessions but are carried out on a continuous basis with refresher courses to ensure that at all times, employees are up to date and comply with the best standards in occupational health and safety. Trainings range from understanding general health risks and basic first aid to advanced

certification in Health Safety and Environment (HSE) Management. We have evolved to a point where we are now considering offering training to others in the marine industry, as well as the oil and gas industry which we service. Not only do we want to have skilled people working for us, but investing in educating others is in line with our commitment to broader skills building for our communities and the general public.

**Compliance** – Zircon Marine engineers have been trained to adhere to safety procedures and safe working conditions at all times. Safety rules and best practices in doing heavy work or operating machines are predominantly displayed at all work sites. Internal safety audits are conducted regularly to assess employee compliance with best practices



and additional established measures. Our commitment to excellence is demonstrated in our membership with the British Safety Council which provides health and safety

training and advice and also administers a full suite of health and safety qualifications.

**Equipment** – Modern and reliable equipment is fundamental to our successful operations. Our equipment are fully insured, certified and serviced regularly to ensure they constantly operate at full capacity. We have specially selected all of our equipment – fenders, hoses, ropes, and support crafts – to ensure they are suited to the operations for which they are required, and hired by our customers. For example, our fenders and cargo hoses, specially obtained from Yokohama and Goodyear, meet ISO standards and have been pressure tested to ensure durability. Besides having trained personnel handling and maintaining our equipment, detailed logging procedures ensure that faulty or malfunctioning equipment are registered for repair or replacement before even a deleterious event takes place.

We apply these same standards in ensuring the best for those clients which we assist with the procurement of marine equipment. In this way we have contributed to improving safety standards and ensuring compliance with global benchmarks across the marine industry in Nigeria and West Africa. In particular since we service the oil and gas industry primarily, we have undertaken to comply with the Oil Companies International Marine Forum (OCIMF) published recommended standards for marine operations.



EMPLOYEE  
EMPOWERMENT,  
ENGAGEMENT  
AND  
DEVELOPMENT



## EMPLOYEES – ENGAGEMENT, EMPOWERMENT AND DEVELOPMENT



At Zircon, we recognise that attracting and retaining the right talent is fundamental to building a profitable and sustainable business that will outlast challenging economic conditions. That is why we are constantly striving to create the right environment and establish the right conditions to attract the caliber of employees we require. We do not simply hire, we are invested in the development

of the people we employ. We have put structures in place to help employees stay engaged and thrive in their respective roles, while supporting them to take on increased responsibility in line with an agreed career progression plan. These structures include a robust performance appraisal system which sets challenging but achievable targets, valorises honest feedback from employees and supervisors

and fairly rewards performance. It also involves a training component which assesses the job training needs (technical, function-specific, leadership, and core competency) of individual employees and addresses them through mentorship, secondments and external training, including profession specific certifications. Additionally, we have developed and are now implementing a system to assess employee satisfaction to further improve our retention rate.

Since our establishment, Zircon has been and remains an equal opportunity employer. In line with Principle 6 of the UN Global Compact which requires businesses to eliminate discrimination in employment. We have several female employees occupying clerical, technical, managerial positions as well as positions on Zircon Marine's Board.



# ECONOMIC CONTRIBUTION



## ECONOMIC CONTRIBUTION



As a responsible corporate citizen, we take pride in our economic contribution to society in the region in which we operate. Our contribution is the overall economic value (gross revenue, financial income etc) engendered as a result of our operations and activities - operating costs, the revenue we generate for government, the employment opportunities we create and remuneration we pay.

**Employment** – We employ over 50 people directly, thereby supporting some 50 plus homes, and actively support their savings towards retirement by enrolling them in a pension scheme. We also create employment for a much larger number of people indirectly, for example through our network of suppliers. Going even further, we are currently reviewing our CSR initiatives and overarching

strategy to explore how our employees can integrate our sustainability values in the communities in which they live – a sort of community engagement and giving back – with incentives for 'best-participating' employees. The aim is to get all our employees actively volunteering or in other ways participating in our CSR initiatives.

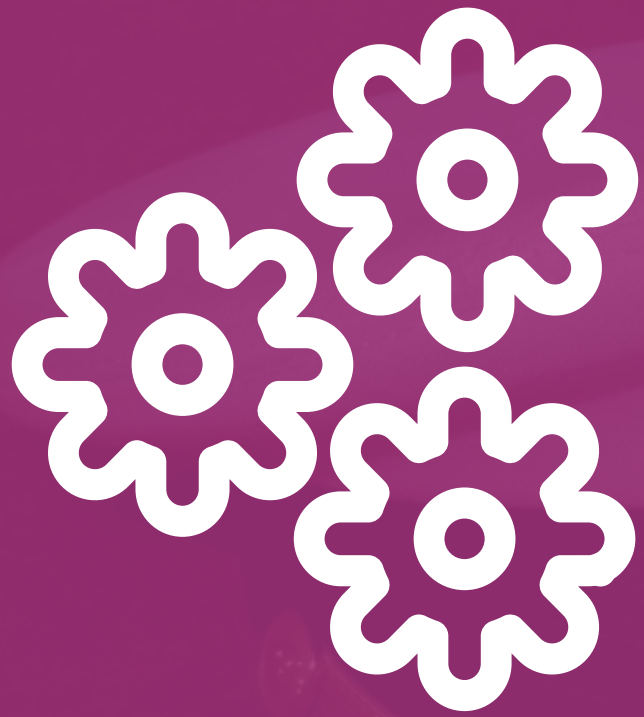
**Taxes** - One of the most important civic duties Nigerians owe their government is the prompt payment of their taxes. This is equally true for corporate citizens. At Zircon Marine, we understand that being a socially responsible company extends to the prompt payment of all fairly assessed tax levies.

Zircon pays both direct taxes - company income tax and personal income tax via employee remunerations - and indirect taxes – VAT and import duties on the machinery and equipment which we bring into the country. In this way, our total tax contribution, in terms of both taxes borne and those collected on behalf of government, annually runs into millions of naira.

Our tax contribution to the government purse goes beyond the prompt payment of our allotted taxes; it extends to the tax remittance of every supplier or subcontractor we engage and every client firm we service satisfactorily. That is why valid tax returns constitute part of the due diligence requirements for our suppliers and contractors.

<sup>3</sup>Owing to the number and nature of the items we import (heavy machinery, specialized equipment), Import duties constitute the largest share of our taxes borne.





# CORPORATE GOVERNANCE & INTERNAL CONTROLS

## CORPORATE GOVERNANCE & INTERNAL CONTROLS

Corporate governance is one of the fundamentals of a sustainable business model. Our corporate governance structure is designed to ensure efficiency and transparency in the way we operate and contributes to our sustainability as a business.

Our Board of Directors, responsible for overseeing Zircon's



business and management, is made up of competent and savvy business leaders from various backgrounds, with several years of experience and track records of excellence in running the affairs of established companies, which have been brought to bear in directing the affairs of Zircon Marine. Moreover, we have undertaken regular briefings and specific trainings for Board members to improve knowledge and keep them abreast of local and international developments in the marine and oil and gas industries to enhance the leadership they provide.

In compliance with extant laws<sup>4</sup> regarding our corporate

affairs, the Board meets at least once a quarter and it features two independent non-executive directors. We have put in place a rigorous but transparent board appointment process as well as a clear succession policy to diminish risks associated by unplanned or unforeseen departures. We are also strictly compliant on issues of financial accounting and reporting (auditing, disclosures, preparation of financial statements, filing of annual returns) and engage external auditors to review our accounts and financial statements.

To ensure that the interests of all stakeholders are protected, our Board is responsible for reviewing and approving our corporate social responsibility strategy and planned initiatives, just as it is the responsibility of our management team to develop the strategy and drive and oversee its implementation.

The day to day running of the company is carried out by the Management Team which consists of the Managing Director and Chief Executive Officer, the Company Secretary and the Head of Operations.

Our Human Resources department is responsible for the transparent management of our Board and employee remuneration processes. The remuneration of Board members in particular is determined based on recommendations by the Human Resources department which assesses the average remuneration ceiling for Directors in comparable institutions. In the same way

employee compensation levels are determined based on comparisons with those of other leading companies in the industry and naturally, on Zircon's performance from year to year.

Finally, to ensure good corporate governance is thoroughly embedded in our corporate culture and internal controls are respected and complied with, we always ensure all decisions, policies and programs issued or adopted at management level are properly cascaded to every last employee. Accordingly we have established a Code of Conduct and Business Practice that sets out the ethical standards all our employees and business partners are required to meet. In line with Principle 10 of the UN Global

Compact, we have also developed an anti-corruption manual outlining the company policies and procedures that must be adhered to regarding certain activities or situations that present a compliance risk. These manuals apply to all directors and employees of the company, and also to our business partners, suppliers and other representatives.

<sup>4</sup>Corporate Affairs and Allied Matters Act, 1990.



# CSR INITIATIVES AND COMMUNITY INVESTMENT



## CSR INITIATIVES AND COMMUNITY INVESTMENT

Our key CSR initiatives are channelled through the IK Okoye Foundation, a non-governmental charitable organisation established by Zircon in honour of our late founder, IK Okoye, a philanthropist passionate about improving lives. Under the umbrella of the IK Okoye Foundation, our efforts are focused on three principal categories

- Arts and Culture
- Sports
- Education

The empowerment of women and the promotion of long-term sustainable (and balanced) development are overarching themes that run through our efforts under these three categories.

### Arts & Culture

**Zircon Marine Art Energy** - Our primary platform for the development of arts and culture is the Zircon Marine Art Energy exhibition, an annual event aimed at positioning Africa, and Nigeria in particular, as a destination for trade and investment by showcasing the continent's finest art work. We have leveraged the International Petroleum Week organised by the Energy Institute in the United Kingdom to promote the event, and when it was first launched in 2013 it immediately became one of the most attended events at the IP week.

Impact: The event has served as a platform to celebrate talented artists, including unknowns who have thereby received a boost to their career. It has also helped promote



links between the energy sector and the visual arts, supported by the affiliation with the Energy Institute. Most importantly it serves to showcase Nigeria as a trade and



investment destination, as the exhibition receives visitors from Europe, Africa and the Middle East. Based on feedback from stakeholders, we are currently exploring

institutionalising a framework promoting one young and upcoming (unknown) artist every year by instituting an award for such new talent and using the Exhibition as one of several fora to showcase and promote the artist's work. The award could potentially seek to recognise works and installations that align with Principles 7 and 8 of the UN Global Compact to support a precautionary approach to environmental challenges and undertake initiatives to promote greater environmental responsibility.

**Lights, Camera, Africa!** – We also support Lights, Camera, Africa!, an annual film festival staged by The Life House that aims to promote a cultural renaissance through film, literature and performing arts. In 2015, we committed to a five-year sponsorship because we support the festival's



objective of providing a nurturing environment for creative expression.

*Impact:* Life House's film program, to which the Festival is attached, has been credited with ensuring that quality films by African filmmakers are also enjoyed by African audiences that may ordinarily not have the opportunity of viewing them. Recognition and appreciation of the program has grown to a point where it has received the support of nonprofits to develop a film appreciation and education agenda.

## Sports

IK Okoye was a consummate sportsman who excelled in squash, snooker and card and board games like chess and scrabble.



**Emperor's Cup** – We have committed to a five year renewable sponsorship of the annual snooker competition at the Ikoyi Club in Lagos.

**Secondary schools snooker** – The Foundation supports the promotion of snooker, and sports more broadly, at selected secondary schools in Lagos through the donation and maintenance of snooker tables and other sports accessories, and also conducting periodic sports clinics.

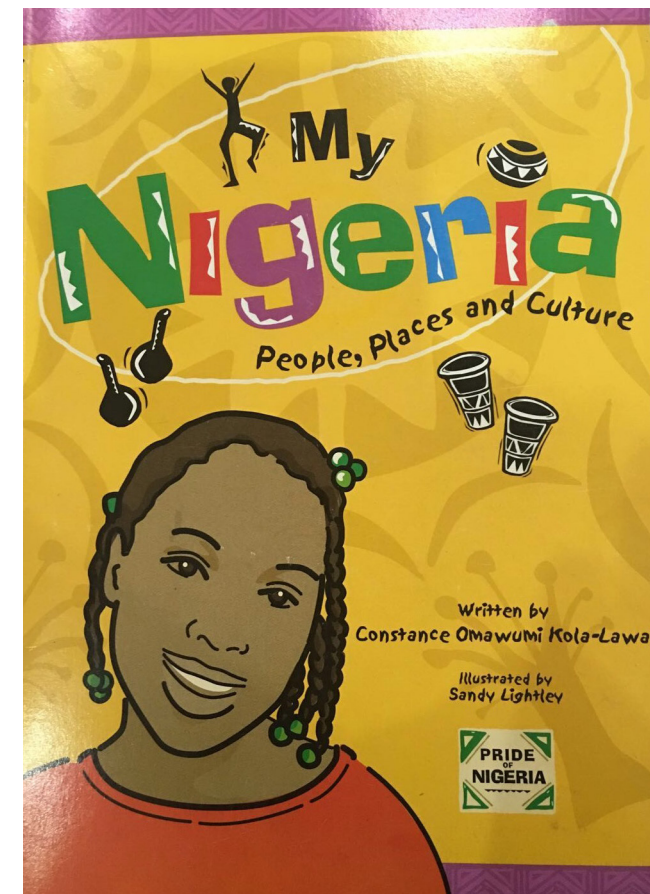
*Impact:* The initiative has been constructive in strengthening the relationship between education and sport, notably through inculcating in the students' skills and values like leadership, teamwork and strategic decision making. We are currently working on expanding the initiative to include more schools in more geographic regions as well as specific programs, such as snooker academies, for young Nigerians from disadvantaged areas.

## Education CSR

Our CSR efforts around education are geared towards supporting the education of the girl-child in Nigeria and women empowerment.

We were able to combine both goals in our most recent initiative in which sponsored the publishing of a book, 'Pride of Nigeria', by Constance Omawumi Kola-Lawal, a specialist in business and HSE who has written a children's books series on safety and the environment.

We have donated 500 Zircon Marine branded copies of the book to at least seven schools in the Apapa area of Lagos state including Army Children's school, Baptist Primary



School, Muslim Nursery and Primary school and Corona School.

*Impact:* Promoting a reading culture in young people while also instilling in them values like cultural pride.



# ZIRCON MARINE

**Address:** 158, Sinari Daranijo Street, Victoria Island Annex, Lagos, Nigeria.

**Tel:** +234 (0)709 800 3863

**Email:** [info@zirconmarine.com](mailto:info@zirconmarine.com), [operations@zirconmarine.com](mailto:operations@zirconmarine.com)

**Web:** [www.zirconmarine.com](http://www.zirconmarine.com)

