



E.R. SCHIFFFAHRT

**UNITED  
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**GLOBAL  
COMPACT**

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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, ecological and social responsibility at both national and international level.

This fifth 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.



Nils Aden  
Chief Executive Officer



# E.R. SCHIFFFAHRT – OVERVIEW

E.R. Schiffahrt is a ship management company with more than 80 container and bulk vessels in service as of today. The 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 3.300 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)

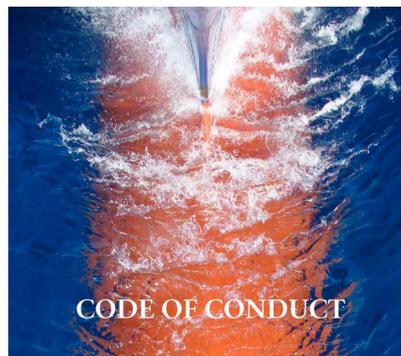
This management system is established and maintained both on board of the operated fleet and ashore. It will be audited by an external independent third party on an annual basis.

Within the reporting period E.R. Schiffahrt passed successfully the annual audits for the ISO- and BS OHSAS certifications.

Maintaining the ISO certification is an essential part of the "DNV GL Excellence 5 Star" award which is held by the company. It confirms that E.R. Schiffahrt complies with the highest state-of-

the-art standards for the operation of container and bulk vessels.

Another milestone during the reporting period was the compilation and reassessment of the company's requirements regarding the compliance with all relevant rules and regulations. As a result of this review E.R. Schiffahrt has released its first consolidated version of a Code of Conduct which is obligatory for all employees on board and ashore. It ensures a continuous improvement of the company's social, economic and environmental performance and enforces the efforts against corruption.



The company's Code of Conduct clearly refers to the ten principles of the UN Global Compact. It is available to all stakeholders of the company.

The implementation of the Code of Conduct has been supported by workshops and trainings for the responsible staff. Questions and open topics are embraced by a Frequently Asked Question form.

A separate compliance e-mail address and compliance phone number has been set up to enable all employees to either address further questions, proposals of improvement or to report any violations or non-conformities.



**01**

HUMAN  
RIGHTS

## 01 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 with 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. At the beginning of each year the Management Board of E.R. Schiffahrt is carrying out a thorough review of the company's policy statement. The evaluation is based on the yearly Management Review. Necessary adjustments of the policy will be instructed as deemed necessary.

Beside the Company Policy E.R. Schiffahrt provides further guidance regarding Human Rights to all stakeholders through its Code of Conduct. It has to be seen as supplement to the Code of Conduct for Suppliers which was introduced in 2015 and is an essential part of the company's procurement process.

Already in 2015 it was planned to appoint a women's representative within the shore organization to encourage and simplify the reporting from female seafarers to the company. Due to personnel changes within the shore organization this plan was put on hold during the reporting period but will be followed up within 2017.

E.R. Schiffahrt recognizes and appreciates its social responsibility and is or was engaged in the

following activities within the reporting period of 2016 in this regard:

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



With the Seaman's Club "Duckdalben" the German Seaman's 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. For the fifth year in a row E.R. Schiffahrt has supported the "Duckdalben" with an amount of 10,000 Euros per year.

As it is crucial for seafarers to be able to communicate with their family and friends while at sea, all vessels in E.R. Schiffahrt's fleet are providing all crew members with internet access.

Cooperating with scientific institutions has a long tradition at E.R. Schiffahrt. In 2015 the company endowed a junior professorship in "Maritime Management". In April 2015 HSH Nordbank established the "Foundation for Maritime Research" that will focus on business administration, technology and market analysis. E.R. Schiffahrt and other shipping companies with headquarters in Hamburg, Germany, donate a five-digit figure per year to establish the junior professorship in "Maritime Management" at the Faculty of Business Administration at the

## 01 HUMAN RIGHTS

University of Hamburg. The objective is to enhance close collaboration between science and industry and to support the maritime sector by means of academic research. E.R. Schiffahrt will support the professorship for at least three years.

As a gesture of solidarity with its home city of Hamburg, every year the E.R. Group supports a different local social institution with a donation of 5,000 Euros. The employees of the company send in their suggestions and can subsequently vote for their preferred institution via intranet. The donation goes to the project with the highest number of votes. In 2016 “Day-care hospital North” benefited from the employees vote. Since 2011 the day-care Hospital North has provided professional psychiatric care to children and teenagers aged between six and 18. Treatments for psychological problems such as disturbed social behaviour, depression, anxiety and obsessive-compulsive disorders, psychoses and AHDS are offered by a team of psychologists, therapists, special-needs teachers, an art therapist and a cook, who care for the patients during their three-month course of therapy.

Social commitment also led to physical action amongst the staff of E.R. Schiffahrt: As in the previous years, in summer 2016 numerous



employees participated in “HSH-Nordbank Run”, a charity run in the City of Hamburg. By their participation all runners supported the charity organization “children help children”.

Dealing with refugees is an important topic in Germany. The country hosts more than one million refugees. In December 2016 E.R. Schiffahrt donated for the second time a five-digit figure to “Children for Tomorrow”, a foundation established by former tennis professional Stefanie Graf. It supports children and adolescents who have become victims of war, persecution and organized violence. In Hamburg, Germany, where E.R. Schiffahrt’s is located, “Children for Tomorrow” funds the Outpatient Clinic for Refugee Children and Adolescents at the University clinic of Hamburg-Eppendorf. All treatments are aimed at promoting psychological recovery to enable refugee children to participate in societal reconciliation processes. The program can include psychological treatments, behaviour psychological treatments and art therapy. Today, the multi-professional team of ten treats about 250 patients a year.



**02**

LABOUR

## 02 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. The company has recorded two complaints in the year of 2016.

The employment conditions of seafarers employment agreements of the 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), its amendments from 2014 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 effectiveness of the system is continuously monitored through annual internal audits on board of each vessel since then. Furthermore the company fully complies with the requirements of the Maritime Labour Convention amendments 2014 which are providing additional financial security for the seagoing personnel in case of repatriation or abandoning of a ship.

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

E.R. Schiffahrt's internal and external recruiting process ensures that underaged seafarers are not 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.

With regard to a safe working environment 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. To fulfill this commitment procedures to identify critical shipboard operations and to control substances hazardous to the health of employees

## 02 LABOUR

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 successfully during the reporting period of this Communication on Progress. Further positive feedback and impact on the safety system was given by clients who carried out their own office and shipboard audits according to their own or to industry standards.

For 2017 it is planned to review the safety procedures for the office staff, especially for their attendance on board during routine visits, inspections or audits.

In order to support and promote risk based assessments of relevant procedural changes on board and ashore the company continues to strengthen its own Risk Assessment- and Management of Change procedure by ongoing trainings and workshops. Furthermore a campaign has started to promote the identification of unsafe conditions and unsafe acts. The goal of the campaign is to promote a near miss reporting in order to proactively identify hazards before they will lead to incidents and accidents.

In 2016 E.R. Schiffahrt has continued to train its seagoing personnel in occupational health and safety procedures on various occasions during the well implemented Fleet Officer Meetings (FOM) and officers' briefings prior to their embarkation. The company has trained some 60 Masters and Chief Engineers to use a semi-automatic defibrillator which we have installed on board.

About 90 senior and junior officers attended FOM in 2016 which took place in Odessa, Ukraine



and in Manila, Philippines. The FOM focuses on leadership, intercultural communication and improvement of reporting processes between ship and shore. With a view to 2017, E.R. Schiffahrt has taken up a health conscious behavior lecture as a standing agenda item of the FOM to further enhance health aspects for its seafarers.

The Performance Support Programme (PSP) was launched in 2016, with a very clear focus on the personnel development of all seafarers on board vessels managed by E.R. Schiffahrt. A team of ex Masters and Chief Engineers has been trained and educated to carry out coachings and trainings with seafarers on board. With a wide range of company related subjects the team carried out PSPs on 67% of the E.R. Schiffahrt managed vessels.



As a founding member of the Container Ship Safety Forum (CSSF) the company still holds a seat in the Steering Committee. During the reporting period the CSSF managed to attract further members. Now it consists of 15 members, all of them are major container shipping liner companies and ship owning and / or ship managing companies. These 15 companies represent about 34 percent of the world wide TEU (Twenty Foot Equivalent Unit) container capacity. Their common objective is to create 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.



03

ENVIRONMENT

## 03 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 clearly committed to protect the environment. This is a broader view compared with the previous approach to prevent any kind of pollution. Therefore E.R. Schiffahrt is reviewing its company policy, its relevant procedures and KPIs. Consequently it is the company's goal to renew the ISO 14001 certification according to the latest standard (2015) to ensure that all activities are in line with these requirements.

Meanwhile the company continues to assess all identified environmental risks that may emerge within its sphere of influence or through its business activities.

In addition E.R. Schiffahrt continues to improve its employees' skills and abilities not only but also with regard to environmental protection by carrying out additional trainings and workshops with other stakeholders.

The company has issued instructions and procedures which ensure the safe operation of all vessels in regard to environmental protection, in compliance with all relevant laws and regulations and in line with the requirement of the ISO 14001:2009 standard. The annual audit for the certification took place during this reporting period in the company's office and has been successfully completed. Further internal and external verification audits were carried out on board of several vessels of the fleet.

Also during the reporting period covered by this CoP the ISO standard 50001 "Energy Management Systems" has been confirmed as well after the successful completion of the relevant audit. The energy management system of E.R. Schiffahrt aims at locating fuel saving potentials and managing energy efficiency effectively on board the vessels of the company.

In order to support the seagoing and office staff in charge, the company has developed a handbook on energy efficient vessel operation. It shall give guidance for shipboard operations with regard to propulsion, energy efficiency and fuel balance management.

Within the recent reporting period E.R. Schiffahrt has continued the successful co-operation between the office and ship staff on the one hand and with classification societies, naval architects,

## 03 ENVIRONMENT

shipyards, research institutes, engine makers and charterers on the other hand in order to reduce fuel consumption and CO<sub>2</sub> emissions of all vessels under management.

Important measures are:

- **Operational:**

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

- **Training:**

17 Masters and 8 Chief Engineers 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. Computer Based Training (CBT) was carried out as an alternative training measure. The benefit of using the company's own E-Learning Tool "Energy Efficiency on Board" is reaching more crew members all over the world without additional travelling and thus improving the individual carbon footprint. In 2016 29 Masters and 38 Chief Engineers were using this tool in order to improve and deepen their knowledge about energy efficiency on board. Energy Efficiency is also one major subject which is included into the Performance Support Programme.

- **Redesign:**

Within 2016 eleven Post-Panamax vessels of the fleet were modified by installing new bulbous bows and propellers (with five blades instead of six) – both designed for slower speed. Supplementary, a device called Boss-Cap-Fin (ESCAP) was installed. It improved the flow around the propeller boss. Associated with that the main engine of these vessels were de-rated from the nominal power output of more than 65,000kW (resp. 61,000kW) to less than 45,000kW (resp. 39,000kW).

On two more vessels the company has implemented the equipment for the so called "cold ironing". In total there are now three vessels in the E.R. Schiffahrt fleet which can be supplied by shore power when safely moored at their berth. It prevents the vessels from producing the required power by their own generators on board which helps to reduce fuel consumption, emission of CO<sub>2</sub> and greenhouse gases as well as the sound immission during the time in port.

Since January 2015, all vessels operating in Emission Control Areas (ECAs) also referred to as Sulphur Emission Control Areas (SECA), have to ensure that their emissions are reduced. E.R. Schiffahrt started already in early 2014 to implement measures and modifications in order to meet these regulations well before the due date. Currently all E.R. Schiffahrt managed vessels calling SECAs / ECAs are fully compliant with the relevant MARPOL Annex VI regulations. Most other vessels managed by E.R. Schiffahrt which are not sailing in those areas are being modified proactively.

An 18-month test period of an intelligent cylinder lubricating system was started in 2016. The system blends cylinder oil on board on demand by using a base number (BN) 100 cylinder oil and used main engine system oil. The test was interrupted when the test vessel left the company's management last year. The test equipment was transferred and installed on another ship in the fleet and the test will be carried on.

In addition another blending-on-board system will be tested which utilizes additives BN 320 in combination with used system oil. Test data are presently under review.

The advantage of both systems is to always have the cylinder oil with the correct BN available on demand. The vessel doesn't need to carry cylinder oils with varying base numbers for different sulfur contents. The fuel thus has the optimized sulfur content which leads to an optimized cylinder oil feed rate and all times' clean lubrication oil.

As an alternative solution E.R. Schiffahrt has reviewed the implementation of a high pressure cylinder lubricating system, which allows another reduction of the cylinder oil feed rate at a reduced wear rate of cylinder units. The system has been installed on one of the large Post-Panamax vessels and is successfully saving lube oil since November 2016. Saving of cylinder oil reached an amount of approx. 28%.

On three additional vessels (following seven vessels in 2015) the company has carried out a modification of propeller shaft sealing. Previously there was a potential risk of a direct oil and sea water contact. During the dry docking of these vessels the sealing has been converted into an air

## 03 ENVIRONMENT

sealed shaft sealing. Even in case the function of the sealing fails there will be no more hazards to contaminate sea water by oil.

At locations on board where it was not possible to conduct such modification the mineral oil filling of the sealing has been exchanged by environmental friendly oil.

### **Monitoring and Reporting:**

During the reporting period, E.R. Schiffahrt continued to use FuelSafe, an integrated tool of the company's own Vessel Performance Center, that enables optimal efficiency with regard to fuel consumption and asset protection. The system retrieves up to 300 measured values. It not only delivers analytical data but is also indispensable for successful monitoring: It 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.

The effectiveness of E.R. Schiffahrt's fuel efficiency system is backed by benchmark systems of its customers. These systems collect and monitor data with regard to vessel performance as well. The fuel efficiency benchmark system of the market leader showed that vessels managed by E.R. Schiffahrt saved more fuel than any other competitor.

In total all vessels managed by E.R. Schiffahrt have reduced their consumption of fuel oil by 13% in 2016.

E.R. Schiffahrt supports and uses the Shipping Efficiency initiative which was launched by the Carbon War Room program. Within Shipping Efficiency E.R. Schiffahrt maintains an up-to-date record of its ships in order to get an external energy efficiency rating of its measures and to share such rating of its fleet in a transparent way with the public.

### **Company Policy:**

The Management Board of E.R. Schiffahrt reviews the environmental company's policy in regular intervals and confirms its validity. As mentioned earlier it has been agreed to broaden the company's environmental approach in 2017 as it is planned to undergo the ISO14001:2015 renewal audit.



Therefore an important part of the newly issued Code of Conduct for all employees is covering the environmental aspects of E.R. Schiffahrt's business. It confirms that the protection of the environment as well as the conservation of natural resources have a high priority.

A greater environmental responsibility is also expected from all suppliers and subcontractors all over the world. Already in 2015 the company has implemented a company's Code of Conduct for Suppliers for its worldwide supply chains. To monitor the supplier's performance a software based supplier rating system is in use and allows both, the office and the ship's side, to rate the quality of a product and its packaging. The use of the tool has increased by 46% in 2016. The average supplier rating (from 1=poor to 5=very good) within the reporting period was 4.13. This figure reflects the high standard of the supplier performance.

In addition, for more than a year E.R. Schiffahrt provides an environmental Whistle Blower Hotline to its employees and stakeholders. The Hotline provides a possibility to report any incompliance with environmental rules and regulations in an anonymous way. Regular tests ensure a reporting via e-mail or telephone.

### **Office:**

In 2015 the entire E.R. Group underwent a shore side energy audit in compliance with the latest EU environmental rules and regulations. The final audit report was presented in April 2016.

The result confirmed that the company building can be classified as a modern and energy efficient location. Owing to – among other factors – the use of green electricity for years, the general CO2 balance is very positive.

After receiving the final report, the company carefully evaluated the potential of further recommendations to improve energy efficiency and began to put them into practice, for example successively replacing halogen spots by LED.

The company continues to offer 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.

04

ANTI

CORRUPTION

## 04 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 and to act in line with all relevant rules and regulations.

In order to give a detailed guidance to all employees onboard and ashore the company has addressed the following topics within the recently issued Code of Conduct:

- Attitude towards business partners and third parties
- Antitrust and fair competition
- Anti-Corruption and improper advantages
- Anti-Money Laundering
- Trade Control Regulations

Further contractual rules and regulations are governing the 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 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.

These measures will be supported by E.R. Schiffahrt's Code of Conduct for Suppliers and Subcontractors which has been implemented at the end of 2015.

At the same time, E.R. Schiffahrt exchanges best practice experience with its business partners and encourages them to issue their own Code of Conduct as well as to implement worldwide anti-corruption campaigns and strategies.

In addition, the company maintains an internal control system to ensure that business activities are checked on a regular base.