

**UNITED  
NATIONS**

**GLOBAL  
COMPACT**

COMMUNICATION ON PROGRESS (CoP) **2019**



# CONTENT

## STATEMENT OF CONTINUED SUPPORT OF THE UN GLOBAL COMPACT

P. 03

## ZEABORN SHIP MANAGEMENT – OVERVIEW

P. 04

### **01**

## HUMAN RIGHTS

P. 06

### **02**

## LABOUR

P. 08

### **03**

## ENVIRONMENT

P. 12

### **04**

## ANTI-CORRUPTION

P. 17

# STATEMENT OF CONTINUED SUPPORT OF THE UN GLOBAL COMPACT

Zeaborn Ship Management 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. Shipping is therefore an important participant and beneficiary in globalisation processes.

As a result, Zeaborn Ship Management recognizes and appreciates its economic, ecological and social responsibility at both national and international level.

This seventh annual Communication on Progress documents the measures and results of Zeaborn Ship Management in the aforementioned four areas of the ten principles of the UN Global

Compact. In this context, it also describes the objectives for the upcoming reporting period. The report will be made accessible to all stakeholders of the company.

Zeaborn Ship Management and its management board are committed to further incorporating the ten principles into their business strategy and to continuously develop and enhance respective objectives and measures.



Holger Strack  
Chief Executive Officer



Michael Brandhoff  
Chief Operating Officer

# ZEABORN SHIP MANAGEMENT (ZSM) – OVERVIEW

Zeaborn Ship Management is a globally acting, dedicated ship manager offering a comprehensive and state-of-the-art ship management product portfolio with particular focus on performance, efficiency, digitization and advanced customer care. We proactively manage a fleet of about 135 vessels focusing on containerships, bulk carriers and multipurpose vessels of all sizes.

Zeaborn Ship Management combines the traditions of E.R. Schiffahrt and Rickmers Shipmanagement with a modern spirit.

About 4,300 employees on shore and at sea are committed to provide safe, environmental friendly and reliable ship management operations to the company's clients.

In addition to mandatory certifications 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), Zeaborn Ship Management developed an integrated management system certified to the following standards:

- ISO 9001:2015 (quality management),
- ISO 14001:2015 (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 managed fleet and ashore (except the energy management system, which is only applicable on board). It will be audited by an independent external party on an annual basis.

Within the reporting period, Zeaborn Ship Management successfully passed the renewal audits for the applicable standards at both locations, the headquarters in Hamburg and the site office in Singapore.

Maintaining the ISO certification is an essential part of the "DNV GL Excellence 5 Star" award, which is held by the company at both locations.



DNV GL EXCELLENCE – 5 STARS

ISM = ISO 9001 = ISO 14001

OHSAS 18001 = ISO 50001

The award was renewed successfully in 2018. It confirms that Zeaborn Ship Management complies with the highest state-of-the-art standards for the operation of container-, bulk and multi purpose vessels in terms of Emergency Response Service, Environmental Passport (Containerships), Ballast Water Management (Bulkers), advanced internal training schemes for employees and good PSC records (external inspections of vessels by local authorities during port calls) – and also as a founding member of the Container Ship Safety Forum (CSSF) and participant of the UN Global Compact.

Another important issue during the reporting period was the review and revision of the Code of Conduct for Employees and the Code of Conduct for Suppliers, based on the merger of the ship management activities of former E.R. Schiffahrt and Rickmers Shipmanagement. As part of the company's compliance programme, it ensures a continuous improvement of the company's social, economic and environmental performance and enforces the efforts against corruption.

The company's entire 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 and further development of the Code of Conduct has been supported by regular meetings of the board as well as by workshops and trainings for the responsible staff. Questions and outstanding topics are covered by a Frequently Asked Question form.

The separate compliance e-mail address and compliance phone number is available to all employees on board and ashore to either address further questions, proposals of improvement or to report any violations or non-conformities.

Another noteworthy step was the decision of the management board to assess the company's Corporate Social Responsibility and to obtain a professional CSR rating in 2018.

The assessment took place in an industry area of "Sea and Coastal Water transport" and covered the areas

- Environment
- Labor- and Human Rights
- Ethics
- Sustainable Procurement

The first rating was completed on 09 October 2018. The company's CSR performance was rated as:

Moderate

The company's total score is equal to or higher than 61 % of the peer groups.

**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.

Zeaborn Ship Management 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, Zeaborn Ship Management 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 Zeaborn Ship Management. At the beginning of each year, the management board of Zeaborn Ship Management 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. In this connection, Zeaborn Ship Management prepared and started a campaign to tackle and to eliminate shipboard bullying and harassment. The campaign was accompanied by training measures (e-learning courses, crew conference, distribution of poster) and discussions, as well as supplemented instructions in the company's management system.

Beside the Company Policy, Zeaborn Ship Management provides further guidance regarding Human Rights to all stakeholders through its Code of Conduct and its Code of Conduct for Suppliers, which was introduced in 2015.

Zeaborn Ship Management recognizes and appreciates its social responsibility and is or was engaged in the following activities within the reporting period of 2018 in this regard:

The seafarers on board of our vessels are away from their homes for several months. As it is crucial for them to be able to communicate with their families and friends while at sea, all vessels in Zeaborn Ship Management's managed fleet are providing all crew members with internet access. In order to improve the communication, the company has reviewed the latest state-of-the-art communication equipment available on the market. A decision was taken to upgrade the communication equipment on board of most vessels to increase the bandwidth and speed for a better internet access. The upgrade project started within 2017 and was finished at the beginning of 2019. Feedback from the seafarers confirmed that the advanced connectivity improves the usage of social media on board. This allows to stay in closer touch with family and friends and is a further step to enhance the welfare on board.

Social commitment led to physical action amongst the staff of Zeaborn Ship Management: As in the previous years, in summer 2018 numerous employees participated in the "HSH-Nordbank Run", a charity run in the City of Hamburg. By their participation, all runners supported the charity organization "children help children".

Furthermore, numerous employees followed an intranet call in December and donated warm winter clothing for seafarers. As a result, Zeaborn Ship Management was able to hand over several boxes full of winter jackets, sweaters, hats and gloves to the International Seamen's Club Duckdalben in Hamburg at the beginning of 2019.

**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 Zeaborn Ship Management 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. Zeaborn Ship Management considers harassment and bullying a serious and unacceptable offence.

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. Furthermore, anti-bullying posters (“Say no to harassment and bullying! Stand up and raise your voice!”) have been developed in 2018 and displayed on board all managed vessels, providing advice and support (hotline) to the seafarers concerned. A total number of three MLC complaints were recorded in the course of 2018.

The employment conditions of seafarers employment agreements of the crew members on board of Zeaborn Ship Management managed vessels are based on collective bargain agreements (CBA), fully in compliance 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 was 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 Zeaborn Ship Management on a yearly basis. These audits include the verification of their compliance with the MLC 2006 as well.

Zeaborn Ship Management’s internal and external recruiting process ensures that underaged seafarers are not employed on board of Zeaborn Ship Management 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.

## 02 LABOUR

With regard to a safe working environment, Zeaborn Ship Management is obliged to ensure 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 are established within the management system of the company. All procedures are regularly reviewed and revised. Part of the review is not only the proper implementation of these procedures but also a verification of implementation by conducting internal and external audits on board and in the office. All audits are related to the company's Occupational Health and Safety Assessment Series (OHSAS) certification. Further employee input is obtained through various tools such as the monthly minutes of the Ship Management Meeting, the annual "Master's Review" or by addressing a proposal for improvement.

The verification in the office was carried out successfully during the reporting period of this Communication on Progress. In addition, further positive feedback and impact on the safety system was not only given by the employees but also by clients who carried out own office- and shipboard audits according to their own- or to industry standards.



### **SAFETY CAMPAIGN 2018** by Zeaborn Ship Management

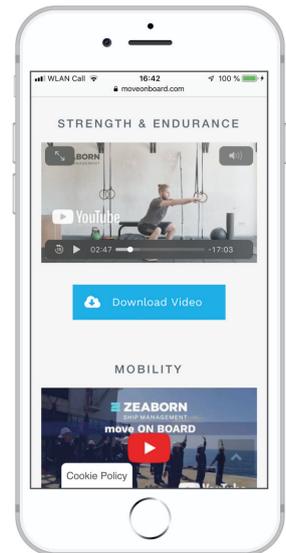
Based on all input and all previous measures, the company's management decided to launch and run a safety campaign, both at sea and ashore, throughout 2018. The campaign "Home – Your Reward For Staying Safe Every Day" was structured on a quarterly basis covering the following main topics:

- Q1/2018: Personal Protective Equipment (PPE) / new assignment and training of the Safety Officer on board
- Q2/2018: Preparation and supervision of work on board / risk assessment / leadership

- Q3/2018: Health Conscious Behavior / nutrition, physical fitness and mental wellness
- Q4/2018: Review of the campaign

As one result of the campaign there was a clear improvement regarding the performance of the Safety Officer on board, with some positive impact on leadership including preparation and supervision of work on board. Furthermore, the PPE matrix within the company's management system was revised and updated to ensure a homogenous supply on all vessels. Another proof for a successful result of the campaign was that one of the ZSM managed vessels obtained the "Safe Boarding Award" by the Panama Canal Authority.

The Health Conscious Behaviour campaign was a great supplement to the safety – as a healthy crew is essential for safety on board. As part of our holistic workplace health promotion programme 'move on BOARD' we proudly present our online health training video series covering "strength & endurance", "mobility" and "mental fit & relax" ([www.moveonboard.com](http://www.moveonboard.com)) to actively counter strains arising from daily work routines on board. The training videos are available for our seafarers and their family and friends free of charge.

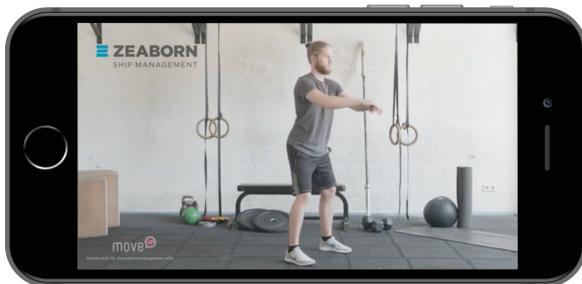


Our training videos were recognized with the "HR Excellence Award 2018" in the category "Company Occupational Health Management".



### **HUMAN RESOURCES EXCELLENCE AWARDS 2018 WINNER**

## 02 LABOUR



The 2018 theme of the Day of the Seafarers was “seafarers’ wellbeing”. The topic given by the IMO was a perfect match to our “Health Conscious Behaviour” campaign. Beside the ‘move on BOARD’ programme we are offering to the seafarers, the company is offering e.g. stretching sessions during an ‘active lunch break’ and the office in Manila started to offer yoga courses for all office staff to foster wellbeing.

Within the reporting period the company continued its approach to support and promote risk based assessments of relevant procedural changes on board and ashore, thus to strengthen its own Risk Assessment- and Management of Change procedure. To reach the goals it was decided to continue with regular trainings and workshops. The campaign to promote the identification of unsafe conditions and unsafe acts is also ongoing and the goal of the campaign is still valid: to promote a near miss reporting in order to proactively identify hazards before they will lead to incidents and accidents.

In 2018, the company continued to arrange Fleet Officer Meetings (FOM) and pre-departure briefings for about 82 officers in total. We decided to carry out only one FOM that year, which took place in Manila, Philippines. The concept of our FOM to have a whole day of inspiration for human resources management and a day full of operational topics was very well received by all participants. We have managed to focus our officers on leadership, social skills and communication. We embedded our Health Conscious Behavior campaign into the FOM and carried out a one-hour yoga session with the participants. A general practitioner held a lecture on nutrition and health awareness.

Although the PSP (Performance Support Programme) team was reduced by one team member, we were able to offer 1.476 crew members on board our vessels personnel development

and training. We could not reach all vessels in management in 2018, because the PSP team accompanied the DOC change of the Rickmers Shipmanagement vessels and we carried out PSP ashore for our newly employed Vietnamese crew. PSP will remain a core component of the company’s personnel development and training concept for 2019.

As a founding member of the Container Ship Safety Forum (CSSF), a global business-to-business network that improves safety performance and management practices in the container shipping industry, the company not only supports the further growth of the Forum, but also its transition into a Non-Government Organisation (NGO). The latter took place during the initial meeting in Hamburg on 07/08 November 2018, which was chaired by Zeaborn Ship Management.

Again, during the reporting period the CSSF managed to attract further members. The network now consists of 23 members, all of them major container shipping liner companies and ship owning and / or ship managing companies. These 23 companies represent more than 40 percent of the worldwide 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.

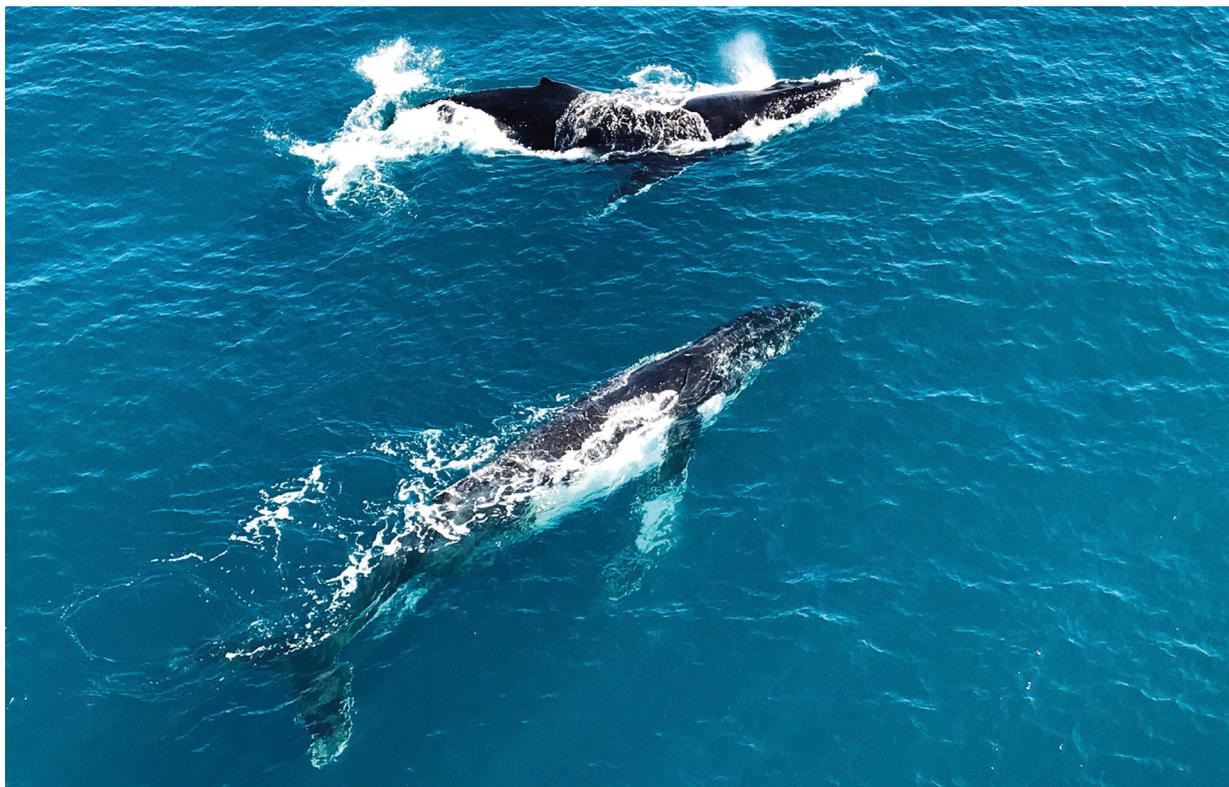
As a part of the occupational health management ashore the company established a weekly “Active Lunch Break” - a holistic movement concept for health promotion. Physical discomforts of the employees, such as back and neck pain, are reduced and health is sustainably promoted.

In order to improve the occupational health management, the company has set up a health programme (MediFit) for its employees in cooperation with the company medical officer. Each month there are individual one-on-one discussions, lectures or workshops on a specific topic.

**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.

Zeaborn Ship Management is clearly committed to protect the environment, which is a broader view compared to the previous approach to prevent any kind of pollution. Therefore, Zeaborn Ship Management is permanently reviewing its company policy, its relevant procedures and KPIs. Consequently, the company was one of the first ship managers worldwide who revised its management system to cope with the latest ISO 14001:2015 standard. A proof for the successful revision was given during the annual audit in August 2018.

Zeaborn Ship Management is convinced that this is a major step and a significant commitment to protect the environment, prevent pollution, mitigate and adapt the climate change and protect biodiversity and ecosystems.

All Zeaborn Ship Management employees are informed about this policy. They are trained regularly to enhance their skills and abilities to environmental protection.

This approach is reflected in all company instructions and procedures, which ensure the safe operation of all vessels with regard to environmental protection, in compliance with all relevant laws and regulations and in line with the requirement of the ISO 14001:2015 standard. 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 functioning. The energy management system of Zeaborn Ship Management aims at locating fuel saving potentials and managing energy efficiency effectively on board the vessels managed by the company.

In order to support the seagoing and office staff in charge, the company has revised its 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, Zeaborn Ship Management has continued the successful co-operation between the office and ship staff on the one hand and with classification societies, naval architects, shipyards, research institutes, engine makers and charterers on the other hand in order to reduce fuel consumption and CO2 emissions of all vessels under management.

## 03 ENVIRONMENT

Important measures are:

### **Operational:**

Slow and super slow steaming - Zeaborn Ship Management's managed vessels were continuing to reduce their normal voyage speeds wherever and whenever trading pattern allowed this measure.

### **Training:**

72 senior officers successfully attended an "ISO 50001 Energy Management Training Course" offered by our computer based training provider.

67 senior officers attended trainings concerning "Ship Handling", "ME MAN Engine course", "RT Flex Engine course" and "MSPS In-house Training". Officers also contributed to the content of such trainings to increase the overall vessel performance.

### **Redesign:**

Two vessels were equipped with variable frequency drives (VFD) for the main seawater pumps and engine room fans in 2017. The final commissioning of these systems was completed in 2018. Day and night time operation, manned and unmanned engine room operation, ambient and seawater temperature changes and port or at sea operation have a direct influence on the cooling and air flow requirements and are normally controlled manually by crew. Programmed VFD control units ensure a demand related provision of cooling water and airflow provision and consequently the vessel achieves significant basic load / fuel oil consumption reductions.

IMO and US coast guard regulation force ship owners to implement/retrofit Ballast Water Treatment Systems (BWTS) in order to prevent the spread of harmful aquatic organisms from one region to another and halt damage to the marine environment from ballast water discharge, by minimizing the uptake and subsequent discharge of sediments and organisms. The first Zeaborn Ship Management managed vessel retrofit started in 2018 with the implementation of a 500 m<sup>3</sup>/h UV / Filter BWTS on a 2.500 TEU container vessel. Completion and commissioning are planned for the first quarter of 2019.

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. Zeaborn Ship Management already started in early 2014 to implement measures and modifications in order to meet these regulations well before the due date. Currently all Zeaborn Ship Management managed vessels calling SECAs / ECAs are fully compliant with the relevant MARPOL Annex VI regulations. Most other vessels managed by Zeaborn Ship Management, which are not sailing in those areas, are modified proactively.

From 01.01.2020, the sulphur content of marine fuels shall not exceed 0.50 % sulphur for operation outside ECA and from 01.03.2020, the carriage of non-compliant fuel on ships not fitted with 'equivalent' means of compliance (e.g. exhaust gas cleaning systems) is prohibited. All vessels must have a vessel specific 'ship implementation plan' (SIP) on board from now on. The IMO has agreed that administrations and PSC authorities may take into account the SIP when verifying compliance with this regulation.

Up to now, two owners decided to install an exhaust gas cleaning system (EGCS) on some of their vessels. EGCS are currently being installed on six vessels of the fleet managed by Zeaborn Ship Management.

The propeller shaft seal of two further vessels was converted into an airtight shaft sealing during dry docking in 2018. With this sealing system, there will be no more hazards to contaminate seawater by oil in case the sealing fails.

Additionally, on a vessel where it was not possible to install an air sealing system, the mineral oil filling of the sealing was replaced by environmental friendly oil during dry docking.

### **Monitoring and Reporting:**

During the reporting period, Zeaborn Ship Management continued to use FuelSafe, an integrated tool of the company's own Vessel Performance Monitoring Center (VPMC) installed on selective vessels representing all vessel classes under management. It enables optimal efficiency with regard to fuel consumption and asset protection. The system retrieves up to 300 measured values. It does not only deliver analytical data but is also indispensable for successful monitoring: It checks the ship's

## 03 ENVIRONMENT

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.

On top of that, Zeaborn Ship Management has implemented additional functional modules in its KPI based vessel performance evaluation software to monitor engine performance and lube oil consumption improving the VPMC's guidance and support for the vessels to improve their operational efficiency.

Since the beginning of the calendar year 2019, the whole fleet managed by Zeaborn Ship Management uses the software PIM (Position-Intention-Movement) for its daily event reporting. During the merger integration process of E.R. Schiffahrt and Rickmers Shipmanagement it has been decided to use PIM for the event reporting instead of the DANAOS Operations module, which was used by the former E.R.Schiffahrt fleet.

The event reporting is required to measure the vessel performance, track special events and to comply with international reporting regulations, e.g. for fuel consumption as well as SOx and NOx emission. With the decision to use PIM, Zeaborn Ship Management ensures the compliance with all of these requirements. In parallel, PIM holds a high level of efficiency and flexibility in terms of the handling and maintenance the software. As PIM is an in-house designed and developed product, all future requirements, whether caused in- or externally, can be solved directly and independently from any external service provider.

The effectiveness of Zeaborn Ship Management's energy 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 Zeaborn Ship Management saved fuel in line with the top competitors.

Zeaborn Ship Management supports and uses the Shipping Efficiency initiative, which was launched by the Carbon War Room programme. Within Shipping Efficiency Zeaborn Ship Management 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.

Starting from 01.01.2018, all European ports are subject to the EU Monitoring Reporting Verification (MRV) regulation, which covers CO2 emissions. Already since 31.08.2017, all shipping companies are obliged to submit a plan for monitoring, reporting and verifying the resulting CO2. This EU regulation requires the monitoring, reporting and verification of the amount of CO2 generated per ton and mile, which is published annually on the internet. In this context, the importance of energy efficiency measures and of performance and monitoring systems becomes clear again. A weak performance in connection with the future tightened regulations also has a lasting impact on the public reputation of a company.

Thereafter, amendments to MARPOL Annex VI, which came into force from 01.03.2018, require ships over 5000 GRT to collect consumption data for each type of fuel oil they use, as well as other, additional, specified data including proxies for transport work. Not later than 31.12.2018, all ships are required to carry on board a ship energy efficiency management plan (SEEMP) describing the process of data collecting and transmission to Flag State. The data will be collected for all voyages, regardless of the location and will be used by IMO for producing an annual report concerning CO2 emissions.

### **Company Policy:**

The management board of Zeaborn Ship Management reviews the environmental company's policy in regular intervals and confirms its validity. As mentioned earlier, this was done in 2018 with a broader view of the company's environmental approach.

As an important part, the Code of Conduct for all employees covers the environmental aspects of Zeaborn Ship Management's business. It confirms that the protection of the environment as well as the conservation of natural resources do have a high priority.

Greater environmental responsibility is also expected from all suppliers and subcontractors around the world. We see positive trends, especially in Asia, that suppliers are changing their behavior towards greater responsibility. The Code of Conduct for Suppliers, already implemented in 2015, has been reviewed and amended end of 2018, based on the merger of the ship management activities of former E.R. Schiffahrt and Rickmers Shipmanagement.

## 03 ENVIRONMENT

### **Campaigns:**

For the second time the company encouraged the employees on board to support the UN World Environment Day (WED). According to the motto “beat plastic pollution” an internal environmental campaign was conducted: all vessel were invited to monitor and report the wrapped supplies delivered on board, take pictures of the plastic waste, estimate the volume (cbm) of plastic foils / packages and the quantity of plastic bottles.

The result was that within one year about 24 cbm of half-pressed plastic garbage is produced on a vessel and around 1.2 million plastic bottles pass through the managed fleet.

In order to reduce the usage of plastic on board, the management board instructed the removal of plastic made single use items such as straws and cups from the purchasing programme. Furthermore, the vessels are encouraged to return plastic pallets and wrapping to the provision supplier as it was discussed and agreed beforehand with all vendors.

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. Since 2017, the criteria for supplier evaluation have been extended to environmental aspects.

Zeaborn Ship Management is continuously working on a further development of a strong supplier base. In 2018, approx. 1.150 active suppliers worked for the company. Approx. 45% of supplier spending is based on frame contracts to ensure high quality supplies and observance of high environmental standards and sustainable business behavior.

Each of these suppliers and subcontractors has received an average of five evaluations in the previous four years, supported by supplier audits at suppliers sites. The average supplier rating (from 1=poor to 5=very good) within 2018 was 4.07. After an average result of 4.10 the year before, this figure reflects the high and stable standard of the supplier performance.

In addition, Zeaborn Ship Management provides an environmental Whistle Blower Hotline to its employees and stakeholders for more than three years. 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.

Within the reporting period there was no (0) report to the Environmental Whistle Blower Hotline.

In addition to the Whistle Blower Hotline, the company provides a dedicated e-mail address and a phone number. Both means shall serve as communication tools to contact the company regarding compliance matters.

Within the reporting period there was one (1) report to the company’s compliance e-mail address, related to a case of harassment. This case was treated in line with the company’s procedures and finally solved to the satisfaction of all persons concerned.

### **Office:**

In 2018, Zeaborn Ship Management reviewed its environmental management system for the office, especially after an office move to a new location where ZSM united the ship management activities of former E.R. Schiffahrt and Rickmers Shipmanagement. As a result, the management board has confirmed the environmental objectives and targets.

In order to enhance the understanding and support of all employees ashore, the objectives and targets are still divided into three environmental aims:

- 1.) Reduction of waste
- 2.) Saving of resources
- 3.) Avoiding of pollution

All three aims are subdivided into single measures or projects. Each measure or project is clearly described and defines the responsible team / department, the status and in particular the related risks and opportunities.

The evaluation for 2018 on how far the objectives and targets have been met, is pending at the time of finalization of this report.

Furthermore, 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.

The management board of Zeaborn Ship Management has reviewed the company's Anti-Corruption policy and confirmed its commitment 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 aboard and ashore, the company has addressed the following topics within the 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 Zeaborn Ship Management or its related companies. Any secondary employment or additional business of employees of Zeaborn Ship

Management has to be reported to the company and is subject to approval in order to reduce possibilities of contradictions of interest. Salaries paid by Zeaborn Ship Management are ensuring that employees are able to support themselves without the need of an additional income.

These measures will be supported by Zeaborn Ship Management's Code of Conduct for Suppliers and Subcontractors which has been revised in 2018, based on the merger of the ship management activities of former E.R. Schiffahrt and Rickmers Shipmanagement.

At the same time, Zeaborn Ship Management 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.

Furthermore, Zeaborn Ship Management supports anti-corruption initiatives of business partners.

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

The management board held regular meetings to discuss topics related to anti-corruption, reviews the company's policy and revises its guidance to the employees, stakeholders and interested parties.