

# भारतीय नौवहन निगम लिमिटेड

(भारत सरकार का उद्यम)

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## ***The Shipping Corporation Of India Ltd.***

(A GOVERNMENT OF INDIA ENTERPRISE)

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### GLOBAL COMPACT INITIATIVE

The SCI, first pledged its commitment to the United Nations Global Compact in 2001 and continues to support the cause and commitment to the Ten Universally Accepted Principles of UNGC.

### HISTORY OF SCI



The Shipping Corporation of India Ltd. was established on 2nd October 1961 by the amalgamation of Eastern Shipping Corporation and Western Shipping Corporation. SCI started as a marginal Liner shipping company with just 19 vessels and today it has metamorphosed into a largest shipping company in India. As on 1<sup>st</sup> September 2013, the Company owns 77 ships of 5.96 million DWT and has 15 new ships on order. Further, the Company has under its management 41 ships of 0.29 million DWT on behalf of ONGC, various government departments/agencies and other joint venture companies.

Sailing through for over sixty years, the SCI today has a significant presence on the global maritime map and is undoubtedly India's premier shipping line. The SCI owns and operates about 40% of the Indian tonnage and operates in practically all areas of shipping business servicing both national and international trades. Keeping in view the demands of the nation's trade, the SCI over the years has diversified into large number of areas and is today engaged in operating break-bulk service, international container service, liquid/dry bulk service, offshore service, coastal passenger service in addition to manning/managing large number of vessels on behalf of various Government Departments and Organizations etc.

The SCI has heralded India's entry into the specialized field of LNG transportation. SCI is the only Indian shipping company engaged in transportation of LNG, a fuel for India's power plants and chemical/petrochemical industry. Presently, SCI is managing technical, commercial and manning operations for three LNG vessels on behalf of the joint venture companies where SCI is also a partner in JVCs.

As a commercial venture of the Government of India, the SCI has an excellent track record since inception.

The Government of India has conferred "Navratna" status to SCI on 01.08.2008 with enhanced autonomy and delegation of powers to the Company towards capital expenditure, formation of Joint Ventures, mergers, etc.

### *MISSION*

To serve India's overseas and coastal seaborne trade as its primary flag carrier, and be an important player in the field of global maritime transportation, as well as in diverse fields like Offshore and other marine transport infrastructure.

### *VISION*

To emerge as a team of inspired performers in the field of Maritime Transportation serving Indian and Global trades with the focus on:

- ❖ Maintaining its "Numero Uno" position in Indian Shipping
- ❖ Establishing a major global presence in Energy related transportation, Dry Bulk and container shipping markets.
- ❖ Evolving suitable business models to exploit emerging opportunities in Offshore Oil Sector, Port / Terminal Management, Logistics etc.
- ❖ Safety of people and property and protection of Environment.

## OBJECTIVES:

1. To provide its clientele safe, reliable, efficient and economic shipping services.
2. To be an optimally profitable, viable, commercial organisation and contribute to the national economy by securing a reasonable return on capital.
3. To own or acquire through options like leasing, demise charter, joint ventures and other innovative financial measures an adequate fleet to cater to a significant portion of India's overseas trade, particularly in items of strategic importance like crude oil and petroleum products.
4. To increasingly participate in India's offshore and other marine activities, and to continue to explore opportunities for diversification to ensure overall and steady growth of the Company.
5. To develop internal Human Resource with a view to achieving higher productivity.
6. To initiate e-governance in the working of Company at the earliest covering areas such as operations, tendering and purchase through the "SET-IT" project.

## *Ten Principles of UNGC*

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

Guided by values, we support universal human rights for our employees and the environment where we operate. We, in SCI, believe that companies can play a positive role in safeguarding human rights and their promotion.

SCI, being into international business, adheres to national and international laws apart from guaranteeing fundamental rights to citizens. Our principles prohibit child labour, forced labour and discriminatory behaviour and recognizes right to freedom of association and collective bargaining.

SCI has internal rules/procedures for different activities and a grievance redressal cell to attend to complaints involving issues of Integrity, Fairness and Transparency in dealings with SCI. Audit mechanism is in place to ensure compliance. The company also respects the "right to information" of public.

There is no discrimination on the grounds of sex, religion, place of origin etc. in the organization. The Employees are treated with dignity and are provided with safe and healthy working conditions. To ensure this, Safety Management System (SMS), Training and Development of employees and Provision of number of welfare facilities have been put in place:

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

SCI ensures adherence to labour laws enacted by the Government of India and other international agencies to protect the interest of the workers. Our company places highest importance on Human Rights and ensures that at no point of time these rights are abused. Protection of human rights is ensured for regular employees as well as for other contractual employees.

The contractors are asked to take appropriate steps for safety and welfare of the workers.

To uphold human rights, SCI ensures prompt handling of grievances of employees and customers for which there is well established grievance redressal machinery.

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

Shipping Corporation of India believes in freedom of association and collective bargaining through constructive forums. Negotiations pertaining to periodical wage revisions, service conditions etc. are done in consultation with the employees' forums. Many a policies are developed with fruitful contributions from the Employees' FORAs.

Employees are free to join a trade union of their choice without fear of intimidation or reprisal, in accordance with national law.

The following Unions and Associations represent employees of SCI:

1. Forward Seamen's Union of India
2. The Maritime Union of India
3. The Shipping corporation of India Staff Union
4. The Shipping corporation of India Officers' Association, Mumbai
5. The Shipping corporation of India Officers' Association, Kolkata
6. Shipping Corporation Employees' Union (Kolkata)
7. Shipping Corporation Non- Clerical Staff Union
8. National Union of Seafarers of India

The FORAs are encouraged to participate actively in giving their suggestions on issues pertaining to welfare of the employees.

The seafarers (employees on the ships) are represented by their Trade Unions viz., Maritime Union of India, National Union of Seafarers of India and Forward Seamen's Union of India. SCI has geared up for the Maritime Labour Convention (MLC) compliance effective 20-08-2013.

The company regularly encourages interactive sessions between the Management and the employees to facilitate free dialogue.

Working on board Company's well maintained fleet is a pleasure. Fleet personnel enjoy benefits in accordance with existing NMB Agreement and Agreements between INSA (Representing Indian Ship owners) & trade unions like MUI, NUSI and FSUI.

**Principle 4: Business should uphold the Elimination of all forms of forced and compulsory labour**

Direct employment in Shipping Corporation of India is done through bilateral and mutual agreement between the company and the employee. This leaves no scope for any kind of forced labour.

The Company, while recruiting employees, follows the relevant rules and regulations laid down by the Government of India. This ensures that no unfair labour practices are followed. The terms and conditions of service are mentioned in the appointment letter.

The employees are governed by Hours of Employment as per bilateral service conditions and hence there is no forced labour in SCI.

Moreover, the Employees have the freedom to leave the company after adhering to applicable rules.

**Principle 5: Businesses should uphold the effective abolition of child labour**

This principle is upheld by the Shipping Corporation of India Ltd., in its true spirit.

SCI, being a Government company, follows all Government Rules including strict adherence of the Child Labour (Prohibition & Regulation) Act, 1986.

The minimum age for employment in SCI is 18 years. During direct employment of workmen in the company, criteria of minimum age is applied. Age is verified from

birth certificates issued by statutory authorities and school leaving certificates, etc. This ensures that no child labour is directly employed in SCI.

**Principle 6: Business should uphold the elimination of discrimination in employment and occupation**

SCI is an equal opportunity employer.

SCI does not believe in any kind of discrimination based on race, religion, gender, political opinion or social origin in its employment related policies. We, in SCI, strongly believe in inclusivity and equality in remuneration, hours of work, paid holidays, maternity leave, security of tenure, advancement, social security, occupational health, safety, etc. For promoting gender equality, SCI has given employment to approximately 20% women.

Being a Central Govt. Undertaking, the Company scrupulously follows Indian Govt. Instructions with regard to reservation in employment for Scheduled Castes/Scheduled Tribes/Other Backward Classes and Physically Handicapped etc. Presently, the Company has approximately 40% workforce in the SC/ST/OBC/Handicapped category.

<b>As on 01/09/2013</b>	<b>Total No. of Employees</b>	<b>Male</b>	<b>Female</b>	<b>SC/ST/OBC/PWD</b>
No.	851	677	174	338
%	100%	79.55%	20.44%	39.72%

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

SCI does not allow all kinds of behaviour that are threatening, abusive, exploitative or sexually coercive, including gestures, language and physical contact at the workplace. Our system is well equipped to deal with such situations.

As per Supreme Court Guidelines, a Complaint Committee to handle cases of sexual harassment at the work place is functional in SCI. An outside representative from NGO is a member of this Committee.

Moreover, the Company has established mechanism such as "Grievance Redressal Procedure" for shore employees through which complaints, disputes, dissatisfaction or feeling of injustice relating to one's employment conditions can be brought to the attention of the Management for appropriate solution.

**Principle 7: Business should support a precautionary approach to environmental challenges.**

The Shipping Corporation of India has taken environmental challenges seriously and it is demonstrated through its' day-to-day operations. The 'Safety and Occupational Health & Environment Protection Policy is in effect and implementation is monitored on board vessels. Although not compulsory, even for vessels contracted before 01-01-2013, SCI has undertaken voluntary EEDI (Energy Efficiency Design Index) compliance for her vessels under construction viz. three 6500 TEU vessels under construction at China. SCI's vessels are the first among the Indian flag vessels to have EEDI compliance.

**Environmental Regulations**

Right at the time of construction of ships, it is ensured that the new ships comply with strict environmental regulations such as :

- a. The new built tanker vessels comply with requirements under EU Directive 2005/33/EC and are thus EU compliant.
- b. Fuel oil tanks are protected on the sides to avoid direct contact in case of accident.
- c. Tier II compliant diesel engines are being installed on new vessels constructed after 1<sup>st</sup> January 2011 to reduce NOx emission levels from diesel engine.
- d. Energy Efficiency Design Index (EEDI) is being implemented at design stage to reduce GHG emissions from ships i.e. grams of CO<sub>2</sub> emitted per tone mile of cargo moved.
- e. The refrigerant used by AC plants is environment friendly which if leaked out doesn't contribute to Ozone depletion
- f. The vessels have green passport upon delivery i.e. list of all hazardous materials will be kept onboard which will be of great help during recycling/handling of hazardous materials during in-service repairs.
- g. Paint applied on the underwater portion of the hull is tin free.

**Air and Sea Pollution**

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

- Company's vessels are fully compliant of MARPOL regulations and hold valid International Oil Pollution Prevention certificate (IOPP). Each vessel is provided with a Shipboard Oil Pollution Emergency Plan (SOPEP) or Shipboard Marine Pollution Emergency Plan (SMPEP)

- Ships maintain weekly inventory of oil residues. Disposal and transfer carried out as per regulations and record is maintained in "Oil Record Books".
- Each vessel is holding valid International Sewage Pollution Prevention Certificate (ISPP)
- Each vessel is holding valid International Air Pollution Prevention Certificate (IAPP).
- Vessels use low sulphur bunkers with less than 1.0% in Sulphur Emission Controlled areas (SECA) and less than 3.5% in other areas.
- Vessels use bunker with sulphur content less than 0.1% in European ports.
- Inventory of Ozone Depleting Substance (ODS) is maintained on all tanker vessels. No Accidental or operational leak occurred during the period.
- Company has Garbage Management Plan and each vessel complies with the same.
- The Company tries to avoid supply of goods which are packed in plastic and promotes eco-friendly/ biodegradable items such as garbage bags, envelopes etc.
- The company is also in the process of modifying its existing tanker fleet to be EU compliant.

### *Environmental Management System*

The tanker division in SCI has obtained certificate of compliance for Environmental Management system to the ISO 14001:2004 standard by "Indian Register of Quality Systems".

### *Environmental Safety*

- A procedure for leak detection at pre-determined intervals of CFC based refrigerants in all refrigeration and air-conditioning systems on board are being complied. (Record of same is being maintained in vessels' Planned Maintenance System).
- In order to reduce the disposal of lead and other hazardous substances into the sea/land; lead – acid batteries and other batteries are returned to the manufactures.
- As per International Convention on the Control of Harmful Anti-fouling Systems on Ships 2001, the Harmful Anti-fouling Systems on existing tankers (less than 20 years) have been replaced by non-harmful anti-fouling systems since 31<sup>st</sup> December 2007 onwards.

## Liner Vessels



The Liner ships of the Company are sometimes engaged in the carriage of Hazardous and dangerous goods, both in the break bulk as well as container vessels.

- The company has developed an in-house manual based on IMDG code which caters to shipment of hazardous and dangerous goods on SCI vessels. This document also highlights the company's policy and procedures in respect of carriage of hazardous and dangerous goods.
- The Container Manual of SCI deals with carriage of hazardous cargo on cellular container vessels owned and operated by SCI.
- The officers dealing with transportation of hazardous cargo are trained through various workshops and seminars to update their knowledge and skills.
- Frequent interaction with our partners in the container line, owners of vessels and other bodies have benefited SCI in developing a separate Managerial skill to deal with environmentally hazardous goods.

### *Principle 8: Business should undertake initiatives to promote greater Environmental responsibility*

The company is committed to environmental protection as per International Conventions for the prevention of pollutions from ships.

### *Initiatives*

- Though not mandatory, SCI has taken initiative in this direction by taking delivery of two platform supply vessels from Cochin Shipyard Ltd. which are of UT 755 CD (Clean Design) and are environment friendly.
- All engines fitted on board are meeting requirement of NOx compliances.

- Necessary steps have been taken to minimize air pollution from ships.
- New designs of systems have been adopted which further minimizes/eliminate risks of oil pollution.
- The Company has taken various steps to conserve energy loss at sea through the exhaust of Marine Diesel Engines/Boilers in addition to other forms of conservation e.g. use of Fresh Water Generators.
- All the SCI owned and managed vessels have shipboard Energy Efficiency Management Plan (SEEMP) onboard.
- The SCI has implemented the TMSA requirements in 2007 which are
  1. ISM
  2. ISO 9001-2008 – Quality Management System
  3. ISO 14001:2004 – Environmental Management System
  4. OHSAS 18001:2007 – Occupational Health and Safety System
- In order to maintain the efficiency of Integrated Management System, yearly internal audits are conducted onboard the tankers. EMS annual verification audit was done in January 2013 by IROS and EMS and system found in compliance.
- Plastic disposal in sea is prohibited.
- Even though the Ballast Water Convention is yet to come into force, as a committed and responsible ship-owner, Ballast Water Treatment Plant has been installed onboard two of SCI's recently delivered vessels viz. Vishva Jyoti and Vishva Chetna to safeguard ecology by protecting territorial waters against alien invasive species carried in ship's ballast water and sediment.
- Usage of asbestos is eliminated in the construction of new ships to avoid harmful effect during maintenance and recycling of ships.
- Company took steps towards environmental protection by application of tin free self polishing anti fouling coatings on ships hulls.
- The Company has introduced Environmental Aspect/Impact register which records how each of the activity impacts the environment.

The tanker fleet complies with statutory MARPOL regulations requirements as follows:

1. Garbage management,
2. Oil pollution,
3. Air pollution and
4. Sewage pollution

Each tanker vessel is certified to the compliance of these regulations.



**Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.**

The company is committed to doing business consciously and responsibly and believes in setting up sustainable systems to protect the environment. The business of transportation of goods by sea brings the operations of the company very close to delicate marine ecosystems and the atmosphere.

**Implementation of Eco-friendly technologies**

SCI has been taking initiatives in incorporating various measures such as

- Installation of ballast water treatment plants in all new vessels being ordered well ahead of regulation coming into force to minimise transfer of harmful aquatic organisms and pathogens.
- Vessels are built with a green passport and carry the inventory of Hazardous Materials.
- The company while acquiring new building vessels ensures full compliance with the stringent international regulations of design and operating systems in force.
- The design and equipment of these vessels further greatly reduce the environmental impact from emissions to air and also discharges to the sea. These vessels have been assigned the optional notations such as "CLEAN" or "ES".
- Company has put in place leak detection system at pre-determined intervals of CFC based refrigerants in all refrigeration and air-conditioning systems on board.
- SCI has voluntarily undertaken EEDI (Energy Efficiency Design Index) compliance for three 6500 TEU vessels under construction. Installation of Propeller Duct has already been done on our vessel Vishva Chetna and will be installed on other two vessels viz. Vishva Uday and Vishva Vani.
- The new Platform Support Vessels acquired by SCI during FY 2013 are built with green passport and are suffixed as "Clean Design".

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

**Preventive Measures**

- Financial and commercial transactions are fully computerized on a network platform and the working is transparent and least susceptible to fraud.

- All tenders are put up on SCI and Government websites to ensure transparency in action.
- Bidders are invited during opening of the tenders and price bids are shared with them.
- In case of acquisitions of second hand vessels, where confidentiality is required to be maintained, price bids are opened in the presence of SCI nominated Independent External Monitor to ensure transparency.
- “Procure to Pay” procedure is integrated in the computer system which enhances the transparency in procurement cycle.
- Payments are directly credited to the bank accounts of parties/employees through electronic payment modes offered by banks.
- SCI has switched over to the electronic sale/auction process from its current physical tender process for sale of vessels. Apart from being popular, the electronic processes ensure transparency and work against social evils such as corruption bribery etc.
- The details of contracts awarded over Rs 50 lakhs are posted on the SCI website on a monthly basis.

### *Adoption of Integrity Pact*

SCI has taken a leap forward towards ensuring further transparency, equity and competitiveness in public procurements by adopting Integrity Pact Programme for major public procurements in company. The Integrity Pact is applicable to public procurements above threshold value of Rs. One Crore. The Integrity Pact (IP) was designed and launched by Transparency International in the 1990s with the primary objective of safe-guarding public procurement from corruption. Thus, Integrity Pact is a tool to help Govt., businesses and civil society to fight corruption in the field of public contracting and ensures that all activities and transactions between a Company and their suppliers are handled in a fair, transparent and corruption free manner. Independent External Monitors (IEMs) are appointed to monitor implementation of Integrity Pact.

### *Preventive Vigilance*

- The vigilance function in SCI keeps watchful eye on the functioning of the organization by conducting regular checks to ensure that the employees while discharging their duties maintain high integrity and honesty.
- Chief Vigilance Officer (CVO) is the nodal officer for reporting complaints regarding corruption which can be filed on line or through KIOSK.
- Vigilance awareness is created amongst the employees through various programmes.
- Immoveable property return statements are submitted by the Executives of the Company every year so that their assets are known to the Company. This is monitored by Vigilance department.

- The SCI has also adopted “Code of Conduct for Board Level Members and Senior Management Personnel” under Corporate Governance.
- The Company has adopted a whistle blower policy based on the guidelines from Central Vigilance Commission (CVC).
- The Chief Vigilance Officer participates in the Board meetings, whenever required, so that issues of sensitive nature are brought immediately to the notice of the Board of Directors of the Company.
- The organization has adopted Conduct, Discipline and Appeal rules that bar acceptance of bribes and describes it as misconduct.
- Company's functioning is also monitored by Government Audit, who in turn, reports to Comptroller and Auditor General (CAG) of India, which is an autonomous body and reports directly to the President of India. The Comptroller and Auditor General of India has deputed full time Resident Auditor in SCI who monitors Company's working round the year.
- SCI has appointed a firm of Internal Auditors for extensive audit of systems and procedures.

***Apart from adherence to UNGC principles, SCI has adopted the following as its Corporate Social Responsibility***

SCI, through its Corporate policy and philosophy, has committed itself to social responsibility for the benefit of society at large.

As per the MOU with Government of India for the year 2011-12, a Corporate Social Responsibility Plan has been prepared. Presently, SCI contributes 1% to 3% of Net Profit of preceding year towards CSR.

An agreement has been entered with Tata Institute of Social Sciences, Mumbai for providing effective programme design, management and delivery of the CSR objectives.

***CSR Initiatives by Company***

During the year 2012-13, the Company carried out following initiatives :

- Scholarship to students belonging to SC/ST/BPL sections of the society at IITs, IMUs and MTI for Naval Architecture, Marine Engineering and Nautical Science courses.
- The project of construction of public utility (toilet blocks) through Archaeological Survey of India (ASI) and National Culture Fund (NCF) at world heritage site of Mahabalipuram Temples, Tamilnadu, has been completed and opened for public use.

## *Awards & Accolades to Company*

During the period, SCI has received following awards from Business, Statutory Authorities and other Bodies:

- CSR-Most Caring 50 Companies of India Award by World CSR Congress.
- General award for Excellence in Training in 7<sup>th</sup> Employer Branding Awards held by the World HRD Congress.
- Best of Best award for Excellence in Training in 7<sup>th</sup> Employer Branding Awards held by the World HRD Congress.
- 7<sup>th</sup> Best Employer of the Year Award 7<sup>th</sup> Employer Branding Awards held by the World HRD Congress.
- NMDC Award for Most Compassionate Employer of Indian Seafarers.

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