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 1st September 2015, the Company owns 69 ships of 5.89 million DWT. Further, the Company has under its management 40 ships of 0.29 million DWT on behalf of ONGC, various government departments/agencies and other joint venture companies.

Sailing through for nearly fifty four 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 38% 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 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.

VISION

To emerge as a team of inspired performers in the field of maritime logistics, Offshore, Port and Terminal Management, serving Indian and global trade.

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 logistics with focus on:

- Maintaining its 'Numero Uno' position in Indian Shipping.
- Establishing a major global presence in energy–related, dry bulk and niche container shipping markets.
- Evolving reliable and cost-effective business models to exploit emerging opportunities in maritime and allied industries.
- Achieving excellence in Quality, Occupational Health, Safety and Environmental Management Systems.

OBJECTIVES:

The Shipping Corporation of India Ltd works to fulfill its objectives as mentioned below:

- To provide its clientele safe, environmentally sustainable, reliable, efficient and quality shipping services, complying with all legal and other requirements.

- To be an optimally profitable, viable, ethical and socially responsible commercial organization contributing to the national economy by securing a reasonable return on capital and serving the nation's needs.
- To own or acquire an adequate, well designed and efficient fleet to cater to the demand of global maritime trade through options like leasing, demise charter, joint ventures and other innovative financial measures.
- To be a major player in India's offshore & other marine activities and to continue to explore opportunities for diversification for steady growth of the Company.
- To enhance competency and professionalism among its fleet and shore personnel through effective and dynamic Human Resource Management.
- To continually improve its efficiency in process and technology, adopting various measures including E-governance and optimum use of Information Technology.
- To minimize risks and environmental impacts for achieving Safety, Health and Environmental performance.

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, caste, creed, colour, 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 (Cal)
7. National Union of Seafarers of India

The FORAs participate actively on issues pertaining to welfare of 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 is in compliance with the requirements of the Maritime Labour Convention (MLC) 2006.

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, a criterion 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/indirectly employed in SCI.

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

SCI takes pride in being 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 20.70% 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. In the shore category, the Company has approximately 41.91% workforce in the SC/ST/OBC/Handicapped category.

As on 01/09/2015	Total No. of Employees	Male	Female	SC/ST/OBC/PWD
No.	797	632	165	337
%	100%	79.297%	20.70%	40.66%

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 any kind 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”, “Employee Suggestion Scheme” for shore employees through which suggestions, complaints, disputes, dissatisfaction or feeling of injustice relating to one’s employment conditions can be brought to the attention of the Management for appropriate action.

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. In continuation to the initiatives taken before 30-09-2014, SCI continues to follow the policy of implementation of environmental regulations on all new SCI vessels ordered/delivered in recent past. SCI has taken delivery of a VLCC from a Chinese shipyard in March 2015 and the vessel is also complying with strict environmental regulations. SCI is currently in the process of implementing an Integrated Management System (IMS) comprising Quality Management System (QMS), Environmental Management System (EMS) and Occupational Health and Safety Assessment Series of Standards (OHSAS).

Environmental Regulations

All new shipbuilding projects of SCI are complying with strict environmental regulations, such as :

(i) Fuel oil tanks are protected on the sides to avoid direct contact in case of accident.
(ii) Engines fitted on new vessels are complying with EU directive 2005/33/EC and thus EU compliant.
(iii) NOx Tier II compliant engines are being fitted on new vessels.
(iv) Environment friendly refrigerant is being used for the AC plants on new vessels.
(v) The vessel shall 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.
(vi) Paint applied on the underwater portion of the hull is tin-free.
(vii) Energy Efficiency Design Index is being implemented at design stage to reduce the Green House Gas emissions.
(viii) Ballast water Treatment Plant is being fitted on the new vessels.

SCI is technical consultant to the various Government Organizations for their tonnage acquisition programme. SCI as a policy is ensuring that even the vessels owned by these Organizations comply with environmental regulations.

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.
- 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, envelops etc.
- The company is also in the process of modifying its existing tanker fleet to be EU compliant. The tanker vessels trading in ECA areas are fitted/being fitted with necessary equipments certified by Classification to be fully compliant with the emission limits while trading in this areas

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 31st 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 which caters to shipment of International Dangerous Maritime Goods Code (IMDG) cargoes in containers. This document also highlights the company's policy and procedures in respect of carriage of hazardous and dangerous goods and also their procedures adopted in implementing such carriage. The officers connected with dealing of hazardous goods are trained by attending various workshops and seminars and their knowledge is updated on matters involving carriage of hazardous goods. Frequent interaction with our partners in the container line, owners of vessels, other bodies have benefited SCI in developing hazardous cell.

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.

SCI is providing technical consultancy to Andaman & Nicobar Administration for acquisition of 2x1200

Passenger vessels for operation in Indian territorial waters.. SCI has requested shipyard to calculate the Energy Efficiency Design Index (EEDI) on voluntary basis, even though as per IMO, EEDI regulation is not applicable to these vessels. This shows that SCI is committed to the UN Global Compact Initiative.

SCI has voluntarily incorporated stringent LR "ECO" notation concerning environmental protection on its recently acquired VLCC.

Towards conserving energy and Fuel Efficiency, four of SCI tanker vessels have been audited by Classification, thereby taking due steps towards economising on Fuel and Energy Efficiency.

All ship repair workshops are strictly instructed that they should not use ASBESTOS material in any form during repairs/renewals on board vessels, as use of ASBESTOS is prohibited on ships in any form as per MSC. 1/Circ 1426 and SOLAS regulation.

For promoting green and sustainable energy, SCI is evaluating options available for generation of electricity by harnessing the solar energy. At the initial stage, SCI is considering installation of Solar PV panels at SCI's Maritime Training Institute, Mumbai.

In addition to above, SCI provided technical consultancy to Geological Survey of India (GSI) towards acquisition of Oceanographic Research vessel "Samudra Ratnakar". This vessel will be operating mostly in Indian territorial waters and need not meet all environmental regulations which are applicable to international sea going vessels. Despite that SCI ensured that vessel complies with DNV's CLEAN design requirements. Further, these vessels are fitted with Ballast water Treatment Plants on voluntary basis. Even the EU requirements of low sulphur fuel are applied on these vessels on voluntary basis.

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".
- SCI's recently acquired VLCC has been awarded a notation of "FP" by LRS.
- 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.
- Ballast Water Treatment Plant has been fitted on voluntary basis on the new Oceanographic Research vessel.
- SCI is also encouraging shipyards to consider fuel saving devices and efficient hull forms on the new buildings to reduce green house gas emissions. These devices can reduce the fuel consumption to some extent. These devices have been fitted on the Kamsarmax bulk carriers of SCI.
- SCI has followed the concept of Green Room for vessel "Samudra Ratnakar". The Green Room concept basically means that all heat dissipating servers or work stations are enclosed inside separate room and isolated from the laboratory where the Scientists/Crew are working for their comfort and safety.

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 human manipulation.
- All vessel acquisition tenders are put up on SCI website as well as Government website (Central Procurement Portal) to ensure transparency in action.
- All other tenders above Rs.2 lakhs are put up on SCI and Government websites to ensure transparency in procurement.

- Bidders are invited for opening of tenders at both the stages i.e. technical bid opening and price bid opening. Both the bids are opened in presence of representatives of SCI and bidders.
- In case of second hand vessels, where confidentiality is required to be maintained, price bids are opened in 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 continues to process sale of vessels through the electronic sale/auction process instead of physical tender process. 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.
- The Liner Division of SCI operates through the agents and SCI takes all precautions to ensure that proper practices are being followed.

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.

- 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 (C&AG) 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 audits of systems and procedures.

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

CSR Initiatives by Company

Funds have not been allocated for CSR in 2014-2015 owing to the financial losses in the previous years. However, SCI has supported the initiatives under Swachh Vidyalaya Abhiyan of Ministry of Human Resource Development and has undertaken the construction of toilets as follows:

1. Six Girl's Toilets at "Santoshpur Shikshayatan" School, Kolkata, West Bengal, through Sarva Shiksha Mission, West Bengal.
2. Four toilets two each for boys and girls at Government PU College, Handigund, Balgaum, Chikkodi District, Karnataka.
3. Two girl's toilet at Government Junior College, Ravikamatham, Golugonda, Vishakhapatnam, Andhra Pradesh.
4. Twenty toilets, Ten each for men and women, in Ghansoli ward of Navi Mumbai Municipal Corporation.

Awards & Accolades to Company

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

- “50 Most Caring Company Awards" in 4th World CSR Congress & Awards on 18-02-2015.
- Organization with Innovative HR Practices in Asia – Pacific HRM Congress Awards 2014 on 11-09-2014.
- Master Brand in the Master Brand Awards by CMO Council on 14-06-2014.
- Best WIPS Activity Report by WIPS (Forum of Women in Public Sector), Western Region, under the aegis of SCOPE on 08-11-2014.
- Award for Excellence in implementation of Official Language policy of Govt. of India by Town Official Language Implementation Committee (TOLIC) for PSUs in Mumbai on 22-07-2014.
- “Special Jury Award” on 21-08-2015 at Gateway Awards 2015 for the role in evacuation of people from war torn Yemen.
- “Shipowner of the Year” Award at Maritime & Logistics Awards 2015 for excellence in Maritime & Logistics sector on 04-09-2015.

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