

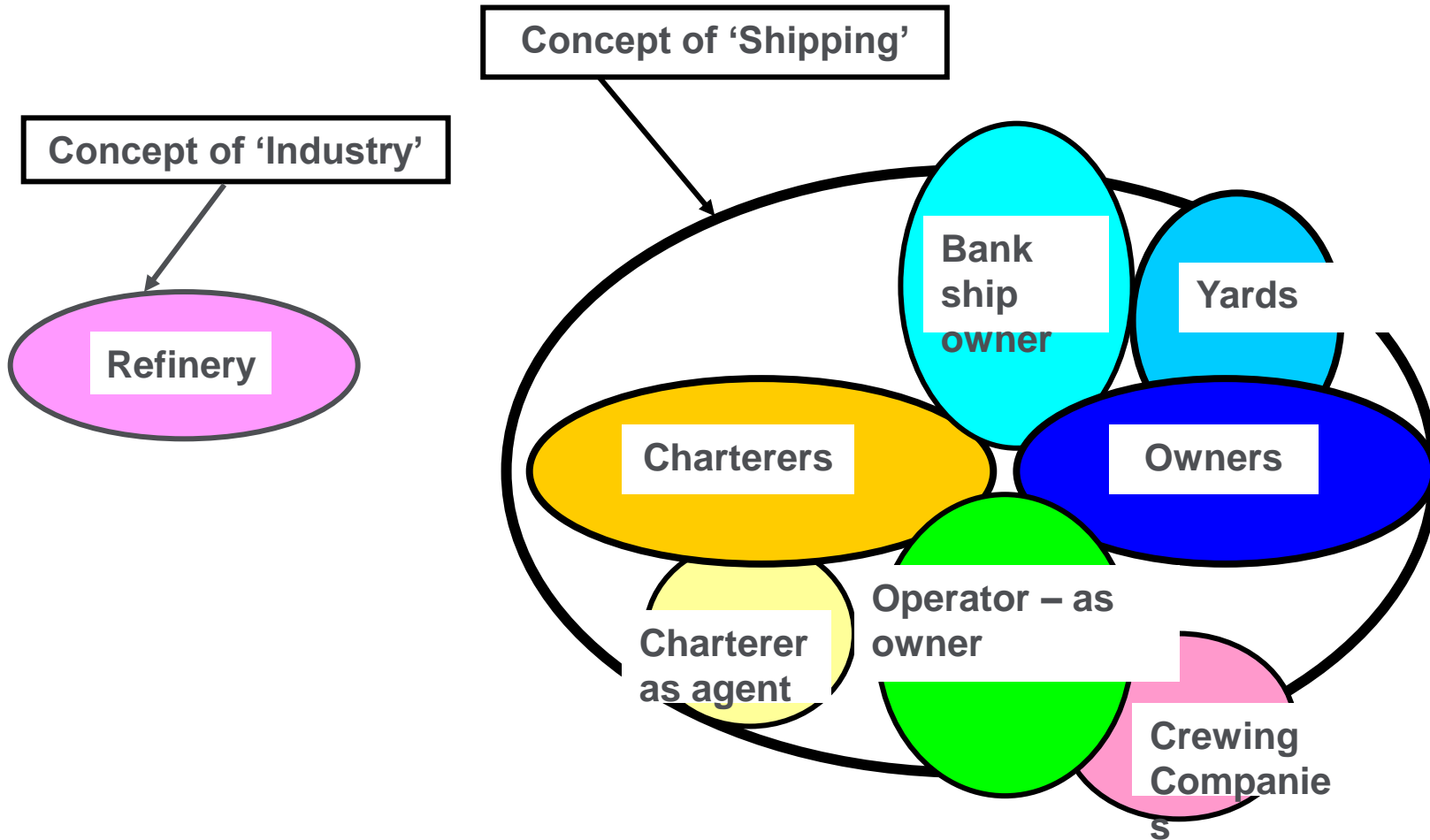
Danish Shipowners Association - 3rd December 2010

CSR - Sustainability - new possibilities?

- Corporate Social
Responsibility for the
Marine Industry

Valdemar Ehlers

Areas of responsibility - understanding



What is Sustainability

- Terminology



Twelve ways to say Sustainability

- social responsibility
- CSR
- corporate citizenship
- corporate stewardship
- responsible business
- corporate accountability
- business in society
- the stakeholder corporation
- doing well by doing good
- triple bottom line
- corporate ethics
- sustainable management

These terms are all interchangeable and synonymous

What does Sustainability mean?

Sustainability is an evolving term that does not have a universally accepted definition or a fully recognized set of criteria.

Some people put greater emphasis on the opportunities for business to develop solutions to global problems, others on the imperative to do no harm and to meet legal obligations and societal expectations.



The blind men and the elephant

Six blind men were asked to say what an elephant looked like by feeling different parts of its body.

One feels a leg and says it is like a pillar; one touches the tail and says it is like a rope; one feels the trunk and says it is like a branch, and so on.

A wise man explains to them. All of you are right. The reason every one of you is telling it differently is because each one of you touched the different part of the elephant. So, actually the elephant has all the features you mentioned.

Indian folktale

So - what is sustainability?

Sustainability refers to way companies *integrate economic, social and environmental concerns* in their business operations.



Sustainability relates to the idea whereby a business addresses and balances the needs of *stakeholders*.

PEOPLE, PLANET & PROFIT

Sustainability triangle

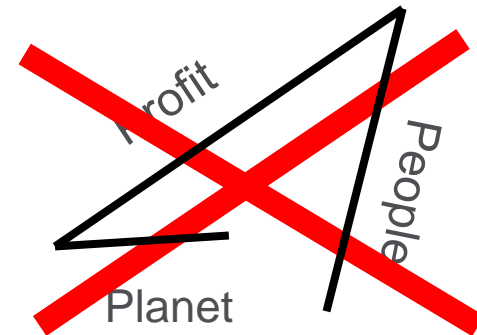
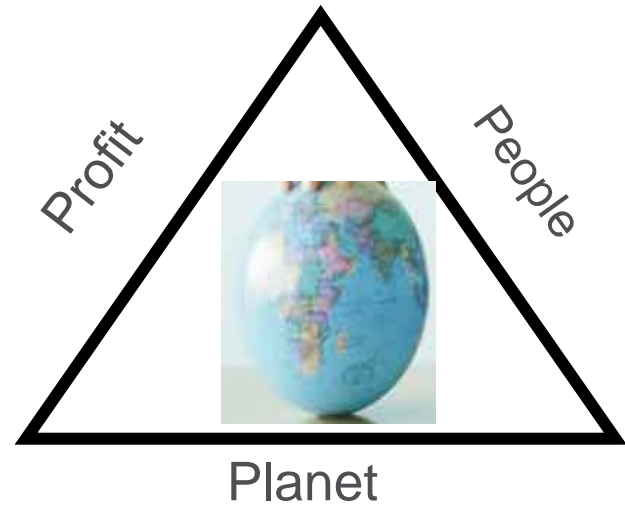
3 Pillars of sustainability

- *Economic*
- *Social*
- *Environmental*

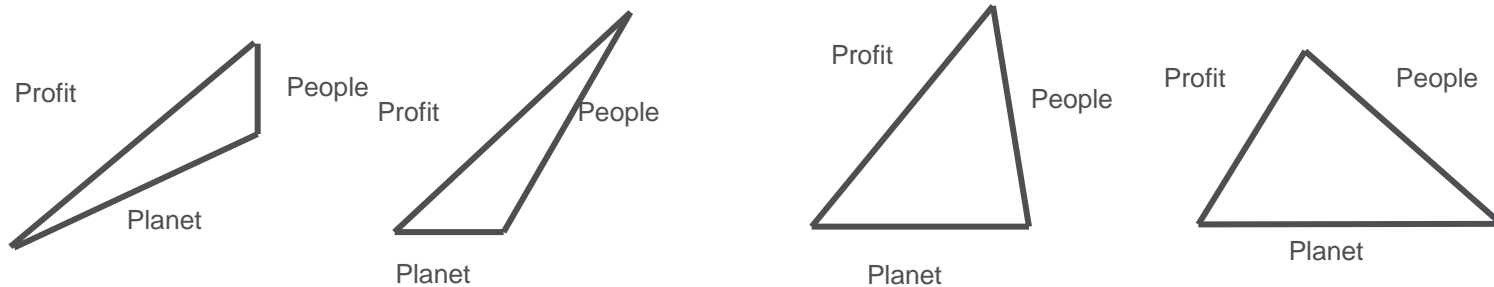
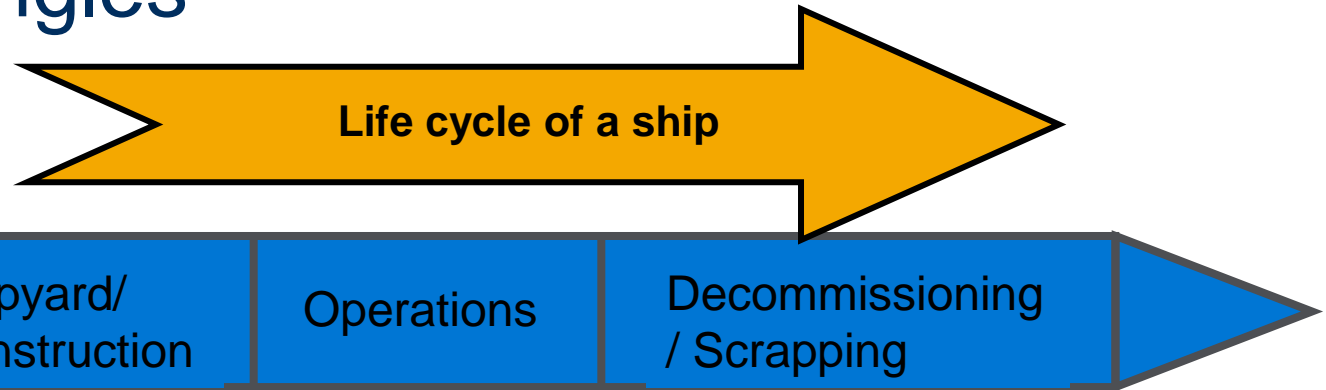
Notes

Sustainability cannot exist without balance between all elements

Too much focus on any area and model collapses



Shifting triangles



*Balance changes throughout vessel life
Affected by owner, location, regulatory framework, stakeholders*

Sustainability mega trends

- examples

- Nature of global trade and its movement – China salaries
- Population growth
- UNCLOS and governance of the sea
- Goods – change in expectations and more Asian middle class people – increase to over 1 billion by 2030 (World Bank Data)
- Lack of suitably qualified staff to work at sea
- Environmental degradation
- Resource usage / availability including climate change
- Political paradigm shift back to Asia – consequences?
- Security of cargo as well as piracy and its impact on above issues
- Stakeholder pressure
- Increase in requirements for transparency of operation - various new developments such as IIRS and accountability

Opportunities

- Regulation –IMO and ILO - does not deal with the ‘trade off’ needed in the Sustainable sphere
- Shipping industry has given momentum to the globalisation process
- Positioning - as an environmentally friendly and safe transport alternative,
- Emissions and discharges are reduced to a sustainable level



Environmental mega trends

– examples

- Resource constraint and climate change
- Air quality issues – health risks
- Bio security and spills
- Life cycle of a ship
- Waste water – management and containment
- Waste / garbage
- Clean water use and availability
- Port requirements – impose requirements



Remember

*Sustainability is NOT just
about environmental
issues*

People mega trends

– examples

- Availability of competent people
- Preparedness to work at Sea
- Cultural challenges of working with teams from across many different cultures
- Employment
- Labour convention
- Emerging of aging population
- Growth in world population
- Costs and benefits
- Training and human element

*Remember
Sustainability is
NOT just about
people issues*



Marine Stakeholders



Are you inclusive or exclusive?

UN Global
Compact

AA1000
Assurance
Standard

AA1000
Stakeholder
Engagement

GRI
Guidelines

ISO 9004

ISAE 3000

ISO 14001

ISO 26000

SA 8000

Greenhouse
Gas Protocol

Equator
Principles

Fairtrade
Standards

ICC
Business
Charter
for Sustainable
Development

ILO
Conventions

OECD
Guidelines
for multinational
enterprises

Voluntary
Principles for
Business and
Human Rights

Global
Sullivan
Principles

There is a proliferation of..

- standards
- initiatives
- codes of conduct
- principles
- certification schemes

*...all aimed at guiding
companies towards
sustainability.*

Strategy for Sustainable Shipping

- Going beyond international rules and regulations;
- Working to optimize the welfare of crew and family - **Human Element / Factors**
- Seeking to secure diversity (gender, age, ethnicity) in general staff, management and on boards; - **ILO**
- Taking a life-cycle approach to ships (construction, operation, disposal);
- Choosing joint venture-model that ensures technology transfer and local development;
- Proactive local community involvement.



Assurance - Giving stakeholders confidence



Assurance is the process by which companies' Sustainability reports are verified to ensure that they address stakeholder concerns on corporate social responsibility and performance.

The role of the verifier is to validate that these reports are balanced, fair, complete, unbiased and relevant accounts of the company's business.

Assurance can be described as the provision of confidence or certainty by an independent assurance provider to a party or group of persons in relation to certain subject matters.

Definition by FEE

The European Federation of Accountants

Opportunities for the Marine Sector

- Ensure that emissions and discharges are reduced to a sustainable level so that they do not give rise to significant negative impacts on, and risks to, human health and the environment.
- Positioning the shipping industry as an environmentally friendly and safe transport alternative, satisfying the general development within the society with increased focus on reduced tolerance against accidents and pollution of the environment.



Opportunities for the Marine Sector

(Cont.)

- Continue to enable global transport of goods, the shipping industry has given momentum to the globalisation process, changing the notions of the extent of responsibility in all industries.
- Do IMO and ILO-regulations effectively cover these new notions that Sustainability seeks to address?



Opportunities for the Marine Sector (Cont.)

- Enhance and protect the image and reputation of the shipping industry
- Sustainability can constitute an excellent platform for working proactively with 'planet, people and profit' issues and engaging regularly with stakeholders
- Influencing positively the general perception of the shipping industry.



Future opportunities

- Predicting is like gazing through a crystal ball
- What do we mean in the future by the 'sustainable'?
- What might come across the horizon



Success criteria

- Balance '*planet, people and profit*'
- Life cycle thinking
- Safe operation and crew
- Climate adaptation and resource issues
- Feasible technically (accepting we do not know future developments)
- Cost effective

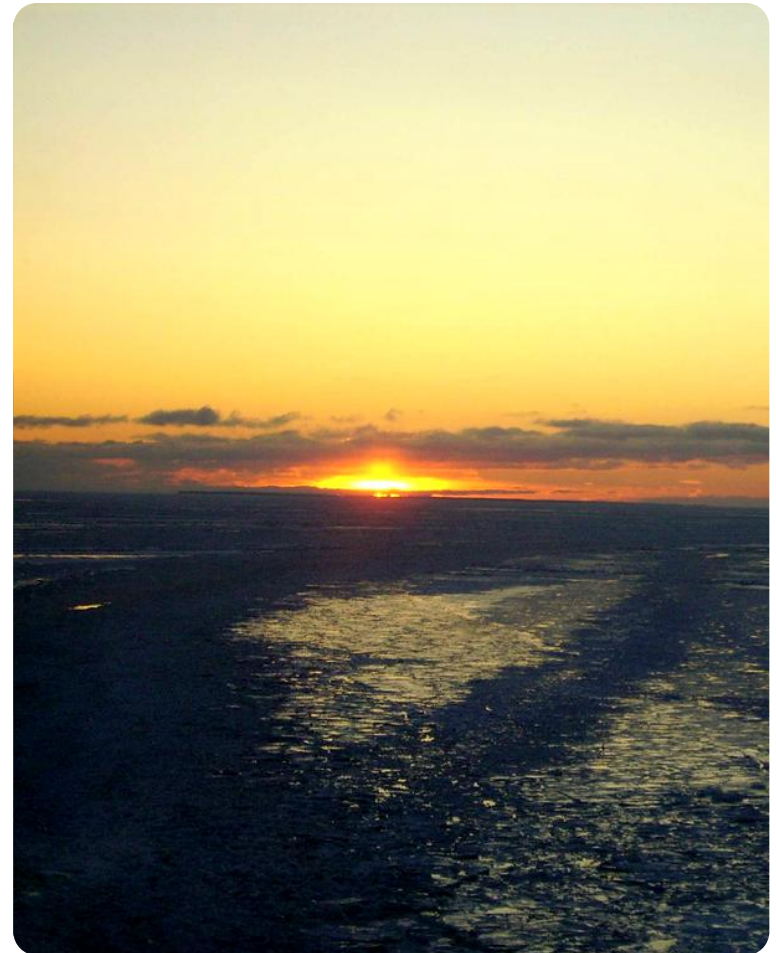


Conclusion



- Sustainability concept - complex
- Benefits and drivers for sustainability in the marine / shipping sector – many and varied
- Process that can be used
- Stakeholders – essential
- Material Issues – critical
- Trust - hard

Thank you
Any questions?



Sources of information

- www.sustainability-index.com – Dow Jones sustainability Index
- www.csrwire.com – CSR news website
- www.globalreporting.org – GRI website and reporting indicators
- www.ceres.org - network of investors, environmental organizations and other public interest groups working with companies and investors to address sustainability challenges
- www.accountability.org.uk - AA1000 Framework for Social and Ethical Accounting and Auditing
- www.corporateregister.com - Corporate Register)
- www.unglobalcompact.org - United Nation's Global Compact
- www.shippingandCO2.org – International Chamber website with information and papers
- www.greenship.org
- www.forumforthefuture.org/projects/sustainable-shipping-initiative - Sustainable shipping initiative
- www.responsible-investor.com/home/article/responsible-investors-at-heart-of-new-integrated/