

## Corporate Social Responsibility

# Shipping sees the broader benefits of acting responsibly

Corporate ethics is not just about putting a positive spin on safety or the environment but increasingly about retaining customers and employees



STEVE MATTHEWS

SHIPPING needs to adopt a formal, standardised approach to corporate social responsibility, International Maritime Organization secretary-general Efthimos Mitropoulos told a recent seminar in London organised by Japan's Nippon Foundation and Japan International Transport Institute.

"As well as technical and safety advances the industry needs a sense of CSR. It is time for shipping to adopt a formal, standardised approach to CSR," he said.

Shipping has often displayed scepticism towards such developments, but the days when it could afford to look the other way are long gone. CSR is about far more than costly window dressing and image, and it is increasingly recognised as having real business benefits in terms of attracting customers and high-quality employees, including seafarers.

At present there is no agreed definition of the concept or standard. But the International Organisation for Standardisation is considering its ISO 26000 standard for CSR, which is expected to be agreed by the end of this year.

"Until then companies must work out for themselves what it means. But it has become a driver of competitive advantage," Mr Mitropoulos said.

He stressed the importance of the International Labour Organisation Maritime Labour Convention 2006, which is expected to come into force by the end of 2011, as adding "a new social dimension to shipping regulation".

**"Given the shortage of seafarers, it may be wise for shipping companies and organisations to emphasise labour or employee issues as an important component of their CSR"**

Robert Beckman, National University of Singapore

A commonly quoted definition of CSR is from the World Business Council for Sustainable Development, which says CSR is: "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

In shipping, CSR has tended to focus on environmental issues, such as avoiding pollution and,



Answering the call: crew facilities are a key component of a CSR standard.

more recently, reducing greenhouse gas emissions, together with local initiatives, such as charitable donations. But its scope is being broadened to include such corporate activities and objectives as recruitment and retention of seafarers, their working conditions and shipping's role in global supply chains.

Many users of shipping services want to ensure their goods are being shipped in a "socially responsible" way and shipping companies increasingly will need to demonstrate they are doing so. Shigeki Sakamoto from Kobe University in Japan highlighted the importance of CSR activities towards improving the status of shipping industry. He reported a survey of students from four Norwegian maritime academies. Just over half were uncertain about shipping companies' contributions to society, with just one-third saying they make a positive contribution.

"The result shows the necessity for the shipping industry to promote social contribution activities," Mr Sakamoto said.

"As CSR is becoming a worldwide movement, participation is a de facto standard for selecting business partners. It is not mandatory for industries to participate in CSR. It is up to them to decide whether to participate."

"It seems to me, however, that the shipping industry will be able to overcome its own challenges by encouraging participation."

Japan International Transport Institute president Makato Wishizu outlined the results of a survey on the attractions of seafaring. It identified a need to

promote seafaring and shipping through education, starting with primary education, and to provide improved onboard training facilities.

The industry should also promote career paths that include land-based roles, the survey found.

A study of how to attract more female seafarers identified a need to improve working conditions and facilities on board. Companies should also provide more support systems for female seafarers, including child care arrangements.

**"[This standard] will not get a shipping company higher freight rates, but it will help them to get customers who prefer to deal with a company that is more socially responsible than others"**

Pradeep Chawla, Anglo-Eastern

National University of Singapore associate professor Robert Beckman commented that shipping companies needed to publicise their CSR activities. "When I looked at the websites of shipping companies known to be committed to CSR, I found very little," he said.

He said CSR could also be used by the industry to promote navigational safety and environmental protection. He highlighted the Malacca Strait

fund initiated by the Nippon Foundation.

"CSR is more than companies giving funds to charities," Dr Beckman said.

He referred to studies showing that companies which place an emphasis on CSR have more committed and loyal employees.

"Given the shortage of seafarers, it may be wise for shipping companies and organisations to emphasise labour or employee issues as an important component of their CSR. This could have a significant impact on how seafarers view the company."

Shipmanager V.Ships places strong emphasis on the welfare of seafarers and, as part of its CSR policies, has adopted its own Seafarers' Charter. The charter recognises: the right to a safe and secure workplace that complies with safety standards; the right to fair terms of employment; the right to decent living and working conditions on board; the right to health protection and welfare measures and other forms of social protection; full implementation of the above rights. The company commits itself to following up any complaint from seafarers alleging non-compliance.

International Shipping Federation and International Chamber of Shipping chairman Spyros Polemis said newbuilding designs must consider onboard recreation and leisure activities and owners need to work with communications services providers to offer access to commonly used services at reasonable cost.

Anglo-Eastern Ship Management Services in Hong Kong identified positive benefits of employing CSR policies. Anglo-Eastern head of quality Pradeep Chawla regrets that the traditional bond between shipowners and their staff has been broken as the split grew between company nationality and crew supply nations. He said that bond somehow needed to be re-established.

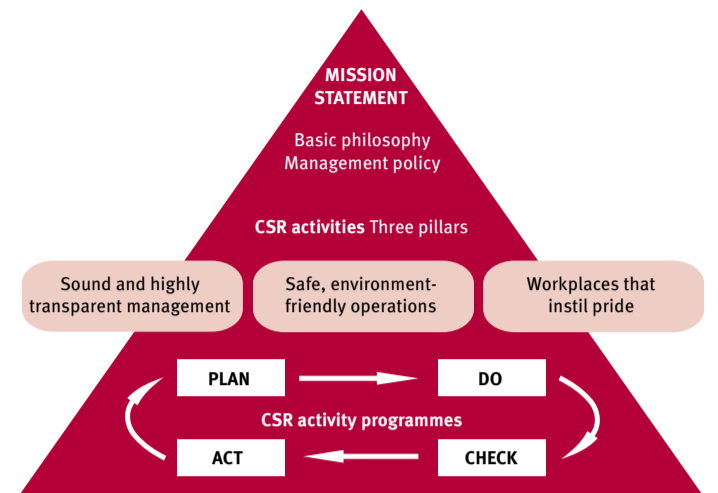
"The standard is a good voluntary framework, which good companies will try to incorporate in their daily working life. Like quality assurance, this standard also needs commitment from top management. Companies like us that believe in it will try to get every employee to use the principles in their daily job responsibilities," Capt Chawla said.

"It will not get a shipping company higher freight rates or higher charter rates, but it will help them to get customers who are like-minded and will prefer to deal with a company that is more socially responsible than others."

He said Anglo-Eastern had boosted its retention rate to over 85% by offering long-term employment. "We provide free unlimited crew email and are putting broadband on every vessel. It is easy to provide but makes a big difference. If we look after our seafarers, they look after our profits."

Bottiglieri Shipping Co managing director Maria Bottiglieri said: "CSR is increasingly important in helping to meet strategic objectives. Some companies still think CSR is time-consuming and money-consuming, but they must realise it is a vital tool for recruitment."

## NYK BUSINESS CREDO — CODE OF CONDUCT



Source: NYK

## NYK's pro-active approach

ONE company that has adopted a pro-active stance to CSR is Japanese owner NYK Line, which has developed a wide-ranging CSR programme and runs extensive educational and training programmes for seafarers. It holds regular meetings in communities with seafarers and their families.

The company says: "The idea that each employee can earn the respect and trust of society through the three pillars of sound and highly transparent management, safe, environment-friendly operations and workplaces that instil pride."

NYK has appointed CSR co-ordinators in its regional headquarters and CSR officers in individual countries.

## Moving towards an international standard

### Key principles

#### ISO 26000's seven principles of social responsibility:

- Accountability;
- Transparency;
- Ethical behaviour;
- Respect for stakeholder interests;
- Respect for the rule of law;
- Respect for international norms of behaviour;
- Respect for human rights.

rather than requirements. But according to the International Organisation for Standardisation, it will add value by establishing an "international consensus on what SR means and the SR issues that organisations need to address and providing guidance on translating principles into effective actions".

The ISO 26000 draft guidance states that the perception and reality of an organisation's SR performance can influence, among other things:

- Competitive advantage;
- Reputation;
- Ability to attract and retain workers or members, customers, clients or users;
- Maintenance of employees' morale, commitment and productivity;
- View of investors, donors, sponsors and the financial community;
- Relationship with companies, governments, the media, suppliers, peers, customers and the community.

ISO 26000 is a voluntary standard that provides guidance on social responsibility, writes Steve Matthews.

The standard is intended to be more wide-ranging than traditional corporate social responsibility and is to cover public and private sector organisations. The final draft is under consideration and is set to be published this year.

As a voluntary standard, it will not be subject to formal certification and gives guidance

### Consistency with ILO standards

THE International Organisation for Standardisation has established a memorandum of understanding with the International Labour Organisation to ensure consistency with ILO labour standards. This means ISO 26000 is consistent with the ILO Maritime Labour Convention 2006. Labour practices are accorded a high priority by the ISO. This is relevant for shipping in terms of the MLC and efforts to improve recruitment and retention of seafarers. ISO 26000 identifies five key labour practices issues:

- Employment and employment relationships;
- Conditions of work and social protection;
- Social dialogue;
- Health and safety at work;
- Human development and training in the workplace.

### Environmental issues

ANOTHER key area relevant for shipping is the environment. It refers to the ISO 14000 series of standards, which many shipping companies have achieved, as providing detailed tools for implementation of operations including greenhouse gas emissions and life cycle assessment. Key environmental issues identified in the ISO 26000 guidance are:

- Prevention of pollution;
- Sustainable resource use;
- Climate change mitigation and adaptation;
- Protection of the environment and restoration of natural habitats.