

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS (COP) 2021



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STATEMENT OF CONTINUED SUPPORT OF THE UN GLOBAL COMPACT

Zeaborn Ship Management and its management board reaffirm their commitment to the United Nations Global Compact (UNGC) 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. Specially during these unprecedented times, the world has witnessed the fundamental role of shipping on globalization. Zeaborn Ship Management recognizes its role in society through stakeholder engagement and appreciates its economic, ecological and social responsibility influence, both locally and globally.



Rob Grool
Chief Executive Officer

This ninth annual Communication on Progress (CoP) 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.



Michael Brandhoff
Chief Operating Officer

ZEABORN SHIP MANAGEMENT (ZSM) - OVERVIEW



Zeaborn Ship Management is a globally acting, dedicated ship manager offering a comprehensive ship management product portfolio with particular focus on performance, efficiency, digitization and advanced customer care. We manage a fleet of about 111 vessels of different segments, containerships, bulk carriers, tankers and multipurpose vessels of all sizes.

Over 5,000 employees on shore and at sea are committed to provide safe, environmentally 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),
- ISO 45001 (occupational health and safety management),
- ISO 27001:2013 (IT Security)

The management system is established and maintained both on board of the managed fleet and ashore. Through the maintenance and continued attainment of the outlined certifications, the company aims at efficient and sustainable operations. This means eliminating or reducing any adverse impact from our operations to our people (on board and ashore), communities and stakeholders in our value chain. At the same time, it also means contributing towards a better society and world.





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 recognizes and appreciates its social responsibility and is or was engaged in the following activities within the reporting period of 2020 in this regard:

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 all 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.

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.

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.

The company's own social media guidelines are giving a clear orientation regarding a safe web navigation and a polite, respectful, and transparent communication in line with all applicable laws and regulations.

Besides that, it is of utmost importance to stay in close contact with all employees on social media. In addition to an already existing own Facebook, Instagram and YouTube accounts Zeaborn Ship Management has launched an official company presence on LinkedIn. This web- and app-based social network is not only an important communication channel which enables all employees to connect with their company, but also an important recruiting tool.

During the ongoing global pandemic crisis, crew change and seafarer's well-being has been severely affected. In this sense, Zeaborn Ship Management endeavors are continued to support the rights of employees at sea:



- Zeaborn Ship Management has signed the Neptune Declaration, a joint industry effort for an action call on seafarer's rights, recognizing their key role as the frontline workers of the maritime industry carrying 90% of global trade, ensuring the global flow of goods that the world depends on. The aim is ensuring governments recognize seafarers as key workers and grant special status for their travel to and from ships to perform their jobs. We have also used our media channels to promote the annual International Maritime Organization's (IMO's) Day of the Seafarer and the associated hash-tag "#seafarersarekeyworkers"
- We continue to liaise with local authorities in ports and countries where vaccinations are possible and provide access to our seafarers to COVID-19 vaccinations.
- We continue to provide free internet access for all crew on board managed ships.
- Contact to our seafarers is not only maintained due to operations, but it goes beyond that with a humanistic approach through our annual noon-to-noon safety celebration 'Zeaborn 24' and seasonal campaigns like, Easter, Christmas and Day of the Seafarer.



Zeaborn Ship Management has also engaged in local actions in Hamburg and in Singapore through donations to local charities, e.g.:



- **Hamburger Tafel (Hamburg):** Hamburger Tafel works closely with social aid institutions in Hamburg and deliver what they have picked up in daily tours from grocery stores, supermarkets, hotels and other places to various social facilities. There, the food is inspected and processed or distributed directly to the visitors of these facilities. Over 40 tons of food are delivered in this way each week.



- **Stiftung Mittagskinder (Hamburg):** The "Stiftung Mittagskinder" was established in Hamburg in 2004 with the aim to help ensure that socially disadvantaged children have better opportunities in shaping the course of their lives. The foundation is ideologically neutral and politically independent. The foundation's work focuses on healthy, child-friendly nutrition and exercise, as well as the "Bildungsimpulse" foundation program. With its HELDENHERZ child protection award, the Mittagskinder Foundation is committed to children's rights.



- **Community Foundation of Singapore, Sayang Sayang Fund (Singapore):** The Community Foundation of Singapore (CFS) was founded to encourage and enable philanthropy in Singapore. With a deep understanding of local issues and evolving needs, CFS identifies gaps and opportunities in the community to foster more effective giving. In response to the pandemic, CFS started the Sayang Sayang Fund which was initially set up to support for frontline healthcare workers battling COVID-19 cases in the community. The Fund expanded to provide targeted support for vulnerable communities impacted by the pandemic by providing emergency response funds that enabled immediate and short-term relief to those adversely affected in order to meet the growing and urgent needs of many individuals, families, and seniors from marginalised backgrounds.





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.

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.

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 since long 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. In 2020 a total of six complaints were received and have been resolved satisfactorily

In effort to combat human rights abuses, Zeaborn has led a focused campaign in 2020, to raise awareness within its pool of seafarers to deter harassment and bullying. More than 1,400 seafarers undertook this awareness training on-board and ashore.

Anonymous speaking-up or whistleblowing is encouraged by top management with dedicated channels of communication.

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 under-aged 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.

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.

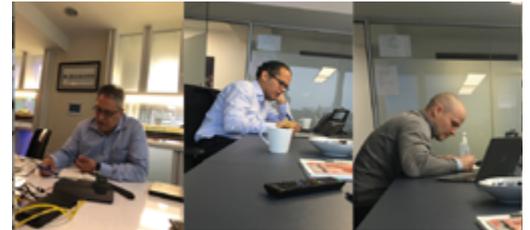
To fulfil this commitment, procedures to identify critical shipboard operations and to control substances hazardous to the health of employees are established within the management system of the company. All procedures are regularly reviewed and revised. Part of the review is not only the proper implementation 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 certification (ISO 45001). 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.

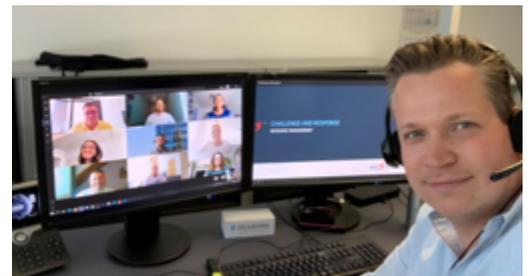
In the reporting period, we continue with our clear goal to implement and to consolidate a system of 'Challenge and Response' which empowers anyone to challenge an unsafe act and to stop any kind of incident well in advance before it happens. This still requires a collaborative team work on board, ashore and between the ships and the office.

To help our 'Challenge and Response' culture,

a Zeaborn 24 campaign was held again in late 2020, where all top and middle management engaged directly with crew on board the whole fleet worldwide for 24 hours nonstop. The campaign aimed at informal and relaxed discussion with our employees on board our managed fleet.



The company efforts continued in regard to Global Resource Management (GRM) training for all seafarers and the worldwide office staff, thus with the clear goal to maintain GRM as a permanent and ongoing safety campaign for Zeaborn Ship Management.



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 to pro-actively identify hazards before they will lead to incidents and accidents.

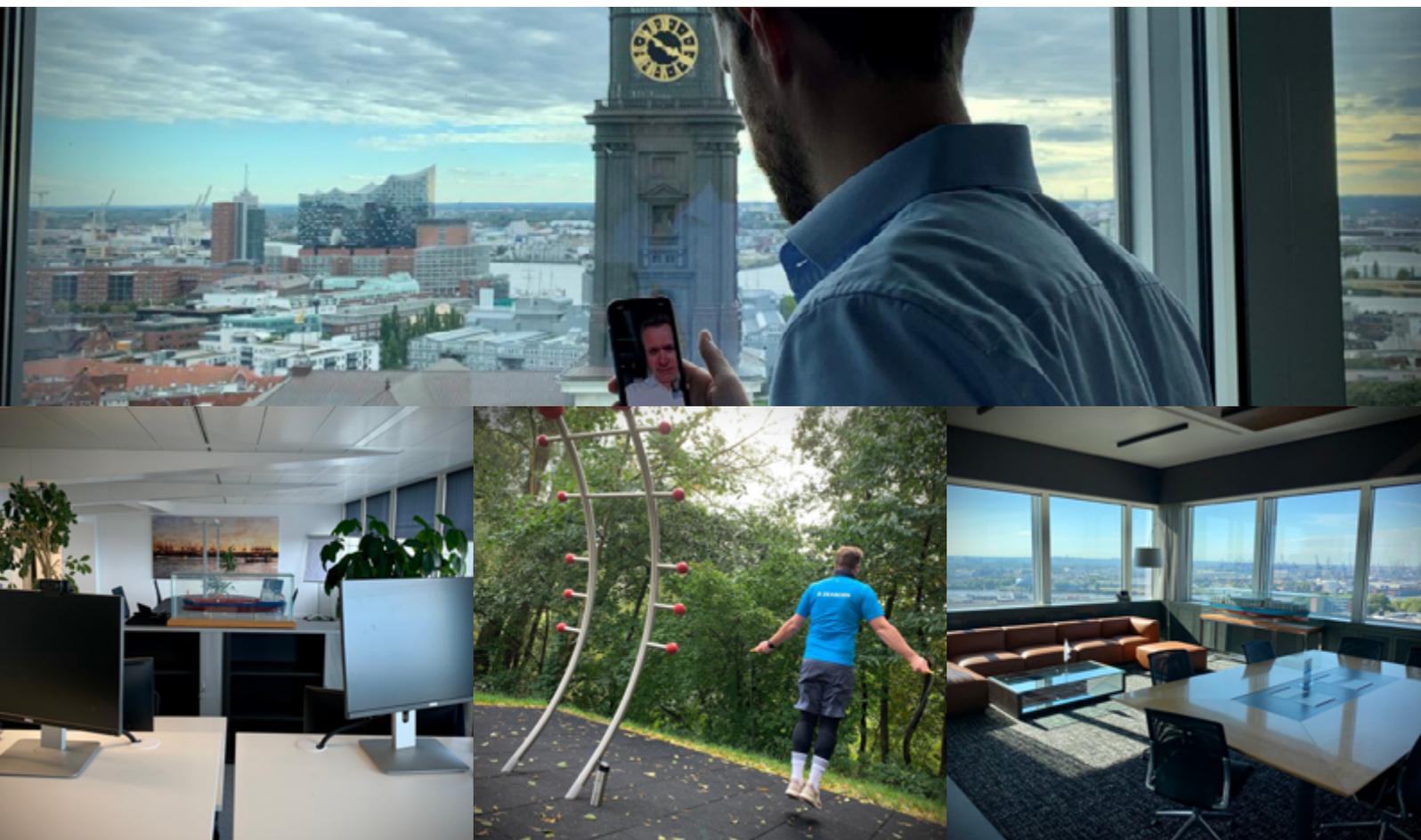
In 2020 and in an effort to maintained contact with our crew worldwide despite COVID-19 pandemics, the company continued to arrange crew meetings online.

As a part of the occupational health management ashore the company maintains 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. The company assists employees ashore and facilitates access to good quality bicycles through a company bike leasing program, thus encouraging well-being of employees.

In 2020 and although triggered by the COVID-19 pandemic, the company became one of the first in its type and location to quickly adapt and adopt a new modern hybrid office environment for all its employees ashore in Hamburg. This not only includes more work-life balance and

flexibility, but the new office space also offers quality spaces and ergonomics. Training on work ergonomics and additional considerations were provided to staff for office and mobile work and is continued as required.







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.

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.

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.

Zeaborn Ship Management is convinced that this is a major step and a significant commitment to protect the environment, prevent pollution, mit-

igate 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.

Furthermore, Zeaborn's commitment has been shared with all stakeholders when the Environmental Statement is available on the company's own website.

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.

Important measures are listed below and on the following pages.

OPERATIONAL

Slow and super slow steaming - Zeaborn Ship Management's managed vessels were continuing to reduce their normal voyage speeds wherev-

er and whenever trading pattern allowed this measure.

TRAINING

From Oct 2019, Zeaborn Ship Management were already involved in digitizing trainings for its seafarers. The main aim of this process was to eliminate or reduce the carbon footprint of domestic and international travels. Almost 300 digitized trainings were provided in 2020, which would have previously required physical travel.

In 2020, Zeaborn Ship Management trained 98 crew members on topics concerning, energy efficiency, reducing paint waste, low sulphur emissions and ballast water exchange.

REDESIGN

IMO MEPC 75 decided that all vessels larger than 500 GRT will have to reduce carbon intensity emissions by 40% till 2030, based on reference emissions of shipping in 2008. Every vessel has depending on type and size to comply with an EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Index) upper limit. The regulations will be set into effect from 01.01.2023 onwards. Intensive preparations are needed to prepare the necessary calculations and documentation. EETs (Energy Efficiency Technologies) will be required in order to get the vessels compliant with the EEXI regulations. Zeaborn Ship Management is preparing the documents and calculating preliminary EEXI and CII values to get the vessels compliant with the regulations within the necessary time frame.

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 m³/h UV / Filter BWTS on a 2.500 TEU container vessel and has been completed and commissioned in the first quarter of 2019. In 2020 8 vessels with BWTS were in operation. At the moment 14 BWTS installation projects are in progress, 12 are expected to be finished in 2021. It is expected that in 2022 20 units, in 2023 18 and in 2024 one unit will be installed.

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 pro-actively.

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 consider the SIP when verifying compliance with this regulation.

Several owners decided to install an exhaust gas cleaning system (EGCS) on some of their vessels. Eight vessels of the fleet managed by Zeaborn Ship Management have been equipped with an EGCS, two vessels equipped with EGCS have left the management, there are currently no scrubber projects ongoing. Remaining vessels managed by Zeaborn Ship Management are using compliant low sulphur fuel.

The EU Ship Recycling Regulation (EU SRR) requires every vessel calling ports in the EU to carry an IHM (Inventory of Hazardous Materials) since the 31 December 2020. The EU SRR is closely related to the Hong Kong Convention, which is not yet in force. All vessels have been examined according to requirements of the regulations and the necessary plans and certificates are available on board.

The requirement to keep the inventory always

updated is ensured by a cooperation between Zeaborn Ship Management, Nautilus Log and SGS (SGS Search Ingenieursbureau B.V.) via an electronic log and report. This allows to monitor the ecological footprint of a vessel in line with the Company's Code of Conduct and Environmental Statement.

Continuous improvements on the vessels propulsion system are done to minimize exposure risks for the environment, during the reporting period four additional shaft air seals were installed. Whenever the seal exchange is not possible the stern tube oil filling is replaced by environmental friendly oil during the vessels 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 regarding 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 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.

Mandatory reporting schemes like the EU MRV or IMO DSC are followed by processing vessel reported data into the required reporting formats and having them verified and submitted to the relevant stakeholders.

Zeaborn Ship Management and vessel owners began to integrate ESG (Environmental, Social and Corporate Governance) issues into the company managements strategies, this requires additional reporting, the requested data differ greatly depending on the stakeholders focus. To gather the required data the reporting tools are constantly updated to meet the new demands. The effectiveness of Zeaborn Ship Management's energy efficiency system is backed by benchmark systems of its customers. These systems collect and monitor data about 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.

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 2019 and confirmed the 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 con-

firms 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.

CAMPAIGNS

The company continued its approach to reduce the usage of plastic on board.

To monitor the supplier's environmental performance, a software-based supplier rating system is still in use and allows both the office and the ship's side to rate the quality of a product and its packaging.

Zeaborn Ship Management is continuously working on a further development of a strong supplier base. In 2019, approx. 1.250 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.

On average, more than nine evaluations for each of these suppliers and subcontractors have been gathered in the last five years. In 2019 each supplier was rated 2,5 times. The average supplier rating (from 1=poor to 5=very good) within 2019 was 4.06. After an average result of 4.07 the year before, this figure reflects the high and stable standard of the suppliers' performance.

In addition, the Procurement team conducted several vendor audits of major suppliers.

OFFICE

In 2020, Zeaborn Ship Management reviewed its environmental management system for the office. 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.

In some exemplary commitments, the company continues to offer subsidized monthly passes for public transport within the metropolitan area of Hamburg, to encourage employees to use environmentally friendly transportation for commuting between home and work.

Similarly, and as mentioned earlier, Zeaborn Ship Management has partnered with a company to facilitate the access of top-quality bikes and e-bikes to all its employees in Hamburg on a leasing basis. Thus also promoting the use of environmentally friendly transport.





04

ANTI-CORRUPTION

PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Zeaborn Ship Management is a member of the Maritime Anti-Corruption Network (MACN), a leading anti-corruption initiative in the maritime industry. The network has a clear vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. This is achieved through capability building, collective action, and collaboration.

During the reporting period and after more than a year of membership, the degree of transparency, awareness and reporting is improving fleet wide. To live up to its membership, the company provided a tailor made MACN training to all employees ashore. The training was aimed at general awareness and on how to best support and empower our Captains and staff onboard to report, reduce and avoid corrupt demands from locals where their ships trade.

Similarly, Zeaborn has initiated a learning campaign on board, to raise awareness on the various mean of corruption and bribery that could be encountered, as well as provides guidance on how to handle such situations. It is a company requirement for all masters to complete the MACN training.

Additionally, our Code of Conduct gives guidance to all employees regarding:

- 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 pre-

sents, 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.

The management board continues to 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.



IMPRINT

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