UK CHAMBER OF SHIPPING

ESG POLICY

The UK Chamber of Shipping ("the Chamber") acknowledges the importance of being a good corporate citizen. Our obligations exist not only in our own right as a company, but also in our role as the representative body of the wider UK shipping industry. In recognition of this, this statement sets out how our work, policies and procedures demonstrate good practice in the management of Environmental, Social and Governance (ESG) matters. In producing this policy statement, the Chamber has been guided by the ten key principles of the UN Global Compact and the Sustainable Delivery Goals within it.

This policy sets out the Chamber's position and what we are doing from both an internal and external perspective; documenting both how we manage ESG within our own organisation and how we seek to influence and advise the wider UK shipping industry on ESG.

Going forward, we will continue to benchmark ourselves against developing corporate best practice in addressing and reporting on ESG issues and priorities. This policy should therefore be seen as a "living document" that will evolve as our own work, policies and procedures evolve.

1. ENVIRONMENTAL

The UK Chamber of Shipping will seek to deliver continuous environmental improvements by:

- Taking active steps to minimise the adverse impact of our business and activities on air, water, or soil quality, biodiversity or any other environmental outcome.
- Advising members in preventing pollution and improving the recycling of materials in shipping and their enterprises and deterring and preventing the transportation of illegal animal and plant products by sea.
- Influencing other organisations in recognising the need to protect the environment, to assist in both coordinated and individual strategies and to provide advice where appropriate.

1.1. *UK Chamber Environmental Footprint*

1.1.1 Pollution

In relation to the first of these, we commit to preventing pollution, banning the use of non-essential single-use plastics and reducing waste in our own internal activities as an organisation. We will equip our office space so as to reduce our environmental impact, using principles of design and standards of fit-out for our offices which reduce our fossil-based energy and water consumption. We will ensure adequate recycling facilities are provided and encourage their use by staff. Potentially harmful substances will be stored safely and disposed of in a responsible manner. We

will replace non-essential single use plastic with sustainable recyclable non-plastic alternatives, non-plastic biodegradable options, or reusable and recyclable plastics.

1.1.2 Transport

Our offices are situated to facilitate the use of public transport by both staff and members. We actively adopt travel policies that reduce our corporate carbon footprint, looking both to question the necessity of travel by having virtual meetings and to prioritise low carbon forms of transport, such as public transport networks. We do not provide company cars as a staff benefit for any grade of employee, nor are parking spaces provided at our offices.

1.2. *Environmental External Influence & Advice*

The Chamber supports a net-zero carbon by 2050 International Maritime Organisation (IMO) target and the UK national government's Climate Change Plan in line with the Paris Agreement goal in keeping the global temperature to 1.5°c pre-industrial era levels. It seeks to influence the UK Government and the IMO through the International Chamber of Shipping (ICS) on international regulation recognising the need to set targets, accelerate progress and deliver outcomes in a timely fashion. In delivering these commitments it has collected support and advice from members, generated thought leadership and embodied these in the Chamber position on GHG reductions. These policies represent the fundamental principles upon which advice is provided to members and other stakeholders.

The Chamber's thought leadership generates collective initiatives which protect the environment both directly and indirectly. Examples include The Single Use Plastic Charter which commits signatories to removing single-use plastics from their organisations, and The Safety Culture Charter aimed at reducing shipping incidents, thus mitigating pollution risks to the environment from shipping.

1.2.1 Climate change

Shipping emits around 2% of global GHG emissions and over the last decade it has improved its energy efficiency through technical and operational measures. There was a 20-30% improvement in carbon intensity between 2008 and 2018, despite a 40% increase in trade moved by ships.

The Chamber's strategic objective is for the industry to encourage the transition to net zero Greenhouse Gas emissions by 2050. The Chamber is lobbying for the IMO to introduce a market-based mechanism that provides an economic incentive to drive the decarbonisation of the industry and for IMO Member States to accelerate the development of port infrastructure and supply chain of sustainable net-zero carbon energy sources as a matter of urgency.

1.2.2 Air quality

The industry has made huge progress in improving air quality in recent years and the Chamber is committed to continue to make further significant advances. The Chamber lobbied the industry to embrace new stringent global sulphur emission standards that came into effect from 1 January 2020 reducing sulphur emissions by 77% as well as establishing specific emission control areas around the UK. Similarly, the Chamber has lobbied on marine diesel engine improvements to incorporate NOx reduction technologies delivering NOx reductions in specific designated areas.

1.2.3 Invasive aquatic species

Invasive aquatic species have caused environmental stress on freshwater, estuarine and marine ecosystems. Non-indigenous species can be introduced and distributed by natural spread or by anthropogenic activity. Ships have been transporting species to new places since the first sailing ships were built thousands of years ago and the increase in shipping traffic, as well as the reduced transoceanic voyage times over the past century, has increased the number of non-native marine species introduced to new environments around the world.

Ballast water is considered as one of the most important shipping vectors. The industry has been implementing mid-ocean ballast water exchange standards since 1997 as part of its efforts to minimise the transfer of harmful aquatic organisms and pathogens. The 2017 International Convention for the Control and Management of Ships' Ballast Water and Sediments Regulation D-2 aims to prevent the spread of potentially harmful aquatic organisms and pathogens in ballast water by requiring ships to be fitted with a treatment technology. The Chamber is working closely with the UK Government to ratify the Convention.

1.2.4 Green ship recycling

End-of-life ships should not pose any unnecessary risk to human health and safety or to the environment when being recycled. The Chamber supports the responsible recycling of ships at yards and believes that all ships worldwide should be recycled in facilities compliant with the International Convention for the Safe and Environmentally Sound Recycling of Ships, The "Hong Kong Convention", or when applicable the EU Ship Recycling Regulation.

1.2.5 Wildlife

The UK Chamber of Shipping is a signatory to the United for Wildlife Buckingham Palace Declaration which aims to raise standards across the transport industry to help prevent illegal wildlife trafficking. The eleven commitments outlined within the Declaration focus on increasing awareness and information sharing, reporting and enforcement. The declaration is now signed by over 100 transport sector companies from across the globe.

1.2.6 Underwater noise

Shipping noise is recognised as an important marine conservation issue. As with many complex and evolving environmental issues, scientific and technical research is important to better understand and advance actions to address impacts. The Chamber is proactively collaborating with environmentalists, regulators, scientists, and other industry bodies to fill the significant knowledge gaps and assist the progress made in the UK and by the IMO.

The IMO has considered the issue of underwater noise from marine traffic and the impact upon marine life through adopted ''Particularly Sensitive Sea Areas'' and ship routing measures to protect marine life from ship strikes during breeding seasons by keeping ships away from specified areas. Furthermore, an advanced broad collaboration and partnership amongst the industry, governments, scientist and shipbuilders to address commercial vessel noise is being currently carried within the new work plan of the IMO.

1.2.7 Marine plastic litter

Whilst most marine plastic litter comes from people on shore, some still comes from ships and can be as deadly to marine life as oil. Plastic can float for hundreds of years. It is easily mistaken for food by fish and marine mammals, and also poses the risk of entrapment.

The Chamber is committed to supporting its members to continuously reduce the generation of shipborne garbage with the ultimate goal of zero plastic pollution from ship to sea. To that end,

the Chamber has launched a Single-Use Plastic Charter, supported by a practical guidance document, which encourages companies to ban the use of non-essential single-use plastics. The 31 signatories have pledged to go beyond both the IMO's work in this area, and the UK Government's commitment to ban single-use plastics.

2. __SOCIAL__

The Chamber is aware that even as an SME our business activities and the way the business is managed have an impact on society. By leveraging the breadth of our membership base we can look to ensure our work significantly benefits society – a society that, inter alia, relies on an efficient maritime industry to deliver over 95% of overseas trade and where many millions of jobs rely upon the supply chains and infrastructure serviced and maintained by the maritime industry.

2.1.   UK Chamber Social Responsibility

2.1.1 Employment practices

The Chamber is committed to being a good employer. We are committed to ensuring that our employees are treated fairly and our work environment is as safe as possible. All staff have clear employment contracts and job descriptions setting out their duties and rights in plain language. We have established and communicated clear HR policies which promote equality and diversity for all staff, regardless of age, disability, gender, race, religion, sexual orientation or any other characteristic protected by law. Our HR policies include family friendly policies and procedures covering issues such as parental or adoption leave. Within our HR policies are clear and fair policies for the settling of workplace grievances. We maintain a structured salary framework which transparently promotes equality and non-discrimination. We maintain a Remuneration Committee entirely made up of non-executives that monitor Chamber salaries, as well as other key indicators such as staff turnover. We issue clear guidance to staff on how we will use their personal data and how we keep it secure.

Our staff handbook includes a section on work-life balance that makes it clear staff are not expected regularly to work in excess of their contracted hours. We have firm policies against bullying and harassment to ensure our staff work within a respectful environment. We have created an annual appraisal system which ensures all staff have the opportunity to receive feedback, to raise any issues they may have and to discuss any training and development needs. We offer adequate holiday, pay and pensions to all staff, paying at least the locally recognised "living wage" and we encourage our own contractors (e.g. cleaners) to do so as well. Other staff benefits include life insurance, critical illness cover and access to both private medical cover and a helpline to provide counselling for any personal or mental health issues staff members may have. We also support staff to be members of relevant professional bodies. We maintain processes such as regular staff meetings, annual appraisals and a clear Whistleblowing policy to ensure that staff can bring up any issues of concern. We have a clear Absence Management policy to promote staff welfare.

2.1.2 Health and safety

The Chamber takes the health and safety of our staff, contractors and visitors seriously at all times. We ensure our offices are a safe workplace, complying with all relevant health and safety legislation. During the recent pandemic we issued additional clear guidance in accordance with government guidelines. We made those necessary physical modifications, such as screens and the supply of hand sanitisers, to create a covid-secure environment in our offices for both staff and visitors. Our catering business maintains a grade 5 food hygiene rating.

With many staff working at home for much of the time rather than coming to the office on each working day, we are attentive and responsive to any health and safety concerns raised by staff in relation to home working. This includes providing staff with workstations, chairs, screens and other equipment for home working as necessary.

2.2 *Social Responsibility External Influence & Advice*

The Chamber is an advocate of good employment practice, both in relation to its own staff and in its role as an association representing maritime employers in the UK. This includes collaborative work with industry social partners at national and international level with the objective of developing legislation supporting continuous improvement of working conditions aligned with the UN SDGs.

2.2.1 Human rights

The Chamber supports and respects human rights globally. We will comply with all relevant human rights legislation and will avoid any complicity in human rights abuses, including child labour or indentured servitude. We will help the maritime industry to support human rights globally through dissemination of advice and best practice to our members.

The Chamber has publicised to members the Government's guidance to business on upholding human rights. It also represented members' views to Government in the preparation of the Modern Slavery Act 2015.

2.2.2 Health and safety

The Chamber actively promotes health and safety issues in the wider maritime industry through seminars and guidance, additionally acting as a hub for the dissemination of data and best practice among members and to raise awareness of emerging issues. It has established a joint committee with the seafaring trade unions, which issues policy guidelines to shipping companies on a range of health and safety topics, including alcohol misuse, drugs, infectious diseases, violence, aggression, verbal abuse and threats against staff on passenger ships, behavioural safety systems and seafarer mental wellbeing.

The Chamber has also established an ad hoc working group to improve safety culture in the shipping industry, through meetings, an annual safety conference and a Teams channel for sharing experiences, accident and near-miss reports and examples of good practices.

The Chamber's Safety Charter has been adopted by over 30 member companies and enshrines a commitment to continuously improve safety in the maritime workplace.

2.2.3 Seafarer welfare

From the outset of the Covid-19 pandemic the Chamber campaigned strongly for seafarers to be treated as Key Workers, and therefore to be exempted from travel restrictions, quarantine requirements and to be prioritised for vaccination. It has worked with Governments throughout the UK to secure fair treatment for seafarers and prepared the International Labour Organisation (ILO) Resolution on the effects of the pandemic on seafarers that was adopted in April 2021.

The Chamber promotes mental health within the membership by holding seminars, webinars and workshops and as a signatory to the Mental Health in Maritime Pledge.

2.2.4 Employment in shipping

We hold regular meetings for those responsible for seagoing personnel in member companies to ensure that they are up to date with legislative requirements, legal interpretations of legislation and codes of practice. These sessions also enable members to respond to consultations on legislative proposals and influence policy at national and international level.

The Chamber represents UK maritime employers at the ILO. It contributed actively to the development of the Maritime Labour Convention, 2006 (MLC) and participates in training courses, including those of the ILO's International Training Centre, to promote compliance. It also runs regular MLC training course for members.

2.2.5 Wider societal causes

The Chamber leverages our membership base to support worthy social causes such as animal welfare on ships, accessibility of maritime transport through the Mobility Working Group and supporting the maritime industry in eliminating maritime trade in endangered animals or illegal animal products as a signatory to the Buckingham Palace declaration.

3. GOVERNANCE

3.1. UK Chamber Governance Standards

Proportionate to our status as an SME, the Chamber maintains a high level of corporate governance. This is essential to reassure members that the Chamber is transparently and effectively run for their benefit, and that membership has a clear and substantial role in setting corporate strategy and policy priorities.

3.1.1. Management structure

The rights and role of membership form a key part of the Chamber's Constitution. A core principle is that the Supervisory Board, which is responsible for setting strategy and strategic priorities, is entirely made up of non-executive individuals nominated by member companies. The President and Vice-President are selected by members for one or more one-year terms and play a leading role in our governance. Together with the Immediate Past-President, they form a built-in majority on the Executive Board, which looks after the day to day running of the Chamber and includes two representatives of the Secretariat. It is the President who ultimately has responsibility for the effective management of the Supervisory Board and its meetings.

3.1.2 Panels and committees

The Chamber forms panels or committees of members to co-ordinate and prioritise our work in particular areas of policy. These report regularly to the Supervisory Board. We also maintain a set of Governance Committees consisting of appropriately skilled individuals, nominated by the membership. Currently these comprise a Finance, Audit and Risk Committee; a Nominations and Governance Committee; and a Remuneration Committee. All these governance committees report to the Supervisory Board and have appropriate and clear terms of reference, which are approved annually by the Supervisory Board. The Nominations and Governance Committee regularly reviews the entirety of Chamber governance and is able to make recommendations directly to the Supervisory Board for any required changes. Executive pay, as well as wider staff remuneration issues, are the responsibility of the Remuneration Committee which is entirely made up of non-executives drawn from the membership.

3.1.3 General conduct and corruption

The Chamber's HR policies and staff handbook make it clear that we expect our staff to act professionally and appropriately at all times, by including examples of unacceptable behaviour, included corrupt behaviour or bribery. We have created a Whistleblowing policy to allow staff to safely raise any issues that might concern them. We also publish guidelines for staff on their own social media use to ensure the Chamber's reputation is protected. Our financial systems are designed to minimise the risk of corruption or fraud, including clear tiered authority levels over both expense authorisation and payments.

3.1.4 Legal compliance

The Chamber staff handbook contains policies to guide staff on our legal accountabilities in areas such as The Bribery Act and general competition law. The Chamber also has specific policies relating to GDPR regulations. These policies explain to our staff their duties under the regulations, how the Chamber will store and process their own data and also how we will store and process third party data.

3.2 _Governance Standards External Influence & Advice_

3.2.1 Promoting the SOLAS principles.

The Chamber campaigns alongside seafarers' trade unions to push for Government action to assist merchant seafarers who, in accordance with their duties under international law, perform humanitarian rescues of persons in distress at sea. We are pressing for coastal states to permit the prompt disembarkation of persons who have been rescued (as well as stowaways) and for any risk of criminalisation for humanitarian acts to be removed.

3.2.2 Corruption, bribery and data protection

The Chamber has also published practical guidance for the UK shipping industry on compliance with the Bribery Act 2010 and with Data Protection legislation. The guidance on the Bribery Act was prepared in consultation with appropriate Government departments and promotes compliance with the law by encouraging companies to support their crews when they are met with demands for unwarranted gifts or payments.

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