DRIVEN BY EFFICIENCY

DECEMBER 2014 ISSUE

UNIQA
Successful start of Cyprus ship-management

Low-sulphur fuel
Smooth transition between ECA- and Non-ECA Zones

Ebola
Very low risk for ships’ crews
An integrated network of our worldwide partners guarantee a smooth workflow around the globe

As an innovative leader, we always remain faithful to our tradition and to our corporate values
In times when progress is actually measured in steps rather than gigantic leaps the group has advanced handsomely under the prevailing conditions.

The group results of this year’s Boston Consulting Opex Survey show once more outstanding results across the board and we shall continue to benchmark ourselves with the leaders of the industry. Noteworthy in particular is the groups insurance track record over the past years and the ratio of Port State Control notifications. Whilst being almost accustomed to the highly competitive Opex cost of the fleet under management, these two indicators clearly demonstrate that our highly developed quality management continues to play a vital role in the overall success of the Thomas Schulte Group’s effort to increase its share as a quality asset manager to a rising number of clients.

2015 will see the group advance strategically and built important inroads for the future positioning of its two locations in Hamburg and Limassol.

As always, I would like to express my sincere dedication to the entire crew on board the fleet as well as our staff ashore, for their continuous support and valued input and wish all a merry Christmas time and a happy and prosperous new year.
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Limassol promenade alley clock
After being founded in September last year, Uniqa Marine Management Ltd. has taken the first ship into full management in March 2014, and since then a further 7 container vessels to date. Limassol based Uniqa Marine Management Ltd. takes all advantages out of the location in Cyprus that in combination with top quality services in all aspects of ship management enabled such impressing rocket start. This was assisted by the network and the technical/quality expertise of the Thomas Schulte group.

Under the leadership of Managing Director Mr. Andreas Droussiotis today a staff of 10 look after the technical and commercial operation of the fleet in line with a strong management system that
Limassol, main port of Cyprus: two dynamic ship-management companies in a very modern building
has evolved out of the combined competence and experience by management, expert staff, and TS Group consultants whereof some meanwhile changed into permanent employment in the modern offices in Limassol.

Being situated in the same building and under the same management, Eastern Mediterranean Shipmanagement Ltd., employing further 10 qualified staff, completes the full services package for the ship owners as long established crew management company that looks after the pools of the competent masters, officers and ratings serving the fleet on board.

As Uniqa Marine Management Ltd. is reaching out to grow further its extensive preparations are in progress to widen the portfolio of high quality services to more ship types including tankers.

Andreas Droussiotis
Uniqa Marine Management,
Managing Director
MARThA SCHULTé ex NILEDUTCH BUFFALo
during discharging operations
When did you decide to study nautical science and what was the reason for your decision?

When I was a small boy, my father took me to the beach on his shoulders and together we watched vessels coming in. From the very first moment, I knew that someday I would be one of those sailors on these big ships. And, of course, my uncle was a seaman. Growing up, I asked him to take me on board. One day he did. My first step up the gangway made me feel that I belonged to this world. I was fascinated to visit every corner of the vessel. The bridge impressed me the most. Finally, I was introduced to the master. At that moment, I decided to try a life at sea to become a captain.

Twelve years ago you joined your first vessel as a cadet. How did you imagine life at sea at that time?
With the universe of stories of the captain in my mind, my imagination ran free considering the infinite limits of the sea, observing the shore line from the bridge, hearing the engine running and being able to control the giant ship with my own hands.

**What happened to your dreams and initial objectives?**

After years of studying, and after passing many exams passed and working hard on deck, in cargo holds, in the cargo office and thousands of hours on the bridge, I can say, that my dreams came true.

**Which was the most significant experience during the years of promoting your career?**

After twelve years, I have a real broad range of experiences; however, there is one that impressed me most. It was in the Sea of Japan at two o’clock in the morning during a violent typhoon. We were hit by a wind force of 10 to 11 Beaufort with the sea scale almost the same, when the main engine failed and stopped. This is a real critical situation for a ship. It turned out that we had a highly professional crew on board. We worked together, and, with the help of God and a lot of good luck we managed to start the main engine again. We reached the next port safely.

**What have you learned from this situation?**

I saw a professional and courageous crew become a family, merging to a united team, ready to do anything necessary to bring the vessel safely to its destination. First of
all, with nature you cannot play a game. The sea should not be taken lightly. I have learned how precious life can be in critical moments. But there are many other positive experiences, e.g. unberthing a newly built vessel from the shipyard. After I was assigned to do so for the first time, the superintendent requested me to do it again on a second vessel that had to be taken out. I felt that my work really means something and my performance matters.

The office staff, all of us, must admit that we are nothing without our excellent crews on board our vessels. You are our representatives on-site. Office and shoreside colleagues – which role do they assume in a seaman’s life?

The office plays the crucial role in our daily work. I mean, you are a real support to us, particularly in critical moments. It starts with all of the arrangements and the all-round organisation of on- and off-signing of each crew-member, and continues with timely supply delivery of provisions. Each and every department contributes in its individual domain to providing a guarantee for safe and efficient operations during the entire journey.

Life at sea has many faces. Which one turned out to be better, and which is worse than you expected?

Life at sea, in fact, is hard for everybody. Being far away from family and missing so many of the important moments in the lives of your children, wife, brother or sister is the worst part. But working at sea is challenging and unique. I opted for this life years ago. I am a seaman living a chosen way of life.

When you were younger, was it harder to leave home? Is it easier now?

After 12 years at sea, I must confess, things get no better. Every time I leave home is so hard in a way only a seaman understands. The moments when I hold my wife in my arms for the last time are most painful. However, I have to be strong. I suppose, this will never change.

Has seafaring changed your life during the past 12 years?

Seafaring has changed my life in a good way. I am close to my professional goal of becoming a captain. After many years, I have gained excellent professional experiences. On board of Thomas Schulte vessels, I have many opportunities to permanently upgrade my skills and abilities.

Currently you are working on the shipmaster’s certificate to become a captain, and you are well on track – what drives you towards new achievements?

It has been my dream for a long time. Motivation goes along with experience as well as the will to be a good leader. I know that being a vessel’s master is a difficult job with many diverse requirements. If I get the opportunity, I do not know if I can become the best, but I will work hard to prove that I am a good captain.

Is shipping an attitude towards life for you or only a source of making money?
It is a clear attitude towards life, not only a source of money. I tried to work ashore in an office for some time. After a few months, I felt trapped, missing life at sea, missing freedom, missing the challenges that only a life at sea can provide. I quit the office job and I came back to sea where I belong.

**What kind of challenges do you mean?**

At sea, tasks and situations vary significantly day to day. This keeps us alert. We have to tackle and solve the problem when it occurs. At the end of the day, when you have managed to deal with it, you can just go and take a rest, with the satisfaction of a job well done, getting ready for the next one.

**If you could choose a career today, what would you go for?**

I would do it my way again and go out to sea.

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**Chief Mate Marius Zaharia // IN BRIEF**

Age: 34 // Family: Wife (Diana) // Hometown: Constanta, Romania // Employment: Started as a ship’s cadet in 2002. Joined the Thomas Schulte Group 2009 as 2nd mate. Accelerated his career to Chief Officer, has been serving twelve contracts for the company. // Will join MARTHA SCHULTE in January 2015. // Education: Maritime University Constanta / deck officer / engineer diploma
Management at maximum quality standards is feasible
Last year, Reederei Thomas Schulte achieved outstanding results during an independent BCG research study of ships’ operations cost. This year we did not hesitate to participate in the comparison of technical/financial parameters again, so that we could give sustainable evidence of our competitiveness and in order to reinforce and expand our position as asset Manager in the market. The current data analysis examined a whole series of issues relating to in-house flows of operations. Considering increasing reporting requirements, several processes were subsequently modified, making information available even more rapidly, more detailed and substantive.

The study therefore, not only confirms a good performance regarding facts and figures, but it also represents an important incentive for further cost reductions while maintaining a high level of quality.
regarding sound vessel condition and complying with all maritime provisions and obligations. Besides that, being part of the analysis initiated suggestions for improvement of internal workflows, which have resulted in further efficiency improvements.

This year’s study, based on data for 2013, provided a comprehensive 180-page evaluation of a large series of key performance indicators and statistics, consistently showing the impressive results of the group. Because of the comprehensiveness, some of the most significant results were selected to be presented here.

The operational cost of container vessels managed by the shipping company and the ship management arm of the group is some 6% below the average cost level of all national and international participants in the analysis. Compared to the peer-group, a selection of German shipping companies, which renders findings more comparable because of more similar structures — despite some operating a larger fleet — costs are 12% below average. Maintenance and repair are particularly important. The performance of the sections shows that here cost is 29% lower than the average.

At first glance this is outstanding. At second glance, however, an impression might emerge that the excellent score could have been achieved at the expense of quality of the vessels’ condition and non-compliance with safety standards.

Results of the same study rule out this assumption. Data collected in the section of quality management show that all group-managed ships are significantly above average regarding Port State Control remarks and detentions, insurance claims and off-hire time. Reederei Thomas Schulte proved again that cost-effective management at maximum quality standards is feasible and has become a recognized trademark of the group.
Changeover from high-sulphur to low-sulphur fuel, and vice versa, is technically demanding.
The Thomas Schulte Group has been aware of the significance and necessity of Emission Controlled Areas (ECAs) for a long time. Environmental protection is an integral part of the company’s corporate strategy. On-board inspections and internal audits emphasise the importance of using sulphur-reduced fuel oil. Crews are required to monitor all related records conscientiously. A progressive restriction of sulphur emissions in internationally agreed ECAs requires sophisticated machine technologies for the transit from non-ECA to ECA zones and vice versa. This will become all the more significant when, from January 1st, 2015, the limit of sulphur used in bunker fuel will be reduced to 0.10 % within the North and
Baltic Seas, USA / Canada Coasts and US Caribbean Seas. The Thomas Schulte Group is ready to implement the cutting-edge unit for a smooth changeover on board the managed fleet.

**Changeover is technically demanding**

Before bunkering, the ship’s command calculates the necessary quantity of low-sulphur fuel to be taken on board in order to meet the ECA requirements so that a shortage of low-sulphur fuel, when navigating in an ECA, cannot occur at any time. Manual changeover has always been most demanding to the engine crew through when having to proceed with the changeover from high-sulphur (HS) fuel to low-sulphur (LS) fuel, and vice versa, at the machine load of cruising speed.

The changeover must be finished prior to reaching an ECA, while overstressing of moveable parts within the fuel oil supply and injection system has to be avoided by all means. Screw spindles of fast rotating feeder and booster pumps, as well as fuel oil injection pumps and the needles of fuel injectors, are lubricated by the medium fuel oil. In this context all prescribed viscosity limits have to be taken into account. Prior to combustion, heavy fuel oil has to be heated to about 135 °C in order to achieve the prescriptive viscosity, while low-sulphur fuel oil (marine diesel oil — MDO or marine gas oil — MGO) with 0.10 % sulphur content has to be cooled to between 32 °C and 40 °C in order to achieve the prescriptive viscosity. If changed over too quickly, damages to movable parts, such as pumps or injectors, is almost inevitable due to an abrupt viscosity change. Therefore each ship has an individual changeover procedure that has been reviewed and approved by the Classification Society.

**Pressing a button**

The Thomas Schulte Group is ready to equip all managed vessels with modern state-of-the-art technology — a changeover unit designed and built by a recognised system manufacturer. The unit enables the engine personnel to carry out the sensible process of fuel oil changeover from heavy fuel oil with high sulphur content to MDO or MGO with low sulphur content in
This technical innovation allows the Thomas Schulte Group a fast and safe procedure of the fuel changeover process within the managed fleet. It is an appropriate and sustainable response to more stringent environmental regulations concerning the combustion of HS and LS fuel oil.

The Thomas Schulte Group is always one wave ahead.
Monrovia, capital city of Liberia, with terminals of the port visible in the distance.
OUTBREAK, an American medical-disaster film starring Dustin Hoffman raised fears of virus transmission by ocean vessels in the public mind in 1995. It featured a smuggled African monkey carrying an Ebola-like fictional virus on a container ship to the United States, where the disease wreaked havoc on the population. A real-life outbreak of an epidemic, like that of Ebola today, was still far from reality. From its first reported case until October 2014, the Ebola epidemic has led to more than 13,500 individuals becoming infected. Of those infected, 4,900 people have died, mostly in Sierra Leone, Liberia and Guinea, which is at the centre of the medical emergency response.

The Ebola virus is transmitted through direct contact with the blood or other bodily fluids of an infected person. To date, airborne transmission has not been reported. The consequences of contracting Ebola are particularly grave if the right medica-
tion and treatment are not available immediately. But Ebola is not only a human tragedy; it is also devastating the economies of Liberia, Guinea and Sierra Leone. The West African states lack the financial, medical or infrastructural resources to cope with the huge scale of the epidemic. There is a tremendous world response to help, but if shipping companies cease to call at these countries, humanitarian aid and medical supplies will not reach suffering people and their families desperately waiting for it.

The seaborne spread of the disease or infections through travel and ill-timed sneeze have inspired the world’s fear and this has been reinforced by many big-budget Hollywood movies. However, carriers and other transport companies are doing their best to dispel those fears. Until now, there are no reports of Ebola virus transmission via international shipping, but the logistics community is taking precautions for both its crews and cargo.

Maintaining the global supply chain

Shipping between the Ebola-stricken countries in West Africa and the rest of the world goes on. Reederei Thomas Schulte continues to trade in the Ebola-affected areas. The company is aware of the responsibility to the crews on board and to being part of a sustainable global supply chain. The Thomas Schulte group decided to continue to call at Lagos, Nigeria, or Conakry, Guinea, and this in line with the recommendations of the World Health Organization, the International Chamber of Shipping and the International Transport Workers Federation.

Prevention on board

Common sense precautions keep the risk of crew on board contracting Ebola extremely low – first of all, by avoiding direct physical contact with anyone ashore. Reederei Thomas Schulte has implemented a package of preventative measures to further minimise the low risk for their crew. Prevention is the best way to deal with Ebola. Ebola on dry surfaces, such as door handles
and railings, can survive for several hours. The company stresses that basic personal hygiene is considered fundamental for preventive health care. All vessels have been equipped with protective clothing like overalls, gloves and facemasks. Disinfectants were distributed in sufficient quantities.

Watchmen shall pay special attention to persons leaving or coming on board. For crew members, leaving the ship in the relevant ports is restricted. Crew changes will not take place in affected countries. Even more important is a strict access control to the ship when berthed. Surveillance of possible stowaways or other unauthorised persons trying to come on board shall be enhanced. Even authorized visitors are controlled so that they do not bring any health risk to the crew.

International restrictions

However, despite the low risk of infection and all the precautions taken on board, ships coming from the West African region are subject to increasing constraints. Some African nations ban entry to their ports for all ships that have previously called at Monrovia in Liberia, Freetown in Sierra Leone or Conakry in Guinea. Countries in Asia are even refusing to discharge cargo from the affected areas.

There are reports of a Chinese flagged ship from Sierra Leone heading to Cape Verde, which was quarantined because of fears that crew and cargo had been exposed to the virus. A Liberian ship was quarantined in South Africa — before it was cleared of an Ebola threat — despite the fact that the vessel had not called directly at any country affected by the virus. Argentinean pilots were advised not to board vessels arriving from states suffering from a current Ebola outbreak.

Appropriate means to combat Ebola

There are dozens more examples of how vessels and their crew are put under general suspicion after calling at any port in the West African region. This is not appropriate in the battle against the spread of Ebola and its terrible consequences. An atmosphere of fear is the wrong reaction to all the precautionary measures taken by the transport industry.

Infectious diseases have always followed strong trading lanes, being tied to the movements of people and animals. But the modern industrialised world of today’s container transport system is no longer comparable to ancient sailing times, when loading and discharging needed manpower with many port days and close contact with local dockers. The West African ports must not be omitted from shipping lines. Precaution is important, but the right sense of appropriate nature of the means is essential.
Since the very beginning, the Marine Insurance chapter of the SFOM has been accompanied by excellent lectures of third-party companies. During the 2014 SFOM, Dennis Brand of brand MARINE CONSULTANTS GmbH presented new and astonishing insights into salvage operations. Mr. Brand showed a complex kaleidoscope of duties and conditions that have to be dealt with in the salvage process. The audience was particularly impressed with the numerous needs and necessities of an incident, which the lecturer revealed from the specific perspective of the salvor in relation to local authorities, ship owners, tugboat operators, politicians and newspapers, and, last but not least, to social and environmental laws.
An apparently simple case of a distressed vessel may quickly become very complicated due to politically motivated constraints. Mr. Brand referred to pertinent examples and, of course, prominent cases such as the RENA or COSTA CONCORDIA. But it was the small and rather unknown cases that offered a lot of information, providing a full retrospective on the cases with possible proper solutions during the step-by-step salvage process.

The masters and officers listened to examples of depressingly futile attempts at rescue; however, the excellent discourse increased the hope that there is a remedy for disasters, given the right ideas and technologies. In any case, a rational salvage plan with a high degree of technical insight is key to survival. When used properly, everything can be achieved.

Salvage may be very expensive. Besides all costs directly related to towing or repairing a vessel, there are various associated external costs, which are not caused by the stricken vessel itself.

For example, a vessel that has been stuck in the ice has to be towed as a dead-ship to a port of refuge. This required the discharge of all the ballast water inside the tanks before entering the port. Emptying the tanks does not mean to simply pump out the seawater into the sea, and it is subject to a number of environmental obligations, causing only some of the many kinds of external costs of a salvage operation.

The audience applauded the speaker, who had to answer many questions in relation to the practical experience of seamen. The third-party lecture of every SFOM helps to offer multiple viewpoints and a well-based and broad theoretical knowledge to the participating officers and prevents them from being focussed on single insurance issues only.

In the past, we have seen some very fascinating performances, and no doubt, the discussion about salvage proved extremely valuable for our work.
A rational salvage plan is key to survival
***OCEAN SHIPMANAGEMENT ATTAINS GL EXCELLENCE CERTIFICATE. 2014 marks the third successive year in which OCEAN Shipmanagement GmbH was awarded the GL Excellence certification. The company has proved commitment to continually improve all processes well beyond statutory requirements and to push the efficiency of ship operations. The GL Excellence certification particularly addresses shipping companies. The scope of the certification gives independent evidence of reliable ship operations and compliance with above-average levels of safety, quality and environmental performance. Up to now, worldwide, only five other companies have obtained the certificate. *** LAST YEAR’S CROW’S NEST 2013 WINTER EDITION was short-listed for the ECON Award 2014 for the Best Company Magazine. The awards ceremony took place in Berlin. *** WITH THE BEGINNING OF 2014 OUR REDESIGNED WEBSITE WAS ONLINE. Please be sure to visit us at www.schulteship.de

The Econ Award for corporate communication yearbook shows all nominees and winners of the year

TS Group certified for the third time

www.schulteship.de
Precious horses in the ashore stable, waiting to go out to sea
With many years of experience shipping cargo that needs special care, Reederei Thomas Schulte is frequently asked by important charterers to transport horses from New Zealand to Australia and vice versa. Both nations compete with their polo teams in regular championships. Therefore, the precious horses have to travel from time to time. The last shipment was carried out on HUGO SCHULTE in November 2013. Charterers like Hamburg Süd arrange for the transport. Prior to loading livestock, the charterer has to apply for the owner’s approval. Standard charter parties exclude this kind of commodity because standard container vessels under normal circumstances are not fitted for accommodating livestock like horses in cargo holds or on deck.

The animals need special handling and are transported in SOU — shippers owned units — which are species-appropri-
ately designed for horses. Up to six horses travel in their own box in one container with unique construction requirements: the upper door can be opened. During the entire journey sufficient ventilation is guaranteed, and the animals may look out as they are used to in an ashore stable.

A skilled groom attends the transport. He takes care of the horses, feeds them several times a day and cleans the boxes during the ocean transport. Additional storage capacity is needed for animal feeds and dung. The appropriate units are stowed on deck in sheltered space, in order to avoid any impact of the ocean climate like strong wind and saltwater spray.

This kind of ocean transport is an extraordinary situation for both crew and horses. The animals have to get accustomed with the continuous movement of the vessel, which keeps rolling and pitching, whereas the crew enjoys the unusual...
experience of country air on the high Tasman seas. With the appropriate precautions and guidance on Thomas Schulte vessels, all transports went perfectly well. All horses reached their port of destination safely. Unfortunately, we never received feedback from the polo-grounds. We would very much like to know if a polo team has won the game riding horses that enjoyed the healthy ocean breeze.

Special care and support is provided during the entire voyage

Championships in Polo hot-spots Australia and New Zealand