

Swire Oilfield Services
Sustainability Development Report 2013



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1. SCOPE

In this 2013 Sustainability Development (SD) report, we present the continued effort of our sustainability approach in relation to our four SD focus areas: Environment, Health and Safety, Employees and our Business Partners. The information in this report has been prepared with reference to the Global Reporting Initiative (GRI)^[1] in order to maintain a consistent reporting style.

[1] GRI is the world's most widely adopted sustainability development reporting framework www.globalreporting.org

2. CEO MESSAGE

Swire Oilfield Services was established in 1979 and is the world's largest supplier of specialist offshore cargo carrying units to the global energy industry and is a leading supplier of modular systems, offshore aviation services, chemical handling and onshore services.

Operating in over 31 countries, with a team of over 1000 staff operating from 36 bases around the globe. The company has a presence in all major oil and gas regions with large operations in Northern Europe, North America, Africa, Asia Pacific and Brazil.

With strong economic growth in 2013 and following the launch of the 5 year business growth strategy in 2012, Swire Oilfield Services is committed to operating our growth in a sustainable way. Our sustainability initiatives extend across the Group.

Environmental and Health & Safety issues remain our top priority. Great emphasis is placed on minimising our work related injuries and monitoring our energy use.

Manpower is critical to our business success, particularly in operations where we operate in a robust market environment, where competition for qualified staff has been intense. We strive to make Swire Oilfield Services an enjoyable and rewarding place to work, an organisation that nurtures and develops its people for the benefit of the individual and the company.

One of the missions of the company is to keep raising awareness of environmental, social and health & safety issues within our staff team and among our business partners. We recognise sustainability is key to ensuring our long-term success, hence we will continue to strive to operate in a sustainable way as well as to explore new opportunities and initiatives to increase our effort.

3. GOVERNANCE

The Group EXCO team have responsibility for the Group Strategy & Governance Framework, under the ultimate responsibility of the Chief Executive Office (CEO).

EXCO are responsible for all recommendations and decisions made in accordance with the policy, changes to which can only be made under the authority of the CEO.

John Swire and Sons Ltd

Swire Oilfield Services Holdings Ltd



Swire Oilfield Services introduced a sustainability policy within the Integrated HSEQ policy, in line with the Swire Group's expectation. Sustainability considerations guide our thinking and management decisions behind our operations, helping to bring sustainable stewardship to our health, safety and environmental (HSE) primary concerns. To enhance internal communication on HSE matters and facilitate HSE performance strategies, HSE committees have been established in all operating companies. The Group HSE committee is chaired by a director and includes representatives from various business units.

The Internal Audit Committee

The Group has an Internal Audit function which is monitored by the Internal Audit Committee. The committee's remit is set out in its Terms of Reference. The committee meetings involve the Internal Auditor and also a representative of our external auditors, KPMG LLP.

Other Committees

A number of other functional Committees are in place at both Group and Operating Level. These cover a range of issues including Health and Safety, Human Resources, Code of Ethics and IT.

4. ECONOMIC PERFORMANCE

Swire Oilfield Services is an industry leader in the provision of standard, specialised and bespoke products certified to DNV2-7.1 and EN12079 to the worldwide oil and gas market. With an extensive hire fleet of over 60,000 units it allows immediate access, 24 hours a day, to a comprehensive range of products anywhere in the world.

		2013	2012	Change
Turnover	£m	185	157.7	+27.3
Attributable profit	£m	12.8	11.8	+1
Equity	£m	155.4	141.1	+14.3
Debt	£m	115.7	88.9	+26.8

5. ENVIRONMENT

Environmental responsibility is one of our key commitments to sustainable development. We recognise that improving energy efficiency is pivotal in minimising our contribution to climate change, given that in excess of 60% of our carbon emissions comes from fossil fuel consumption. To assist us to minimise our environmental impact, we have therefore integrated environmental consideration into all our management and decision making processes.

Waste reduction

Swire Oilfield Services follows the '3R's' waste management strategy, Reduce, Reuse and Recycle". We continue to explore new initiatives to reduce our waste throughout the business.

Raising awareness

As well as the 'green' credentials of the company, we utilise a number of promotional campaigns involving employees which were organised throughout 2013. The HSE FullCircle branding is available in 'Green' for use on, and within documents, and other material containing environmental data.

Future Objectives

The 12 Golden Rules, to be launched at the start of 2014, will include Environment as one of the rules. Each of the Rules have been selected to raise awareness and general performance of all Health, Safety and Environmental activities run throughout Swire Oilfield Services.

6. HEALTH & SAFETY

Health & Safety is one of our most important commitments to sustainability. We continually strive to maintain a safe and healthy workplace for our employees, customers and contractors as far as reasonably practical. Our safety objectives foster a positive culture. To achieve long term sustainability, we aim to reduce the number of workplace injuries to zero. The journey may be long, but our efforts to achieve this goal will be relentless.

In 2013, there were 13 Lost Time Injuries across our operations. This represented a Lost Time Injury Frequency (LTIF) of 1.25 per 100 employees, an increase of 5 cases when compared with 2012. Lost Day Injuries rate (LDIR) is not currently available for the Group but a plan is being developed to address this in the future.

All the accident cases were carefully reviewed to identify the root cause. In 2013, the most common injuries involved hands and fingers, much like in 2012. To improve safety awareness in this area the Group invested in the "Can't Touch This" hands campaign in 2012, involving posters, handbooks and promotional material, this campaign is still in use throughout the operational locations in 2013. Additional campaigns to reduce incidents involving forklifts and eye injuries were also endorsed by Group HSE.

The first safety culture survey for the Group was carried out in 2012 to further understand the most effective ways to celebrate our strengths and improve the weaker areas. The survey focused on five key areas:-

1. Leadership and Commitment
2. Engagement of People in Safety Improvements
3. Employee Responsibility
4. Supervision and Management
5. Employee Communication & Education

In October 2013 we ran the survey again to gauge the effectiveness of our efforts in these areas. The results indicated that although we still have work to do, we have made positive steps in the right direction across all five key areas.

The HSE 5 year strategy created in 2012 supports the continual improvement of our safety culture and zero injury goal. The strategy promotes a positive culture with a range of proactive leading performance indicators.

Future Objectives

Continue to enhance the positive safety culture within the company.

Monitor proactive performance indicators.

Standardise all OpCo HSE Management Systems to a minimum benchmark level.

Invest in and enhance our reporting software, Synergi, so as reporting is consistent and instant.

Introduce a scored audit programme for all OpCo's management systems.

7. EMPLOYEES

Swire Oilfield Services continues to strive to be an employer of choice in a competitive market place. The Group has invested in the Human Resources function centrally and in each operating company. Staff development and education is key to staff retention. To support this the personal development programme Swire School 1 has been developed and was run successfully in the UK and Norway. This has now been introduced across the Group. Swire School 2 was developed with the pilot course running in the UK in conjunction with Napier University Edinburgh in 2013.

Future Targets

Development of Swire Path and Swire School 2.

8. BUSINESS PARTNERS

We favour suppliers and contractors who share our commitment to sustainability. Currently around 40% of our rental fleet purchase comes from international manufacturers, who comply with international manufacturing practice standards. To ensure all our critical manufacturers meet Swire Oilfield Services standard, we require them to sign our Code of Ethics policy, a service level agreement and are audited on a regular basis to ensure compliance.

Control Union Test and inspection, manage and operate our equipment in Holland, India and Brazil to the Swire Oilfield Service level agreement and are inspected and audited on a regular basis.

9. APPENDIX 1

HSEQ policy

10. APPENDIX 2

Summary of Statistics

Appendix 1

Integrated HSEQ⁽¹⁾ POLICY

It is the policy of Swire Oilfield Services to manage all activities in such a way that aims to bring no harm to employees and stakeholders whilst reducing environmental impact to a practical minimum.

The Company operates a HSEQ Integrated Management System in which all aspects of the Company's activities are identified and their impacts evaluated. This shall be achieved by setting clear objectives and regularly monitoring progress against them.

The Company will meet or exceed all legal and customer requirements and:

- Be a good steward of the natural resources under our influence and prevent pollution so far as reasonably practicable to ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.
- Operate in a manner which safeguards the health, safety and well being of all our stakeholders⁽²⁾ as far as is reasonably practicable.
- Strive to be an employer of choice by providing an environment in which all employees are treated fairly, with respect and can realise their full potential.
- Favour suppliers and contractors who promote sustainable development and encourage the responsible use of our products and services by our customers and consumers.
- Promote good relationships with the communities in which we are a part and enhance their capabilities whilst respecting people's culture and heritage.
- Encourage other companies in which we have an interest as a shareholder or through our supply chain to implement similar policies.

The effectiveness and suitability of the Company's HSEQ Integrated Management System, those operating it and its performance, is regularly reviewed by all levels of management. A process for continual improvement is implemented, maintained and suitable business objectives are monitored and reviewed.

The Company will ensure that this policy is communicated to all employees and made freely available to all other interested parties.



Tor Helgeand – Chief Executive Officer

Date 22 January 2014 Revision 2

Note (1) Health Safety Environment and Quality (HSEQ)

(2) Stakeholders include; Employees, contractors, directors, owners, customers suppliers
Communities and unions

Appendix 2

Environmental					
		Unit	2013	2012	2011
Materials					
EN3 & EN4	Direct energy consumption by primary source	GJ	196,381	109,208	133,719
	Indirect energy consumption by primary source	GJ	21,495	26,899	27,125
	Total energy consumption	GJ	217,875	136,600	160,844
EN8	Total water withdrawal by source	m ³	1,485,982	276,612	227,045
Emissions, Effluent and Waste					
EN16	Direct greenhouse gas emissions by weight	Tonnes CO ²	6,396	3,243	1,510
	Indirect greenhouse gas emissions by weight	Tonnes CO ²	4,220	4,072	4,108
	Total greenhouse gas emissions	Tonnes CO ²	10,616	7,315	5,618
EN17	Other relevant greenhouse gas emissions by weight	Tonnes CO ²	-	-	-
EN19	Emissions of ozone depleting substances by weight	Tonnes of CFC-11 equivalent	0	0	0
EN22	Total weight of waste by type				
	Wood	Tonnes	0	14	5
	Paper	Tonnes	1	2	8
	Plastic	Tonnes	1	1	0
	Metal	Tonnes	1,839	121	75
	Water	M ³	70,803	276,612	192,183
	General	Tonnes	169	357	99
EN28	Significant fines for noncompliance of environmental laws		0	0	0
Labour practices and Decent work					
LA7	Total working hours of employees	Thousand hrs.	2,077	1,442	1,086
	Total injuries	No of employees	54	51	40
	Total fatalities	No of employees	0	0	0
	Lost time injury rate		1.25	1.1	1.8
	Lost days due to injuries	No of days	-		
	Lost day rate				
Society					
Anti-competitive behaviour					
SO7	Total number of legal actions on anti-competitive behaviour		0	0	0
Economic					
Economic performance					
EC4	Significant financial assistance from government		0	0	0