



CHINA NAVIGATION



# Sustainable Development Report for the Calendar Year 2019



INTRODUCTION

5 Managing Director’s Message

7 Introduction

8 SD Strategy Highlights

GOVERNANCE

12 Company Profile

22 Organisational Structure and Boundaries

23 SD Governance Structure and Policies

Compliance

26 Anti-corruption, Anti-money Laundering, and Anti-trust and Monopoly Practices

27 Child / Forced and Compulsory Labour / Modern Slavery Act

28 Fines and Grievances

29 Supply Chain and Procurement Management

31 2030 Sustainability Strategy

32 Stakeholder Engagement and Materiality

35 SD Goals

36 Awards Received

SAFETY

39 Zero Harm

41 Fleet Safety

43 Swire Shipping – Onshore Safety Performance

45 Swire Bulk – Onshore Safety Performance

46 Stevedores, port workers & other third-party contractors

47 Onshore (Office) Health & Safety Performance



OUR PEOPLE

49 Employment Information

53 Diversity in the Workplace / Anti-discrimination and Anti-harassment

59 Employer of Choice

61 Performance Management, Training and Development

63 Employee Health and Well-being







Above: Redcharlie on Unsplash

OUR COMMUNITIES	
67	Supporting Seafarers Worldwide
68	Supporting Our Key Stakeholder Communities
72	Corporate Philanthropy and Volunteering
74	Environment and Biodiversity
76	Supporting Research Programmes
78	Waste Recycling Project in the Pacific Islands
79	Project Cerulean

OUR ENVIRONMENT	
81	Environment and Our Business
83	Environmental Initiatives and Achievements
85	Investing in New Technologies
87	Reporting Our Environmental Performance
88	Energy Consumption and Emissions
89	Environmental Training
91	Biodiversity
92	Industry Leadership
94	Sustainable Ship Recycling
96	Reducing Our Plastic Footprint
98	Eco-Office and Green Guidelines
99	Global Sulphur Limit on Marine Fuels
100	Climate Change and Our Business



DATA	
Data	
103	Value Chain Analysis
104	Consolidated Materiality Matrix
105	Key Risks and Opportunities Identified by Stakeholder Groups
107	SD Strategy
109	SDGs / CNCoTHRIVE / Material Issues with Progress
113	Safety Statistics
116	Employment Data
119	Environmental Summary
120	Energy Efficiency Operational Indicator
122	Abbreviations
124	Self-declaration: Corporate Social Responsibility
125	GRI Standards Content Index
141	Contact
142	Assurance Statement

# 1 | Introduction

- 5 Managing Director's Message
- 7 Introduction
- 8 SD Strategy Highlights



## Managing Director's Message

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Global trading patterns continued to be volatile in 2019 as they were for the period of our last annual Sustainability Report 2018. On the liner side of our business, continuing and escalating bilateral trade disputes disrupted established flows of raw materials to primary production areas and finished goods to consumer markets. In our bulk division the standard charter index rates rose towards Q4, only to drop quickly at the end of the year.



Swire Shipping's strong reputation and presence close to our key customers in the Pacific Ocean and our renewed, eco-efficient and flexible liner fleet, allowed us to react nimbly to trade flow volatility.

In a major commercial expansion, Swire Bulk completed the acquisition of the Bulk Shipping Division of Hamburg Süd in April 2019 which accelerated its expansion into the Ultramax sector. This acquisition was consistent with the strategy to focus on modern fuel-efficient vessels that allow the business to continue to deliver environmentally responsible market-leading bulk solutions. Operating this modern fuel-efficient fleet has allowed Swire Bulk to transition smoothly through the implementation of the new IMO regulations on the first day of 2020 requiring the use of fuel oil with significantly reduced Sulphur content, whilst retaining our competitive advantage.

Continuing the organic expansion of Swire Bulk's capabilities, eight Oshima-designed 37k DWT vessels and two Hakodate-designed 34k DWT vessels were constructed in Japan in 2019. These are scheduled for delivery in 2020 and 2021. On the liner side, Swire Shipping is constructing eight 2,450 and 2,750 TEU container ships in 2019 with plans to launch the first of these in 2020. These newbuildings represent a generational investment in the largest and most environmentally friendly vessels in the region, as well as

demonstrate our long-term commitment to our key stakeholder communities in the Asia Pacific region.

This material investment is testament to our confidence in the future of world trade, amidst an increasingly Volatile, Uncertain, Complex and Ambiguous (VUCA) world. We have experienced many challenges and major geopolitical upheavals in our 148-year history and we know there will be more. However we have always faced our challenges with strength and resoluteness. We believe we have the tight management control and nimbleness to handle these and operate a sustainable business for the many decades to come.

As the new vessels enter service, we continue to retire our older vessels. We finished recycling one vessel, completed another and started recycling a third older vessel during 2019 in Alang at Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships (HKC)-compliant yards. The complete recycling of all three vessels involved a total of 93,664 manhours. I am very proud to report that these were undertaken safely; with zero injuries to any workers. There was also zero escape of toxic substances to the environment. In fact, 28,313 tonnes of material from the three vessels was sold for recycling into steel, reused as is, or upcycled, representing 99.23% of the total tonnage arriving for recycling. This is a world-leading example of a sustainable, closed-loop economic business process cycle.

**We are committed to having a positive impact on the people, environment and communities that we touch, and strive to be a global and sectoral leader in sustainability.**

CNCo is committed to having a positive impact on all the communities and the environment that we impact. We are passionate about decarbonisation and reducing plastic waste, as well as other sustainability issues relating to Oceans of the World.

To start on our journey in decarbonisation, CNCo joined the **Getting to Zero Coalition** in September 2019. The group is a widely representative coalition of some 250 members seeking to curb the emissions from shipping in line with the IMO Initial Strategy emissions' reduction target of 50% by 2050. To reach this goal and to make the transition to full decarbonisation possible, commercially viable zero emission vessels must start entering the global fleet by 2030, and radically scaling up through the 2030s and 2040s.

In the environmental area, our innovative and world-leading **Moana Taka Partnership** (MTP) expanded to move over 610 tonnes of waste streams in 50 TEUs. This included plastic, paper, scrap metal, glass and waste oil, from places where it shouldn't be sitting around in the Pacific Islands to places where it can be responsibly and environmentally recycled, generally at the Pacific Rim. We are hoping to continue to grow the MTP cargo throughput, and expand the scope going forwards. We will report on this in our next report, for the calendar year 2020.

Safety excellence remains our top priority and is critical to our being sustainable. Ensuring workplace safety both on board and in our offices is a fundamental requirement for all our managers and employees. CNCo continued working with the Danish safety consultancy firm, Green-Jakobsen, on enhancing our approach to safety. Following the Zero Harm campaign launched in 2018, Safety Delta™ was introduced in 2019. Regrettably we had eight LTIs throughout the year. In 2020 we have continued to emphasise to all our employees and contractors that safety is our #1 priority and must also be theirs. A number of office safety campaigns were developed and rolled out in our onshore offices globally.

We are committed to having a positive impact on the people, environment and communities that we touch, and strive to be a global and sectoral leader in sustainability. CNCo is proud to report its full performance transparently and in this independently audited report in all the areas covered by the Social Responsibility Standard: ISO 26000:2015. These are reported under the broad headings of 'Safety', 'Our Environment', 'Our People' and 'Our Communities' throughout this report.



**James Woodrow**  
Managing Director



# Introduction

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This Sustainable Development (SD) Annual Report covers the operations of The China Navigation Company Pte Ltd and its associated group companies (CNCo) from 1<sup>st</sup> January to 31<sup>st</sup> December 2019, with any point data being as at 31<sup>st</sup> December 2019 unless stated otherwise. This report has been prepared in accordance with the “Global Reporting Initiative (GRI) Standards: Core” option.

CNCo reports its full performance transparently and in this independently audited report in all the areas covered by the Social Responsibility Standard: ISO 26000:2015. These are reported under the broad headings of ‘Safety’, ‘Our Environment’, ‘Our People’ and ‘Our Communities’ throughout this report. We have summarised our achievements under three areas aligned with our SD Strategy on the following pages.



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**CNCo reports its full performance transparently and in this independently audited report in all the areas covered by the Social Responsibility Standard: ISO 26000:2015.**



## SD Strategy Highlights

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**We don't see our business as separate from the world. We depend on it, and wish to help shape it positively.**

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**We will respect and care for our employees and other stakeholders, unlocking the potential for all of us to grow.**

- CNCo group employed 2,692 people in various locations around the world. Our seagoing employees come from 31 countries and regions and our shore-based employees come from 40 countries and regions.
- There were 34 female officers among our seagoing employees, which is a 79% increase from 2018. This increase in numbers was a result of CNCo's Diversity & Inclusion (D&I) drive and IMO's initiative to promote better gender balance in the shipping industry.
- We have established and filled a position of the D&I Manager during the year, and she will drive various D&I initiatives within the Group going forwards.
- 927 CNCo seagoing employees received 22,000 hours of training which is more than double that of the prior year. The total cost of the discretionary training in 2019 was almost USD 1.9 million which is a very significant investment given the current difficult shipping market conditions. The overall cost of training for shore-based employees also increased to USD 734,471 (a 128% increase over 2018 levels).

### Thriving People



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## CNCoTHRIVE

**Because when the world in which we operate thrives, so do we.**

## Thriving Environment



### We will help create a resilient environment that provides for our future.

- CNCo has made considerable progress towards improving our fleet fuel efficiency. We introduced and embedded various Technical and Operational (T&O) measures which resulted in a USD 6 million in fuel savings and the reduction of 47,146 tCO<sub>2</sub> emissions to the environment over the reporting period. We continue to invest in new technologies which will result in lower fuel consumption and thus further emission reduction.
- We have set ourselves a more aggressive goal to reduce liner and bulk fleet operating efficiency exceeding that which has been suggested in the IMO Initial Strategy. We measure and monitor this on a monthly basis. We continue to work with both our operating divisions and fleet management on strategies towards gradual annual reduction.
- During 2019 we achieved significant reductions in the usage of single-use plastic (SUP) water bottles on board our bulk and liner fleet:
  - Swire Bulk fleet has reduced SUP water bottles consumption by 70%.
  - Swire Shipping has reduced consumption on several vessels by 50%, with two vessels taking nil bottles for six months.
- We launched the “Say No to Single-Use Plastic” campaign in October 2019 in our offices, as part of our drive to help reduce our employees’ unnecessary plastic footprint.
- CNCo joined the **Getting to Zero Coalition** in September 2019 together with more than 90 companies within the maritime, energy, infrastructure and finance sectors, supported by key governments and intergovernmental organisations (IGOs). The Coalition aims to curb the emissions from shipping by investing in commercially viable zero emission vessels that must start entering the global fleet by 2030.



Above: CNCo employees with packs comprising of reusable items to replace single-use plastic.

- We have explored the option of using battery stored hydrogen to supplement burning fuel oil for our coastal vessels in New Zealand (NZ). We have also started to investigate using power from ashore, termed “Cold Ironing”. This involves the provision of electrical power from the shore, which in NZ has a very low Grid Conversion Factor (or carbon footprint), to vessels while they are alongside.
- CNCo’s investment in **Project Cerulean** is our contribution towards low carbon shipping solutions for the Pacific Islands Countries and Territories (PICT) where commercial shipping is often not a viable solution.

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**We continue to invest in new technologies which will result in lower fuel consumption and thus further emission reduction.**





## Thriving Communities



We will work with communities wherever we operate to improve people's lives.

- Our **Moana Taka Partnership** (MTP), in close collaboration with SPREP, enables private sector companies to move recyclable waste, where it is accumulating in the PICTs, to countries with competent and sustainable recycling plants, thus protecting and improving the environment in the Pacific region. In 2019, CNCo shipped out around 616.3 tonnes of low-value recyclable waste which otherwise would have ended up in local landfills.
- CNCo has a long-term partnership with Endangered Species International (ESI) in South Mindanao, the Philippines, working to protect the International Union for Conservation of Nature (IUCN) designated 'critically endangered' Philippine forest turtles on Mount Matutum. Under this partnership, ASSM volunteers (who are CNCo seafarers) work in the field alongside ESI personnel on various conservation and community engagement activities. Our volunteers helped to plant 1,650 seedlings, monitor 820 trees and collect 424 kg of non-biodegradable waste.
- We continued our support of the Family Support Centre (FSC) in Honiara, Solomon Islands, in the programme: **Responding to Violence Against Women and Girls in Solomon Islands**. FSC assisted 1,244 women, men, boys and girls in 2019.
- Our employees from our Singapore office spent 97 hours on corporate volunteering work during the year.

Our support for our communities focuses on Education, Community, Health, Youth, Environment and Biodiversity. We are committed to establishing long-term, mutually rewarding relationships with our partners and our communities.



## 2 | Governance

12	Company Profile
22	Organisational Structure and Boundaries
23	SD Governance Structure and Policies
	Compliance
26	Anti-corruption, Anti-money Laundering, and Anti-trust and Monopoly Practices
27	Child / Forced and Compulsory Labour / Modern Slavery Act
28	Fines and Grievances
29	Supply Chain and Procurement Management
31	2030 Sustainability Strategy
32	Stakeholder Engagement and Materiality
35	SD Goals
36	Awards Received

# Company Profile

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Strong organisational governance is the key to operating a socially responsible organisation. CNCo's policies, procedures and governance structures ensure accuracy, consistency, risk management and responsiveness to key stakeholders including customers, shareholders and regulators.



## Organisational Profile

The China Navigation Company Pte Ltd (CNCo) is the wholly owned deep sea, shipowning and operating arm of the Swire group. It is also its oldest operating entity. CNCo was founded in 1872 to operate Mississippi-style paddle-steamers on China's Yangtze River. Since then the Company has expanded globally, with offices in 18 countries. CNCo is one of the oldest independent British shipping companies still managing its own tonnage in-house.

CNCo has its Operational Headquarters (OHQ) in Singapore where it is a registered company. This entity is in turn a wholly owned subsidiary of The China Navigation Company Limited, registered in London. Neither company is publicly quoted on any stock exchange. As seen from the Organisational and Operational Boundaries diagram (see page 22), CNCo is also the parent company for a number of agencies and has branches and regional offices in American Samoa, Australia, Brazil, Canada, the Chinese mainland, Fiji, Germany, Hong Kong Special Administrative Region (HK SAR), India, Indonesia, New Caledonia, New Zealand, Papua New Guinea, Samoa, Taiwan region, the United Kingdom and the United States of America.

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**CNCo was founded in 1872 to operate Mississippi-style paddle-steamers on China's Yangtze River. Since then the Company has expanded globally and now has offices in 18 countries.**





## CNCo at a glance

**2,692**

Employees globally

**352**

Owned, managed & operated vessels

**31**

Global offices

**363**

Types of commodities  
29.3 Million MT of cargo carried in 2019

**6.76m**

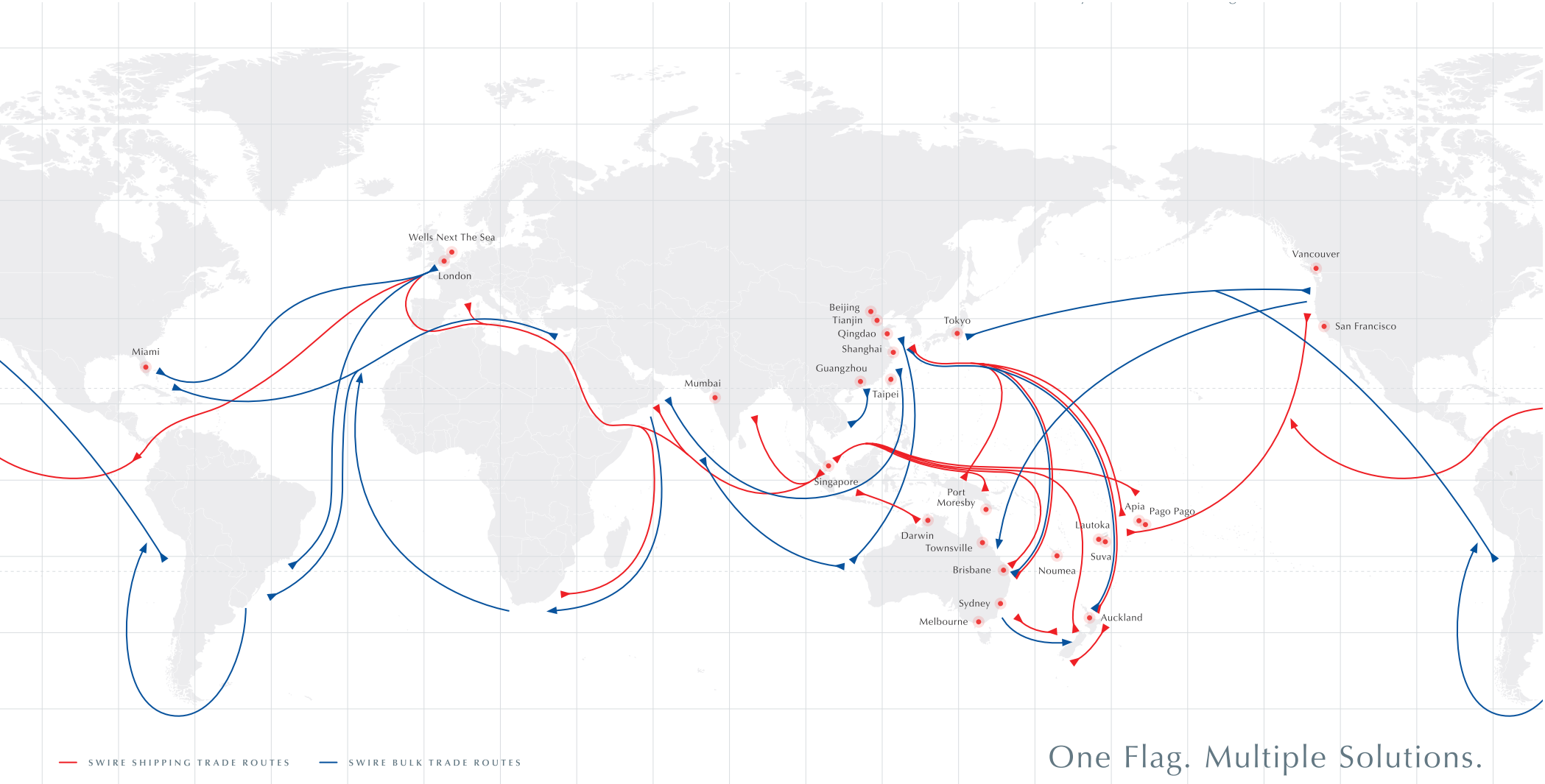
DWT fleet capacity

**2,653**

Port calls per annum



The Company operates a global network of multipurpose liner, dry bulk and bulk logistics services through its three business divisions: **Swire Shipping**, **Swire Bulk**, and **Swire Bulk Logistics**.



CNCo also owns a:

- 50% share in Swire CTM Bulk Logistics Limited, a joint venture with C Transport Maritime SAM, registered in Monaco;
- 25% share in Mandarin Shipping Limited, registered in HK SAR;
- 67% share in Quadrant Pacific Ltd, a joint managing shareholdership with Ahrenkiel Shipping;
- 25% share in Mitrabahtera Segara Sejati (MBSS) in Indonesia;
- 60% of Guadalcanal Travel Services in the Solomon Islands; and
- 50% of TradCo Shipping in the Solomon Islands.

In 2019, CNCo acquired the bulk shipping business of Hamburg Süd which included Rudolf A. Oetker (RAO), Furness Withy (FW) Chartering and the bulk activities in Alianca Navegação (Aliabulk). The bulk shipping business in Hamburg Süd operates from Hamburg, London, Melbourne and Rio de Janeiro, with a chartered fleet of approximately 45 vessels in the Handysize, Supra / Ultramax and Kamsarmax / Panamax segments. CNCo retained all the acquired offices and employees.

Pacifica Shipping ("Pacifica") is an operating division of The China Navigation Company New Zealand (NZ) Limited. Pacifica operates *MV Moana Chief*, a New Zealand-flagged coastal container vessel with a capacity of 1,700 TEU. CNCo also owns the New Zealand coastal cement carrier *MV Aotearoa Chief*. This vessel is operated by The China Navigation Company NZ Limited in a long-term partnership between CNCo and Golden Bay Cement, a division of Fletcher Building Limited.

Polynesia Line Ltd ("Polynesia Line") is owned by CNCo. Polynesia Line operates a shipping network from the US West Coast to the Pacific Islands, offering a fortnightly service from Los Angeles and Oakland in the United States to Tahiti, Tonga, Samoa and American Samoa and the wider Pacific. Polynesia Line operates two chartered-in vessels: *MV Polynesia* and *MV Fesco Askold*.



Above: *MV Moana Chief*

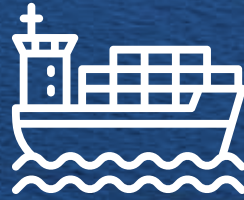


# Swire Shipping at a glance



**27**

Offices



**38**

Owned & operated vessels



**13**

Operates 13 liner services



**2,221**

Port calls per annum



**69**

Trading in 69 countries



**>3,800**

Customers



## Swire Shipping

As a liner shipping specialist with a principal focus on the Asia Pacific region, Swire Shipping has an unrivalled reputation for service, operational excellence and reliability, and is equipped to handle breakbulk, containerised, project, refrigerated and bulk cargoes, connecting over 400 ports globally.

It maintains a worldwide agency network in addition to its own representative offices across Asia, Australia, New Zealand, Papua New Guinea, the Pacific Islands, North America and Europe, providing its customers with dedicated service and expert market knowledge. Swire Shipping operates 29 vessels (plus short-term chartered-in vessels); the majority of which are modern multipurpose vessels owned by Swire Shipping's parent company, CNC Co Pte Ltd, in Singapore.

In 2019 several key service developments were launched including a new premium container liner service from New Zealand to the South Pacific Islands, and an additional breakbulk service linking New Zealand with North Asian markets. Swire Shipping continued with its investment in the digital enhancement and modernisation of its systems, including the launch of a new e-commerce platform\*. In early 2020 Swire Shipping plans to launch the first of eight new container vessels. This will represent a generational investment in the largest and most environmentally friendly vessels in the region and material a long-term commitment to our key stakeholder communities in the Asia Pacific region.

\*[www.swireshipping.com](http://www.swireshipping.com)



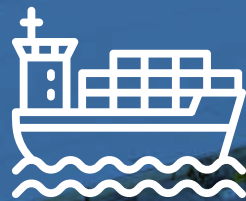
**As a liner shipping specialist with a principal focus on the Asia Pacific region, Swire Shipping has an unrivalled reputation for service, operational excellence and reliability.**

# Swire Bulk at a glance



**9**

Offices



**313**

Owned & operated vessels



**6.14**

Fleet Capacity of 6.14  
Million DWT across three  
vessel segments



**432**

Unique port calls  
per annum



**85**

Trading in 85 countries



**25**

Million MT carried  
in 2019



## Swire Bulk

Swire Bulk continued to build and develop its global dry bulk fleet. In April 2019 Swire Bulk completed the acquisition of the Bulk Shipping division of Hamburg Süd, accelerating its expansion into the Ultramax sector. This acquisition aligned with Swire Bulk's strategy to focus on modern fuel-efficient vessels which will allow it to continue to deliver environmentally responsible market-leading bulk solutions. In operating a modern and fuel efficient fleet, Swire Bulk has been able to transition smoothly through the implementation of the IMO 2020 regulations for significantly reduced Sulphur content in fuel oil, while retaining our competitive advantage.

At the end of 2019 the owned fleet consisted of 20 modern Swire B-Delta 39k deadweight tonnage (DWT) handysize bulk carriers and four Imabari designed 38k DWT log-carrying vessels. Eight new-build Oshima designed and built 37k DWT vessels, as well as two new-build Hakodate designed and built 34k DWT vessels are scheduled for delivery in 2020 and 2021. In addition to the owned fleet, the balance of operated tonnage has continued to transition towards the larger Supramax and Ultramax vessel sizes, facilitated by the acquisition of Hamburg Süd. The growth in this sector closely aligns with the freight demands of our core customer base and their evolving freight requirements. In 2019 Swire Bulk grew to owning, managing and operating an average of 115 vessels at any one time and the opening of new offices in Hamburg and Rio de Janeiro, bringing the total number of offices globally to nine. These offices, and those located in London, Melbourne, Miami, Shanghai, Singapore, Tokyo and Vancouver, enabled Swire Bulk to offer geographical and timezone coverage around the world.

### Vessels / Fleet

Our core-owned Handy Fleet will grow with the new-build deliveries scheduled for 2020 and 2021. Beyond this investment there are no further plans to look at additional acquisitions at this

stage. The strategy for the business is to continue to build a core modern, eco-design fleet from Japanese owners where there is a focus on quality and performance. This is aligned with Swire Bulk's aims for low emissions and improved efficiencies across the operating business.

### People / Places

Swire Bulk's global, shore-based headcount grew from 60 to 112; with employees joining from Hamburg Süd, following the former's acquisition. Offices in London and Melbourne were merged while the teams in Hamburg and Rio de Janeiro added to Swire Bulk's global network. The regional offices have balanced and diversified teams to optimise commercial activities in their respective areas. In a heavily fragmented commodity market, this global presence offers operational support across all time zones and allows Swire Bulk to provide a proactive and dynamic service to all our customers, with the primary commitment to Zero Harm.

### Customer development

In 2019, Swire Bulk consolidated its position as a leading global freight provider in the geared vessel sector. The growing diversification of commodities, customers and trade routes continued as Swire Bulk partnered with customers to provide solutions beyond freight. While retaining focus on sustainably sourced logs, grains and minerals, support for renewable energy grew through the carriage of such as windmill blades and the agreement of long-term contracts for the carriage of wood pellets into Japan in the next decade. Across all global offices, the Commercial team has been focusing on core customers and becoming their Partner of Choice, with the primary focus on more efficient trading triangulations to reduce ballast days across the fleet. This has been successfully executed and has resulted in reduction of the six-month rolling Energy Efficiency Operational Indicator (EEOI) average of our entire bulk fleet (see page 121 – EEOI table).



**In April 2019 Swire Bulk completed the acquisition of the Bulk Shipping Division of Hamburg Süd which accelerated its expansion into the Ultramax sector.**



# Swire Bulk Logistics



3

specialised self unloading  
operations





## Swire Bulk Logistics

Swire Bulk Logistics is the industrial shipping division of CNCo. Deploying purpose-built vessels, Swire Bulk Logistics specialises in the handling of dry bulk materials at sea, such as through floating transshipment vessels, and intermediate supply chain solutions to provide value-added services for our customers in the Asia-Pacific region. Working together with Swire Bulk and Swire Shipping, it offers horizontally integrated services and a global network to provide innovative and sustainable marine supply chain solutions for our customers through long-term partnerships. In 2019, the Swire Bulk Logistics operations and responsibilities were divided between Swire Bulk and Swire Shipping operating divisions and going forward we will not be reporting on it as a separate division.

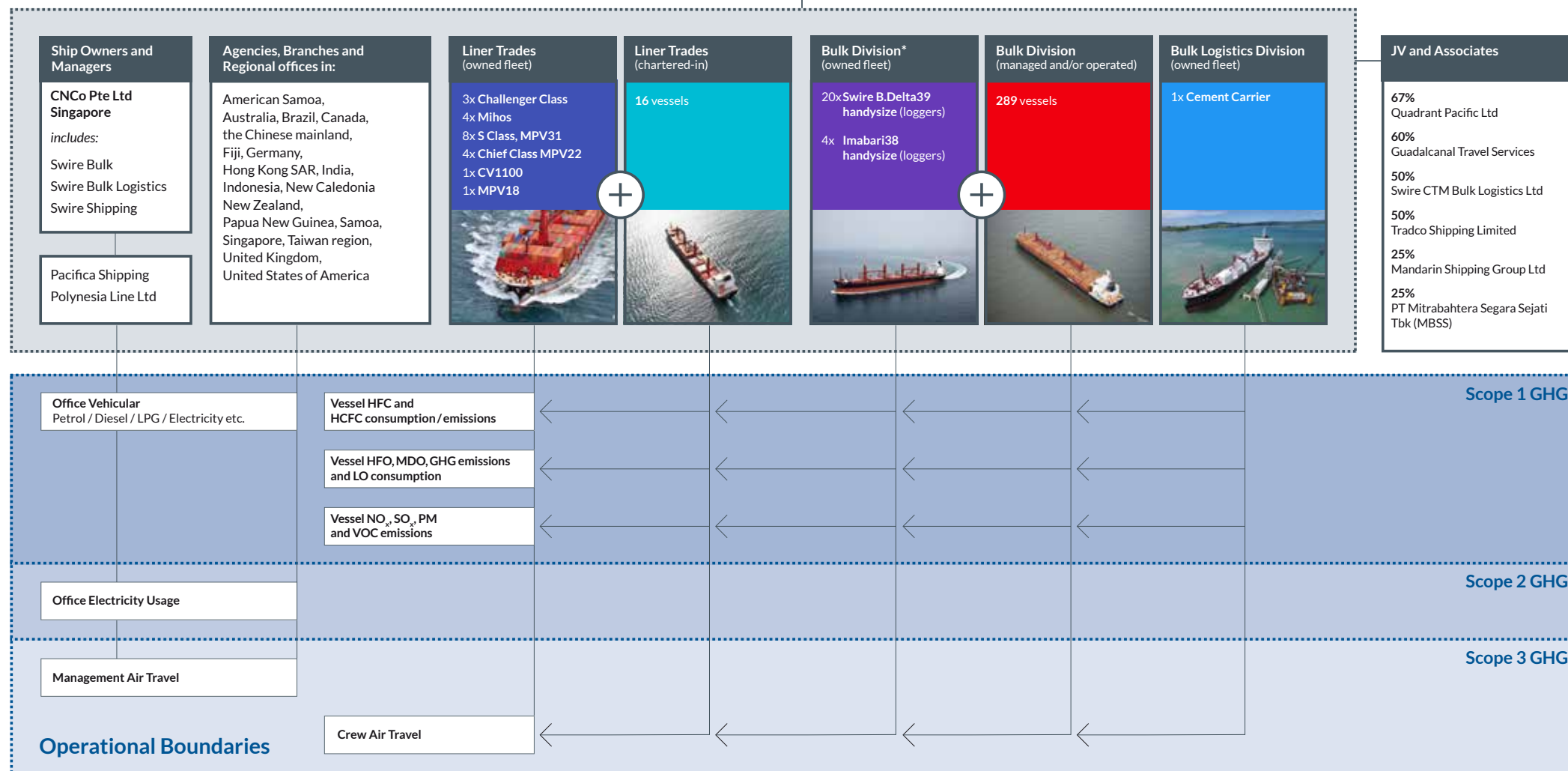
MBSS in which CNCo holds 25% shares in Indonesia, is being managed solely from Indonesia. In 2019, MBSS management took steps to bring operations up to international standards by improving planning and coordination and setting common metrics as goals to deliver gains in efficiency. MBSS's management also increased investment in training and development, with a strong focus on safety training, and began the journey of digitising both operations and training where appropriate.

More information about MBSS can be found in their Annual Report for 2019. <https://bit.ly/30fHEQU>

**Deploying purpose-built vessels, Swire Bulk Logistics specialises in the handling of dry bulk materials at sea.**



## Organisational Boundaries



CNCo sold a number of previously owned bulk carriers and bareboat chartered them back. Those vessels have been re-classified as “managed and operated”.

For the chartered-in tonnage, the number reflects vessels managed and / or operated over the calendar year.

Scope 1 emissions include all vessels categorised as follows:

1. owned, managed and operated. 2. managed and operated. 3. owned and operated. 4. chartered-in.

For clarity purposes: Safety and People data excludes data for vessels that are not managed by CNCo.

## SD Governance Structure and Policies

CNCo strongly believes that it is imperative to act with probity, transparency and accountability to achieve our long-term objectives. We developed the 2030 Sustainability Strategy aligned with CNCoTHRIVE (see page 31) to have a pathway on where we want to be in ten years' time.

The parent company's Board of Directors is the highest-level governance and oversight body and sets the strategy for its subsidiary companies. The Chairman of the Board of Directors is Mr. S. C. Swire.

The CNCo Board of Directors at 31<sup>st</sup> December 2019 comprised eight members, of whom four were Independent Executive Directors.

CNCo's governance structure below the Board level is represented by the CNCo Executive Leadership Team (ELT) which is comprised of

- Managing Director
- Commercial Director
- Finance Director
- General Manager, Swire Shipping
- General Manager, Swire Bulk
- Fleet Director
- Global Head of Human Resources (HR)
- Global Head of Procurement

The ELT meets on an *ad hoc* basis and makes strategic decisions that support the long-term sustainability of our operations. They are directly supported by the Functional Leadership Team.

The General Manager – Sustainable Development (GM SD) reports directly to the Managing Director and reports to the Board biannually, allowing him to provide SD input at a strategic level, and at an early stage of any new project deliberation and planning. The GM SD is also consulted on the sustainability of specific commodities prior to entering into Contracts of Affreightment with charters. The GM SD provides the ELT with strategic updates and seeks approvals when necessary.

CNCo's SD Report is reviewed by the Managing Director prior to publication to ensure accuracy and inclusion of all material issues.

The shareholders are directly represented on the CNCo Board of Directors and use this platform to provide governance direction.

While CNCo has no direct public shareholders, it manages and operates all its businesses in compliance with both the John Swire and Sons (UK)'s, and CNCo's Corporate Code of Conduct.

CNCo's leadership teams regularly review the operating practices and the Enterprise Risk Management framework that ensures:

- satisfactory and sustainable returns to its parent company;
- the interests of stakeholders are safeguarded;
- overall short and long-term business risk is understood and managed appropriately;
- the delivery of high-quality services; and
- the highest standards of ethics are maintained by our employees in all dealings.





We have in place policies, guidelines and procedures that comprise our organisational governance suite. All policies are updated as required (for cause and / or annually), and then reviewed and approved by CNCo ELT before publishing. Our policies are available on the Company's website under the Sustainable Development tab and include *inter alia* SD Policy, Environmental Policy, Responsible Cargo Carriage Policy, Sustainable Procurement Policy and Supplier Code of Conduct.

In 2019 CNCo's Business Excellence team started work on scoping, designing and digitising policies, guidelines and standard operating procedures to deliver a web-based Corporate Governance System (CGS). CGS will act as a single source of truth that will help develop behaviours to deliver an optimised process-driven and compliant culture – doing things in a standard way, consistently always variations and exceptions to the way we operate our business.

## Links

### SD Policy

<http://bit.ly/2IZuI0R>

### Environmental Policy

<https://bit.ly/391Z730>

### Responsible Cargo Carriage Policy

<https://bit.ly/2Oy1a5u>

### Sustainable Procurement Policy

<https://bit.ly/2WrfTnf>

### Supplier Code of Conduct

<http://bit.ly/2IV7DML>

The Designated Person Ashore ("DPA") is an internationally legally required position under the International Maritime Organisation ("IMO") International Ship Management ("ISM") Code, which provides an international standard for the safe management and operation of ships and for the prevention of pollution. The DPA role was instituted in the global marine industry to ensure that one named person has direct access to the highest level of management in the event that a more junior line manager is felt to be blocking resolution of a safety-related issue. This legal responsibility and authority of the DPA includes monitoring the safety and pollution prevention aspects of the operation of each ship and ensuring that adequate resources and shore-based support are utilised.

CNCo is involved with the various thematic working groups at the Swire group level, and is also part of the Group's Sustainability Committee, responsible for setting targets and sharing best practices among the private and public companies of the Swire group.



## CNCo receives Silver-level recognition from internationally-renowned business sustainability rating agency

EcoVadis, an internationally-renowned business sustainability rating agency, has awarded CNCo Silver-level recognition, following the successful evaluation of our sustainable development efforts.

The comprehensive review covered a broad range of non-financial management systems including environmental, labour and human rights, ethics and sustainable procurement.

We achieved an overall score of 59, placing us at the 87<sup>th</sup> percentile. This meant that our score was higher than, or equal to, the score of 87% of all companies assessed by EcoVadis. This is significant as our clients use the platform to ensure sustainability within their respective supply chains.

"This is an awesome result," said Simon Bennett, General Manager – Sustainable Development. "It's great to also know that we are among the top 30% of performers EcoVadis evaluated. We would like to thank all our colleagues for their support and we look forward to continue working with everyone on our sustainability journey, and striving to move up into the next division at the time of the next review."

Left: EcoVadis Silver-level Recognition certificate

CNCO's Corporate Philanthropic Committee meets on an *ad hoc* basis and reviews / approves requests for community investment or CP sponsorships. Our CP donations focus largely on:

- Provision of Educational and / or Health Opportunities for Youth; and / or
- Enhancing the Company's presence in our Stakeholder Communities; and / or
- Environmentally / Biodiversity Sustainability issues;

while as best possible simultaneously:

- Demonstrating a strategic fit with CNCo's business;
- Fostering or enhancing a Corporate Partnership with CNCo (rather than being disconnected philanthropy) – i.e. be Business Critical Community Engagement ("BCCE");
- Involve a Long-Term Partnership;
- Be Responsive to Community Needs;
- Normally avoid "One-Offs";
- Involve fewer but larger sums, rather than many small donations, as these have a bigger impact multiplier.

We have in place a formal Whistleblowing Policy\* through which concerns on potential governance, social or environmental issues can be fed back quickly, and anonymously if required, to a senior member of the management team. Reporting of material concerns is formally tracked and addressed. The policy and the process can be found on CNCo's website.

\*<https://bit.ly/3jez11p>



**CNCO's Corporate Philanthropic Committee meets on an *ad hoc* basis and reviews / approves requests for community investment or CP sponsorships.**



# Anti-corruption, Anti-money Laundering, and Anti-trust and Monopoly Practices

The Company has zero tolerance towards corruption and anti-competitive behaviour. CNCo's Corporate Code of Conduct (CoC) is a comprehensive governance document that defines how employees must behave in the course of their duties. Our anti-corruption, anti-money laundering and anti-trust governance processes are also covered within this Code. We also have a stand-alone Anti-bribery, and Competition and Anti-Trust Policy as well as online anti-trust training for relevant employees to ensure understanding and compliance.

The CoC, together with internal controls, sets a strong foundation to prevent any corruption and anti-competitive / anti-trust behaviours. The Company provides training for all employees within the CNCo group, testing their understanding of these principles and how they apply to our employees' daily work / duties.

Any and all incidents of potential or actual non-compliance are reported to the CNCo Internal Audit Committee and investigated.

Our governance compliance training programme covers:

- CNCo's Corporate Code of Conduct;
- Anti-Bribery (Based on the UK Act, but applicable to all our businesses globally);
- Anti-Trust (Based on the UK Act, but applicable to all our businesses globally);
- Preventing Harassment in the Workplace (Based on the Singapore Act, but applicable to all our businesses globally);
- European Union General Data Protection Regulation (EU GDPR) (for specific employees / functions);
- Modern Slavery (Based on the UK Act but applicable to all our businesses globally) (for specific employees / functions).

This training is held biennially for existing employees and is part of the induction programme for new employees.

In 2019, as in previous years, CNCo was not involved in any legal actions for anti-competitive behaviour, anti-money laundering, anti-trust, or monopolistic practices, and thus no sanctions, financial or otherwise, were imposed.

Facilitation payments risk is covered under CNCo's Business Unit Risk Register. All vessels are required to report all such requests and such reports are reviewed biannually by the Audit Committees.

Like many other shipping companies globally, one of the challenges that CNCo faces is the expectation in some ports for "benefits" for the processing of work that should be undertaken as a matter of course. CNCo has been working hard for over seven years now to eliminate these demands for "facilitation payments" completely

and we have achieved significant reduction in the value of gifts over the years.

CNCo has been a member of the Maritime Anti-Corruption Network (MACN) since 2015 and continues to contribute towards the maritime industry's vision and aim of being free of corruption. MACN works closely with key stakeholders, including governments and international organisations, to identify and mitigate not only the symptoms, but also the root causes of corruption in the maritime industry. We participate in MACNs members' self-assessment every year. More information about MACN can be found on the below website:

[www.maritime-acn.org](http://www.maritime-acn.org)

**In 2019, as in previous years, CNCo was not involved in any legal actions for anti-competitive behaviour, anti-money laundering, anti-trust, or monopolistic practices.**

Corporate Code of Conduct  
<http://bit.ly/2m51uxD>

Photo by Headway on Unsplash



## Child / Forced and Compulsory Labour / Modern Slavery Act

As a business with a history and an ethical framework of good employment practice, CNCo is committed to providing good working conditions for its employees, according to universal international standards, and to protecting their safety and health. We recognise that modern slavery (which includes child, forced, bonded, prison and compulsory labour) is an issue that has become increasingly visible and we take seriously all moral and legal duties in this regard.

CNCo's Code of Conduct requires the entire CNCo group of companies to comply with all applicable local, national and international laws and regulations in each of the countries / jurisdictions in which it operates and with all CNCo's company policies. That requirement includes ensuring that CNCo (and its suppliers) do not engage child, forced, bonded, prison and compulsory labour, or apply unjustifiable disciplinary measures to our employees.

The Code of Conduct is supplemented by our Global HR procedures which ensure that pre-employment screening is conducted prior to

the offer of employment. Our Supply Chain Sustainability Code of Conduct spells out all principles to which we require our suppliers to adhere covering, *inter alia*, forbidding forced and child labour.

CNCo introduced its Modern Slavery Policy in early 2020 which commits us to ensure that there is no modern slavery present in our supply chains or in any part of our business. We have put in place a number of compliance processes to prevent, detect and eradicate any incidences of modern slavery, as laid out in the UK Modern Slavery Act (2015) (MSA) and the Australian Modern Slavery Act (2018) which came into force on 1<sup>st</sup> January 2019.

We publish annual statements as per the requirements of the Acts. Statements can be found on our website which detail compliance processes to prevent, detect and eradicate any incidences of modern slavery.

There were no reported incidents of modern slavery in our business or our supply chain during the reporting period.



\*Statement on Modern Slavery and Human Trafficking  
<https://bit.ly/31f8051>

**CNCo's Code of Conduct requires the entire CNCo group of companies to comply with all applicable local, national and international laws and regulations in each of the countries / jurisdictions in which it operates and with all CNCo's company policies.**



## Fines and Grievances

CNCo has a Whistleblowing Policy and procedures in place for shore-based and seagoing employees to report any issues that they feel may negatively affect health, safety or environment, or relate to any regulatory areas mentioned above. This can be an entirely confidential process should the employee choose to remain anonymous and does not wish to receive a follow-up. We encourage CNCo employees to use our whistleblowing channels and relevant management will then diligently investigate all reports.

The following numbers of issues were reported, investigated and dealt with appropriately, in line with the Company's policies and procedures during 2019:

**Potential H&S breaches / issues** – four reported.

- Case 1: The seafarer was dismissed.
- Case 2: The allegation was investigated and found to be unsubstantiated.
- Case 3: The seafarer was issued a written warning.
- Case 4: Warning letter was issued.

**CNCo has a Whistleblowing Policy and procedures in place for shore-based and seagoing employees to report any issues that they feel may negatively affect health, safety or environment.**

**Potential Breach of CoC wrt Malpractice, Misconduct, Willful Negligence etc.** – two reported.

- Case 1: The seafarer was dismissed from the vessel for misconduct and his employment in the Company was terminated.
- Case 2: The services of the seafarer were terminated for wilful negligence.

**Potential Breach of CoC wrt Bribery, Corruption, Facilitation Payments etc.** – zero reported.

**Potential Cases of Harassment or Discrimination** on any grounds (Age, Race, Religion, Ability, Gender, Gender Identity, Sexual Orientation etc.), verbal or non-verbal – one reported.

- Case 1: It was decided that the seafarer would not be re-hired.



# Supply Chain and Procurement Management

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**CNCo works with thousands of diverse suppliers globally, with the majority located in Australia, the Chinese mainland, New Zealand, Papua New Guinea and Singapore.**

At the beginning of 2019, the Procurement Department repositioned itself as Global Procurement to gain leverage, improve global standards for efficiency, standardise processes, build up competitive advantage, improve the sustainability of goods and services purchased and mitigate supply chain risks (such as enhancing our due diligence when onboarding suppliers). We also undertook a review of our procurement systems and processes to identify gaps and opportunities.

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**The outcome of this review highlighted a need for a more strategic and centralised focus on our spend covering the following:**

- Global Procurement focused on being highly visible across the organisation;
- Spend classification and analysis;
- Establishing Category Managers to develop plans for all key categories;
- Improving processes, tools and systems;
- Having an overview of supplier performance.

The following systems and processes were introduced in 2019 and the beginning of 2020:

- IT procurement process standardisation and automation;
- Automation of supplier onboarding process;
- Corporate travel services online booking tool;
- Introduction of standardised Category Management plans;
- Introduction of standardised sourcing approach;
- Standardisation of bunkering ordering.



CNCo works with thousands of diverse suppliers globally, with the majority located in Australia, the Chinese mainland, New Zealand, Papua New Guinea and Singapore. Together with our key internal stakeholders, the Global Procurement team aims to build stronger partnerships with suppliers and ensure that they adhere to the same environmental, social and governance standards as CNCo.

CNCo's supply chain covers *inter alia*:

- Bunker fuel supply chain;
- Operations, e.g. services required at port and terminals;
- Logistics, e.g. container movement related services;
- Fleet Management, e.g. spare parts and maintenance;
- IT- and Corporate-related services.

We have in place a Supplier Code of Conduct<sup>1</sup> which outlines the requirements to which we expect our suppliers to adhere to. We developed the audit process for our high risk / high value suppliers to ensure full compliance with our Supplier Code of Conduct and Modern Slavery Policy<sup>2</sup> requirements. Over the past few years we have focused on auditing our bunker suppliers as a priority group. We will continue working on understanding our supply chain risks, conducting due diligence on both existing and new

suppliers and supply chain partners to ensure that our supply chain is fully compliant with any regulatory, environmental and H&S requirements, as well as being free of human rights violations and modern slavery.

We are in the process of designing a Sustainability programme strategy for CNCo to take a proactive approach in demonstrating business competitiveness, sustainability performance, and thoughtful supply chain management. This work will take place in 2020 - 2021, and is led by our Global Head of Procurement.

We outsource a low percentage of our ship management services to third parties. All subcontracts are carefully selected following a thorough due diligence process before we enter into any contractual relationships with them. The due diligence covers background checks during tendering exercise, and ensuring that their policies are aligned to CNCo's. We carry out regular monitoring to ensure that their practices do not deviate from our policies and Safety Management System (SMS). We also use several manning agents in various countries around the world. We conduct full due diligence on each one of them and follow up with annual internal Document of Compliance (DOC) audits as required under IMO / ILO regulations.

## Links

<sup>1</sup>Supplier Code of Conduct

<http://bit.ly/2IV7DML>

<sup>2</sup>Modern Slavery Policy

<https://bit.ly/3h5vLNg>

**We are in the process of designing a Sustainability programme strategy for CNCo to take a proactive approach in demonstrating business competitiveness, sustainability performance, and thoughtful supply chain management.**



## 2030 Sustainability Strategy

CNCo developed the Strategic Scorecard in 2012 as a pathway for the Company to ensure it was fit for the future. We had a set of 2020 KPIs on which we delivered and presented results at the annual internal Sustainability Conference. The Strategy also included broad goals to 2030. However, in a volatile world, CNCo management felt the need to revisit our 2030 goals, sense-checking them against a backdrop of the accelerating urgency and scale of challenges the shipping sector is expected to respond to – from climate change to ocean health to modern slavery. We also wanted to align our Strategic Scorecard with our CNCoTHRIVE Strategy and assign objectives and goals across the three pillars.

At the end of the reporting period CNCo had made good progress against goals set in our 2012 Strategic Scorecard which, going forward, will be replaced with a fully updated 2030 Sustainability Strategy with revised set goals and KPIs.

In our new Sustainability Strategy, we will make a change from a “Communities” pillar to a “Partners” pillar, so as to broaden the list of stakeholders with whom we work. The new strategy will be finalised and launched in 2020. We will report on it in our 2020 SD Report.

The strategy session was facilitated by CNCo's long-term partner, Forum for the Future, during the SD Conference.

Our progress against CNCoTHRIVE for 2019 and relevant Sustainable Development Goals is detailed on pages 109 - 112 (SDGs and with Links to CNCoTHRIVE strategy and Material Issues with progress).

Our Value Chain Analysis remains unchanged and continues to be an integral part of our new strategy. It can be found on page 103. It will be an integral part of our new strategy.



**CNCoTHRIVE Sustainable Development strategy (introduced in 2016) can be found on pages 107 - 108. It covers areas which were identified as material to our Company across three pillars:**

- **Thriving People,**
- **Thriving Environment, and**
- **Thriving Communities.**



*Photo above right:*  
Jeremy Bishop on Unsplash



## Stakeholder Engagement and Materiality

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We conduct materiality assessments regularly as a follow-up on the sustainable development presentations for shore-based and seagoing employees. Our stakeholder consultation programme for seagoing employees covers office visits, officers and crews' fora and training programmes during Safety Awareness Courses.



For shore-based employees materiality assessments are undertaken during induction programmes, presentations at international and Singapore-based conferences and events, peer group discussions as well as formal surveys and informal *ad hoc* feedback. We included sustainability-related questions into customer questionnaires as well as conducted targeted engagements using the purpose-built online platform and phone interviews to drill down into the areas of importance.

We conducted an extended stakeholder engagement exercise in 2018 / 2019 and refreshed the list of Material issues based on the feedback received from stakeholders and input by CNCo's senior leadership team during the SD Conference held in January 2020. This report has been written to address material areas as per GRI requirements. The revised Materiality Matrix is presented on page 104 and the results of key risks and opportunities by stakeholder groups on pages 105 - 106.

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**We conducted an extended stakeholder engagement exercise in 2018 / 2019 and refreshed the list of Material issues based on the feedback received from stakeholders and inputs by CNCo's senior leadership team.**

### New approach to Materiality

In this fast-changing environment, corporate sustainability strategies must change from incremental changes in the areas that we impact (i.e. Inside-Out approach), to driving transformational change in the areas where urgent changes are needed for the world to stay ecologically safe and socially just (i.e. Outside-In approach).

Developed in close collaboration with our sustainability partner, Forum for the Future, and supported by CNCo's senior management, the 'Outside-In' approach enables our business to respond more effectively to new challenges that are impacting business performance in unexpected ways and with unprecedented speed. In this new operating environment, the role we play in securing our planetary health and human well-being, mitigating climate change, addressing declining ocean health and worsening social inequalities, including the complexities of modern slavery is now material to our resilience and agency in shaping a sustainable future for all.

This future proofing materiality assessment meant that we have changed our approach to assessing materiality to an 'Outside-In' approach. This resulted in the following changes to the Matrix:

**In shortlisting material topics for our stakeholders' consideration, we considered what may be needed to secure an ecologically safe and socially just world.**

X-axis: We recognise the critical importance of gathering insights from a diverse pool of internal and external stakeholders, on what they view as important to CNCo's success. Our stakeholders' views directly influence our interpretation of what is important to business success. In creating the X-axis, we have therefore merged *Importance to stakeholders* and *Importance to business* into: **Importance to CNCo's success in 2030.**

Y-axis: We reference the Doughnut Economy\* framework, which establishes the dual need of keeping within planetary ecological boundaries, while continuing to lift people above social foundations. For the Y-axis we chose to use: **Importance to securing an ecologically safe and socially just world.**

In shortlisting material topics for our stakeholders' consideration, we considered what may be needed to secure an ecologically safe and socially just world. To do so, we used the proxy of understanding what is material to achieving the UN Sustainable Development Goals by 2030.

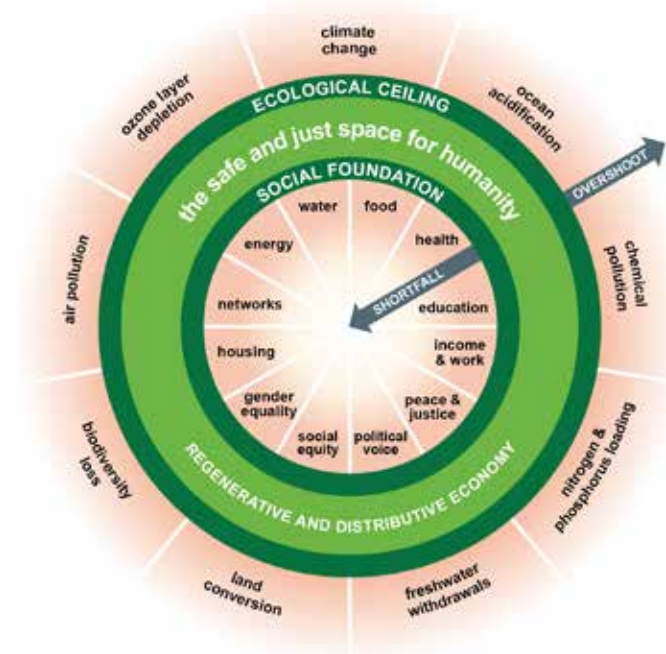
Considering the speed and scale at which change is happening, having a long-term view on material topics will matter more than ever. We ensured that in describing what is material today, CNCo's stakeholders are considering not just present-day risks, but also changes on the horizon that will affect the actions we need to take as a business. We distilled this into 15 material topics covering perspectives of our stakeholders and referencing leading work from our shipping peers.

We believe that this approach helps us better address the issues that are critical to the sustainability of our Company and the world.

\*<https://bit.ly/32sHmZE> (The Guardian, UK)

\*<https://bit.ly/3hdYGpr> (Wikipedia)

\*The Doughnut Economy framework establishes a dual imperative of keeping within planetary health boundaries and at the same time continuing to lift people above social foundations i.e. that they have access to and can enjoy life's basics. Achieving a 'doughnut world' requires an economic system - and the business models within it - that is regenerative and distributive by design.







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CNCo's stakeholders are considering not just present-day risks, but also changes on the horizon that will affect the actions we need to take as a business.

# Sustainable Development Goals

Our CNCoTHRIVE strategy is aligned with some United Nations' Sustainable Development Goals (SDG) which we consider most relevant and important for our stakeholders. We have also aligned CNCo’s material issues to demonstrate the linkages between them. We track how our organisational goals and actions contribute to achieving the wider sustainability agenda.



Our progress in 2019 is included on pages 109 - 112 (SDGs and with Links to **CNCoTHRIVE** strategy and Material Issues with progress).





## Awards Received



Above L to R:  
**Neil Carraher** (middle), Commercial Manager, Swire Shipping North America, accepting the 2018 *Blue Circle Award* on behalf of CNCo.

The *Blue Circle Awards* recognise marine carriers and terminal operators that excel in environmental stewardship.

### CNCo vessels recognised for environmental stewardship at 2019 Blue Circle Awards

CNCo is one of the recipients of this year's *Blue Circle Awards*, organised by the Vancouver Fraser Port Authority. Alex Pattison, Country Manager – North America, Neil Carraher, Commercial Manager, Swire Shipping North America, and Frank Leigh-Spencer, Port Captain, Swire Bulk North America, attended the Port of Vancouver reception on 4<sup>th</sup> June and Neil accepted the award on behalf of CNCo.

The *Blue Circle Awards* recognise marine carriers and terminal operators that excel in environmental stewardship and attain the highest participation rates in the Vancouver Fraser Port Authority's Energy Action Initiative and EcoAction Programme. This acknowledges our work on our vessels in meeting voluntary environmental best practices that reduce emissions and underwater noise, obtaining third-party environmental designations and using cleaner fuels and technologies.

The Energy Action Initiative is a joint programme with B.C. Hydro that helps terminal operators and other port tenants enhance their energy conservation practices and save costs.

The EcoAction Programme recognises vessels with positive environmental practices in fuel, energy and technology management, by offering them discounted harbour due rates according to the Gold, Silver and Bronze levels. 12 of our vessels have achieved Silver-level and three are at Bronze-level, qualifying us for some discounted rates, which will help reduce some of our operational costs.

This acknowledges our work on our vessels in meeting voluntary environmental best practices that reduce emissions and underwater noise, obtaining third-party environmental designations and using cleaner fuels and technologies.

## Simon Bennett, GM SD, recognised as one of the top sustainability leaders in Eco-Business's A-List

Simon Bennett, GM SD, was recognised as one of the top leaders in sustainability in the Asia Pacific region at Eco-Business's "A-List" event held in Singapore in November 2019.

A strong advocate of sustainable shipping, Simon has been championing SD programmes in Swire including the purchasing of virgin Atlantic rainforests in Paraguay to offset SPO's carbon footprint, recycling of vessels in a sustainable way, and investing in the education of today's youth.

Simon sits on the Board of Trustees of the Sustainable Shipping Initiative. He is also a member of the founding steering group of the Ship Recycling Transparency Initiative which provides a platform for shipowners to share data on their ship recycling process across a set of disclosure criteria and allows buyers and sellers to make informed decisions on vessel recycling.

He is also on the Singapore Management University Maritime Business Operations Track Advisory Council, a Director of the Singapore Environment Council. He also sits on the British Chamber Of Commerce (Singapore) Committees for their Sustainability and Responsibility, Transport and Logistics, and Diversity & Inclusion business groups.



*Pictured above:*

**Simon Bennett**, GM SD, CNCo and Swire Pacific Offshore (SPO), receiving his award from **Camilla Fenning**, Head, South East Asia Climate and Energy Network, British High Commission, Singapore.

**A strong advocate of sustainable shipping, Simon has been championing SD programmes in Swire for the past 11 years.**



# 3 | Safety

- 39 Zero Harm
- 41 Fleet Safety
- 43 Swire Shipping – Onshore Safety Performance
- 45 Swire Bulk – Onshore Safety Performance
- 46 Stevedores, port workers & other third-party contractors
- 47 Onshore (Office) Health & Safety Performance

# Zero Harm

## Zero Harm. Behaving Safely. Always. Naturally

Our goal is to build an industry-leading safety culture and fully integrate safety in everything that we do. We regularly evaluate our safety behaviour and work practices to improve our safety performance.

CNCo has a Fleet Health and Safety Policy and Global Onshore Safety, Security and Wellness Policy which states our priority commitment to Zero Harm to all personnel and at all our business / operations sites ashore and at sea. We are committed to ensuring that safety considerations are an integral part of our decision-making process and culture.

Our philosophy is **never** to allow business objectives to compromise the Health and Safety of all our employees, customers, visitors, contractors and the wider community. We take responsibility for safety on our vessels when they are both at sea and at port, and in our offices and other worksites.



## Safety I's™



Insight

Seek & Share Knowledge



Innovation

Strive for continuous improvement



Influence

Inspire colleagues with good safety manners



Intervention

Intervene when you see unsafe acts / conditions



Integration

Integrate safety in all work processes





## Safety Excellence - Fleet

**>1,600**

Seafarers

**46**

Enhanced Safety Awareness  
Courses conducted in 2019

**727**

Seafarers trained in enhanced  
Safety Awareness Courses  
annually

**311**

Fleet risk assessments available  
aboard each vessel database

## Fleet Safety

### Safety Delta™

In the year under review, we launched Safety Delta™, a programme by Green-Jakobsen, with whom we had worked closely to assess our safety culture. This follows the Zero Harm campaign we launched in 2018.

Safety Delta™ is a process for crew to diagnose their vessel's safety conditions. The programme comes with a wide range of training modules which our seagoing employees can tap into to develop their skills. The programme empowers them to assume responsibility for their own training, working closely with onshore Fleet Management.

Safety Delta™ represents a new approach to safety with each vessel taking responsibility for the on-board safety culture. Programme success is measured in the following ways:

- The Safety Delta™ Crew Safety Diagnosis (CSD) reports shall not be used for any incident investigation or benchmarking. There should be no reprimands or explanations demanded from the vessel's crew.
- The Safety Delta™ CSD report shall not be transmitted to any third-parties and not shared with any parties carrying out external audits, inspections or investigations.
- Honesty in answering questions should be stressed during the dialogues, with anonymity of the survey reiterated to the vessel's crew.



**The programme comes with a wide range of training modules which our seagoing employees can tap into to develop their skills. The programme empowers them to assume responsibility for their own training, working closely with onshore Fleet Management.**



### Seagull Training System

The Seagull Training System was introduced to the CNCo fleet in 2019. This integrated platform addressed existing and future training needs, both onboard, as well as ashore. The advantages offered by this software included:

- Capability to access training modules on mobile devices through a mobile application;
- Availability of learning management platform ashore (and from 2020 on board);
- Ability to access the Safety Delta™ learning library and answering the survey questions on the same platform, thus nullifying the need to supply an additional training library box;
- Integrated with crewing management system COMPAS for ready accessibility;
- LAN connection on board makes it possible for multiple users to use the platform simultaneously on board;
- Automated data exchange.

As our manning offices would also be able to assign tests remotely, we anticipate these would help to further equip and assess our crew with the necessary knowledge and skills.

**SACs not only enable course participants to get the latest information and be equipped with the latest knowledge, they also provide a good platform to share best practices and learning points, as well as to connect with peers and management ashore.**

### Safety Awareness Courses (SAC)

SACs not only enable course participants to get the latest information and be equipped with the latest knowledge, they also provide a good platform to share best practices and learning points, as well as to connect with peers and management ashore.

The Senior Officers' SAC, which as the name suggests, caters to senior officers, engineers and shore managers. It is conducted in Singapore and covers various Quality, Safety, Health and Environment topics such as modules on Port State Control inspections, Suicide Prevention, Safety Culture, Risk Management and Sustainability. In 2019, over 200 senior officers attended these courses.

Manning agencies send their trainers regularly to Singapore to attend these courses, so that training methods and content are aligned with Head Office. Under our Standard Operating Procedure, new junior officers, cadets and ratings can only join a CNCo vessel upon completion of the SAC.

*Below: CNCo's MD James Woodrow, sharing with course attendees why the Company values safety highly.*



## A unique way to strengthen CNCo's safety culture

The Safety Awareness Course (SAC) caters to senior officers, engineers and shore managers. Junior officers, cadets and ratings undergo an abridged version of the senior officer's SAC at their respective manning agencies. The manning agencies on a regular basis send the trainers to Singapore so that their training methods align with the Head Office, and similar modules are delivered to the attendees.

Under our Standard Operating Procedure (SOP), no new junior officer, cadet or rating would be able to join a CNCo vessel without undergoing the SAC. Existing employees (junior officers, engineers, cadets and ratings in this case) undergo this course every three years.

SACs have become synonymous with the way CNCo drives our safety culture and safety initiatives across the broad spectrum of seafarers. SACs are a great way to keep our seafaring colleagues updated, as well as a wonderful opportunity for them to connect with their peers and the management ashore.

*Below: Ratings in Fiji participating in a group exercise where they discussed various safety scenarios and approaches*



## Swire Shipping – Onshore Safety Performance

We continued to build on 2018's success in driving port safety performance, and we remain active in fulfilling our vision of Zero Harm - Behaving Safely. Always. Naturally.

Encouraging our stakeholders in ports to walk the talk, the General Manager for Swire Shipping undertook a safety pledge, reiterating our commitment towards Zero Harm (the video is available on our website - see link below). Swire Shipping brought on board a Safety Manager as a dedicated resource to drive a safety culture among the port services stakeholders.

All Swire Shipping owned, managed and chartered-in vessels continued reporting on the safety performance by stevedores during port calls through the integrated "ShipRep" reporting system. A gap analysis is carried out to address high-risk violations, and to close these gaps.

The Swire Shipping operations team is currently evaluating the use of digital technology in improving safety processes. A decision will be made in 2020.

Zero Harm video:  
<https://bit.ly/3jhGmgT>

**All Swire Shipping owned, managed and chartered-in vessels continued reporting on stevedores' safety performance during port calls through the integrated "ShipRep" reporting system.**

### Key Initiatives in 2019:

- We instituted safety as a part of daily activity among the workforce in South Pacific Island ports, and engaged Green-Jakobsen to study the safety behaviour and culture. Their representative visited Port Moresby and Lae in Papua New Guinea to understand the challenges and opportunities for improvements. They have recommended the Port Safety Concept be implemented in 2020.
- In Q4 2019, a Safety Awareness Initiative was launched to address high risks based on trends of the Port Safety Index (PSI) in South Pacific Island ports in Fiji, Kiribati, Tonga, Marshall Islands and Samoa.
- We rolled out an initiative in South Pacific Island ports where a nominated safety representative must ensure that stevedores, linesmen and pilots fully comply with minimum safety standards while attending our vessels.
- We set up a Monthly Regional Operation Managers Safety sub-committee with effect from October 2019 to share and learn from incident / accident investigation and to address regional safety challenges.

### Key Performance Indicators for 2019:

- Three Safety Hazards Initiatives introduced in the first half of the year have shown consistent improvement in the Port Safety Performance to 99% for the identified parameters:
  - o Working at unsafe locations,
  - o Working under suspended loads,
  - o Smoking in non-designated / cargo spaces.
- Local Safety Awareness Initiative for identified High Risks has shown consistent improvement in personal safety for pilots, linesmen and stevedores at our South Pacific Island ports.

We continue our efforts in encouraging stakeholders to report any unsafe acts / conditions as Near Miss reports. These reports are shared with port personnel to achieve reductions in Lost Time Injuries (LTIs), Medical Treatment Cases (MTCs) and other incidents.





**Dangerous Goods Desk:**

Transport of dangerous goods by sea is regulated by the International Maritime Dangerous Goods (IMDG) Code to prevent injury to persons or damage to ships and their cargoes. In 2019, we:

- Implemented 2018 Edition of the IMDG Code which came into force on 1<sup>st</sup> January 2020 and developed and communicated best practices to team members at all levels;
- Ensured compliance with the IMDG code and developed solutions to monitor of bookings and streamline dangerous goods (DG) stowage planning process;
- Implemented measures to control modifications of restrictions in the Swire Ship system to prevent unauthorised changes to the approval status;
- Trained our key stakeholders in Fiji, Papua New Guinea, Solomon Islands and Kiribati on IMDG code for hazardous cargo shipments; in line with Swire Shipping requirements to ensure compliance with IMDG code for hazardous cargo shipments;
- Implemented the “4-Box” process to carry out root cause analysis and to implement corrective and preventative actions for all DG non-compliance issues;
- Developed Cargo Care policies to improve safe handling, stowage and transportation of hazardous cargoes including Copra and Copra Meal.

**Special Lift cargoes:**

- In 2019, we addressed handling methods and processes which include operational hazards assessment for each special cargo lifting plan and key control measures to mitigate and / or eliminate risk to operational personnel and to ensure safety at all times;
- 13,517 TEU IMDG containers were safely handled, stowed and transported in 2019;
- Achieved 100% verification and approvals for all Swire Shipping DG bookings;
- Achieved 100% safe handling of heavy lift cargo (Special Lifts) without incidents.



## Swire Bulk – Onshore Safety Performance

Swire Bulk has closely followed the safety initiatives put in place by CNCo Fleet Management and the Green-Jakobsen project managers. With the acquisition of RAO and FW in April 2019 the same initiatives and standards have also successfully been rolled out in these new offices, and with our new colleagues and additional long-term time chartered-in (TC-in) fleet.

Swire Bulk's operators have an annual SMART goal to visit at least one vessel and make a safety presentation and observe operations on board. Our Safety presentation has been continuously revised to include concepts learned from the Green-Jakobsen's project, experiences and insights gained from new trades.

We continued to proactively address safety compliance in ports where we see a gap in stevedore performance. This was notably so for ports discharging logs and strap steel in India. We implemented a similar approach for ports in Thailand, and we will do so for Bangladesh in 2020.

We also saw an increase in stevedore safety reporting due to implementation of the revised reporting format and increase in the number of vessels chartered-in by Swire Bulk. Going forward the reporting and its compliance will form part of all TC-in Charter Parties as we will be including an additional clause for greater accountability.

The dry bulk Health and Safety Forum, an informal (and non-commercial) group, continued to meet in 2019. The group comprised other like-minded dry bulk operators. As organisers, CNCo and Swire Bulk are keen to promote the highest levels of safety and compliance with global regulations covering the shipping industry.

In our operators' interactions with Masters, crews and Port Agents there has been a continued emphasis on safety. The underlying message to them was: They are always empowered to ensure such safety, with the full support of the onshore management personnel.



### Raising the bar on safety

The port of Koh Si Chang, Thailand was rated unsafe by Masters calling at the port during 2018 / 2019. Swire Bulk partnered the Ben Line Agency to visit five of our operated vessels (owned, long- and short-term TC-in) randomly, to assess actual safety standards during cargo operations.

Ben Line's focus was on supervising day-to-day operations, providing missing Personal Protective Equipment (PPE), bridging the language barrier between crew and stevedores during daily safety briefings, as well as documenting the cargo operations and safety behaviour on board vessels and barges involved.

We are delighted to report that all five calls returned nil incident responses. PPE were worn at all times and cargo operations were performed in a professional and safe manner. Based on Masters' feedback going forward, Swire Bulk & Ben Line will continue random monitoring and attending the operations at Koh Si Chang.

**We continued to proactively address safety compliance in ports where we see a gap in stevedore performance. This was notably so for ports discharging logs and strap steel in India.**



## Stevedores, port workers & other third-party contractors

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At CNCo, we care not just about the safety of our people, but our contractors too. Both our operating divisions, Swire Shipping and Swire Bulk, work closely with port services partners to ensure that the safety culture extends beyond our vessels and are reiterated during operational activities ashore.

We understand that achieving Zero Harm in the long-term, and sustaining it, is built on continuous improvement and leveraging on vital elements of behaviours, attitudes, awareness, competency and teamwork.

In all our ports of call, we aim to raise safety awareness amongst stevedores and port workers.

Key initiatives include:

- Frequent sharing of key safety information and best practices;
- Collecting, measuring and analysing data to monitor contractors' safety performance;
- Collaborating with contractors, charterers and cargo clients to promote safety goals and strengthen good practices during cargo operations – three Hazards Safety Awareness Programme;
- Identifying safety hazards and potential incidents, and sharing lessons learnt;
- Developing a Regional Safety Champions (RSC) programme for Swire Shipping partners aimed at providing a regional safety overview for Asia, Australia, New Zealand and Pacific Islands;
- Successfully starting a Safety Supervision campaign for Swire Bulk partners in India and Thailand, where local Port Captains attend and supervise vessel operations, provide missing Personal Protective Equipment (PPE), reiterate our safety messages and intervene in unsafe operations.



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**We understand that achieving Zero Harm in the long-term, and sustaining it, is built on continuous improvement and leveraging on vital elements of behaviours, attitudes, awareness, competency and teamwork.**

## Onshore (Office) Health & Safety Performance

Following the launches of the Zero Harm Framework and the Global Onshore, Safety, Security and Wellness Policy, CNCo offices around the world undertook a variety of educational talks and activities around the themes of Physical Surroundings, Social Connection, Intellectual, Emotional, Financial and Health Well-being. Onshore Safety Committees (OSCs) were established globally, and onshore safety representatives appointed to maintain a safe office environment.

These activities included:

- ✓ **American Samoa** – implemented local onshore safety procedures.
- ✓ **Australia** – first aid and CPR training for all employees, fire drills, office inspections to identify hazards, test tagging of electrical equipment and ergonomic assessments, mental health, stress management workshops, meditation, Pilates classes and onsite massage sessions for physical well-being.
- ✓ **Canada** – new office set up of the local OSC, first aiders, fire wardens, safety inductions, and evacuation and earthquake procedures, ISSC's Day of the Seafarer Peak Challenge.
- ✓ **The Chinese mainland** – reconvened Welfare committee, organised fitness competitions and blood donation drives, dance classes and nutrition talks. Safety inspections were also completed.
- ✓ **Fiji** – weekly walks, touch rugby, soccer, volleyball games, fun runs.
- ✓ **Hamburg** – implemented local onshore safety procedures and OSC.

- ✓ **New Zealand** – safety / incident reporting and hazard management workplace safety inspections, International Lunch Days, fundraising for deaf children, a beach clean-up exercise, quiz and movie nights, a weight loss competition, information sessions on medical insurance and retirement planning, and providing free lunches for children.
- ✓ **Papua New Guinea** – monthly safety sharing session, safety quizzes, a tee shirt and cap design contests around the Safety I's™, health talks on tuberculosis, first aid courses, AED training, healthier lunch options for employees.



- ✓ **Singapore** – monthly office inspections and meetings, fire safety / AED / first aid training, social events, fitness assessment sessions, rock climbing, yoga and Pilates classes, talks on nutrition, mindfulness and meditation talks, Walk and Run Challenge, chocolate and terrarium making workshops, as well as the inaugural World AIDS Day fundraiser.
- ✓ **UK: London and Wells-next-the-Sea** – safety audits and updated policies, fire safety, first aid training, fundraising 'Silk Road' challenge and Oscar Dragon Boat Race, introduction of lunchtime Pilates classes.

For more information on the activities please refer to "Our People" section of the report.

The full list of CNCo Safety Statistics can be found in the data section of the report on page 113 - 115.

**Onshore Safety Committees (OSCs) were established globally, and onshore safety representatives appointed to maintain a safe office environment.**



# 4 | Our People

- 49 Employment Information
- 53 Diversity in the Workplace / Anti-discrimination and Anti-harassment
- 59 Employer of Choice
- 61 Performance Management, Training and Development
- 63 Employee Health and Well-being

## Employment Information

Our people are at the core of CNCo's business operations. We are committed to providing a continuous learning environment where employees are empowered to reach their highest potential. We value our multinational workforce and actively promote an inclusive and diverse workplace with a strong focus on safety excellence.

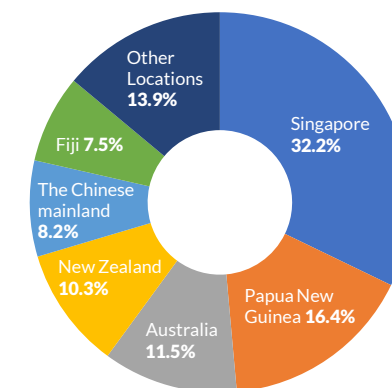
**As at the end of 2019, the CNCo group employed 2,692 people in various locations around the world. Our employees come from 55 countries and regions.**



As at the end of 2019, the CNCo group employed 2,692 people in various locations around the world. Our employees come from 55 countries and regions. 1,054 of our employees were shore-based, while the remaining 1,638 (756 Officers and 882 crew members) were seagoing employees. There was a very slight (1% for seagoing and 2% for shore-based employees) increase in numbers compared to the previous year.

We continued to grow our global operations, which included the acquisition of Hamburg Süd tramp service. CNCo's expansive geographical footprint now covers offices across American Samoa, Australia, Brazil, Canada, the Chinese mainland, Fiji, Germany, Hong Kong SAR, India, Indonesia, New Caledonia, New Zealand, Papua New Guinea (PNG), Samoa, Taiwan region, United Kingdom (UK) and United States of America (USA). We closed our office in Japan and relocated our employees from there to other locations.

### Shore-based employees by key location



The geographical breakdown of our office employees by key\* (\*over 5% of total global employee count) locations:

Singapore (Head Office) – 32.2%, PNG – 16.4%, Australia – 11.5%, New Zealand – 10.3%, the Chinese mainland – 8.2%, Fiji – 7.5%, with the remaining 13.9% based in American Samoa, Brazil, Canada, Germany, Hong Kong SAR, India, Indonesia, New Caledonia, Samoa, Taiwan region, UK and USA.

Our seagoing employees come from 31 countries and regions while our shore-based employees come from 40 countries and regions around the world.

97% of our shore-based workforce were employed on a permanent basis. The number of employees who were temporary (contractors) is extremely low (3%) and most of them are skilled professionals working as consultants on a contract basis to assist with specific projects, mainly concerning the implementation of new IT systems. 98% were employed full-time.



Our seagoing employees come from 31 countries and regions.

## EUROPE

 Bulgaria 1

 Estonia 2

 Ireland 1

 Russia 11

 UK 10

 Croatia 20

 Montenegro 4

 Romania 2

 Slovenia 2

 Ukraine 127

## ASIA

 The Chinese mainland 314

 India 1

 Malaysia 3

 Philippines 451

 Sri Lanka 92

 Hong Kong SAR 5

 Indonesia 2

 Myanmar 262

 Singapore 1

 Thailand 1

## OCEANIA

 Australia 4

 Kiribati 30

 Papua New Guinea 107

 Solomon Islands 1

 Tuvalu 1

 Fiji 64

 New Zealand 114

 Samoa 2

 Tonga 1

## AMERICAS

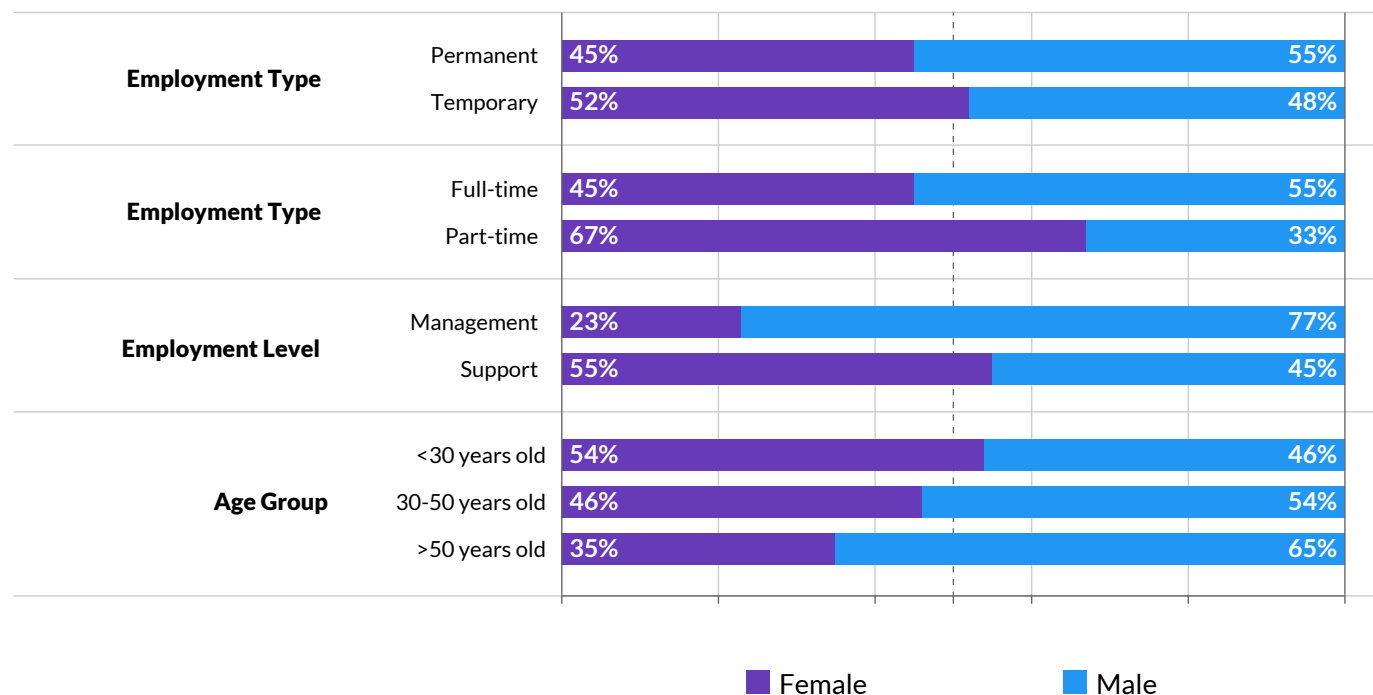
 Canada 1

 Nicaragua 1

Total number of seagoing employees

**1,638**

## Shore-based Employees



We continue to provide benefits that are additional to local legislations such as medical insurance for shore-based employees and for all seagoing employees, general accident insurance and paid pension arrangements or cash in lieu thereof.

Some seagoing employees, particularly all our Filipino seafarers, are employed as required by the Philippine law and managed by the Philippine Overseas Employment Agency (POEA), on a contract by contract basis. We do not classify these as “contractors” as all Overseas Filipinos Workers, be they seafarers, doctors, nurses, etc. are required to be employed on this same basis.

92% of our shore-based workforce were classified as “local”; a similar figure to our prior year’s figure. We define “local” as those who are a national or permanent resident of the country of employment. 6% were classified as “expatriates” while the remaining 2% are employed on contract basis.

Around 23% of this expatriate employee percentage are managers from our parent company management scheme who have a centrally-planned rotation through internal postings within the wider Swire group during their planned career progression. The rest are employed as industry experts and have long-term careers with the Company worldwide.

Globally, all our contracts comply with relevant local employment laws. We continue to provide benefits that are additional to local legislations such as medical insurance for shore-based employees and for all seagoing employees, general accident insurance and paid pension arrangements or cash in lieu thereof.

31% of CNCo seafarers were covered by a Collective Bargaining Agreement (CBA) or equivalent. All contractual conditions are in accordance with the International Labour Organisation (ILO) Maritime Labour Convention (MLC) 2006.

The number and rates of employee hires and employee turnover can be found on pages 117 - 118.

New Hires during 2019 by Region, Age Group and Gender Identity

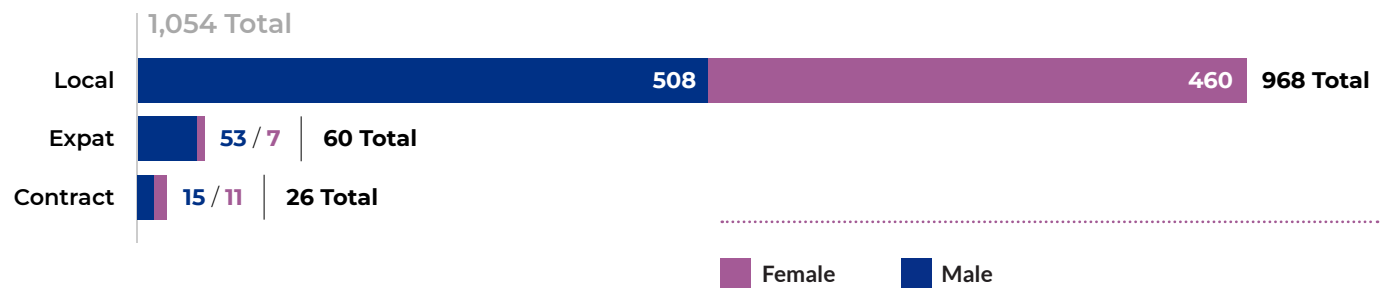
Employee turnover remains a valuable indicator of the Company’s sustainability and is an ongoing area of focus for the Company. Overall employee retention in 2019 for shore-based employees was 87.6%, and 89.7% for seagoing employees (officers and crew). Both shore-based and seagoing employee retention rates remain consistent year-on-year.

We continue to monitor and analyse turnover rates against relevant national average figures and in light of changes within the business and the industry and are generally comfortable that our data match local data. We conduct exit interviews and seek to rectify any firmly trending reasons for turnover where they are viable and within our control. As some offices are small and have only a small number of employees, turnover percentages appeared higher as compared to other locations.



Employee turnover remains a valuable indicator of the Company’s sustainability and is an ongoing area of focus for the Company.

Type of contract (Shore-based)





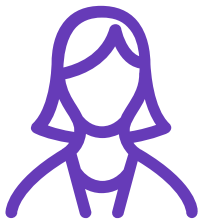
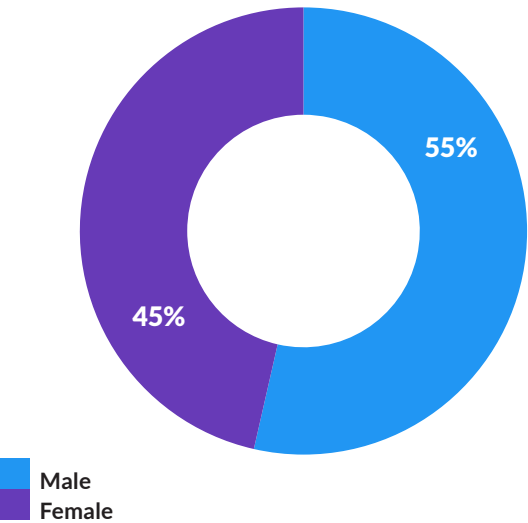
# Diversity in the Workplace / Anti-discrimination and Anti-harassment

For a multinational shipping company, with employees from 55 countries and regions, having an inclusive, cohesive and supportive culture is key to our continued sustainability. We create a welcoming, positive, innovative and high performing work environment by promoting equal opportunities, diversity and inclusion and respect in the workplace. This is done through our Code of Conduct, policies, induction programmes, forums, seminars and training.

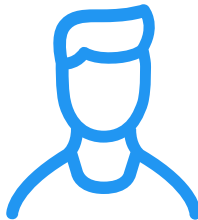
In 2019, 55% of the overall shore-based employees identified as male and 45% identified as female. This split has remained consistent over the past few years.



Shore-based employees by gender



Female  
478



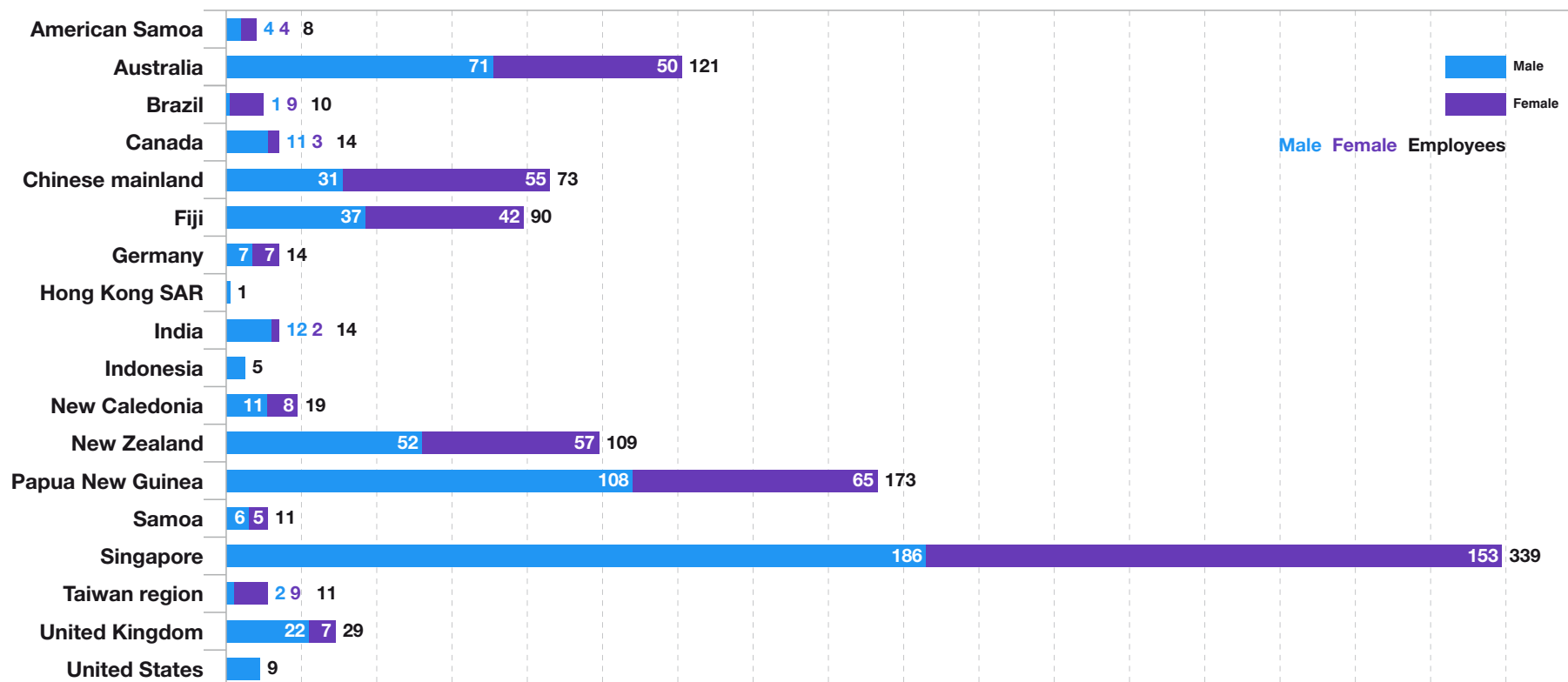
Male  
576

We create a welcoming, positive, innovative and high performing work environment by promoting equal opportunities, diversity and inclusion and respect in the workplace.

Total number of shore-based employees

1,054

## Number of shore-based employees by gender and office location



In 2019, 55% of the overall shore-based employees identified as male and 45% identified as female. This split has remained consistent over the past few years.



The CNCo Pte Ltd Board of Directors comprises eight male members. We have two senior female managers on CNCo’s Executive Leadership Team. While it is worth noting that gender diversity has historically always been skewed in the shipping sector, we recognise this as a challenge and a potential detriment. The Company, and in particular our HR Department, continues to work on enhanced D&I strategies to better balance gender identity and other diversity metrics at all job levels within the Company.

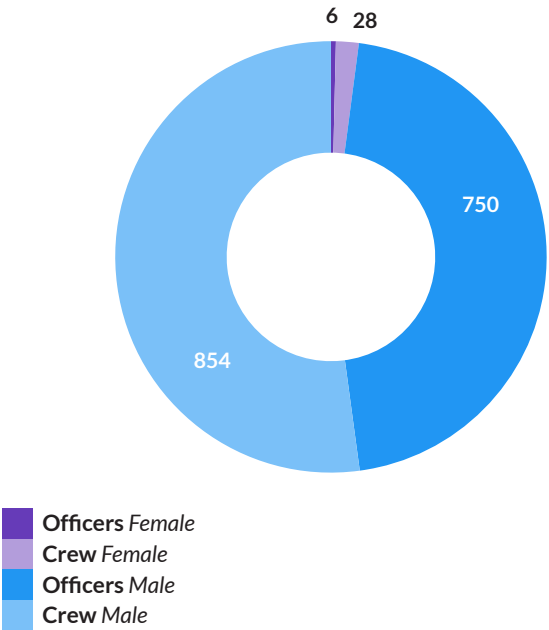
A review by an independent contractor was carried out in 2019 to establish the baseline of our D&I performance within CNCo. Key areas of critical risk and opportunities were identified. One of the recommendations from the review was the need for a dedicated position of D&I Manager. The role was then advertised, and filled, with the D&I Manager joining the Company in December. This role is responsible for delivering the D&I Strategy for CNCo.

There were 34 (or 2.1%) female officers among our seagoing employees, which is a 79% increase from 19 in 2018 and from six in 2017. While this still remains a remarkably low number of women at sea and it is reflective of the shipping industry in general, we are very proud of the gradual increase in the number of females choosing to work for CNCo. This increase in numbers was a result of CNCo’s D&I drive and IMO’s initiative to promote better gender balance in the shipping industry. We will continue to encourage more women to join CNCo and promote a culture where women feel safe and are supported.

The Company, and in particular our HR Department, continues to work on enhanced D&I strategies to better balance gender identity and other diversity metrics at all job levels within the Company.



Seagoing employees by gender identity







On their first deep sea vessel, *MV Szechuen*, the female cadets are pictured with the vessel's officers.  
*Photo credit: Australia Awards*

**CNCo is working to increase its diversity both for our shore-based and seagoing employees.**

## CNCo's first batch of female cadets from PNG share their views

CNCo is working to increase its diversity both for our shore-based and seagoing employees. When we became aware of the Australia Awards Maritime Scholarships initiative, a scholarship scheme offered only to female citizens from PNG, we saw that as an excellent opportunity that would work to deliver on greater gender balance and simultaneously raise the economic capacity in one of our key stakeholder communities in PNG. CNCo is committed to achieving greater D&I in the Company.

Five female cadets from PNG, joined *MV Szechuen* in Port Moresby after completing six months of cadet training at the Papua New Guinea Maritime College.

Being first-time cadets, they were taught the importance of safety awareness, a critical part of the safety culture that CNCo seeks to embed across the organisation. They learnt about the importance of every individual's effort in keeping everyone safe.

The training programme made them realise that in this profession, learning is very much an ongoing process and there is much knowledge to be gained. Seafaring as a career can be both challenging and exciting, regardless of gender.

**Five female cadets from PNG, joined *MV Szechuen* in Port Moresby after completing six months of cadet training at the Papua New Guinea Maritime College.**

## Empowering Women

Swire Shipping sponsored a workshop which was organised by the Fiji Women in Maritime Association to empower women in the maritime industry to become good leaders. The workshop was named *Transformational Leadership for Women* and aimed to bridge the gender gap in the maritime industry. Since the maritime industry is male-dominated, CNCo has been putting in efforts to help women advance into leadership positions in the industry.

“Leadership skills training helps to build confidence and paves the way for future inspirational women leaders. By imparting such training, organisations can prepare the employees who have the potential to take up managerial roles in future. This workshop taught me how to create action plans to overcome systemic barriers, grow my leadership skills and learn negotiation skills critical for career success.

I have also learnt how to exert the power of one’s voice in personal and professional settings, develop the skills of inclusive leadership, value and involve all members of the group for their unique contributions and learn to lead in the most conflicting and stressful situations,” said Navita Narayan, Cost Processing Supervisor, Swire Shipping Fiji.



Going forward we will continue to take more positive actions in order to increase the number of female seafarers. We are planning to progress our work with PacTowage in PNG and the Department of Foreign Affairs and Trade (DFAT). DFAT is responsible for the Australian Aid programme, in support of PNG female cadets as an avenue for attracting more women to work in the shipping industry. The 2019 batch of PNG cadets will undergo a bridging course in 2020, which has been approved by Australian Aid and PNG National Maritime Safety Authority. Once completed, cadets will undergo a structured training programme on one of our vessels.

We are members of the Women’s International Shipping & Trading Association (WISTA International) in Singapore and in Australia. WISTA International has a consultative status at the International Maritime Organisation and provide our female managers with the platform for industry networking and thematic events.

We take a strong stance with respect to any form (verbal or non-verbal) of harassment in the workplace. We have a robust system in place to address any such reported situations in a timely manner. We have in place a D&I Policy, a Respect in the Workplace Policy as well as our Code of Conduct, all of which further embed diversity, and equality of treatment and opportunity into all our operations. This is to ensure that all employees benefit from a welcoming, positive, innovative and outperforming work environment. We are committed to providing a safe environment where our colleagues are able to bring their authentic selves to work and be respected and recognised for what they do. Additionally, we provide a Confidential Reporting hotline to deal with any issues. The process is clearly defined in our Grievance and Dispute Settlement Policy which is available to all employees.

Going forward we will continue to take more positive actions in order to increase the number of female seafarers.



A diverse workforce is one whose members are not discriminated against. Accordingly, we require full compliance with applicable employment and other laws and will not tolerate unlawful discrimination\* or harassment or any other breaches of applicable law. Our equal opportunities practices commit us to ensuring there is no unjustified discrimination in the recruitment, retention, skills training and competence development of our employees on the basis of aspects including: age, disability, ethnicity or ancestry, family responsibilities, gender identity, language (whilst noting that proficiency in the English language is a legal requirement of the marine industry), marital status including civil partnerships, nationality, political views, pregnancy, race, religious beliefs or creeds, or sexual orientation.

CNCo aims to have a workforce that, as far as practical, reflects the diversity of the stakeholder communities in which our business units operate worldwide.

As an equal opportunity employer, we ensure that there is no instance of men and women with the same competence and / or experience being paid different rates for performing the same work. Salaries are set by our internal Compensation and Benefits Department and are in accordance with local geographical market guidelines to enable us to both attract and retain the best talent. Executive pay is determined after discussions with external consultants, and evaluations utilise benchmarked data from similar organisations.

CNCo does not provide performance-based pay, equity or shares as part of its remuneration packages regardless of seniority. Bonuses are awarded for performance on a discretionary but equitable basis. Pensions are provided, as a minimum as per statutory requirements. For seagoing employees, all contractual conditions are, as a minimum, in accordance with the ILO MLC 2006.

As part of CNCo's annual training programme for all shore-based employees, we run online Code of Conduct and Preventing Harassment in the Global Workplace training courses. These courses set out CNCo's values, principles and commitment to compliance with applicable laws and aim to help employees deal with any ethical dilemmas that they may encounter in their everyday work.

We also aim for gender-blind recruiting, encouraging retention of females to fill more senior roles and support for their circumstances as they follow their career path to redress the imbalance at senior levels. This work is ongoing.

CNCo was notified of one potential case of discrimination or harassment in 2019. The case was investigated by CNCo's senior management and the outcome was a decision not to re-deploy the seagoing employee concerned. CNCo has solid systems and processes in place to deal with any alleged and actual situations, leading to a culture which is free of discrimination and harassment.

*\*Decisions become a form of unlawful discrimination when race, creed, national origin, ethnicity, or gender cause one person to be treated differently than another. Some states have laws that also protect against discrimination on the basis of marital status or sexual orientation.*

*These are called protected classes. There are some established cases of "lawful discrimination", e.g. convicted embezzlers being considered for accounting roles, unfit candidates for fire-fighters, "tall" people as cabin crew on Dornier 328 aircraft, etc.*

## A Day for Women in Maritime industry

On 18<sup>th</sup> May 2019, 12 ladies from Swire Shipping Fiji participated in a panel discussion organised by the Women in Maritime (Fiji) Association. This was held in celebration of the inaugural launch of the Day for Women in Maritime around the Pacific. Topics for discussion included gender mainstreaming, practices for narrowing the gender gap in the maritime sector, leadership and fostering diversity in the workplace.

The management of Swire Shipping Fiji empowers its female employees, with 11 in the Agency holding leadership positions.

**CNCo aims to have a workforce that, as far as practical, reflects the diversity of the stakeholder communities in which our business units operate worldwide.**



# Employer of Choice

CNCo has long been the Employer of Choice for our seagoing and shore-based employees. The average length of service has increased, with shore-based employees serving 5.34 years in 2018 to 6.16 in 2019. In 2018, crew worked for 5.10 years; in 2019, they did so for 5.47. Officers served 6.03 years in 2018. In 2019, this number grew to 6.35.

## Average Length of Service in Years

### Shore-based



2020	6.16	▲
2019	5.34	

### Officers



2020	6.35	▲
2019	6.03	

### Crew



2020	5.46	▲
2019	5.10	

In 2019, 90 colleagues at sea and ashore, received these awards. Their tenure ranged from 10 to 35 years. When these are summed up, the total length of service recognised amounted to 1,380 years.

## Long Service Awards

CNCo gives out long service awards to employees, in recognition of their service and ongoing contribution. In 2019, 90 colleagues at sea and ashore, received these awards. Their tenure ranged from 10 to 35 years. When these are summed up, the total length of service recognised amounted to 1,380 years.

CNCo has a number of welfare committees, comprising passionate volunteers in our various offices around the world. They promote team building, networking and employee bonding in social, cross-functional and job group interaction in fun settings. A number of social events are held throughout the year and are an important part of building the Company's culture. For more information see "Employee Health and Well-being" section of the report.

Years of Service	Shore-based employees	Seagoing employees
10 years	20	19
15 years	18	7
20 years	11	3
25 years	6	1
30 years	2	1
35 years	1	1

**Rewards & Recognition Programme**

We believe that it is important to reward and recognise people based on performance, results and behaviours allowing employees to feel valued and appreciated at work. We have in place a Global Reward and Recognition Programme to reward and recognise employees for extraordinary efforts.

The programme operates on two platforms: formal and informal. The programme is focused on safety, ideas for improvements, Company values, achievement of strategic or business improvement projects, or significant contribution towards the achievement of business plans linked to CNC's strategic objectives.

**Seafarers Recruitment Programme**

The new Recruitment Evaluation and Assessment Programme (REAP) was introduced in May 2019.

There are several benefits of the REAP that cover:

- Learnings from the existing Senior Officers Attachment Programme will be advantageous for running the REAP;
- Several evaluators with specific expertise will evaluate these officers during the programme;
- Association with the office staff and their work processes will be beneficial for the new recruits when they join;
- A complete overview of the new recruits given by the evaluators to assist the crewing operations department in making an objective decision on the final appointment;
- Extended handover in connection with first assignment will ensure adequate operational familiarisation;
- There will be less waiting time for the new recruits to join a vessel coupled with a significant reduction in logistical challenges presently faced by the crewing operations department.



**The new Recruitment Evaluation and Assessment Programme (REAP) was introduced in May 2019.**

## Performance Management, Training and Development

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### *Seagoing employees*

CNCo puts significant emphasis on safety training for our seafarers. In 2019, we ran 46 Safety Awareness Courses (SACs) for senior and junior officers and ratings, covering 727 seagoing employees. In addition, five Safety Induction courses and five Engine and Electric cranes training courses were conducted for new seafarers and we sponsored 34 other courses ranging from welders training, logs and lashing, navigation training courses, Senior Officer attachment programmes and many more.

These were discretionary training courses (not required under the various IMO SOLAS, MARPOL, ISPS or STCW legislation). However, CNCo sees such training as critical to maintaining and enhancing the safety of our seagoing employees and all our stakeholders.

The goal of the SACs is to emphasise and reinforce the Company's safety culture and to promote Zero Harm. The SAC emphasises practical safety management skills, explores the benefits of leading safety indicators and looks at determining accident root cause analysis, proactively recognising hazards and understanding safety control, mitigation and recovery measures.

The total cost of the discretionary training in 2019 was almost USD 1.87 million. This is a significant investment given that the sector was - and still is - facing tough times. This expenditure has been consistent year-on-year, demonstrating CNCo's ongoing commitment to safety and training.

In 2019, 927 CNCo seagoing employees received 22,000 hours of training which is more than double the figure of 9,568 hours in 2018. This amounted to an average of 13.43 hours per seafarer, compared to 5.88 training hours in the prior year.



All CNCo seafarers received a performance evaluation review conducted by their Master or Chief Engineer at least twice a year. The appraisal looks at personal characteristics, team work, aptitude and leadership qualities among other specific skills sets. The process is intended to highlight areas for improvement and training opportunities and identify an individual's strengths for a robust recognition and promotion programme.

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**In 2019, 927 CNCo seagoing employees received 22,000 hours of training which is more than double the figure of 9,568 hours in 2018.**



*Shore-based employees*

CNCo continues to invest in learning and development. Across the group, 486 shore-based employees received 5,153 hours of training compared to 3,210 the year before. This works out to 4.89 training hours per employee, compared to 3.09 in 2018. The overall cost of training for shore-based employees in 2019 has also increased to USD 734,471, representing an increase of 128% over 2018 levels.

We continue to run the Green Belt programmes, which equip employees with advanced skills such as Lean Six Sigma methodology for business improvement and excellence. This training is ongoing.

We also continued to run Leadership Development Programmes in Singapore for managers at Team and Operational Leader levels, with 21 participants attending them in 2019. These programmes seek to equip managers with the requisite leadership competencies and skills such that they can lead their teams more effectively. Further to that, they help us to increase the number of female leaders within the Company.

CNCo employees were encouraged to access an extensive selection of online learning resources through, *Percipio*, an e-Learning portal which was launched in 2019. This online platform offers employees the convenience of online learning. Courses are free.

Performance management for shore-based employees is effected using the "SMART Goals" online system. Performance assessments include a review of SMART goals, performance against Swire group values and job competencies.

Training cost as a percentage of the wage bill for the two employee groups was as follows:

Shore-based: **1.5%**

Seagoing: **5.8%**

**Management Trainee Programme**

CNCo has a Management Trainee graduate programme in place which is aimed at attracting, engaging and developing local talent.

Partnering with local universities and industry bodies, it is a rotational programme that allows graduates to gain a solid understanding of the shipping industry and our business in a hands-on and practical way.

Our programme allows trainees to develop their shipping and commercial knowledge, skills and experiences while having access to high quality training programmes on a personal, professional and technical basis. There is also significant exposure to industry networking, senior management and key business leaders, as well as the opportunity to join a vessel to experience life at sea.

CNCo is proud to offer such a programme and to be contributing to the ongoing development of local industry talent for the general public good and for enlightened self-interest.

As a maritime industry leader, we seek to share our best practices with the younger generation of talent through delivering guest lectures at Singapore's Institutes of Higher Learning. These include Nanyang Technological University, Singapore Management University, Singapore Institute of Technology and Royal Melbourne Institute of Technology. We also provide paid guided internships with defined learning objectives.



**CNCo has a Management Trainee graduate programme in place which is aimed at attracting, engaging and developing local talent.**

## Employee Health and Well-being

CNCo's welfare group has oversight of the social / welfare strategy areas. It plays an important role in creating a more cohesive organisation where the employees are engaged and satisfied, making CNCo their Employer of Choice.

We are committed to developing and sustaining a work environment and culture that supports the safety, security and welfare of our people, and have developed an aligned set of basic standards that our onshore offices can apply. Throughout 2019, a variety of educational talks and activities around the themes of Physical Surroundings, Social Connection, Intellectual, Emotional, Financial and Health Well-being took place. Those activities were organised as part of the safety and wellness campaigns.

### Australia

Our offices across Australia developed a calendar of events for the full year. Recognising that a safety culture did not stop just at work, varied activities were carried out. These included first aid and CPR training for all colleagues was organised together with fire drills, office inspections to identify any hazards, test tagging of electrical equipment and ergonomic assessments.

**We are committed to developing and sustaining a work environment and culture that supports the safety, security and welfare of our people, and have developed an aligned set of basic standards that our onshore offices can apply.**

With a strong focus on mental health, various interactive stress management workshops were held. They were a great tool in understanding stress, depression, suicide and anxiety. Participants also learnt how to minimise and manage triggers. Additionally, meditation, Pilates and onsite massage sessions were offered.

A series of onsite health checks included skin cancer and heart checks, flu vaccinations, women's health, men's health, stroke awareness, healthy eating, nutrition and cooking demonstrations. As a result, high-sugar office treats were replaced with healthier food such as fresh fruit and nuts. We also provided a variety of dairy and non-dairy options.

Social activities included bowling, triathlons, morning teas, lunches, fundraising for the drought-stricken farmers, indoor cricket and a number of multicultural events. Programmes on cancer and mental health awareness issues also took place.



Colleagues celebrating 'R U Okay' Day dedicated to reminding everyone to ask, "Are you OK?" to connect with people who have emotional insecurity, to address social isolation and promote community cohesiveness.

### The Chinese mainland

Activities centred around the new and improved safety campaign which included a safety quiz week, enhanced ergonomics workshop, a session on healthy eating and dance classes.



Colleagues learning about healthy food



Participants learning about rock climbing

### Singapore

The Onshore Safety Committee ran a range of activities and workshops which aimed to educate employees about our Zero Harm approach and understand onshore safety more holistically, beyond physical surroundings to physical health and emotional well-being. Talks covered basic fire safety awareness, ergonomics and our working environment. Colleagues attended fitness assessment sessions, talks about posture, nutrition, mindfulness and meditation. Introductory classes on rockclimbing and yoga were offered. A "Walk and Run Challenge" was held to motivate colleagues to be more active.

Colleagues could also sign up for a chocolate making workshop in collaboration with special needs individuals, and a terrarium making workshop, which would allow them to take a break from work, get creative and have fun.



Colleagues getting ready for a quiz night

### New Zealand

Quarterly briefings with colleagues on safety / incident reporting and hazard management were held, together with semi-annual workplace safety inspections. During the year, representatives attended training sessions on first aid, warden responsibilities, and the Health and Safety at Work Act.

The Well-being Committee in Auckland continued to organise employee events and activities, with participation rates increasing by 70%. Activities included International Lunch Days, fundraising for deaf children, a beach clean-up exercise, quiz and movie nights, a weight loss competition, information sessions on medical insurance and retirement planning, and volunteering to provide free lunches to children.



Colleagues dressed in the winning tee shirt design

### PNG & Solomon Islands

The Onshore Safety Committee organised a variety of activities to promote a Zero Harm culture and healthy living across offices, including a monthly safety sharing session, safety quizzes, and tee shirt and cap design contests around the safety theme. In the Port Moresby and Lae offices, talks were held on raising awareness of tuberculosis, first aid courses and Automated External Defibrillator (AED) training.



### UK (London)

To inform all colleagues about the importance of safety and well-being, the first Safety, Security and Welfare week was organised. Several colleagues took part in the 'Silk Road' challenge, where the team had to complete 30,000 miles within a specified period. We accomplished our mission by walking, running, cycling, rowing, swimming and even using an elliptical trainer, raising £10,000 for three charities.

The team also participated in the annual Oscar Dragon Boat Race which marked the end of London's Shipping Week.

Another initiative for health and well-being was the introduction of lunchtime Pilates classes. With strong support across Swire House, four two-hour sessions each week were held with over 40 colleagues in attendance.



Above: London office team after the Oscar Dragon Boat Race

### Above right:

New Caledonia - female colleagues in Noumea participated in a race organised to support victims of breast cancer

### Right:

Canada - the North American team took part in the ISSC's Day of the Seafarer Peak Challenge, scaling some 3,000 steps on the Grouse Grind® for charity

### Other offices

From Pago Pago to Miami through Samoa to Vancouver, a new office in Rio de Janeiro and New Caledonia, offices are all committed to making workplaces safe and focusing on employee wellness.

A plethora of activities included fire drills, cyclone and tsunami awareness training, workshops on healthy eating, financial well-being, mental health awareness, hazard identification and safety quizzes, budgeting and homeownership insights. Sporting activities included golf, badminton, indoor soccer, water aerobics, yoga and a run to fight cancer.



## Exciting activities ahead as New Caledonia launches its health, safety and well-being calendar for the year

Swire Shipping Agency Noumea officially launched the Health, Safety and Well-being calendar for 2019 during a kick-start breakfast. Colleagues were given an overview of the activities for the year and were encouraged to offer suggestions to support the onshore safety campaign.

The team also took the opportunity to discuss different ways to reduce plastic waste in the office and suggested installing recycling bins and stopping the use of plastic utensils. Colleagues will share the responsibility for managing the disposal of the recycling efforts.



The Noumea team also took the opportunity to discuss different ways to reduce plastic waste in the office and suggested installing recycling bins and stopping the use of plastic utensils.

# 5 | Our Communities

- 67 Supporting Seafarers Worldwide
- 68 Supporting Our Key Stakeholder Communities
- 72 Corporate Philanthropy and Volunteering
- 74 Environment and Biodiversity
- 76 Supporting Research Programmes
- 78 Waste Recycling Project in the Pacific Islands
- 79 Project Cerulean

## Supporting Seafarers Worldwide

We believe in doing right by our communities and investing in worthy causes. We support charities and community organisations as well as our employees in need. Our support for our communities focuses on Education, Community, Health, Youth, Environment and Biodiversity. We are committed to establishing long-term, mutually rewarding relationships with our partners and our communities.



### Supporting seafarers worldwide

We have long-term global partnerships with both The Mission to Seafarers (MTS) and Sailors' Society (SS) who care for and support seafarers of all races, religions or ranks around the world. This support is provided through fundraising events and other collaborations.

**We are committed to establishing long-term, mutually rewarding relationships with our partners and our communities.**





# Supporting Our Key Stakeholder Communities



## Supporting ASSMDA in the Philippines

CNCo provides ongoing assistance for the monthly operating costs of ASSMDA Dependents Association (ASSMDA), through joint funding with our sister company, Swire Pacific Offshore. ASSMDA is an independent, not-for-profit association in the Philippines formed by the partners and relatives of our Filipino seafarers. ASSMDA provides voluntary assistance and social support to the seafarers' families in times of need and aims to improve their livelihoods through organising value-added social activities.

**We have established long-term partnerships with a number of charitable and not-for-profit organisations in the countries and regions in which we operate.**



## Swire Shipping Talent ID Programme in PNG

Cricket Papua New Guinea (CPNG) is the sole organisational body that is a member of the International Cricket Council, covering participation in Papua New Guinea (PNG) from school children to their two international sides for both men and women.

CPNG, in association with Swire Shipping / CNCo has been running the Swire Shipping Talent ID Programme since September 2015, with the aim to find the next Barramundi and Lewas players from around PNG. The programme is conducted by CPNG's High Performance Department tasked with managing PNG's 4,000 cricket talent across the country.

In 2019, 2,368 men, women, boys and girls participated in cricket ID Programme, with 47% of these participants being females.

The 2019 Talent ID Team covered 11 regions which are different culturally and with different geographical locations. Community groups and families that we have come across during the programme have been supportive, and thankful for the opportunities the programme has given to the children and youth in PNG.

Programme support is ongoing till December 2020.

## Supporting Charitable organisations

CNCo has been supporting various charitable organisations through pro bono (free of charge) shipments, donations of food and clothing, volunteering events to support their causes. We have established long-term partnerships with a number of charitable and not-for-profit organisations in the countries and regions in which we operate.

We continued to support HEAPS International Foundation Ltd in their educational initiative for remote village children in the Sepik River region, a part of Papua New Guinea (PNG). Support comes in the form of providing subsidised shipments of donated furniture and equipment from Australia to PNG.

## Swire Shipping donates food items to special needs children's facility

In January 2019, Swire Shipping Fiji Office donated food items to the Hilton House Hostel, a non-profit organisation which caters to children with special needs. There are currently seven residents; of which four are in the high support unit, and one is an eight-month-old baby.

### Swire Shipping teams up with Australian charity to support educational needs in PNG

Swire Shipping is supporting Australian charity HEAPS International Foundation Ltd in the latter's educational initiative for remote village children in the Sepik River region, a part of Papua New Guinea (PNG). This initiative is also supported by East Sepik Provincial Education Department, in collaboration with Australian and Sepik River schools.

According to Susan Laird, HEAPS Director, "The outpouring of support by Australians in donating school furnishings, classroom equipment, primary level reading books, stationery goods and bandages has meant that we needed help in shipping these in a cost-effective and sustainable way. We are very grateful for the generosity of Swire Shipping in providing the free use of their containers and in defraying a significant percentage of the costs from Australia and Lae."

Said Alistair Skingley, General Manager Liner Operations and Country Manager of PNG, "We are honoured to partner with HEAPS in this very meaningful project. Education and enabling the success of future generations is always something we are keen on. In the long term, we want the real beneficiaries of our strong partnership to be the children and people we serve. Together, we help make a brighter future."

**"Education and enabling the success of future generations is always something we are keen on."**

**Alistair Skingley**, General Manager Liner Operations and Country Manager of PNG



### Textile Collection Drive on Earth Day

In Singapore, Earth Day is celebrated annually on 22<sup>nd</sup> April to support environmental protection. CNCo's Head Office, together with our sister company, Swire Pacific Offshore (SPO), held a two-day textile collection drive to encourage employees to practise the 3Rs – Reuse, Reduce and Recycle.

Textile waste is an unintended consequence of fast-moving fashion trends as people buy more clothes, but do not keep them for as long as they used to. In 2016, Singapore generated more than 150,000 tonnes of textile and leather waste, but only 7% of textile waste is recycled. The most effective way to reduce textile waste is to buy used clothing from thrift stores and donate or reuse clothes instead of throwing them away.

Employees donated clothes, bed sheets, towels and accessories, weighing more than 60 kilograms. These were collected by Greensquare. It works with their partners to keep textiles in a closed recycling loop to help conserve natural resources, reduce environmental pollution and facilitate economical pricing for clothes and footwear for use in developing countries.







### Supporting Fiji Rugby Union

CNCo has a three-year partnership agreement with the Fiji Rugby Union (FRU) and is the major sponsor of the FRU with naming rights to the “Fiji Warriors” and “Fiji Tuwawa Tens” teams.

### Fiji Rugby Warriors join in community work

The management and employees of Swire Shipping Fiji, their families and members of the Swire Shipping Fiji Warriors team gathered at My Suva Park in Nasese on Saturday morning for their first community project for this year.

Ashika Chand, Swire Shipping Human Resource Manager said the community engagement was part of Swire Shipping’s plan to develop a spirit of common interest within their employees.

Together with their families and five members of the Swire Shipping Fiji Warriors team, they collected rubbish at My Suva Park.

Ashika said, “We started with a clean up of the environment. We will then move to schools, hospitals and old age homes. We are really encouraged by the strong response from our colleagues and this has spurred all of us to go the extra mile.”



**Together with their families and five members of the Swire Shipping Fiji Warriors team, they collected rubbish at My Suva Park.**



## CNCo boosts support for Solomon Islands' Family Support Centre

CNCo has boosted support for the Solomon Islands' Family Support Centre (FSC), an indigenous organisation offering counselling and support services to victims / survivors of sexual and gender-based violence. In addition to funding the position of the FSC Deputy Centre Manager, CNCo also provides additional financial support to meet the existing gap in rent at the new Centre.

"FSC does very meaningful work in delivering quality services to women and girls who have experienced violence. That is why CNCo's Corporate Philanthropic Committee did not hesitate to accede to FSC's request for additional funds," said Lydia Pavlova, CNCo's Sustainable Development Manager.

"CNCo has two Joint Venture businesses in Honiara: Tradco Shipping and Guadalcanal Travel Services. We are therefore invested in the lives of local communities," said Lydia. "The position of FSC Deputy Centre Manager, which CNCo is funding, was created to build and strengthen governance functions so that FSC can effectively manage the range of programmes in Honiara and across the provinces."

FSC runs educational programmes, maintains a resource library and raises awareness of women and children's rights. FSC also works closely with support agencies (police, health and other service providers).

**FSC does very meaningful work in delivering quality services to women and girls who have experienced violence.**

## Assistance to the Family Support Centre in Honiara, Solomon Islands

CNCo is providing assistance to the Family Support Centre (FSC) in Honiara, Solomon Islands, for the Responding to Violence Against Women and Girls in Solomon Islands (RVAW) programme which is managed by the International Women's Development Agency (IWDA). FSC also collaborates with the Oxfam Safe Family Project to ensure complementarity of work.

Project goal: To enhance organisational capacity of a local NGO that aims to address gender-based violence, including sexual abuse and child abuse in the Solomon Islands. CNCo is sponsoring the position of FSC Deputy Centre Manager for three years and is also providing office rental assistance.

During the reporting period FSC provided services to 1,244 new clients comprising of women, men, boys and girls. The majority of these services (90%) were provided by Honiara-based counsellors, with the remaining services provided by the Provincial Committees throughout the Solomon Islands.

IWDA commissioned a Solomon Islands film production company to produce a short film to raise awareness of gender-based violence as well as to promote support services provided by FSC.

The video can be accessed here: <https://bit.ly/3eTxydl>



## Corporate Philanthropy and Volunteering

In 2019, we organised two events for our Singapore employees:

- Seven Clean Seas Beach Clean-up Exercise
- Ground-Up Initiative: Food With Love



CNCo and SPO volunteers in a group picture with the 1,470 kg of ocean plastic removed during the beach clean-up exercise.

### CNCo and SPO volunteers clear more than one tonne of plastic waste from Singapore beach

On 16<sup>th</sup> August 2019, volunteers from CNCo and Swire Pacific Offshore, our sister company, spent the afternoon cleaning up one of Singapore's beaches. Over two hours, they removed a remarkable amount – 1,470 kg – of ocean plastic.

The activity was organised by our Sustainable Development team in partnership with Seven Clean Seas, a beach-cleaning community. Before the beach clean-up, Tom Peacock-Nazil, co-founder and CEO of Seven Clean Seas, shared how plastic can be useful yet harmful. Plastic is pervasive, corrosion-proof, easy to clean, light, and its properties can be tweaked to serve various purposes. However, plastic becomes harmful when it is broken down into microplastics, tiny fragments of less than 5mm, and methane (which is 20 times more harmful than carbon dioxide) is released in the process. We are increasingly and unintentionally eating, drinking and breathing microplastics.

"30 motivated individuals rose to the challenge of cleaning up a 1 km stretch of beach and it's sad to say that the event was a huge success. As usual in Southeast Asia, the beaches were covered in plastic debris and the volunteers collected a staggering quantity of plastic in just two hours; there was everything - from marine ropes, PET bottles, nets, straws to styrofoam. A great result!" said Tom.

**Volunteers from CNCo and Swire Pacific Offshore, our sister company, spent the afternoon cleaning up one of Singapore's beaches. Over two hours, they removed a remarkable amount – 1,470 kg – of ocean plastic.**



## A bountiful harvest with students of Rainbow Centre

25 CNCo and SPO employees worked hard to harvest fresh vegetables at Kampung Kampus, an organic farm located in Singapore. Kampung Kampus is a 2.6-hectare low-carbon community campus built by the community on the grounds of Ground-Up Initiative (GUI). GUI is a non-profit organisation in Singapore which aims to be a role model in urban sustainability and nurture grounded leaders in the country.

Besides CNCo and SPO volunteers, a group of students with special needs and their teachers from the Rainbow Centre was also involved in the harvest. Rainbow Centre is a social service agency in Singapore that supports people with disabilities to lead empowered and thriving lives in inclusive communities.

Volunteers were briefed on how to harvest various types of vegetables and soon busied themselves in the greenhouse. The total yield included more than 20 kg of watercress, Ceylon spinach, Chinese broccoli and ladyfingers among others. After the vegetables were collected, the volunteers were divided into two groups; one to pack the vegetables while the other headed back to the greenhouse to prepare the ground for growing subsequent crops. They were taught how to use a hoe to loosen the soil; thereafter, they planted the germinated seeds into the ground.

“This event was very meaningful. I was able to share special activity moments with youth from the Rainbow Centre and interacted with my new colleagues through our farming mission. It was great teamwork!” - Vincent Chee, Global Head NGPL, CNCo, a first-time volunteer.

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## Our employees in Singapore spent 97 hours doing voluntary work in 2019.



CNCo and SPO volunteers at Kampung Kampus with their harvest.

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**“This event was very meaningful. I was able to share special activity moments with youth from the Rainbow Centre and interacted with my new colleagues through our farming mission. It was great teamwork!”**

Vincent Chee, Global Head NGPL, CNCo, a first-time volunteer



# Environment and Biodiversity

## Partnership with Endangered Species International

CNCo partners Endangered Species International (ESI) in South Mindanao in the Philippines on mangrove and coastal reef conservation to protect the endangered Philippine forest turtles and enhance their biosphere to encourage population growth. Under this partnership, ASSM volunteers (who are CNCo seafarers) work in the field alongside the ESI on various conservation and community engagement activities.

In 2019 we organised three field trips: two to Mount Matutum protected landscape and one to Sarangani Bay (on the coast, 60 km downstream of Mount Matutum). During those trips:

- ✓ 1,800 wildings were collected, and 1,650 seedlings were planted
- ✓ 820 trees were monitored
- ✓ Completed renovation of a native tree nursery
- ✓ 424 kg of non-biodegradable waste was collected during a coastal clean-up campaign
- ✓ Attended two conservation awareness campaigns

**“The involvement of CNCo volunteers provides a direct, continuous and long-lasting support to our projects in the field where it is needed the most. Local communities get re-energised in protecting nature each time volunteers come back to our project sites.”**

Pierre Fidenci,  
ESI Founding Director



## ASSM seafarers contribute to conservation efforts in South Cotabato

From 4<sup>th</sup> to 9<sup>th</sup> February 2019, five volunteers from ASSM / CNCo participated in conservation activities conducted by Endangered Species International (ESI) in Tupi, South Cotabato, the Philippines. This is an ongoing project to restore and protect the habitats of freshwater turtle species including endangered ones.

This group of CNCo “green champions” carried out tree planting, wildling collection and conducted tree maintenance within the Tarsier sanctuary. Under the guidance of one ESI field biologist, the group collected 600 rare native tree species from the forest floor of the Mt. Matutum within five days. They also planted 250 native trees collected by previous volunteers, conducted weeding for 200 planted and naturally growing trees, and monitored and marked 200 trees.

When asked about their experience, the group said: “Volunteering with ESI has been a very good and rewarding experience that we would recommend to anyone in CNCo. During our time at Mt. Matutum, our group focused on planting native trees and taking care of trees planted by previous groups. It was heartening to know that the trees planted are monitored for better survival. When we were there, we found the area to be relatively peaceful and the local community was very accommodating and helpful. Overall, we were very grateful and pleased to have the chance to contribute to the conservation of nature in the Philippines.”

**“Volunteering with ESI has been a very good and rewarding experience that we would recommend to anyone in CNCo.”**

Volunteers from ASSM / CNCo

## Under the same roof: Swire Shipping sponsors infrastructure maintenance programme for PNG marine research centre in Kimbe Bay

A chance meeting in Port Moresby, Papua New Guinea, between Neil Carraher, Swire Shipping Commercial Manager, and a representative from a local marine environment research and conservation centre, paved the way for Swire Shipping to sponsor new roofs for the facility's dilapidated buildings.

Recalling the meeting, Peter Miller, the new volunteer programme director for Mahonia Na Dari (MND), said: "This was a timely lifeline that was unexpectedly thrown to us, and for which we will always be grateful. The lack of available funds for essential repairs and maintenance reached a critical point during the wet season when the roofs of nearly all buildings leaked very badly. Despite tarpaulin covers placed on roofs, it looked as if the centre might just drown."

After hearing from Peter the dire condition of the centre and after doing the necessary due diligence, CNCo knew we had to do something. As a company with a strong sustainability focus and a commitment to giving back to the communities we operate in, CNCo offered MND a three-year infrastructure maintenance sponsorship which would put new roofs on the buildings. We hope this small gesture will help the Centre achieve its marine research goals and conservation.

MND replaced *saksak* (sago bark or leaves) roofs with metal sheeting and completed essential repairs for the worst leaking buildings. The most urgent was a dormitory used for visiting school students involved in marine environmental education and conservation programmes. Other buildings included main administration building which houses an office, classroom and library.

**CNCo also donated a vehicle which was very useful to the building team when they had to move materials.**

### Supporting Mahonia Na Dari (MND) in Kimbe Bay, PNG

Mahonia Na Dari (Guardian of the Sea), a local marine environment research and conservation education centre based in West New Britain, asked CNCo to assist with infrastructure funding (CAPEX) for non-income generating facilities to support its research, marine education and conservation centre.

MND operates from the Walindi Nature Centre in Kimbe Bay which has one of the most diverse oceanic ecosystems in the world. It provides educational programmes and research facilities for both local schools and international institutions. MND's mission is to understand and conserve the natural environments of Kimbe Bay and PNG for the benefit of the present and future generations. This has been and continues to be achieved by supporting local resource management initiatives.

CNCo granted MND a three-year infrastructure maintenance sponsorship, which will put new roofs on MND's leaking buildings. Over the first two years, the sponsorship provided new metal roofs on 12 buildings including the main office and classroom.

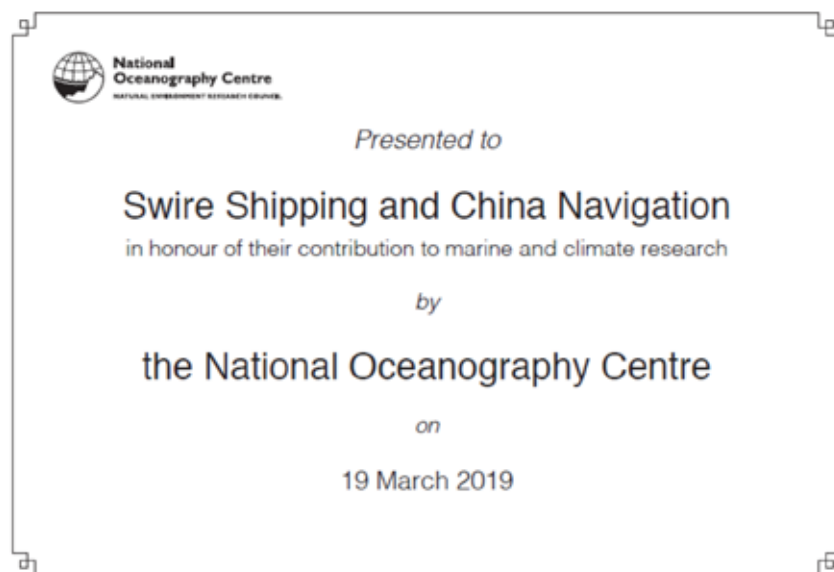
New roof



## Supporting Research Programmes

### Swire National Oceanographic Centre Ocean Monitoring System (SNOMS)

CNCo supported the UK National Oceanography Centre through a decade long SNOMS programme, a part of the ocean monitoring project, by installing monitoring equipment on board one of our liner vessels. Unfortunately, in 2019, due to operational funding issues, the National Oceanography Centre decided to discontinue data collection using the CNCo vessel *MV Shengking* and will be decommissioning the monitoring equipment in 2020.



**The ocean monitoring unit recorded met-ocean data in the Pacific Ocean between Australia and Canada.**

### CNCo recognised for assisting scientific research programme

CNCo has been supporting the UK National Oceanography Centre (NOC) through a multi-year *Swire National Oceanography Centre Ocean Monitoring System (SNOMS)* programme, a part of the ocean monitoring project, by installing monitoring equipment on board one of CNCo's liner vessels. From 2009 until the retirement of the *MV Pacific Celebes* in 2012, the ocean monitoring unit recorded met-ocean data in the Pacific Ocean between Australia and Canada.

In the second part of the programme, CNCo sponsored the upgrading and reinstallation of the SNOMS data collection box and the ongoing operational data collection expenses. The measuring devices were installed on *MV Shengking* in 2016 to provide vital data on the oceans' ability to slow the build-up of carbon dioxide in the atmosphere and mitigate ocean acidification, which is leading to coral bleaching and loss of crustaceans with calcite shells.

Simon Bennett, who leads CNCo's sustainability efforts, delivered a talk at the National Oceanography Centre UK, *Industry / Science Observing Forum* on 19<sup>th</sup> March 2019, where he was presented with a plaque commemorating the 10-year collaboration between CNCo and NOC.



**Simon Bennett**, General Manager – Sustainable Development, CNCo and SPO, receiving the plaque from **Richard Sanders**, OTC Director, NORCE



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### **Supporting Vancouver Fraser Port Authority's commitment to saving whales**

The Enhancing Cetacean Habitat and Observation (ECHO) Programme is a Vancouver Fraser Port Authority-led initiative aimed at better understanding and managing the impact of shipping activities on at-risk whales throughout the southern coast of British Columbia.

The long-term goal of the ECHO Programme is to develop mitigation measures that will lead to a quantifiable reduction in potential threats to whales as a result of shipping activities. The initiative aims to save the location-specific population of southern resident killer whales.

This programme started in 2017 and is ongoing. During the active months of the programme, vessels are reducing speed to less than 12 knots during transits of sensitive areas.

CNCo participates in this voluntary speed reduction initiative on West Coast Canada under the ECHO Programme to do its part for the recovery and survival of the local sub-species of killer whales. Speed reduction applied to a small area named Haro Strait. This is a 16.6 nautical mile distance in the Southern Pilotage waters. With speed reduction and depending on vessel type, transit times may increase between 11 and 18 minutes.

In 2019, the programme took place between 28<sup>th</sup> September and 11<sup>th</sup> October.

In 2019, CNCo was recognised for its efforts with the *Blue Circle Award*. See article: CNCo vessels recognised for environmental stewardship at 2019 *Blue Circle Awards* on page 36.



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**The Enhancing Cetacean Habitat and Observation (ECHO) Programme aims to better understand and manage the impact of shipping activities on at-risk whales throughout the southern coast of British Columbia.**

# Waste Recycling Project in the Pacific Islands

## Moana Taka Partnership

The Secretariat of the Pacific Regional Environment Programme (SPREP) is an intergovernmental organisation whose mandate is to provide assistance to protect and improve the environment in the Pacific region. SPREP has identified a material problem in the Pacific Island Countries and Territories (PICT) that have excess recyclable domestic, commercial and industrial waste; much of it hazardous. Waste streams include, but are not limited to, plastic, aluminium cans, Asbestos-containing Material, Ozone Depleting Substances and waste oil.

This problem is compounded by or inadequate waste facilities to treat it locally, and financial inability to ship the small parcels of waste to the few centres in which such waste can be responsibly treated and recycled. The amount of waste increases every year, and thus poses an increasingly serious negative environmental impact.

CNCo and SPREP formed the **Moana Taka Partnership** wherein CNCo provides both the containers and ocean freight carriage on a Free of Charge basis. This enables private sector companies to move recyclable waste where it is accumulating, out of the PICTs, to countries with competent and sustainable recycling plants.

In 2019, we shipped out around 616.3 tonnes of low-value recyclable waste which otherwise would have ended up in landfills. The breakdown of waste streams included: 180.20 tonnes of plastic / 235.90 tonnes of cardboard / 100.58 tonnes of paper / 60.00 tonnes of scrap metal / 39.62 tonnes of glass and 48.00 tonnes of legacy waste oil.

**Moana Taka Partnership** aims to address Sustainable Development Goals 12 (Responsible Consumption and Production), 14 (Life Below Water) and 15 (Life on Land) as well as the following CNCoTHRIVE areas:

- Connecting with and empowering the local communities that we touch.
- Offering services to enable our stakeholders to live more sustainably.

To watch the video about this partnership, please visit:

<https://bit.ly/2WnmKaW>

Photo top left: **Simon Bennett**, GM SD, CNCo; **Sefanaia Nawadra**, UN Environment Pacific Office, Apia, Samoa; **Anthony Talouli**, SPREP



**In 2019, we shipped out around 616.3 tonnes of low value recyclable waste which otherwise would have ended up in landfills.**

# Project Cerulean

In November 2018, the University of the South Pacific (USP) and CNCo signed a Memorandum of Understanding (MOU) to conduct feasibility studies for the design costs and plan for new generation ships for the Pacific region which is committed to low carbon sea transport.

Under the MOU, **Project Cerulean** aims to develop a new class of small cargo freighter, which, once proven to be commercially viable to operate, can be scaled up in numbers to provide a cost-effective solution for currently marginalised communities in the PICT. In the immediate term, the project aims to design, build and trial a low carbon Project Ship to service the PICT in partnership with the Micronesian Centre for Sustainable Transport (MCST).

PICTs are almost wholly reliant on sea transport for essential imports and other vital transfer of people and goods. Sea transport, especially at the domestic level, has always presented a particularly difficult issue for PICT to find long-term, sustainable, cost-viable solutions for periods of low energy costs.

Both CNCo and USP will operate and monitor the project's performance for two years from launching and delivery into the project post sea trials to prove the commercial viability of the Project Ship.

**Project Cerulean aims to develop a new class of small cargo freighter, which can be scaled up in numbers to provide a cost-effective solution for currently marginalised communities in the PICT.**

Project phases include:

- **Phase 1**  
*Research project feasibility and technical design review phase:*  
collate data on the likely routes and cargoes to be served by the Project Ship, and then apply these to optimise the modified design and costings. Estimated at 12 months.
- **Phase 2(a)**  
*Final design and construction phase.*  
After completion of Phase 1, and assuming a favourable assessment as to the Project Ship's viability, building a 'proof of concept' prototype of the ship, to demonstrate local scalability.
- **Phase 2(b):**  
*Operations in pilot phase:*  
After completion of Phase 2(a), two years of operations and acting as a research platform in various scenarios in the Pacific Ocean. These two years of operations and acting as a research platform are meant for the Project Ship to demonstrate the technology to provide real world data on its performance and ability, with each task informing the work of the next.

Phase 1 started mid-2019 and is expected to be completed by the end of June 2020.

This project is aligned with CNCoTHRIVE ambitions in the areas of:

- Pursuing a long-term goal of decarbonisation and optimising energy efficiency;
- Using natural resources and systems responsibly and sustainably;
- Connecting with and empowering the local communities that we touch;
- Offering services to enable our stakeholders to live more sustainably;

The project aims to address the following Sustainable Development Goals:

- 11 Sustainable Cities and Communities;
- 12 Responsible Consumption and Production, and;
- 13 Climate Action.



Above: Franceso Ungaro on Unsplash



# 6 | Our Environment

<b>81</b>	<b>Environment and Our Business</b>
<b>83</b>	Environmental Initiatives and Achievements
<b>85</b>	Investing in New Technologies
<b>87</b>	Reporting Our Environmental Performance
<b>88</b>	Energy Consumption and Emissions
<b>89</b>	Environmental Training
<b>91</b>	Biodiversity
<b>92</b>	Industry Leadership
<b>94</b>	Sustainable Ship Recycling
<b>96</b>	Reducing Our Plastic Footprint
<b>98</b>	Eco-Office and Green Guidelines
<b>99</b>	Global Sulphur Limit on Marine Fuels
<b>100</b>	<b>Climate Change and Our Business</b>

# Environment and Our Business

We will help create a resilient environment that provides for our future by pursuing a long-term goal of decarbonisation, optimising energy efficiency, and protecting, and where viable, enhancing biodiversity of the environment.



## Our Environmental Goals and Commitments

CNCo has in place a number of policies viz. our Environmental, Sustainable Development and Biodiversity Policies and continues to seek innovative ways to minimise any negative impact of our businesses on both the environment and biodiversity in the regions in which we operate. Over the years, we have made significant progress towards environmental sustainability by adopting a proactive approach towards sustainable shipping, expanding our fuel-efficient fleet and implementing a number of operational initiatives.

We are committed to a target of zero pollution incidents and our goal is for our operations to have a net zero impact on the environment and its biodiversity. We have set an internal, industry-based target, in line with the IMO's commitment to align with the United Nations Framework Convention on Climate Change (UNFCCC) Paris agreement. We are working actively to achieve a KPI of a reduced Energy Efficiency Operational Indicator (EEOI) - the energy we expend moving one unit of cargo over one nautical mile. By the end of 2020, we aim to achieve reduction of 22% below baseline. This is 3% more aggressive than the IMO, non-regulatory, target, and is a key goal to advance our journey towards net zero environmental impact.

Our progress for the bulk and liner fleets' EEOI since 1<sup>st</sup> January 2014 (using 2013 as our baseline) is shown in the graphs on pages 120 - 121.

The EEOI figures for our liner fleet show small fluctuations over the 12-month reporting period. We are working with Fleet Management and each operational division on improving the EEOI performance. Due to the high direct correlation between the vessel speed, schedule integrity and volumes of cargo carried, there was a spike in EEOI during the March - April period which has since slowly declined over the second half of the year. Our liner fleet was 29% behind our target at the end of December 2019.

Our bulk fleet's EEOI has been declining since November 2018 due to higher utilisation rates and shorter ballast voyages. The data dipped below the target in June 2019 and have been on a downward trend since. They finished the year 4.7% ahead of our target.

We will continue monitoring the GHG emissions for each vessel on both a per voyage and an annual basis, using the IMO EEOI metric as our baseline. We remain committed to deploying more fuel-efficient vessels, rationalising individual trades and focusing on operational efficiency within both business divisions.

**Over the years, we have made significant progress towards environmental sustainability by adopting a proactive approach towards sustainable shipping, expanding our fuel-efficient fleet and implementing a number of operational initiatives.**

*Left: James Thornton on Unsplash*

The other objectives (KPIs) towards achieving net zero environmental impact included:

- Ensuring that our Energy Efficiency Design Index (EEDI) compliance index is at  $\leq 80\%$  for all relevant liner and bulk vessels on delivery to CNCo (deriving more transport work efficiency from less fuel). By end-2019, our EEDI was that our EEDI was 3.4% ahead of target for our bulk (owned) fleet and 7% ahead of target for our liner (owned) fleet.
- Ensuring that our Existing Vessel Design Efficiency (EVDI) to be  $\geq 20\%$  better than the baseline upon taking delivery of the vessels. We were unable to achieve this for various operational reasons.
- Implementing pilot technical or operational initiatives that can lead to a 50% reduction in an atmospheric environmental impact of the liner, bulk and bulk logistics fleet. CNCo implemented a number of initiatives (see next section for more information) that led to reductions in fuel consumption and hence reduced environmental impact.

Building on what we have achieved already since 2013, we revised our environmental goals and targets to 2030 at a Senior Management Meeting in early 2020, and these will be reported in our next report.

#### Responsibility in our supply chain

CNCo has a Responsible Cargo Carriage Policy (RCCP) which is available on our website. We recognise the importance of conserving species diversity and we have a responsibility not to consume or facilitate trade in any flora or fauna or their produce that may threaten the sustainability of any species. CNCo's "Standard Terms and Conditions for Bookings and Quotations" includes the absolute requirement for shippers to comply with our RCCP.



**We recognise the importance of conserving species diversity and we have a responsibility not to consume or facilitate trade in any flora or fauna or their produce that may threaten the sustainability of any species.**



## Environmental Initiatives and Achievements

CNCo has made material progress towards improving our fleet fuel efficiency by introducing and embedding the following measures:

- The Company has taken an innovative step in creating an internal fleet efficiency KPI scorecard which tracks monthly fuel performance of the vessels. The scorecard highlights excess consumption of fuel in metric tonnes and its development throughout the year. The scorecard is the basis for decision-making on both operational and technical performance improvements across the fleet.
- Using the scorecard data to address irregularities through dialogue with vessel officers on the reasons and actions to be taken, as well as driving management decisions on scheduling propeller polishing and hull cleaning.

- Briefing of Masters and Chief Engineers by CNCo's Fleet Efficiency Manager prior to them joining a vessel. All aspects of fuel efficiency are discussed to enable them to contribute effectively to corporate targets. We also run monthly seminars for the senior officers to ensure their full understanding of the Company's goals and objectives in relation to operating our vessels efficiently.

CNCo has a dedicated department which is responsible for collecting and analysing fuel use data across our managed fleet. Our Fleet Efficiency Manager manages implementation of performance management system called Fleet Decision Support Service (FleetDSS) across 50 CNCo vessels. FleetDSS is used to optimise hull and propeller performance, voyage execution and fuel accounting on our vessels.

The initiatives to improve fleet fuel efficiency performance included:

- Monitoring voyages online and taking actions in case of speed deviation;
- Monitoring and optimising trim across our Multipurpose Vessels (MPV) and our bulk carrier fleet;
- Using high quality anti-fouling and "slime release technology" paints for underwater hull areas;
- Premature dry-docking of a number of poorer performing vessels to clean or renew the underwater paint system to improve fuel efficiency;
- Monitoring hull and propeller performance;
- Monitoring electrical and boiler consumptions across the fleet.

**CNCo has a dedicated department which is responsible for collecting and analysing fuel use data across our managed fleet.**





The following initiatives were carried out regularly as part of our efforts to improve fuel efficiency:

1. Propeller polishing – six-monthly propeller polishing leads to a reduction of fuel consumption by an average of 3%.
2. Anti-fouling paint application - all new CNCo vessels, MPV and bulk carriers, are coated with high performance anti-fouling paints that deliver at least 5% fuel savings.
3. Trim optimisation – we estimate that an average of 1% in fuel savings was achieved by optimally trimming the vessels.

These efforts translated into USD 6 million in fuel savings and the reduction of 47,146 tCO<sub>2</sub> emissions to the environment during the reporting period.

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**These efforts translated into USD 6 million in fuel savings and the reduction of 47,146 tCO<sub>2</sub> emissions to the environment during the reporting period.**

## Investing in New Technologies

To find further efficiencies, CNCo is investing in new technological advancements which will result in lower fuel consumption and thus further reduction of emissions to air. Our technical fleet management team is working on the following initiatives for our eight new-building vessels which will be launched in 2020:

- Plumb bow and optimised streamlining design;
- Twisted leading edge rudder with rudder bulb;
- Pre-swirl vanes / fan ducts;
- Trim optimisation module adopted in loading computer / Cargo Planners Software.

Further modifications leading to fuel efficiency are also being implemented during docking for our newly purchased vessel operated by Pacifica in New Zealand – *MV Moana Chief*:

- Hub Vortex Absorbed Fins are expected to deliver an additional 2.9% in fuel savings; and
- Installation of LED lights instead of commonly-used high energy-consumption metal halide lights and fluorescent pendant lights.



Plumb bow and optimised stern hull form (on the left) and bulbous bow (on the right) for comparison



*Right:* Twisted leading edge rudder with rudder bulb

*Far right:* Pre-swirl vanes / fan ducts optimised for Aft Hull Form



Application of Hempel X7 and next generation X8 silicon paint for bulk carriers will significantly reduce fuel consumption and need for hull cleaning. In 2019 we used Hempel silicon paint system (Hempaguard X7) on our bulk vessel *MV Eredine* during dry-docking. We will also apply the newest Hempel silicon paint system Hempaguard X8 MaX for our four Chief class vessels: *MV Papuan Chief*, *MV New Guinea Chief*, *MV Coral Chief* and *MV Highland Chief* in 2020.

We are also planning to install LED lights for our entire owned fleet in 2020. LED lights are up to 80% more efficient than traditional lighting such as fluorescent and incandescent lights. The benefit of this greater efficiency is the significant decrease in power demand, thus using less energy and decreasing greenhouse gas emissions. In addition, LED lights also have a longer working life span utilising less maintenance time for the vessel's crew. Less hazardous waste at the end of their working lives is also another benefit.



New vessel design for 4 x 2,400 TEU and 4 x 2,750 TEU vessels

**We are also planning to install LED lights for our entire owned fleet in 2020. LED lights are up to 80% more efficient than traditional lighting such as fluorescent and incandescent lights.**



*MV Changsha* under construction

## Reporting Our Environmental Performance

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To comply with global energy / emissions data reporting requirements we report Energy Efficiency / GHG emissions' data as follows:

### EU Monitoring, Reporting and Verification (MRV)

All CNCo owned and operated bulk carriers have been provided with a vessel specific EU-MRV plan. In this way we ensure that all relevant information pertaining to carbon emissions, cargo carried, time spent, and distance travelled in EU region are verified by an authorised third-party verifier (Verifavia) before being shared with the EU Commission. CNCo has successfully submitted data for two successive years (2018 and 2019) and obtained Document of Compliance for the related vessels.

### IMO Data Collection System (DCS)

All CNCo owned and operated vessels, which include MPVs, bulk carriers, container ships, plus the cement carrier in NZ, have been provided with a class-endorsed IMO-DCS plan. This is to ensure that all relevant data pertaining to carbon emissions is captured, verified and shared with relevant flag state authorities. CNCo voluntarily submits the emission data for two New Zealand coastal vessels (*MV Aotearoa Chief* and *MV Moana Chief*), which do not fall under the IMO-DCS regulatory framework. This decision has been consciously and actively taken by CNCo management to demonstrate responsible behaviour of the organisation. CNCo submitted 2019 emission data to a third-party verifier (Lloyd's Register) as part of the process.



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**CNCo ensures that all relevant data pertaining to carbon emissions is captured, verified and shared with relevant flag states authorities.**

# Energy Consumption and Emissions

Emissions from combusting marine fossil fuels in internal combustion engines in 2019 amounted to 1,995,763 tCO<sub>2</sub> representing 99.51% of our Scope 1 emissions (Marine Fuel, LO, escape / use of refrigerants, and use of petrol and diesel in company vehicles).

**Scope 1** plus Scope 2 (from use of commercial electrical power in our shore offices) gave a total of 2,006,038 tCO<sub>2</sub> emissions from CNCo's operations.

**Scope 2** emissions are immaterial in relation to our Scope 1 emissions (0.018%) and contributed 366.92 tCO<sub>2</sub> to the figure above.

**Scope 3** emissions from shore management and seagoing employees air travel contributed 5,752 tCO<sub>2</sub> which is a low contributor (0.286%) to total GHG footprint.

The overall emissions figure for Scope 1 increased by 14.99% on the prior year due directly to the increase in fleet size and distance travelled.

The total number of Swire Bulk vessels increased by 43% y-o-y. Those are mainly vessels on short- and long-term charters. This translated to the increase in total distance travelled by 35% and 18% increase in total vessel days when compared to 2018 figures. For Swire Shipping's fleet, we saw an increase in total distance travelled by 5% over the 2019 calendar year with 0.8% increase in total vessel days.

A summary of all these figures together with the trend over the years is presented in the Environmental Summary report (see page 119).

The normalised figures are shown in EEOI graphs of emissions per tonne / mile (average per vessel in fleet). See pages 120 - 121.

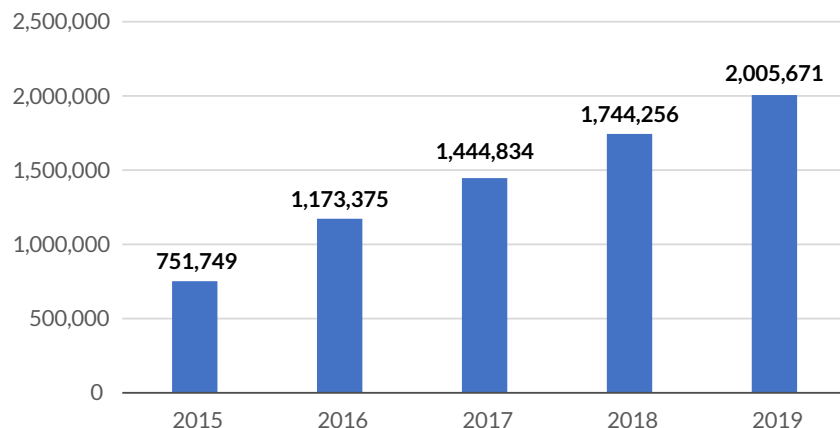
Scope 1 emissions include all vessels categorised as follows:

- owned, managed and operated
- managed and operated
- owned and operated
- chartered-in.

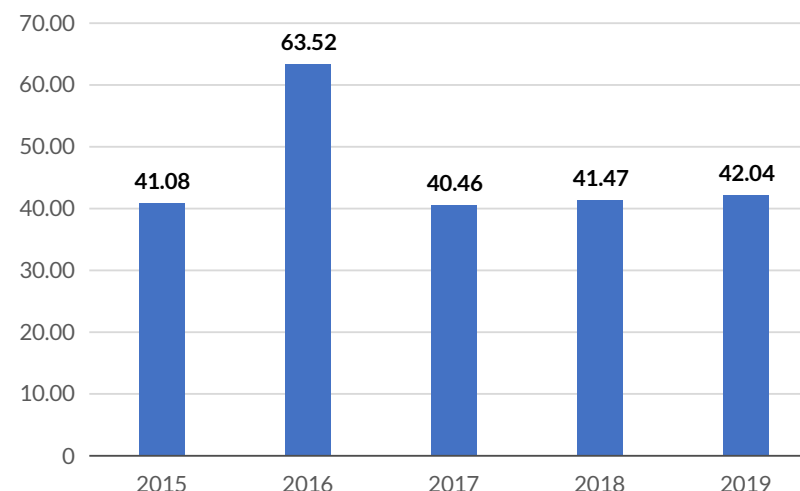
Normalised Scope 1 emissions show a drop from the 2016 level to being relatively stable over the past three years with a slight 1 - 2% fluctuation.

We continue to measure emissions of SO<sub>x</sub>, NO<sub>x</sub>, Particulate Matter (PM) and Volatile Organic Compounds (VOCs). As they are directly related to Scope 1 emissions, their numbers have been fluctuating accordingly with an average of 14% increase on 2018 figures.

**Scope 1  
Emissions  
(tCO<sub>2</sub>e)**



**Scope 1  
tCO<sub>2</sub>e /  
vessel day**





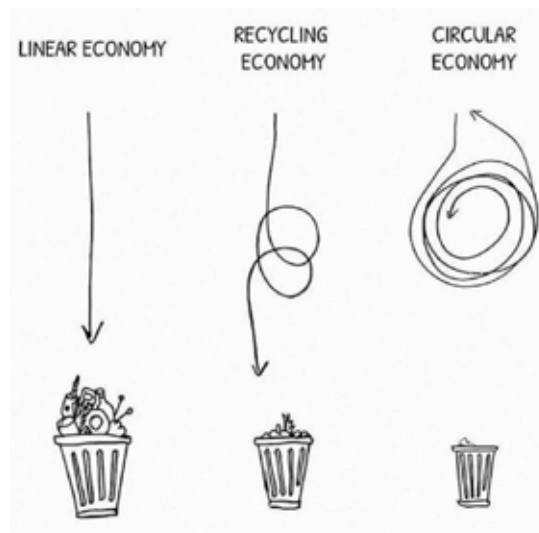
## Environmental Training

We continue to provide environmental education to our seagoing employees through the Safety Awareness Courses by including a module on energy efficiency awareness containing in-depth explanation of a Ship Energy Efficiency Management Plan (SEEMP), reporting and other measures.

CNCo provides computer-based training on the optimum use of the SEEMP to all Ship Managers and seagoing employees. This training is available on all our vessels. Our extensive Seagull Training collection has various environmental awareness modules which our seagoing employees can use to improve their knowledge. In addition to this training, monthly Quality, Health, Safety and Environment (QHSE) meetings are held on all CNCo vessels, at which relevant environmental topics are raised and discussed.

For our shore-based employees in Singapore, we have various educational events to broaden their understanding of the environmental challenges. Our aim is also to help them become more environmentally conscious in their daily lives. We invite prominent speakers to present on various environmental topics during *Lunchtime Takeaway seminars*. We also organise and build in educational components for our volunteering events which include beach clean-up exercises, mangrove planting, farming etc.

For our shore-based employees in Singapore, we have various educational events to broaden their understanding of the environmental challenges.



### Closing the Loop: Understanding the Circular Economy

On 11<sup>th</sup> July, we invited Marialine Verdickt, Founder of Circlewerkz and country organiser of Circular Economy Club (Singapore), to share her expertise on the Circular Economy. We wanted to learn how we could make the difference by going Circular.

The industrial system has always been “take, make and waste” which is known as a linear economy. It assumes that there are always resources to make a product, and there is always a place to dispose of it. However, we are running out of resources to meet our demands and space for the 2.12 billion tonnes of waste generated every year. 99% of what is bought is trashed within six months. From production to disposal, each product is accelerating climate change. Clearly, a linear economy is not a sustainable system. “The Circular Economy model is not new. An increasing number of existing and new organisations have been coming up with ways to manufacture products economically and sustainably, using the concept of the Circular Economy. This was particularly so in the fashion and technology industries,” said Marialine.



## Understanding more about shark conservation through a personal journey

According to the World Wildlife Fund, nearly 100 million sharks are killed each year and the fins of around 73 million of them end up in soup. Globally, the trade of shark meat is growing, even though fin demand is decreasing.

As part of the *Lunchtime Takeaway sessions* that are co-organised by the Sustainable Development and SPO's Corporate Communications teams, we invited Kathy Xu, Founder of The Dorsal Effect, to share about her shark conservation efforts with our CNCo and SPO colleagues in Singapore on 19<sup>th</sup> September 2019. The Dorsal Effect seeks to provide alternative livelihoods to fishermen in Indonesia and by so doing, avoid overfishing. Kathy founded The Dorsal Effect to promote a change in attitude towards sharks, and offer viable, sustainable, and profitable alternatives to shark hunting.

In reality, ending the shark trade by discouraging fishermen from hunting them is not a viable solution. To them, this is their livelihood and key source of income. As such, she came up with a business model of eco-tourism – The Marine Conservation Programme, where she engages some of the fishermen in Lombok, Indonesia to become tour and snorkelling guides for tourists. They can potentially earn more in a day through these eco-tours as compared to shark hunts which may or may not be profitable at times.

Interesting facts and statistics about sharks:

Source: <https://bit.ly/39onpo5>



According to the World Wildlife Fund, nearly 100 million sharks are killed each year and the fins of around 73 million of them end up in soup.

# Biodiversity

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At CNCo, we understand that maintaining responsible stewardship of the biodiversity that we impact is important to maintaining a resilient natural environment.



Above: Francesco Ungaro on Unsplash

There is a need to protect and enhance the ecosystems in which we operate and impact to help nature flourish. Various inputs to our operations such as fuel, paints, ballast water, food and packaging, cargo packing materials, lubricants and chemicals are vital to our operations and help to improve the efficiency of our vessels.

However, these inputs may also result in negative impact on the biodiversity in the areas in which we operate. To achieve our goal of sustainable development and in line with global biodiversity regulations, a greater understanding and emphasis of ecosystem resilience is required. There is a need to assess and identify biodiversity issues of concern to eliminate or minimise the adverse impacts on biodiversity.

CNCo produced Biodiversity Issues of Concern (BIC) and Biodiversity Action Plan (BAP) manuals to address high risk areas. BIC covers issues of concern such as marine and shore discharge, atmospheric emissions and other and their impacts. BAP covers the Ecologically and Biologically Significant Marine Areas (EBSA) and Particularly Sensitive Sea Area (PSSA). BAP allows CNCo to identify areas of operations that overlap with EBSA and PSSA together with Recommended Good Practice to follow.

We are expecting this area to assume a much higher profile once the international, legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation

and sustainable use of marine biological diversity of Areas Beyond National Jurisdiction (ABNJ) is finalised. This is currently delayed due to COVID-19.

We have in place a number of high level policies (e.g. Biodiversity, Environmental and Sustainable Development Policies) which provide the framework for reducing CNCo's environmental negative impact and impacts on biodiversity under our influence. We are also a part of the Swire Pacific Limited Biodiversity Working Group. This is a Swire group level platform that facilitates learning and is responsible for setting targets and monitoring performance.

We are always looking for opportunities to enhance biodiversity. CNCo partners the Endangered Species International ("ESI") in South Mindanao, the Philippines, to protect International Union for Conservation of Nature (IUCN)-critically endangered Philippine forest turtles on Mount Matutum and assist with a programme on mangrove and coastal reef conservation, management and rehabilitation activities in the Sarangani Bay area. We also support Mahonia Na Dari (MND) in Kimbe Bay, a local marine environment research and conservation education centre based in West New Britain, PNG.

Further to that, our work on Sustainable Ship recycling in Alang, India and **Moana Taka Partnership** in the Pacific region also have positive environmental and biodiversity impact.

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**To achieve our goal of sustainable development and in line with global biodiversity regulations, a greater understanding and emphasis of ecosystem resilience is required.**



## Industry Leadership

CNCo is a founding member and an active participant of the Sustainable Shipping Initiative (SSI). The SSI is a coalition of shipping leaders from around the world, formed to take practical steps to tackle some of the sector's greatest opportunities and challenges. The Group is working to achieve a vision "of an industry in which sustainability equals success". By being an active member of the SSI, CNCo works alongside competitors, regulators, suppliers, financial institutions etc., united by the common goal to show that collaborative action is possible, and to mobilise support across the whole shipping supply chain, demonstrating that shipping can contribute to and (will only) thrive by operating in a sustainable manner.

CNCo was also a lead company in the SSI's Sustainable Ship Recycling Working Group which evolved during 2017 into the Ship Recycling Transparency Initiative (SRTI). SRTI's vision is of a world where ships are recycled responsibly – socially, environmentally and economically – meeting and going beyond international conventions and norms.

It aims to:

- improve transparency in the ship recycling value chain;
- increase disclosure of ship recycling policies and practices;

- allow and encourage cargo owners, investors and other stakeholders to make informed decisions when using shipping companies and to incentivise improvements;
- create a level playing field for ship owners on ship recycling.

CNCo joined **Getting to Zero 2030 Coalition** in September 2019 together with more than 90 companies within the maritime, energy, infrastructure and finance sectors, supported by key governments and intergovernmental organisations (IGOs). The **Getting to Zero Coalition** is a partnership between the Global Maritime Forum, the Friends of Ocean action, and the World Economic Forum.

To curb the emissions from shipping, the IMO has agreed on an ambition to reduce GHG emissions from shipping by at least 50% by 2050. To reach this goal and to make the transition to full decarbonisation possible, commercially viable zero emission vessels must start entering the global fleet by 2030, with their numbers to be radically scaled up through the 2030s and 2040s. This will require both developing the vessels as well as the future fuel supply chain, which can only be done through close collaboration and deliberate collective action between the maritime industry, the energy sector, the financial sector, and governments and IGOs.



"CNCo is delighted to be part of the **Getting to Zero Coalition**. We are very much aligned with the goals and ambition of the Coalition and look forward to working with our peers and industry to advance the radical decarbonisation of shipping, and in achieving the vision of zero emission vessels by 2030. We strongly believe that when we harness our collective energies, we will be able to make significant progress."

James Woodrow, Managing Director, CNCo

## Getting to Zero Coalition

**"Accelerating maritime shipping's decarbonisation with the development and deployment of commercially viable deep sea zero emission vessels by 2030."**

Further information:

Sustainable Shipping Initiative (SSI)  
<https://www.ssi2040.org>

Getting to Zero Coalition  
<https://bit.ly/2CYXasg>

Photo credit: Captain Ranaweera C.M., Master of MV Pakhoi

Other regional initiatives

In 2019, CNCo joined the Economic and Social Commission for Asia and the Pacific (ESCAP) Sustainable Business Network (ESBN) and Task Force on Disaster and Climate Risk Reduction. ESBN was set up to drive businesses in working towards the 2030 Sustainable Agenda and associated Sustainable Development Goals (SDGs).

Under the **Moana Taka Partnership** (MTP) we help to remove waste from the Pacific Islands in partnership with the Secretariat of the Pacific Regional Environment Programme (SPREP). SPREP is a long-term partner of the UN Environment Programme (UNEP), and CNCo is now working with UNEP Head Office in Geneva to assist the MTP to be replicated by other shipping companies in the Indian Ocean and the Caribbean.

In August 2019, CNCo attended a roundtable organised by ESCAP and sponsored by Singapore’s Maritime Port Authority. The roundtable focused on strategies to augment long-distance tsunami monitoring. Data from ships’ Global Positioning Systems can be processed to remove the local sea and swell “noise”, to give

each ship’s height above mean sea level and thus show a long-distance tsunami wave. These can have as little as 20 cm height in open ocean but move as fast as a jet plane, over 450 knots, and can cross the entire Pacific Ocean in less than a day. As the waves enter shallow water near land, they slow to approximately 20 or 30 mph, but also increase to a height, such as nine metres in the case of the 2004 Boxing Day Tsunami that killed 230,000 people in 11 Asian countries around the Indian Ocean.

CNCo is hoping to run a pilot scheme to prove the viability of this virtually, user-intervention-free and very low-cost system, in 2020 - 2021, as our contribution to the Decade of Ocean Science for Sustainable Development (2021 - 2030). This is to support efforts to reverse the cycle of decline in ocean health and gather ocean stakeholders worldwide behind a common framework. The framework will ensure ocean science can fully support countries in creating improved conditions for sustainable development of the ocean and mitigate loss of life at the coastal regions of islands and around the edges of oceans.

Under the **Moana Taka Partnership** (MTP) we help to remove waste from the Pacific Islands in partnership with the Secretariat of the Pacific Regional Environment Programme (SPREP).

Moana Taka Partnership to the rescue

The fifth Steering Committee Meeting for the Global Environment Facility – Pacific Alliance for Sustainability (GEFPAS) Persistent Organic Pollutants (POPs) Release Reduction Project highlighted a number of waste management issues in the Pacific.

Similarly, Plasticity Pacific, a plastic sustainability conference, discussed key issues with regards to plastic waste and its management. In both conferences, the difficulty in the transportation of waste for recycling was brought to attention.

**Moana Taka Partnership** (MTP) is a cost-effective way of transporting non-commercialised waste products from one country to another. MTP allows for CNCo vessels to carry containers of recyclable waste from eligible Pacific Island ports, on pro bono basis, to be sustainably treated and recycled in suitable ports in the Asia Pacific.

Below: A container for recyclable waste



## Sustainable Ship Recycling

Moving in lock-step with the addition of our new tonnage is the responsible retirement of tonnage that is replaced as it reached the end of its economic life. By far the most environmentally efficient solution to this retirement is the responsible and environmentally sound recycling of ships through which over 99% of the ship by weight is reused, either 'as is' or in reconstituted form.

CNCo has a Sustainable Ship Recycling Policy in place stating that all vessels at the end of their working life will be sent for recycling to yards that, as a minimum and even prior to its full ratification, adhere to the Hong Kong International Convention for the Safe and Environmental Sound Recycling of Ships (HKC) that was adopted on 15<sup>th</sup> May 2009 and that, are certified by a reputable independent third party to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and preferably, ISO 30000:2009. This policy ensures that CNCo recycles its assets in a sustainable, safe and in an environmentally responsible manner.

As stated in our previous report, we oversaw the successful sustainable recycling of *MV Island Chief* between December 2018 and April 2019. We also sustainably recycled *MV Kweichow* between May 2019 and January 2020. All works were completed with zero injuries, zero pollution incidents, with increased level of HKC compliance and social commitment at an HKC compliant Ship Recycling Facility (SRF) in India (Alang Plot 13 for *MV Island Chief* and Alang Plot 65 for *MV Kweichow*).

Both SRFs were externally independently audited, visited by our GM SD and had an HKC "Compliance Monitoring Team" at the SRFs at all times when demolishing work was taking place. This was an additional discretionary cost to CNCo and helped ensure that capacity building continued, and that standards and best practices were maintained throughout the recycling process.

The SRFs accepted all third-party advice on improving operations from all three parties who were empowered to stop any / all work if it was seen that personnel were in danger, or potentially coming into danger of injury, or that there as a risk of an environmental pollution event. This is a noteworthy paradigm shift in extended producer responsibility (EPR) as with the exchange of the bill of sale, CNCo, as prior owners, no longer had any liability or responsibility for the vessel.

### *MV Island Chief* sustainable recycling statistics:

- 5,889 tonnes of recycled material
- 10.00 tonnes of hazardous waste (oil)
- 99.83% recycled, components re-used
- 105,156 manhours during dismantling
- Zero Lost Time Injury Frequency Rate (LTIFR)
- Zero Lost Time Injury (LTI)
- Zero Restricted Work Case (RWC)
- Zero Medical Treatment Case (MTC)
- Zero First Aid Case (FAC)

### *MV Kweichow* sustainable recycling statistics:

- 9,432 tonnes of recycled material
- 49 tonnes of hazardous waste (oil)
- 99.48% recycled, components re-used
- 168,421 manhours during dismantling
- Zero Lost Time Injury Frequency Rate (LTIFR)
- Zero Lost Time Injury (LTI)
- Zero Restricted Work Case (RWC)
- Zero Medical Treatment Case (MTC)
- Zero First Aid Case (FAC)



**Our vision is of a world where ships are recycled responsibly – socially, environmentally and economically – going beyond international conventions and setting a new norm for responsible ship recycling.**



Swire Pacific Limited's Sustainable Development Office produced and launched the Sustainable Ship Recycling video which explains our commitment to Sustainable Ship Recycling. The video is available on CNCo's website.

You can read more about the mitigated environmental impacts and health, safety and social impacts of Sustainable Ship Recycling here: <http://bit.ly/2kzIUhV>



Photos - from top:

Ship Recycling Facility (SRF)  
Bajinath Melaram

A look into the ICU

One of the ambulances  
serving the hospital in Alang

## SD team visits Alang, India

The CNCo SD team paid a visit to Alang, India, on 7<sup>th</sup> May 2019. The purpose of the trip was to visit the Ship Recycling Facility (SRF) Bajinath Melaram, where CNCo sustainably recycled *MV Island Chief* earlier in the year and to inspect the newly-opened hospital run by the Indian Red Cross.

CNCo has been working with a number of SRFs in Alang to recycle our vessels in the most environmentally and socially responsible way. This is a commitment that CNCo has made publicly in our Sustainable Ship Recycling Policy and we back this up by making additional investments to comply with the Hong Kong International Convention for the Safe and Environmentally sound recycling of ships (HKC). *MV Island Chief* was recycled at Bajinath Melaram SRF with zero LTIs, FACs, fatalities and no environmental incidents. A meeting was held with the yard's HSE team, Business Development Manager and the Owner to finalise the completion report.

We also took this opportunity to express our gratitude to the workers for the work performed safely and in line with CNCo's strict safety and environmental standards: Simon Bennett, GM SD presented each of the workers with a tee shirt as a token of our appreciation. This was very well received as no other ship owners have taken the opportunity to do this. HSE Representatives from the local Gujarat Maritime Board (GMB) were also in attendance.

We were also incredibly pleased to see the multi-specialty hospital in Alang finally open for business after more than a decade of being built, but left locked closed due to a local funding dispute. Co-funded by the Indian Red Cross Society and GMB, the hospital opened its doors three months ago to provide medical care to the 10,000 recycling workers and local residents, and primary care to trauma patients. The hospital is well-equipped with the basic medical equipment, has three ambulances and includes an Intensive Care Unit (ICU), Operating Room (OR), Burns unit and an in-patient ward. It also has a pharmacy as well as a functioning laboratory.

Since the opening, it has served about 100 patients a day (open 24 hours) with the professional care of three resident doctors. This is a huge milestone for Alang as the lack of medical facilities was a major issue expressed during a recent European Community Shipowners Association audit.

**CNCo has been working with a number of SRFs in Alang to recycle our vessels in the most environmentally and socially responsible way.**

## Reducing Our Plastic Footprint

Billions of single-use plastic water bottles are used once and then thrown “away” every year around the world. Of these, less than 30% are recycled, leading to almost 8 million tonnes of plastic ending up in the world's oceans annually.

In 2018 we set ourselves a goal to eliminate the consumption of single-use plastic (SUP) water bottles on board our vessels. Our Fleet Managers worked hard to install the reverse osmosis units on board our fleet to ensure we provide good quality potable water for our seagoing employees. We also introduced reusable water bottles to encourage our seafarers to say no to single-use plastic. During 2019 we have achieved significant reductions across our bulk and liner fleet:

- Swire Bulk fleet has reduced SUP water bottles consumption by 70%, by an average of 8,585 per month – or 103,000 over the year.
- Swire Shipping has reduced consumption on several vessels by 50%, with two vessels taking nil bottles for six months.

We are determined to continue our journey on the road towards zero SUP water bottles within our fleet. This will be a significant contribution towards protecting our oceans and working together to achieve Sustainable Development Goal 14 (Life Below Water) which aims to have sustainably managed marine and coastal ecosystems free from pollution.

We are planning to install the reverse osmosis system on other vessels in our fleet and we hope to eliminate SUP water bottles completely.

Besides our drive to do the right thing, the IMO has made a call to regulate against the use of SUP water bottles on board. As ship-owners we are obliged to provide clean potable water, under the MLC; and all our vessels produce their own water through reverse osmosis from seawater. Approximately 20 tonnes can be distilled each day and this is then kept in storage tanks for all freshwater needs on board. The water is tested to ensure compliance with MLC requirements.



**We are planning to install the system on other vessels in our fleet and we hope to eliminate SUP water bottles completely.**



In the office, we launched the “Say No to Single-Use Plastic” campaign in October 2019 as part of our efforts to help reduce employees’ plastic footprint. Every shore-based employee received a pack comprising reusable items in a cotton bag including a metal straw, a BPA-free reusable plastic bottle / aluminium bottle, and a stainless steel fork and spoon.

We have received a lot of positive feedback from our employees and we are proud that many expressed their intent to support the cause and Say No to Single-Use Plastic, be more mindful of their daily actions and adopt a more sustainable lifestyle.



Photos - from top:

- Singapore
- Suva
- New Caledonia



We have received a lot of positive feedback from our employees and we are proud that many expressed their intent to support the cause and Say No to Single-Use Plastic.

## Learning all about plastic waste

Plastic waste is becoming an epidemic worldwide. In the Asia Pacific region, more than 370 million people inhabit the 4,000 islands, generating 11 million tonnes of plastic waste per year. 74% of plastic leakage comes from this region as there is no proper infrastructure for waste. Plastic is polluting the oceans and lands, affecting wildlife and damaging our health.

On 9<sup>th</sup> April 2019, we invited Louise Hardman, the founder of The Plastic Collective, to share how they educate communities on eliminating, innovating and circulating single-use plastic. It is a social enterprise which aims to provide plastic waste solutions to communities in remote islands by remoulding plastics into practical and useful items, and in turn, providing income.

Source: <https://bit.ly/32QOdfw>

1	2	3	4	5	6	7
PET	HDPE	PVC	LDPE	PP	PS	OTHER
Polyethylene terephthalate	High-density polyethylene	Polyvinyl chloride	Low density polyethylene	Polypropylene	Polystyrene	Other types of plastics
PET is commonly used in commercially sold water bottles, soft drink bottles, sports drink bottles and condiment bottles.	HDPE is commonly used in milk and juice bottles, detergent bottles, shampoo bottles, grocery bags and cereal box liners.	PVC can be flexible or rigid, and is used for plumbing pipes, clear food packaging, shrink wrap, plastic children's toys, tablecloths, vinyl flooring and blister packs.	LDPE is used for dry cleaning bags, bread bags, newspaper bags, produce bags, "paper" milk cartons and hot/cold beverage cups.	PP is used for dry cleaning bags, yogurt containers, food containers, furniture, luggage and winter clothing insulation.	PS is used for toys, rigid packaging, refrigerator trays and CD cases. Also used to form Expanded Polystyrene (EPS) used for take out containers, cups/plates and packing chips.	Any plastic item not made from 1-6 plastics is lumped together as a number 7 plastic and is used for things like CD's, baby bottles and headlight lens.

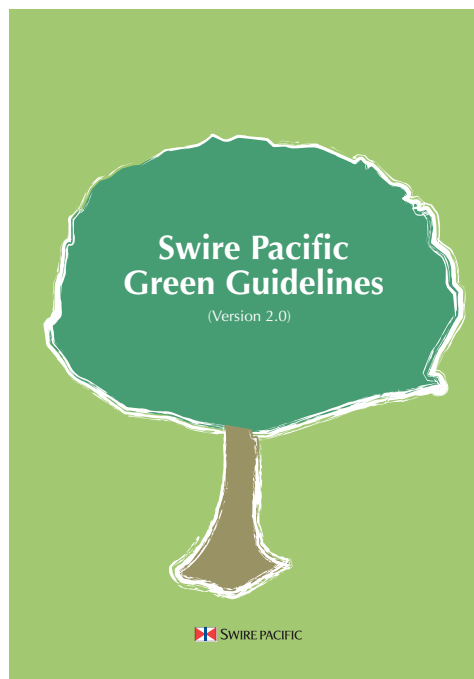


## Eco-Office and Green Guidelines

To help reduce the Company's carbon footprint, CNCo strongly encourages employees to follow the Swire Pacific group's Green Guidelines which are based on the Green Office and Eco-Office practices. We look at applications of the Eco-Office principles such as the Reduce-Reuse-Recycle approach, reduced electricity usage, use of FSC certified paper, double-sided printing, more efficient use of aircon / heating and follow good recycling practices to further reduce our carbon footprint wherever possible. CNCo's offices have held the Singapore Environmental Council Eco-Office Certification since 2012 and went through the regular reassessment process in 2019.

Our employees have embraced Eco-Office practices together with the approach to environmental sustainability. We continue to educate and engage our employees in environmental activities ranging from corporate volunteering for conservation and environmental causes (see "Our Communities" section of the report for more information), partnering with not-for-profit organisations and organising *Lunchtime Takeaway* sessions on sustainability-related topics in the Singapore office.

To view the Swire Green Guidelines, please visit:  
<http://bit.ly/2NgmFbF>



To help reduce the Company's carbon footprint, CNCo strongly encourages employees to follow the Swire Pacific group's Green Guidelines which are based on the Green Office and Eco-Office practices.

*Photo far left: Conscious Design on Unsplash*

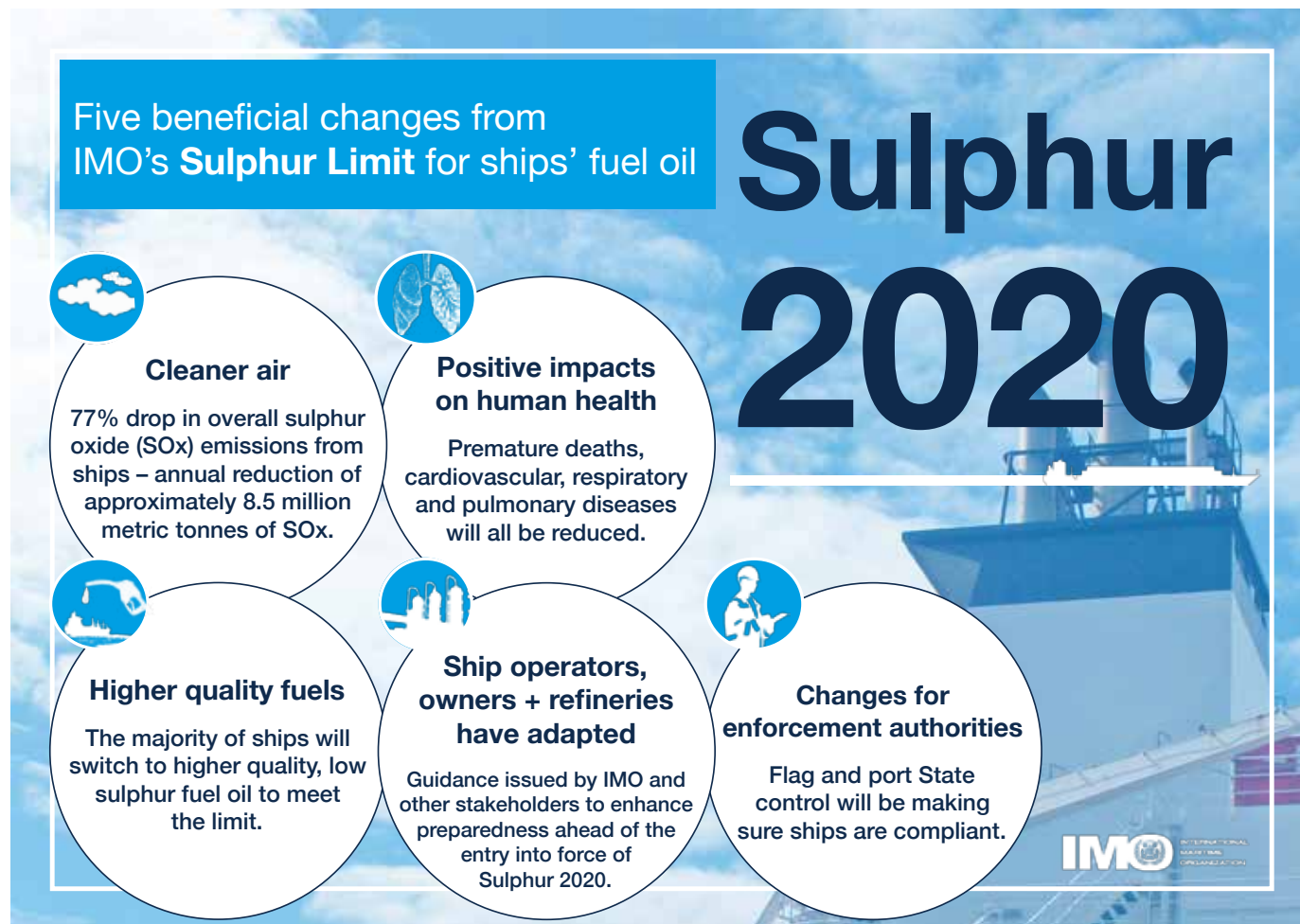
## Global Sulphur Limit on Marine Fuels

The International Maritime Organisation (IMO) instituted new regulations that wef on 1<sup>st</sup> January 2020, Sulphur emissions from the marine sector in international waters were to be slashed. From 1<sup>st</sup> January 2020, the limit for Sulphur in fuel oil used on board ships operating outside designated emission control areas was reduced to 0.50% m/m (mass by mass). This will result in a significantly reduced amount of Sulphur oxides emanating from ships which should have major health and environmental benefits for the world, particularly for populations living close to ports and coasts.

To comply, shippers had options to switch to Marine Gasoil (MGO) or Very Low Sulphur Fuel Oil (VLSFO), to continue using High Sulphur Fuel Oil (HSFO) for vessels retrofitted with on board scrubbers or to use Liquefied Natural Gas (LNG) as a bunker fuel. Over 2019 CNCo worked hard to ensure that the switch takes place prior to the regulation coming into force and simultaneously running educational campaigns for our customers on the implications of the higher bunker price.

The change-over to compliant fuels took place over the course of December 2019. The Multipurpose Vessels (MPV) were able to burn all HSFO in December and hence had no non-compliant fuels going into the new year. For the bulk fleet, seven ships were unable to burn all the HSFO before changing over on 31<sup>st</sup> December due to unexpected delays in port or at anchorage. The non-compliant fuel was de-bunkered prior to the 1<sup>st</sup> March 2020 deadline and the fleet was always in full compliance of the regulations.

**Significantly reducing the amount of Sulphur oxides emanating from ships will have major health and environmental benefits for the world.**



Source: <https://bit.ly/2OTMSwl>

## Climate Change and Our Business

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Climate change and GHG emissions in the shipping industry simply must be addressed as the sector delivers around 90% of global trade in the most efficient way and is a key driver of the world's economic engine. IMO's adoption of a GHG reduction strategy aims to reduce total GHG emissions from shipping at least by 50% in 2050, and to reduce the average carbon intensity (CO<sub>2</sub> emitted per cargo tonne-mile carried) by 40% in 2030 and 70% in 2050, compared to 2008. This will not be possible without the development of low / zero carbon fuels in addition to the energy efficiency measures and speed reductions.

CNCo is both fully aware of, and cognizant of, the concerns of global governments and the public about, climate change risks. We recognise that the use of fossil fuels to meet the world's energy needs contributes to the rising concentration of greenhouse gases in the atmosphere, which will result in further increases in global temperatures. We recognise the dangers of inaction and we are committed to reducing CNCo's environmental impact.

There is a growing demand for climate-related information by investors, lenders, insurers and other stakeholders. The Task Force on Climate-related Financial Disclosures (TCFD)\* provides voluntary, consistent climate-related financial risk disclosures for use by companies in information to investors, insurers and other stakeholders. While the recommendations of the TCFD primarily relate to listed entities and as we transit into a lower carbon economy, we are, as good business practice, looking to assess climate-related risks and opportunities for CNCo. We will address this in more detail in future reports as the Swire group comes to a consensus on the most applicable Representative Concentration Pathway (RCP) to use for our scenario planning.

\*Source:  
<https://www.fsb-tcfd.org>



Above: William Bossen on Unsplash

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**Climate change and GHG emissions in the shipping industry simply must be addressed as the sector delivers around 90% of global trade in the most efficient way and is a key driver of the world's economic engine.**



Many banks that lend to shipping lines have announced that climate impact will be integrated into the criteria that determines how much they will lend to shipping companies and at what rate, an effort they say will substantially cut CO<sub>2</sub> emissions in the industry. Responsible Finance Houses will be able to measure the carbon intensity of their shipping portfolios on an annual basis and assess their climate alignment relative to established decarbonisation trajectories. This should be a strong driver to prioritise climate change issues in the business' decision-making processes and help drive transitioning to the necessary technology for the design of ships, reduction of emissions and, crucially, radical decarbonisation that the industry requires.

The new lending framework, termed the "Poseidon Principles", will assess and disclose whether financial institutions' lending portfolios are in line with the IMO's climate goals adopted in 2018. The Poseidon Principles are the world's first global, sector-specific and self-governing climate alignment agreement among financial institutions which is very important in driving climate change action within the shipping industry.

CNCo takes multiple steps towards reducing our emissions from operations and our effort towards increasing fuel efficiency are a

good testament to that. CNCo has a very young fleet of modern, fuel / carbon efficient "eco-designed" vessels which helps us to gain savings possible through Technical and Operational measures. We are also actively looking at the possibility of using biofuel and hydrogen as the alternative energy source. We are engaging with industry partners on advancing new alternatives to fossil fuels and Cold Ironing in ports. We are constantly evaluating various options that will help us to decarbonise our business.

We have set ourselves a more aggressive goal to reduce liner and bulk fleet EEOI which we measure and monitor and work with the two operating divisions and fleet management on strategies towards gradual annual reduction.

We have explored the option of using battery stored hydrogen to supplement Heavy Fuel Oil (HFO) for our coastal vessels in New Zealand (NZ). However, our study showed that lower energy density, significant storage requirement on-board vessels and insufficient hydrogen supply makes it not a viable solution at this time.

We also started to investigate using power from ashore, also known as Cold Ironing. This involves the provision of electrical power from the shore (especially in ports where the grid supply has

a very low carbon footprint) to a vessel while it is docked, thereby allowing the vessel's auxiliary engines to be turned off and the burning of diesel fuel to cease. This is existing technology, used in ports globally, allowing reduction of GHG emissions by up to 98% under optimal energy circumstances.

While this sounds like a good opportunity to reduce emissions in ports, the drawbacks include high CAPEX and dependence on port infrastructure which is not widely available in the many ports CNCo calls at. We will continue exploring using Cold Ironing for our two cabotage ships in NZ.

**Project Cerulean** is an example of CNCo's investment in low carbon shipping solutions in the Pacific where commercial shipping is often not a viable solution for trade routes between smaller islands. They have very little connectivity and rely heavily on the import of goods. For more information on **Project Cerulean** please see "Our Communities" section of the report.

Joining the **Getting to Zero Coalition** is also a strong commitment towards being a part of the industry-wide effort towards radical decarbonisation. We will continue exploring various decarbonisation options and will report on our progress in future SD reports.



CNCo has a very young fleet of modern, fuel / carbon efficient "eco-designed" vessels which helps us to gain savings possible through Technical and Operational measures.

<sup>1</sup><https://bit.ly/32O0JMT>

# 7 | Data

	<b>Data</b>
<b>103</b>	Value Chain Analysis
<b>104</b>	Consolidated Materiality Matrix
<b>105</b>	Key Risks and Opportunities Identified by Stakeholder Groups
<b>107</b>	SD Strategy
<b>109</b>	SDGs / CNCoTHRIVE / Material Issues with Progress
<b>113</b>	Safety Statistics
<b>116</b>	Employment Data
<b>119</b>	Environmental Summary
<b>120</b>	Energy Efficiency Operational Indicator
<b>122</b>	Abbreviations
<b>124</b>	Self-declaration: Corporate Social Responsibility
<b>125</b>	GRI Standards Content Index
<b>141</b>	Contact
<b>142</b>	Assurance Statement

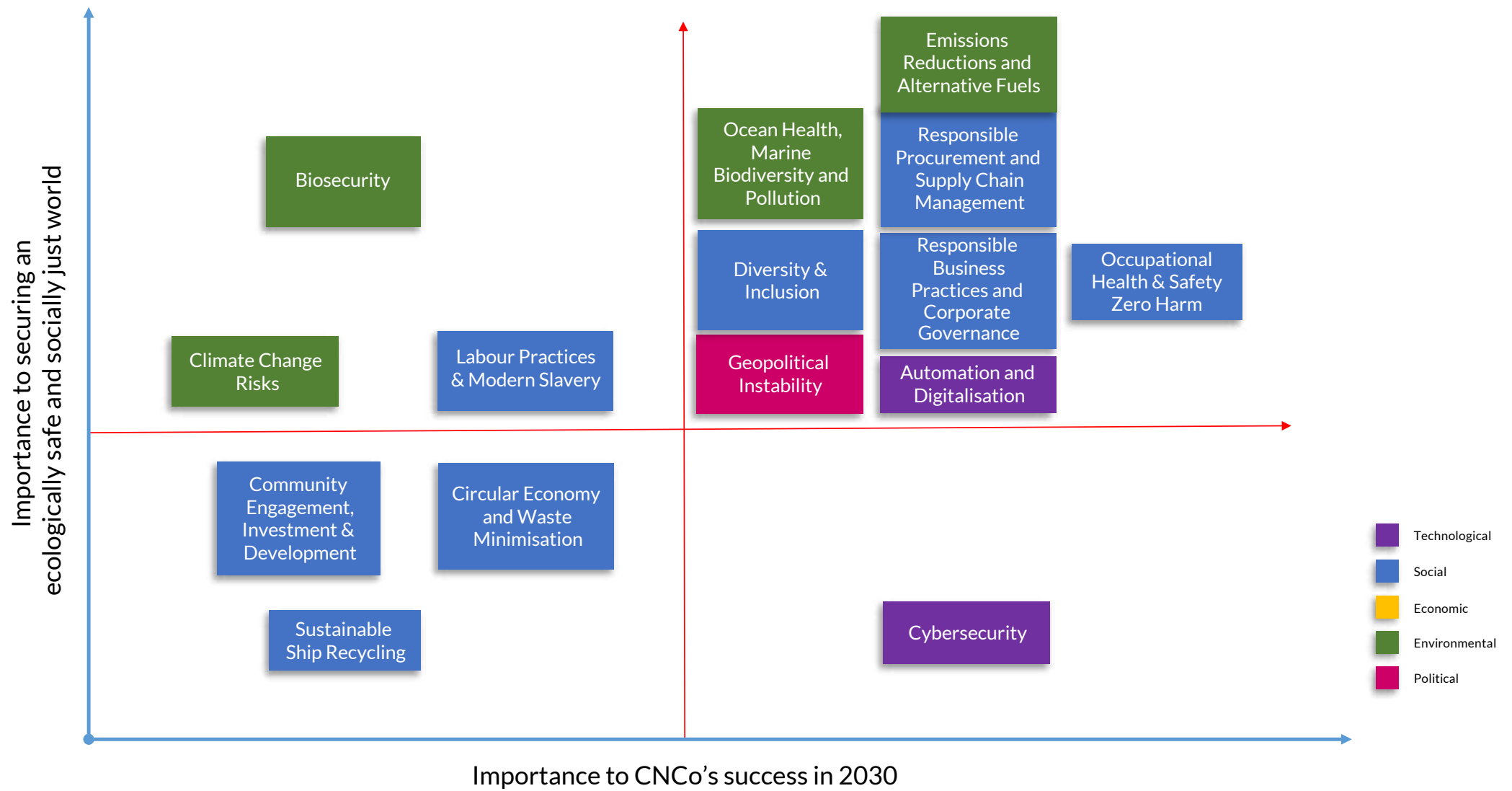
Our Value Chain covers three main phases of our operations: a) building our vessels b) operating our vessels and c) transferring the ownership of the vessel at the end of its economic life for us, whether for onward trading or recycling. This may be termed a BOT (Build / Operate / Transfer) framework.

\* Buying phase is omitted due to the negligible Value.

\*\* Transfer phase mainly focuses on ship recycling when we demand continuing responsibility post completion of sale rather than sale for onward trading at which point our liabilities and opportunities to add / destroy value cease.

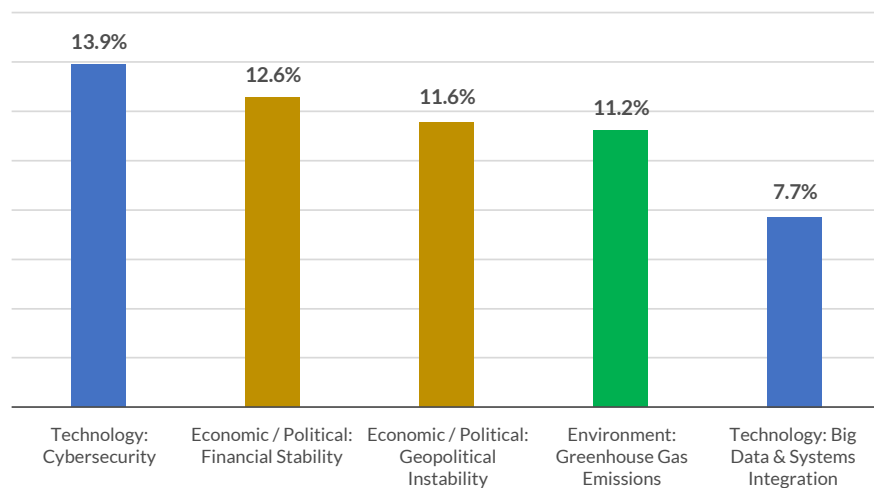
	Build issues*	Operate issues	Transfer issues**
Economic	Local economic development Ethical governance at ship building site	Employment creation Supply chain value and opportunities Facilitation of global economy and trade Global and local economic development Ethical governance	Local economic development Ethical governance at Ship Recycling Facility (SRF) site Monitoring cost of sustainable ship recycling
Environmental	Drive demand for improved standards in the industry Positive step change in reducing environmental footprint during design phase Better management of construction phase R&D / more environmentally-responsible features Influencing the demand for sustainable products / services	Drive demand for improved standards in the industry Improved performance (alternative fuel, reduced emissions through operational efficiencies) during operations Reduced environmental impact / carbon footprint Reduced waste to land and sea Influencing the demand for sustainable products / services	Drive demand for improved standards in the industry Reduced environmental impact during recycling R&D / more environmentally-responsible options for reuse and recycling Influencing the demand for sustainable ship recycling
Social	Drive behavioural change and demand for improved standards in the industry Improved working conditions at ship building yards Improved H&S practices Improved human rights and labour practices Employment creation Improved social indicators and positive impact on overall well-being of workers	Drive behavioural change and demand for improved standards in the industry Improved working conditions Improved H&S practices Improved human rights and labour practices Employment creation and work opportunities Community development	Drive behavioural change and demand for improved standards in the industry Build capacity of SRF in India Improved working conditions at SRF Improved safety standards at SRF Improved human rights & labour practices Employment creation Improved social indicators and positive impact on overall well-being of workers



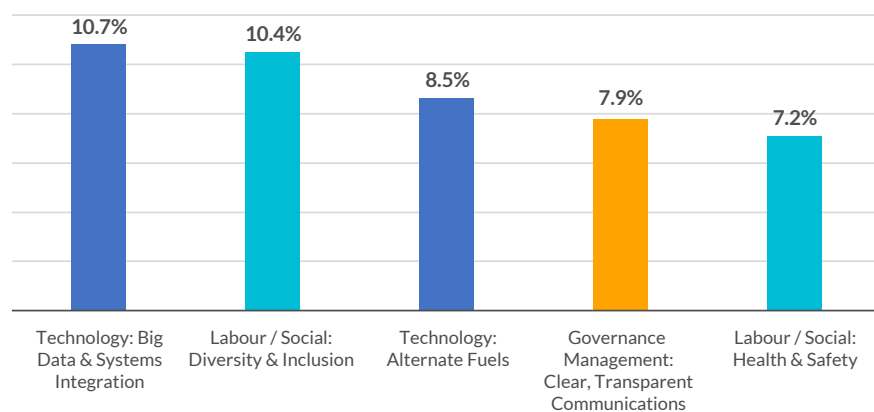


## Internal shore-based employees

## Assessed Material Risks

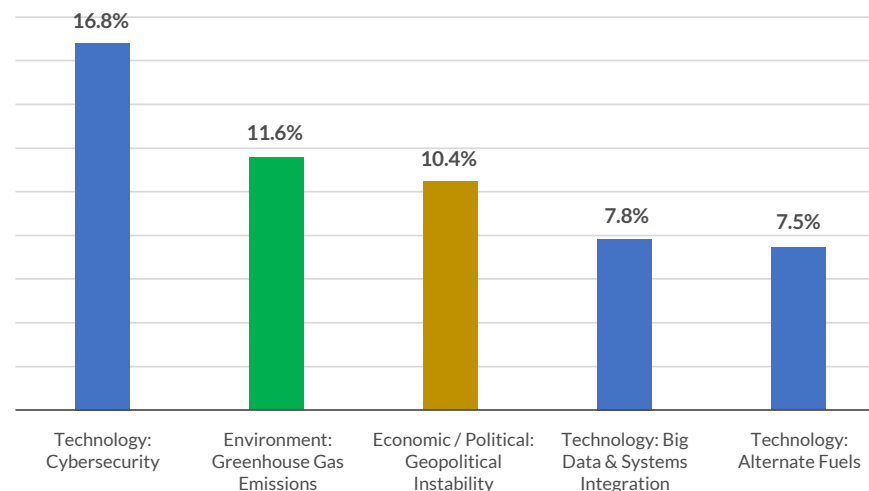


## Assessed Material Opportunities

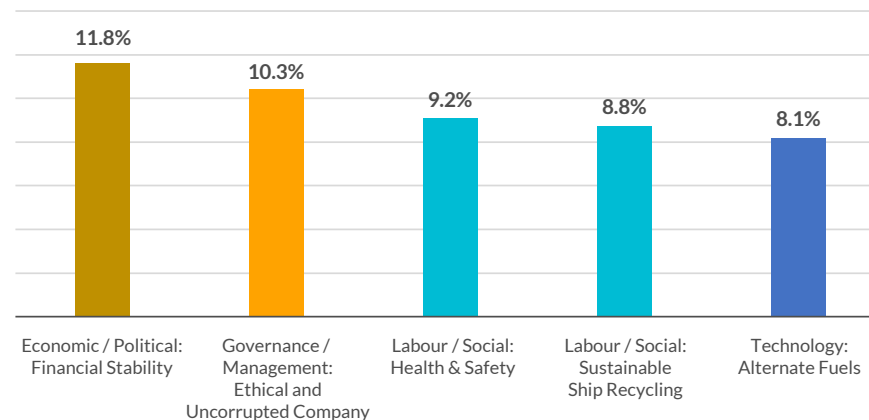


## Internal seagoing employees

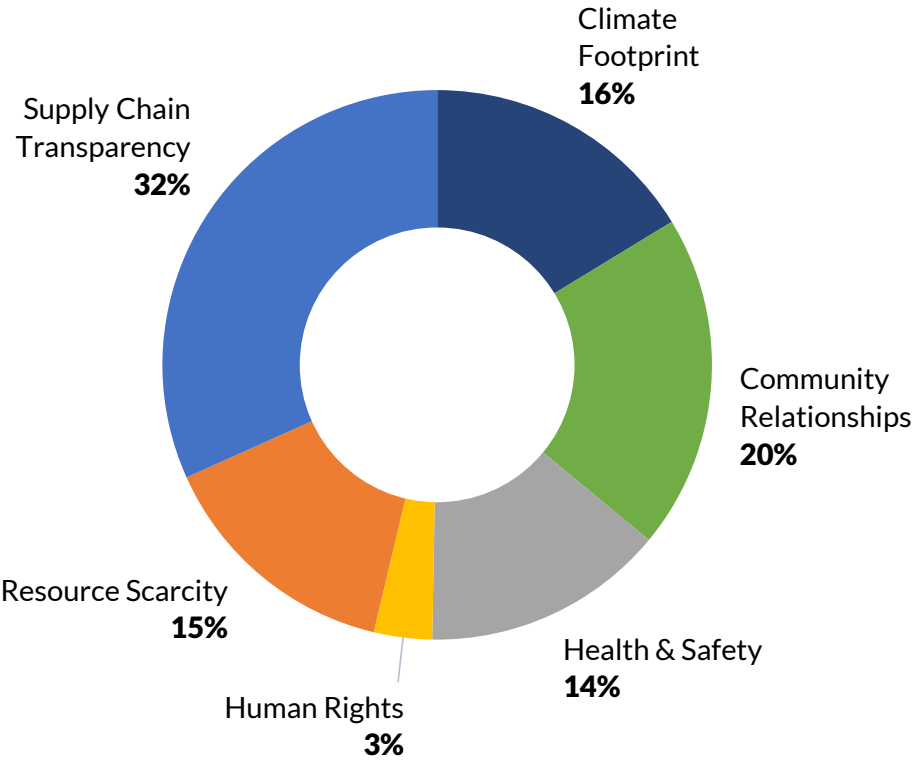
## Assessed Material Risks



## Assessed Material Opportunities



Customers



We ensured that in describing what is material today, CNCo's stakeholders are considering not just present day risks, but also changes on the horizon that will affect the actions we need to take as a business.



Above: Laurenz Kleinheider on Unsplash



## CNCoTHRIVE

CNCo has been in business since 1872.

Our business has stood the test of time because we have always looked ahead and made decisions based on long term sustainability.

We don't see our business as separate from the world. We depend on it, and wish to help shape it positively.

So when we build businesses, we seek to build communities. When we employ people, we help them to fulfil their potential. When we use resources, we seek to protect the environments that provide them.

The world in which we operate is facing some of the most pressing social and environmental challenges of our time. We are committed to being part of the solution.

\* The Sustainable Development Goals (SDGs) is a set of seventeen aspirational global goals to end poverty, protect the planet, and ensure prosperity for all.

For more information please visit: <https://sustainabledevelopment.un.org>

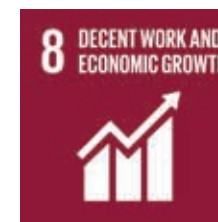
**Because when the world in which we operate thrives, so do we.**

## Thriving People

We will respect and care for our employees and other stakeholders, unlocking the potential for all of us to grow by:

- Safeguarding the health and safety of all our employees and stakeholders by driving sustained safety excellence;
- Adopting a diverse and inclusive approach to securing the best talent;
- Improving our corporate governance to reflect our stakeholders' interests;
- Respecting the human rights of all of our employees and other stakeholders.

## Relevant SDGs



## Thriving Environment

We will help create a resilient environment that provides for our future by:

- Pursuing a long-term goal of decarbonisation and optimising energy efficiency;
- Turning today's waste into tomorrow's resource;
- Using natural resources and systems responsibly and sustainably;
- Protecting and, where viable, enhancing the biodiversity of environments that our operations impact.

### Relevant SDGs




## Thriving Communities

We will work with communities wherever we operate to improve people's lives by:

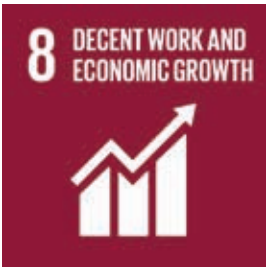
- Connecting with and empowering the local communities that we touch;
- Strengthening our supply chain through responsible and ethical sourcing of services and materials;
- Offering services to enable our stakeholders to live more sustainably.


### Relevant SDGs



Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2019 calendar year
	<p>Safeguarding the health and safety of all our employees and stakeholders by driving sustained safety excellence.</p>	Occupational Health and Safety / Zero Harm	<p>See progress in the “Safety”, “Our People”, “Our Environment” and “Our Communities” Sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Health and Safety Policy and standards / Labour practices / Employee welfare and benefits / D&amp;A Policy</li> <li>• Respect in the Workplace Policy</li> <li>• Emotional support helpline</li> <li>• Welfare Committees on board our fleet and in offices</li> <li>• Suicide prevention training for seagoing employees</li> <li>• Enhancing our approach to safety through the Zero Harm campaign</li> <li>• Environmental Policy and procedures to ensure No Harm to the environment and communities</li> <li>• Discretionary Safety Training and other courses</li> <li>• Waste disposal and responsible ship recycling in line with international conventions - improved social standards for workers</li> <li>• Livelihood projects for communities in the Philippines (ASSMDA - Corporate Philanthropic projects)</li> <li>• Seafarers Drop-in Medical Centres in Tacloban and Bantayan</li> <li>• Supporting seafarers worldwide in partnership with The Mission to Seafarers and Sailors' Society</li> </ul>
	<p>Adopting a diverse and inclusive approach to securing the best talent.</p> <p>Respecting the human rights of all of our employees and other stakeholders.</p>	Diversity & Inclusion	<p>See “Our People” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Diversity &amp; Inclusion Policy and Respect in the Workplace Policy</li> <li>• Preventing Harassment and Discrimination in the Workplace training module</li> <li>• Use of gender inclusive language</li> <li>• Gender neutral employee attraction and retention policies and procedures</li> <li>• Equality in pay structures and rewards</li> <li>• HRM practices supporting women in the workforce</li> <li>• Ensuring that funded activities benefit both genders</li> <li>• Leadership development programmes</li> <li>• Membership of WISTA (Singapore chapter)</li> <li>• Training for female PNG cadets</li> </ul>



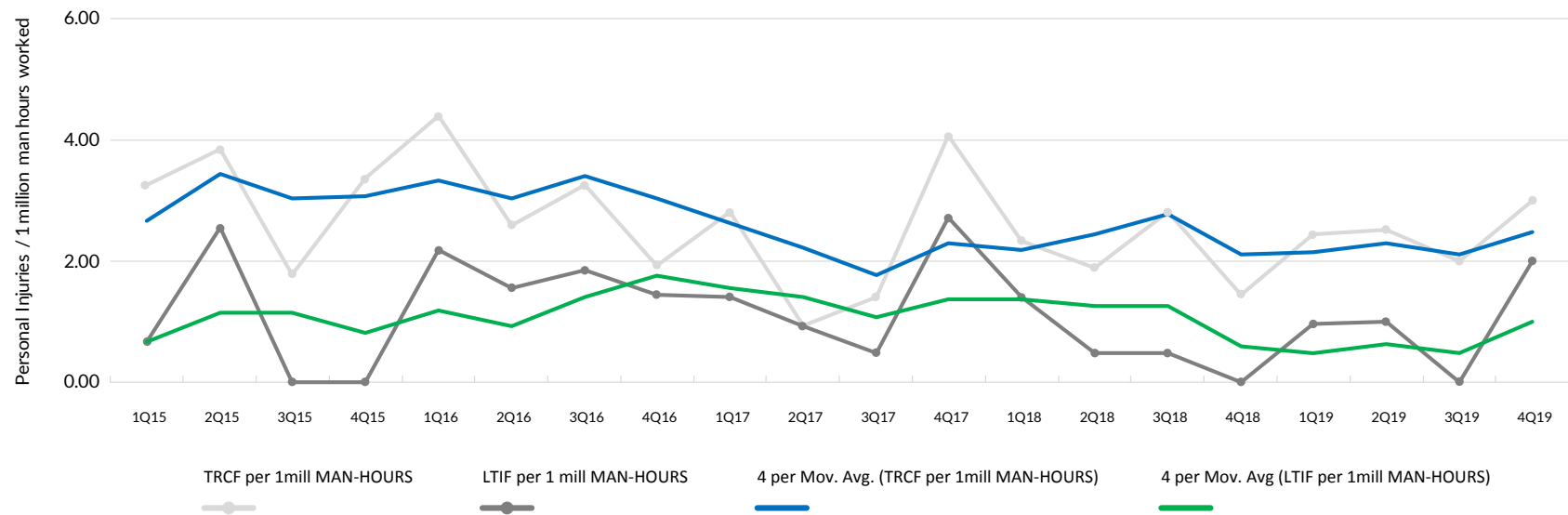
Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2019 calendar year
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	<p>Using natural resources and systems responsibly and sustainably.</p>	<p>Ocean health, marine biodiversity and pollution</p>	<p>See “Our Environment” and “Our Communities” sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Environmental protection of water catchment areas and water resources (Ship recycling and Community projects: Partnership with ESI and Corporate Volunteering events) zero pollution incidents and net zero impact on the environment and its biodiversity</li> <li>• Biodiversity Issues of Concern (BIC) and Biodiversity Action Plan (BAP)</li> <li>• Water treatment on vessels and recycling practices</li> <li>• Safe ship recycling practices minimising release of hazardous chemicals into the water</li> <li>• Anti-fouling paint application</li> <li>• Protection of wetlands and waterways clean up (CP projects), mangroves (SGCT and Partnership with ESI)</li> <li>• Supporting Mahonia Na Dari (MND) in Kimbe Bay / PNG</li> <li>• ECHO programme led by Vancouver Fraser Port Authority</li> </ul>
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p>Pursuing a long-term goal of de-carbonisation and optimising energy efficiency.</p>	<p>Emissions reductions and alternative fuels</p> <p>Automation and digitalisation</p>	<p>See “Our Environment” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Decarbonisation through exploring alternative fuel options / R&amp;D into alternative energy sources (Biofuel trials and potential of using hydrogen, Cold Ironing in ports)</li> <li>• Member of <b>Getting to Zero Coalition</b></li> <li>• Initiatives to improve fuel efficiency / Fleet Efficiency Manager in place</li> <li>• Use of performance management system: Fleet Decision Support Service (FleetDSS) across 50 CNCo vessels</li> <li>• Internal fleet efficiency KPI scorecard</li> <li>• KPIs for reducing our EEOI</li> <li>• Reporting our environmental performance</li> <li>• Eco-Office / green office practices</li> </ul>
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p>Adopting a diverse and inclusive approach to securing the best talent.</p> <p>Respecting the human rights of all of our employees and other stakeholders.</p> <p>Strengthening our supply chain through responsible and ethical sourcing of services and materials.</p>	<p>Diversity and Inclusion</p> <p>Responsible business practices and corporate governance</p> <p>Responsible procurement and supply chain management</p>	<p>See “Governance”, “Our People” and “Safety” sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Inclusive labour practices across all countries of operation</li> <li>• Good and safe working conditions</li> <li>• Equal pay for work of equal value</li> <li>• Sound labour rights incorporated into organisational policies and procedures (HR and SPSM Contracts and Manuals)</li> <li>• Human rights impact assessments (when required)</li> <li>• Diversity &amp; Inclusion Policy and Respect in the Workplace Policy</li> <li>• H&amp;S standards</li> <li>• Modern slavery assessments and published statements</li> <li>• Supply Chain Sustainability Code of Conduct / Supplier audits</li> </ul>

Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2019 calendar year
	<p>Adopting a diverse and inclusive approach to securing the best talent.</p> <p>Respecting the human rights of all of our employees and other stakeholders.</p>	Diversity & Inclusion	<p>See “Our People” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Diversity &amp; Inclusion Policy and Respect in the Workplace Policy and its enforcement ashore and at sea</li> <li>• Grievance mechanism</li> <li>• Social protection policies and minimum wage in line with National labour laws</li> <li>• Equality in pay structures and rewards</li> <li>• Modern slavery assessments</li> <li>• Local content hiring policies</li> <li>• Assistance to the Family Support Centre in Solomon Islands</li> </ul>
	<p>Turning today's waste into tomorrow's resource.</p> <p>Using natural resources and systems responsibly and sustainably.</p> <p>Strengthening our supply chain through responsible and ethical sourcing of services and materials.</p>	Responsible procurement and supply chain management	<p>See “Governance”, and “Our Environment” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Environmental Policy and practices</li> <li>• Hazardous materials management practices and disposal</li> <li>• Sustainable ship recycling practices</li> <li>• Member of Ship Recycling Transparency Initiative (SRTI)</li> <li>• SD Policies, committees, working groups</li> <li>• Transparent SD reporting in accordance with GRI standards</li> <li>• Supply Chain Sustainability working group and CoC</li> <li>• Sustainable Procurement Policy and practices</li> <li>• Sustainably Produced Food Policy</li> <li>• Swire Pacific Group's Green Guidelines</li> </ul>
	<p>Pursuing a long-term goal of de-carbonisation and optimising energy efficiency.</p> <p>Protecting and, where viable,</p>	Emissions reductions and alternative fuels	<p>See “Our Environment” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Decarbonisation through low carbon technologies and minimising use of fossil fuels / R&amp;D into alternative energy sources</li> <li>• Member of <b>Getting to Zero Coalition</b></li> <li>• Initiatives to improve fuel efficiency / Fleet Efficiency Manager in place</li> <li>• Use of performance management system: Fleet Decision Support Service (FleetDSS) across 50 CNCo vessels</li> <li>• Internal fleet efficiency KPI scorecard</li> <li>• <b>Project Cerulean</b> in the Pacific</li> <li>• KPIs for reducing our EEOI</li> <li>• Eco-Office / green office practices</li> </ul>

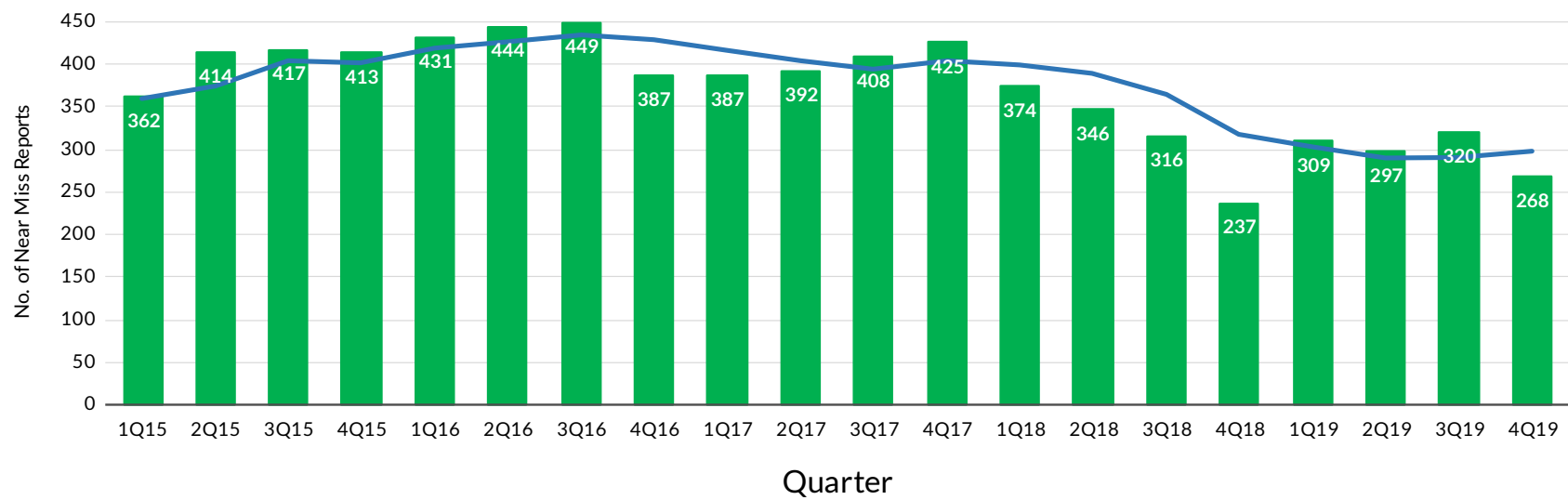
Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2019 calendar year
 <p>14 LIFE BELOW WATER</p>	<p>Enhancing the biodiversity of environments that our operations impact.</p>	<p>Ocean health, marine biodiversity and pollution</p>	<p>See “Our Environment” and “Our Communities” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Going beyond legislative compliance</li> <li>• Zero Harm Policies / Investment in clean and green technologies</li> <li>• Green guidelines</li> <li>• Biodiversity Issues of Concern (BIC) and Biodiversity Action Plan (BAP)</li> <li>• Anti-fouling paint application</li> <li>• Ballast water regulations</li> <li>• Corporate Philanthropic investments (Partnership with ESI, employee education and volunteering)</li> <li>• Working with NGOs on environmental conservation and biodiversity related projects</li> <li>• Supporting Mahonia Na Dari (MND) in Kimbe Bay / PNG</li> </ul>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Improving our corporate governance to reflect our stakeholders' interests.</p>	<p>Responsible business practices and corporate governance</p> <p>Responsible procurement and supply chain management</p>	<p>See “Governance” and “Our People” sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Whistleblowing Policy / Third-party due diligence</li> <li>• Anti-trust Policies / Sanctions</li> <li>• Procurement practices and guidelines / Supply Chain Sustainability Code of Conduct</li> <li>• Anti-bribery Policy and training for employees</li> <li>• Privacy Policies, procedures and training</li> <li>• Cybersecurity training</li> </ul>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Connecting with and empowering the local communities that we touch.</p> <p>Offering services to enable our stakeholders to live more sustainably.</p>	<p>Ocean health, marine biodiversity and pollution</p>	<p>See “Our Communities” and “Our Environment” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Stakeholder engagement at international fora</li> <li>• Member of Sustainable Shipping Initiative and SRTI</li> <li>• Corporate Philanthropic investments in our key stakeholder communities</li> <li>• Partnerships with universities, research institutions and NGOs</li> <li>• Working with governments in the areas of assistance required in LDCs where we operate</li> <li>• <b>Moana Taka Partnership</b> with SPREP</li> <li>• Civil Society partnerships for SD</li> </ul>



Injuries



Near Misses



## Safety Performance

<b>FLEET SAFETY</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>FATALITIES</b>	0	0	0
<b>LOST TIME INJURIES (LTI)</b>	8	5	10
<b>NEAR MISSES</b>	1,194	1,273	1,612

<b>CONTRACTOR SAFETY**</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>FATALITIES</b>	0	0	0
<b>RECORDABLE CASES (LTI+MTC)</b>	7	8	4
<b>NEAR MISSES</b>	114	46	59

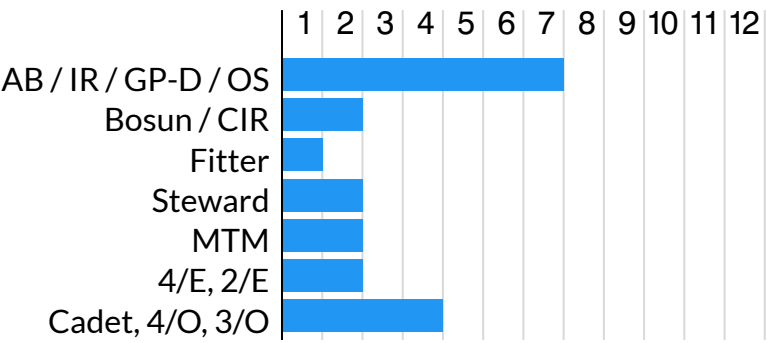
<b>PORT STATE CONTROL</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>PSC DEFICIENCIES</b>	0.91	0.64	0.55

\*\*Only for Swire Shipping

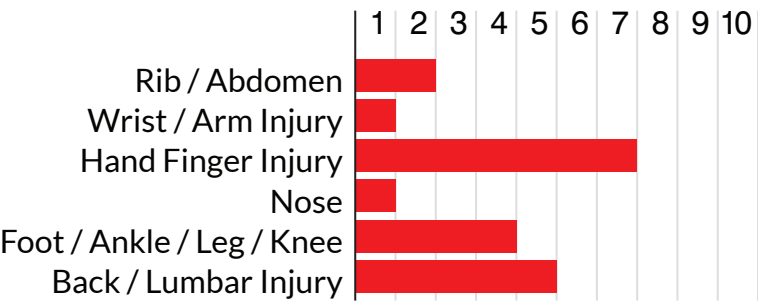
MTC – Medical Treatment Cases

**\*Total Recordable Cases comprises:**  
Lost Time Injuries + Medical Treatment Cases + Restricted Workday Cases

Cases by Rank

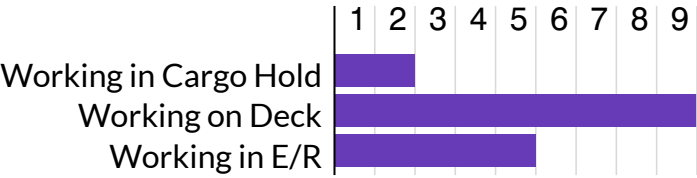


Type of Accident



Our philosophy is *never* to allow business objectives to compromise the health and safety of all our employees, customers, visitors, contractors and the wider community.

Tasks Performed





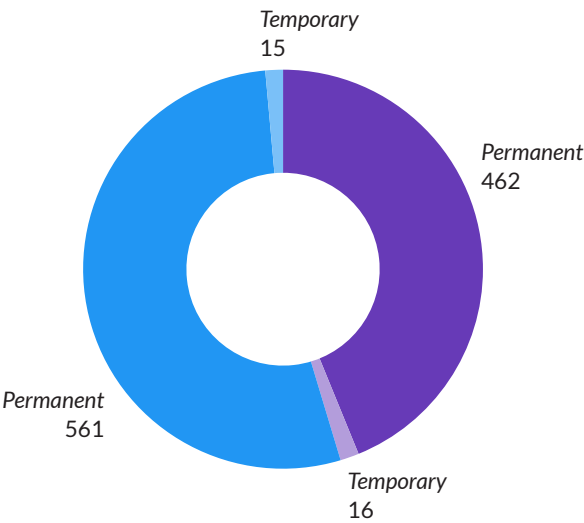
# Employment Data

Number of Employees  
By employment contract and region

Region	Permanent	Temporary
American Samoa	8	
Australia	116	5
Brazil	10	
Canada	14	
The Chinese mainland	84	2
Fiji	78	1
Germany	14	
Hong Kong SAR	1	
India	16	
Indonesia	5	
New Caledonia	19	
New Zealand	106	3
Papua New Guinea	172	1
Samoa	11	
Singapore	321	18
Taiwan region	11	
United Kingdom	28	1
United States	9	
Grand Total	1023	31
%	97%	3%

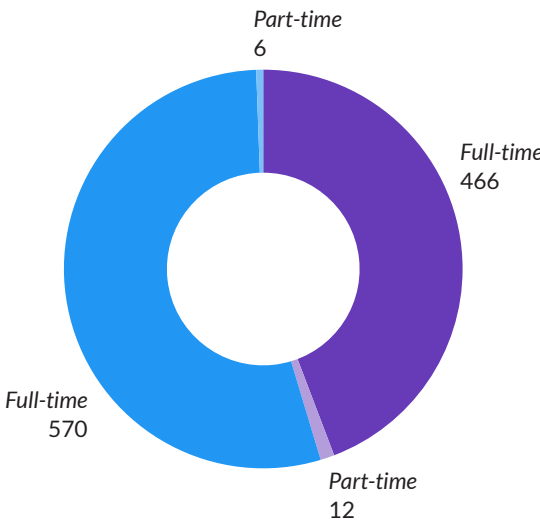
Number of Employees  
By employment contract and gender identity

Employment Contract	Female	Male	Total
Permanent	462	561	1,023
Temporary	16	15	31
Total	478	576	1,054



Number of Employees  
By employment type and gender identity

Employment Type	Female	Male	Total
Full-time	466	570	1,036
Part-time	12	6	18
Total	478	576	1,054



Male  
Female

## New Hires during 2019 by Region, Age Group and Gender Identity

Region / Age Group	Female	Male	TOTAL
<b>Australia</b>	5	6	11
< 30	1		1
> 50	2	3	5
30 to 50	2	3	5
<b>Brazil</b>	9	1	10
< 30	1		1
> 50	3	1	4
30 to 50	5		5
<b>Canada</b>		3	3
< 30		1	1
> 50		1	1
30 to 50		1	1
<b>The Chinese mainland</b>	15	3	18
< 30	10	1	11
> 50	1		1
30 to 50	4	2	6
<b>Fiji</b>	4	3	7
< 30	2	1	3
> 50		1	1
30 to 50	2	1	3
<b>Germany</b>	7	7	14
< 30	2		2
> 50	3	2	5
30 to 50	2	5	7
<b>India</b>	2	10	12
< 30		4	4
30 to 50	2	6	8

Region / Age Group	Female	Male	TOTAL
<b>New Caledonia</b>		4	4
< 30		2	2
30 to 50		2	2
<b>New Zealand</b>	6	4	10
> 50	2		2
30 to 50	4	4	8
<b>Papua New Guinea</b>	1	6	7
< 30	1	2	3
30 to 50		4	4
<b>Samoa</b>	1	2	3
30 to 50	1	2	3
<b>Singapore</b>	30	34	64
< 30	12	7	19
> 50	5	1	6
30 to 50	13	26	39
<b>Taiwan region</b>	1		1
30 to 50	1		1
<b>United Kingdom</b>	3	11	14
< 30		1	1
> 50		6	6
30 to 50	3	4	7
<b>United States</b>		1	1
30 to 50		1	1
<b>Grand Total</b>	<b>84</b>	<b>95</b>	<b>179</b>

### New Hire Rate

Region	Rate
Australia	9%
Brazil*	100%
Canada	21%
The Chinese mainland	21%
Fiji	9%
Germany*	100%
India	75%
New Caledonia	21%
New Zealand	9%
Papua New Guinea	4%
Samoa	27%
Singapore	19%
Taiwan region	9%
United Kingdom	48%
United States	11%
<b>Overall</b>	<b>17%</b>

\*high rate relates to the opening of a new office

## Turnover by Region, Age Group and Gender Identity

Region / Age Group	Female	Male	TOTAL
<b>Australia</b>	5	5	10
> 50	1	3	4
30 to 50	4	2	6
<b>Canada</b>	1	2	3
< 30	1		1
> 50		1	1
30 to 50		1	1
<b>The Chinese mainland</b>	15	6	21
< 30	4	2	6
> 50		2	2
30 to 50	11	2	13
<b>Fiji</b>	4	4	8
< 30	2	2	4
> 50		1	1
30 to 50	2	1	3
<b>Indonesia</b>		1	1
30 to 50		1	1
<b>New Caledonia</b>	1	4	5
< 30		2	2
> 50		1	1
30 to 50	1	1	2
<b>New Zealand</b>	6	7	13
< 30	2	2	4
> 50		3	3
30 to 50	4	2	6

Region / Age Group	Female	Male	TOTAL
<b>Papua New Guinea</b>	5	12	17
< 30	3	4	7
> 50		1	1
30 to 50	2	7	9
<b>Samoa</b>	1	3	4
< 30		1	1
30 to 50	1	2	3
<b>Singapore</b>	23	24	47
< 30	5	4	9
> 50	5	5	10
30 to 50	13	15	28
<b>Taiwan region</b>	1		1
30 to 50	1		1
<b>United Kingdom</b>	1		1
30 to 50	1		1
<b>Grand Total</b>	<b>63</b>	<b>68</b>	<b>131</b>

### Turnover Rate

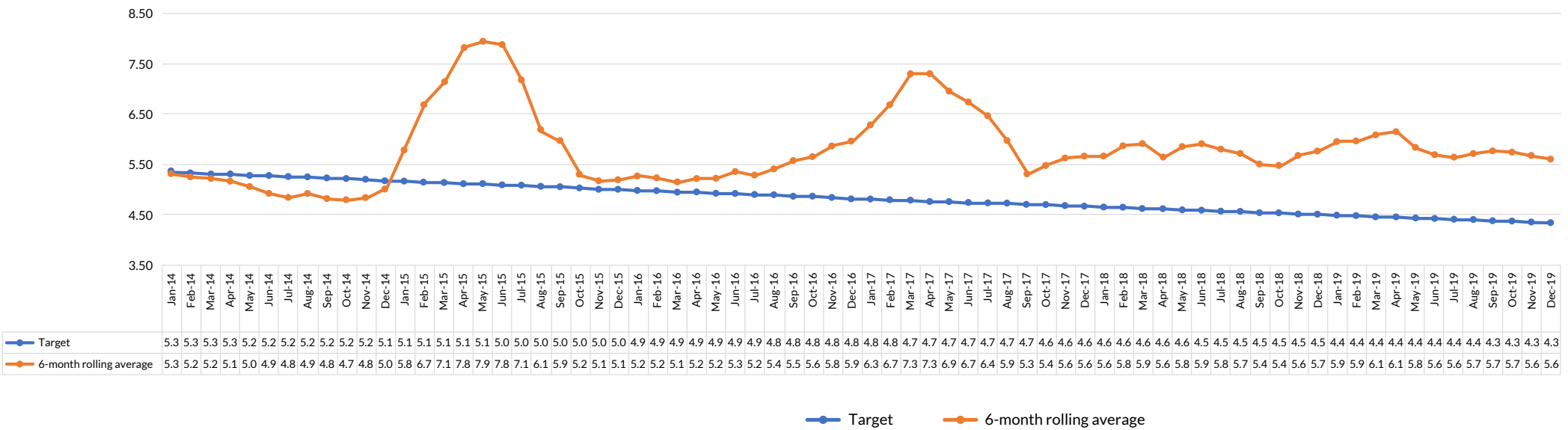
Region	Rate
Australia	8%
Canada	21%
The Chinese mainland	24%
Fiji	10%
Indonesia	20%
New Caledonia	26%
New Zealand	12%
Papua New Guinea	10%
Samoa	36%
Singapore	14%
Taiwan region	9%
United Kingdom	3%
<b>Overall</b>	<b>12%</b>



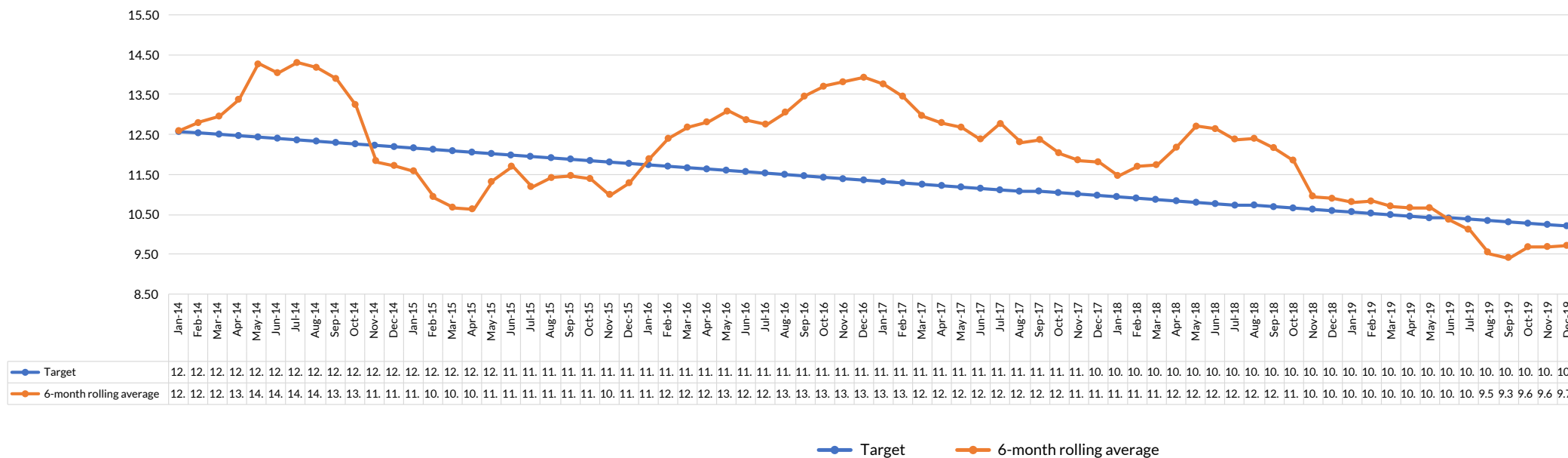
	2017	2018	2019
Total vessels (owned and managed/operated)* as at 31 <sup>st</sup> December	195	257	352
Scope 1 emissions (tCO <sub>2</sub> e)	1,444,834	1,744,256	2,005,671
Emissions from marine fuel	98.93%	99.15%	99.51%
Emissions from marine fuel (Scope 1, 2 and 3)	98.93%	99.15%	99.20%
Scope 1 Energy Consumption (mT)	462,497	558,619	641,885
Scope 1 Fuel Consumption (mT)	460,110	556,306	639,432
Total Energy consumption (kWh)	5,392,743,430	6,516,865,327	7,491,408,173
EEOI - liner fleet (UoM: gCO <sub>2</sub> e/NRT-nm)	5.66	5.77	5.61
EEOI - bulk fleet (UOM: gCO <sub>2</sub> e/t-nm)	11.81	10.89	9.73
Electricity consumption (kWh)	738,518	898,402	774,644
Electricity emissions (tCO <sub>2</sub> )	371.79	423.79	366.92
Flights (tCO <sub>2</sub> )	5,263	5,822	5,752
SO <sub>x</sub> emissions (mT)	31,186	37,329	42,452
NO <sub>x</sub> emissions (mT)	36,550	43,851	50,000
Particulates (mT)	2,945	3,520	3,997
VOC emissions (mT)	555	670	770
Spills	Nil	Nil	<p><b>MV Kweilin:</b> One deck hydraulic line burst in Auckland, with less than 50 centilitre leached into the harbour. (Date of the incident: 20<sup>th</sup> October 2019)</p> <p><b>MV Erradale:</b> Around three to five litres of HFO that had sprayed on the hull of the bunker tanker trickled into the sea during bunkering operations. (Date of the incident: 28<sup>th</sup> July 2019)</p>

\*excludes vessels on short term charter

Liner EEOI (6M Rolling Average)



**Bulk EEOI (6M Rolling Average)**





<b>AMSA</b>	Australian Marine Safety Authority
<b>ASA</b>	Australian Shipping Association
<b>ASSM</b>	Anscor Swire Ship Management (manning agency)
<b>AVL</b>	Approved Vendor List
<b>BFO</b>	Bio Fuel Oil
<b>BHP</b>	Brake Horse Power
<b>CAD</b>	Competence and Assurance Department
<b>CAR</b>	Audit-driven Corrective Action Report
<b>CARB</b>	California Air Resources Board
<b>CBA</b>	Collective Bargaining Agreement
<b>CFC</b>	Chlorofluorocarbon/s
<b>CNCo</b>	The China Navigation Company Pte Ltd
<b>CoC</b>	Corporate Code of Conduct
<b>CSR</b>	Corporate Social Responsibility
<b>CCBA</b>	Climate, Community and Biodiversity Alliance
<b>CP</b>	Corporate Philanthropy/pic
<b>DCC</b>	Australian government: Department of Climate Change
<b>DECC</b>	UK government: Department of Energy and Climate Change
<b>DEFRA</b>	UK government: Department for Environment, Food and Rural Affairs
<b>DP</b>	Dynamic Positioning
<b>DPA</b>	ISM Code: Designated Person Ashore
<b>DPI</b>	Deficiencies per Port State Inspection
<b>E&amp;P</b>	Exploration and Production
<b>ECA</b>	Emission Control Area
<b>EEOI</b>	Energy Efficiency Operational Indicator
<b>EPA</b>	US government: Environmental Protection Agency
<b>ESI</b>	Endangered Species International
<b>ETS</b>	Emission Trading Scheme
<b>FOE</b>	Fleet Operational Efficiency

<b>GEDO</b>	Australian government DCC Greenhouse and Energy Data Officer
<b>GHG</b>	Greenhouse Gas/es
<b>GJ (unit)</b>	Giga-Joule, 1 billion joules of energy
<b>GRI</b>	Global Reporting Initiative
<b>H<sub>2</sub></b>	Hydrogen
<b>HCFC</b>	Hydrochlorofluorocarbon/s
<b>HCV</b>	High Conservation Value
<b>HFO</b>	Heavy Fuel Oil – a residual fossil fuel
<b>HHV</b>	Higher Heating Value, also known as gross calorific value, of a fuel is defined as the amount of heat released by combusting a specified quantity and returning the temperature of the combustion products to 150°C. LHV assumes all the water component is in liquid state at the end of combustion
<b>HKC</b>	Hong Kong Convention for Safe and Responsible Recycling of Ships (2009)
<b>HOF</b>	Head Office (in Singapore)
<b>HK SAR</b>	Hong Kong Special Administrative Region of the People's Republic of China
<b>HSE</b>	Health, Safety and the Environment
<b>HSSE</b>	Health, Safety, Security and the Environment
<b>ICAO</b>	Inter Civil Aviation Organisation
<b>ICS</b>	International Chamber of Shipping
<b>IEA</b>	International Energy Agency (UN)
<b>IFO</b>	Intermediate Fuel Oil - residual fuel. Usually 180 or 380 CST viscosity
<b>IHM</b>	Inventory of Hazardous Material, per the HK Ship Recycling Convention
<b>ILO</b>	(UN) International Labour Organisation
<b>IMO</b>	(UN) International Maritime Organisation
<b>INED</b>	Independent Executive Director
<b>ISM</b>	International Management Code for the Safe Operation of Ships and for Pollution Prevention, (International Safety Management (ISM) Code) as chapter XI of SOLAS
<b>IUCN</b>	International Union for Conservation of Nature and Natural Resources
<b>KBA</b>	Key Biodiversity Area
<b>KPI</b>	Key Performance Indicator

<b>kW hr</b> (unit)	Kilo Watt hour, is a unit of energy equal to 1,000 Watt hours or 3.6 mega Joules
<b>LHV</b>	Lower Heating Value, also known as net calorific value, of a fuel is defined as the amount of heat released by combusting a specified quantity and returning the temperature of the combustion products to 150°C. LHV assumes all the water component is in vapour state at the end of combustion
<b>LMS</b>	Learning Management System
<b>LO</b>	Lubricating Oil
<b>LTI</b>	Lost Time Injury
<b>LTIFR</b>	Lost Time Injury Frequency Rate
<b>MARPOL</b>	IMO International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 and later
<b>MCA</b>	(UK) Maritime and Coastguard Agency
<b>MDO</b>	Marine Diesel Oil – a distillate fuel
<b>MGO</b>	Marine Gas Oil – a distillate fuel (higher fraction than MDO)
<b>MHE</b>	Material Hazardous to the Environment
<b>MLC</b>	ILO Maritime Labour Convention, 2006
<b>MPA</b>	Maritime and Port Authority of Singapore
<b>MSA</b>	UK: Modern Slavery Act (2015)
<b>MTC</b>	Medical Treatment Case
<b>NGER</b>	Australian National Greenhouse Gas and Energy Reporting Act
<b>NI</b>	Nautical Institute
<b>NO<sub>x</sub></b>	Oxides of Nitrogen
<b>OFW</b>	Overseas Filipino Workers
<b>OPEC</b>	Organisation of Petroleum Exporting Countries
<b>PEU</b>	Performance Evaluation Reports
<b>PM</b>	Particulate Matter
<b>PO</b>	Purchase Order/s
<b>POEA</b>	Philippines Overseas Employment Agency
<b>PSCI</b>	Port State Inspection Compliance Index
<b>PSI</b>	Port State Inspection
<b>QHSE</b>	Quality, Health, Safety and Environment
<b>REDD</b>	Reduced Emissions from avoided Deforestation and forest Degradation

<b>RFQ</b>	Request For a Quote
<b>RWC</b>	Restricted Work Case
<b>SAC</b>	Safety Awareness Course
<b>SD</b>	Sustainable Development
<b>SDG</b>	Sustainable Development Goals
<b>SECA</b>	Sulphur Emission Control Area/s
<b>SEEMP</b>	Ship Energy Efficiency Management Plan
<b>SIN</b>	Singapore
<b>SMS</b>	Safety Management System
<b>SMTC</b>	Swire Marine Training Centre, located in Loyang, Singapore
<b>SOLAS</b>	IMO International Convention for the Safety of Life at Sea, 1974, as amended in 1980 and later
<b>SO<sub>x</sub></b>	Oxides of Sulphur
<b>SPO</b>	Swire Pacific Offshore (Group)
<b>SRF</b>	Ship Recycling Facility
<b>SSA</b>	Singapore Shipping Association
<b>STCW</b>	IMO International Convention on Standards of Training, Certification and Watch-keeping for Seafarers, 1978, as amended in 1995 and later
<b>TBT</b>	Tributyl Tin (antifouling)
<b>tCO<sub>2</sub></b>	Tonnes of Carbon Dioxide
<b>tCO<sub>2</sub>e</b>	Tonnes of Carbon Dioxide equivalent. This is CO plus the other four “natural GHG of CH <sub>4</sub> , N <sub>2</sub> O and the “industrial GHG” of SF <sub>6</sub> and Hydrofluorocarbons
<b>TRCF</b>	Total Recordable Case Frequency Rate
<b>TRIP</b>	Toolbox Risk Identification Permit
<b>UKBA</b>	(UK) Bribery Act (2010)
<b>ULS</b>	Ultra Low Sulphur content
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>VCS</b>	Verified Carbon Standard
<b>VOC</b>	Volatile Organic Compound/s
<b>y-o-y</b>	Year on Year change
<b>5S</b>	“Seiri, Seiton, Seiso, Seiketsu, and Shitsuke” or “Sorting, Set in order, Systematic cleaning, Standardizing, and Sustaining”

Self-declaration NEN-ISO 26000:2010

Corporate social responsibility

Undersigned, Mr Simon Bennett, General Manager, Sustainable Development at The China Navigation Company Pte Limited,

Declares that NEN-ISO 26000:2010, *Guidance on Social Responsibility* is applied for its global operations and has assessed and reviewed this using the process described in NPR 9026:2011.

The organisation declares that it applies the principles and guidance of NEN-ISO 26000:2010 and assures that this will be the case on a continuing basis. Within the framework of this self-declaration this will be assessed and reviewed at least annually.

Together with this self-declaration the organisation provides a justification and elaboration of the choices made with regard to its social responsibility in the following areas.

- 1. Subscribing to and applying the seven principles of SR.
- 2. Identifying and engaging stakeholders.
- 3. The seven SR core subjects and 37 SR issues.
- 4. Integration of SR throughout the organisation.

Name of organisation: The China Navigation Company Pte Limited

Location: Singapore

Street and building no.: 300 Beach Road, The Concourse, #27-01

Post code and town: Singapore 199555

Signature: Date and place:



\_\_\_\_\_ 1 January 2019 \_\_\_\_\_



# GRI Standards Content Index

Disclosure level:		Core		General Disclosures 2019	
GRI Standard Number	GRI Disclosure Number	Disclosure Title	Reported	Cross-reference / Answers / Notes / Omissions	Report location: Page Number / URL
	General Disclosures				
	Organisational Profile				
GRI 102	102-1	Name of the organisation	Yes	The China Navigation Company Pte Ltd (CNCo)	N/a
GRI 102	102-2	Activities, brands, products, and services	Yes	For description of activities please see "Organisational Profile and Governance" section of the report. CNCo does not provide any services that are banned in certain markets. Similarly CNCo's services are not the subject of stakeholder questions or public debate.	Page 12 and www.chinanav.com
GRI 102	102-3	Location of headquarters	Yes	HQ is in Singapore.	Page 12
GRI 102	102-4	Location of operations	Yes	For description of countries of operations please see "Governance" section of the report.	Pages 12-22
GRI 102	102-5	Ownership and legal form	Yes	The China Navigation Company Pte. Ltd. is a Singapore-registered company and is a wholly owned subsidiary of The China Navigation Company Limited, registered in London.	Page 12
GRI 102	102-6	Markets served	Yes	Please see "Governance" section of the report.	Pages 12-22
GRI 102	102-7	Scale of the organisation	Partial	Please see "Governance" and "Our People" sections covering the size of the fleet and locations of employees / offices and number of employees. Please also refer to the organisational boundaries diagram. All financial statements are confidential.	Pages 12-22, 49
GRI 102	102-8	Information on employees and other workers	Yes	"Our People" section of the report: "Employment Information" and "Diversity in the workplace / Anti-discrimination and anti-harassment" sub-sections. We consider our seafarers as our employees despite them being employed through a manning agency. Employment type and level is not applicable to our seagoing employees. We report the breakdown by officers and crew as well as by age group and gender identity. There were no seasonal variations in employment numbers.	Pages 49-55, 116 and this Content Index
GRI 102	102-9	Supply chain	Yes	See "Supply Chain and Procurement Management" section of the report.	Pages 29-30
GRI 102	102-10	Significant changes to the organisation and its supply chain	Yes	In 2019 CNCo acquired the bulk shipping business in Hamburg Süd which includes Rudolf A. Oetker (RAO), Furness Withy (FW) Chartering and the bulk activities in Alianca Navegação (Aliabulk).	Page 19

GRI 102	102-11	Precautionary Principle or approach	Yes	CNCo manages all risks that have the potential to impact our operations. We are measuring, monitoring and reporting our Environmental impact and have a number of initiatives in place to reduce our greenhouse gas emissions and other negative environmental impacts.  See Section on "Our Environment" for more details. We have a Group Risk Manager who oversees and manages corporate risks.	Pages 81-88
GRI 102	102-12	External initiatives	Yes	Fair employment practices (TAFEP) Singapore since April 2013. CNCo adopted a fair and merit-based employment practices approach. All Singapore-based organisations are expected to abide by the Tripartite Guidelines.	This Content Index
GRI 102	102-13	Membership of associations	Yes	Singapore Business Federation Singapore Shipping Association Sustainable Shipping Initiative (founding member and active contributor) Ship Recycling Transparency Initiative (founding member and active contributor) World Ocean Council Maritime Anti-Corruption Network (MACN) Womens International Shipping and Trading Association (WISTA) (Singapore and Australia) <i>Getting to Zero Coalition</i>	This Content Index
<b>Strategy</b>					
GRI 102	102-14	Statement from senior decision-maker	Yes	See MD's message	Pages 5-6
GRI 102	102-15	Key impacts, risks, and opportunities		Refer to revised Materiality Matrix and the results of key risks and opportunities by stakeholder groups.	Pages 104-106
<b>Ethics</b>					
GRI 102	102-16	Values, principles, standards, and norms of behaviour	Yes	CNCo's values, principles, standards and norms of behaviour are outlined in our Code of Conduct which is available on the Company's intranet. The Code is applicable to all employees ashore or at sea. It sets the highest standards of business ethics which is approved by the Managing Director. There is online training on the Code that all employees must take and answer questions which confirm their understanding of it.  Swire Values are introduced during the induction programme and are included in the performance management framework for all shore employees.	CNCo's Code of Conduct: <a href="https://bit.ly/3hXzz6">https://bit.ly/3hXzz6</a>
GRI 102	102-17	Mechanisms for advice and concerns about ethics	Yes	Our Corporate Governance System (CGS) has all governance documents that describe how we manage our operations as well as what is expected of our employees. Our Code of Conduct (CoC) together with various policies and Standard Operating Procedures (SOPs) set a strong foundation for organisational integrity. We also have compliance training modules that cover ethics, compliance with laws and regulations, anti-bribery, anti-trust, privacy and anti-harassment in the workplace modules.  CNCo has a Whistleblowing Policy and procedures in place for shore-based and seagoing employees to report any issues that they feel may negatively affect health, safety or environment, or relate to any regulatory areas mentioned above. This can be an entirely confidential process should the reporter choose to remain anonymous, and does not wish to receive a follow-up. We encourage CNCo personnel to use our whistleblowing channels and relevant management will then diligently investigate all reports.	Pages 23-25, 28  Whistleblowing Policy: <a href="https://bit.ly/3jez11p">https://bit.ly/3jez11p</a>
<b>Governance</b>					
GRI 102	102-18	Governance structure	Yes	See "Sustainable Development Governance and Policies" section of the report.	Pages 23-25

GRI 102	102-20	Executive-level responsibility for economic, environmental, and social topics	Yes	See "Sustainable Development Governance and Policies" section of the report.	Pages 23-24
GRI 102	102-21	Consulting stakeholders on economic, environmental, and social topics	Yes	See "Stakeholder Engagement and Materiality" section of the report.	Pages 32-33
<b>Stakeholder engagement</b>					
GRI 102	102-40	List of stakeholder groups	Yes	Investors: Shareholders / JS&S Board / UK JS&S Head office / Financial Institutions Subsidiary Companies: as per the Organisational boundaries chart Employees: seagoing employees, shore-based employees, Senior execs / mid Managers / Managers / other Suppliers: Legal / HR / Auditors / Suppliers of goods and services Communities: Local key stakeholder communities / Corporate Philanthropic funds recipients Government and Regulators: Classification societies / Ports Shipping Industry actors: Peers / SRF	N/a
GRI 102	102-41	Collective bargaining agreements	Yes	31% of CNCo seafarers were covered by a collective bargaining agreement (CBA) or equivalent. All contracts are fully compliant with the Maritime Labour Convention (MLC) 2006. Shore-based employees are not covered by collective bargaining agreements.	Page 51
GRI 102	102-42	Identifying and selecting stakeholders	Yes	We define stakeholders as individuals or organisations that are directly or indirectly affected by CNCo's business activities. Influence is determined by the level of involvement stakeholders have and impact is measured by their ability to bring out / affect change. Throughout 2018 and 2019, we engaged with shore-based and seagoing employees, customers, manning agencies, suppliers, NGOs, investors and regulators. For more information see "Stakeholder Engagement and Materiality" section of this report.	Pages 32-33
GRI 102	102-43	Approach to stakeholder engagement	Yes	We conduct materiality assessments regularly as a follow-up on the sustainable development presentations for shore-based and seagoing employees. Our stakeholder consultation programme for seagoing employees covers office visits, officers and crews' fora and training programmes during Safety Awareness Courses. Frequency of engagement varies from once a month to bi-monthly to once a quarter. The engagements are done specifically for the SD report as well as to inform us if there are any other SD issues our employees feel strongly or have concerns about. Engagements are carried out in person and through the online structured questionnaires.  We conducted an extended stakeholder engagement exercise in 2018 / 2019 and refreshed the list of Material issues based on the feedback received from stakeholders and input by CNCo's senior leadership team during the SD Conference held in January 2020. See the "Stakeholder Engagement and Materiality" section of the report. We aim to run external engagement and consolidation of results once every three years.	Page 33
GRI 102	102-44	Key topics and concerns raised	Yes	See "Stakeholder Engagement and Materiality" section of the report and relevant Data tables.	Pages 104-106
GRI 102	102-45	Entities included in the consolidated financial statements	Yes	See the "Organisational Structure and Boundaries" section of the report.  All financial statements are confidential as CNCo is a wholly owned subsidiary of The China Navigation Company Limited, a privately held company.	Page 22



Reporting Practice					
GRI 102	102-46	Defining report content and topic Boundaries	Yes	<p>Report content and topic boundaries have been amended to reflect the updated Materiality Matrix. We have changed our approach to assessing materiality to an 'Outside-In' approach. In shortlisting material topics for our stakeholders' consideration, we considered what may be needed to secure an ecologically safe and socially just world. To do so, we used the proxy of understanding what is material to achieving the UN Sustainable Development Goals by 2030.</p> <p>We ensured that in describing what is material today, CNCo's stakeholders are considering not just present-day risks, but also changes on the horizon that will affect the actions we need to take as a business. We distilled this into 15 material topics covering perspectives of our stakeholders and referencing leading work from our shipping peers.</p> <p>See "Introduction", "Organisational Profile" and "Sustainable Development Governance" and "New Approach to Materiality" sections of the report.</p>	Pages 7, 12, 22, 32-33, 103-106
GRI 102	102-47	List of material topics	Yes	See "Materiality Matrix" and "New Approach to Materiality" section of the report.	Pages 104, 33
GRI 102	102-48	Restatements of information	Yes	Initiatives which started in prior years and continued during the reporting period are covered. That also includes the sustainable recycling of <i>MV Island Chief</i> .	This Content Index
GRI 102	102-49	Changes in reporting	Yes	CNCo acquired the bulk shipping business in Hamburg Süd which includes Rudolf A. Oetker (RAO), Furness Withy (FW) Chartering and the bulk activities in Alianca Navegação (Aliabulk), adding two new office locations: Rio de Janeiro and Hamburg, and expanding our London and Melbourne offices to accommodate new employees. We also added short-term and long-term chartered-in vessels in our calculation of Scope 1 emissions which cover all tonnage chartered-in during the reporting period.	Pages 19, 22
GRI 102	102-50	Reporting period	Yes	1 <sup>st</sup> January to 31 <sup>st</sup> December 2019	Page 7
GRI 102	102-51	Date of most recent report	Yes	Sustainability report for 2018 calendar year	This Content Index
GRI 102	102-52	Reporting cycle	Yes	Annual	Page 7
GRI 102	102-53	Contact point for questions regarding the report	Yes	Contact section of the report. GM - Sustainable Development is the key contact.	Page 141
GRI 102	102-54	Claims of reporting in accordance with the GRI Standards	Yes	This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.	Page 7
GRI 102	102-55	GRI content index	Yes	This table	Page 125
GRI 102	102-56	External assurance	Yes	<p>This report will be externally assured with the assurance statement added to the report. The external assurer is independent from CNCo and has an impartial opinion.</p> <p>We believe that to be clear and transparent is critical to our success in communicating with our stakeholders. The external assurance of our SD report validates any statements or claims we make.</p>	Pages 23, 142-144

Material Topics						
Occupational Health and Safety / Zero Harm						
GRI 103  MANAGEMENT APPROACH 2016	103-1 103-2 103-3	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Safety is our top priority in CNCo. We continuously strive to provide a safe and healthy working environment and to cultivate a safe mindset for both our employees and contractors alike. By having a strong safety focus together with robust reporting and learning culture we make safety everyone's priority. Our goal is to build an industry-leading safety culture and fully integrate safety in everything that we do. We continue to evaluate our safety behaviour and work practices to improve our safety performance.  We continue to measure and monitor safety statistics and have taken a number of initiatives to improve safety across our fleet and within our offices. See the "Safety" section of the report together with the statistics / trends in the "Data" section.  This topic covers Safety of fleet operations and in our offices. We also work closely with port services partners to ensure that the safety culture extends beyond our vessels, however this is outside of our direct operational control.  CNCo has a Whistleblowing Policy and procedures in place to report any issues that may negatively affect health, safety or the environment. This process is managed in a confidential manner. Four issues were reported through this channel with each case thoroughly investigated and appropriate action taken where required. See "Fines and Grievances" section of the report.	Pages 28, 39-47, 113-115  CNCo Health and Safety Policy: <a href="https://bit.ly/2lhgCmG">https://bit.ly/2lhgCmG</a>  Zero Harm video: <a href="https://bit.ly/3jhGmgT">https://bit.ly/3jhGmgT</a>	
GRI 403  OCCUPATIONAL HEALTH & SAFETY 2018	403-1	Occupational health and safety management system	Yes	The International Safety Management (ISM) Code is the international standard for the safe management and operation of ships and for pollution prevention. Full compliance with the ISM Code is required in order to be able to continue operating under that flag registry, and is indicated by the issue of a Document of Compliance (DoC). We have in place a Safety Management System (SMS) to guide our daily operations.  The Zero Harm Safety campaign developed with consultants Green-Jakobsen was introduced to the fleet in 2018. The campaign focuses on imbibing the principles of the Safety I's™, which, in turn, would enhance safety behaviours of the seagoing and shore-based employees alike. Safety Delta™, a Green-Jakobsen concept, was introduced in 2019.  Recognised standards / guidelines for occupational health and safety management system followed are: - International Convention for the Safety of Life at Sea, 1974, as amended Chapter IX – Management for the safe operation of ships. - Resolution A.741 (18) International Management Code for the Safe Operation of Ships & for Pollution Prevention (International Safety Management (ISM) Code). - Adopted OSHA Injury and Illness Recordkeeping & Reporting Requirements (Safety Management Manual (SMM) section 9.0). - All occupational health & safety professionals employed by the Company are formally qualified.	Pages 39-47	
GRI 403  OCCUPATIONAL HEALTH & SAFETY 2018	403-2	Hazard identification, risk assessment, and incident investigation	Yes	High risk activities on board are identified and risks mitigated using the Permit-to-Work system on board.  Work activities on board our vessels undergo a formal risk assessment in accordance with our Safety Management System before it is commenced. Part of the risk assessment then requires risk elimination, reduction, or mitigation measure to be implemented.  Additionally, Safety Delta™ workflow chart, which is included in company circulars clearly spells how the Crew Safety Diagnosis (CSD) reports will be used by CNCo. Since the implementation of Safety Delta™ programme in 2019, we have never referred to any CSD report for incident investigation as agreed in the circular nor shared it with any third parties.  CNCo reports total Recordable and Lost Time Injury Frequency Rates, including work-related occupational disease.	Pages 39-47, 113-115  CNCo Health and Safety Policy: <a href="https://bit.ly/2lhgCmG">https://bit.ly/2lhgCmG</a>	

<b>GRI 403</b> <b>OCCUPATIONAL HEALTH &amp; SAFETY 2018</b>	<b>403-3</b>	Occupational health services	Yes	<p>Good mental health is important for both personal well-being and work performance. In contrast, poor mental health can lead to illness and reduced productivity. It is therefore essential to support good mental health among seafarers. In doing so, it should be recognised that individuals, families, communities, employers, work mates, and regulators can all make a difference.</p> <p>CNCo includes training in suicide awareness / risk recognition for our seagoing employees (part of Safety Awareness Course). We developed a training course in collaboration with Danish health and safety solutions consultants, CONOVAH, aiming to equip our senior officers with tools to spot warning signs of suicide / depression at the earliest to avoid tragic events of this nature on board.</p> <p>CNCo partners with Befrienders Worldwide (BW), an international network of crisis helplines, and we have in place a dedicated email and hotline service for CNCo employees who are feeling depressed or need emotional support. The services are confidential in nature. Records of personal health-related information is maintained on the Companies proprietary system with controlled access to maintain confidentiality. Personal health-related information is not shared with any other third parties.</p> <p>CNCo offices globally established Onshore Safety Committees and organised a number of activities for shore-based employees in 2019.</p>	Pages 42, 63-65
<b>GRI 403</b> <b>OCCUPATIONAL HEALTH &amp; SAFETY 2018</b>	<b>403-4</b>	Worker participation, consultation, and communication on occupational health and safety	Yes	<p>Participation and consultation on occupational health and safety matters on board is achieved by conducting monthly QHSE meetings. Additionally, there is a mid-month safety dialogue session conducted on board to proactively address safety related issues and to reiterate practical application of Safety I's™.</p> <p>Similarly, occupational health and safety matters are discussed in all Company offices including regional and head office by way of a safety committee which convenes on a monthly basis.</p> <p>Third party contractors and all visitors on board Company vessels undergo Safety briefings. When third party workers are involved, they or their representative are required to attend a pre-work meeting along with the CNCo seagoing employees. Our permits are structured to include third party workers in the compliance process. If these are stevedores, then a formal ship-shore checklist is completed during toolbox talks.</p>	N/a
<b>GRI 403</b> <b>OCCUPATIONAL HEALTH &amp; SAFETY 2018</b>	<b>403-5</b>	Worker training on occupational health and safety	Yes	<p>CNCo runs Safety Awareness Courses (SACs) for all seagoing employees, which is mandatory upon joining the Company, and then repeated every three years thereafter. All senior officers are brought to Singapore for a four-day course whereas junior officers and ratings undergo a two-day condensed version of the course at their respective manning agencies.</p> <p>A number of other courses related to safety are carried out regularly on subjects such as practical safety for ratings, bosun courses, safe crane operation, and many more.</p> <p>Annual crew / safety forums are run in various locations (Philippines, China, Ukraine, Sri Lanka and Myanmar) where health and safety subjects are always at the top of the agenda.</p> <p>In 2018, CNCo introduced DNV-GL's marine systematic cause analysis technique (MSCAT) to identify root causes when investigating incidents and severe near miss reports. Senior officers are trained during the Safety Awareness Courses on the correct methodology of using the MSCAT.</p>	Page 42



<b>GRI 403</b> <b>OCCUPATIONAL HEALTH &amp; SAFETY 2018</b>	<b>403-6</b>	Promotion of worker health	Yes	<p>The Company provides care for all seagoing and shore-based employees whose workplace is controlled by the organisation. For seagoing employees we look after their health and welfare for example by providing gyms on board our vessels and improving cook's skills for better nutritional value of on-board meals.</p> <p>Seafarers are at an above average risk to develop mental problems ranging from a sense of isolation, loneliness, and severe homesickness, all the way up to the risk of committing suicide. CNCo partners with Befrienders Worldwide (BW), an international network of crisis helplines, and we have in place a dedicated email and hotline service for CNCo employees who are feeling depressed or need emotional support. Befrienders Worldwide has an international network of over 350 crisis helplines in 36 countries that provides emotional support to those in despair. The services are confidential in nature.</p> <p>The maritime industry has witnessed a worrying trend in the mental well-being of seafarers and the number of suicides registered. CNCo introduced a training course in collaboration with Danish health and safety solutions consultants, CONOVAH, aiming to equip our senior officers with tools to spot warning signs at the earliest possible stage to avoid tragic events of this nature on board.</p> <p>For information on shore-based employee health and well-being, please refer to "Our People" section of the report.</p>	Pages 63-65
<b>GRI 403</b> <b>OCCUPATIONAL HEALTH &amp; SAFETY 2018</b>	<b>403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Yes	<p>All persons, including third-party contractors and customer personnel on board Company vessels are subject to the same health and safety requirements. SMS Section 5 deals with the Safety, Health and Environment Management. All persons are provided with a vessel induction and appropriately supervised throughout their stay on board. A record of induction and training is maintained on board. Personal Protective Equipment, Medical Locker and Pandemic Locker Equipment are maintained on board in accordance with the SMS Section 5.</p> <p>Onshore Safety Committees meet regularly to assess impact of H&amp;S issues and put measures in place to rectify it as necessary.</p>	Page 42
<b>GRI 403</b> <b>OCCUPATIONAL HEALTH &amp; SAFETY 2018</b>	<b>403-8</b>	Workers covered by an occupational health and safety management system	Yes	<p>100% of CNCo seagoing employees are covered by our Safety Management System (SMS). All persons, including third-party contractors and customer personnel on board Company vessels, are subject to the Health and Safety requirements.</p> <p>No workers engaged on board Company vessels or at Company offices are excluded from disclosure.</p> <p>All incidents involving Company employees and non-employees working on board Company vessels and at Company offices are reported and fully investigated to identify actions to prevent a reoccurrence.</p> <p>On board our vessels 45% of our seafarers are members of the joint H&amp;S committees and the rest of the seafarers are represented by the officer and rating representatives (total of 100%).</p> <p>For the offices, we have Onshore Safety Committees in all key locations (committees are comprised of representatives from various departments but all employees are covered, i.e. 100%).</p>	This Content Index

<b>GRI 403</b>  <b>OCCUPATIONAL HEALTH &amp; SAFETY 2018</b>	<b>403-9</b>	Work-related injuries	Yes	<p>The Company reports the following for all employees:</p> <ul style="list-style-type: none"> <li>• Fatalities</li> <li>• Recordable work-related injuries including Lost Time Injuries, Restricted Work Cases and Medical Treatment Cases</li> <li>• Type of accident, nature and bodily location of injury</li> <li>• Number of hours worked (based on 24 hours on board and eight hours per day in the office) are used to calculate incident frequency rates.</li> </ul> <p>The Company reports the following for non-employees working on board Company vessels:</p> <ul style="list-style-type: none"> <li>• Time, date, type and severity of injury, sequence of events leading to the incident, immediate actions taken and actions to prevent a reoccurrence.</li> </ul> <p>The Company does not classify non-employee injury but requires a copy of the investigation report from the injured parties employer. Incident frequency rates are based on 1,000,000 man hours. Third-party employees working on board Company vessels and at Company offices are excluded from the disclosure.</p> <p>The Company also submits annual incident statistics to the following Industry Organisations:</p> <ul style="list-style-type: none"> <li>• International Maritime Contractors Association (IMCA)</li> <li>• International Support Vessel Owner Association (ISOA).</li> </ul> <p>Relevant statistics are reported in the "Safety" section of the report and "Data" section of the report for Safety statistics.</p>	Pages 113-115
Emissions reductions and alternative fuels					
<b>GRI 103</b>  <b>MANAGEMENT APPROACH 2016</b>	<b>103-1 103-2 103-3</b>	<ul style="list-style-type: none"> <li>- Explanation of the material topic and its Boundary</li> <li>- The management approach and its components</li> <li>- Evaluation of the management approach</li> </ul>	Yes	<p>Atmospheric concentrations of CO<sub>2</sub> and other greenhouse gases reached record highs in 2018. Despite all the great work in decarbonisation, the composition of atmospheric GHGs is not changing fast enough. Since the IMO set its emissions target (slashing emissions by at least 50% by 2050, compared to 2008), many of the largest shipping companies have pledged to significantly cut their emissions through technical and operational (T&amp;O) improvements and investments in new technologies including zero carbon fuels.</p> <p>However, shipping companies have struggled to develop and advocate for the critical technologies required to reduce their carbon footprint in the long run. The last decade has seen investment in alternative fuels such as biofuels, LNG, synthetic methane, and hydrogen, but investments at scale have been hard to justify with the lack of incentives or regulation. The largest barriers to achieving low carbon shipping is cost, with hydrogen and other low carbon fuels being more expensive than diesel. Although new fuels must form the shipping industry's long-term solution for reducing emissions, current challenges include: methane leakage and enforcement issues in relation to LNG and synthetic methane, storage challenges with hydrogen and ensuring that the production of biofuels does not compete for land with food production.</p> <p>In the next decade all air emission regulations must be complied with and shipping companies will need to ensure business partners across value chains are doing so. Whilst a growing list of corporations are pledging to offset their emissions to become carbon neutral, the larger issue is that off-setting must be accompanied by consistent and purposeful efforts to reduce baseline emissions. The industry needs to show leadership and determine what a zero carbon shipping industry will look like, and plot how that informs an appropriate decarbonisation pathway.</p> <p>CNCo has been investing over the past six years in a modern eco fleet which allows us to gain fuel efficiencies and thus emission reductions. We have also made a number of steps towards T&amp;O improvements which are covered under the "Environmental Initiatives and Achievements" and "Investing in new technologies" sections of the report. We addressed this topic further in the "Climate Change and Our Business" section.</p>	Pages 22, 81-88, 100-101, 119  Environmental Policy: <a href="https://bit.ly/391Z730">https://bit.ly/391Z730</a>  SD Policy: <a href="http://bit.ly/2lZul0R">http://bit.ly/2lZul0R</a>

<b>GRI 305</b> <b>EMISSIONS 2016</b>	<b>305-1</b>	Direct (Scope 1) GHG emissions	Yes	<p>Please refer to "Energy Consumption and Emissions" section under "Our Environment" and "Environmental Summary report" in the "Data" section.</p> <p>Gases included: CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. Source of emission factors - DEFRA. "The GWPs used in the calculation of CO<sub>2</sub>e are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period (this is a requirement for inventory / national reporting purposes)."</p>	Pages 88, 119
<b>GRI 305</b> <b>EMISSIONS 2016</b>	<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Yes	<p>Please refer to "Energy Consumption and Emissions" section under "Our Environment" and "Environmental Summary report" in the "Data" section of the report. Source of emission grid factors for electricity: International Energy Agency Emission Factors (2017).</p> <p>Scope 2 emissions comprised of a mix of location-based and market based methods.</p>	Pages 88, 119
<b>GRI 305</b> <b>EMISSIONS 2016</b>	<b>305-3</b>	Other indirect (Scope 3) GHG emissions	Yes	<p>Please refer to "Energy Consumption and Emissions" section under "Our Environment" and "Environmental Summary report" in the "Data" section of the report. Gases included: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O.</p> <p>Air Travel: ATMOSfair.de "With this, other pollutants like nitrogen oxide or soot particles besides pure CO<sub>2</sub> emissions are also included that warm the climate in addition to CO<sub>2</sub>."</p> <p>Source of the emission factors: IFO, VLSFO, MGO, VLSFO – IMO's Emission factors Petrol, Diesel – UK DEFRA Refrigerants - DEFRA.</p> <p>The GWPs used in the calculation of CO<sub>2</sub>e are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period (this is a requirement for inventory / national reporting purposes).</p>	Pages 88, 119
<b>GRI 305</b> <b>EMISSIONS 2016</b>	<b>305-4</b>	GHG emissions intensity	Yes	See "Energy Efficiency Operational Indicator" section in the "Data" section of the report. The normalised figures are shown in EEOI graphs of emissions per tonne / mile (average per vessel in fleet) broken down by liner and bulk divisions.	Pages 120-121
<b>GRI 305</b> <b>EMISSIONS 2016</b>	<b>305-5</b>	Reduction of GHG emissions	Yes	Please see "Environmental Initiatives and Achievements" section of the report together with "Energy Efficiency Operational Indicator" section.	Pages 83, 120-121
<b>GRI 305</b> <b>EMISSIONS 2016</b>	<b>305-7</b>	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	Yes	<p>Please see "Environmental Summary report" in the "Data" section.</p> <p>Source of emission factors and standards are: For NO<sub>x</sub> and SO<sub>x</sub> - European Commission (2002) "Quantification of emissions from ships associated with ship movements between port in the EC" For PM - Eyring, V., et al., Transport impacts on atmosphere and climate: Shipping, Atmospheric Environment (2009), doi:10.1016/j.atmosenv.2009.04.059 For VOC - Average in Table VII at p14 <a href="http://projects.dnv.com/portenv/portal/Documents/Finalfinalreport31May.pdf">http://projects.dnv.com/portenv/portal/Documents/Finalfinalreport31May.pdf</a></p>	Page 92



Ocean health, marine biodiversity and pollution					
<b>GRI 103</b>  <b>MANAGEMENT APPROACH 2016</b>	<b>103-1 103-2 103-3</b>	<ul style="list-style-type: none"> <li>- Explanation of the material topic and its Boundary</li> <li>- The management approach and its components</li> <li>- Evaluation of the management approach</li> </ul>	Yes	<p>Over the course of the last decade, the shipping industry has defined a healthy marine environment as the protection of biodiversity through the appropriate release of ballast water, application of anti-fouling paint to prevent the spread of invasive species, limited harm to marine life, limited chemical and oil spills, and limited plastic leaching. Mitigating the effects of poor ocean management and pollution have been disparate at best and the opportunity to protect has not been adequately embraced by companies or governments globally.</p> <p>The marine environment will change drastically in the new decade. Issues such as coral bleaching through ocean acidification and pollution, coastal eutrophication, mass extinction of marine species, extreme overfishing, the spread of invasive species facilitated by poor biosecurity management systems, and inappropriate systems to manage plastic leaching will exacerbate the impacts from human-induced climate change in the ocean.</p> <p>The industry must increase their efforts and interventions to conserve and responsibly use ocean resources at all levels as billions of people depend on the ocean for their livelihood and food source. The industry must invest in programs that boost and protect marine life and support governments increasing the number of marine protected areas, fully understand what best practice for biosecurity management practices mean for all vessels moving across different islands and land masses, catalyse the development of circular waste systems on-board and in partnership all ports, and ensure there are zero chemical and oil spills.</p> <p>We have in place a number of policies (e.g. Biodiversity, Environmental and Sustainable Development Policies) which provide the framework for reducing CNCo's environmental negative impact and impacts on biodiversity under our influence.</p> <p>CNCo has a whistleblowing procedure in place to report any environmental violations. The shipping industry has very strict regulations with regards to environmental violations and any incidents are immediately reported to the authorities who investigate them. Please see 307-1 below for more information on environmental breaches during the reporting period.</p>	Pages 22, 74-75
<b>GRI 304</b>  <b>BIODIVERSITY 2016</b>	<b>304-2</b>	Significant impacts of activities, products, and services on biodiversity	Yes	<p>See "Biodiversity" section of the report.</p> <p>CNCo has been investing in new technologies for hull coating. We use HEMPAGUARD technology which integrates silicone-hydrogel and full diffusion control of biocides in a single coating. The biocide is temporarily retained at the surface during its release, thereby activating the surface, and eliminating the need for polishing. HEMPAGUARD offers the same surface smoothness as conventional biocide-free silicone-based fouling release coatings and compared to standard self-polishing copolymer (SPC) anti-fouling, releases 95% less biocide.</p> <p>CNCo participates annually in the Enhancing Cetacean Habitat and Observation (ECHO) Programme. This is a voluntary speed reduction initiative on West Coast Canada under the ECHO Programme for the recovery and survival of killer whales. The speed reduction applied to a small area named Haro Strait. This is a 16.6 nautical mile distance in the Southern Pilotage waters. With speed reduction and depending on vessel type, transit times may increase between 11 and 18 minutes.</p> <p>CNCo also participated in a similar voluntary campaign led by Ports of Auckland asking ships to slow down in and out of the harbour to save endangered whales in the Hauraki Gulf. The gulf is home to fewer than 200 adult Bryde's whales. On average about two a year are found dead, many from vessel-strike. Vessels were asked to slow to 10 knots in the gulf.</p>	Page 91

<b>GRI 304</b> <b>BIODIVERSITY</b> <b>2016</b>	<b>304-3</b>	Habitats protected or restored	Yes	<p>CNCo partners the Endangered Species International ("ESI") in South Mindanao, The Philippines, to protect International Union for Conservation of Nature ("IUCN")-critically endangered Philippine forest turtles on Mount Matutum, and assisted with a programme on mangrove and coastal reef conservation, management and rehabilitation activities in the Sarangani Bay area. We also support Mahonia Na Dari (MND) in Kimbe Bay, a local marine environment research and conservation education centre based in West New Britain, PNG.</p> <p>Further to that, our work on Sustainable Ship recycling in Alang, India and the <i>Moana Taka partnership</i> in the Pacific region also have positive environmental and biodiversity impacts.</p> <p>Initiatives undertaken by CNCo in support of the protection and / or restoration of habitats are not limited to geographic locations where the size or nature of the impact could be directly measured.</p>	Pages 74-75, 78, 94
<b>GRI 307</b> <b>ENVIRONMENTAL COMPLIANCE</b> <b>2016</b>	<b>307-1</b>	Non-compliance with environmental laws and regulations	Yes	<p>CNCo had the following incidents in 2019:</p> <p><i>MV Kweilin</i>: One deck hydraulic line burst in Auckland, with less than 50 centilitres leached into the harbour. (Date of the incident: 20<sup>th</sup> October 2019). Authorities were notified and no action against the Company was taken.</p> <p><i>MV Erradale</i>: Around three to five litres of HFO that had sprayed on the hull of the bunker tanker trickled into the sea during bunkering operations. (Date of the incident: 28<sup>th</sup> July 2019). Singapore MPA has issued an Intended Notice of Prosecution to the company. The P&amp;I Club has appointed a legal firm to represent CNCo. The case was opened at the end of the reporting period.</p>	Page 119
<b>Responsible business practices and Corporate Governance</b>					
<b>GRI 103</b> <b>MANAGEMENT APPROACH</b> <b>2016</b>	<b>103-1 103-2 103-3</b>	<ul style="list-style-type: none"> <li>- Explanation of the material topic and its Boundary</li> <li>- The management approach and its components</li> <li>- Evaluation of the management approach</li> </ul>	Yes	<p>Over the last decade, the expectations on good corporate governance and responsible business practices have converged. For example, corruption has increasingly become viewed as much as a human rights risk as it is a governance issue. Likewise, tax evasion and tax avoidance are now being viewed as irresponsible corporate behaviour because these practices hamper sustainable development. There is now a basic expectation that whistle-blowing procedures are part of Standard Operating Procedures (SOPs). Various previously 'soft' laws or norms on corporate responsibility have been translated into hard laws - for example, provisions of the UN Guiding Principles on Business and Human Rights are in modern slavery legislation, and anti-bribery and anti-corruption are now firmly established as a legal compliance requirement.</p> <p>Greater convergence between corporate governance and responsible business practices will broaden governance legal compliance footprints into both environmental and social issues. Companies are expected to move from complying with anti-corruption and ESG laws to integrating the spirit of those laws into SOPs and being stringent in its application. For the sector-specific scrutiny, 11 international banks launched the Poseidon Principles to create a common, global baseline to quantitatively assess and measure the carbon intensity in their shipping portfolios.</p> <p>CNCo is committed to act with probity, transparency and accountability. CNCo has high standards of business ethics and corporate governance, including zero tolerance towards any corrupt practices. This includes curtailing the practice of facilitation payments, as well as conducting due diligence on the ethical record of transactional partners, including customers and suppliers. Our Code of Conduct is our main governance document which together with other policies and procedures sets strong foundation on how we conduct our operations.</p> <p>CNCo has a Whistleblowing Policy in place to report any governance issues that may have a negative affect on CNCo. See "Sustainable Development Governance and Policies" and "Fines and Grievances" sub-sections of the report for more information.</p>	<p>Code of Conduct: <a href="https://bit.ly/3hXzz6">https://bit.ly/3hXzz6</a></p> <p>Pages 12, 22, 23-28</p>

<b>GRI 205</b> <b>ANTI-CORRUPTION</b> <b>2016</b>	<b>205-1</b>	Operations assessed for risks related to corruption	Yes	<p>CNCo's Corporate Code of Conduct sets out rules on how CNCo group employees must behave in the course of carrying out their duties. We also have an Anti-Bribery Policy that further establishes rules and expectations. The Code together with the Policy and internal controls set a strong foundation to prevent any corruption-related incidents. The Company carries out anti-corruption / anti-bribery training and an online test for employees within the group to ensure their understanding of what is required of them.</p> <p>All our business operations are assessed for risks related to corruption. Any incidents of potential or actual non-compliance are reported to the Internal Risk Management Committee and investigated. The company has zero tolerance towards corruption. For more information see "Anti-corruption, anti-trust and monopoly practices" sub-section of the "Governance" section of the report.</p>	Page 26
<b>GRI 205</b> <b>ANTI-CORRUPTION</b> <b>2016</b>	<b>205-2</b>	Communication and training about anti-corruption policies and procedures	Yes	<p>See "Anti-corruption, anti-money laundering, and anti-trust and monopoly practices" sub-section of the "Governance" section of the report.</p> <p>CNCo's Corporate Code of Conduct includes the requirement for all employees to adhere to ethical behavioural standards and anti-corruption is one of the key areas of compliance. The Company carries out anti-bribery training and an online test for employees within the group. 100% of employees including eight ELT members in all regions we operate are covered.</p> <p>The same applies to all our business partners (100%). An anti-corruption clause is included in all our contractual agreements.</p>	Page 26
<b>GRI 205</b> <b>ANTI-CORRUPTION</b> <b>2016</b>	<b>205-3</b>	Confirmed incidents of corruption and actions taken	Yes	There were no incidents of corruption reported in 2019.	N/a
<b>GRI 206</b> <b>ANTI-COMPETITIVE BEHAVIOUR</b> <b>2016</b>	<b>206-1</b>	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Yes	There were no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices in 2019.	Page 26



Responsible procurement and supply chain management					
<b>GRI 103</b>  <b>MANAGEMENT APPROACH 2016</b>	<b>103-1 103-2 103-3</b>	<ul style="list-style-type: none"> <li>- Explanation of the material topic and its Boundary</li> <li>- The management approach and its components</li> <li>- Evaluation of the management approach</li> </ul>	Yes	<p>The past decade has seen growing expectations for consumer-facing organisations to disclose information about how and where their products and materials are sourced from, and the impact on the whole value chain, driving full supply chain transparency and reporting initiatives. Charterers and ship owners now regularly conduct due diligence on suppliers and supply chain partners to meet these expectations.</p> <p>A growing number of companies are introducing strategic supplier engagement programmes with a focus on sustainability. From Olam's AtSource to Czarnikow's VIVE sustainable supply programme, trading companies are differentiating their services by building the sustainability capacity of actors across the supply chain and offering assurance to their customers. On top of environmental and social risks associated with the production of raw materials and products, these programmes also seek to cover transport and logistics service providers, including shipping.</p> <p>In the same way that customers' expectations directly influence the performance of shipping lines' social and environmental performance, shipping companies purchasing decisions have the opportunity to influence environmental, social and economic conditions where their own suppliers operate. The ability to assess, monitor and improve the sustainability performance of suppliers is set to become a key differentiator for the business.</p> <p>For more information see "Supply Chain and Procurement Management" section of the report and Code of Conduct for Suppliers. No grievances or issues were recorded during the reporting period.</p>	<p>Supply Chain Sustainability Code of Conduct: <a href="http://bit.ly/2IV7DML">http://bit.ly/2IV7DML</a></p> <p>Pages 22, 29-30</p>
<b>GRI 308</b>  <b>SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>	<b>308-1</b>	New suppliers that were screened using environmental criteria	Yes	<p>Environmental and Social criteria are included in the Supply Chain Sustainability Code of Conduct. We have developed a Supply Chain Sustainability questionnaire (for self-audits and for the follow up on physical audits) for high risk suppliers. The questionnaire covers the main areas of sustainability risks and asks for evidence on how those risks are managed. We are working on developing and rolling out a wider supplier assessment and audit programme in the next couple of years using a risk-based approach.</p> <p>Percentage of all suppliers who have signed the sustainable procurement charter / supplier code of conduct with clauses on environmental, labour, human rights, and ethical requirements - 30%</p> <p>Percentage of total procurement spend which has gone through a CSR assessment or audit - 26%</p> <p>Percentage of all suppliers which have gone through a CSR assessment and on-site audit - 0.05%</p>	<p>N/a</p> <p>Supply Chain Sustainability Code of Conduct: <a href="http://bit.ly/2IV7DML">http://bit.ly/2IV7DML</a></p>
<b>GRI 308</b>  <b>SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>	<b>308-2</b>	Negative environmental impacts in the supply chain and actions taken	Yes	<p>SD Supplier self-assessment questionnaire asks about the supplier's environmental impacts:</p> <ul style="list-style-type: none"> <li>- What are the company's main environmental impacts?</li> <li>- What is the company doing to manage its environmental risks and impacts?</li> </ul> <p>Answers to those questions are assessed by the procurement department and if any issues are found, they are raised with the SD Department. Those areas are also covered during high risk supplier audits.</p> <p>No suppliers were identified as having significant actual or potential negative environmental impact. Number of suppliers assessed is 10.</p>	N/a
<b>GRI 414</b>  <b>SUPPLIER SOCIAL ASSESSMENT 2016</b>	<b>414-1</b>	New suppliers that were screened using social criteria	Yes	<p>Labour practices criteria are included in the Supply Chain Sustainability Code of Conduct and questionnaire. We have developed a separate MSA specific questionnaire for high risk suppliers to undergo the self-audit process. The questionnaire covers the main areas of social risks and asks for evidence on how those risks are managed.</p> <p>CNCo complies with the UK and Australian Modern Slavery Acts and we publish annual statements on our website.</p> <p>For more information see "Child / Forced &amp; Compulsory Labour / Modern Slavery Act" section of the report. Percentage of suppliers assessed is 0.05%.</p>	Page 27

<b>GRI 414</b> <b>SUPPLIER SOCIAL ASSESSMENT 2016</b>	<b>414-2</b>	Negative social impacts in the supply chain and actions taken	Yes	<p>Only high risk suppliers are assessed. Supplier self-assessment questionnaire covers areas related to supplier's social impacts such as labour practices and human rights.</p> <p>Answers to those questions are assessed by relevant departments and, if required, escalated to the SD team. No suppliers were identified as having significant actual or potential negative social impact. Number of suppliers assessed is 10.</p>	N/a
<b>Diversity and Inclusion</b>					
<b>GRI 103</b> <b>MANAGEMENT APPROACH 2016</b>	<b>103-1 103-2 103-3</b>	<ul style="list-style-type: none"> <li>- Explanation of the material topic and its Boundary</li> <li>- The management approach and its components</li> <li>- Evaluation of the management approach</li> </ul>	Yes	<p>Ensuring that the business offers the right conditions for all employees to thrive, regardless of gender, race, cultural, and other differences. This includes the examination of deep structural inequalities within the businesses, including the distribution of minorities in upper management and the design of vessels to manage diverse needs. Evidence shows that diverse teams perform better, so part of this is redesigning the business for higher performance.</p> <p>We continue to seek to encourage more women to join the CNCo fleet by creating a culture where women feel safe and are supported. We have in place a D&amp;I Policy, a Respect in the Workplace Policy as well as our Code of Conduct, all of which further embed diversity and equality of treatment and opportunity into all our operations to ensure that all employees benefit from a welcoming, positive, innovative and out-performing work environment, which is essential to CNCo's continuing success. In addition to the policies we also provide an Advice and Guidance whistleblowing hotline to deal with any potential issues.</p> <p>This topic is material for both our seagoing and shore-based employees.</p> <p>Please see "Diversity in the Workplace / Anti-discrimination and Anti-harassment" section of the report for more information. There have been no grievances reported during the period covered by this report.</p>	<p>Code of Conduct: <a href="http://bit.ly/2m51uxD">http://bit.ly/2m51uxD</a></p> <p>Pages 22, 53-58</p>
<b>GRI 405</b> <b>DIVERSITY AND EQUAL OPPORTUNITY 2016</b>	<b>405-1</b>	Diversity of governance bodies and employees	Yes	<p>The balance of the Executive team from the gender, age and ethnic diversity perspective is a recognised issue for CNCo: all Board Members are male; two out of eight Executive Leadership Team (ELT) members are female. This issue is being addressed through Leadership Development training and succession planning. Employee breakdown by gender and age group are included in the report.</p> <p>In 2018 CNCo also joined the Women's International Shipping and Trading Association (WISTA) Singapore chapter as a corporate member to provide our female managers with the platform for industry networking and thematic events. WISTA has a consultative status at the International Maritime Organisation.</p> <p>Board of Directors age groups are: Under 30 y.o. 0% 30 to 50 y.o. 29% Over 50 y.o. 71% All directors are male and Anglo-Saxon.</p> <p>ELT age groups are: Under 30 y.o. 0% 30 to 50 y.o. 37.5% Over 50 y.o. 62.5% Two females on the ELT: one expatriate and one Singaporean.</p> <p>Seagoing employees age groups are: Under 30 y.o. 24% 30 to 50 y.o. 60% Over 50 y.o. 16%</p> <p>See "Our People" section of this report for more information.</p>	Pages 51, 53-55

<b>GRI 405</b>  <b>DIVERSITY AND EQUAL OPPORTUNITY 2016</b>	<b>405-2</b>	Ratio of basic salary and remuneration of women to men	Partial	<p>The global ratio by job level was as follows:</p> <p>Job level / Male to female ratio Rank and file: 0.75:1 Mid level manager: 1.08:1 Manager / Senior Managers: 1.25:1 C-suite level: 1.04:1 All levels: 1.07:1</p> <p>Reports by significant location are unavailable.</p>	N/a
<b>GRI 406</b>  <b>NON- DISCRIMINATION 2016</b>	<b>406-1</b>	Incidents of discrimination and corrective actions taken	Yes	One potential case of discrimination was recorded in 2019. The report was investigated and dealt with appropriately, in line with the Company's policies and procedures. The outcome was not to re-employ the seafarer.	Pages 28, 58
<b>Automation and digitalisation</b>					
<b>GRI 103</b>  <b>MANAGEMENT APPROACH 2016</b>		<ul style="list-style-type: none"> <li>- Explanation of the material topic and its Boundary</li> <li>- The management approach and its components</li> <li>- Evaluation of the management approach</li> </ul>	Yes	<p>For centuries the shipping industry has been an analogue operation, relying heavily on paper-based and manual processes. With the advent of new technologies such as digital workflows, mobile connectivity and data analytic tools, there are multiple benefits of digitalisation which can create competitive advantages and greater operational efficiency. Digitalisation is one of the key focus areas in our industry today, and it is changing the way companies work and changing business models.</p> <p>Digitalisation was identified as a key focus area for our liner business – Swire Shipping, as customers are looking for easy interfaces and quick service. Swire Shipping started its Digital journey in 2018 and in 2019 continued with its investment in digital capabilities and solutions, including the commencement of a new e-commerce platform <a href="http://www.swireshipping.com">www.swireshipping.com</a>.</p> <p>Over 2019 we:</p> <ul style="list-style-type: none"> <li>- Built a product team and started the development of a handful of products</li> <li>- Established a combined product development and shared service delivery hub in Bangalore</li> <li>- Released the first product to improve our customers' online experience</li> <li>- Started the step-wise implementation of a new core IT system</li> <li>- Created low-code workflows to improve internal processes for quotes, claims etc.</li> </ul> <p>Further to that, we introduced the auto-log software on some of our vessels in 2019. The auto-log system provides real time data readings which can be accessed in the office and monitored. This will allow us to gain further efficiencies in managing vessel operations and improve fuel management.</p> <p>We have in place a Digital Governance Board and reporting is done to the Board by GM Swire Shipping.</p>	N/A



Geopolitical Instability					
GRI 103  MANAGEMENT APPROACH 2016	103-1	<ul style="list-style-type: none"> <li>- Explanation of the material topic and its Boundary</li> <li>- The management approach and its components</li> <li>- Evaluation of the management approach</li> </ul>	Yes	<p>Geopolitical instability is an indicator for what, often rapid, unpredictable, disruptive and highly volatile changes the macro-economic environment might suffer. The countries that show the greatest geopolitical instability are likely to cause the swiftest economic slowdowns, which could have a negative, direct and indirect, impact on trade flows of goods and expose the brittleness and lack of resilience on long, "just-in-time" supply chains in a (hitherto) tightly globalised world. The shipping industry is closely tied to the health of major economies at each end, and along the supply chains, prone to cyclic swings and vulnerable to the world's reaction or overreaction to any number of political events. Trade disputes, anti-globalisation, delayed investment and reduced commitment to observing the sanctity of signed contracts are likely to materially impact shipping and associated transport sectors.</p> <p>CNCo operates in a global environment where there is political instability and where the nationalistic regulatory environment for the shipping industry can be uncertain. The effects of the current US-China trade war, Brexit, the rise of protectionism and the fracturing of long supply chains will continue to affect the world trade volumes and inherently impact CNCo's business. Throughout 2019 we faced a challenging environment as global markets and trade politics became increasingly volatile and unpredictable. Our dry bulk business was negatively impacted on several fronts: from the economic slowdown in China, through the tragic dam disaster at Vale's iron ore mine in Brazil and increasing effects of climate change on food cargo trade flows to the trade war between the United States and China, just to name a few.</p> <p>The Company must remain agile and address challenges and opportunities nimbly as they emerge, to ensure that business risks can be mitigated and not exacerbated, and operations adapted within our core regions. This is addressed by our ELT on a regular basis and is reported to and discussed with the Board.</p>	Pages 22, 27
	103-2				
	103-3				

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## Request for feedback

In order that we may continually improve our reporting, we would be grateful for your views and comments on any aspects of this report, via e-mail to the address below.



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### Assurance Statement

The China Navigation Co. Pte. Ltd. (CNCo), including relevant CNCo Group Companies, commissioned Copeland & Partners Limited to conduct independent assurance of its 2019 Sustainable Development (SD) Report, in accordance with the scope below.

CPL's responsibility for this assignment is only to CNCo and CPL denies any liability or responsibility to others. It is the responsibility of CNCo to collect, analyse and present all information and data within the report, and to sustain operative governance and internal controls over the processes and systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of CNCo.

### Objective and Scope

The objective of the assurance process was to verify a representative sampling of the information included in CNCo's SD Report covering the calendar year 2019 and to determine conformance of the report contents with the requirements of the Global Reporting Initiative (GRI) Standards: Core option. The assessment of CNCo's conformance with the elements of ISO 26000 was based on the assurance process and results as well as CPL's direct engagement with CNCo's representatives to confirm CNCo's approach to managing the ISO 26000 principle of social responsibility as well its direct performance and related claims.

An assessment of the company's SD initiatives and reporting was also conducted, and recommendations were provided to management on the company's overall performance for enhancing the SD report and the company's sustainability framework.

### Methodology

The assurance process, which was conducted from September to October 2020, involved a desktop review of CNCo's 2019 SD Report and supporting statements/policies accessed through SD report website links, to identify a representative sampling of data and information, as well as claims regarding management systems, performance and corporate strategies, for verification. Information was provided by, and discussions were held with, CNCo's General Manager for Sustainable Development and team, as well as representatives of the company responsible for risk management, human resources, training and development, health and safety, the environment and procurement to confirm a representative sampling of data, claims and content included in the report and the company's strategies for managing CNCo's sustainability issues and plans for improvement. Based on this review process, observations were made which resulted in CNCo making minor amendments to the report and its GRI Content Index.

For the report assurance, CPL's assurance methodology is based on conformance of the report contents with the requirements of the Global Reporting Initiative's (GRI) Standards: Core option and uses GRI's reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness to assess the overall quality of the report and claims regarding management approaches, strategies and sustainability performance. For ISO 26000, the process described in NPR 9026:2011 was applied to determine CNCo's conformance with the principles and guidance of NEN-ISO 26000:2010.



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### Findings

Based on the claims and data reviewed, CNCo's 2019 SD Report includes accurate and robust information to support the company's commitment to, and performance in, implementing its SD Policy. The SD report and related content provide accurate, reliable and comparable performance data and information, and the issues covered are important to key stakeholders and readers of this report. CNCo has made a self-declaration of the report being in accordance with the requirements of the GRI Standards: Core option. In terms of the coverage of the required principles and general disclosures, the report conforms with the standards and core disclosures, however, CPL advised CNCo to fulfil all the detailed reporting requirements for all disclosures from GRI 102: General Disclosures, GRI 103: Management Approach and comply with all the detailed reporting requirements for at least one topic-specific disclosure, or state reasons for omission.

This report, which continues to evolve with CNCo's continuous improvement in its sustainability performance, discloses information on the company's approach to, and performance in, addressing the elements of *ISO 26000:2010 - Guidance on Social Responsibility*. The report content is available online and the materiality of its content evolves in response to stakeholder feedback as the company engages its stakeholders on sustainability.

CNCo's material sustainability issues are extensively covered, with transparent and balanced discussion of the company's sustainability efforts and the risks, ongoing challenges and opportunities found in responsibly managing the impact of the industry's transformation. Notably, CNCo has provided global, industry leadership in both closed loop systems and health, safety and labour practices for vessel recycling, as well as also utilising company resources to protect and improve the environment in the Pacific region by shipping out recyclable waste, which would have gone to landfill, to countries with efficient and sustainable recycling plants.

The transparent disclosure of CNCo's approach and performance within the wider context of sustainability, and particularly reflecting on both positive and negative aspects of its performance, is commendable. In addition to the above-noted achievements, it is also noteworthy to recognise the company's initiatives and commitment to:

- Deliver organic expansion while operating the largest and most environmentally-responsible vessels in the region.
- Continue to demonstrate steadfast leadership in adopting new technologies within the industry and locally-tailored shipping solutions to minimise environmental impact and foster sustainable, local development for the Pacific Islands, as well as contributing to research on the impact of climate change on the ocean.
- Accelerate its strategy to focus on modern fuel-efficient vessels that allow for environmentally-responsible bulk solutions, and in doing so, implement new IMO regulations.
- Join the "Getting to Zero Coalition" to be in line with IMO Initial Strategy emissions' reduction target of 50% by 2050.
- Eliminate the consumption of single-use plastic, with 2019 demonstrating significant reductions across bulk and liner fleets.
- Continually evolve approaches to safety, with the introduction SafetyDelta™ in 2019 that will see each vessel taking responsibility for the on-board safety culture.
- Improve gender diversity in a historically-skewed, male-dominated shipping sector, with the hiring of a D&I Manager responsible for delivering the D&I Strategy for CNCo.
- Enhance engagement with internal and external stakeholders, with an extended stakeholder engagement exercise that has delivered a refined list of material issues, and communicate the company's key risks and opportunities as voiced by key stakeholders.

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### Recommendations for Future SD Strategy and Reporting

The commitment and resources that CNCo has dedicated to integrating sustainability into its business processes and to managing potential risks and opportunities is admirable, as is the progress made in addressing the recommendations of the previous assurance process. Going forward, CNCo is encouraged to maintain its comprehensive approach to addressing and reporting its sustainability performance and to focus on the following key areas:

- Establish a deeper Strategic Sustainability Framework that clearly aligns risks and opportunities to material topics with specific targets for CNCo in support of relevant SDG targets, mapped to CNCoThrive's three pillars.
- Associate the value chain analysis, with priority risks and opportunities, mitigating actions and key performance indicators to provide a strong framework to report, track progress and focus stakeholders on the short-, medium- and long-term priorities going forward.
- Expand the stakeholder engagement approach, making it clear which groups are included and the extent of this engagement. Consider adopting a consistent and systematic approach for stakeholder engagement and the materiality process so that fulsome input is received on risks and opportunities, and on the material topics selected and their positioning in the materiality matrix.
- Reframe and deepen the materiality content to detail key steps and considerations taken to determine material topics; be more explicit in how the engagement informed the shortlisting/prioritising of material topics and disclose key topics/concerns for each and all stakeholder groups, and how these topics are being addressed.
- Create a visual schematic that clearly shows the integration of the Corporate Governance Compliance Committee, and any other John Swire & Sons' risk management and thematic working groups that feed reporting into CNCO's Management Committee.
- Expand on the modern slavery risk assessment process and how third-party suppliers and contractors are classified as "higher risk suppliers", and provide more detail on how the Whistleblowing process is implemented and managed.
- Ensure detailed reporting on the strategy delivered by the new D&I hire.
- Detail how CNCo aligns its community engagement and investment with its business strategy, skill sets and experience; CNCo is encouraged to develop metrics to track and demonstrate the impact/outcome of its community engagement.
- Group key partnerships across focus areas to demonstrate industry leadership, while making it clear on the goals of any collaboration and to highlight progress.
- Consider publicly disclosing all policies referenced in the SD Report.



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October 10<sup>th</sup>, 2020