

# SUSTAINABLE DEVELOPMENT REPORT

FOR THE CALENDAR YEAR

2017



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## Dear Stakeholders,

Swire Pacific Offshore's mission is to 'Deliver safe, high quality, reliable and sustainable Marine Services'. We continue to plan, manage and operate our businesses in line with our long term commitments to safety and sustainability. This is done in accordance with best practice and often goes beyond internationally agreed standards. I am pleased to report our progress in the areas of Carbon / Biodiversity / Environmental, Community and Safety Performance in this, our seventh, Sustainable Development (SD) report, covering the period of calendar year 2017.

Our core business of providing marine services to the offshore oil industry continues to be largely driven by the market price for oil, which in turn reflects the underlying supply / demand equation. 2017 has been another extremely challenging year. Vessel utilisation and day rates sank to a new low in the first quarter with more than half our fleet off-hire. Industry spend on offshore oil Exploration and Production was down for the third year in a row, resulting in multiple bankruptcies and large numbers

of redundancies across the industry. Large numbers of boats across the globe have been off-hire for extended periods and the numbers in layup continue to rise. Like our competitors, we have had to make painful cuts to our fleet and our workforce to reduce costs.

SPO has implemented the following cost-reduction measures in 2017 to manage through the downturn:

- Warm stack and cold stack of excess tonnage
- Sale of older, less fuel efficient tonnage
- Deferral of non-essential Capital Expenditure
- Reduction in discretionary spend such as Travel, Marketing and Entertainment
- Pay freeze and bonus cuts
- Reduction in mariner pay scales and selective headcount reductions to reflect capacity reduction

One thing we have not cut is our focus on safety. In 2017 we have maintained our reduction in Lost Time Injuries which is testament to a strong commitment to improve safety. However, we continue to have incidents

which could, and should, have been avoided, often because someone did not follow proper procedures or because of poor situational awareness. We must learn from these mistakes and make sure they are never repeated. Each one of us is responsible for improving safety awareness and ensuring our own safety as well as the safety of those around us. Whilst it is important that our clients see us as helpful and proactive there should be no doubt about the overriding requirement to stop the job if it is not safe. We have reinforced our 'Stop Work' safety policy to our staff that they should not look aside or walk by an unsafe act and reiterated that they will have the Company's support if they stop a potentially unsafe act.

Swire is a company that recognises the value of its people and the communities that support us.

We recognise that when our people are happy and motivated they perform better; and that when the communities around us thrive, so do we (see page 61).

We have maintained our investment in training and staff development (see page 32 *et al*); and our support for the community; and we continue to win awards for our investment in people and the environment. Indeed, the success of our Company since it started 43 years ago is largely the result of the consistent hard work and professionalism of our people, at sea and ashore. The quality of our work and our strong safety focus is recognised and appreciated by our clients; it is our reputation for quality, safety and reliability that sets SPO apart from the competition. We must never compromise that hard earned reputation.

We continue to plan, manage and operate our businesses in line with our long term commitments to safety and sustainability. This is done in accordance with best practice and often goes beyond internationally agreed standards.



In 2017 SPO took delivery of four additional, new build vessels, G Class Platform Supply Vessels powered by an extremely fuel-efficient, four engine diesel-electric propulsion plant with counter-rotating azimuth thrusters. We understand how important fuel efficiency is to our clients, particularly when times are tough. We also understand how important it is to reduce our own environmental impact and the G Class has been designed to be a very environmentally friendly boat in all respects.

SPO has used the period of this report to rejuvenate its fleet and improve cost efficiency and productivity. We have managed to retain most of our talent and are now well positioned to take advantage of the next upturn in the cycle which is expected in 2020.

Sustainability remains integral to our long term strategic decision-making wherever we are in the business cycle. As we continue to focus on the key areas of our business, we will continue to seek to: a) raise behavioural safety awareness, b) minimise our negative environmental impact, c) ensure our supply chain and business partners are working with

us responsibly and d) recognise that SPO has a responsibility for our impact on society and the natural environment, beyond legal compliance. This will strengthen SPO and our stakeholders' competitive position for the future.

SPO maintains a regularly reviewed Enterprise-wide Risk Register, and this obviously includes noting risks to our business from geo-political instability. However, due to its nature, we can only plan to mitigate its effects as we have no control over its causation, manifestation and consequences. Given our expertise is in providing safe, high quality, reliable and sustainable marine services, we have sought to have a diversified fleet, broadly balanced:

- 1 within the Oil and Gas E&P sector (AHTS vs. PSVs),
- 2 between Oil and Gas E&P clients (National Oil Companies vs. "blue chip" MNCs)
- 3 between the Oil and Gas support sector and non-Oil and Gas support areas, and
- 4 across the widest spread of geographies.

We believe our strong capability to both work in, and move between, very different global

theatres of operations allows us to withstand geo-political risks from such changes:

- in fossil fuel vs renewable upstream production, and downstream demand,
- between differing OPEC and non-OPEC country political positions, and
- in global logistical demands to meet narrow and changing localised political positions.

With the signing of the United Nations Framework Convention on Climate Change (UNFCCC) "Paris Agreement" at CoP21, although shipping along with aviation are not included within the terms of the agreement due to the trans-border nature of these businesses, it is nevertheless incumbent on the shipping sector to play its part in holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

SPO supports the view that "Going low-carbon is the only option for a profitable, future-proof business", and has been taking the following actions:

- Studying the feasibility of radically decarbonising our business by the use of other low / zero carbon fuels in green marine projects, with the intent to have proved a pilot project by the beginning of 2020 – see details of Project Hafnium on page 55.
- Continuing to diversify our business and reduce dependence on the Oil and Gas sector whilst building on our strong, safety

conscious and experienced maritime skills base. In this regard, our reputation for integrity, fleet reliability, flexibility, high performing quality assets and our ability to undertake and deliver difficult tasks in difficult places will be of value;

- Actively working with our clients to reduce their fuel use (and costs);
- Continuing to offset our current GHG emissions until such time as we have financially viable technological and / or operational means to eliminate them (see above).

The radical decarbonisation of our business is by far the most material challenge we will face over the next few years. We have made an early start on this and this report will outline our initiatives in this key area. SPO is committed to play our part in ensuring the long-term sustainability of the planet on which we live and depend on to thrive.

It is gratifying that our efforts in all areas of sustainability have been externally recognised during the reporting period. In particular, we are honoured to have received the following awards in 2017:

***Excellence in Manpower Training and Development award***

SPO was selected as the winner by an independent judging panel chaired by the Chairman of the MPA and other maritime leaders at the Singapore International Maritime Awards (IMA) ceremony held on 25<sup>th</sup> April 2017.

**SPO has used the period of this report to rejuvenate its fleet and improve cost efficiency and productivity. We have managed to retain most of our talent and are now well positioned to take advantage of the next upturn in the cycle which is expected in 2020.**

#### **Investing in People award**

SPO won the prestigious *Investing in People* award at the 18<sup>th</sup> Annual Business Awards Gala Dinner organised by the British Chamber of Commerce on 28<sup>th</sup> September 2017. This award is a strong affirmation of SPO's commitment to continue investing in developing our people despite the downturn.

#### **Double victory for SPO and CNCo at Swire Sustainable Development (SD) Forum**

SPO received two awards for *The Most Impactful SD Project* and *The Best Sustainable Development Project* at the annual Sustainable Development (SD) Forum held in Hong Kong on 9<sup>th</sup> November 2017. Our Sustainable Ship Recycling project won most votes out of 280 participants from our peers from right across the entire public and private Swire groups.

SPO also continues to invest in its stakeholder communities over the business cycle, although we have reduced our commitment after more than six years to the Propeller Club of Manila. This is because it would be irresponsible to

continue to sponsor the qualification of fresh engineers and cooks into an industry with insufficient demand. However, we will resume this once we see the upturn leg of the cycle approaching to ensure that we maintain a suitable talent pipeline. We will also continue to support our University Scholars through to their graduation.

SPO continues to work closely with Swire Pacific's Sustainable Development Office and the Group Risk Management Committee to ensure a comprehensive and rigorous approach is maintained when considering all aspects of managing our risks and opportunities.

An important body of work is the Task Force on Climate-related Financial Disclosures (TCFD) Final Recommendations Report, released on 29<sup>th</sup> June 2017 (see <https://www.fsb-tcfid.org>) which develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. The TCFD Report expects that

companies should consider the physical, liability and transition risks associated with climate change and what should constitute effective financial disclosures.

The work and recommendations of the Task Force will help SPO's parent company, Swire Pacific Limited, understand what financial markets require in terms of disclosure in order to measure and respond to climate change risks, and to encourage firms to align their disclosures with investors' needs.

Additionally, the SPO General Manager (GM) for Sustainable Development (SD) sits on the SPO Management Committee (ManCom) and advises on any issues connected with governance mechanisms and potential SD risks and opportunities in current or proposed projects. To achieve this the SD department is one of the key specialist technical subject matter gate keepers, providing relevant input from their own specialist technical area at each decision gate in the SPO Life Of Asset evaluation process that was developed by the Business Improvement team and adopted by SPO during 2016 in managing large scale capital investments.

Sustainability for SPO and its parent, Swire Pacific Limited, has always been an issue of the highest importance. Today, this is more pressing than ever before as our planet faces very serious environmental, social and governance challenges. As a result of these threats, we have adopted a new SwireTHRIVE strategy to support the approach that will help ensure that all group business' decisions are guided and underpinned by the best-in-class

principles of environmental sustainability. Our SwireTHRIVE strategy lists six key areas where we all have both the opportunity and the responsibility to play our part in protecting our planet's natural systems and resources, whilst simultaneously making us more efficient and resilient businesses that can thrive over the long term. The strategy is also a way to align the priorities of all companies within the group to focus on clear, tangible, metric-driven goals in order to achieve the greatest positive impact.

We look forward to working with all our stakeholders reading this report to help all of us to meet the needs of the present now without compromising the ability of future generations to meet their own needs.



**Ron Mathison**  
Managing Director, Swire Pacific Offshore



**Our SwireTHRIVE strategy lists six key areas where we all have both the opportunity and the responsibility to play our part in protecting our planet's natural systems and resources, whilst simultaneously making us more efficient and resilient businesses that can thrive over the long term.**



# Introduction



Our commitment to Sustainable Development (SD) remains strong as we continue to integrate economic, environmental and social sustainability into all dimensions of our business and our management practices.

This SD Annual Report covers the operations of the Swire Pacific Offshore group (SPO) from 1<sup>st</sup> January 2017 to 31<sup>st</sup> December 2017, with any point data being for our position as at 31<sup>st</sup> December 2017. For this 2017 annual report we transitioned from the Global Reporting Initiative (GRI) "G4 Guidelines" to the "GRI Standards" as the basis for disclosure. This report has been prepared in accordance with the "GRI Standards: Core" option.

As per previous reports, which can all be found on our website at [www.swire.com.sg](http://www.swire.com.sg), this report details the impacts we have made across each of the five pillars of our reporting framework: Governance, Our People, Safety, the Environment and Our Communities covering the topics that we have found to be most material to the SPO group. SPO remains committed to meeting the best practices for all the relevant areas detailed by the ISO 26000:2010 Standard on Social Responsibility, which are also addressed throughout this report.

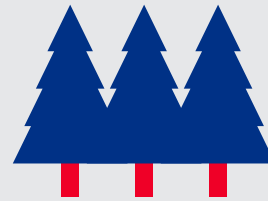
Our commitment to Sustainable Development remains strong as we continue to integrate economic, environmental and social sustainability into all dimensions of our business and our management practices.

## SUSTAINABLE DEVELOPMENT HIGHLIGHTS

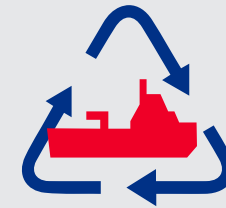
### ✓ Commitment to Carbon Neutrality



Working to be Carbon Neutral (since 2011) through REDD+ project, carbon offsetting as well as R&D project on the use of alternate fuels.



Invested in two parcels of land in Paraguay to preserve forests and biodiversity in perpetuity.



Vessel Recycling in a safe and responsible manner in Alang, India.

### ✓ Nurturing Local Communities



Scholarships & Sponsorships



Community partnerships



Aligned to SwireTHRIVE

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*In this section:*

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**10** Company Profile

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**12** Fleet Composition

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**13** Organisational Structure and Boundaries

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**14** Sustainable Development Structure and Composition of the Executive

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**15** Policies and Management Systems

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**16** Sustainable Development Strategy

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**17** Sustainable Development Goals

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**17** Anti-corruption, Anti-trust and Monopoly Practices

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**18** Supplier Management

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**19** Child and Forced Labour / Modern Day Slavery Act / Cybersecurity

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**20** Stakeholder Engagement and Materiality

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**21** External Stakeholder Engagement / Consolidated Materiality Matrix

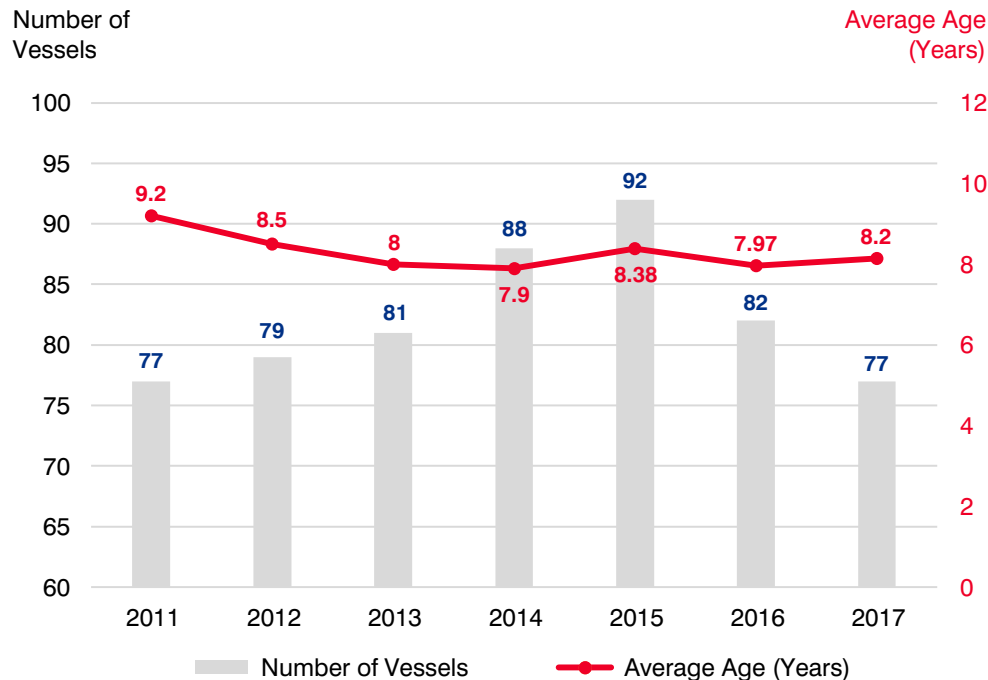
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**22** Awards Received

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Sustainability remains integral to our strategic decision-making wherever we are in the business cycle. We strongly believe that this commitment to Sustainability will strengthen the competitive positions of both SPO and our stakeholders for the future.

#### Vessel numbers and average age



#### Company Profile

Swire Pacific Offshore Limited is part of the Swire Pacific Limited group of companies, one of the leading commercial groups in the Asia Pacific region. Based in Hong Kong, the publicly-quoted Swire Pacific Limited has five operating divisions: Property, Aviation, Beverages, Trading & Industrial, and Marine Services. SPO is part of the Marine Services division.

SPO is a leading service provider to the offshore Oil and Gas industry with a network that spans the globe. At the end of 2017, SPO owned and / or operated 77 offshore support vessels, with the remaining four new building vessels on order scheduled for delivery in 2018. The fleet includes a mix of Anchor Handling Tug Supply (AHTS) vessels, Platform Supply Vessels (PSV), Anchor Handling Tugs (AHT), and a High Speed Crew Catamaran. Overall value of SPO's assets is in excess of USD 2 billion.

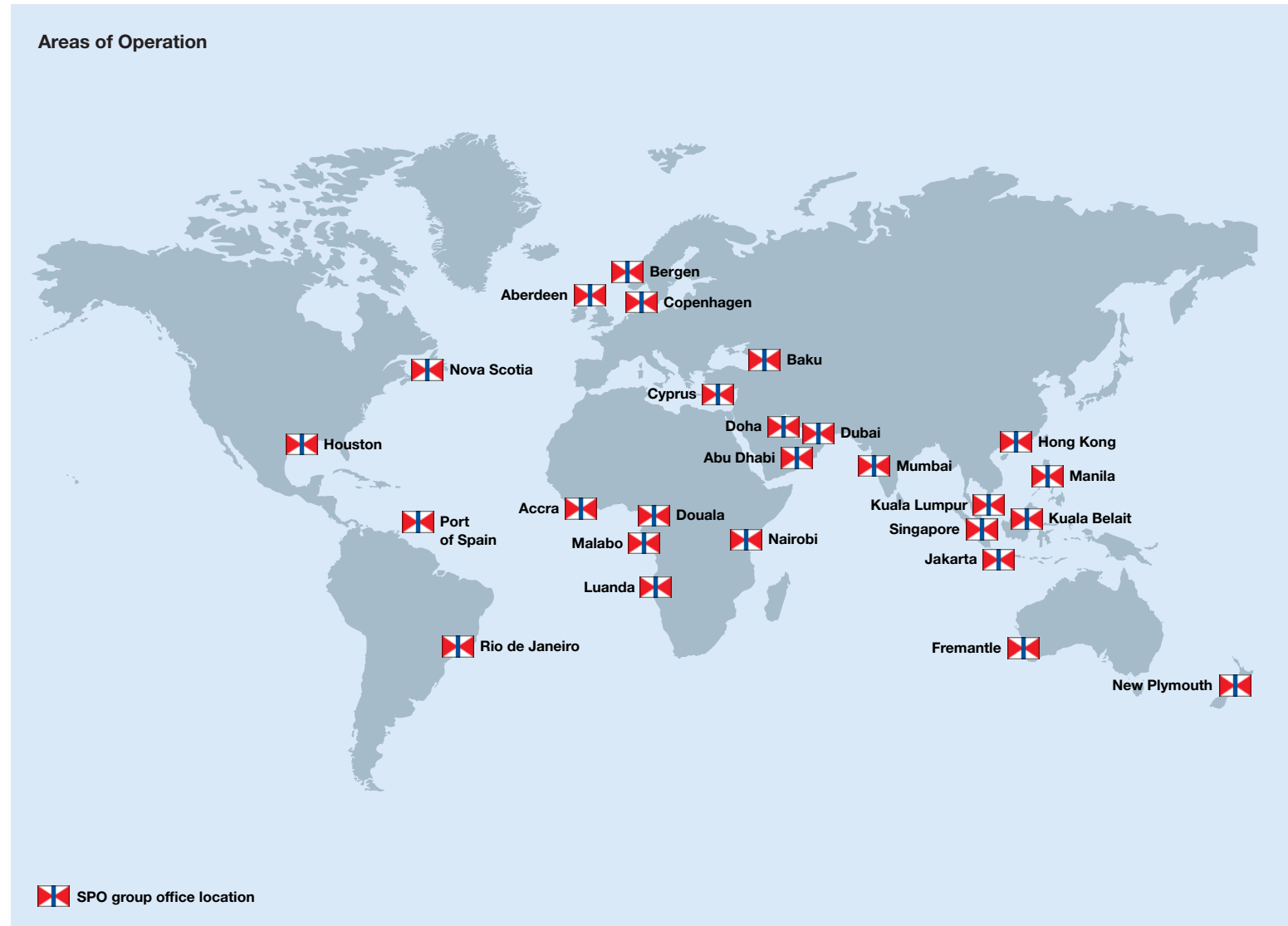
We are fully equipped to support, *inter alia*, the wide range of offshore activities required by the offshore marine Oil and Gas Exploration and Production sectors, including seismic survey, exploration, drilling, pipe-lay, subsea construction, production and Floating Production Storage and Offloading (FPSO) operations. In addition to this we continue to balance our fleet and operations by building our capability in the non-Oil and Gas E&P sector, in areas such as wind-farm installation, non-Oil and Gas remote sub-sea intervention, general salvage and coastal protection.

In operation since 1975, SPO has a modern fleet with an average age of 8.2 years as at the end of 2017. The Company has over 43 years of experience supporting blue chip companies across the globe. Headquartered in Singapore since 1998, SPO has subsidiaries and / or regional and representative offices in Angola, Australia, Brazil, Brunei, Cameroon, Canada, Denmark, Equatorial Guinea, Ghana, India, Indonesia, Malaysia, New Zealand, Norway, Philippines, Qatar, Scotland, and the United Arab Emirates, operating vessels in every major oil exploration region outside of North America (27 offices around the world, with a presence in most major markets except the US Gulf of Mexico).

2017 was another extremely challenging year for SPO. The E&P industry spend on offshore oil exploration was materially down for the third year in a row. Vessel utilisation and daily rates sank to a new low in the first quarter of the year with a lot of vessels being put off-hire. As with many of our peer group, we had to make painful cuts to both the older vessels in our fleet and our workforce to reduce costs. Despite the cost cutting measures, we did not and will not compromise on delivering safe, consistently high quality operations so our clients can rely on SPO to do the job right, and to do it safe, every time, and are now very well positioned for the next upturn in the cycle that we now see on the horizon.

**We did not and will not compromise on delivering safe, consistently high quality operations.**

SPO is a leading service provider to the offshore Oil and Gas industry with a network that spans the globe.



77

Vessels in Total

8.2 years

Average Fleet Age

As of 31<sup>st</sup> December 2017

The third party owned and managed vessel, *MV Swift Rescue*, that is manned by SPO is not included in the narrative or statistics in this report.



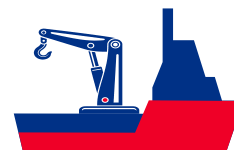
49

Anchor Handling Tug Supply Vessels (AHTS)



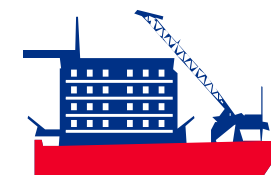
18

Platform Supply Vessels (PSVs)  
+ 4 under construction



3

Multi-purpose Offshore Vessels (Subsea)



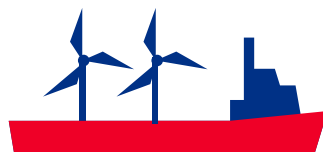
2

Accommodation Barges



2

Seismic Survey Vessels



2

Windfarm Installation Vessels



1

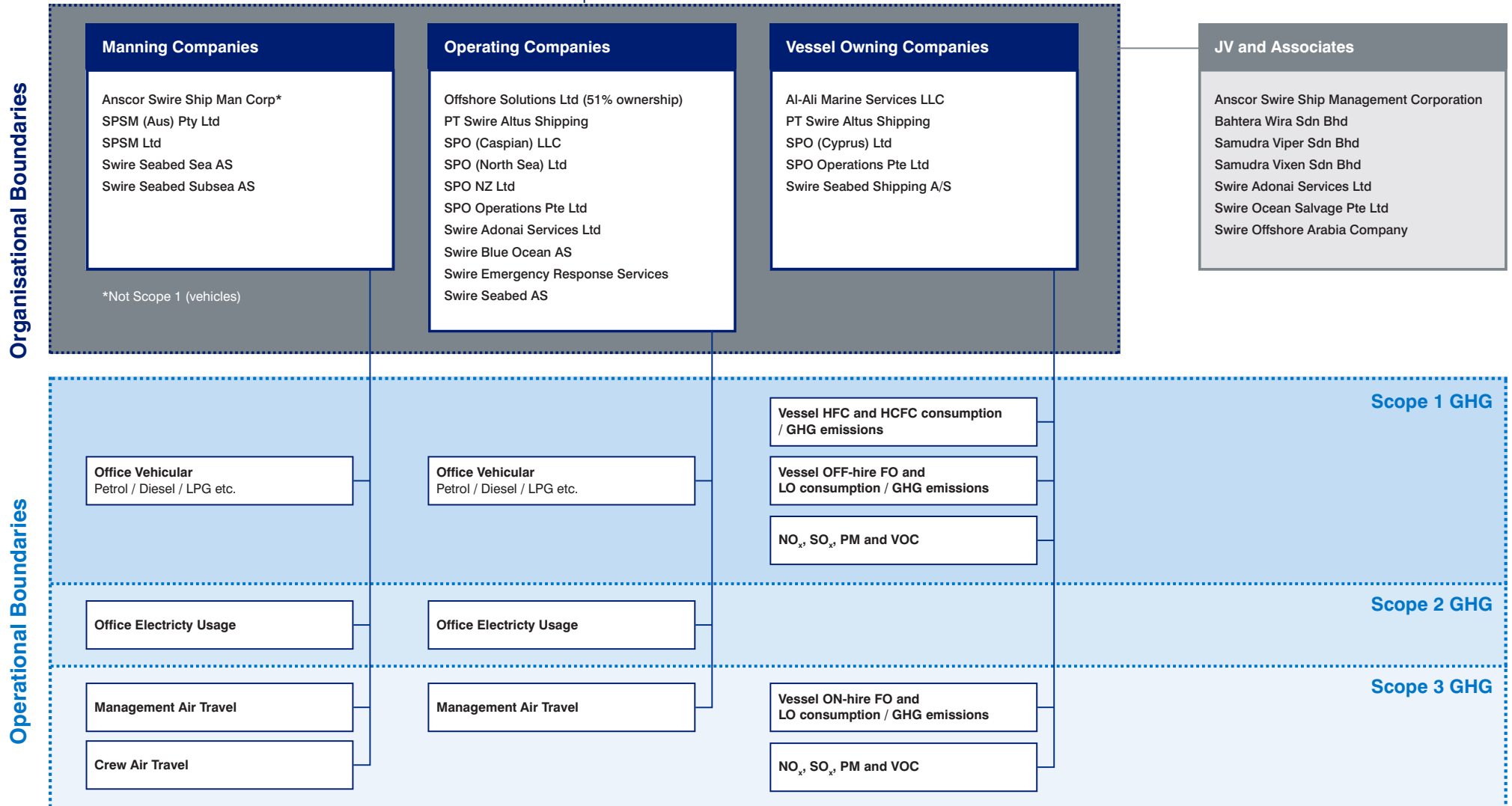
High Speed Catamaran

**Fleet Composition**

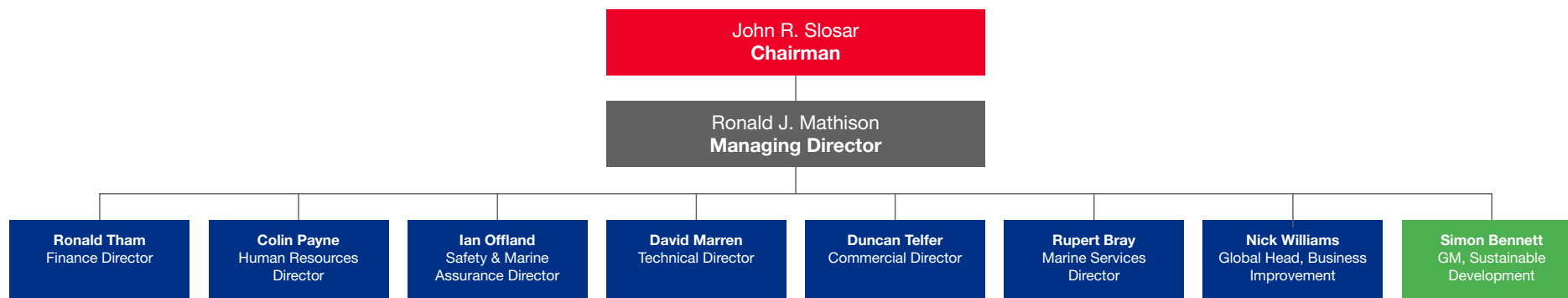
As of the end of December 2017, SPO owned 77 vessels, managed one vessel and had four new vessels under construction. Two new vessels were added to the fleet in 2017, four vessels sold and one sustainably recycled (*MV Pacific Bear*). The average age of SPO's fleet was 8.2 years. All manning and technical management is done in-house.

**SWIRE PACIFIC OFFSHORE**

Organisational and Operational Boundaries of Swire Pacific Offshore Operations Pte Ltd (OPE) and Approved Network Companies (ANC) under Singapore Approved International Shipping Enterprise Scheme (AIS) of OPE



Sustainable Development structure, and composition of the executive Management Committee and its role



Sustainability is championed on the SPO ManCom (the highest level operational and strategy-setting body within SPO) by Simon Bennett, General Manager - Sustainable Development (GM SD) who brings to the role over 34 years' experience within the Company both offshore, and onshore in various offices and positions.

The GM SD reports directly to the Managing Director, enabling the provision of sustainability input in the early stages of relevant strategic decisions. Decisions made by the Executive are then cascaded down through the organisation. Consideration of sustainability is at the heart of strategic decision-making by the SPO executive and supported by the Board members. One of SPO's strategic objectives is to: "Manage our Business Sustainably". SD reports to the Board include strategic and operational sustainability issues. Sustainability reporting is also done to the parent Swire group on a quarterly and yearly basis and covers economic, environmental and social impacts. The composition of SPO's ManCom is shown in the organogram, above. The balance of the Executive team from the

gender identity, age and ethnic diversity perspectives is a recognised issue for SPO which is being addressed through Leadership Development training and succession planning (see **Our People** section of this report).

The interests of external stakeholders relating to SD are fed back to the Executive by the GM SD following both stakeholder engagement and any written feedback received through questionnaires or verbally. The "interests" include both risks and opportunities, and how we manage our economic, environmental and social impacts (see details on pages 57-58). Staff are able to channel constructive comments to the ManCom and / or ultimately the Managing Director via department heads, and / or in the case of governance and safety issues by direct reporting to the MD through the Designated Person Ashore (DPA) as legislated under the International Maritime Organisation (IMO) (the United Nations (UN) body with global authority over the international shipping industry) International Ship Management (ISM) Code. This seeks to facilitate safety at sea, prevention of human

injury or loss of life, and avoidance of damage to the environment, in particular, to the marine environment, and to property.

We have in place a formal whistleblowing procedure 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. Details of both the DPA and whistleblowing procedure are posted in every worksite, ashore and afloat, and in each monthly edition of our internal newsletter "SPOTlight".

SPO continues to work closely with the parent company's Sustainable Development Office (SDO) and the Group Risk Management Committee to ensure a comprehensive and rigorous approach is maintained across all five group operating divisions when considering all aspects of managing our SD-related risks and opportunities.

The GM SD attends weekly and monthly ManCom meetings where he presents progress

on the on-going initiatives as well as upcoming movements in the regulatory area, nascent risks and opportunities and their potential impact on SPO's activities. This ensures that SPO's Executive body is fully aware of and understands any current or potential future aspects of the environmental, social and governance issues that may impact upon SPO's operations and thus to consider these proactively in their decision-making.

Sustainability-related risks are managed through regular reviews of the risk registers, board level reporting, as well as monthly and weekly management meetings. SPO also has in place a dedicated "Governance, Risks and Compliance Committee" and this Committee reports three times a year, through the ManCom, on any changes in our risk profile to the parent company's "Group Risk Management Committee" and its Working Group(s).

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

**Policies and Management Systems**

**SD policies and management systems**

ManCom has operational responsibility for economic, operational, health and safety, social and environmental performance within SPO.

SPO's ManCom regularly reviews all the Company's policies in the SD area, including SD Policy, Health and Safety Policy, Environmental Policy, Environmental Objectives, Goals and Targets, SPO's Corporate Code of Conduct (CoC) and our Supply Chain Sustainability CoC etc.

SPO's anti-bribery policy is set out in both our CoC and Anti-Corruption Policy.

These policies are top-level documents sitting above our Quality, Health, Safety and Environmental (QHSE) Management System,

which is extensive and has been used across the Company and its fleet for many years. Together, our policies, Safety Management System (SMS), Quality Management and Environmental Management Manuals have ensured that we operate fully in accordance with ISO 9001, ISO 14001 and the IMO ISM Code.

At the end of 2017 SPO commenced a wholesale review of our policies and corporate governance system to make it more logically structured and usable, and to update our ISO 9001 Management System from the 2008 edition to the revised 2015 version and the ISO 14001 Management System from the 2004 edition to the revised 2015 version. All three projects will be completed and rolled out within 2018.



**ManCom has operational responsibility for economic, operational, health and safety, social and environmental performance within SPO.**

- Sustainable Development Policy**
- Environmental Policy**
- Environmental Objectives, Goals And Targets**
- Corporate Code of Conduct**
- Supply Chain Sustainability Code of Conduct**
- Modern Slavery Statement**

- <https://bit.ly/2aZKRKR>
- <https://bit.ly/2r4NRjR>
- <https://bit.ly/2aVQxHM>
- <https://bit.ly/2LGF5lj>
- <https://bit.ly/2aypLRa>
- <https://bit.ly/2tSowdi>

**Sustainable Development Strategy**

Our strategy is fully aligned with the Swire group’s environmental strategy: SwireTHRIVE, which aims to mitigate operational risks and build long-term resilience by driving higher standards, greater efficiency, and increased innovation in key areas.

The aim of SwireTHRIVE is to consider the impact on the environment while continuing to prosper in the long term. SwireTHRIVE focuses on environmental sustainability because the success of people, communities and Swire itself depends upon a thriving natural environment. The key issue areas of SwireTHRIVE are Carbon, Waste, Water, Sustainable Materials, Biodiversity, and Climate Resilience.

The six key environmental issues which form the SwireTHRIVE strategy are material to all divisions across Swire group and all operating companies. And in addition to those six focus areas of SwireTHRIVE, SPO’s strategy covers other areas which are material to our own Company. We have aligned them across three pillars:

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

And those commitments are detailed in SPO’s Sustainable Development strategy (introduced in 2016). See page 74. All of our current and future sustainability initiatives are aligned with those three pillars.



**Swire Pacific Offshore has been in business since 1975.**

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 full 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.

**Because when we help the world in which we operate to thrive, so do we.**



Sustainable Development Goals / Anti-corruption, anti-trust and monopoly practices

**Sustainable Development Goals**

We have aligned our SD strategy with the relevant UN Sustainable Development Goals (SDGs) that the Company considers most important to its stakeholders. We have also aligned SPO's material issues to demonstrate the linkages between them. We aim to track how our organisational goals and actions contribute to helping achieve the wider sustainability agenda.

The UN explicitly acknowledged in the past that the achievement of the Millennium Development Goals (MDGs) was simply not possible without the involvement of the private sector, and thus the MDGs evolved into the SDGs. We started tracking our progress

towards achieving the relevant SDGs in 2016, and our progress in 2017 is included on page 76 (SDGs and with Links to SPOTHRIVE strategy and Material Issues with progress).

**Anti-corruption, anti-trust and monopoly practices**

SPO takes a Zero tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery and corruption. This commitment is underlined in our anti-corruption policy and our Corporate CoC. We also take observing best industry practices very seriously and require both our

employees and contractors to display the highest ethical standards.

SPO's requirement for probity, transparency and accountable conduct in all business dealings and the CoC is a condition of everyone's employment. We have in place compulsory training modules for all shore-based employees, through our online training platform.

Training covers the CoC, UK Bribery Act (2010), Anti-trust and Preventing Harassment in the Workplace. All the modules require employees to pass the test on completion demonstrating their understanding of the regulations and our requirements. Our seagoing personnel also receive training on the Code by our Training Captains on our vessels, and on all Safety Management courses run at our Swire Marine Training Centre (SMTTC) in Singapore.

All SPO employees must declare all gifts and hospitality given to them with value in excess of USD 150. Declarations are submitted to HR who check for compliance

with the CoC. It is the responsibility of all SPO employees to prevent, detect and report bribery and other forms of corruption. Any issues or concerns can be reported using the confidential Whistleblowing hotline and are duly investigated by senior-most management.

Our own Internal Audit department and the Swire group Internal Audit department formally audit all business units on a risk-based and rolling basis. The internal audits are conducted under SPO's Internal Audit Charter, reporting to the Audit Supervisory Committee. The scope of the Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management process, system of internal control structure and quality of performance in carrying out assigned responsibilities to achieve the organisations stated goals and objectives.

During 2017, SPO was not involved in any legal actions for anti-competitive behaviour, anti-trust, or monopoly practices and there were no breaches of our CoC found.



Our own Internal Audit department and the Swire group Internal Audit department formally audit all business units on a risk-based and rolling basis.

**Supplier management**

SPO has a strong preference to work with suppliers who share the Company’s commitment to honesty and integrity, and actively seeks to work with organisations that go beyond the standard requirements and who strive to integrate principles of Sustainable Development into all areas of their business.

Our procurement system sets a number of requirements that businesses must fulfil to be accepted onto our Approved Vendor List (“AVL”). In addition to the necessary and standard business information, we require all our key prospective vendors to demonstrate their alignment with these SPO’s policies: Operating Policy, CoC and Supply Chain Sustainability CoC.

All suppliers initially undergo a self-audit in order to be eligible to be included on our AVL. The questionnaire covers, *inter alia*, the main areas of sustainability-related risk and asks for verifiable evidence as to how they manage these risks. SPO then undertakes an internal risk-based assessment, identifying suppliers that should be physically spot-audited on site against the six main risk areas, *viz.* Environmental Performance, Health and Safety, Ethics, Governance, Labour Standards and Human Rights Compliance etc.

In 2017, we added the requirement for all new and re-contracted suppliers to comply with the UK Modern Slavery Act 2015 (MSA) (and note that this is under discussion for introduction in Australia and other legal jurisdictions) by including a relevant clause into SPO’s Service Agreement template and by designing a specific MSA questionnaire to be a part of the AVL acceptance requirement (see next section for more info).

SPO is an end-user of equipment and consumables required for the operation and maintenance of its fleet of OSVs. It does not produce or process materials for its own or use of others. As such, the vendor on-boarding process is designed to ensure the integrity and responsible approach of the suppliers with whom we transact. Any potential or existing suppliers with whom we have significant concerns regarding the nature of their business practices are blocked and unable to be activated in our AVL listing.

In 2017, 25,000 product and service supply transactions, with a combined value in excess of USD 100 million were performed supporting our global operations.



**SPO has a strong preference to work with suppliers who share the Company’s commitment to honesty and integrity.**

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

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

As a business with both a history and an ethical framework of good employment practice, SPO 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 and compulsory labour) as an issue has become increasingly visible and we must take seriously all moral and legal duties in this regard.

SPO's CoC requires the entire SPO 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 SPO's Company policies. That requirement includes ensuring that SPO (and its suppliers) will not engage forced / child / bonded or prison 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 done on all candidates to ascertain their age prior to the offer of employment. Our Supply Chain Sustainability CoC spells out all principles to which we require our suppliers to adhere covering, *inter alia*, forbidding forced and child labour.

The definition of "child" adopted by SPO is aligned with that in the UNICEF / UNECO "Convention on the Rights of the Child,

(1989)", as "less than 18 years of age". Whilst some countries of operation may have more specific local labour requirements that define a "child" as being younger than this, 18 years of age is the minimum we recognise. The sole exception to this is that, in accordance with ILO Convention 138 (Minimum Age Convention, 1973) Article 6, we exclude from our definition of "labour" and "employment" any applicability to a person between the ages of 16 (as our strict lowest age limit) and 18, who is undergoing "a formal course of education or programme training being undertaken by young persons in schools for general, vocational or technical education or in other training institutions".

As part of our compliance with the UK Modern Day Slavery Act we carried out a number of self-assessments for higher risk suppliers in 2017. These assessments gave us an insight into the state of supplier maturity against Modern Slavery areas and allowed us to propose improvements to strengthen their governance systems. No serious nonconformities were recorded. These will be supplemented by physical audits as required.

SPO's internal audit against our Modern Slavery initiatives achieved a satisfactory grading stating that: "effective risk management exists in most audit areas". For more information on MSA related actions taken and planned for 2018 please see our Statement on Modern Slavery and Human Trafficking (2017) <https://bit.ly/2K5UGGA>

### Cybersecurity

At SPO, we recognise the importance of cybersecurity for both our offices and our vessels. There has been an increase in cases of cyber-attacks in the marine sector, with ransomware attacks and email scams for fraudulent transactions now being a common occurrence. Our vessels' electronic equipment such as AIS, GPS and ECDIS navigational equipment are also particularly at risk of being hacked / compromised which may cause serious accidents or falsified routes thus potentially impacting our employees safety, environmental damage and our clients' operations.

We have thus put measures in place to defend our Company and our vessels from potential cyber-attacks. SPO has policies and procedures governing cybersecurity practices and they are required to be strictly observed by all SPO employees. We have a dedicated team of professionals managing cybersecurity risks and prioritising our approach to risk management by focusing on:

- Our people,
- Our processes, and
- The technologies we employ.

We focus on "the human factor" which is often the weakest link for potential cyber breaches as phishing e-mails are widespread. Our strategy focuses on cybersecurity education and building awareness of our people at sea and ashore. We hold regular training sessions covering current and emerging threats: educating our employees on ways to identify potential cyber threats, staying safe online, emphasising reporting of any suspicious articles. Part of this training includes performing periodic cybersecurity assessments to identify weaknesses and addressing them through further strengthening our procedures.

We also focus on our network infrastructure which is designed to reduce and contain the risk of a malware outbreak.

**The SPO group will not tolerate the practice of modern slavery in any form and is committed to continue to work with all of its stakeholders and relevant regulators to combat this issue, wherever it may become aware of it.**

Stakeholder Engagement and Materiality

Stakeholder engagement and materiality

We conduct materiality assessments regularly as a follow up on the SD presentations for shore-based and seagoing employees. Our stakeholder consultation programme covers office visits (employees and clients), officer and crews' fora (for seagoing employees), training programmes (seagoing employees and industry partners) at SPO's Marine Training Centre in Singapore and on board our vessels (seagoing employees), shore-based employee induction programmes and many other *ad hoc* events (media tours, presentations to clients etc.).

Through our stakeholder engagements and surveys in 2017, we have identified and ranked the importance that our stakeholders give to the various components that make an organisation "Socially Responsible". Surveys are given out following every engagement event to receive maximum feedback from a variety of stakeholders.

In 2017, we have conducted a targeted survey of 38 external stakeholders to understand what is important to them.

External stakeholders have identified the four main areas of importance to SPO (above 90% importance score):

- **Strong Governance and Business Ethics:** SPO is a well-governed, ethical and responsible company that operates in a transparent and accountable manner. (97%)
- **Labour Practices and Human Rights:** SPO is an Employer of Choice, providing a diverse and inclusive working environment and fair compensation and benefits. (97%)
- **Managing Company's Supply Chain:** SPO expects a high standard of sustainable and ethical performance throughout its supply chain. (95%)
- **Engaging its People:** SPO is proactive in engaging all its employees in its sustainability journey to help them understand how SD adds value to the business. (92%)

Graphs can be found on page 69.

In 2017, we have conducted a targeted survey of 38 external stakeholders to understand what is important to them.



External Stakeholder Engagement / Consolidated Materiality Matrix

We found that our internal stakeholders (365 responses received) put more weighting on the following material topics:

- The Company has **sound Health and Safety practices**, and are making protection of the health and safety of employees, clients and their employees their main priority. (shore-based employees rated it at 95%, seagoing employees at 93%)
- The Company **does not cause spills or otherwise pollute the marine environment**. (shore-based employees: 92%)
- The Company is **responsible and well governed**. We operate with accountability, transparency, ethical behaviour and respect for the rule of law. We do not tolerate corrupt practices such as bribery within our own staff or our supply chain. (seagoing employees: 90%)

Taking all internal and external stakeholders views into account, we developed a consolidated Material Issues Matrix (see page 70) in consultation with our sustainability partner: Forum for the Future, and SPO's senior management team. Material topics also covered those identified through an independent scan for issues of concern to SPO's current business and peer group views to ensure we took a broader view on what is important to our business. The process considered material issues affecting our Value Chain: essentially a Build / Operate / Transfer (BOT) framework, which can be found on page 71.

This report has been written to address material areas as per GRI requirements.

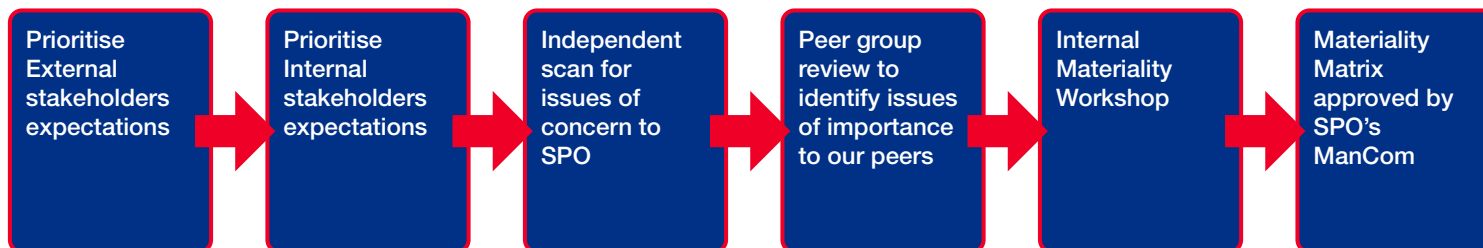
Two of the Material topics are not covered by this report. They are:

**1. Geopolitical Stability** - climate change, competition for scarce resources, state fragility, and ideological conflicts all threaten to increase political instability in the coming decade. This will have important implications for global trade, migration, governance and even population growth, as well as human wellbeing. While it has the potential to impact our business, it is outside of our active operational control and is unpredictable in the long term. We will continue monitoring it and must necessarily respond accordingly.

**2. Automation** - The impact of increasing automation will affect workers that have specialised competencies in sectors such as the Oil and Gas services industry, many of whom may be disinterested and / or unable to achieve the same level of competency in other fields. Increased layoffs from automation could eventually contribute to wider societal unrest and increased poverty among communities where the businesses may be active. We have identified this as a potential material issue which needs to be monitored for signs of increasing prominence before developing a strategy to address it.

Note: Topics not included on the Materiality Matrix are not considered relevant and not covered under this report.

Materiality Assessment Process



## Awards Received in 2017

## Awards

Exceed our customers' expectations

★ **Excellence in Manpower Training and Development, International Maritime Awards**  
SPO received this prestigious award from Maritime and Port Authority of Singapore in honour of the Company's notable efforts in nurturing its employees.

★ **Investing in People Award**  
18<sup>th</sup> Annual Business Awards Gala Dinner, British Chamber of Commerce

★ **The Most Impactful SD Project and The Best Sustainable Development Project**  
The Sustainable Ship Recycling Project, Swire group Sustainable Development Forum

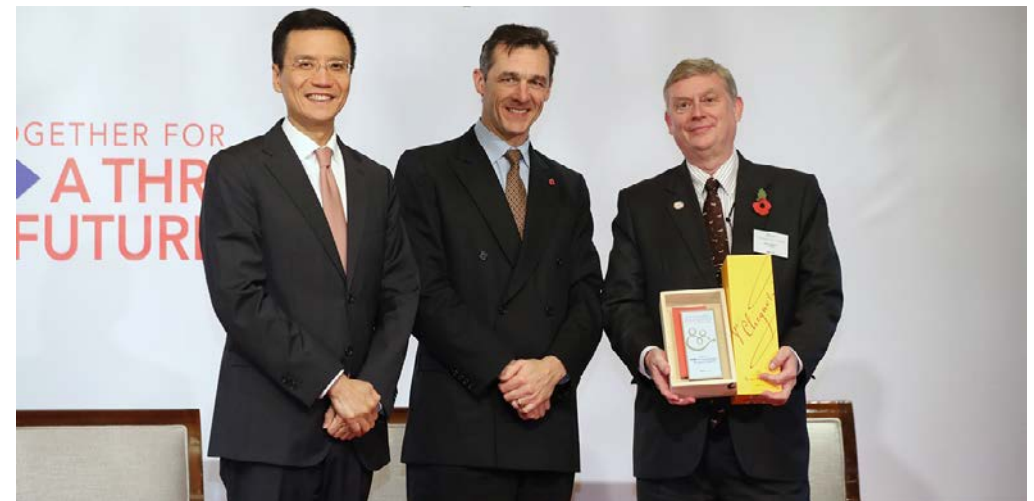


### Double victory for SPO and CNCo at Swire Sustainable Development (SD) Forum in Hong Kong

At the annual Sustainable Development (SD) Forum held in Hong Kong from 8<sup>th</sup> to 9<sup>th</sup> November 2017, SPO bagged two awards for *The Most Impactful SD Project* and *The Best Sustainable Development Project*.

The Sustainable Ship Recycling project, spearheaded by General Manager, SD, Simon Bennett and his team, won twice in the SD Projects competition with the most votes out of 280 participants from our peers from right across the entire public and private Swire groups. The SD Project Competition was first launched in 2012 to showcase outstanding sustainability-related projects across the Swire groups of companies and to reinforce the inter-connectedness and value-adding potential between sustainability and business.

“Succeeding in this large-scale vessel recycling project for SPO and CNCo will require a complete paradigm shift in the industry and strong on-going management support. This project was executed at a green premium and brings to life Swire’s strong belief that it adopts a long-term view in all its businesses and will take the lead to exceed industry practices and legislation for the overall benefit of our own business and the wider industry as a whole,” said General Manager, SD, Simon Bennett.



## Awards Received in 2017

### SPO wins *Investing in People* award at 18<sup>th</sup> Annual Business Awards organised by the British Chamber of Commerce

SPO won the prestigious *Investing in People* award at the 18<sup>th</sup> Annual Business Awards Gala Dinner organised by the British Chamber of Commerce on 28<sup>th</sup> September 2017. This award is a strong affirmation of SPO's commitment to continue investing in developing our people despite the downturn. SPO HR Director, Colin Payne received the award on behalf of the Company. In his thank you address, he highlighted SPO management's strong commitment to nurturing employees and thanked the teams for their hard work which contributed to this success.

"Swire Pacific Offshore is part of the Swire group which celebrated its 200<sup>th</sup> anniversary in 2016. Over this time, the Company has learned that the best way to build an enduring and successful business is to take good care of our people, protect the environment and support the communities on which we depend. Despite the challenging times we are facing in the offshore industry, our commitment to developing our people remains paramount. We believe that it is our people that set us apart and give us the edge over the competition. I would like to take this opportunity to thank all our employees who have contributed to this success, particularly our trainers at SMTC and the Leadership Development team. I would also like to congratulate all industry participants who have shown their commitment to investing in people. At Swire, we believe an investment in people is the best investment one can make for the future," said HR Director, Colin Payne.

### SPO wins *Excellence in Manpower Training and Development* award during Singapore Maritime Week

On 25<sup>th</sup> April 2017, Safety and Marine Assurance Director, Ian Offland represented SPO to receive the *Excellence in Manpower Training and Development* award at the Singapore International Maritime Awards (IMA) ceremony held in Singapore. SPO was selected as the winner by an independent judging panel chaired by Chairman of MPA, Niam Chiam Meng and other maritime leaders.

"This award is a tremendous accolade for SPO. I would like to thank and congratulate the teams in the Head Office and SMTC for their relentless effort and hard work in supporting the Company's goals and objectives in training our employees. The industry recognition is a fantastic achievement and well done to everyone who has been involved, committed and engaged in raising our training standards throughout the Company," said Offland.



Photo credit: Maritime and Port Authority of Singapore

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**28** Diversity and Inclusion

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**31** Employee Retention / Pay and Remuneration

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**34** Competence Assurance

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**35** Career Succession Planning

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# Our People

SPO employees are the Company’s key assets and we continue to invest in staff training and development. SPO aims to be the Employer of Choice by treating people with respect and providing them with good and safe working conditions, equitable remuneration and benefits.

We recognise that when our people are happy and motivated they perform better. Despite the challenging industry conditions, we have maintained our investment in training and staff development which has been publicly recognised by the awards we received again in 2017. Indeed, the success of our Company is largely the result of the consistent hard work and professionalism of our people, at sea and ashore. The quality of our work and our strong safety focus is recognised and appreciated by our clients; it is this reputation for safety, quality and reliability that sets SPO apart from our peer group.

### Employee Profile

At the end of 2017, SPO employed 2,586 people in various locations around the world. These employees came from 55 countries. 488 of our employees were shore-based, and 2,098 were seafarers.

Our shore-based employee number increased by 14% y-o-y, whilst seagoing personnel number decreased by 8% y-o-y reflecting sale and warm / cold stacking of vessels.

### Our employees



No. of employees worldwide:

**2,586**  
people



Shore-based

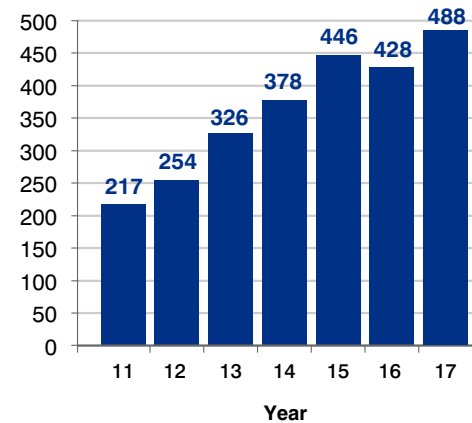
**488**



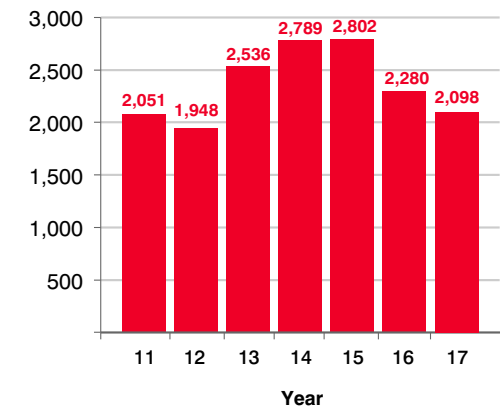
Seagoing

**2,098**

### Number of shore-based employees



### Number of seagoing employees



Our shore-based employees are based in 27 offices around the globe, with eight key\* locations as follows: (\*key or significant locations are defined as having 3% of total number of employees and above)

3%	Australia
3%	Azerbaijan
7%	Cameroon
7%	Denmark
10%	Norway
10%	Philippines
46%	Singapore (HQ)
6%	United Arab Emirates

with the remaining 10% being based in Angola, Brazil, Brunei, Ghana, Indonesia, Malaysia, New Zealand, Qatar, Russia, United Kingdom and United States among others.

90% of our employees were classified as "local" in 2017. We define "local" as a national

or permanent resident of the country of employment. The balance of 10% are classified as "expatriates". However, about a quarter of this expatriate staff sub-group are in fact our parent company's managers who are rotated through internal postings across the wider Swire group. The rest have necessary industry specific competencies and generally are long-term career managers serving with the Company worldwide.

By far the majority of our employees are employed on a full-time / permanent basis (95% or 466) with the remaining 5% being on temporary contracts.

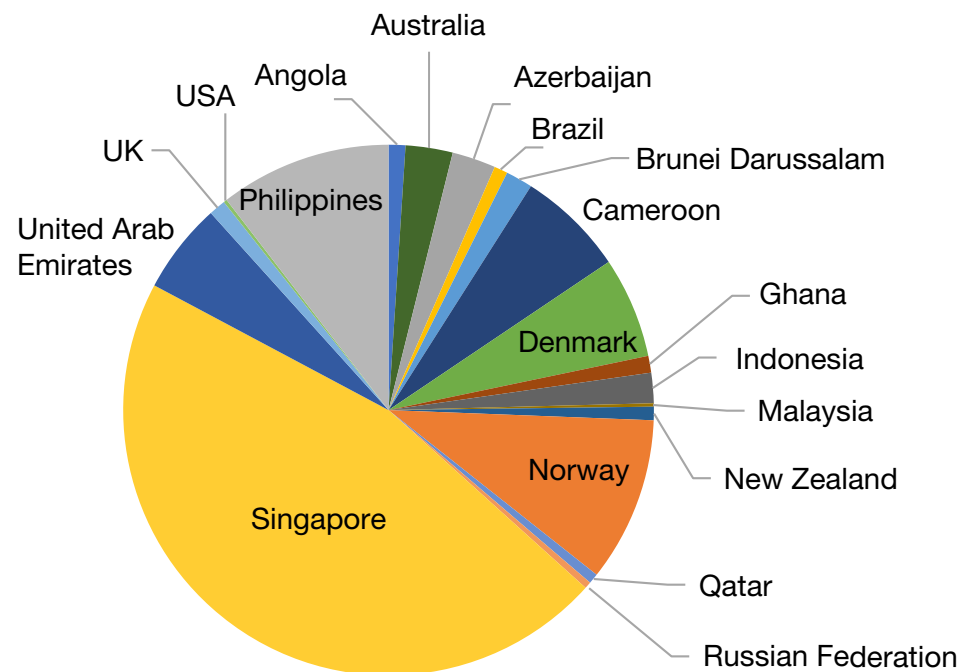
See page 76 for breakdown of employees by:

- employment contract and region and
- employment contract and gender identity

Our shore-based employees are based in 27 offices around the globe.

	Total # of shore-based employees	Expat	Local
2015	446	14%	86%
2016	428	14%	86%
2017	488	10%	90%

Shore-based employee locations



All the seagoing employees of SPO are employed through dedicated industry-specific (and often geographically-specific i.e. as required under local laws and regulations) manning companies, which are either wholly owned by SPO or have a direct contract with SPO as their principal. They are regarded as in-house, long-term employees and are certified in their professional competence in accordance with the statutory IMO Standards of Training, Certification and Watchkeeping for Seafarers (“STCW”) Convention of 2010 and, since 2006, the International Labour Organisation’s (“ILO”) Maritime Labour Convention (“MLC”).

Amongst our shore-based employees, 95% were employed on a full time, permanent basis whilst the remaining 5% were temporary or contract staff.

31% were in managerial positions with 69% being in support roles.

The average years of service was 6.2 years for shore-based employees and 7.56 years for our seagoing employees.

All of our seafarers are covered by collective bargaining agreements (CBA) as required by the Maritime Labour Convention (MLC) 2006.

All of our employment contracts comply with relevant local employment laws. We provide additional benefits often in excess of regulatory requirements such as private healthcare insurance cover for all seafarers and medical insurance for shore-based employees, and for all seafarers, life insurance and paid pension arrangements or cash *in lieu*.

**Employer of Choice**

SPO has been shown to be the Employer of Choice for many of our seagoing and shore-based employees. We have a rewards and recognition programme in place which rewards loyal long-serving employees and their on-going contributions to the business by presenting them with Long Service Awards. In 2017, we issued 215 awards to employees ashore and at sea for lengths of service from 10 to 35 years. This adds up to 2,505 years of service.



<i>Years of Service</i>	<i>Shore-based employees</i>	<i>Seagoing employees</i>
10 years	114	61
15 years	64	37
20 years	26	18
25 years	8	5
30 years	1	0
35 years	2	0



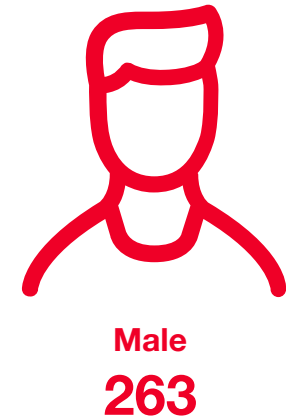
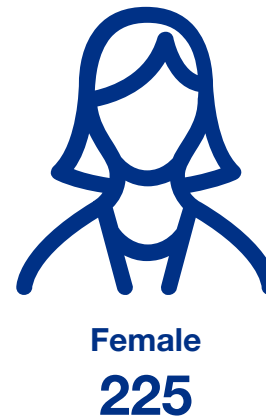
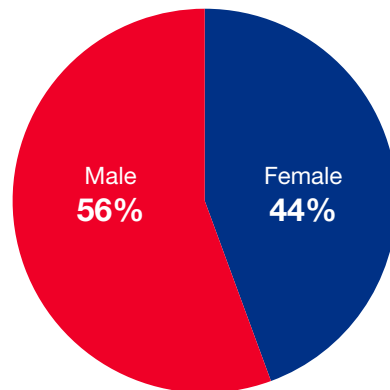
In 2017, we issued 215 awards to employees ashore and at sea for lengths of service from 10 to 35 years. This adds up to 2,505 years of service.

**Diversity and Inclusion (D&I)**

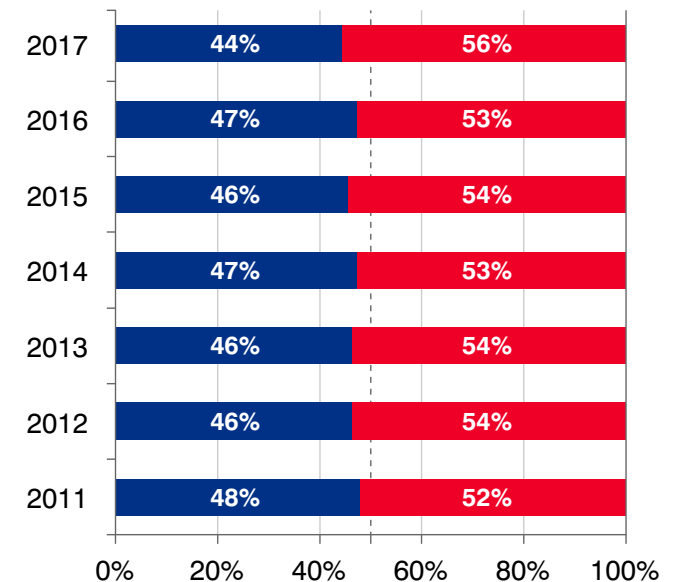
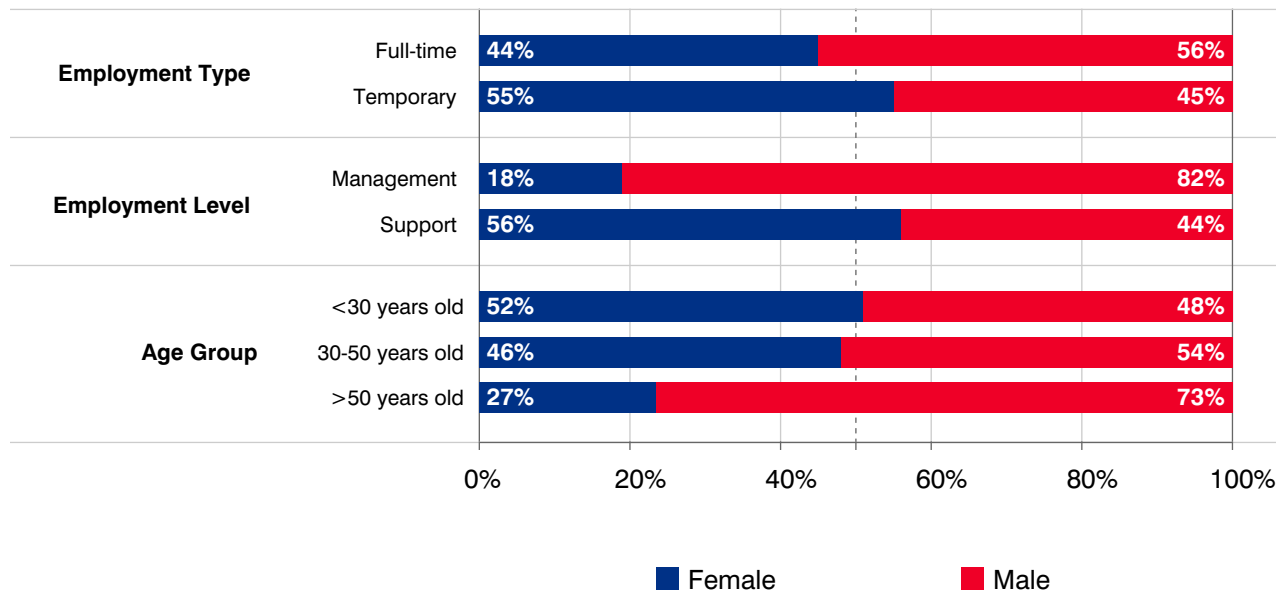
We have an exceptionally diverse workforce of various religions and age groups with seafarers coming from 41 countries, shore employees represent 37 nationalities and we have offices in 27 countries around the world. We work towards ensuring that we have a cohesive, value-adding team, and that everyone is treated with respect.



We have an exceptionally diverse workforce of various religions and age groups with seafarers coming from 41 countries, and shore employees representing 37 nationalities.



Shore-based employees



*Shore-based employees*

In 2017, of the shore-based employees, 56% were male and 44% were female. These figures have been very similar over the last seven years, with a small fluctuation of 2-3% demonstrating a relatively stable and proportionate overall distribution of gender identity.

The breakdown by employment type and level and age group by gender identity shows that there are four times more men in managerial positions than women (82% vs. 18%). We are acutely aware of this and are actively addressing it through our Leadership training programmes.

Breakdown of shore-based employees by gender

■ Female  
■ Male

*Seagoing employees*

Among our seagoing employees, there were 14 females (0.78% total number of seafarers), a decrease from 31 females employed last year. This was due to one of our accommodation barges, which employed female staff in Brunei, coming to the end of its contract. However, whilst highlighting our need to work further in this area, the low percentage of female representation, especially in senior roles, is reflective of the shipping industry as a whole (excluding the cruise sector which artificially skews the figures due to the number of females in hotel support roles).

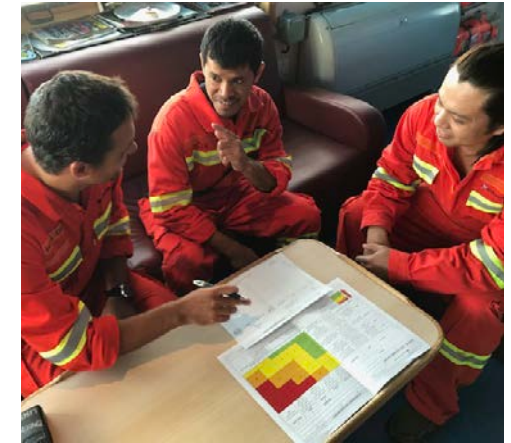
We continue to seek to encourage more women to join SPO fleet by creating a culture where women feel safe and are supported. In addition to the policies we provide a confidential whistleblowing hotline to deal with any potential issues.

SPO has a comprehensive “Equal Opportunities, Diversity, Inclusion and Respect in the Workplace” Policy, which aims to embed positive diversity, equality and respect of all into all our operations to ensure that we benefit from a welcoming, positive, innovative and out-performing work environment, which is essential to SPO’s continuing success.

A properly diverse and inclusive workforce is one whose members are never discriminated against. Accordingly, we require full compliance with applicable employment and other laws and will not tolerate unlawful discrimination, harassment or 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.

SPO’s management works to provide equality of opportunity to all of its employees wherever they are based and ensure that there is no discrimination on the basis of educational background, life experience or work experience. SPO aims to have a workforce that as far as practical reflects the diversity of the stakeholder communities in which its business units operate worldwide.



A properly diverse and inclusive workforce is one whose members are never discriminated against. Accordingly, we require full compliance with applicable employment and other laws and will not tolerate unlawful discrimination, harassment or other breaches of applicable law.

Employee Retention / Pay and Remuneration

**Employee retention and turnover**

SPO continuously strives to be an Employer of Choice, and is making every effort to retain valued employees whether at sea or ashore throughout the industry downturn.

Despite the decrease in seagoing personnel numbers we managed to achieve a retention rate of 93.57%.

For our shore-based employees, the retention rate in 2017 was 88.93% across the group with the turnover by key locations varied, but mostly in line with the previous year’s figures. Higher percentages were in offices where there is a small number of staff and is overinflated due to natural terminations, transfers to other business units and end of contract terms.

The largest number of shore-based employees are located in our Head Office in Singapore (225) where the turnover was 15% and it was on par with the national average over the past few years. For details on the new hires and turnover rate by age group, gender identity and region please see page 73.

**Pay and remuneration**

SPO is an equal opportunity employer and all staff are hired solely based on their ability to meet the relevant Job Description. Post regular reviews, SPO confirms that there is no instance of men and women with the same competence / experience being paid differential rates for performing the same work. Remuneration is set according to the local market rates for a

specific skill set and experience. Salaries are set by the internal Compensation and Benefits Department and in accordance with the local geographical market guidelines in order to attract and retain the best talent. Executive pay is determined through advice from external consultants, together with the use of benchmarking data from similar organisations.

For seagoing employees, pay negotiations are undertaken collectively with relevant international or national bodies, and administered under Collective Bargaining Agreements (CBA) in accordance with MLC 2006.

SPO does not provide performance-based standard pay, equity or shares as part of remuneration packages regardless of seniority.

Bonuses may be awarded for performance on a discretionary but equitable basis. Pensions are provided as per statutory requirements. Except where otherwise regulated locally, for expatriates the pension contribution rate is the same, set at 20%, regardless of seniority.

Termination payments are made in accordance with local law(s) and contracted notice periods. Notice periods may range globally from one month for more junior staff to three months for more senior staff.

**Shore-based employee turnover rate in % by key locations**

	2017
Australia	21%
Azerbaijan	15%
Cameroon	9%
Denmark	3%
Norway	10%
Philippines	6%
Singapore	15%
United Arab Emirates	15%



SPO is an equal opportunity employer and all staff are hired solely based on their ability to meet the relevant Job Description.

### Performance management

All seafarers receive a performance evaluation review conducted by the Master and the Chief Engineer at the end of their tour of duty on board a vessel. The performance reviews for the Master and the Chief Engineer are conducted by the controlling Outport Manager(s) based on the location of the vessel at the time of their signing off. The appraisal reviews the specific skills set, personal characteristics, teamwork and leadership qualities, among others. The process identifies areas for improvement and training opportunities as well as individual strengths and these are fed into the recognition and promotion programme.

For shore-based employees, performance management is done using the internal SwireConnect software package. Performance assessments include a review of smart goals, performance against Swire values and job competencies. All shore-based employees in all locations undergo the performance appraisal process which is the key component of our performance culture.

Swire Leadership competencies (using the Lominger Competency Framework model) and Swire Values are the basis of the structured competency based interview and performance management framework used in SPO. 'Developing Potential and Enhancing Performance' and 'Competency Based Interview Guide' were developed to support and educate employees on SPO's structured performance management and recruitment processes.

Since 2013, SPO has implemented the competency-based interview techniques, based on Lominger Competency Framework, to ensure we hire the right person for the right role. In addition, we use this framework for our Management Trainee structured programme, in which our trainees are provided with relevant competency training that would help them to succeed and progress within the organisation.

### Commitment to Training and Development

SPO recruits, trains and develops its talented employees for the long term. The Company places strong emphasis on lifelong learning and is committed to providing training to equip our employees, both at sea and ashore, with the highest standards of training.

The Company's training policy emphasises the benefit (to both Company and individuals) from investment in discretionary training over and above any non-discretionary statutory requirements, to enhance the safety, quality and professionalism of our operations. The Company made a significant investment in the Swire Marine Training Centre (SMTC) in 2007. The centre is the most advanced of its kind in the offshore industry and the first of such totally integrated facilities in Asia; it provides a focal point for the development of our seagoing employees within the Company. SMTC facilities have the ability to fully simulate the integrated working environment of SPO's range of classes and types of offshore support vessels in a safe, well managed and cost-effective setting.

For more information on SMTC please see our 2016 SD report. Over the years, we have also hosted numerous dignitaries, government officials and students at SMTC as part of our efforts to share our expertise.

Notwithstanding that SPO is going through one of the worst downturns in the global Oil and Gas E&P industry in decades, our commitment to training and development of our seagoing employees remains very high. Over the 12 months of 2017, we trained 1,136 people on 163 separate courses at SMTC, equating to a total of 28,644 training hours. This is a 30-35% increase from 2016 numbers despite an 8% reduction in our seagoing employees establishment. Similarly the total number of personnel that attended other discretionary courses across our various geographies was 2,265 with the overall number of training hours being 47,604. The average number of training hours for seagoing employees more than doubled from 9.5 hours per person in 2016 to 22.7 hours per person in 2017. This is a testament to SPO's commitment to developing our people even during challenging times.

All shore-based employees in all locations undergo the performance appraisal process which is the key component of our performance culture.



For our shore-based employees we provide a combination of internal and external training. We ran an intensive in-house training programme over 2015-2016 covering a number of areas from Business Improvement to Leadership Development for a large number of our shore employees as detailed in our previous reports. As a result the training hours in 2017 dropped to 921 from 3,817 hours in 2016.

However, our training expenditure for shore employees training courses increased from USD 383,665 to USD 558,539. The average number of training hours for shore employees in Singapore decreased to 3.95 hours per person from 19.35 hours per person in 2016. The average number of training hours for all shore employees in all locations was higher for management personnel: 2.82 vs 1.80 per person (a decrease from 17.77 for management and 5.14 for support staff in 2016).

In February 2017, SPO launched Leaders Forum, a quarterly sharing session for employees where an expert speaker shares his or her insights on leadership topics. This programme was developed to create a sustainable leadership culture and to reinforce key learnings from the Swire Leadership programme. SPO also organises quarterly lunchtime sharing sessions where guest speakers provide insights on sustainable development-related topics as part of the Company's on-going efforts to encourage lifelong learning and educate our employees on sustainability.

Shore employees have access to an extensive selection of online courses on software, creative, and business skills using a Learning Management System and Lynda.com platforms. This learning portal allows office employees to receive training, learn new skills, and acquire new knowledge at their own convenience beyond the formal classroom training.

**Continuous Business Improvement**

SPO's Business Improvement ("BI") department aims to enhance safety, process efficiency and productivity. The Improvement Journey to Excellence seeks to bring about incremental change in every aspect of the business, to ensure SPO continues to improve and perform as an industry-leading business. Our improvement journey continued in 2017 with a number of projects, training, courses and workshops covering a number of areas from functional improvements and high impact projects to project management training and Lean Six Sigma courses designed to drive cost efficiencies and workforce productivity.

We also embarked on enhancing our Corporate Governance System using best practices to continuously improve the way SPO directs itself and the way it operates its business. SPO's improved Corporate Governance balances the interests of the Company's many stakeholders,

such as shareholders, management, clients, suppliers, financiers, government and the community. It encompasses practically every sphere of management, from action plans, internal controls, performance management to enforcement of compliance to ensure the business is fit for future. This work is on-going and will continue into 2018.

**Shore-based Personnel World Wide**

		<i>No. of training hours</i>	<i>No. of employees</i>	<i>Average no. of training hrs per person</i>
<b>Training hours</b>	<b>Management</b>	370	108	2.82
	<b>Support</b>	551	195	1.80

\*breakdown by gender is not available

**Improvement Journey to Excellence**

- 4 Significant High Impact Projects (SHIP)
- 28 Functional Projects
- 45 Functional Improvements
- 5 Project Management Essential Training
- 3 Continuous Improvement Workshops
- 1 Lean Six Sigma Course
- Design and develop SPO's new corporate governance architecture

### Competence Assurance

In order to ensure that SPO's vessels are manned with dedicated, qualified and proficient seagoing personnel SPO set up an in-house Competence Assurance Department (CAD) in 2013. CAD helps to identify, monitor and arrange for the training requirements of officers and crew. This system ensures that we cover all training needs, with courses delivered either internally or externally depending on the requirements.

The CAD team is actively involved with the Cadet training process: from recruitment to graduation from college. We currently have Deck, Engine and Electrical Cadets undergoing training. Nationalities include: British, Danish, Filipino, Cameroonian, Ghanaian, Nigerian, Bruneian and Singaporean.

Training is also provided onboard SPO's vessels by our own Training Captains and Cook Trainers, as well as by running regular safety drills. SPO also provides discretionary back-deck training for deck crew at accredited Training Centres in the Philippines.

In order to improve standards of service delivery, improve quality and reduce food waste, SPO employed three Cook Trainers to visit all the

vessels in our fleet worldwide to instruct the fleet's cooks, with an emphasis on safe and hygienic practices in the vessels' galleys.

Our Cook Trainers also organise professional upskilling courses to increase cooks' competence levels in order to provide better quality meals to our staff and our clients. A 15-day 'Cooks' Upgrade Course' was developed by CAD Cook Trainers Andrew and Nicholas Hunter in conjunction with United Marine Training Center (UMTC) staff.

The course is being delivered at the recently completed 'Catering Upgrade Facility' at UMTC in Manila, which was specifically designed and built to deliver this course. UMTC was selected for the development and delivery of the upgrade course in view of their excellent catering facility and high standards. The course has been attended by cooks from all regions and nationalities, from the Philippines to West Africa.

In December of 2017 the new Catering Manual was introduced to SPO fleet. This manual aims to assist the Catering Department to enhance the standards on board as well as providing further guidance and accountability for the duties handled. This is in addition to the Culinary Upgrade course that is being provided to all of our cooks.

### Training

Deliver global services efficiently

★ **1,136** Number of seafarers trained  
★ **136** Number of courses conducted

SMTC has attained the Nautical Institute's accreditation for DP Refresher and Competence Assessment Course

★ **8** Participants completed Operational Leader Development Programme (OLDP)

★ **36** Participants completed Team Leader Development Programme (TLDP)

Investment in SMTC, CAD, Training Captains and Cook Trainers is an example of SPO's commitment towards building a competent workforce to meet SPO's vision of 'Excellence in Offshore Marine Services' in addition to helping to make SPO the Employer of Choice.

**1,048**  
Internal Training Participants  
/ Certifications

**37**  
Cadets

**4**  
Training

**3**  
Cooks

**1,672**  
External Training Participants  
/ Certifications

**8**  
Nationalities

**35**  
Vessels Visited

**22**  
Vessels Visited

The number of discretionary training programmes SPO provides for our seafarers is extensive and covers the following:

*Discretionary External training:*

- SPO covers the course cost(s) of mandatory STCW training;
- Training for introduction and familiarisation on Company, e.g. specifically on the equipment our vessels use.

*Discretionary Internal training:*

- SMTC training courses (covering Junior and Senior Officer Safety courses, Dynamic Positioning, Electrical etc.);
- Advancement Evaluation (assessment on eligibility for promotion from Chief Officer to Master and 2nd Engineer to Chief Engineer);
- United Marine Training Centre, Manila (developed by CAD): Culinary courses / Junior Officer and Engineer assessment;
- Cadet induction courses;
- On-the-job induction courses;
- Cadet programme;
- Cook Trainers and AB / Bosun Trainers; and
- Training Captains.

**Career succession planning**

Career succession planning is an important element of SPO's strategy for achieving its future growth and success. Succession plans are developed for shore-based employees within their departments and outports with the assistance of SPO's Talent Management team; and for offshore positions by the Competence Assurance Department. Our Management Trainee programme and Leadership Development Programme are an important part of our succession planning for shore-based employees.



SPO cooks with lead lecturer Chef A.J. Javier



SPO cooks with Cook Trainer – Nick Hunter

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In this section:

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**37** Safety as a Priority

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**38** ISM / Safety Training

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**39** Near Miss and Hazard Identification / LTIs




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Safety is at the core of everything we do. We continue to work towards our goal of causing Zero Harm to people and Zero Pollution incidents. Our strong focus on people and training are key factors that underpin our commitment to safety and quality.

## Safety

Operate a safe and reliable fleet



	<b>4</b>	Number of Lost Time Injuries (LTI)
	<b>0.34</b>	LTIFR (per million man hour)
	<b>42</b>	Number of Commendations



### Safety as a Priority

The health, safety, security and wellbeing of our people are paramount and SPO is committed to achieving its ultimate goal of Zero Harm. In 2017, the following safety incentives and / or continual improvement projects were undertaken:

1. Promulgated safety awareness campaigns, derived from lessons learned, to the fleet for discussion on board during safety meetings:

Q1 Hands and fingers safety

Q2 Slips, trips and falls

Q3 Store crane operations

Q4 Release of energy

2. Reviewed and updated Head Office Business Continuity Plan.

3. Reviewed and updated Emergency Guidance Manual (EGM) Part A, B and C and conducted Crisis Management Exercise. The EGM will be further updated, in line with improvement suggestions from the Exercise before being published in Q2 2018.

4. Reviewed, updated and published (in the Oil Companies International Marine Forum database) the Offshore Vessel Management Self-Assessment (OVMSA); participated in three OVMSA audits by BP, Total and Shell.

5. Following a readership engagement and feedback survey, revamped, reformatted and renamed the monthly HS&E report to 'Safety in Focus'; expanded distribution to include all Office and seagoing employees with Company e-mail addresses.

6. Reinforced STOP Work Policy by recognising individual(s) who exercised their right, obligation and authority to STOP Work which they considered to be unsafe; issued letters of commendation and published all STOP Work actions in Safety in Focus.

7. Published updated Anchor Handling and Towing Manual (2017 edition); hard copies placed on board every vessel.

8. Completed review and update of the generic Dynamic Positioning (DP) Operations Manual; vessel specific DP Operation Manuals will be further developed and placed on board each DP vessel during the course of 2018.

9. Following successful trials on board selected vessels, launched enriched risk assessment procedure - Risk Assessment and Hazard Register - Part A. Updated training (at SMTTC), devised introductory presentation pack and provided on board coaching, mentoring and support.

10. In consultation with our seafarers, developed and implemented an enhanced Management of Change (MoC) Procedure; updated training module (at SMTC), devised introductory presentation pack and provided on board coaching, mentoring and support.

11. Similarly, in consultation with our seafarers, commenced the review and update of Safety Management Manual (SMM) section 9.0 'Reports and Analysis of Non-Conformities, Accidents and Hazardous Occurrences' in order to provide clearer definition and guidance on reporting safety observations, identifying hazards and near misses.

12. Devised Get Home Safe Rules which are intended to provide practical support to our seafarers for activities with particular potential to cause harm; this new incentive will be launched in Q3 2018 with a Get Home Safe III video to follow thereafter.

**ISM**

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). SPO successfully completed the annual audit by ABS in November 2017 and holds DoCs for five Flag States:

1. Cyprus
2. Indonesia
3. Malaysia
4. Singapore
5. U.A.E.

In 2017, 44 Port State and one Flag State Inspections were conducted on vessels in our fleet, with nil detentions.

**Safety Performance**

SPO tracks its Lost Time Incident Frequency Rate (LTIFR) and Total Reportable Case Frequency Rate (TRCFR) as lagging indicators of our safety performance. In 2017 SPO's safety performance was comparable with 2016 with the same TRCFR and a 25.9% increase when including SBA in the LTIFR.

 **Top priority in everything we do**

 **7 Rules to Get Home Safe**

Fully accredited Safety Management System (SMS) in compliance with IMO's "ISM Code"

ISO 9001:2008  
Quality Certification &  
ISO 14001:2004  
Environment Certification.



Working towards  
ISO 9001:2015 and  
ISO 14001:2015  
certifications.

- ✓ Strong safety culture on board with sound policies and procedures.
- ✓ STOP Work Policy & Risk Assessment Procedure

In 2017, 44 Port State and one Flag State Inspections were conducted on vessels in our fleet, with nil detentions.

**Safety Training / Near Miss and Hazard Identification / LTIs**

**Safety Training**

SPO continues to provide robust, quality in-house safety training at SMTC. The following courses are being offered:

- Junior and Senior Officers Safety Management
- DP Simulator
- CORE DP
- DP Refresher / Revalidation
- DP Sea Time Reduction
- DP Maintainer
- Electrical Power & Control Systems
- CORE Engineering
- Anchor Handling Deepwater
- Ship Handling Offshore Vessels
- Practical Ship Management, including TOPSET®

CORE (Commitment + Ownership + Responsibility = Excellence) training delivered at SMTC, is further accentuated by our Training Captains deployed on board to provide

additional coaching, mentoring and support. Routine monthly meetings with SMTC, the Competence Assurance and QHS&E Departments are held to promulgate and discuss lessons learnt in our fleet and from the wider industry sector, and used to keep our training syllabi as up to date as possible.

**Near Miss and Hazard Identification**

SPO records all hazards and near misses as leading indicators of our safety performance; high potential near misses are further investigated and highlighted in the monthly *Safety in Focus* issues. SPO reported 419 Near Miss / HazID in 2017; a 11.4% decrease from the 473 reported in 2016.

**Historical Performance Indicators**

See page 81.

**LTIs**

SPO recorded four LTIs in 2017; this is the same as 2016.

**TOTAL SPO LTI - YTD**

2011	7
2012	8
2013	10
2014	9
2015	9
2016	4
2017	4



**Total Number of Incidents by Category**

31 First Aid Cases were reported in 2017. See page 82 for graphs.

**Total Recordable Cases by Tasks Performed**

60% of recordable injuries in 2017 occurred whilst undertaking routine tasks on board. See pages 83 - 84 for graphs.

**Total Recordable Cases by Type of Accident**

(type of accident generic)  
The three main types of accident recorded were slips, trips and falls; struck against and use of machinery / equipment (contact with rotating equipment). See pages 85 - 86 for graphs.

SPO continues to provide robust, quality in-house safety training at SMTC.

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In 2008, SPO committed to limiting our environmental impact and radically decarbonising our operations. We wish to excel as a responsible corporate citizen by striving to be a good steward of the natural resources and biodiversity under our influence and to ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.



SPO is continuing to work, through an R&D project on use of alternate fuels and offsetting any balance, to be Carbon Neutral since 2011.

SPO has long been strongly committed to this goal and has been implementing various initiatives in order to reduce and mitigate its Scope 1 and 2 carbon footprint (i.e. the emissions from our business operations that are under our own control – in accordance with GHG Protocol). We are seeking emissions reduction within our operations through better vessels design and operations, reducing electricity consumption and reducing carbon footprint from flights. Until such time as technology allows SPO to operate in a carbon neutral way (on which we are working hard in parallel), we decided to develop our own carbon offsets to achieve this neutrality.

In 2010, we began our investment in a REDD+ (Reducing Emissions from avoided Deforestation and Forest Degradation) Forest Conservation Project in Paraguay which allows us to generate carbon credits to offset the Scope 1 and 2 CO<sub>2</sub> emissions from our operations. The project was designed to meet both the ‘Gold Level’ of the Climate, Community and Biodiversity Alliance (CCBA) Standard and the Verified Carbon Standard (VCS). This project is solely driven by SPO’s sense of environmental and social responsibility and is a wholly voluntary commitment, given that the shipping and aviation sectors are excluded for the Kyoto Protocol and the December 2015 Paris Agreement (for more information on this project please see our 2011-2015 and 2016 SD reports). The REDD+ project is designed to develop around 10,000 CCBA and VCS verified carbon credits per year for 20 years.

With the growing fleet and particularly the current materially reduced fleet utilisation rates, our directly attributable, Scope 1, carbon footprint has increased over the past three years far beyond what was forecast when the REDD+ project was first developed a decade ago. SPO thus made the decision to continue to fully offset our emissions for 2017 through the purchase of additional top up carbon credits through Climate Care (a broker and trader of credits in the European voluntary emissions market). In February 2017, SPO purchased credits worth 226,412 tonnes of CO<sub>2</sub> (tCO<sub>2</sub>) emissions from four projects that also had added social value.

The projects are:

- Liaoning Zhangwu Pingandi Wind Farm Project: 57,482 tonnes of CO<sub>2</sub>
- Gansu Guazhou Ganhekou No. 8 Wind Farm Project: 13,950 tonnes of CO<sub>2</sub>
- Jilin province Zhenlai Heiyupao 49.5MW (first phase) Wind Farm Project: 87,937 tonnes of CO<sub>2</sub>
- Manzhouli Shenneng North Lingquan Wind Farm Project: 67,043 tonnes of CO<sub>2</sub>

All chosen projects have VCS certified CO<sub>2</sub> environmental benefits, combined with CCBA certified economic and social benefits to the local communities that generate additional social value.

### Environmental performance

All SPO vessels use Marine Gas Oil (MGO): a low-sulphur (<1.5%) / low particulate matter (PM) fuel in accordance with ISO 8217:2012 and will usually use ultra-low sulphur (ULS) gas oil (<0.5%) where available. As a positive effort to reduce GHG emissions, SPO constantly upgrades its fleet using the latest technology and emission control equipment. The Company's new generations of vessels are certified by DNV for 'Clean', 'Clean Design' (or equivalent), resulting in lower emissions, including for refrigerant gases which can be up to 2,000 times more harmful to the atmosphere, weight for weight, than CO<sub>2</sub> from all machinery and are delivered with a 'green passport' / Inventory of Hazardous Materials (IHM) for more efficient recycling at the end of the economic life of the vessel.

Vessels recently built for SPO have been fitted with Low-NO<sub>x</sub> engines, sewage treatment plants, waste macerators and garbage compactors. Vessels undergoing routine dry-docking over the past decade have all been coated with fully TBT-free anti-fouling applications (in accordance with the IMO TBT Resolution passed at MEPC42 in November 1998, in force from 1<sup>st</sup> January 2008).

Each SPO vessel over 400GT also operates according to its Ship Energy Efficiency Management Plan (SEEMP) since January 2013. The purpose behind the SEEMP is to establish a management tool to assist the Company in managing the on-going environmental performance of its vessels. To implement the Environmental Management Plan, we have incorporated specific procedures and guidelines within our onboard Safety

Management System (SMS). All vessels are provided with, and must comply with an externally audited and approved Shipboard Marine Pollution Emergency Plan (SMPEP).

SPO has also adopted a target of Zero unplanned releases of substances hazardous to the marine environment. This includes mineral oil / other hydrocarbons, chemical spills and the release of ozone-depleting substances such as Halons / CFC / HFC / HCFCs to the atmosphere. Reporting of accidental spills / releases is a statutory requirement, through the appropriate procedures and reported to relevant authorities.

Whilst ships' staff are required under the IMO MARPOL Convention, Annex V, to segregate waste, to promote further environmental awareness they are also encouraged to maintain high standards of housekeeping and observe proper procedures for pollution prevention. All efforts are made to eradicate waste discharge to the sea, all scrap and engine room waste are bagged, and all sludge is discharged to shore tankers. The Garbage Management Plan for each vessel includes detailed plans and instructions for garbage

handling and charts showing authorised areas for waste disposal.

SPO is certified to ISO14001:2004 and ISO9001:2008 (work is in progress for these to be updated to the 2015 versions by the middle of 2018). SPO is also bound by the IMO International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code) and audited against this Code both internationally and externally. The external audit is performed by a third-party independent classification society whose auditors are appointed by the Maritime and Port Authority of Singapore (MPA) on behalf of the Singapore government in respect of our main Flag Registry, plus a small number of others that we use for local reasons. The ships can be (and are) audited by national inspectors at every port worldwide at which every ship calls.

SPO also agreed to take part in MPA Voluntary Experience Building Phase (VEBP) of the IMO Data Collection System (DCS) for Fuel Oil Consumption in Singapore. Monthly reports will be submitted from January 2018 onwards, leading up to mandatory implementation in January 2019.



Vessels recently built for SPO have been fitted with Low-NO<sub>x</sub> engines, sewage treatment plants, waste macerators and garbage compactors.

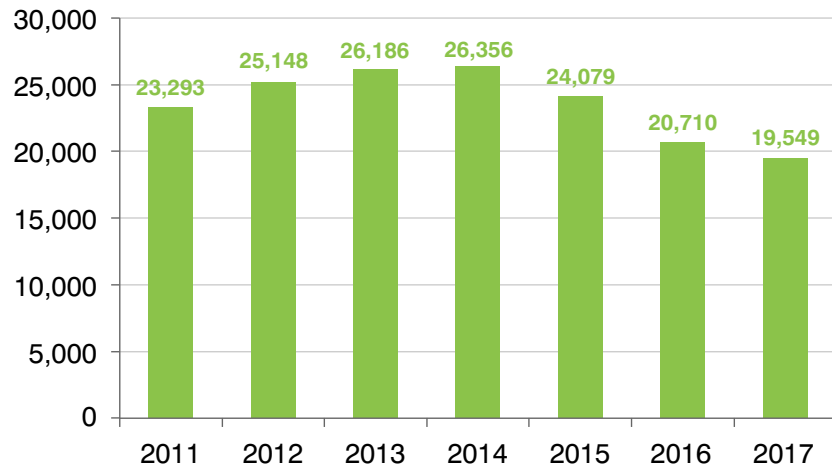
Energy Use (Scopes 1, 2 and 3)

Energy use (Scopes 1, 2 and 3, in accordance with the Greenhouse Gas Protocol and ISO 14064)

We make a clear distinction between our direct (Scope 1) fuel use (and associated emissions); and the indirect (Scope 3) fuel use and emissions that arise once our vessels have been contracted.

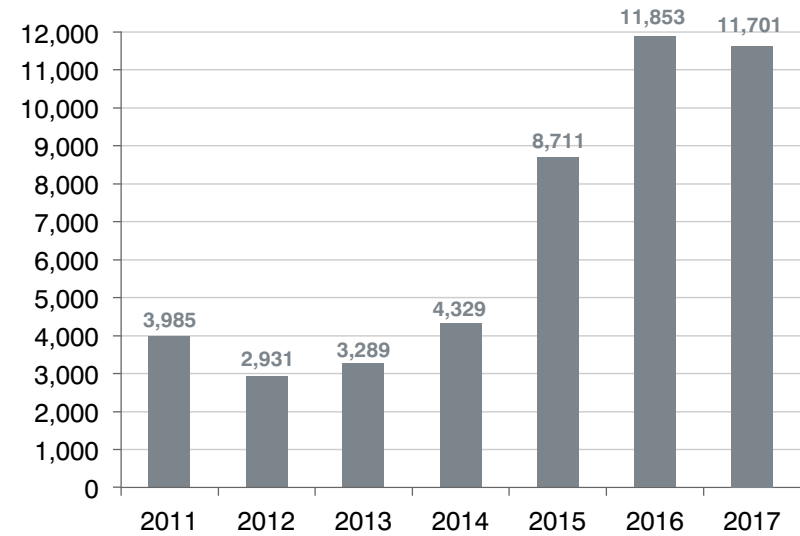
To allow our stakeholders to compare performance against previous years in a manner that compensates for the growth in our fleet, we use “available boat days” as a normalisation factor. We use “unutilised available boat days” as the normalisation factor for our Scope 1 data, and “utilised available boat days” as the normalisation factor for our Scope 3 data.

Utilised Available Boat Days



The “Utilised boat days” table shows further reduction in days that vessels were on-hire after 2013 / 14 as the global oil price plunged and clients’ Oil and Gas exploration and production projects were savagely curtailed. In 2017, it dropped by a further 5.6%.

Unutilised Available Boat Days



This table shows a 1.3% reduction in days that vessels were off-hire in 2017 compared to 2016. Part of this reduction derives from the sale or recycling of old vessels. This is still unacceptably high compared to 2013 / 14 levels which is a further testament that the offshore market conditions and oversupply of vessels have not materially improved over the past 12 months.

\* “Available boat days” is the total number of individual days for all boats within a year that all the owned SPO vessels should be available for hire.

\*\* “Unutilised available boat days” (UUBD) is the total number of individual days for all boats within a year that all the owned SPO vessels are off-hire. GHG emissions from the each boat on these days is classed as Scope 1 under GHG Protocol and the Company is the “Controlling Mind” for the operations on that day. Direct Fuel Use (Scope 1).

\*\*\* “Utilised available boat days” (UBD) is the total number of individual days for all boats within a year that all the owned SPO vessels are on-hire. GHG emissions from the each boat on these days is classed as Scope 3 under GHG Protocol and the Client is the “Controlling Mind” for the operations on that day.

Energy Use (Scopes 1, 2 and 3) *cont.*

SPO's most significant energy use is from the Marine Grade Oil (MGO) used by SPO's growing fleet.

Our fleet grew to 92 vessels in 2015 and then dropped to 82 vessels in 2016 and further down to 77 vessels in 2017 responding to the deteriorating market and diminishing demand for vessels. This reduction in fleet size was offset by the decreased utilisation of the fleet coupled with newer and larger vessels to handle more challenging oil extraction sites in deeper water, resulted in a 16% increase in Scope 1 emissions (in tonnes of CO<sub>2</sub>) from 2016.

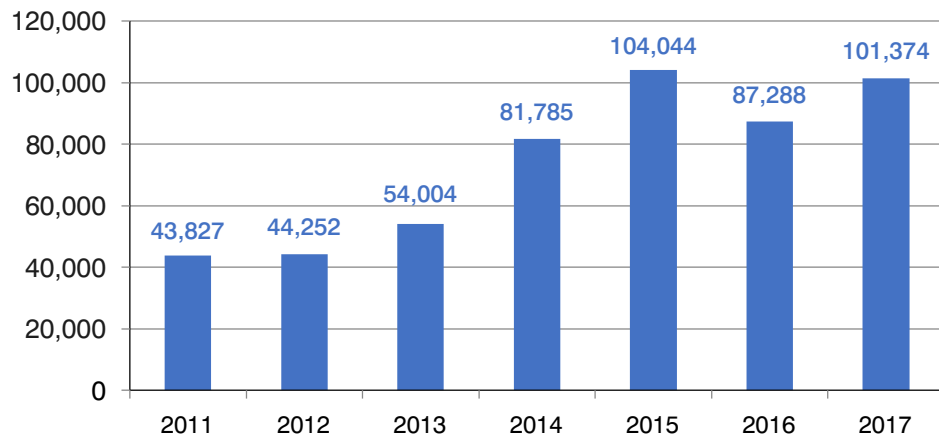
Fuel emissions per "unutilised available boat day" have increased by 18% – this was due to one of the accommodation barges going off-hire and taking some vessels out of cold (two vessels) / warm stack (three vessels).

Note that any vessels in cold stack will develop unutilised boat days, but their Scope 1 emissions whilst off-hire will be zero, by virtue of being cold stacked. Similarly for warm stacked vessels; they will develop more unutilised boat days, but will have a lower fuel consumption and thus GHG emissions compared to those off-hire vessels fully manned, operating and ready to work.

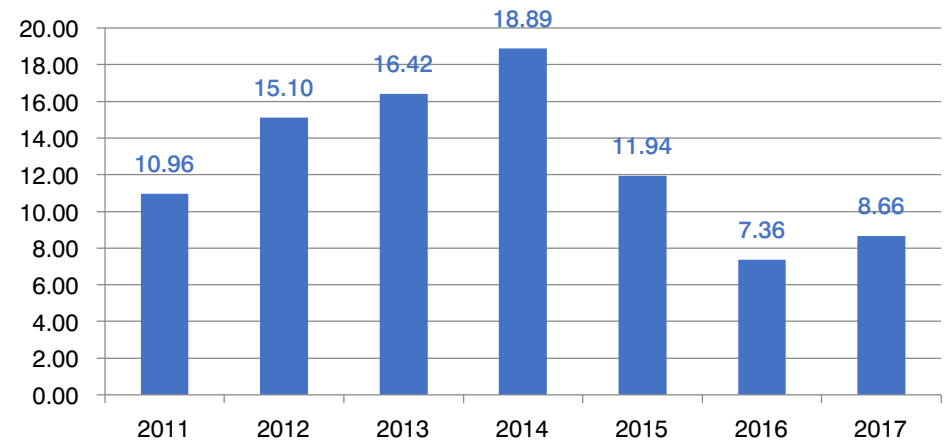
As of 31<sup>st</sup> December SPO had seven boats in cold stack.

Emissions from MGO consumption per unutilised boat days per brake horsepower has also increased in 2017 in line with the above, as the vessel sold tend to be smaller as the industry units generally increase in power overtime.

Scope 1 MGO emissions for SPO fleet (tCO<sub>2</sub>e)



Scope 1 MGO emissions (tCO<sub>2</sub>e)/unutilised available boat day



Energy use (Scopes 1, 2 and 3) cont.

Scope 3 Fuel

The largest use of fuel associated with SPO's business is MGO used by our vessels when on-hire to clients (though this forms part of our clients' Scope 1 footprint). Scope 3 fuel use is an order of magnitude higher than SPO's Scope 1 fuel use.

Scope 3 MGO emissions have been dropping over the last three years with a further decrease of 14% in 2017. This is due to a continued steep reduction in utilisation rates.

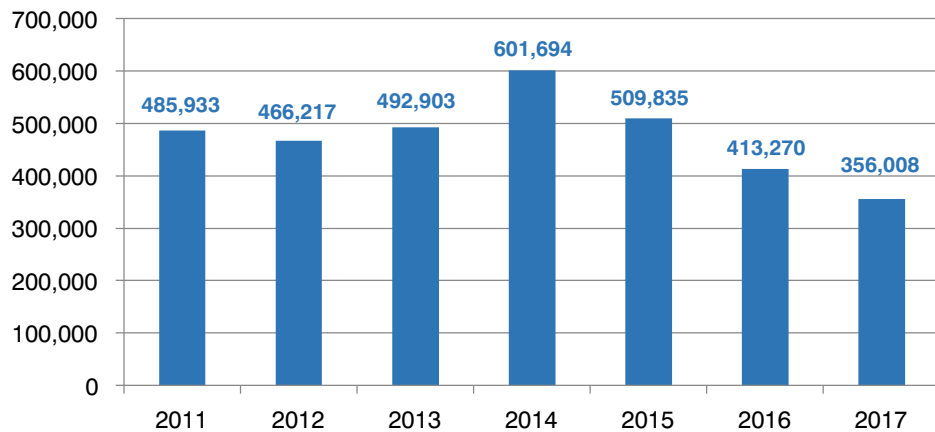
Scope 3 fuel consumption emissions per 'utilised available boat day' have decreased by 8.7% since 2016. We attribute this to the better environmental performance of the new fuel-efficient fleet.

The design of every new class of vessel involves the use of the latest technology and emission control equipment. SPO has adopted a "Green Zone" Fuel Efficiency Management System (FEMS) on some of the vessels which provides real-time information on fuel consumption (and advice on how to optimise it).

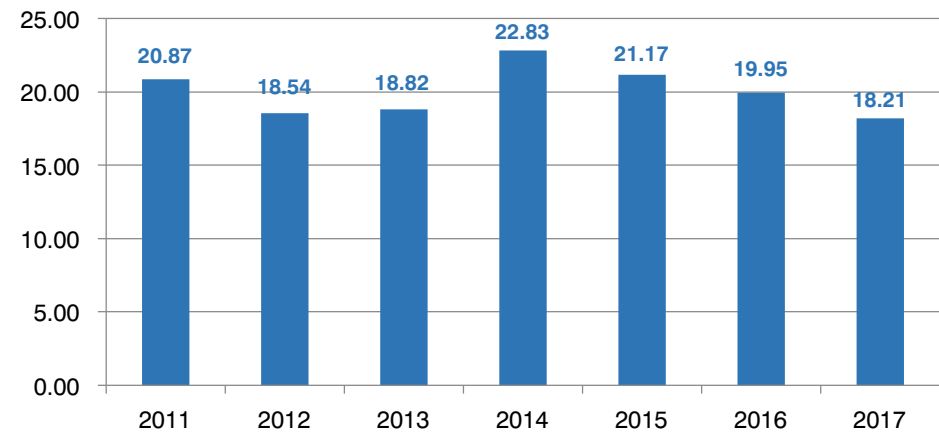
We recognise that we have to continue our efforts to reduce GHG emissions from our operations. We therefore:

- Assess feasibility of other low / zero carbon fuels in green marine projects (see Project Hafnium later)
- Engage with our clients to reduce their fuel use (and costs)

Scope 3 MGO emissions for SPO fleet (tCO<sub>2</sub>e)



Scope 3 MGO emissions (tCO<sub>2</sub>e) / utilised available boat day



**Lube Oil (LO) emissions**

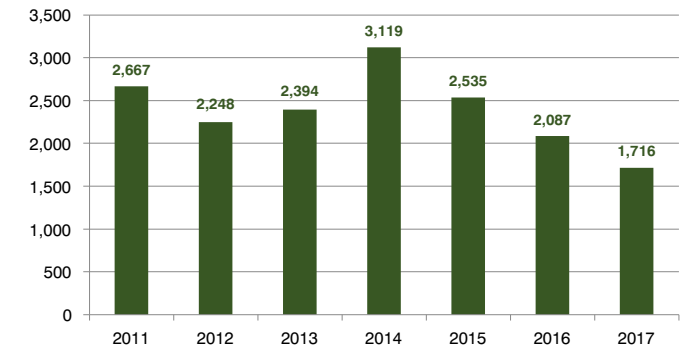
We have evaluated the consumption of lubricating and hydraulic oils and confirmed that around 80% of the total LO reported as consumed is combusted in main engines or generators, and the by-products (GHG, SO<sub>x</sub>, NO<sub>x</sub>, and PM etc.) emitted to the atmosphere. We thus report using this 80% conversion figure in all our gaseous emissions' reports. The balance of 20% is hydraulic oils or greases that are disposed of after use (in the appropriate manner) as solid liquid waste, and not converted to GHG.

SPO's overall (direct) emissions from LO consumption increased in 2017 by 19%. This is consistent with increased Scope 1 MGO consumption of 18% per fleet.

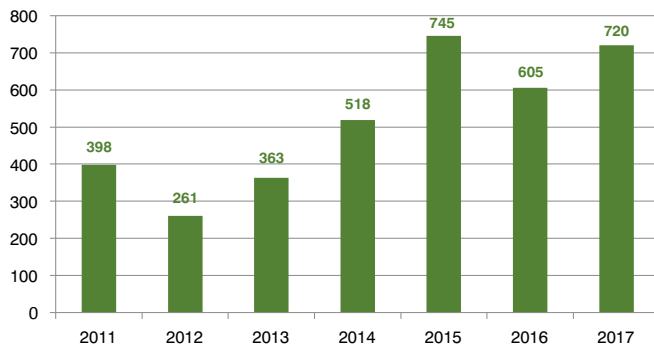
Scope 1 LO emissions per "unutilised available boat day" have also increased by 21% over the reporting period. And again this is consistent with Scope 1 MGO consumption increase per unutilised available boat day.

SPO's overall (indirect) Scope 3 total LO emissions and Scope 3 LO emissions per "utilised available boat day" have also reduced (by 18% and 13% respectively) over the reporting period. This is consistent with Scope 3 fuel consumption due to the better environmental performance of the new fuel-efficient fleet.

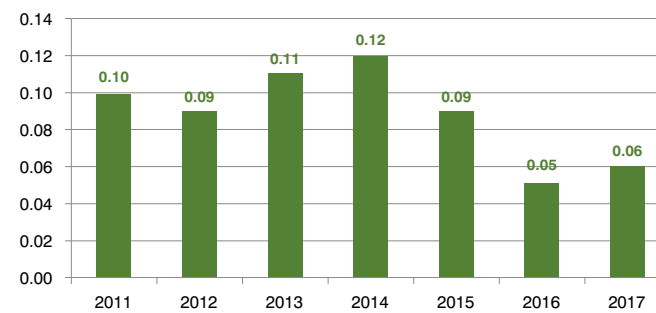
**Scope 3 Lube Oil emissions (tCO<sub>2</sub>e)**



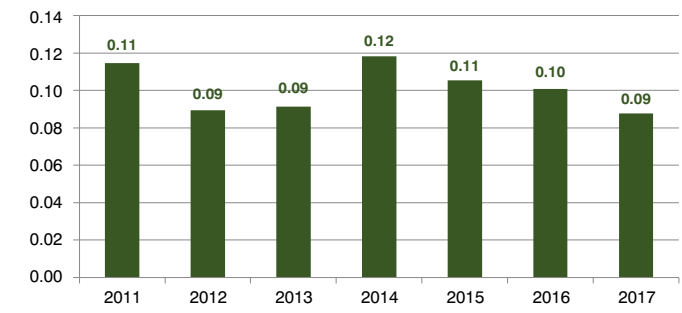
**Scope 1 Lube Oil emissions (tCO<sub>2</sub>e)**



**Scope 1 Lube Oil emissions (tCO<sub>2</sub>e) / unutilised available boat day**



**Scope 3 Lube Oil emissions (tCO<sub>2</sub>e) / utilised available boat day**



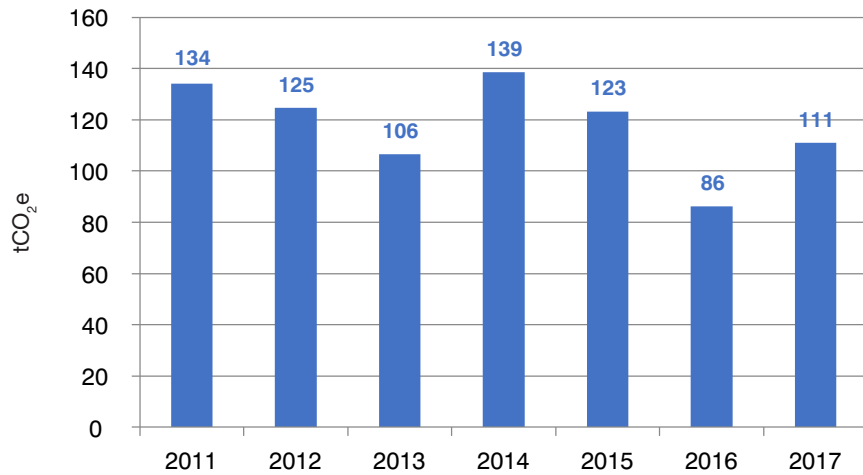
**Petrol and Diesel (Scope 1)**

Emissions from petrol consumption (from use of Company vehicles) have increased in 2017 by 29%. Diesel emissions have gone down by 7%.

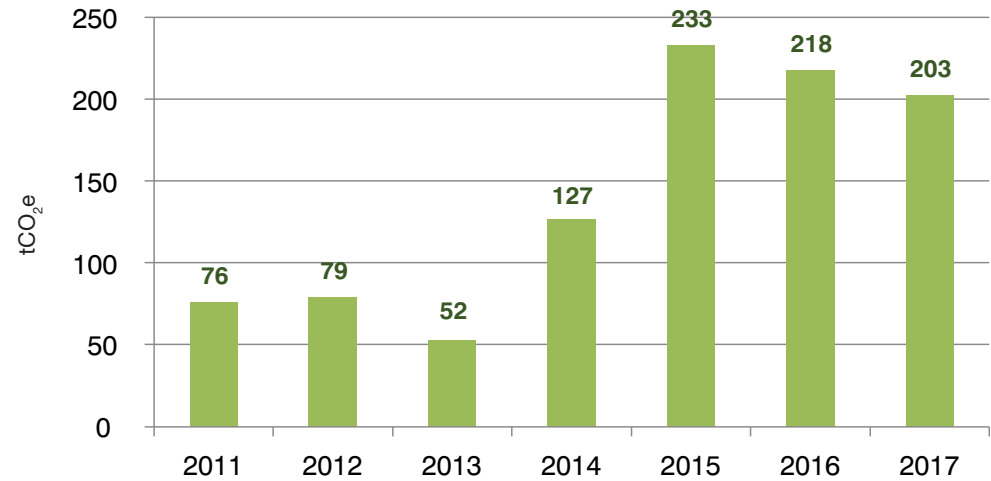
With effect from 2014, we started to include diesel used in outboard engines on rescue boats in the fleet, and the number of vehicles in West Africa increased, so the latter figures are not comparable with the earlier time series.

It should also be noted that Petrol and Diesel emissions are around 0.31% of SPO's total Scope 1 and 2 GHG emissions, and so is not material to SPO's total GHG footprint.

**Petrol (tCO<sub>2</sub>e emitted)**



**Diesel (tCO<sub>2</sub>e emitted)**

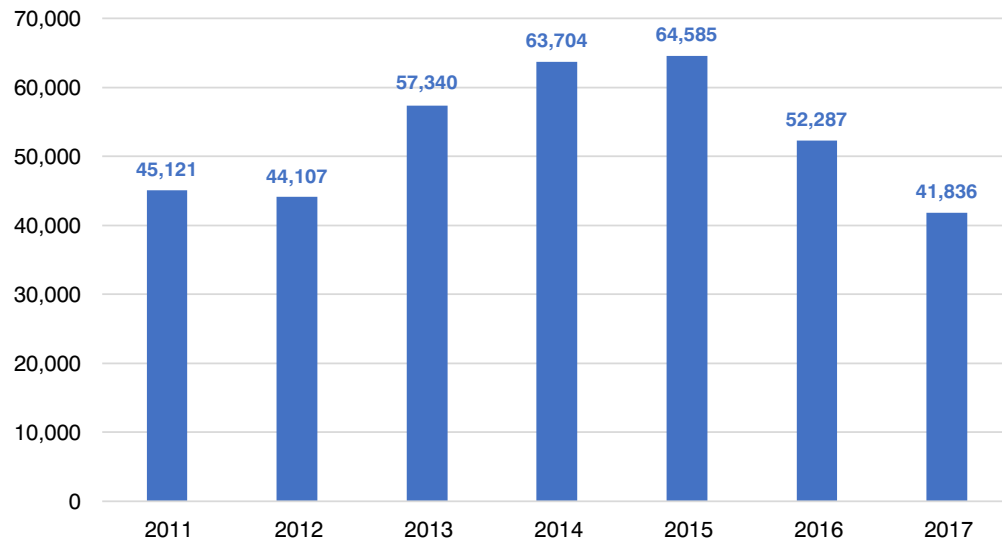


Emissions from Staff Travel (Scope 1)

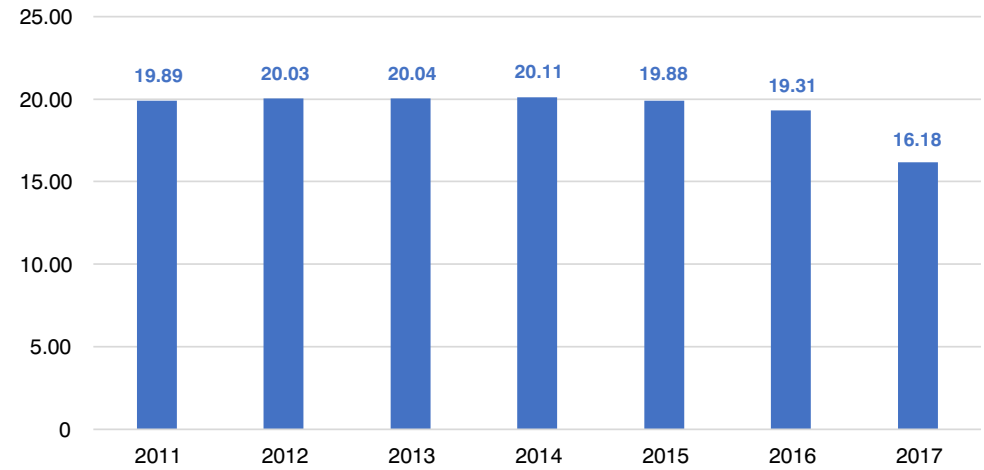
Emissions from staff travel (Scope 1)

Emissions from flights have been reducing. The 'overall annual total' in line with the reduction in our seagoing personnel, and the 'per employee' figure due to our greater emphasis on increasing local content, who are thus closer to our ports of operations, and are presented in tables below.

Total Air Travel Emissions (tCO<sub>2</sub>e)



Air Travel Emissions (tCO<sub>2</sub>e) per employee



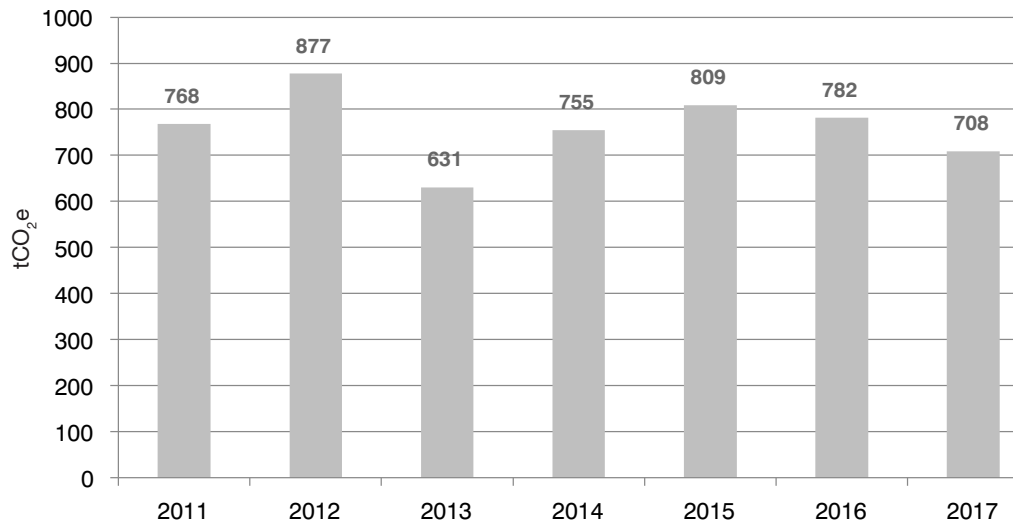
Electricity Use (Scope 2)

Electricity Use (Scope 2)

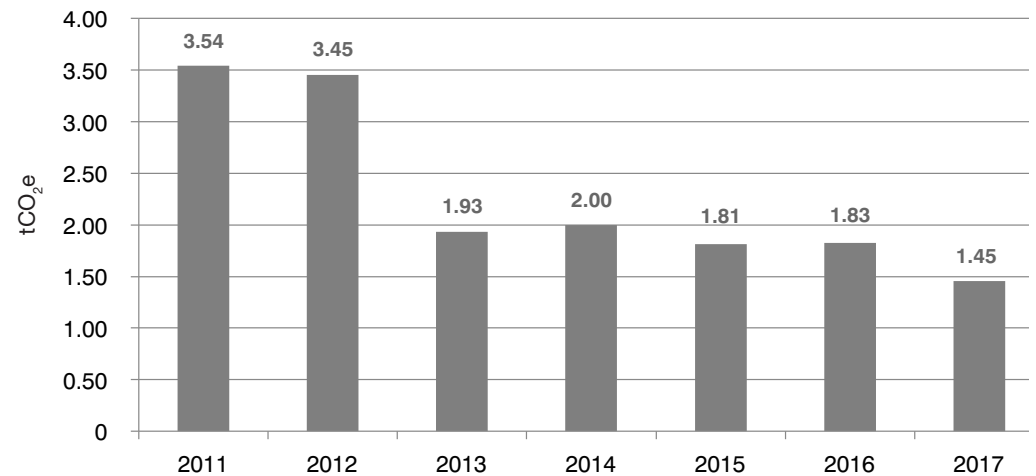
Electricity usage across all SPO offices has been reducing since 2015. In 2017 there was a further 9% decrease in emissions from electricity usage due to reduction in the number of courses offered at SMTC and also downsizing of Singapore Head Office.

Emissions from electricity usage per shore-based employees have been stable since 2013 with a further drop by 20% in 2017, due to subletting part of the office space in Singapore.

Electricity use (in tCO<sub>2</sub>e emitted)



Electricity usage per shore-based employee (in tCO<sub>2</sub>e emitted)



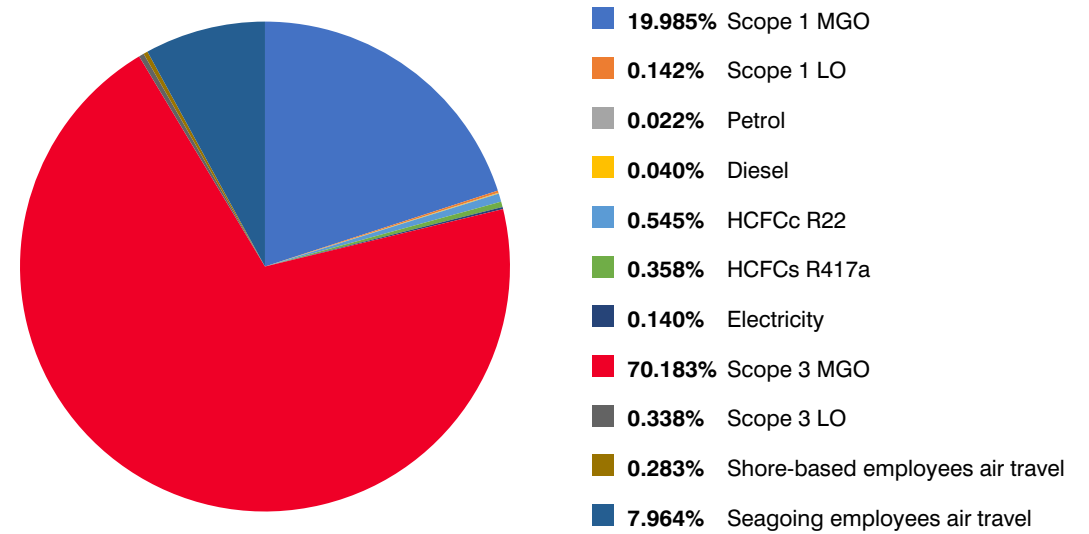
**Greenhouse Gas (GHG) Emissions**

SPO's total Scope 1 emissions have gone up by 15% in 2017 while its Scope 2 emissions have decreased by 9%. This is consistent with the above reported trends and is expressed in tables below.

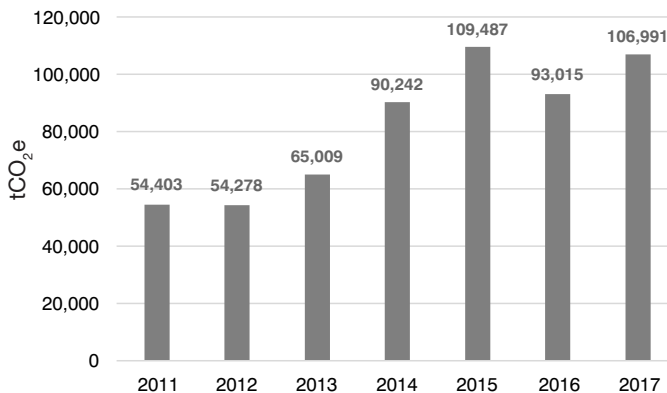
Scope 3 emissions are an order of magnitude higher than our Scope 1 and 2 emissions combined. However, in line with the further reduction in fleet size from 82 to 77 vessels (-6%) and utilisation data (across the industry) reaching a new recent low in Q1, our Scope 3 emissions have fallen by 15% compared to the 2016 figure.

The breakdown of our GHG emissions for 2017 is represented below with fuel combustion in internal combustion engines (ICE) remaining, by far, the biggest contributor to SPO's carbon footprint.

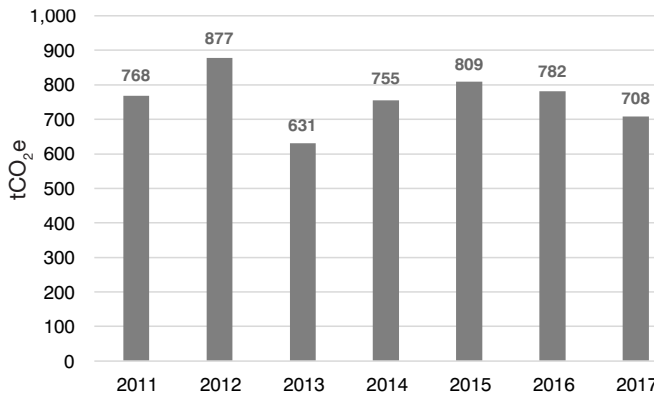
**% Breakdown of GHG emissions (tCO<sub>2</sub>e) in 2017**



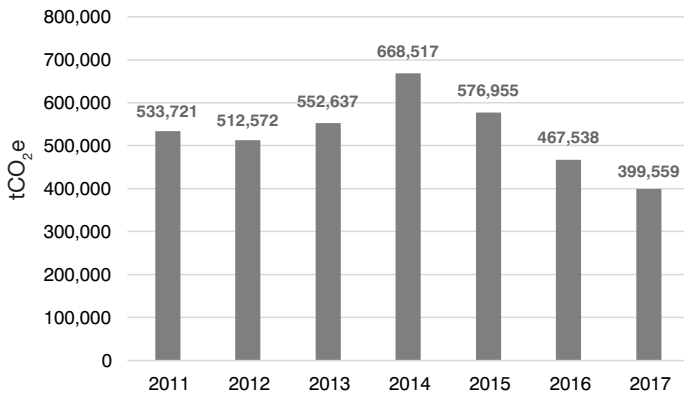
**Scope 1 GHG emissions**



**Scope 2 GHG emissions**



**Scope 3 GHG emissions**



Greenhouse Gas Emissions *cont.*

**Ozone Depleting Substances' (ODS)  
(Freons as HCFC / HFC) emissions**

Our ODS emissions are being tracked. R407c is a replacement gas used for systems previously designed to use R22. Usage of R407c has increased during the reporting period (reports for prior years are not available) while usage of R22 dropped by 24% in 2017. All our new vessels (D, G and L Class OSVs) use R407c. The use of HCFCs-R417a increased by 57%.

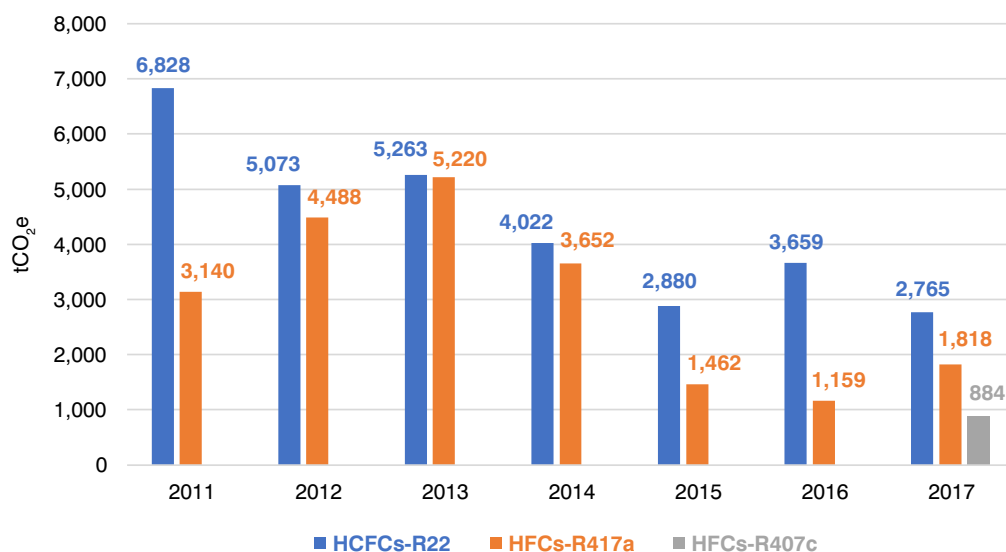
The Kigali Amendment to the Montreal Protocol was agreed on 15<sup>th</sup> October 2016, and assuming it is ratified by sufficient nations

(20), will enter force on 1<sup>st</sup> January 2019. It addresses the shift from high Ozone Depleting Potential (ODP) freons (mainly HCFCs and CFCs as far as our refrigerant gases are concerned) to low / zero ODP freons (HFCs) that was mandated under the Montreal Convention, but which had the unintended, unfortunate – and even unrealised at the time of agreeing the Montreal Protocol – consequence of simultaneously moving from low Global Warming Potential (GWP) freons to ones with higher GWP. SPO is compiling a database of various gases used onboard our vessels and will develop a reduction / replacement plan in order to comply with the Kigali agreement.

**NO<sub>x</sub> SO<sub>x</sub> PM and VOC emissions**

We measure and monitor Nitrogen Oxide (NO<sub>x</sub>), Sulphur Oxides (SO<sub>x</sub>), Particular Matter (PM) and Volatile Organic Compounds (VOC). Their emissions are proportionate to our use of fuel and the reasons for fluctuations are identical to those for Scope 1 and Scope 3 fuel consumptions.

**Total HCFC / HFC Emissions (tCO<sub>2</sub>e)**



TOTAL SCOPE 1	2013	2014	2015	2016	2017
NO <sub>x</sub>	944,291	1,429,502	1,820,094	1,627,475	1,895,210
SO <sub>x</sub>	372,251	563,480	717,573	641,539	747,102
PM	26,019	39,388	50,151	44,843	52,220
VOC	209,636	317,354	404,067	361,305	420,743

TOTAL SCOPE 3	2013	2014	2015	2016	2017
NO <sub>x</sub>	8,228,912	10,505,421	8,899,670	7,692,143	6,641,755
SO <sub>x</sub>	3,766,091	4,807,971	4,073,074	3,520,430	3,039,704
PM	225,968	288,482	244,387	211,228	182,384
VOC	1,826,544	2,331,853	1,975,430	1,707,399	1,474,248

**Water Use / Effluents and Waste / Fines and Grievances**

**Water Use – not material**

As a service industry we have an immaterial use of water (solely for domestic “hotel services” for our crews of 20-30) compared to other companies with industrial processes. In fact, we make potable water on our vessels from seawater utilising the waste heat from our vessels’ internal combustion engines and / or reverse osmosis machines.

**Effluents and Waste**

There were no material (defined as being >40bb) spills of substances harmful to the marine environment during the period of this report.

All vessels are provided with an externally reviewed and approved “Shipboard Marine Pollution Plan” (SMPEP) which forms part of the Emergency Guidance Manual. This document complies with the IMO MARPOL Convention for the Prevention of Pollution from Ships.

A Garbage Management Plan (GMP) is also provided on all vessels in compliance with the requirements of Annex V, Regulation 10, of the MARPOL Convention (The International Convention for the Prevention of Pollution from Ships). This requires vessels to carry an externally reviewed and approved Garbage Management Plan as guidance for ship’s staff in properly disposing of garbage generated on board.

**Fines and Grievances**

SPO has not been subject to any fines or sanctions for contravention of any laws or regulations globally, including those relating to environment, health and safety, anti-trust, bribery and corruption, data protection or employment law. Our vessels are occasionally subject to port state inspections in some places that we feel are over-zealous in their interpretation of international standards. Any such findings are discussed openly and transparently with our Flag State Regulatory body(ies) and resolved pragmatically, generally by their dismissal.

SPO has a Whistleblowing procedure 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 so wish – at his / her entire discretion, and should the reporter not wish to receive directed follow-up. No material issues were reported through this process during the reporting period.

**SPO Australia’s recycling & donation efforts to CanTeen**

Three SPO vessels, *MV Pacific Grackle*, *MV Pacific Greylag* and *MV Pacific Hornbill* identified an opportunity which exists in the Northern Territory called the “Deposit Scheme” whilst vessels on the Prelude project operate out of Darwin Marine Supply Base for purposes of provisioning vessel stores and client cargo.

The "Deposit Scheme" comprises recycling depots and reverse vending machines to deliver the refunds, with 10 cents per plastic bottle and aluminium can.

All three vessels have incinerators which ensure minimisation of waste going ashore which supports SPO’s business and sustainability strategy. The crew decided to answer to the call of the "Deposit Scheme" to make a conscious effort to recycle plastic and aluminium on board and support the “Envirobank” which aims to refund people and the planet for the good they do. Refunds collected from the recycling efforts will go towards supporting the children’s charity, CanTeen.



“Segregation of waste helps to create awareness of the important environmental message and encourages people to be proactive to do their part and crew may also adopt some of these recycling practices at home.”

Cook, **Antony Nicholls**  
and Deck Cadet, **Jared Donnelly**

**Sustainable Ship Recycling**

SPO 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, 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 (even prior to its full ratification); and that, are certified by a reputable independent third party to ISO 9001:2015, ISO 14001:2015, OHSAS 18001:1999 and preferably, ISO 30000:2009. This policy ensures that SPO recycles its assets in the best way: sustainably, safely, and in an environmentally responsible manner.

In 2017 we sustainably and responsibly recycled *MV Pacific Bear* at the JRD Industries Ship Recycling Facility (SRF) in Alang (India), one of the ClassNK HKC-compliant SRFs. JRD Industries had implemented all the necessary Ship Recycling Facility Management Plans and upgraded their facilities to meet the requirements of the HKC. SPO employed a site monitoring team to work alongside SRF personnel to ensure that all work was carried out in full compliance with the SRF Management Plan, and SRF Ship Specific Recycling plan. This was done at an additional cost to SPO, however through this we were able to be assured that all the work was performed safely, with no environmental spills, whilst helping to build the capacity and competence of the yard's personnel.

**Eco-office and Green Guidelines**

To help reduce the Company's carbon footprint, SPO strongly encourages employees to follow the Swire Pacific group Green Guidelines which are guided by Green Office and Eco-Office practices, and looks at applications of the Eco-Office principles such as Reduce-Reuse-Recycle approach, reduced electricity usage, use of FSC certified paper, double-sided printing, more efficient use of the aircon / heating etc.

SPO's offices and the Training Centre in Singapore have held the Singapore Environmental Council Eco-Office Certification since 2010 and the Company's 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 Communities section of the report for more information), partnering with NGOs / NPOs and organising well attended monthly "Lunch and Learn" seminars in the Singapore Head Office.

To view the Swire Green Guidelines, please visit:  
<https://bit.ly/2aVxuP1>

**Sustainable Ship Recycling**

*MV Pacific Bear* has done a great job serving the Company tirelessly for 35 years, of which 21 years was on a long-term charter with Dubai Petroleum. After 35 years of faithful service, *MV Pacific Bear* was sustainably recycled in Alang on 4 October 2017 with Zero FACs and LTIs.



**Paris Agreement and IMO Emission reduction strategy**

The UN Paris Climate Agreement and the UN Sustainable Development Goals urge governments and private sector companies to work together and take urgent action to combat climate change and its negative impact on the world, the people and environment. Shipping is one of the fastest growing sources of transport greenhouse gas emissions. Maritime transport emits around 850 million tonnes of CO<sub>2</sub> annually and is responsible for about 2.7% of global greenhouse gas emissions (Source: IMO report to the IPCC 3rd GreenHouse Gas study). Shipping emissions are predicted to increase between 50% and 250% by 2050 – depending on future economic and energy developments if no action is taken.

This is not compatible with the internationally

agreed goal of keeping the global temperature increase to well below 2°C compared to pre-industrial levels, and which requires worldwide emissions to be at least halved from 1990 levels by 2050. It is believed that under a business-as-usual scenario and if other sectors of the economy reduce emissions to keep global temperature increases below 2°C, maritime sector could represent a very significant 10% of global GHG emissions by 2050.

Shipping has historically avoided external global binding regulations, as seen in the Kyoto Protocol (Article 2.2 - The Parties included in Annex I shall pursue limitation of emissions of GHG from marine bunker fuels, working through the International Maritime Organisation) and the subsequent Paris Agreement, in Shipping and Aviation were explicitly excluded due to the transboundary nature of their businesses.

After over a decade of study and discussions, in April 2018, IMO at MEPC-72 finally adopted an emission reduction strategy in line with UNFCCC Paris Agreement of December 2015. This requires that the shipping industry must reduce its total annual greenhouse gas emissions. Relevant excerpts from the adopted strategy on the level of ambition set by the IMO are:

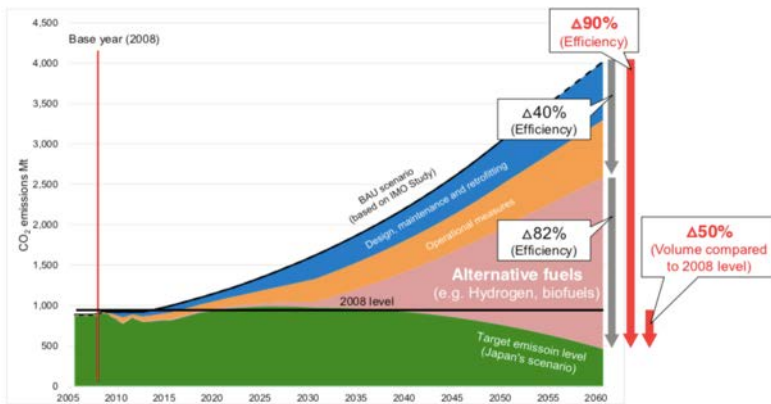
1. Carbon Intensity of the ship to decline through implementation of further phases of the energy efficiency design index (EEDI) for new ships - review with the aim to strengthen the energy efficiency design requirements for ships with the percentage improvement for each phase to be determined for each ship type as appropriate;
2. Carbon intensity of international shipping to decline - to reduce CO<sub>2</sub> emissions per transport work unit (EEOI), as an average across international shipping, by least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; and

3. GHG emissions from international shipping to peak and decline - To peak GHG emission from international shipping as soon as possible and to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008 whilst pursuing efforts towards phasing them out as called for in the Vision as a point on a pathway for CO<sub>2</sub> emissions reduction consistent to the Paris Agreement temperature goals.

It is believed that 40% of the total reduction required can be achieved through enhanced design and operations. The balance will have to be achieved by switching to alternate fuel or offset under the Emissions Trading Scheme (ETS).

SPO's on-going actions in relation to doing our part to help achieve this early 2018 decision by radically decarbonising our operations is mentioned briefly below and will be covered in greater detail in our 2018 SD report.

Shipping is one of the fastest growing sources of transport greenhouse gas emissions. Maritime transport emits around 850 million tonnes of CO<sub>2</sub> annually and is responsible for about 2.7% of global greenhouse gas emissions.



From the Japanese government input study to IMO MEPC-72

**SPO's commitment to reducing environmental impact**

SPO has in place a number of policies (e.g. Environmental and Sustainable Development Policy) which provide the framework for reducing SPO's environmental impact and impact on biodiversity under our influence. Most of the related information is covered earlier in this report and covers using a low-sulphur MGO to fuel our vessels, improving vessel design leading to lower emissions from fleet and voluntarily offsetting our Scope 1 and 2 carbon emissions with effect from 1<sup>st</sup> January 2011.

While vessel designs continue to be very transport energy efficient, the offshore industry demands larger and more powerful vessels able to work in ever deeper waters and in locations with extreme weather conditions (and the energy of these extreme events is set to continue to increase with anthropogenic global warming) which means that our incremental vessel design emission reduction initiatives alone will not be enough.

SPO has in place a number of policies (e.g. Environmental and Sustainable Development Policy) which provide the framework for reducing SPO's environmental impact and impact on biodiversity under our influence.

**Project Hafnium**

SPO is actively looking to improve the sustainability of its business through radically decarbonising our business. We are currently developing projects that look at improving operational efficiencies of our vessels, minimising the environmental impact and using solar panels to reduce shore-based electricity consumption. All these projects are either on the way or at concept stage with implementation planned from 2018 onwards.

In mid-2017, SPO embarked on Project Hafnium – H<sub>2</sub> Production, Storage, and Power for offshore supply vessels. The project is a three-year project to investigate / prove the viability of radical decarbonisation through the use of H<sub>2</sub> / Fuel Cells ("H<sub>2</sub>FC"). This project is being developed in partnership with NTU's Energy Research Institute (ERI@N), World Business Council for Sustainable Development, Forum for the Future, Original Equipment Manufacturer(s), class and others. The project is scheduled to start in 2018 with a desktop study, moving to later phases involving on-shore test-bedding and then if successful a pilot installation in one of our OSVs.

**Singapore Minister gives special mention to SPO for on-going efforts to fight climate change and pollution**

SPO's General Manager for Sustainable Development, Simon Bennett, in his role as a Director of Singapore Environment Council, met Singapore's Minister for the Environment and Water Resources, Mr Masagos Zulkifli at the third session of the United Nations Environment Assembly (UNEA-3) in Nairobi, Kenya. Simon exchanged views with the Minister on sustainability-related issues and shared information on some of SPO's sustainability projects including the purchase of 5,000 hectares of virgin dry quebracho forests in Paraguay to offset our carbon footprint since 2011 and our sustainable vessel recycling initiative in India.

The Minister gave a special mention of SPO on his Facebook post, "Businesses in Singapore, such as Singtel Group, Siloso Beach Resort, City Development Limited and Swire Pacific Offshore are also joining the fight against climate change and pollution. These efforts by our civil society groups and companies are highlighted in the voluntary commitments that they have submitted! I look forward to many more entities playing a part as we gear up for the Year of Climate Action in 2018!"

**"Businesses in Singapore, such as Singtel Group, Siloso Beach Resort, City Development Limited and Swire Pacific Offshore are also joining the fight against climate change and pollution."**

*Extract from Singapore's Minister for the Environment and Water Resources, Mr Masagos Zulkifli's speech at the third session of the United Nations Environment Assembly (UNEA-3)*



## Preserving the rich wildlife in Paraguay

SPO's REDD+ project in Paraguay is reducing emissions from deforestation and forest degradation, playing a very important role in conserving highly threatened forests. The REDD+ mechanism can deliver multiple benefits: in addition to mitigating climate change, REDD+ can support livelihoods, maintain vital ecosystem services and preserve globally significant biodiversity.

Our project is playing a vital role in preserving the rich wildlife in Paraguay that is dependent on the forest as its habitat. The project has cameras installed in several locations to monitor biodiversity. This contributes to the collection of data that enables us to measure and demonstrate the biodiversity benefit of the project and allows us to have a glimpse of the spectacular but shy local wildlife.

SPO is working in close partnership with the World Land Trust, a non-profit environmental organisation that ensures conservation of plants, animals and natural communities in areas at risk and Guyra Paraguay, a non-profit organisation that works together with the local population to defend and protect the biological diversity of Paraguay.



## Biodiversity

At SPO, we understand that biodiversity is important to maintain a resilient natural environment and there is a need to protect and enhance the ecosystems that we operate within and impact upon to help nature flourish. Various inputs to our operations such as fuel oil, paints, ballast water, food and packaging, cargo packing materials, lubricants and chemicals are vital for our operations and inputs such as lubricants and various chemicals help to improve the efficiency of our vessels.

However, these inputs may also result in negative impacts on the biodiversity in the areas in which we operate. Hence, 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. We produced Biodiversity Issues of Concern (BIC) and a Biodiversity Action Plan (BAP) for our business to develop an understanding of the potential impacts and mitigate them.



Photo Credit:  
Guyra Paraguay

**Demand for Oil and Gas services**

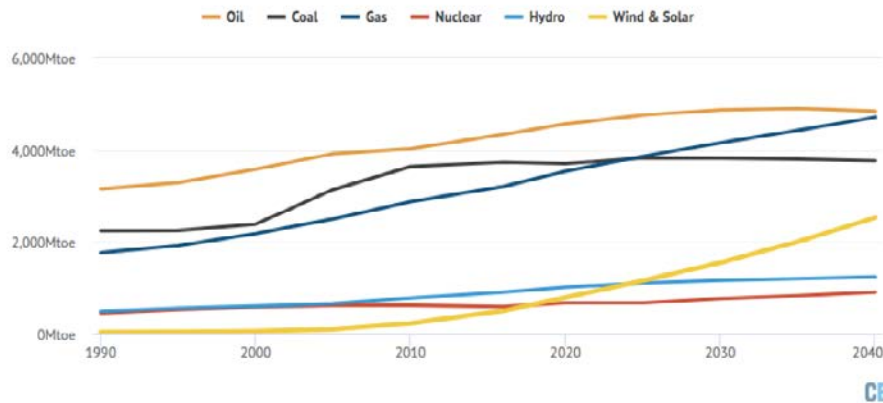
The Oil and Gas major BP has recently projected that global oil demand will peak by 2040, as the world’s largest fuel source for both power generation and transportation. In this new projection, rising energy demand over the next 20 years is driven by fast-growing developing economies, with China and India accounting for half of the growth.

As the graph below shows, it projects a peak for both coal and oil in the coming decades, but continually rising demand for gas.

**Source:**  
Carbon Brief, “Analysis: BP significantly upgrades its global outlook for wind and solar – again”

<https://bit.ly/2M1eOi2>

**BP Outlook in 2018**



The path of global energy demand to 2040 by fuel, according to BP’s “evolving transition” scenario, in millions of tonnes of oil equivalent (Mtoe). Wind & solar includes other non-hydro renewables, but excludes biofuels. Source: BP Energy Outlook 2018. Chart by Carbon Brief using Highcharts

BP’s report focuses on its new “evolving transition” scenario and predicts that oil consumption peaks for the first time at some point between 2035 and 2040. This is driven in part by falling demand from transport due to vehicle efficiency improvements and alternative fuels, says BP. However, even in 2040, it will sit at around 4,800Mtoe, more than 50 per cent higher than in 1990. Oil use in transport stops growing towards 2030. Non-combusted uses of oil – such as feedstocks for petrochemicals – become the main source of growth demand after 2030.

However, oil demand still accounts for around 85 per cent of total transport fuel demand in 2040. The projection also shows a rising gas demand steadily closing in on oil. In 2040, 26 per cent of primary energy comes from gas in the scenario, compared to 27 per cent from oil.

*\*The evolving transition scenario assumes that government policies, technology and social preferences continue to evolve “in a manner and speed seen over the recent past”. World GDP more than doubles by 2040, driven by increasing prosperity in fast-growing emerging economies.*

This is similar to the International Energy Agency (IEA) World Energy Outlook 2016 we examined last year, which predicted that oil and natural gas will remain a major part of energy supply for the foreseeable future meeting 44 percent of global energy demand by 2040. (see SD report for 2016 for more information).

However, according to a new forecast by Bloomberg New Energy Finance that plots out global power markets for the next 25 years, the world is nearing peak demand for fossil fuel for electricity due to the rapid decline of costs of wind and solar power. Humanity’s demand for electricity is still rising, and investments in fossil fuels will add up to \$2.1 trillion through 2040, but that will be dwarfed by \$7.8 trillion invested in renewables, including \$3.4 trillion for solar, \$3.1 trillion for wind, and \$911 billion for hydro power.

Source: Bloomberg.com  
<https://bloom.bg/2aF0Qg8>

Depending on the scenarios, we might see a faster adoption of renewables which might change in balance amongst various energy sources in the medium to long term.

**BP’s report focuses on its new “evolving transition” scenario and predicts that oil consumption peaks for the first time at some point between 2035 and 2040.**

**Climate-related Risks and Opportunities**

**Climate-related risks and opportunities**

Climate change such as warmer temperatures leading to a rise in sea levels, ice melting in the Arctic, more frequent and severe / energetic extreme weather events will affect practically all aspects of human life, and this includes our maritime industry. Impacts are already noted in ports and shipping channels due to rising sea levels and changed erosion and sedimentation patterns. Extreme weather events have the potential to affect our operations both offshore and in ports and operations of our clients as might also impact their offshore infrastructure and operations. While weather patterns are unpredictable, we have a diverse fleet of powerful vessels and well-trained personnel to support the industry during climate / weather changing conditions safely.

Physical risks of climate change such as extreme weather events, temperature extremes and precipitation which increase

risk of accidents at sea, might threaten safety of SPO's seafarers. In order to continue achieving our goal of 'Zero harm', SPO should address increasing our safety measures pertinent to those risks. In regions that are more susceptible to weather events such as cyclones and typhoons, SPO should take necessary safety precautions in terms of vessel design and emergency preparedness procedures for employees at sea. Our Business Continuity Plans cover our shore operations for such unpredictable events to ensure that we can continue our global operations with zero or minimum downtime.

Approximately 70-80% of our revenue currently comes from fossil fuel-related business. Reduced demand for fossil fuels will reduce the demand for SPO's historic services. According to BP global energy outlook (see earlier section on "Demand for Oil and Gas services"), global oil demand will peak by 2040. While those predictions are updated every year and rely on

step changes and innovations within the energy sector as well as regulatory frameworks and incentives for adoption of alternative energy, we will continue our direction over the past 5-8 years of diversifying our business; reducing our dependence on the Oil and Gas sector whilst building on our strong, safety conscious and experienced maritime skills.

SPO is always looking for suitable opportunities to further improve the sustainability of our

business and decarbonising our operations. We are currently developing projects that look at improving operational efficiency of our vessels, minimising our environmental impact and using solar panels to reduce shore-based electricity consumption. All these projects are either on the way or at concept stage with implementation planned for 2018 and beyond. We are also actively exploring the feasibility of other low / zero carbon fuels in green marine projects (see Project Hafnium).

**We are currently developing projects that look at improving operational efficiency of our vessels, minimising our environmental impact and using solar panels to reduce shore-based electricity consumption.**



The Task Force on Climate-related Financial Disclosures / Climate-related Risk Management



**The Task Force on Climate-related Financial Disclosures**

The Task Force on Climate-related Financial Disclosures (TCFD)\* was released in June 2017 and provides voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, insurers, and other stakeholders. TCFD helps companies understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors’ needs. We are aware of and support the intent of the TCFD and are in dialogue with Swire Pacific Limited to decide which scenarios are most relevant to us and the group.

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

**Climate-related risk management**

SPO continues to work closely with our parent company’s Sustainable Development Office and the Group Risk Management Committee in Hong Kong to ensure a comprehensive, coherent and rigorous approach to managing our risks and opportunities. Additionally, the SPO GM SD sits on the SPO ManCom and can advise on any issues connected with governance mechanisms and potential SD risks including environmental / carbon related regulations, threats and opportunities in current or proposed projects.

The following is our approach to minimising potential climate-related threats: *see below*

We believe that SPO’s current risk management and business planning processes are sufficient to mitigate the risks associated with climate change. We will continue to monitor and adjust our business policies and strategy accordingly as climate policy developments unfold.

We remain positive that with the global demand for Oil and Gas, SPO is well positioned to meet this demand supporting the offshore Oil and Gas industry as well as the demand for renewable and seabed exploration projects. SPO’s current risk exposure in an “evolving transition” GHG scenario is minimal.

**Risk management**

There is an established mechanism for early identification and addressing climate-related risks within the overall SPO group risk management process.

**Operating efficiency**

Integrating sustainability / energy efficiency specifications into vessel design and operations and addressing ways to reduce carbon footprint of SPO’s offices.

**Carbon offset**

Continuing to offset our current GHG emissions through dual accredited carbon offset REDD+ project and supplementing the downfall in credits by purchasing additional credits from credible projects delivering additional social value to the communities in project locations until such time as we have financially viable technological and / or operational means to eliminate them.

**Alternative fuels**

Actively investigating opportunities to radically decarbonise its operations through the determination and proof of the feasibility of a low / zero carbon alternative to fossil fuel. SPO launched Project Hafnium in 2017.

**Future regulations**

Monitoring future market traits and regulatory conditions and “future-proofing” our business.

**Customer energy management**

Working with our clients to reduce their fuel use (and costs).

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*In this section:*

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**61** Investment in Education

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**62** New Destiny Orphanage Project

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**63** ASSM Dependents, the Philippines

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**64** Supporting Our Seafarer Community Worldwide

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**65** Employee Volunteering and Fundraising Matching Scheme

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SPO actively supports local communities in countries where it has a major presence and invests in education and talent development in these key stakeholder communities.

Our support for the communities generally focuses on the areas of Education, Community, Health, Youth, Environment and Biodiversity.



## Investment in Education

SPO believes that long-term value creation depends on the sustainable development of the Company and giving back to the different communities in which SPO operates and which it impacts. The Company invests strongly in education and talent development through the provision of scholarships and runs a number of long-term Corporate Philanthropic (CP) projects by partnering with key stakeholder communities around the world.

SPO continues investment in education through SPO-Regional Maritime University (RMU) partnership in Ghana. SPO provides scholarships, internships, exchange and employment opportunities to up to four deserving students each year (two deck cadets and two engineering cadets) from RMU's five founder nations of Cameroon, Cote d'Ivoire, Ghana, Nigeria and Sierra Leone. This means we have a continuing core of up to 12 cadets, four of whom may join us as Junior Officers upon successful graduation.

In 2017 we have embarked on establishing our Ghana Marine Training Centre (GMTC) in Ghana, and which duly opened its doors in February 2018. GMTC is among the first of such integrated training facilities in Africa and bears testament to SPO's strong commitment towards safety and investing in local communities in which we operate.

In Asia, SPO supports students from the three senior universities in Singapore with bursaries and scholarships as a way to invest in and develop our, and Singapore's, future talent. One of those examples is SPO's sponsorship of the maritime students under the MaritimeONE scheme administered by the Singapore Maritime Foundation (SMF).

We had 12 graduates joining SPO Head Office in Singapore over the past few years. Graduates are a part of our Management Trainee Programme where they get rotated through various departments in Head Office, other global offices and vessels on a series of structured programmes that help to prepare them to become our future leaders.

The programme aims to accelerate the professional development of young graduates, imparting them with business and industry knowledge, while deepening their cross-cultural learning. As part of this programme, the trainees are mentored by Swire senior leaders.

SPO also sponsors the annual Swire Pacific Offshore Bursary at Nanyang Technological University in perpetuity. This SGD 250,000 bursary supports two students with disabilities (when possible) and from low-income backgrounds to undertake Engineering / Marine studies at the undergraduate level each academic year.

## Investment in Education / New Destiny Orphanage Project

SPO is a founding and on-going (six year) sponsor of SMU's Maritime Economics Concentration (MEC) – now MET – programme, jointly developed by the Maritime and Port Authority of Singapore and Singapore Management University (SMU). SPO regards its support for this programme to be a strong and visible investment in the future of Singapore, helping Singapore to become the leading international maritime centre in this region.

SPO is currently sponsoring three children of SPO employees to attend universities in Australia, Malaysia and UK to gain first degrees. Applications for scholarships are currently on hold due to reduced philanthropic spending and will be reinvigorated when the market conditions improve.

SPO has been collaborating with a number of universities in Singapore on providing internship programmes to students with an interest in working in the maritime industry. At SPO, we strongly believe that there is mutual value in internship programmes and it is an important part of investing into future industry talent.

### New Destiny Orphanage project

SPO made a very generous donation to help build the new home for the New Destiny Orphanage in Douala, Cameroon where SPO has a regional office. The support started in 2014 with SPO WAF employees getting actively involved with the orphanage through many employee volunteering events. We had to overcome a number of administrative and legal hurdles which delayed the implementation of the project, however the construction of the building is progressing well. The new orphanage is expected to house more than 50 orphans and vulnerable street kids. The project is expected to reach completion in May 2018.

**The new orphanage is expected to house more than 50 orphans and vulnerable street kids. The project is expected to reach completion in May 2018.**



**ASSM Dependants Association (ASSMDA), the Philippines**

ASSMDA was set up in 2007 as an independent, not-for-profit, organisation to support the dependents of ASSM seafarers and to work with the local communities on educational, social and civic projects. ASSMDA is headquartered in Manila and has two smaller branches in Cebu and Iloilo. SPO provides on-going assistance to ASSMDA, through joint funding with our sister company The China Navigation Company (CNCo), of their monthly operating costs. ASSMDA provides voluntary assistance to the seafarers' families in times of need and aims to improve their livelihoods through organising value-added social activities such as making candles, dishwashing liquids, fabric conditioners and bracelets.



**Seafarers Drop-in Medical Centres open in Tacloban and Bantayan Island in the Philippines**

Donations were made by SPO and CNCo and our shore and sea employees for the victims of Typhoon Haiyan in 2013 for the activities managed by ASSMDA. The balance of funds left was pledged to provide long-term, physical, community support by way of Seafarers Drop-in Medical Centres in the region. Over an 18 month period in 2016 / 17, ASSMDA has been working closely with Sailors' Society, Habitat for Humanity, the Associated Marine Officers' and Seamen's Union of the Philippines (AMOSUP) and the local Barangay Mayors and their health authority leaders to bring this plan to fruition.

It was with huge pride therefore that in late June 2017, all the parties involved were able to grace the official opening of these two Seafarers Drop-in Medical Centres; one in Palo near Tacloban in Leyte province and the other on Bantayan Island in Cebu province. The centre in Palo includes a birthing facility and will benefit approximately 1,000 households whilst its counterpart in Bantayan, will help almost 7,000 local families.

As part of the official opening ceremony, key representatives of AMOSUP, ASSMDA, Habitat for Humanity Philippines, Sailors' Society, SPO and CNCo handed over a bible, candle and ceremonial key to the Barangay Captains, Municipal Mayors, Municipal Health Officers and Midwives.



**ASSMDA conducts livelihood project in Iloilo**

From 16<sup>th</sup> to 20<sup>th</sup> November 2017, employees, volunteers and members of ASSMDA spent meaningful time at the outpost livelihood project in Iloilo, a province in central Philippines. The livelihood project aimed to impart practical skills and techniques to seafarers and their families for more income earning opportunities.

As part of the livelihood project, participants were taught a range of activities including making car cleaning agents using wax, making detergent powder, creating handicrafts using cross-stitch and rhinestones, making siopao (buns) and preparing smoked fish. More than 30 attendees bonded over these activities and learnt useful skills that might help them in future. It was a happy get-together and a great learning process for all.

**Supporting our seafarer community worldwide**

We are committed to supporting the projects of both The Mission to Seafarers (MtS) and Sailors' Society through fundraising events and donations, providing care and support to seafarers around the world.

SPO employees raised funds for both organisations through corporate and individual fundraising events and the Company donated funds for various initiatives over the last few years and this partnership is on-going.

All money raised by the teams went towards Sailors' Society projects around Asia, including Crisis Response Network, which provides a rapid response service to assist traumatised seafarers after piracy attacks and other crisis-at-sea situations.



**SPO teams successfully conquer Mount Fansipan in northern Vietnam and raised funds for seafarers**

On 22<sup>nd</sup> April, three SPO teams left Singapore and headed for northern Vietnam to conquer the picturesque Mount Fansipan to raise funds for Sailors' Society. All the teams successfully reached the summit and returned to share their interesting stories of their hiking experience.

All money raised by the teams went towards Sailors' Society projects around Asia, including Crisis Response Network, which provides a rapid response service to assist traumatised seafarers after piracy attacks and other crisis-at-sea situations. This network of trained port chaplains provides a 24-hour service.

Employee volunteering and fundraising matching scheme

SPO strongly supports helping worthy causes that deliver measurably positive outcomes (more than simply “outputs”) and benefits in our various stakeholder communities around the world. Sometimes our corporate support is requested or is made by means of donations of money, but there are many more causes that our employees wish to individually support that can benefit just as positively, simply by the volunteering of employees’ time, resources or skills.

**53 Singapore-based employees spent 333 hours on various volunteering events**

Over the course of five days, volunteers were kept busy with the mangrove tree planting, mangrove monitoring, worked closely with Barangay and government officials, and the people of Glan to clean up the coastal area.

**ASSM seafarers volunteer for *Save the Turtles* project in Sarangani province**

From 25<sup>th</sup> April to 1<sup>st</sup> May 2017, five ASSM seafarers travelled to Sarangani province in the Philippines to volunteer for the on-going *Save the Turtles* project. SPO partners Endangered Species International (ESI) in South Mindanao in the Philippines to protect the International Union for the Conservation of Nature (IUCN)-designated, critically endangered Philippines forest turtles on Mount Matutum. This project is part of the Company’s on-going SD efforts.

Over the course of five days, volunteers were kept busy with the mangrove tree planting, mangrove monitoring, worked closely with Barangay and government officials, and the people of Glan to clean up the coastal area and repainted signage. These efforts were part of the mangrove and coastal reef conservation programme in the Sarangani Bay area downstream of the turtle habitat.

Being key stakeholders of our environment, we will suffer consequences brought by the cruelty and carelessness of human behaviour and its impact on our surroundings. Special thanks to ESI for sharing their expertise and making this trip such an enriching one.



### SPO Brunei employees help clean and repair facilities at Seria Old Folks' Home and bring cheer to the residents

As part of their community outreach efforts this year, SPO Brunei employees visited the Seria Old Folks' Home on 14<sup>th</sup> October 2017. They reached out to our suppliers to contribute daily consumables and food, receiving an overwhelming response. The items donated were then consolidated and delivered to the old folks' home.

The group of 20 was split into three teams and each team was assigned a task. The first team was involved in the cleaning and upkeep of the common areas while the second team took charge of maintenance work around the home, including repairing window screens and installing new water filters in the kitchen. The third team entertained the old folks, mingled with them and helped to distribute lunch and brought much cheer to the residents there.



### SPO and CNCo employees celebrate *Day of the Seafarer* with an environmental clean-up mission in Singapore

As a special tribute to our seafarers in celebration of *Day of the Seafarer* which falls on 25<sup>th</sup> June, we partnered Waterways Watch Society (WWS) and CNCo to organise an environmental clean-up activity to show our support to our seafarers through our actions to keep the waters clean.

On 15<sup>th</sup> June 2017, 42 SPO and CNCo employees headed to the office of WWS just a short 10-minute walk from SPO Head office for our environment clean-up mission.

Volunteers on kayaks and paddle boats busied themselves clearing the debris and floating rubbish around the Kallang Basin area. Our volunteer "cleaners" on wheels cycled from the Kallang River area, Sports Hub, to Marina Barrage and Marina Bay Sands to retrieve trash near the rivers and nearby coastal areas.

Within a short afternoon, we amassed 56.64 kilograms of trash. More importantly, volunteers returned home with a heightened sense of environmental consciousness and a deeper sense of appreciation of the clean waters.



### Weeding at Sungei Buloh Wetland Reserve, Singapore

On 20<sup>th</sup> October 2017, 30 SPO and CNCo employees volunteered their Friday afternoon to remove invasive species at Sungei Buloh Wetland Reserve (SBWR), ASEAN's first Heritage Park. Wetlands are one of the most productive ecosystems as they help to reduce the impacts from storm damage and flooding, recharging groundwater, storing carbon, helping to stabilise climatic conditions and acting as important sites for biodiversity. SPO first partnered with SBWR in 2015 to help clean-up the areas around the mangrove forests. For this second session, we continued our partnership with National Parks Board, by engaging volunteers to clear the invasive species by removing the roots to prevent weeds from regrowing. Despite the sweltering heat and getting bitten by mosquitoes, our volunteers amassed three big baskets of weeds.

### Bringing colour and cheer to elderly residents in Singapore



On 5<sup>th</sup> December 2017, more than 30 volunteers from SPO and members of the Singapore Shipping Association (SSA) shed their professional work roles and turned into muralists for a good cause. We partnered a local charity, Lions Befrienders, to paint

four murals to brighten the Seniors Activity Centre in the Bendemeer area of Singapore, which serves as a focal gathering place and activity centre for elderly folks residing in the neighbourhood.

To make the event more fun and memorable, SPO engaged our long-term community partner, *Project Dignity* to set up a mobile fruit rojak-making booth. Volunteers mingled with the elderly residents and assisted them in the rojak-making session. Many elderly residents also joined in the fun by cutting vegetables and fruits and mixing them with the sauces. The fruit salad turned out to be a real "hit" as many of them asked for second helpings.

It was a fulfilling and enriching afternoon, many volunteers enjoyed the interaction with the elderly folks and made new friends.

"It is great to see the volunteers of SPO and SSA working together to enrich the lives of the seniors of Lions Befrienders (Bendemeer) Senior Activity Centre. We could all see that the seniors really enjoyed the company of the volunteers and the interaction with them."

**Jeremy Chow**  
Assistant Centre Manager, Lions Befrienders

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*In this section:*

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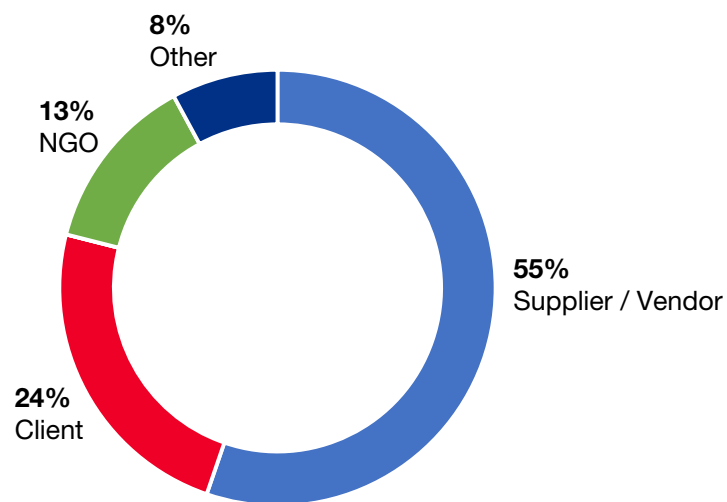
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## External Stakeholder Engagement

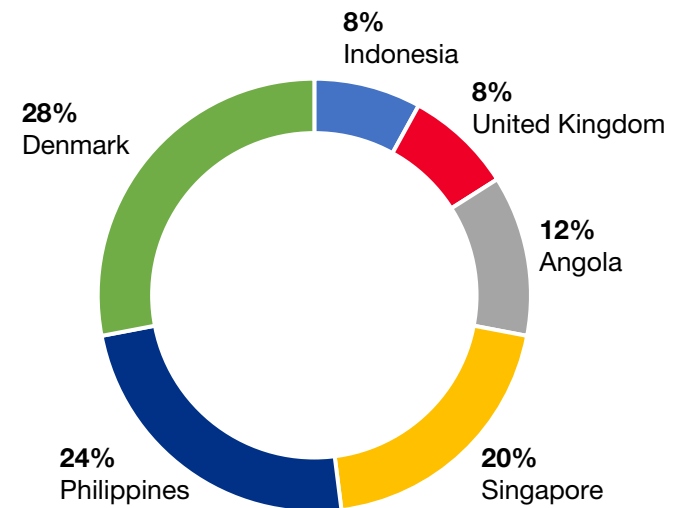
	<i>Importance of areas to External stakeholders</i>
1 Has strong governance and business ethics	<b>97%</b>
2 Follows labour practices and human rights	<b>97%</b>
3 Manages a sustainable supply chain	<b>95%</b>
4 Engages its people in SD	<b>92%</b>
5 Does its part for the Environment	<b>89%</b>

	<i>Importance of areas to External stakeholders</i>
6 Builds long term partnerships	<b>89%</b>
7 Aims for Zero Harm Goal	<b>89%</b>
8 Cares for its communities	<b>82%</b>
9 Recycles ships sustainably	<b>74%</b>
10 Champions in Sustainability within its industry	<b>71%</b>

### Stakeholders Engaged



### Percentage of Responding Countries



**Other countries include:**

Antigua and Barbuda, Australia, Azerbaijan, China, Hong Kong, India, Montenegro, Myanmar, The Netherlands, New Zealand, Paraguay, Sri Lanka, UAE and Zimbabwe.



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	<ul style="list-style-type: none"> <li>Local economic development</li> <li>Ethical governance at ship building site</li> </ul>	<ul style="list-style-type: none"> <li>Employment creation</li> <li>Supply chain value and opportunities</li> <li>Facilitation of global economy and trade</li> <li>Global and local economic development</li> <li>Ethical governance</li> </ul>	<ul style="list-style-type: none"> <li>Local economic development</li> <li>Ethical governance at SRF site</li> <li>Monitoring cost of sustainable ship recycling</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>Drive demand for improved standards in the industry</li> <li>Positive step change in reducing environmental footprint during design phase</li> <li>Better management of construction phase</li> <li>R&amp;D / more environmentally-responsible features</li> <li>Influencing the demand for sustainable products / services</li> </ul>	<ul style="list-style-type: none"> <li>Drive demand for improved standards in the industry</li> <li>Improved performance (alternative fuel, reduced emissions through operational efficiencies) during operations</li> <li>Reduced environmental impact / carbon footprint</li> <li>Reduced waste to land and sea</li> <li>Influencing the demand for sustainable products / services</li> </ul>	<ul style="list-style-type: none"> <li>Drive demand for improved standards in the industry</li> <li>Reduced environmental impact during recycling</li> <li>R&amp;D / more environmentally-responsible options for reuse and recycling</li> <li>Influencing the demand for sustainable ship recycling</li> </ul>
Social	<ul style="list-style-type: none"> <li>Drive behavioural change and demand for improved standards in the industry</li> <li>Improved working conditions at ship building yards</li> <li>Improved H&amp;S practices</li> <li>Improved human rights and labour practices</li> <li>Employment creation</li> <li>Improved social indicators and positive impact on overall well-being of workers</li> </ul>	<ul style="list-style-type: none"> <li>Drive behavioural change and demand for improved standards in the industry</li> <li>Improved working conditions</li> <li>Improved H&amp;S practices</li> <li>Improved human rights and labour practices</li> <li>Employment creation and work opportunities</li> <li>Community development</li> </ul>	<ul style="list-style-type: none"> <li>Drive behavioural change and demand for improved standards in the industry</li> <li>Build capacity of SRF in India</li> <li>Improved working conditions at SRF</li> <li>Improved safety standards at SRF</li> <li>Improved human rights &amp; labour practices</li> <li>Employment creation</li> <li>Improved social indicators and positive impact on overall well-being of workers</li> </ul>
<p><b>Governance:</b> Strong organisational governance / Leading by example to raise industry standards and further sustainable development across economic, social and environmental areas</p>			

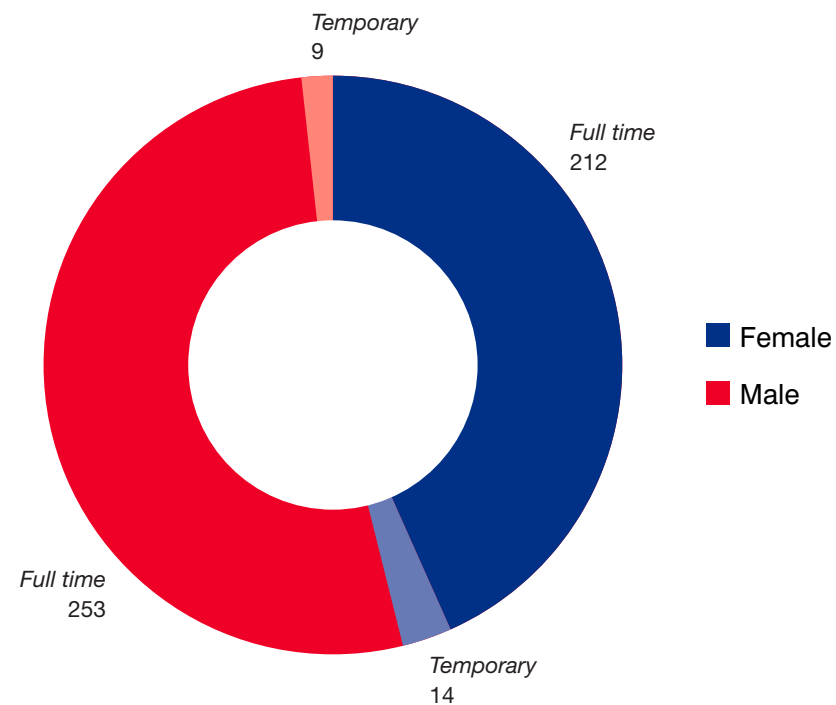
## Number of Employees by employment contract and region / Number of Employees by employment contract and gender identity

### Number of Employees by employment contract and region

Country	Permanent	Temporary
Angola	5	
Australia	12	2
Azerbaijan	10	3
Brazil	4	
Brunei Darussalam	6	2
Cameroon	32	
Denmark	30	
Ghana	5	
Indonesia	9	
Malaysia	1	
New Zealand	4	
Norway	46	3
Qatar	3	
Russian Federation	2	
Singapore	216	9
United Arab Emirates	26	1
United Kingdom	5	
United States	1	
Philippines (employed by ASSM)	49	2
<b>Grand Total</b>	<b>466</b>	<b>22</b>

### Number of Employees by employment contract and gender identity

Employment Type	Female	Male	Total
Full time	212	253	465
Temporary	14	9	23
<b>Total</b>	<b>226</b>	<b>262</b>	<b>488</b>



## New Hires and Staff Turnover

## New Hires during 2016 by Country, Age Group and Gender Identity

Country / Age Group	Male	Female	TOTAL
<b>Australia</b>	<b>1</b>	<b>1</b>	<b>2</b>
< 30		1	1
> 50	1		1
<b>Azerbaijan</b>	<b>2</b>	<b>1</b>	<b>3</b>
< 30	1		1
30 to 50	1	1	2
<b>Brunei Darussalam</b>	<b>1</b>		<b>1</b>
< 30	1		1
<b>Cameroon</b>	<b>1</b>		<b>1</b>
30 to 50	1		1
<b>Denmark</b>	<b>4</b>	<b>1</b>	<b>5</b>
< 30	1		1
30 to 50	2	1	3
> 50	1		1
<b>Ghana</b>		<b>1</b>	<b>1</b>
30 to 50		1	1
<b>Indonesia</b>	<b>1</b>		<b>1</b>
30 to 50	1		1
<b>Norway</b>	<b>5</b>	<b>2</b>	<b>7</b>
30 to 50	4	2	6
> 50	1		1
<b>Singapore</b>	<b>19</b>	<b>13</b>	<b>32</b>
< 30	8	4	12
30 to 50	11	8	19
> 50		1	1
<b>United Arab Emirates</b>	<b>1</b>	<b>2</b>	<b>3</b>
30 to 50	1	2	3
<b>United Kingdom</b>	<b>1</b>		<b>1</b>
30 to 50		1	1
<b>Grand Total</b>	<b>35</b>	<b>22</b>	<b>57</b>

## Turnover by Country, Age Group and Gender Identity

Country / Age Group	Male	Female	TOTAL
<b>Australia</b>	<b>1</b>	<b>2</b>	<b>3</b>
< 30		1	1
30 to 50	1	1	2
<b>Azerbaijan</b>	<b>1</b>	<b>1</b>	<b>2</b>
30 to 50	1	1	2
<b>Cameroon</b>	<b>3</b>		<b>3</b>
30 to 50	2		2
> 50	1		1
<b>Denmark</b>	<b>1</b>		<b>1</b>
> 50	1		1
<b>Indonesia</b>		<b>1</b>	<b>1</b>
30 to 50		1	1
<b>Norway</b>	<b>5</b>		<b>5</b>
30 to 50	4		4
> 50	1		1
<b>Russian Federation</b>		<b>1</b>	<b>1</b>
30 to 50		1	1
<b>Singapore</b>	<b>19</b>	<b>14</b>	<b>33</b>
< 30	4	2	6
30 to 50	10	10	20
> 50	5	2	7
<b>United Arab Emirates</b>	<b>2</b>	<b>2</b>	<b>4</b>
< 30	1		1
30 to 50	1	2	3
<b>United Kingdom</b>	<b>1</b>		<b>1</b>
30 to 50	1		1
<b>Grand Total</b>	<b>33</b>	<b>21</b>	<b>54</b>

## Turnover Rate

Country	%
Angola	0%
Australia	21%
Azerbaijan	15%
Brazil	0%
Brunei Darussalam	0%
Cameroon	9%
Denmark	3%
Ghana	0%
Indonesia	11%
Malaysia	0%
New Zealand	0%
Norway	10%
Qatar	0%
Russian Federation	50%
Singapore	15%
United Arab Emirates	15%
United Kingdom	20%
United States	0%
Philippines (ASSM)	6%
<b>Grand Total</b>	<b>12%</b>

## SPOTHRIVE

Swire Pacific Offshore has been in business since 1975.

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.

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

\*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>

## 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 SPOTHRIVE Strategy	Relevant SPO's Material Issues	Relevance to SPO's operations
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p>Safeguarding the health and safety of all our employees and stakeholders by driving sustained safety excellence.</p>	<p>Health and Safety / Zero Harm</p> <p>Community Investment and development</p> <p>Employee Engagement (Happy and Engaged staff; resilience and wellness)</p>	<p>See progress in the <b>Safety, Our People, The Environment and Communities Sections of the SD report</b></p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Health and Safety Policies and standards / Labour practices / Employee welfare and benefits / D&amp;A Policy</li> <li>• Environmental Policies and procedures to ensure No Harm to the environment and communities</li> <li>• Waste disposal and responsible ship recycling in line with international conventions - improved social standards</li> <li>• Livelihood project in Iloilo for communities (ASSMDA - Corporate Philanthropic project)</li> <li>• Seafarers Drop-in Medical Centres in Tacloban and Bantayan</li> <li>• Investing in People &amp; Excellence in Manpower Training &amp; Development Award</li> <li>• Long Service Awards and recognition programmes</li> </ul>
 <p><b>5 GENDER EQUALITY</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>Labour Practices and Human Rights</p> <p>Diversity and Inclusion</p>	<p>See <b>Our People section of the report</b></p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• EODIR Policy in place</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> </ul>
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	<p>Using natural resources and systems responsibly and sustainably.</p>	<p>Spills and Seepage</p> <p>Waste Management and Prevention</p>	<p>See <b>The Environment and Communities sections of the report</b></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)</li> <li>• Environmental Management policies / ISO 14001 certification</li> <li>• Water treatment and water production on vessels and recycling practices</li> <li>• Safe ship recycling practices minimising release of hazardous chemicals into the water</li> <li>• Protection of wetlands and waterways clean up (CP projects), mangroves (SGCT / ESI), forests (SPO's Paraguay project)</li> </ul>

Relevant SDG Goals	Links to SPOTHRIVE Strategy	Relevant SPO's Material Issues	Relevance to SPO's operations
	<p>Pursuing a long-term goal of decarbonisation and optimising energy efficiency.</p>	<p>Alternate Fuels</p>	<p>See <b>The Environment section of the report</b>  <i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Decarbonisation through low carbon technologies and minimising use of fossil fuels</li> <li>• R&amp;D into alternative energy sources</li> <li>• Energy efficiencies (Clean or Clean Design) for owned vessels</li> <li>• Eco-office / green office practices</li> <li>• R&amp;D - Project Hafnium</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> <p>Strengthening our supply chain through responsible and ethical sourcing of services and materials.</p>	<p>Labour Practices and Human Rights</p> <p>Local Content / Social License to Operate</p> <p>Diversity and Inclusion</p>	<p>See <b>Our People and Safety sections of the report</b>  <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 &amp; SPSM Contracts and Manuals)</li> <li>• Human rights impact assessments (when required)</li> <li>• Equal opportunities and respect in the work place (EODIR Policy)</li> <li>• H&amp;S standards / Modern Day Slavery assessments / Supply Chain Sustainability issues / Supplier audits</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>	<p>Labour Practices and Human Rights</p> <p>Diversity and Inclusion</p>	<p>See <b>Our People section of the report</b>  <i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• EODIR Policy and its enforcement ashore and at sea</li> <li>• Grievance mechanism</li> <li>• Social protection policies and min wage in line with National labour laws</li> <li>• Equality in pay structures and rewards</li> <li>• Local content hiring policies</li> </ul>

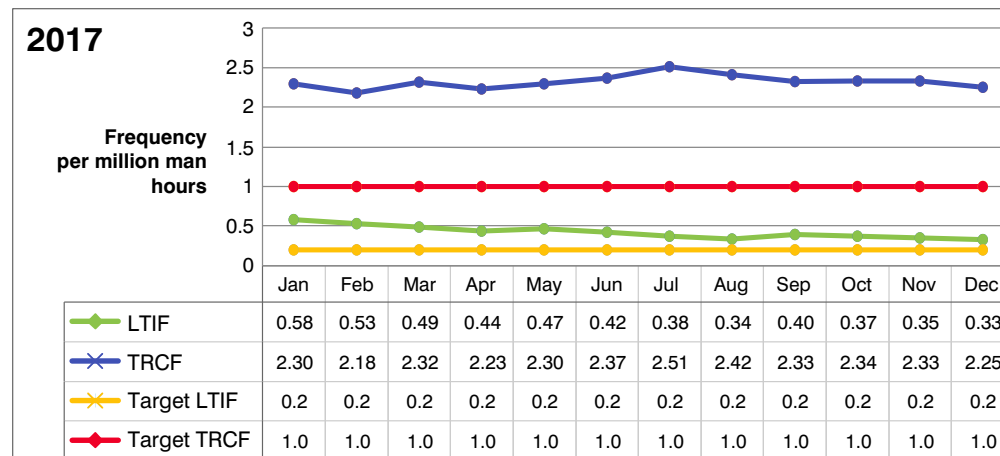
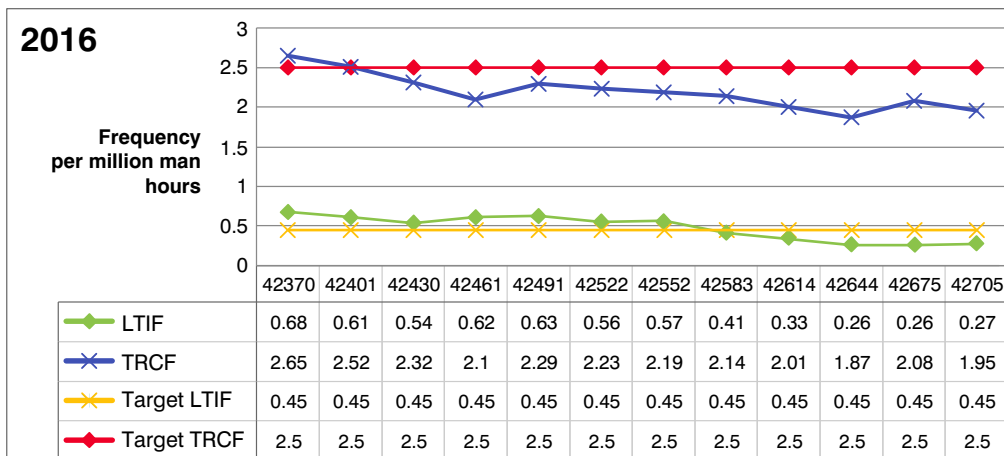
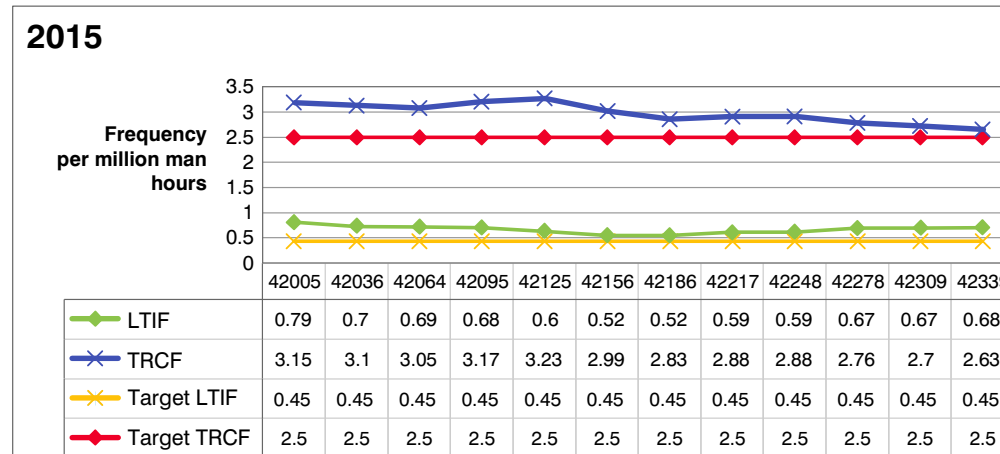
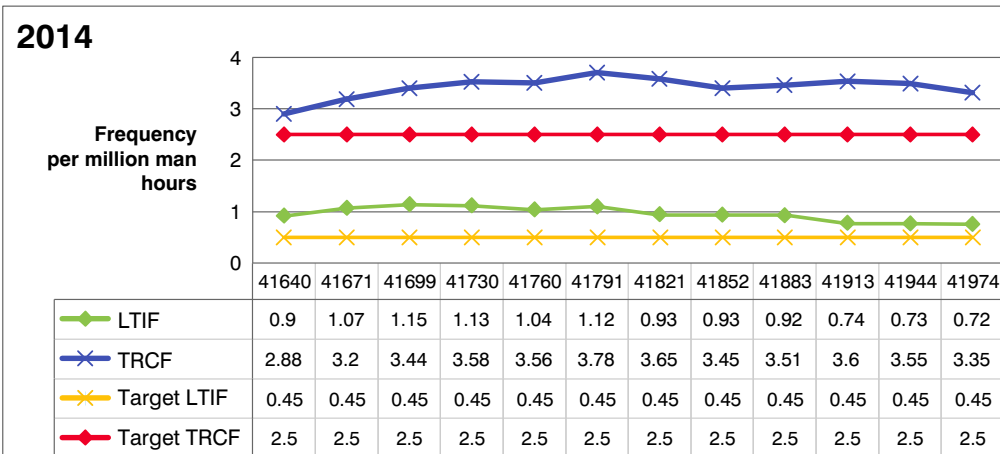
SDGs and SPOTHRIVE Strategy with Progress *cont.*

Relevant SDG Goals	Links to SPOTHRIVE Strategy	Relevant SPO's Material Issues	Relevance to SPO's operations
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<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>	<p>Employee Engagement</p> <p>Sustainable Ship Recycling</p>	<p>See <b>The Environment section of the report</b></p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Environmental Management policies and practices</li> <li>• Hazardous materials management practices and disposal / Recycling practices</li> <li>• Sustainable ship recycling practices (Recycling of <i>MV Pacific Bear</i>)</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 practices and policies</li> </ul>
 <p><b>13</b> CLIMATE ACTION</p>	<p>Pursuing a long-term goal of decarbonisation and optimising energy efficiency.</p>	<p>Energy Transformation</p> <p>GHG Emissions and its climate Impact</p>	<p>See <b>The Environment section of the report</b></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</li> <li>• R&amp;D into alternative energy sources</li> <li>• Energy efficiencies (Clean or Clean Design) for owned vessels</li> <li>• Eco-office/green office practices</li> <li>• Carbon neutrality through REDD+ project in Paraguay and carbon credits offsetting</li> </ul>
 <p><b>14</b> LIFE BELOW WATER</p>	<p>Protecting and, where viable, enhancing the biodiversity of environments that our operations impact.</p>	<p>Spills and Seepage</p> <p>Waste Management and Prevention</p> <p>Marine Biodiversity</p>	<p>See <b>The Environment and Communities section of the report</b></p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Going beyond legislative compliance</li> <li>• Zero Harm Policies</li> <li>• Investment in clean and green technologies</li> <li>• Green guidelines</li> <li>• Corporate Philanthropic investments (ESI, REDD+, employee education and volunteering)</li> <li>• Working with NGOs on environmental conservation and biodiversity related projects</li> </ul>

SDGs and SPOTHRIVE Strategy with Progress *cont.*

Relevant SDG Goals	Links to SPOTHRIVE Strategy	Relevant SPO's Material Issues	Relevance to SPO's operations
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Improving our corporate governance to reflect our stakeholders' interests.</p>	<p>Strong Governance and Business Ethics</p> <p>Cybersecurity</p> <p>SPO's strong Balance Sheet / Financial Stability</p>	<p>See <b>Governance and Our People</b> sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Whistleblowing procedures</li> <li>• Third party due diligence</li> <li>• Antitrust Policies/Sanctions</li> <li>• Procurement practices and guidelines</li> <li>• 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><b>17</b> 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>Community Investment and Development</p>	<p>See <b>Our Communities</b> section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> <li>• Corporate Philanthropic investments in our key stakeholder communities</li> <li>• Partnerships with Universities and NGOs</li> <li>• Working with Governments in the areas of assistance required in LDCs where we operate</li> <li>• Engage in Public-private (Project Hafnium) and Civil Society partnerships for SD</li> </ul>

### 12 Month Rolling Average LTIFR and TRCFR Against Target

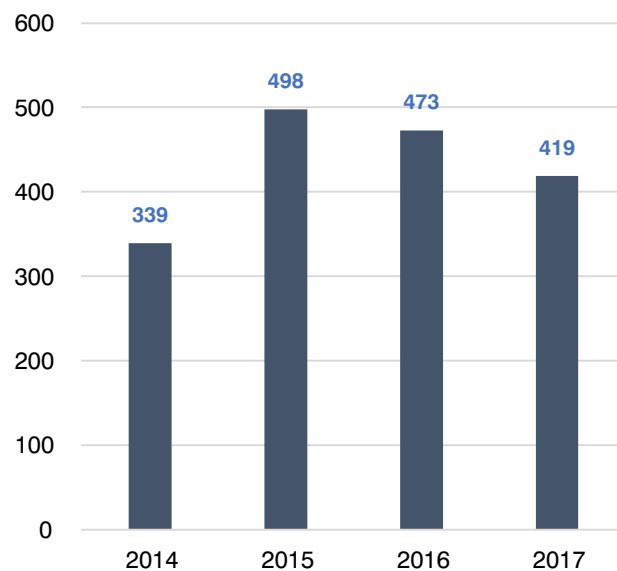


## Historical Performance Indicators / Number of Near Miss and Hazard Reports

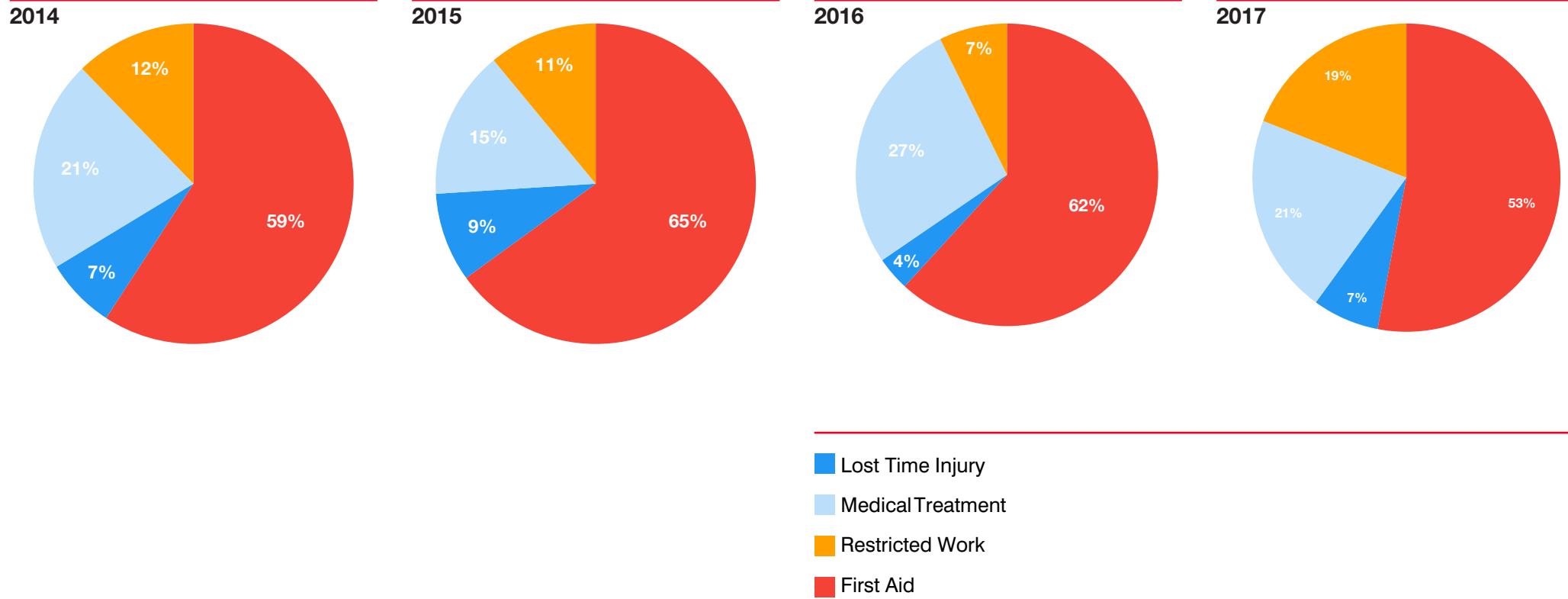
### Historical Performance Indicators

Year	Manhours	LTIs	LTIFR (1 million man/hr)	LTIFR (200,000 man/hr)	LTI, MTC & RWC	TRCF (1 million man/hr)	TRCF (200,000 man/hr)
2014	12,535,729	9	0.72	0.14	42	3.35	0.67
2015	12,813,103	9	0.70	0.14	35	2.73	0.55
2016	11,299,843	4	0.27	0.05	25	2.21	0.44
2017	11,924,418	4	0.34	0.07	27	2.26	0.45
<b>Average Stats</b>	<b>12,143,273</b>	<b>6.5</b>	<b>0.51</b>	<b>0.1</b>	<b>32.25</b>	<b>2.64</b>	<b>0.53</b>

### Number of Near Miss and Hazard Reports

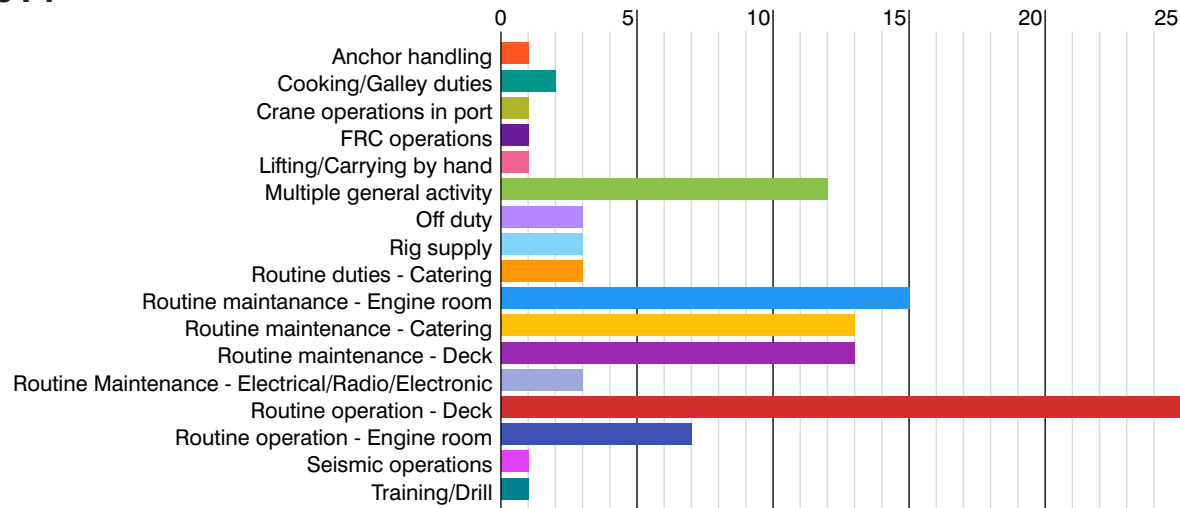


Total Number of Incidents by Category

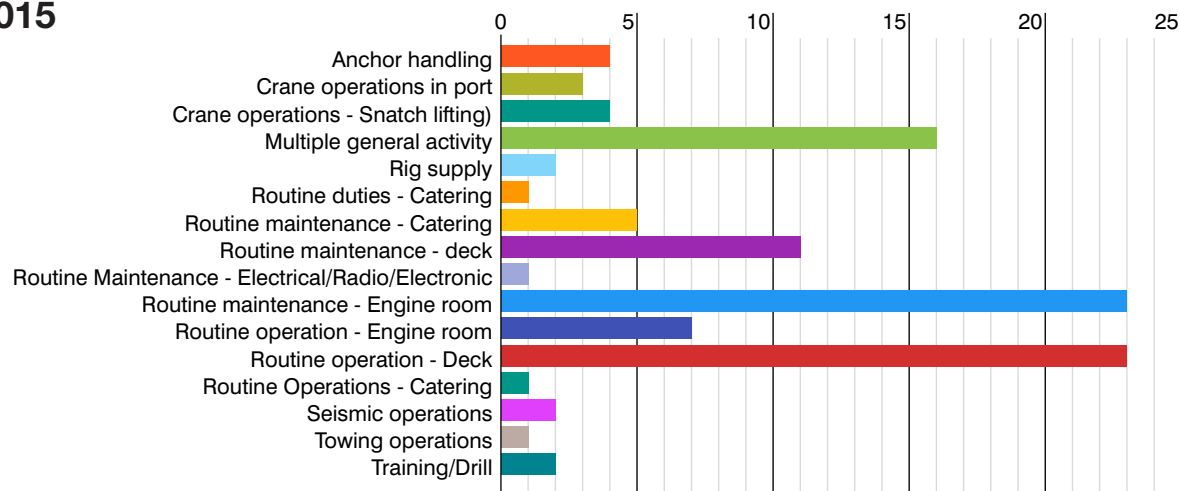


**Total Recordable Cases by Tasks Performed**

**2014**

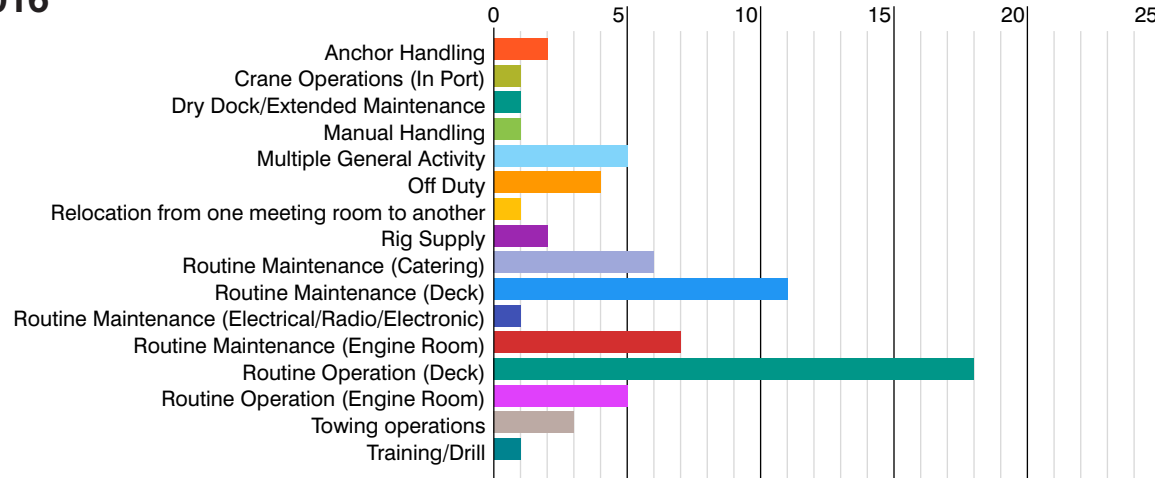


**2015**

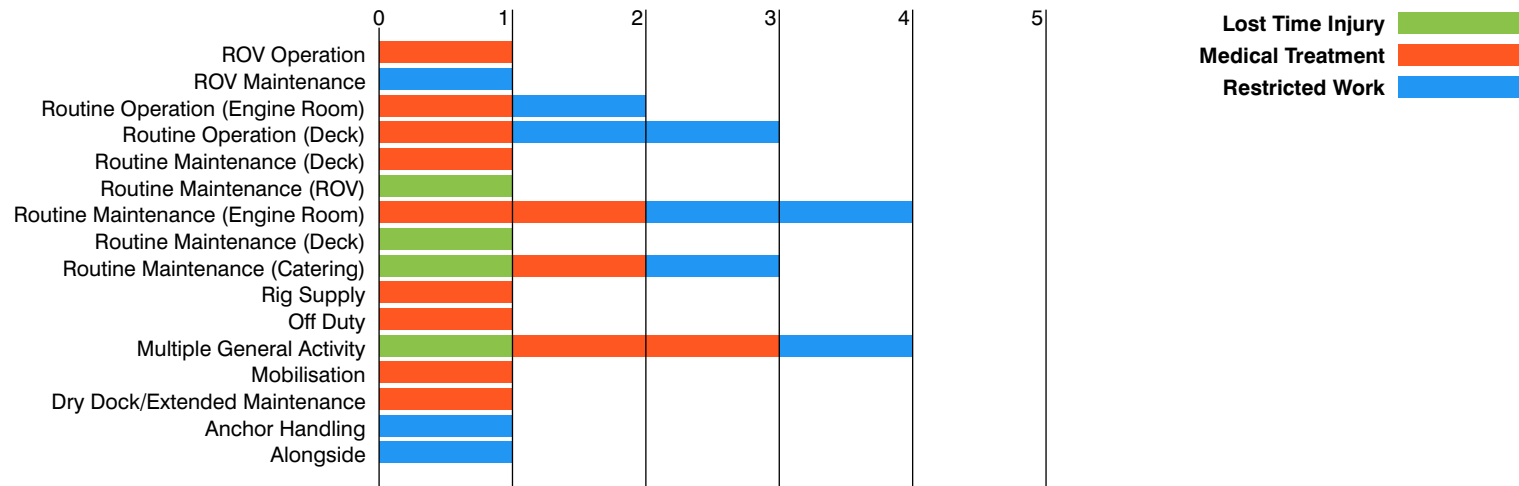


**Total Recordable Cases by Tasks Performed *cont.***

**2016**

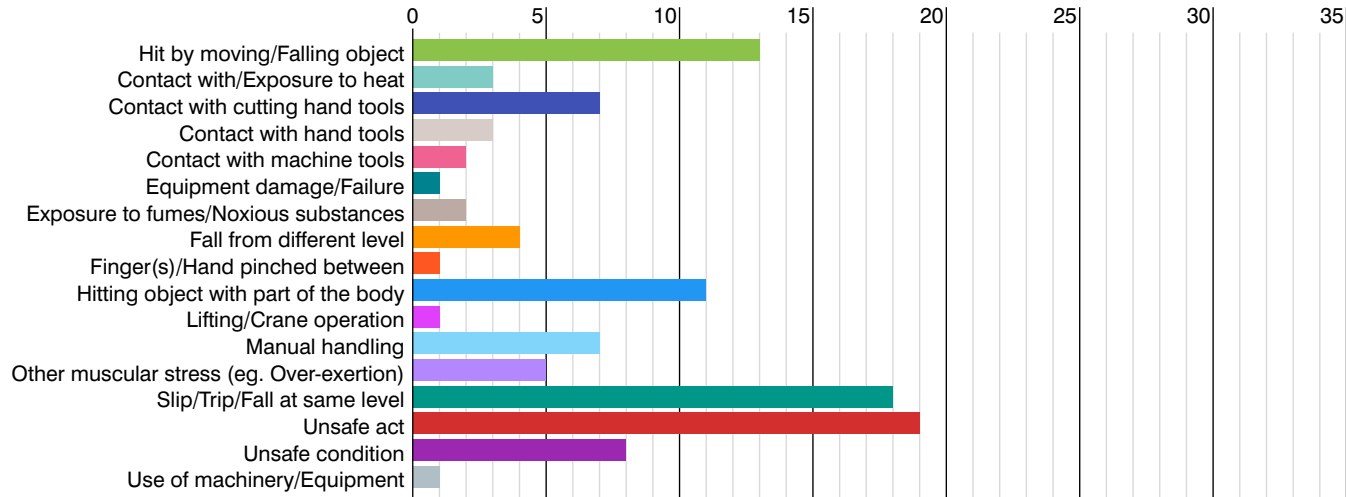


**2017**

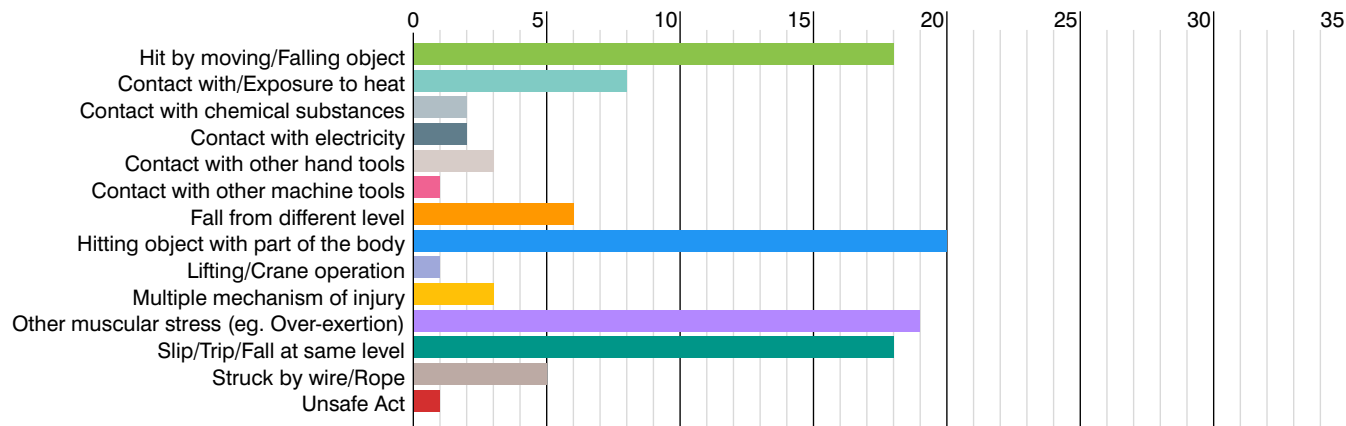


**Total Recordable Cases by Type of Accident**

**2014**

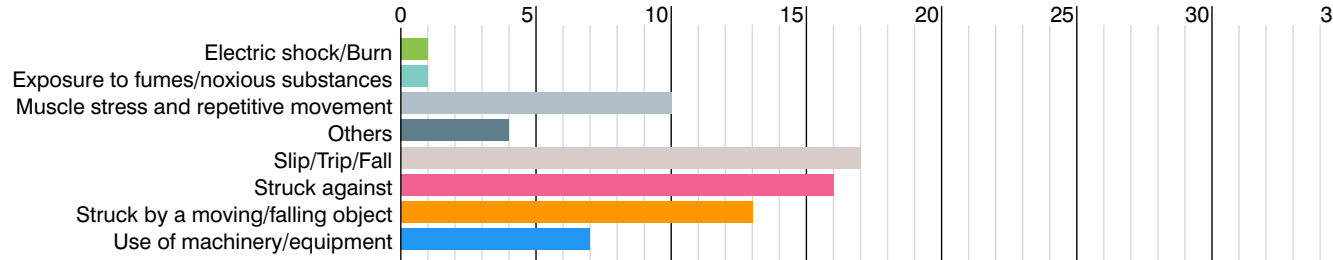


**2015**

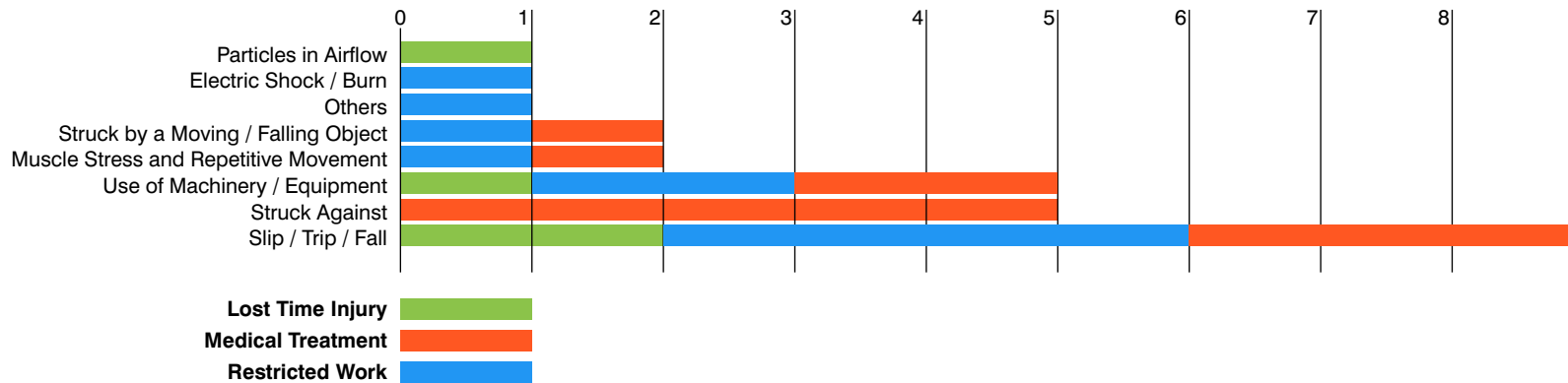


**Total Recordable Cases by Type of Accident** *cont.*

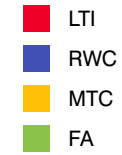
**2016**



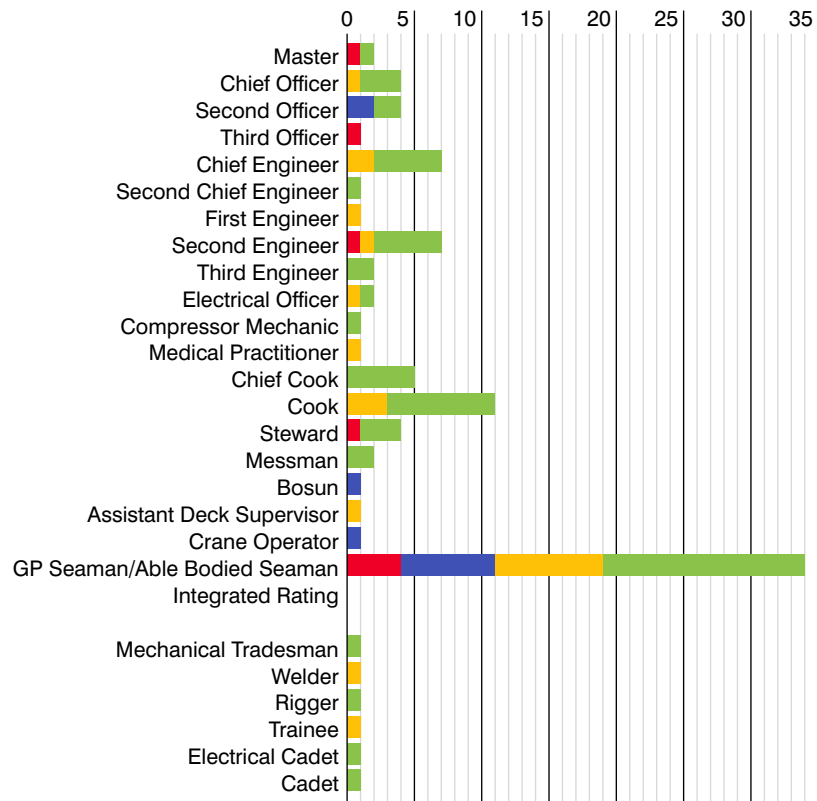
**2017**



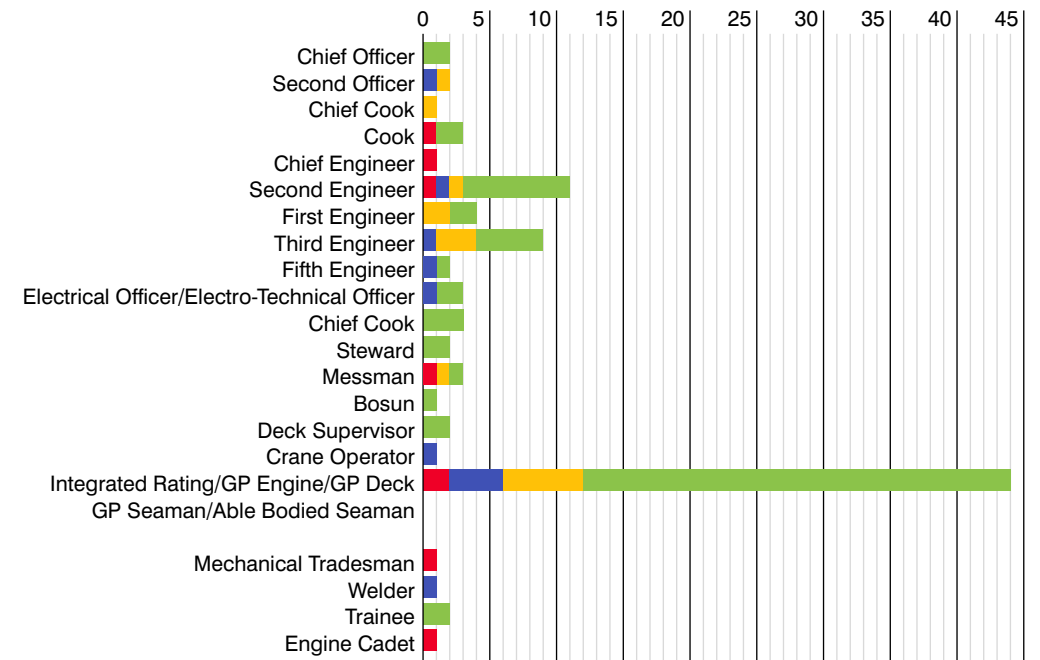
Total Recordable Cases by Rank



2014



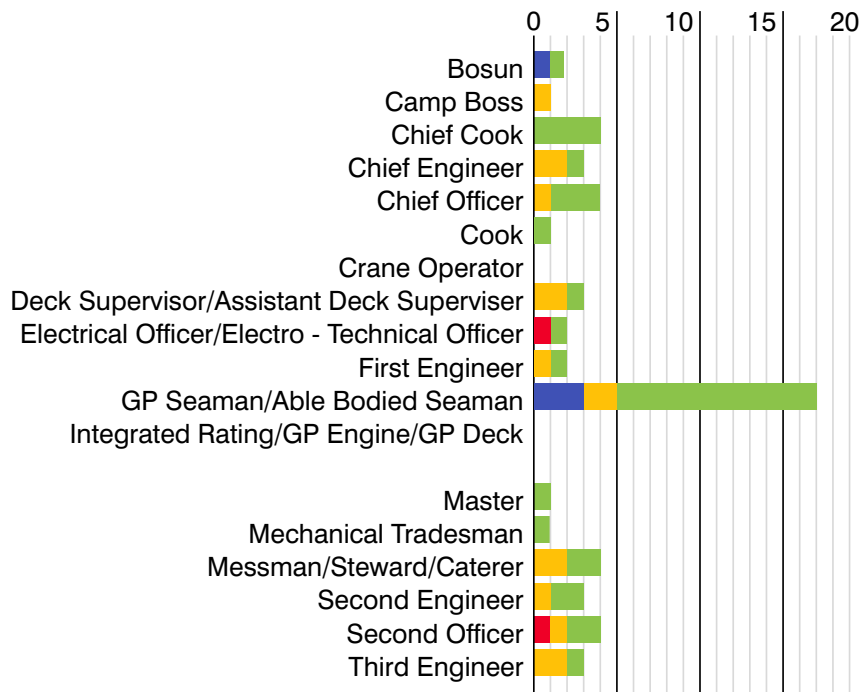
2015



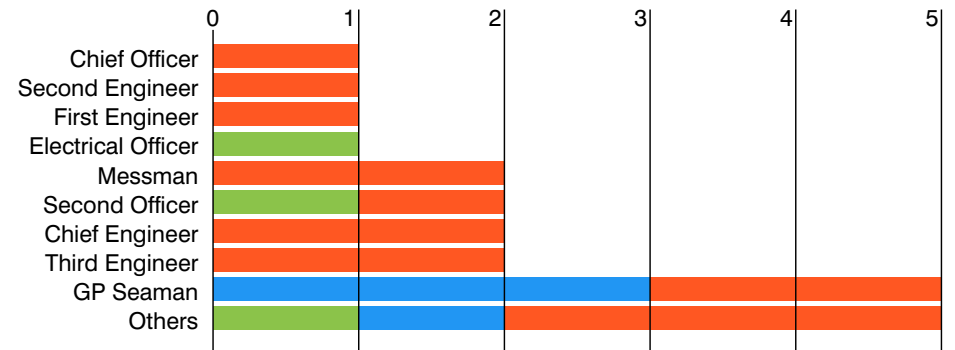
**Total Recordable Cases by Rank cont.**



**2016**



**2017**



<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>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>CCoC</b>	Corporate Code of Conduct
<b>CFC</b>	Chlorofluorocarbon(s)
<b>CNCo</b>	The China Navigation Company Pte Ltd
<b>CoC</b>	Certificate of Competency
<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 Index
<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>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 See <a href="http://intertek.ch/schwerol">http://intertek.ch/schwerol</a>
<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>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 (unit)</b>	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>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>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>WAF</b>	West Africa
<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”

Total number of IUCN Red List species and National Conservation List species with habitats in areas affected by operations, by level of extinction risk.

Location: **Chaco**

	Red List	National Conservation List Centro de Datos para la conservacion
<b>Flora</b>		
· Critically endangered	0	· Critically endangered 4
· Endangered	0	· Endangered 9
· Vulnerable	2	· Threatened 45
· Near threatened	2	
<b>Fauna</b>		
<i>Birds</i>		<i>based on Red List</i>
· Critically endangered	0	· Critically endangered 1
· Endangered	2	· Endangered 2
· Vulnerable	0	· Vulnerable 3
· Near threatened	7	· Near threatened 7
<i>Mammals</i>		
· Critically endangered	0	· Critically endangered 1
· Endangered	2	· Endangered 5
· Vulnerable	3	· Vulnerable 7
· Near threatened	11	· Near threatened
<b>TOTAL</b>	<b>29</b>	<b>TOTAL 84</b>

Location: **San Rafael**

	Red List	National Conservation List
<b>Flora</b>		
· Critically endangered		· Critically endangered 8
· Endangered	3	· Endangered 4
· Vulnerable	1	· Vulnerable 1
· Near threatened		· Near threatened
<b>Fauna</b>		
<i>Birds</i>		
· Critically endangered		· Critically endangered 1
· Endangered	2	· Endangered 19
· Vulnerable	10	· Vulnerable 52
· Near threatened		· Near threatened
<i>Mammals</i>		
· Critically endangered		· Critically endangered
· Endangered		· Endangered 1
· Vulnerable	5	· Vulnerable 3
· Near threatened		· Near threatened
<b>TOTAL</b>	<b>21</b>	<b>TOTAL 89</b>

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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.

## Contact Details

### **Simon Bennett**

General Manager – Sustainable Development

Swire Pacific Offshore Operations (Pte) Ltd  
#15-01, The Concourse  
300 Beach Road  
Singapore 199555

T +65 6632 3632  
simon.bennett@swire.com.sg

[www.swire.com.sg](http://www.swire.com.sg)

Disclosure level: <b>Core</b>		<b>General Disclosures 2017</b>			
<b>GRI Standard Number</b>	<b>GRI Disclosure Number</b>	<b>Disclosure Title</b>	<b>Reported</b>	<b>Cross-reference / Answers / Notes / Omissions</b>	<b>Report location: Page Number / URL</b>
<b>General Disclosures</b>					
<b>Organisational Profile</b>					
<b>GRI 102</b>	<b>102-1</b>	Name of the organization	Yes	Swire Pacific Offshore Operations Pte Ltd (SPO).	n/a
<b>GRI 102</b>	<b>102-2</b>	Activities, brands, products, and services	Yes	For description of activities please see "Governance" section of the report.  SPO does not provide any services that are banned in certain markets. Similarly SPO services are not the subject of stakeholder questions or public debate.	Page 10
<b>GRI 102</b>	<b>102-3</b>	Location of headquarters	Yes	HQ is in Singapore.	n/a
<b>GRI 102</b>	<b>102-4</b>	Location of operations	Yes	For description of countries of operations please see "Governance" section of the report.	Page 10
<b>GRI 102</b>	<b>102-5</b>	Ownership and legal form	Yes	SPO is part of the Swire Pacific group, publicly listed on HK stock exchange.	n/a
<b>GRI 102</b>	<b>102-6</b>	Markets served	Yes	Please see "Governance" section of the report.	Page 10
<b>GRI 102</b>	<b>102-7</b>	Scale of the organization	Yes	Please see "Governance" and "Our People" sections for the locations of employees / offices and number of employees. Please refer to the organisational boundaries diagram. All financial statements are confidential.	Pages 10-13, 25-26
<b>GRI 102</b>	<b>102-8</b>	Information on employees and other workers	Yes	"Our People" section of the report: "Employee profile" and "Diversity and Inclusion" sub-sections. We consider our seafarers as our employees despite them being employed through a manning agency. Therefore all work is done by employees.  There were no seasonal variations in employment numbers.	Pages 25-29
<b>GRI 102</b>	<b>102-9</b>	Supply chain	Yes	SPO is an end-user of equipment and consumables required for the operation and maintenance of its fleet of OSVs only. It does not produce or process materials for its own or others use. As such, the vendor on-boarding process is designed to ensure the integrity and responsible approach of the suppliers we transact with. Any potential or existing suppliers with which we have concerns as to the nature of their business practices are blocked from use and, if applicable, inactivated from the Approved Vendor Listing.  See "Supplier management" section of the report.	Page 18

<b>GRI 102</b>	<b>102-10</b>	Significant changes to the organization and its supply chain	Yes	No changes during the reporting period.	n/a
<b>GRI 102</b>	<b>102-11</b>	Precautionary principle or approach	Yes	SPO 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 impact.  See "The Environment" section for more details.	Pages 41-42, 50-51
<b>GRI 102</b>	<b>102-12</b>	External initiatives	Yes	Fair employment practices (TAFEP) Singapore since April 2013.	n/a
<b>GRI 102</b>	<b>102-13</b>	Membership of associations	Yes	<ul style="list-style-type: none"> <li>• Singapore Shipping Association</li> <li>• Singapore Environmental Council (Director)</li> <li>• British Chamber of Commerce (Singapore)</li> <li>• IMCA – International Marine Contractor Association</li> <li>• IMEC – International Maritime Employers' Council (Director)</li> <li>• ISOA – International Support Vessel Owners' Association</li> <li>• ISU – International Salvage Union</li> <li>• RTP Asia - Nautical Institute Regional Training Providers' forum</li> </ul>	n/a
<b>Strategy</b>					
<b>GRI 102</b>	<b>102-14</b>	Statement from senior decision-maker	Yes	See MD's message.	Page 3-5
<b>Ethics and Integrity</b>					
<b>GRI 102</b>	<b>102-16</b>	Values, principles, standards, and norms of behaviour	Yes	SPO'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, and sets the highest standards of business ethics. SPO's Values are covered under the Vision, Mission, Values and Strategic Objectives document developed by Senior Management and is updated from time to time. A copy is available on the intranet and on every vessel. SPO's Values are included in the performance management framework: see "Performance management" section of the report.	Code of Conduct  Page 32
<b>Governance</b>					
<b>GRI 102</b>	<b>102-18</b>	Governance structure	Yes	See "Sustainable Development structure and composition of the Executive and their role" section.	Page 14

Stakeholder engagement					
<b>GRI 102</b>	<b>102-40</b>	List of stakeholder groups	Yes	Investors: Shareholders / JS&S Board / UK Head Office and other Swire group companies (Private and Public) Subsidiary Companies: as per the organisational boundaries chart Employees: sea staff, shore staff, senior executives / mid-level managers / managers / other Suppliers: Legal / HR / Auditors / MGO and LO suppliers Communities: Local key s/h communities / corporate philanthropic funds recipients Government and Regulators: Classification societies Shipping Industry actors: Peers / SRF	n/a
<b>GRI 102</b>	<b>102-41</b>	Collective bargaining agreements	Yes	All SPO seafarers are covered by Collective Bargaining Agreement (CBA) in accordance with the Maritime Labour Convention (MLC) 2006. Shore-based employees are not covered by collective bargaining agreements.	n/a
<b>GRI 102</b>	<b>102-42</b>	Identifying and selecting stakeholders	Yes	See "Stakeholder Engagement and Materiality" section of the report. Key stakeholders that have influence over SPO were identified for engagement.	Pages 20-21
<b>GRI 102</b>	<b>102-43</b>	Approach to stakeholder engagement	Yes	See "Stakeholder Engagement and Materiality" section of the report.	Pages 20-21
<b>GRI 102</b>	<b>102-44</b>	Key topics and concerns raised	Yes	See "Stakeholder Engagement and Materiality" section of the report.	Pages 20-21
Reporting Practice					
<b>GRI 102</b>	<b>102-45</b>	Entities included in the consolidated financial statements	Yes	See "Organisational Structure and boundaries" section of the report	Page 13
<b>GRI 102</b>	<b>102-46</b>	Defining report content and topic boundaries	Yes	See "Introduction" and "Governance" section of the report. We have undertaken multiple stakeholder consultation processes to determine the most material topics for business and defining this report content. Sustainability Context is defined by the ISO 26000:2010 as well as our Sustainable Development Strategy.	Pages 7, 13
<b>GRI 102</b>	<b>102-47</b>	List of material topics	Yes	See "Materiality Matrix" Annex	Page 70
<b>GRI 102</b>	<b>102-48</b>	Restatements of information	Yes	There have been no restatements of data. However, some of the initiatives which started in prior years and continued during the reporting period are covered.	n/a
<b>GRI 102</b>	<b>102-49</b>	Changes in reporting	Yes	We closed operations in Trinidad & Tobago. The rest of the boundaries remained the same.	n/a

<b>GRI 102</b>	<b>102-50</b>	Reporting period	Yes	"Introduction" section of the report: January to December 2017.	Page 7
<b>GRI 102</b>	<b>102-51</b>	Date of most recent report	Yes	Sustainability report for 2016 calendar year.	n/a
<b>GRI 102</b>	<b>102-52</b>	Reporting cycle	Yes	Annual.	n/a
<b>GRI 102</b>	<b>102-53</b>	Contact point for questions regarding the report	Yes	Contact section of the report. GM - Sustainable Development is the key contact.	Page 92
<b>GRI 102</b>	<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	Yes	Report for the year 2017 has been prepared in accordance with the Global Reporting Initiative's GRI Standards: Core option. It will be externally assured with the assurance statement added to the report.	TBC
<b>GRI 102</b>	<b>102-55</b>	GRI content index	Yes	This table.	n/a
<b>GRI 102</b>	<b>102-56</b>	External assurance	Yes	<p>This report will be externally assured with the assurance statement added to the report. The external assurer is independent from SPO and has an impartial opinion.</p> <p>SPO has been seeking external assurance for our Sustainability Reports since 2010. 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>	n/a
<b>Material Topics</b>					
<b>Health and Safety / Zero Harm</b>					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>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>Safety is at the core of everything we do. The health, safety, security and wellbeing of our people are paramount and SPO is committed to achieving its ultimate goal of Zero Harm. Our strong focus on people and training are key factors that underpin our commitment to safety and quality. We measure it in terms of lost time from injuries and accidents, and address through Safety Management Systems and training.</p> <p>See "Safety" section of the report on our approach / policies and statistics.</p> <p>SPO has a whistleblowing procedure in place to report any issues that may negatively affect health, safety or environment. This can be an entirely confidential process.</p> <p>No material issues were reported through this process during the reporting period.</p>	<p>SPO Safety Policy</p> <p>Pages 37-39</p>
<b>GRI 403</b>	<b>403-1</b>	Workers representation in formal joint management-worker health and safety committees	Yes	On board our vessels 100% of our seafarers are represented on the joint H&S committees. For the offices, we have H&S committees in SPO's Head Office and all our Outports comprised of representatives from all departments.	n/a

<b>GRI 403</b>	<b>403-2</b>	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Yes	Tables included in the report and references are provided in the "Safety" Section of the report.	Pages 37-39 and related annexes
<b>GRI 403</b>	<b>403-3</b>	Workers with high incidence or high risk of diseases related to their occupation	Yes	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 by providing gyms, cook trainers and so on. We also cover proven Occupational Health issues such as NIHL. Employee engagement, resilience and wellness are material topics for SPO (see below).	n/a
<b>GRI 403</b>	<b>403-4</b>	Health and safety topics covered in formal agreements with trade unions	Yes	Following topics are fully covered in CBA (and MLC) for seafarers: Working hours, sickness and injury (incl. sick pay), compensation for disability and death, medical treatment, and insurance.	n/a
<b>GRI 416</b>	<b>416-1</b>	Assessment of the health and safety impacts of product and service categories	Yes	All persons, including third party contractors and client personnel on board Company vessels are subject to the same health and safety requirements (SMM 3.42). All persons are provided with a vessel induction and appropriately supervised throughout their stay on board. An occupational health hazard inventory is maintained for vessel operations.  The Office H&S committee meets regularly to assess the impact of H&S issues and put measures in place to rectify it as necessary.	n/a
<b>GRI 416</b>	<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	Yes	Accidents / incidents that have caused injury or damage to a third party employee or third party equipment / assets are recorded using a Third Party Accident / Incident Report (TPA). In 2017 a total of 43 TPA's were reported.  There has been one instance of non-compliance with H&S related regulations (MARPOL 2011 / Annex VI Regulation 14.4) which took place in Denmark in May 2017. SPO took the necessary measures to rectify the situation and to prevent future occurrences. Fine paid: 75,000.00 DKK	n/a

Strong Governance and Business Ethics					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	We have 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 and is a part of the Governance Manual which includes policies and procedures on how we conduct our operations.  SPO has a whistleblowing procedure in place to report any governance issues that may have a negative affect on SPO.  See "Governance" section of the report for more information.  No material issues were reported through this process during the reporting period.	Code of Conduct  Pages 10-21
<b>GRI 205</b>	<b>205-1</b>	Operations assessed for risks related to corruption	Yes	SPO's Corporate Code of Conduct is a comprehensive governance document that sets out rules on how SPO employees must behave in the course of carrying out their duties. One of the areas covered by the Code is anti-corruption. The Code together with internal controls set a strong foundation to prevent any corruption-related incidents. The Company carries out anti-corruption / anti-bribery training and testing for employees within the group.  All our business operations are assessed for risks related to corruption. Any incidents of potential or actual non-compliance are reported to SPO group Internal Audit 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.	Page 17
<b>GRI 205</b>	<b>205-2</b>	Communication and training about anti-corruption policies and procedures	Yes	For more information see "Anti-corruption, anti-trust and monopoly practices" sub-section of the "Governance" section of the report.	Page 17
<b>GRI 205</b>	<b>205-3</b>	Confirmed incidents of corruption and actions taken	Yes	There were no incidents of corruption reported in 2017.	n/a
<b>GRI 206</b>	<b>206-1</b>	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Yes	No legal actions for anti-competitive behaviour, anti-trust, and monopoly practices in 2017.	n/a

<b>SPO's Strong Balance Sheet / Financial Stability</b>					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Ability to generate revenue to cover operating costs, reduce debt, return capital to investors and make the necessary strategic capital investments to ensure long-term business success. Strong management of the balance sheet and cash flow to maintain trust from investors, business partners and employees.  SPO is part of Swire Pacific Limited and has to deliver a return on shareholders investments. This has been particularly challenging during the industry downturn and many efforts were made to seek efficiencies and cut costs. See MD's section for more information.	n/a
<b>GRI 201</b>	<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	Yes	See "Climate-related risks and opportunities" section of the report.	Pages 57-58
<b>GHG Emissions and its Climate Impact / Alternate Fuels</b>					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Increasingly, countries are adopting regulation requiring companies to report emissions and pay for carbon, due to a growing global consensus on the need to address climate change and reduce emissions. This presents future costs to the business, as well as opportunities to innovate and expand into new sectors. SPO group committed to limiting our environmental impact and radically decarbonising our operations in 2008.  See "The Environment" section of the report for more information.  SPO has been proactively looking into investment with industry partners, to develop and scale alternatives to fossil fuels in a marine setting. This includes exploring biofuels, hydrogen fuel cells and solar in order to decarbonise the business, contribute to the Paris Agreement and prepare for future regulations and carbon taxes.  See section on "SPO's commitment to reducing environmental impact" and specifically Project Hafnium.  No material issues were reported through this process during the reporting period.	Environmental Policy  Page 54
<b>GRI 302</b>	<b>302-1</b>	Energy consumption within the organisation	Yes	Please refer to the "The Environment" section of the report. Source of conversion factors used: DEFRA.	Pages 43-44
<b>GRI 302</b>	<b>302-2</b>	Energy consumption outside of the organisation	No	Everything is covered under 302-1.	N/A
<b>GRI 302</b>	<b>302-3</b>	Energy intensity	Yes	Please refer to the "The Environment" section of the report.	Pages 49
<b>GRI 302</b>	<b>302-4</b>	Reduction of energy consumption	Yes	Please refer to the "The Environment" section of the report.	Pages 49

<b>GRI 305</b>	<b>305-1</b>	Direct (Scope 1) GHG emissions	Yes	Please refer to the "The Environment" section of the report. 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)."	Page 47-48 & 50
<b>GRI 305</b>	<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Yes	Please refer to the "The Environment" section of the report. Source as per 305-1.	Page 50
<b>GRI 305</b>	<b>305-3</b>	Other indirect (Scope 3) GHG emissions	Yes	Please refer to the "The Environment" section of the report MGO, LO: Inclusive of CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O.  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> ." MGO, LO: 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)."	Page 50
<b>GRI 305</b>	<b>305-4</b>	GHG emissions intensity	Yes	Please refer to the "The Environment" section of the report.	Page 44-46, 48-49
<b>GRI 305</b>	<b>305-5</b>	Reduction of GHG emissions	Yes	Please refer to the "The Environment" section of the report.	Page 50
<b>GRI 305</b>	<b>305-6</b>	Emissions of ozone-depleting substances (ODS)	Yes	Please refer to the "The Environment" section of the report / report on HCFC / HFC.	Page 51
<b>GRI 305</b>	<b>305-7</b>	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	Yes	Please refer to the "The Environment" section of the report / NO <sub>x</sub> SO <sub>x</sub> PM and VOC emissions tables.	Page 51
<b>GRI 307</b>	<b>307-1</b>	Non-compliance with environmental laws and regulations	Yes	There were no instances of non-compliance in 2017.	n/a

Spills and Seepage					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Spills of hydrocarbons and other hazardous substances are one of the most visible negative environmental impacts associated with the offshore and marine sector, and may cause serious negative impacts to marine ecosystems. SPO is committed to Zero Pollution incidents and Zero Harm to the Environment. This is strictly managed and reported.  SPO has a whistleblowing procedure in place to report any environmental violations. Please refer to the "The Environment" section of the report / Effluents and Waste subsection.  No significant oil spills (>200L) were reported in 2017.	Environmental Policy  Page 52
<b>GRI 306</b>	<b>306-3</b>	Significant spills	Yes	Please refer to the "The Environment" section of the report / Effluents and Waste. No significant oil spills were reported in 2017.	Page 52
Waste Management and Prevention					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	We ensure that all waste products, and specifically hazardous chemicals are disposed of in an accordance with existing regulations. Additionally, the business identifies where waste may present an environmental or social challenge that is not adequately addressed through regulation and seek to address it through its practices and advocate for appropriate policies to address the challenge. SPO's material waste is the vessel itself at the end of its working life. SPO is strongly committed to sustainable ship recycling practices. See "Sustainable ship recycling" material topic for more information.  SPO has a whistleblowing procedure in place to report any environmental and / or social violations. No material issues were reported through this process during the reporting period.  For more information please refer to the "The Environment" section of the report.	Pages 52-53
<b>GRI 306</b>	<b>306-2</b>	Waste by type and disposal method		Please refer to the "The Environment" section of the report / Effluents and Waste. SPO sustainably recycled <i>MV Pacific Bear</i> at the end of her working life at the Ship Recycling Facility (JRD) in Alang, India: Gross Tonnage: 583T / 99.9% was recycled, components re-used. 3.18T of hazardous waste safely disposed of.	Page 53

Marine Biodiversity					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Human health, livelihoods and activity are fundamentally reliant on fully-functioning ecosystems, which are teetering on the edge of collapse. The past 40 years have seen a nearly 50% decline in marine life populations. Pollution, sea temperature rise caused by climate change and poor management of fisheries and offshore activities all contribute to this devastation, and there is rising expectation for responsible business to actively advocate for change, beyond doing no harm to marine biodiversity and ecosystems. SPO has in place a number of policies (e.g. Environmental and Sustainable Development Policy) which provide the framework for reducing SPO's environmental impact and impact on biodiversity under our influence. See "SPO's commitment to reducing environmental impact" section of the report.  SPO has a whistleblowing procedure in place to report any environmental violations. No material issues were reported through this process during the reporting period.	Environmental Policy  Sustainable Development Policy
<b>GRI 304</b>	<b>304-3</b>	Habitats protected or restored	Yes	SPO has protected an area of 4,745 hectares in the Paraguayan Chaco and 72 hectares in the Atlantic Forest in the east of Paraguay. The protected Atlantic Forest is intended to buffer a larger body of forest in the San Rafael forest reserve, the reserve measuring approximately 69,000 hectares. The protection was carried out in partnership with the World Land Trust, a biodiversity conservation organisation based in the UK, and Guyra Paraguay a Paraguayan biodiversity conservation organisation. The reserve in the Chaco is currently an intact block of tropical forest comprising a mosaic of mesoxerophytic forest formations and palm savannah and is protected as a private nature reserve. The protected area in the Atlantic Forest is sub-tropical moist deciduous forest that has been historically degraded and is recovering. It is currently protected under agreements with the land owners who are given a "payment for ecosystem services" to conserve the project forest.  Both projects have been independently endorsed through validation and verification under the Verified Carbon Standard using the REDD+ Methodology Framework, and validation and verification under the Climate, Community and Biodiversity Standard version 2.	Pages 41, 56
<b>GRI 304</b>	<b>304-4</b>	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Yes	Please see Annex on UCN Red List species and national conservation list species.	Page 91

Labour Practices and Human Rights					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	<p>Providing a safe working environment that is free from discrimination and harassment is critical to SPO's sustainability. This includes ensuring that all employees receive proper instruction regarding their own rights and are in a position to seek immediate help if those rights are violated. Statutory benefits should cover workers' basic needs, including healthcare, and have a full explanation in the appropriate language. SPO aims to be the Employer of Choice by treating people with respect and providing them with good and safe working conditions, equitable remuneration and benefits. In addition to the Code of Conduct we have Equal Opportunities, Diversity, Inclusion and Respect in the Workplace Policy. For more information see "Our people" section of the report.</p> <p>SPO has a whistleblowing procedure in place to report any issues related to labour practices and / or human rights. This can be an entirely confidential process. No material issues were reported through this process during the reporting period.</p>	Code of Conduct  Page 27-29
<b>GRI 401</b>	<b>401-1</b>	New employee hires and employee turnover	Yes	See "People" section of the report and Annex on New Hires and Staff Turnover.	Page 73
<b>GRI 401</b>	<b>401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Yes	<p>All of the statutory benefits are provided as an absolute minimum in all of SPO's key locations for all employees. Additional benefits for full-time employees include:</p> <ul style="list-style-type: none"> <li>- Life insurance and disability coverage</li> <li>- Bonus payments and long service awards</li> </ul> <p>All of our seafarers receive:</p> <ul style="list-style-type: none"> <li>- Private Healthcare</li> <li>- Pension arrangements or cash in lieu for all seafarers</li> <li>- Life Insurance</li> <li>- Collective Bargaining Agreement in place with International Transport Federation (ITF) affiliates</li> <li>- Discretionary training</li> </ul> <p>Key locations are defined as countries where more than 3% of our employees are based.</p>	n/a
<b>GRI 401</b>	<b>401-3</b>	Parental leave	Yes	All employees who were granted maternity and paternity leave have returned to work with the exception of 1 out of 30.	n/a

<b>GRI 408</b>	<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labour	Yes	SPO complies with the UK Modern Day Slavery Act 2015. As part of that commitment we will not tolerate child / forced or compulsory labour within our business or in our supply chain. We publish an annual statement which is available on our website.  See section on "Child / Forced and Compulsory Labour / Modern Day Slavery Act"  There were no cases of child labour in 2017.	MSA Statement  Page 19
<b>GRI 409</b>	<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Yes	See section on "Child / Forced and Compulsory Labour / Modern Day Slavery Act" There were no cases of forced or compulsory labour in 2017.	MSA Statement  Page 19
<b>GRI 412</b>	<b>412-2</b>	Employee training on human rights policies or procedures	Yes	We provided essential training to our management teams most likely to encounter potential issues with regard to modern slavery in line with best international practices. We also aim to raise awareness of Modern Slavery of our seagoing and shore-based employees.	MSA Statement
<b>GRI 412</b>	<b>412-3</b>	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Yes	In 2017, we have added the requirement for all new and re-contracted suppliers to comply with the UK Modern Slavery Act 2015 (MSA) by including a relevant clause into SPO's Service Agreement template and by designing a specific MSA questionnaire to be a part of the AVL acceptance requirement.	n/a
<b>GRI 406</b>	<b>406-1</b>	Incidents of discrimination and corrective actions taken	Yes	See "Diversity and Inclusion" section of the report. No incidents of discrimination were recorded in 2017.	Page 28

Community Investment and Development					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Support of local communities in countries and communities where SPO has a major presence is important to us. Support may come in the form of investments in education and talent development, as well as specific projects to address specific development challenges for that community, including environment, waste management, health, education, etc. SPO believes that long-term value creation depends on the sustainable development of the Company and giving back to the different communities in which SPO operates and which it impacts. Our SD Policy covers this commitment.  SPO has a whistleblowing procedure in place to report any community related issues. No material issues were reported through this process during the reporting period.  See "Our Communities" section of the report.	Sustainable Development Policy  Pages 61-67
<b>GRI 413</b>	<b>413-1</b>	Operations with local community engagement, impact assessments, and development programs	Yes	See "Our Communities" section of the report. SPO invests in our key stakeholder communities due to the global nature of our operations. A number of Corporate Philanthropic projects are being implemented in various geographic locations with numerous employee engagement activities.	Pages 61-67
Employee Engagement					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Employee engagement, resilience and wellness are material topics for SPO. In the face of an uncertain social, economic and environmental future, caring for and enhancing employee wellness and resilience in both physical and mental health, including access to health programmes is important and contributes towards SPO being an Employer of Choice. We provide employees the opportunities to learn about sustainable practices of the business and get involved in, or drive information sessions, training and other volunteer activities.  Presentations on <i>Wellness</i> are a part of the Senior and Junior Officers Safety Management courses (SOSM and JOSM) at SMTC. Employees are able to provide feedback when attending courses at SMTC and through social interactions with SPO's ManCom. HR and Manning Departments maintain regular communication with staff through office and vessel visits, officer forums, written communication and SPOTlight newsletter. Leadership Development programmes are also delving into topics of happiness, resilience and stress management. We have Long Service Awards to recognise our long serving employees. We engage our employees in volunteering events and programmes.  SPO won the prestigious <i>Investing in People</i> award at the 18 <sup>th</sup> Annual Business Awards Gala Dinner organised by the British Chamber of Commerce in Singapore.  No grievances were recorded during the reporting period.	n/a

Local Content / Social Licence to Operate					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	<p>SPO aims to hire from and build the capacity of the local talent pool in key markets where the business operates. Providing good employment and promotion opportunities, and training in globally relevant skills is an important part of maintaining the approval of local stakeholders. Especially relevant in locations where the business seeks to be an integral part of the future, benefiting from and contributing to the economic development.</p> <p>Local content carries an expansive meaning, but within the Oil and Gas industry it is generally recognised as an intervention by a national government aimed at ensuring that the majority of the goods and services required at each stage of the Oil and Gas value chain are locally supplied. Local content policies compel companies to actively engage the local workforce as part of their conduct of petroleum operations, thereby facilitating the transfer of valuable skills and knowledge to the benefit of the indigenous communities as a whole. SPO does that through employing local talent and providing them with training opportunities as well as by purchasing goods and services from local suppliers.</p> <p>No grievances were recorded during the reporting period.</p>	Page 26
<b>GRI 202</b>	<b>202-2</b>	Proportion of senior management hired from the local community	Yes	<p>90% of our employees were classified as "Local" in 2017. We define "Local" as a national or permanent resident of the country of employment. The balance of 10% are classified as "expatriates". However, about a quarter of the expatriate employees are parent company managers who are rotated through internal postings within the Swire group. The rest have necessary industry specific competencies and generally are long-term career managers with the Company worldwide.</p> <p>We seek opportunities to identify, train and promote local talent in countries where we operate. (Significant locations are defined as having 3% of total number of employees and above) Locations as follows: Australia - 3%, Azerbaijan - 3%, Cameroon - 7%, Denmark - 7%, Norway - 10%, Philippines - 10%, Singapore (HQ) - 46% and United Arab Emirates - 6%.</p> <p>See section under "Investment in education" and partnership with Regional Maritime University (RMU) partnership in Ghana.</p>	Page 26
<b>GRI 419</b>	<b>419-1</b>	Non-compliance with laws and regulations in the social and economic area	Yes	There have not been any significant fines and non-monetary sanctions for non-compliance with laws and regulations identified in 2017.	n/a
Cybersecurity					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	<p>The pace of digitisation has far exceeded regulation to control and manage data privacy and protection, leading to data and liability breaches that can cost millions, and compromise data of customers. In the marine sector, increased automation and integration via online platforms, have simultaneously increased the risk of cyber-attacks that threaten to halt operations and safety of crew on board. SPO takes these risks seriously and has identified Cybersecurity as a material issue for business.</p> <p>For more information see "Cybersecurity" section of the report. No serious issues were recorded in 2017.</p>	Page 19

Supply Chain Management					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Conducting due diligence on our 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 free of human rights violations and modern slavery. We have in place Supply Chain Sustainability Code of Conduct and a due diligence process for suppliers.  For more information see "Supplier management" section of the report and Code of Conduct for Suppliers.  No grievances were recorded during the reporting period.	Supply Chain Sustainability Code of Conduct  Page 18
<b>GRI 308</b>	<b>308-1</b>	New suppliers that were screened using environmental criteria	Yes	Environmental and Social criteria are included in the Supply Chain Sustainability Code of Conduct (contractual requirement) and all suppliers are required to answer a Sustainability questionnaire (self audit) to the satisfaction of the procurement officer. The questionnaire covers the main areas of sustainability-related risk and asks for evidence on how those risks are managed. All suppliers (100%) undergo the self-audit to be eligible to be on our Approved Vendor List.	n/a
<b>GRI 308</b>	<b>308-2</b>	Negative environmental impacts in the supply chain and actions taken	Yes	All suppliers (100%) are assessed. SD Supplier self-assessment questionnaire asks about supplier's environmental impacts: - What are the company's main environmental impacts? - What is the company doing to manage its environmental risks and impacts?  Answers to those questions are assessed by procurement officers and if any issues found, they are raised with the SD Department. Those areas were also covered during high risk supplier audits. No suppliers were identified as having significant actual or potential negative environmental impact.	n/a
<b>GRI 414</b>	<b>414-1</b>	New suppliers that were screened using social criteria	Yes	Labour practices criteria are included in the Supply Chain Sustainability Code of Conduct and the questionnaire. All suppliers (100%) undergo the self-audit to be eligible to be on our Approved Vendor List. The questionnaire covers the main areas of sustainability-related risk and asks for evidence on how those risks are managed.  SPO complies with the Modern Day Slavery Act. For more information see "Child / Forced and Compulsory Labour / Modern Day Slavery Act" section of the report.	Page 19
<b>GRI 414</b>	<b>414-2</b>	Negative social impacts in the supply chain and actions taken	Yes	All suppliers (100%) are assessed. SD Supplier self-assessment questionnaire covers areas related to supplier's social impacts such as labour practices and human rights.  Answers to those questions are assessed by procurement officers and if any issues found, raised with the SD Department. Those areas were also covered during high risk supplier audits. No suppliers were identified as having significant actual or potential negative social impact.	Pages 18-19

Sustainable Ship Recycling					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	SPO is committed to the safe, sustainable and responsible recycling of its vessels at the end of their economic life at carefully selected and independently certified Ship Recycling Facilities. Doing so properly safeguards the health and wellbeing of ship recycling workers and ensure that harmful chemicals and toxins are not released into the environment. SPO together with its sister company, The China Navigation Company (CNCo), identified Ship Recycling Facilities which are early voluntary adopters of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HK Convention) in Alang, India. SPO / CNCo have been building capacity at selected yards to be Class NK Certified, HK Convention compliant, and getting them to improve their social conditions. Additional voluntary investment included placing monitoring teams at the yard with the mandate to "STOP any unsafe act".  See "Sustainable Ship Recycling" section of the report. No grievances were recorded during the reporting period.	Page 53
<b>GRI 306</b>	<b>306-2</b>	Waste by type and disposal method	Yes	<i>MV Pacific Bear</i> was recycled in a sustainable, safe and environmentally responsible manner at the J.R.D. Industries Ship Recycling Facility (SRF) in Alang (India). Gross Tonnage: 583T / 99.9% of the vessel sustainably recycled and components re-used. Hazardous waste was properly disposed of.	Page 53
Access to and Affordability of Oil / Energy Transformation					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Energy markets have experienced unprecedented price volatility. This is driven by, and simultaneously contributes towards a multitude of factors, including increased geopolitical instability in Asia, the Middle East and US and an accelerated transition to renewable energy. While technological advancements continue to increase access to oil, volatile prices coupled with imminent emissions taxes and societal expectations to decarbonise may still lead to either a real physical or "virtual" peak oil scenario.  The pressure to transform current energy systems to keep climate change within internationally agreed 'safe' limits is intense. There is a move away from centralised models run mainly on fossil fuels, towards decentralised ones using renewable energy. Smart grid and falling prices have also reduced barriers to access. Campaigns to divest from coal and fossil fuel related companies are gaining momentum, calling into question the future of Oil and Gas.  See "Climate Change and our business" section of the report.	Pages 57-59

Diversity and Inclusion					
<b>GRI 103</b>	<b>103-1</b> <b>103-2</b> <b>103-3</b>	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	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 SPO fleet by creating a culture where women feel safe and are supported. We have an Equal Opportunities, Diversity, Inclusion and Respect in the Workplace Policy which aims to embed diversity and equality into all our operations to ensure that we benefit from a welcoming, positive, innovative and out-performing work environment, which is essential to SPO's continuing success. In addition to the policies we provide a confidential whistleblowing hotline to deal with any potential issues.</p> <p>Please see "Diversity and Inclusion" section of the report for more information.</p> <p>There have been no grievances reported during the period covered by this report.</p>	Code of Conduct  Pages 27-29
<b>GRI 405</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 SPO (all males 30 to 50 and 50 and over y.o.) which is being addressed through Leadership Development training and succession planning.</p> <p>Employee breakdown by gender and age group are included in the report.</p> <p>See "Our People" section of this report for more information.</p>	Pages 14, 28-29
<b>GRI 405</b>	<b>405-2</b>	Ratio of basic salary and remuneration of women to men	No	This is not tracked however SPO conducts regular reviews, that shows that there is no instance of men and women with the same competence / experience being paid differential rates for performing the same work.	n/a
<b>GRI 406</b>	<b>406-1</b>	Incidents of discrimination and corrective actions taken	Yes	No incidents of discrimination were recorded in 2017.	n/a

