



CHINA NAVIGATION



Sustainable Development Report for the Calendar Year 2018



Index

INTRODUCTION

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

GOVERNANCE

- 11 Company Profile
- 21 Organisational Structure and Boundaries

Sustainable Development Governance

- 22 SD Governance Structure and Policies
- 25 Stakeholder Engagement and Materiality
- 27 SD Strategy
- 28 SD Goals

Compliance

- 29 Anti-corruption, Anti-money Laundering, and Anti-trust and Monopoly Practices
- 30 Child / Forced and Compulsory Labour / Modern Day Slavery Act
- 32 Fines and Grievances
- 33 Cybersecurity

- 34 Supply Chain and Procurement Management

- 36 Awards Received

SAFETY

- 38 Safety always comes first
- 41 The Safety I's
- 42 Suicide Prevention Training
- 43 Swire Shipping – Onshore Safety Performance
- 44 Swire Bulk – Onshore Safety Performance
- 45 Onshore (Office) Health & Safety Performance
- 46 Office Safety Standards



OUR PEOPLE

- 48 Employee Information
- 52 Diversity in the Workplace / Anti-discrimination and Anti-harassment
- 57 Employer of Choice

Training and Development

- 58 Performance Management, Training and Development
- 59 Driving Performance and Developing Potential Framework





OUR COMMUNITIES

- 61 Supporting Seafarers Worldwide
- 63 Supporting Our Key Stakeholder Communities
- 68 Corporate Philanthropy and Volunteering
- 70 Environment and Biodiversity
- 71 Supporting Research Programmes
- 72 Waste Recycling Project in the Pacific Islands
- 73 Project Cerulean

OUR ENVIRONMENT

- Environment and Our Business
 - 75 Our Environmental Goals and Commitments
 - 76 Environmental Initiatives and Achievements
 - 78 Reporting Our Environmental Performance
 - 79 Energy Consumption and Emissions
 - 80 Environmental Training
 - 81 Biodiversity
 - 82 Industry Leadership
 - 83 Sustainable Ship Recycling
 - 84 Eco-Office and Green Guidelines
- 85 Climate Change and Our Business



DATA

- Data
 - 89 Fleet Profile
 - 93 Value Chain Analysis
 - 94 Consolidated Materiality Matrix
 - 95 SD Strategy
 - 97 SDGs / CNCoTHRIVE / Material Issues with Progress
 - 101 Safety Statistics
 - 104 Employment Data
 - 107 Environmental Summary
 - 108 Energy Efficiency Operational Index
- 110 Abbreviations
- 112 Self-declaration: Corporate Social Responsibility
- 113 GRI Standards Content Index
- 129 Contact
- 130 Assurance Statement

1 | Introduction

We strongly believe in creating long term value for our shareholders through sustainable development of our business and communities in which we operate. This commitment stems from the fact that everything we do will be judged by its impact upon our environment and our communities.

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

Managing Director's Message

Welcome to the eighth externally assured Sustainable Development Report for The China Navigation Company (CNCo).

During the calendar year 2018, CNCo:

- **Owned and operated over 125 vessels;**
- **Shipped 23 million metric tonnes of commodities;**
- **Made 2,962 port calls across 99 countries;**
- **Employed 2,665 employees in 48 countries.**

Note: unless otherwise stated, all statistics relate to our position as at 31st December 2018.

As at the end of 2018, the CNCo group employed 2,665 people in various locations around the world. These employees came from 48 countries.

CNCo continued to operate in a challenging environment throughout 2018 as global markets and trade politics remained volatile. Our dry bulk business was negatively impacted on several fronts: the economic slowdown in China to the tragic dam disaster at Vale's iron ore mine in Brazil and the trade war between the United States and China. However, we continued to invest in a modern economical fleet so that we can take full advantage of owning these eco-friendly ships as markets recover and fuel prices increase. The container feeder newbuildings will replace our older, less fuel efficient multi-purpose vessels. The older vessels are being safely, responsibly and sustainably recycled in Alang at HK Convention for the Safe and Environmentally Sound Recycling of Ships (HKC) compliant yards. CNCo has placed monitoring teams at the yards to ensure safety standards are upheld. Providing safety leadership across all aspects of the shipping industry remains a key priority for CNCo. CNCo is committed to having a positive impact on all the communities that we touch. Decarbonisation, reducing plastic waste, generally, and particularly in the Oceans of the World are issues about which we are passionate. We will continue to invest and innovate to move the industry forward.

Behaving Safely

Safety excellence remains our top priority, and ensuring workplace safety both on board and in our offices is a fundamental requirement for all our managers and employees. We finished 2018 with zero fatalities and recorded a total of five Lost Time Injuries (LTIs) for 2018, half of 2017's figure. It is heartening to see that our strong focus to promote greater safety in 2017 has

produced tangible results as we work towards Zero Harm for all our people. CNCo has been working with the Danish safety consultancy firm, Green-Jakobsen, on enhancing our approach to safety over the past couple of years. We rolled out our Zero Harm campaign across our fleet in 2018, and a similar tailored campaign was developed and rolled out in our onshore offices globally. CNCo is committed to enhancing safety not only for our own people but also for our partners and those in the communities in which we operate. A particular focus is driving safety improvements across all the stevedores who provide services to our global fleet. Our safety journey is one of continuous improvement.

Our People

Our people are at the heart of CNCo's business operations and we aim to be an Employer of Choice. We recognise the contributions and hard work of our employees through long service awards and reward and recognition programmes. The quality of our people is key to the success of our Company. We work to develop and maintain an ever-more productive, safe, healthy, diverse and inclusive organisation, employ the right talent and enhance employee performance.

As at the end of 2018, the CNCo group employed 2,665 people in various locations around the world. These employees came from 48 countries. Our seagoing team continued to grow in line with the increase of the size of our fleet. Our shore-based employee numbers increased by 4% in 2018 as we continued to grow our global operations and established a new office in American Samoa.

In November 2018, CNC's Shanghai office moved to a new location. It serves as the new headquarters for our operations in the People's Republic of China and marks a return to the city where we were founded 147 years ago.

In the same month, we opened our newly relocated Sydney office. The first-ever Australian Swire office was opened in 1855 in Melbourne by John Samuel Swire, so it was fitting to have his namesake and our Chairman, Sam Swire, open our newest office in 2018.

Looking forward we continue to invest in the training and careers of our staff and are committed to embracing diversity and being inclusive at all levels. A diverse, inclusive team that is representative of the markets in which we operate will deliver better decisions and therefore results. CNC is committed to embedding diversity and inclusion into CNC's organisational culture as a core value and a source of innovation.

Our Communities

We continue to work with our communities in countries where we operate. From supporting the seafaring community through developing local female talent in Papua New Guinea to supporting

local environmental research programmes, we invest in worthy causes and are committed to building long-term, rewarding relationships with our partners and our communities.

Our partnership with the Secretariat of the Pacific Regional Environment Programme (SPREP), as the responsible United Nations (UN) body and regional secretariat of the Basel and Waigani Conventions for the transboundary movement of waste products in the Pacific Islands, continued to gain momentum with several shipments of recyclable waste from eligible Pacific Island ports to be sustainably recycled in suitable destinations in Asia Pacific.

Thriving Environment

We have made a commitment to decarbonise our business at a faster pace than the International Maritime Organisation (IMO) Initial Strategy agreed at its MEPC 72 meeting in April 2018. We continue to build and operate a fleet of modern and more fuel-efficient vessels to optimise energy efficiency and reduce our environmental footprint. We measure and monitor the energy consumption and emissions of our operations and have set goals that are more aggressive than the IMO emission reduction targets.

We continue to invest in sustainable ship recycling and building capacity of Ship Recycling Facilities (SRF) in Alang, India, to ensure compliance with the HKC. Our commitment to the health and safety of the SRF third party workers ensured that there were zero injuries and pollution incidents, and our social and governance commitments, well in excess of the requirements of the HKC that does not consider these issues, led to better working conditions for the workers. We sustainably and responsibly recycled one vessel in 2018.

Industry Leadership

We continue to be active members of the Sustainable Shipping Initiative (SSI) and the Ship Recycling Transparency Initiative (SRTI) to encourage other industry players to take the initiative and the responsibility for doing the right things, for both themselves and for the greater public good and creating a shift towards a more sustainable shipping industry.

Our annual Sustainable Development Reports keep our stakeholders informed of our sustainability progress in an open and transparent manner. We will continue working with our communities, customers, peers and suppliers towards a thriving future and to be the leading provider of sustainable shipping solutions and our customers' partner of choice.



A handwritten signature in black ink, appearing to read 'James Woodrow'.

James Woodrow
Managing Director



Introduction

This Sustainable Development (SD) Annual Report covers the operations of The China Navigation Company Pte Ltd and its associated group companies (CNCo) from 1st January to 31st December 2018, with any point data being as at 31st December 2018. This report has been prepared in accordance with the “Global Reporting Initiative (GRI) Standards: Core” option.

CNCo reports its full performance in all the areas covered by the Social Responsibility Standard: ISO 26000:2010. Those are reported under the broad headings of ‘Health and Safety’, ‘Carbon and Environment’, and ‘Our People’ and ‘Communities’ throughout this report. We have summarised our achievements under three areas aligned with our SD Strategy on the following page.



The China Navigation Company (CNCo) enjoys a rich heritage; it was founded in 1872 where it operated Mississippi-style paddle-steamers on China’s Yangtze River. As the shipping arm and oldest operating entity of the Swire group, CNCo has grown in tandem with the global economy.

Thriving People



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

In 2018, CNCo:

- Employed 2,665 employees in 48 countries, with 1,038 being shore-based, and 1,627 seagoing employees;
- Provided fair and equitable remuneration and benefits to all its employees;
- Worked with consultancy firm, Green-Jakobsen, on enhancing our approach to safety and rolled out the Zero Harm campaign across CNCo fleet and our onshore offices globally;
- Ran Leadership Development programmes in Singapore to equip leaders and managers with competence and skills;
- Increased number of female seagoing officers to 19 from six in 2017;
- Invested in discretionary employee Training and Development:
 - 831 of our seagoing employees received 9,568 hours of training;
 - 655 of our shore-based employees received 3,210 hours of training.
- Presented 91 long-service employee appreciation awards (totalling 1,195 years with CNCo);
- Joined “Women’s International Shipping & Trading Association” (WISTA) Singapore chapter.

Thriving Environment



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

In 2018, CNCo:

- Won the 2018 *Seatrade Maritime Fuel Efficiency Award* for our commitment to minimising emissions from our operations;
- Our efforts to improve fuel efficiency translated into USD 10 million in fuel savings and the reduction of 78,850 tCO₂ emissions to the environment;
- Signed a Memorandum of Understanding (MOU) with the Secretariat of the Pacific Regional Environment Programme (SPREP) to address critical waste management issues in the Pacific Islands under the project *Moana Taka Partnership*;
- Continued to build capacity of the Ship Recycling Facilities in Alang, India where CNCo sustainably and responsibly recycles its vessels;
- Partnered with Endangered Species International (ESI) in the Philippines to make a difference and deliver results that benefit the environment of many of our seafarers;
- Continued being an active member of the Sustainable Shipping Initiative and Ship Recycling Transparency Initiative;
- Supported Vancouver Fraser Port Authority’s commitment to protecting native whales.

Thriving Communities



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

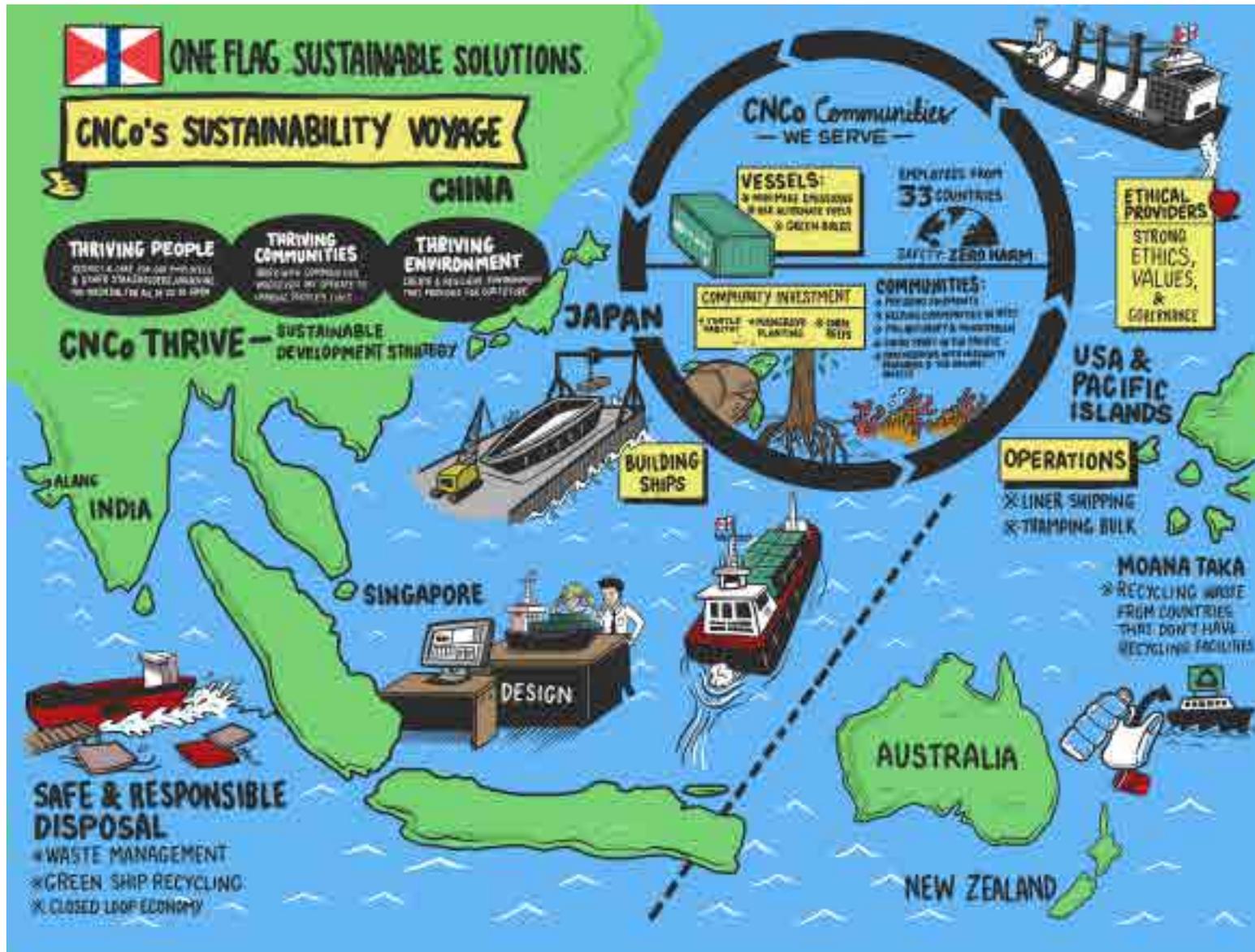
In 2018, CNCo:

- Supported Sailors’ Society and The Mission to Seafarers, both of which are dedicated to seafarers’ welfare around the globe;
- Have an established management trainee programme to invest in young talent;
- Signed an MOU with the University of the South Pacific to research new-generation, low-carbon ships for the Pacific region under *Project Cerulean*;
- Provided funding to upgrade infrastructure for *Mahonia Na Dari* (Guardian of the Sea) a Papua New Guinea based marine environment research and conservation education centre in Kimbe Bay;
- Assisted the UK National Oceanography Centre to collect data using CNCo vessels under Swire National Oceanographic Centre Ocean Monitoring System (SNOMS) programme;
- Signed a three-year partnership agreement with the Fiji Rugby Union (FRU) and became the newest major sponsor of the FRU with naming rights to the Fiji Warriors and Fiji Tuwawa Tens Team;
- Started to provide assistance to the Family Support Centre in Honiara, Solomon Islands on the programme: Responding to Violence Against Women and Girls in Solomon Islands;
- Supported ASSM Dependents Association, a not-for-profit organisation working with communities in the Philippines;
- Continued our support to Cricket Papua New Guinea in running Swire Shipping Talent ID Programme;
- Engaged employees in corporate volunteering programmes with Singapore-based employees spending 238 hours volunteering.

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

CNCoTHRIVE

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



Headquartered in Singapore, The China Navigation Company (CNCo) operates a global network of multipurpose liner and dry bulk services in addition to providing bulk logistics solutions.

2 | Governance

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

11 Company Profile

21 Organisational Structure and Boundaries

Sustainable Development Governance

22 SD Governance Structure and Policies

25 Stakeholder Engagement and Materiality

27 SD Strategy

28 SD Goals

Compliance

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

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

32 Fines and Grievances

33 Cybersecurity

34 Supply Chain and Procurement Management

36 Awards Received

Company Profile

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



CNCo is one of the oldest independent British shipping companies still managing its own tonnage in-house.

Organisational Profile

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

CNCo is a Singapore-registered company and is a wholly-owned subsidiary of The China Navigation Company Limited, registered in London. Neither company is publicly quoted on any stock exchange. As can be seen from the Organisational and Operational Boundaries diagram (see page 21), The China Navigation Company Limited is also the parent company for a number of agencies and has branches and regional offices in Australia, Canada, China, Fiji, Hong Kong, India, Indonesia, New Caledonia, New Zealand, Papua New Guinea, Samoa, American Samoa, Taiwan, United Kingdom and United States of America.

CNCo also owns:

- 50% shares in Swire CTM Bulk Logistics Limited, a joint venture with C Transport Maritime SAM registered in Monaco;

- 25% shares in Mandarin Shipping Limited registered in Hong Kong;
- 67% shares in Quadrant Pacific Ltd, a joint managing shareholdership with Ahrenkiel Shipping;
- 25% shares in Mitrahahtera Segara Sejati (MBSS) in Indonesia;
- 60% of Guadalcanal Travel Services; and
- 50% of TradCo Shipping in Solomon Islands.

Pacifica Shipping ("Pacifica") is an operating division of The China Navigation Company New Zealand (NZ) Limited. Pacifica operates *MV Spirit of Canterbury*, a New Zealand-flagged coastal container ship. CNCo also owns the New Zealand coastal cement carrier *MV Aotearoa Chief*; this is operated by The China Navigation Company NZ Limited.

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

CNCo is a trade enabler that has developed its marine service capability to provide market leading sustainable solutions for its customers and communities.

CNCo at a glance



125

Owned & operated vessels

233

Commodities
23 Million mt per annum

7.14m

DWT fleet capacity

2,962

Port calls

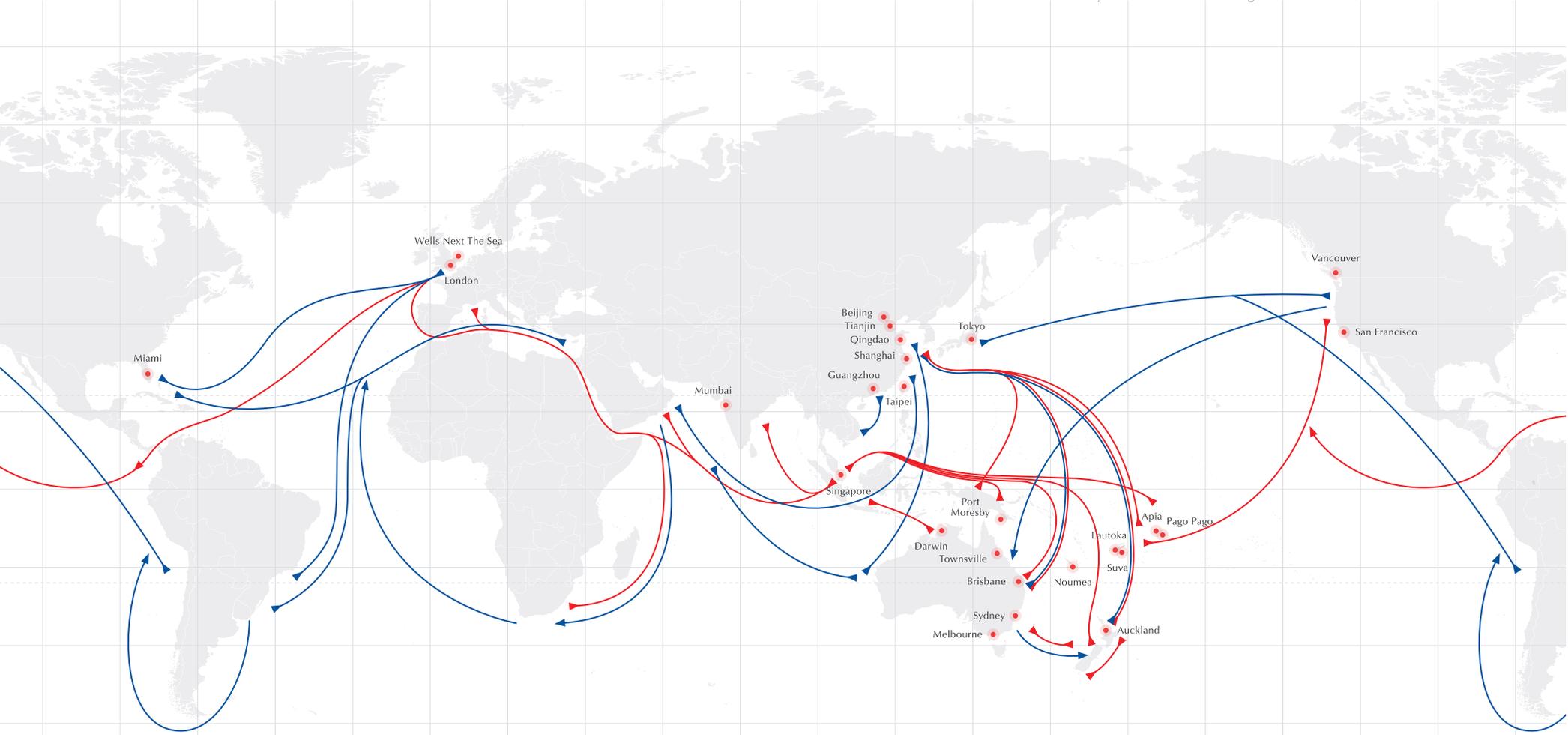
99

Trading in 99 countries

18

Global offices

The Company operates a global network of multipurpose liner, dry bulk and bulk logistics services through its three business divisions: Swire Bulk, Swire Bulk Logistics and Swire Shipping. For the list of owned and operated vessels please refer to pages 89 - 92.



One Flag. Multiple Solutions.

— SWIRE SHIPPING TRADE ROUTES — SWIRE BULK TRADE ROUTES

3 Operating Divisions

125 Owned & Managed Vessels

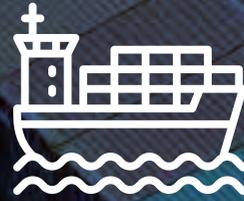


Swire Shipping at a glance



14

Offices



29

Owned & operated vessels



14

Operates 14 liner services



2,400

Port calls



>69

Trading in >69 countries



>5,000

Customers

Swire Shipping

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

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

Divisional update: Swire Shipping

In 2018, several key service developments were launched.

Swire Shipping launched the first weekly shipping service directly connecting North Asia with the South Pacific. At the same time, the frequency of services from North Asia to Papua New Guinea was improved to a market-leading 10 days. New offices were opened in American Samoa, and Swire Shipping also embarked on an exciting digital transformation plan which is intended to "Save Our Customers Time" in all areas of their business.



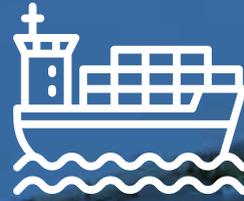
As a liner shipping specialist with a principal focus on the Asia Pacific region, Swire Shipping has an unrivalled reputation for service, operational excellence and reliability, and is equipped to handle breakbulk, containerised, project, refrigerated and bulk cargoes, connecting over 400 ports globally.

Swire Bulk at a glance



7

Offices



95

Owned & operated vessels



6.5

Fleet Capacity of 6.5 Million DWT across three vessel segments



702

Port calls



75

Trading in 75 countries



18.4

Million MT carried per annum

Swire Bulk

Swire Bulk continues to build and develop its global dry bulk fleet. The focus remains on modern fuel-efficient vessels that will allow the business to deliver a first-class service to our Commercial customer base. With new regulations such as IMO 2020, Swire Bulk will be well-positioned to provide a competitive service that will also offer flexibility and a consistent technical standard to perform against our Contracts of Affreightment.

At the end of 2018, the Swire Bulk-owned fleet consisted of 24 modern Swire B.Delta39 deadweight tonnage (DWT) handysize bulk carriers, four Imabari 38K DWT loggers, and two Green Dolphin 38K DWT (which were under negotiation for a sale and leaseback deal). The balance of the operated fleet has seen a gradual shift into the larger Supramax and Ultramax vessel sizes that closely aligns with the freight requirements of our core customers. In 2018, Swire Bulk traded an average of 95 vessels at any one time and was represented in seven offices (London, Melbourne, Miami, Shanghai, Singapore, Tokyo and Vancouver) giving global 24 x 7 service.

Divisional update: Swire Bulk

Vessels / Fleet

Following the completion of negotiations for eight new Oshima 37K DWT vessels and two Hakodate 34K DWT vessels in 2017 there are no plans to look at further acquisitions at this juncture. The strategy for the business is to continue to build a core eco-performance fleet from close Japanese Owners where there is a focus on quality and performance. This is aligned with Swire Bulk's aspirations for low emissions and improved efficiencies across the operating business.

People / Places

Swire Bulk's shore-based team increased in 2018 from 42 to 60 employees, making it a 43% increase. This expansion was in part due to the requirement to have adequate resources to trade a fleet of up to 120 vessels, in line with our strategic forecast by the end of 2020. However, there have also been key governance roles added to focus on business performance, risk management and counterparty risk initiatives. The regional offices now have balanced and diversified teams to optimise commercial activities in their respective areas. In what is a heavily fragmented commodity market, this global presence is critical for real-time operational support across all time zones, and allows Swire Bulk to provide a proactive and dynamic service provision to all our customer, focusing on "Safety First".

Customer development

In 2018, Swire Bulk developed into a global freight provider with greater diversification across trading regions, customer accounts and able to support a larger range of commodities. The core fleet of Handymax loggers remains an integral part of the business with new origins for sustainable logs emanating from locations such as Uruguay. Across all seven global offices, the Commercial team has been focusing on our core customers with the primary focus to develop the backhaul trades in order to develop more efficient trading triangulations and reduce the ballast days across the fleet.

To date this has been successfully executed and the results have shown in the reduction of the six-month rolling Energy Efficiency Operational Index (EEOI) average of our entire bulk fleet (see page 109 – EEOI table).



Swire Bulk continues to build and develop its global dry bulk fleet. The focus remains on modern fuel-efficient vessels that will allow the business to deliver a first-class service to our Commercial customer base.

Swire Bulk Logistics at a glance



3

specialised self unloading
operations



1,100

vessels loaded



5,000

river vessels unloaded



>10,000

days on hire



35

Million MT handled
since inception

Swire Bulk Logistics

Swire Bulk Logistics is the industrial shipping division of CNCo. Deploying purpose-built vessels, Swire Bulk Logistics specialises in the handling of dry bulk materials at sea, through floating transshipment vessels, and intermediate supply chain solutions to provide value-added services for our customers in the Asia-Pacific region. Working together with Swire Bulk and Swire Shipping, the division offers horizontally-integrated services and a global network to provide innovative and sustainable marine supply chain solutions for our customers through long-term partnerships.

Swire Bulk Logistics owns and operates a purpose-built cement carrier, *MV Aotearoa Chief*, in New Zealand, in a long-term partnership between CNCo and Golden Bay Cement, a division of Fletcher Building Limited.

Divisional update: Swire Bulk Logistics

MV Aotearoa Chief, the only cement carrier in CNCo's fleet, on charter to Golden Bay Cement from December 2016, continued to operate successfully all throughout 2018. The vessel has a carrying capacity of 9,000 tonnes (the equivalent of, and resulting in), over 350 road tankers being taken off the roads on each voyage. It also incorporates the latest technology in electronic engine management, providing optimum fuel efficiency and low emissions.

In Indonesia, the price of thermal coal strengthened in the first part of 2018, mostly driven by China's demand. Indonesian coal producers increased their production to 485 million tonnes (MT) in 2018, of which 121 MT are for domestic consumption and 364 MT is for export*.

*Source: <http://bit.ly/2Had1TX>

MBSS (CNCo holds 25% shares in MBSS in Indonesia) transported a total of 33.9 million MT of coal in 2018; an increase of 24.7% from 2017. MBSS focus in 2018 has been on the optimisation of fleet management to improve human capital capabilities, operational scheduling and fuel efficiency with a reduction of 13.8% of fuel used compared to 2017.

MBSS recognises its dependence on coal and that its business model has always been coal-centric. MBSS management is committed to diversifying its activities into other commodities.

The first step to diversification was done in 2017, by employing six tug and barge sets for the carriage of nickel ore.

In MBSS, safety continues to be the top priority and an on-going journey. In 2018 MBSS achieved a new safety record with 3.8 million Lost Time Injury (LTI) free manhours. MBSS successfully achieved in 2018 accreditation in ISO 9001:2015, ISO 14001:2015 and OHSAS 18001, showing a commitment to continuous improvement in the areas of quality, environment and safety.



Sustainable Development Governance

SD governance structure and policies

CNCo strongly believes that it is imperative to act with probity, transparency and accountability in order to achieve our long-term objectives.

The parent company's Board of Directors is the highest-level governance and oversight body and sets the strategy for its subsidiary companies. The Chairman of the Parent Company Board of Directors was Mr. B. N. Swire and from late 2018, Mr. S. Swire. The CNCo Board of Directors at 31st December 2018 comprised eight members, of whom four were Independent Executive Directors.

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

While CNCo has no direct public shareholders, it manages and operates all its businesses in compliance with both the John Swire and Sons (UK)'s, and CNCo's Corporate Code of Conduct. We also have in place policies, guidelines and procedures that comprise our organisational governance suite. All policies are regularly reviewed by the CNCo Executive Committee (ExCom) and updated as required. Our policies are available on the Company's website under the Sustainable Development tab and include *inter alia* SD Policy, Environmental Policy, Responsible Cargo Carriage Policy, Sustainable Procurement Policy, Supplier Code of Conduct.

The General Manager for Sustainable Development (GM SD) reports directly to the Managing Director and is a member of the ExCom, allowing him to provide SD input at a strategic level, and at an early stage of any new project deliberation and planning. The composition of CNCo's ExCom is shown below.

There were two women on CNCo's ExCom representing two nationalities. CNCo is working at attracting / promoting more women into management positions and is addressing it through Leadership Development training, succession planning and a Diversity & Inclusion (D&I) strategy that we will be introducing in 2019. We are acutely aware that this will be a journey that must be undertaken prudently but which will take time to deliver results.

The interests of internal and external stakeholders relating to SD are fed back to the ExCom by the GM SD following both stakeholder engagement and surveys / feedback. The "interests" includes both risks and opportunities, and how we manage our economic, environmental and social impacts.

CNCo's Executive Committee



CNCo's SD Report is reviewed by the Managing Director prior to publication to ensure accuracy and inclusion of all material issues. CNCo's management regularly review the operating practices and the Enterprise Risk Management framework that ensures:

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

The Designated Person Ashore ("DPA") has been an internationally legally required position since 1993, peculiar to the shipping industry under the International Maritime Organisation ("IMO") International Ship Management ("ISM") Code, which provides an international standard for the safe management and operation of ships and for pollution prevention.

The DPA role was instituted in the global marine industry to ensure that one named person has direct access to the highest level of management in the event that a more junior line manager is felt to be blocking resolution of a safety-related issue. This legal responsibility and authority of the DPA includes monitoring the safety and pollution prevention aspects of the operation of each ship and ensuring that adequate resources and shore-based support are applied.

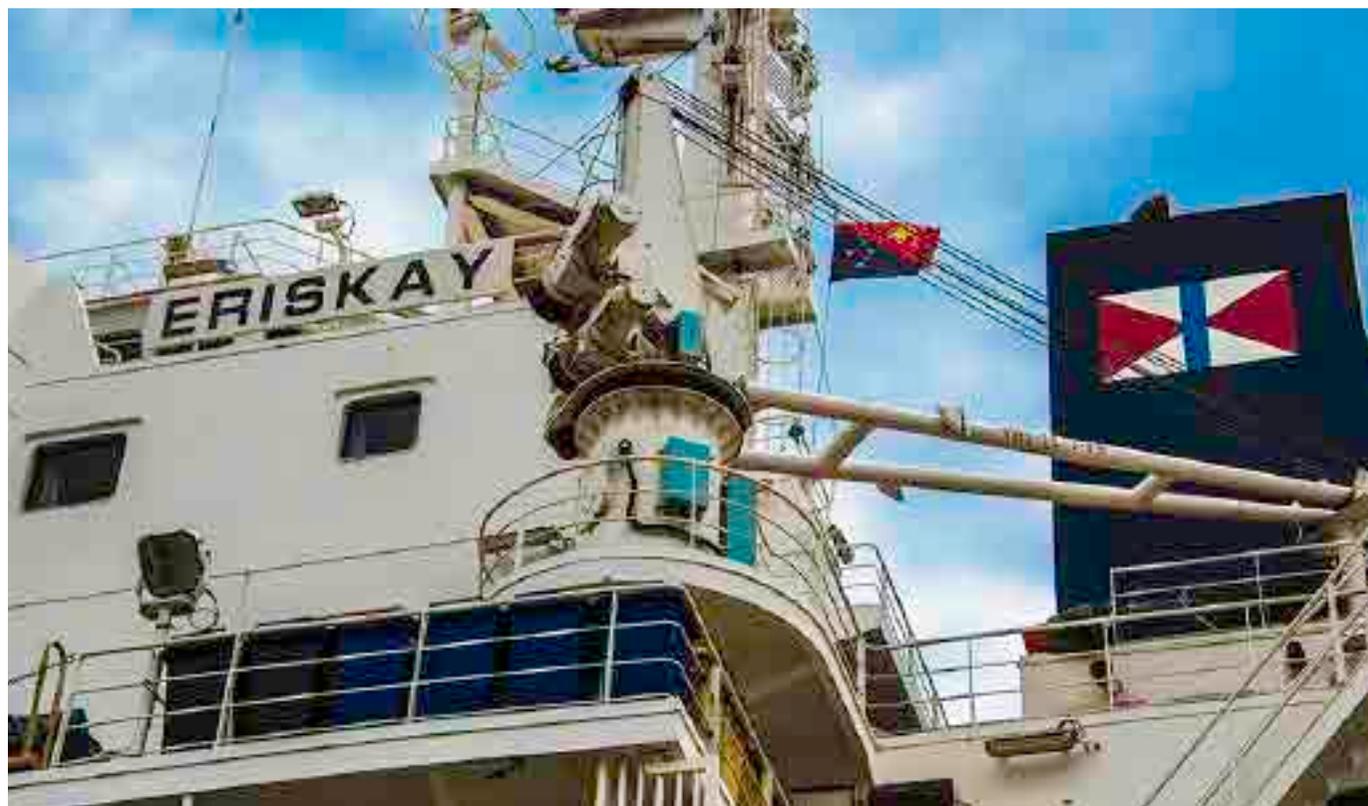
CNCo has a Corporate Philanthropic (CP) Committee which meets on an *ad hoc* basis and reviews / approves requests for community investment or CP sponsorships.

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

CNCo has a Corporate Philanthropic (CP) Committee which meets on an *ad hoc* basis and reviews / approves requests for community investment or CP sponsorships. At the operational level, there are Sustainability Working groups, comprising cross-functional representatives who meet quarterly in Singapore and in the main regional offices of Auckland, Sydney, Port Moresby and Suva. They seek to embed sustainability into our local office operations.

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

We 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.



2018 CNCo must win battles

In 2017, CNCo developed four must win battles (MWBs) to achieve our key objectives of operational excellence, winning team, rewarding partnership, financial success and innovative solutions. After the annual leadership conference in January, specific projects for 2018 were identified under each battle.

1. Zero Harm

To establish a strong workplace safety culture ashore and at sea by promoting positive mindsets, attitudes and behaviours, to complement CNCo's safety policy and initiatives.

2. Customer Experience

Getting into the heads and hearts of our customers through the digital plan and a customer engagement strategy; and greater collaboration between our business divisions to tap new opportunities.

3. Value Excellence

To thrive in the competitive marketplace through value excellence in our processes by simplifying our Purchase Order process, driving analytics and decision making through data management and creating a robust system to manage agency revenues.

4. People Journey

To ensure the placement of the right people in the right place and to manage CNCo's most valuable resources through an efficiently-run global HR team.



Stakeholder Engagement and Materiality

We conduct materiality assessments regularly as a follow-up on the sustainable development presentations for shore-based and seagoing employees.

Our stakeholder consultation programme for seagoing employees covers office visits, officers and crews' fora and training programmes during the Safety Awareness Courses in Singapore.

For shore-based employees it is undertaken during induction programmes and other events (presentations at international and Singapore-based conferences and events), peer group discussions as well as formal surveys and informal *ad hoc* feedback.

We conducted an extensive stakeholder engagement exercise in 2016 and aim to run external engagement and consolidation of results once every three years.

This report has been written to address material areas as per GRI requirements. For more information on stakeholder engagement and materiality please refer to SD reports for 2016 and 2017 calendar years.

Consolidated Materiality Matrix is presented on page 94.



We conducted an extensive stakeholder engagement exercise in 2016 and aim to run external engagement and consolidation of results once every three years.



CNCo's Vision and Strategic Scorecard

CNCo's strategies are guided by its vision

“to be the Leading Provider of Sustainable Shipping Solutions and its Customers’ Partner of Choice”.

CNCo will deliver this vision by:

- Reinforcing our commitment to safety, quality and operational excellence;
- Delivering satisfactory, sustainable financial performance for our shareholders;
- Providing reliable, professional and innovative services to our customers;
- Establishing enduring relationships with our customers and other stakeholders;
- Developing a diverse, inclusive and industry-leading workforce;
- Providing safe, healthy and secure work environments and rewarding career paths.

Our strategic scorecard is aligned with a number of areas of importance to our stakeholders and provides direction and sets specific Key Performance Indicators (KPIs).

We continue to review our Strategic Scorecard each year by CNCo's senior leaders, facilitated through our partnership with Forum for the Future. Progress reports and measurements are tracked monthly throughout each year to ensure we remain on track to meet the longer-term nature of the strategic goals. At the end of 2018, we were on track against the majority of the goals.



Our strategic scorecard is aligned with a number of areas of importance to our stakeholders and provides direction and sets specific Key Performance Indicators (KPIs).

Sustainable Development Strategy

Our SD 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 our potential 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 on 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 of the SwireTHRIVE strategy are material to all divisions across the Swire group and all of its operating companies. In addition to those six focus areas of SwireTHRIVE, CNCo’s strategy covers other areas which are material to our Company. We have aligned these CNCoTHRIVE issues under these three pillars:

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

These commitments are detailed in CNCo’s Sustainable Development strategy (introduced in 2016) (see page 95). All our current and future sustainability initiatives are aligned with these three pillars. Our progress against those commitments and relevant Sustainable Development Goals is detailed on page 97 (SDGs and with Links to CNCoTHRIVE strategy and Material Issues with progress).



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



TOGETHER WITH SWIRE THRIVE

Sustainable Development Goals

Our SD strategy is aligned with the relevant United Nation’s (UN) Sustainable Development Goals (SDGs) that we consider most important to its stakeholders. We have also aligned CNCo’s material issues to demonstrate the linkages between them. We track how our organisational goals and actions contribute to achieving the wider sustainability agenda.

Our progress in 2018 is included on page 97 (SDGs and with Links to **CNCoTHRIVE** strategy and Material Issues with progress).



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

The Company has zero tolerance towards corruption and anti-competitive behaviour. CNCo's Corporate Code of Conduct* (CoC) is a comprehensive governance document that defines how employees must behave in the course of their duties. Our anti-corruption, anti-money laundering and anti-trust governance processes are also covered within this Code. The CoC was reviewed and updated during 2018 to better reflect changing regulations and procedures.

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

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

In 2018, as in the previous years: CNCo was not involved in any legal actions for anti-competitive behaviour, anti-money laundering, anti-trust, or monopolistic practices.

The Company carries out training for all employees within the CNCo group, testing their understanding of these principles and how they apply to our employees' daily work / duties.

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

We also have a stand-alone Competition and Anti-Trust Policy coupled with an online anti-trust training for relevant employees to ensure understanding and compliance.

Our governance compliance training programme covers:

- CNCo's Corporate Code of Conduct
- Anti-Bribery (Based on the UK Act, but applicable to all our businesses globally)
- Anti-Trust (Based on the UK Act, but applicable to all our businesses globally)
- Anti-Money Laundering
- Preventing Harassment in the Workplace (Based on the Singapore Act, but applicable to all our businesses globally)

In early 2018 we have added two more compliance training modules for specific employees / functions:

- European Union General Data Protection Regulation (EU GDPR)
- Modern Slavery (Based on the UK and Australian Acts, but applicable to all our businesses globally)

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

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

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

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



Child / Forced and Compulsory Labour / Modern Day Slavery Act

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

CNCo's Code of Conduct requires the entire CNCo group of companies to comply with all applicable local, national and international laws and regulations in each of the countries / jurisdictions in which it operates and with all CNCo's company policies. That requirement includes ensuring that CNCo (and its suppliers) do not engage 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 conducted prior to the offer of employment. Our Supply Chain Sustainability Code of Conduct spells out all principles to which we require our suppliers to adhere covering, *inter alia*, forbidding forced and child labour.

CNCo's CoC covers employment "not permitting any breaches of employment law or the use of children (under 18 years of age) or forced labour". While the Code states the minimum age of a child as being 18 years of age, we ensure that we are aligned with that in the UNICEF / UNESCO Convention on the Rights of the Child (1989), and do not employ anyone of "less than 18 years of age".

The sole exception to this would be that, in accordance with International Labour Organisation (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 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 (MSA) (2015), we carried out a number of self-assessments for our 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 non-conformities were recorded. The next round of assessments is planned for 2019.



We recognise that modern slavery (which includes child / forced and compulsory labour) as an issue that has become increasingly visible and we must take seriously all moral and legal duties in this regard.

We also included contractual clauses related to slavery and human trafficking in all our new supplier agreements. We provided essential training on MSA to 94.7% of our relevant personnel assessed as most likely to encounter potential issues with regard to modern slavery during 2018.

The Australian Government has introduced a Modern Slavery Act which came into force on 1st January 2019. This Act, similar to the UK MSA, brings a modern slavery reporting requirement to certain

businesses and other entities in Australia. CNCo will comply with Australian MSA and will be publishing one statement covering both Acts for the entire CNCo group of companies within the stipulated period after the end of each of our financial years (ending on 31st December).

For more information on MSA related actions taken and planned for 2018 please see our Statement on Modern Slavery and Human Trafficking* for the financial year 2018 on CNCo's website.



The CNCo 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.

*Statement on Modern Slavery and Human Trafficking
<http://bit.ly/2k1Z1mZ>

Fines and Grievances

CNCo has not been subject to any fines or sanctions for contravention of any laws or regulations globally, including those relating to infringements of environment, health and safety, anti-trust, bribery and corruption, data protection or employment law within 2018.



CNCo has whistleblowing procedures in place for shore-based and seagoing employees to report any issues that they feel may negatively affect health, safety or environment, or relate to any regulatory areas.

CNCo has whistleblowing procedures in place for shore-based and seagoing employees to report any issues that they feel may negatively affect health, safety or environment, or relate to any regulatory areas mentioned above. This can be an entirely confidential process should the reporter so wish – at his / her entire discretion, and should the reporter not wish to receive directed follow-up. We encourage CNCo personnel to use our whistleblowing channels and relevant management will then diligently investigate all reports.

The following numbers of issues were reported and investigated through this process during 2018:

Potential H&S breaches / issues – five reported.
 Potential Breach of CoC wrt Malpractice, Misconduct, Wilful Negligence etc. – zero reported.
 Potential Breach of CoC wrt Bribery, Corruption, Facilitation Payments etc. – zero reported.
 Potential Cases of Harassment or Discrimination on any grounds (Age, Race, Religion, Ability, Gender, Gender Identity, Sexual Orientation etc.), verbal or non-verbal – two reported.

All reports were investigated and dealt with appropriately, in line with Company's policies and procedures.

Cybersecurity

At CNCo, we recognise the importance of ensuring the highest standards of cybersecurity for our systems, network and data. There has been an increase in cases of cyberattacks globally and specifically in the marine sector, with ransomware attacks and email scams for fraudulent transactions now becoming a common occurrence.

We have put measures in place to defend our Company from potential cyberattacks. Additionally, CNCo has policies and procedures governing cybersecurity practices and all employees are required to observe these.

We have put measures in place to defend our Company from potential cyberattacks. Additionally, CNCo has policies and procedures governing cybersecurity practices and all employees are required to observe these.



Supply Chain and Procurement Management

CNCo continues to grow and now operates over 125 vessels worldwide. At the beginning of 2018, the Procurement Department re-positioned themselves as the Group Procurement Office to gain leverage, improve global standards for efficiency, build up competitive advantage and mitigate supply chain risks. CNCo undertook a review of our procurement systems and processes to identify gaps and opportunities.



The outcomes of these were:

- A highlighted need for a more strategic and centralised focus on our spend;
- The appointment of a Global Procurement leader who:
 - ✓ is highly visible across the organisation;
 - ✓ has dedicated categories managers who develop category plans for all key categories;
 - ✓ is responsible for improving process, tools and systems;
 - ✓ has an overview of supplier performance.

As a result of this review CNCo recruited a Global Head of Procurement who started in 2019. She is currently designing the new structure to further strengthen CNCo's procurement systems and processes and better understand our spend profile.

We continue to use the SAP Enterprise Resources Planning system, which established the critical foundation of procurement "procure-to-pay" process and supplier database.

The following systems were introduced and in operation within 2018:

- IT procurement process standardisation;
- HR and corporate travel services procurement programme;
- Supplier on-boarding project;
- Centralised contract management system and vendor consolidation.

CNCo has recruited a Global Head of Procurement who is currently designing a new structure to further strengthen CNCo's procurement systems and processes and better understand our spend profile.

In light of the upcoming regulations for the sulphur content of bunker fuel and the need to manage marine fuel environment holistically, CNCo also introduced a robust bunker procurement end-to-end supply chain process and enhanced our data analytics capability.

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

CNCo's supply chain covers:

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

All subcontracts are carefully selected following a thorough due diligence process before we enter into any contractual relationships with them.

CNCo developed the audit process for our high risk / high value suppliers to ensure full compliance with our Supply Chain Sustainability Code of Conduct and Modern Day Slavery Act requirements. Over the past few years we focused on auditing our bunker suppliers as a priority group. Understanding our supply chain risks, 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.

In 2018 we implemented a project with ELEVATE Limited (an independent sustainability and supply chain services provider with global reach). The project developed a robust supply chain segmentation framework to assess and gain a better understanding of CNCo's supply chain. The results of the work provided an important insight to design a programme that is based on risk and driven by supplier leverage. We collected and evaluated data from 4,996 vendors across the 108 countries in which we operate, and developed CNCo specific segmentation methodology (though participatory stakeholder engagement process) to provide

insight on thoughtful customisation of programme activities with suppliers and built on the fundamental understanding that CNCo cannot have the same amount of influence across all its suppliers. We are in the process of designing a programme strategy for CNCo to take a proactive approach in demonstrating business competitiveness, sustainability performance, and thoughtful supply chain management. This work will take place in 2019-2020, championed by our new Global Head of Procurement.

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



Awards Received



Seatrade Maritime Fuel Efficiency Award

As part of CNCo's sustainable development objectives, we dedicate resources and implement initiatives to improve fuel efficiency to reduce our emissions to the environment as well as the Company's operating costs. This translated to USD 6.8 million in fuel savings and the reduction of 60,685 tCO₂ emissions to the environment in 2017. For our industry leading efforts, CNCo won the 2018 Seatrade Maritime Fuel Efficiency Award in April 2018.

L to R:
Tetsuya Hayashi, Class NK; Simon Bennett CNCo's GM SD;
Grant Elrick, UBM Seatrade.

For our industry leading efforts, CNCo won the 2018 Seatrade Maritime Fuel Efficiency Award in April 2018.

3 | Safety

Safety is fully integrated in all we do. Our goal is to build an industry leading safety culture. We strive to provide a safe and healthy working environment and to cultivate a safe mindset for both our employees and contractors alike. We continue to evaluate our safety behaviour and work practices to improve our safety performance.

- 38** Safety always comes first
- 41** The Safety I's
- 42** Suicide Prevention Training
- 43** Swire Shipping – Onshore Safety Performance
- 44** Swire Bulk – Onshore Safety Performance
- 45** Onshore (Office) Health & Safety Performance
- 46** Office Safety Standards

Safety always comes first

Safety is fully integrated in all we do. Our goal is to build an industry leading safety culture.

We strive to provide a safe and healthy working environment and to cultivate a safe mindset for both our employees and contractors alike. We continue to evaluate our safety behaviour and work practices to improve our safety performance.



Focus on Safety

Safety is our top priority in CNCo. We are committed to providing a safe and healthy working environment (both onshore and at sea) for both our employees and contractors at all of our worksites. Being a part of the Swire group, we consider safety to be an integral part of corporate risk management.

We aim to continually improve our management practices with a view of achieving Zero Harm, and do this by focusing on the development and implementation of a robust safety culture through training, learning and transparent reporting. We introduced and continue to implement various Safety projects, plans and initiatives as part of our safety strategy.

More details can be found below and on our website at <https://www.swirecnco.com/safety>

After the successful launch of CNCo's "Winning with Onshore Safety" in November 2018, our Zero Harm framework aims to promote an improved safety culture by communicating a shared vision, behavioural principles, areas of accountability, risk management, and standardised office safety standards.

There have been several safety initiatives developed and more that are in the process of being rolled out that focus on improving our physical, social, intellectual, emotional, and financial health and wellbeing. These activities range from information sessions, workshops / talks, employee events, and / or benefits to promote employee involvement and responsibility for their own safety and the safety of others.

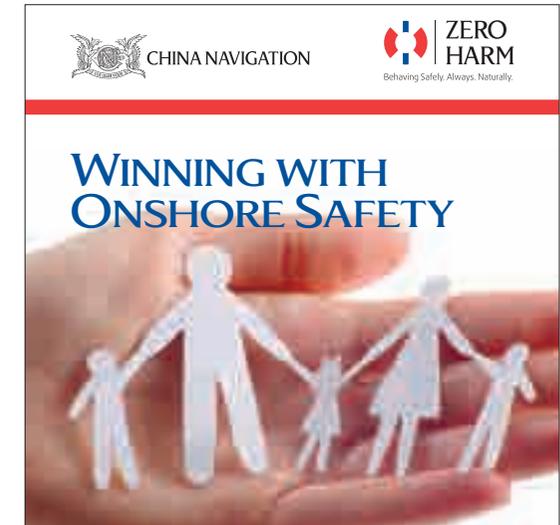
Our Safety Vision

At China Navigation, safety is our top priority. We work as a team with integrity to ensure Zero Harm. Safety is fully integrated in all we do. We continually evaluate our safety behaviour and work practices to improve our safety performance.

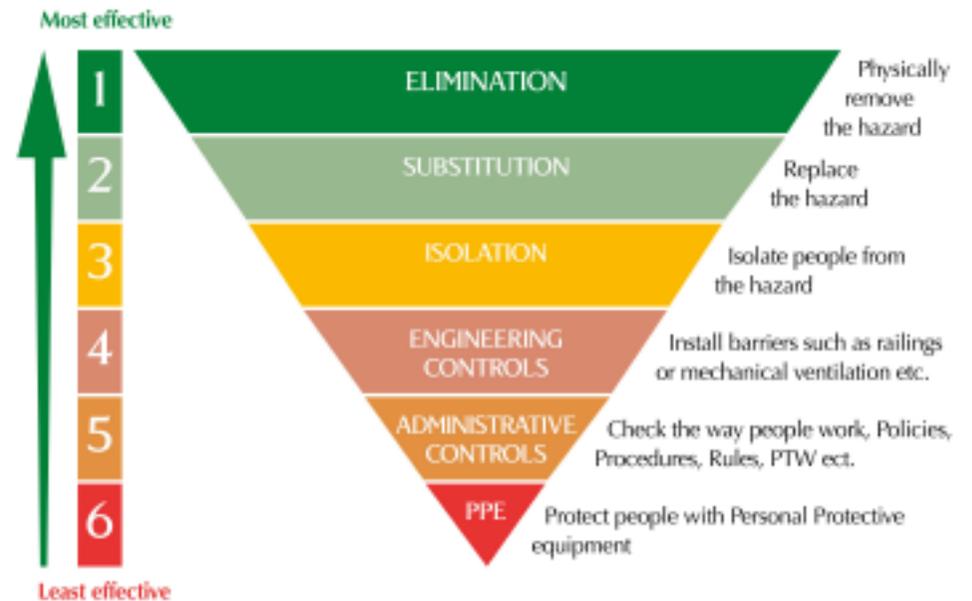
Our safety motto is:

Zero Harm. Behaving Safely. Always. Naturally

Stay Alert



HIERARCHY OF CONTROLS



An aerial photograph of a large container ship sailing on the open ocean. The ship is viewed from a high angle, showing its deck covered with numerous colorful shipping containers in shades of red, green, and blue. The ship's white superstructure is visible at the rear. The ocean is a deep blue, and the horizon is visible in the distance under a clear sky.

Safety Excellence - Fleet

>1,600

Seafarers

311

Fleet Risk Assessments
available aboard each vessel
database

34

Enhanced Safety Awareness
Courses conducted in 2018

400

Seafarers trained in enhanced
safety awareness courses
annually

The Safety I's

CNCo has been working with consultancy firm, Green-Jakobsen, on enhancing our approach to safety over the past couple of years. Our Zero Harm campaign was rolled out to our fleet, and introduced in our main corporate offices in 2018. This phase of the campaign aimed to progress our safety culture from that of being compliance driven to one of being behaviourally based.

The campaign focuses on absorbing the principles of the Safety I's™, which in turn will enhance safety behaviours of the seafarers and office employees. The Safety I's™ were conceptualised by Green-Jakobsen and describe a common-sense approach, reiterating safe behaviour of individuals at all levels, on board our vessels as well as ashore. The Safety I's™ are identified as:

- Insight - Seek and share knowledge
- Innovation - Find new ways of doing things
- Influence - Be a role model
- Intervention - Be a back-up of your colleague and speak up if an unsafe condition or an unsafe act is seen
- Integration - Integrate safety in all work processes

Packages containing the safety campaign material were sent to each vessel. Workshops involving all crew were conducted to help them to understand Safety I's™. The workshops consisted of an introductory video featuring the Managing Director and three prospective vessels' Masters candidates, a board game to identify the Safety I's™, an animated video of an actual case study to figure out what Safety I's™ were lacking on that vessel and a group discussion where the ideas of seagoing employees were collated and sent back to the respective ship manager. To ensure that all crew members were involved, the workshops were designed to be repeated every two months or after crew changes where 25% or more of the crew members have been relieved.



Our Zero Harm campaign was rolled out to our fleet, and introduced in our main corporate offices in 2018. This phase of the campaign aimed to progress our safety culture from that of being compliance driven to one of being behaviourally based.

Suicide Prevention Training

The global maritime industry has witnessed a worrying upward trend in cases involving the mental wellbeing of seafarers and the number of suicides recorded. Seafarers are predominantly male, come from a variety of nations, and speak a multitude of languages. They often spend months at sea with little or no contact with their life ashore, while working and living in limited spaces where there may be substantial amounts of noise, heat and vibration as well as the motion of the vessel.

The fact that more contact between vessel and home via WhatsApp, email and like is now available via satellite may turn out to be a double-edged sword, as more communication is possible. However due to restricted bandwidth and high cost seafarers may draw incorrect conclusions without common visual communication prompts, due to limited contact time, and there may be cases of more issues being raised but not resolved causing more concern rather than less. Distance from home and the working and living environment have usually been assumed to contribute to the high suicide rate of seafarers.

Source: Seafarers' depression and suicide, Alex Mellbye, Tim Carter (2018) <http://bit.ly/308dP3t>

In 2015, the International Transport Workers' Federation (ITF) conducted a study with more than 600 seafarers from a range of different countries. It was found that a considerable number (50%) of seafarers often or sometimes feel anxious, hopeless, or depressed while onboard. It was also found that a noteworthy number of seafarers know work mates who are depressed or have considered suicide.

Source: International Transport Workers' Federation. (2015). Survey of ITF Maritime Affiliates on HIV / AIDS, Health and Wellbeing www.itfglobal.org

Combined with other research from, among others Yale University and Sailors' Society, CNCo identified the need for training in suicide awareness / risk recognition for our seagoing personnel.

We have developed a training course in collaboration with Danish health and safety solutions consultants, CONOVAH, aiming to equip our senior officers with tools to spot warning signs at the earliest possible stage to avoid tragic events of this nature on board.

The training is conducted at the Safety Awareness Courses in Singapore by four office staff members who have undergone a three-day train-the-trainer course while a condensed version is presented at the regular safety seminars held with our manning partners.

Emotional support helpline

Since the introduction of "Befrienders Worldwide" e-mail helpline in 2016, CNCo has also established a Befrienders' e-mail helpline service, available in both English and Chinese languages. In addition, an English voice helpline service is also provided. Befrienders Worldwide has an international network of over 350 crisis helplines in 36 countries that provides emotional support to those in despair. The inputs and outputs of the enhanced services are strictly confidential in nature.



In 2015, the International Transport Workers' Federation (ITF) conducted a study with more than 600 seafarers from a range of different countries. It was found that a considerable number (50%) of seafarers often or sometimes feel anxious, hopeless, or depressed while onboard.

Swire Shipping – Onshore Safety Performance

Working closely with our stevedores, Port Authorities and Agents, CNC's liner shipping operation strives to deliver continuous improvement in the safe performance of our port operations. In conjunction with fleet's safety strategy, the port operations focus is firmly on managing the critical operational interface between shore and vessel. We actively pursue our Zero Harm Policy through various ongoing initiatives that raise awareness of the risks, promotes strong alignment to our safety culture, standards, practices and expectations, and we constantly measure performance with our port service providers throughout our operating regions.

All stakeholders are encouraged to accept aiming for safety for all as a personal responsibility in our operating environment, and to proactively take preventive actions to reduce risks. All safety failures are thoroughly investigated, followed up with the respective party and communicated to others as learning examples.

Key initiatives implemented:

- All vessels submit Safety Assessments after every port call, reporting stevedores' safety performance against key criteria, from which a Safety Performance Number (SPN) is calculated for each port. These reports are now integrated with ShipRep departure reports to make the reports easy for vessels' Masters;
- We measure and analyse safety reports from vessels, agents and other stakeholders to identify gaps in safety awareness and performance, and take action to close the gaps;
- Collaboration with contractors to promote safety goals and focus on strengthening good practices during cargo operations, supported by quarterly review meetings to measure performance;

- A Hazards Safety Awareness Programme has been launched, focusing on:
 - ✓ Seeking and sharing insight to work towards Zero Harm;
 - ✓ Creating a trusting work place where we can intervene when necessary;
 - ✓ Showing strong team spirit to positively influence each other;
 - ✓ Striving to be innovative in all safety matters;
 - ✓ Integrate safety in all aspects of our behaviour and work processes.
- We continue to encourage all on board personnel to issue Near Miss Reports, which are proactively used to achieve reductions in Lost Time Injuries (LTIs), Medical Treatment Cases (MTCs) and other incidents;
- A centralised Hazardous Cargo approval process, with a dedicated manager, has been implemented to ensure all International Maritime Dangerous Goods (IMDG)-class cargo is being vetted and monitored throughout the enquiry, booking and shipping process;
- Conducted regular operations team safety audits on all Swire Shipping liner vessels;
- Implemented safety clauses and KPI's as part of all new or renewed vendor contracts;
- Initiated a Zero Harm project "Safety Measurements & Benchmarking" to further 'raise the bar' on safety;
- International safety consultants Green-Jakobsen have been engaged for 2019 to further enhance last year's Zero Harm efforts in Port Operations.

Key Performance Indicators for 2018:

- Achieved overall Stevedore Safety Compliance of 98% (up from 94% in 2017), measured by the Safety Performance Number (SPN) framework;
- Eliminated "low" performing ports to zero (down from five) in the SPN rankings, and one "medium" performing ports;

- Reported 46 "Near Miss" incidents, reduced from 59 reported in 2017;
- Six minor and medium injuries were reported, up from four in 2017;
- Improvement in behavioural change by stevedores, via a specific project focusing on:
 - ✓ Working at safe locations - to 97%
 - ✓ Working away from suspended loads - to 99%
 - ✓ Smoking only in designated areas - to 96%
- Dangerous Goods Desk was subject to internal group audit review after 12 months from establishment. Passed the audit with only two minor recommendations.



Swire Bulk – Onshore Safety Performance

Swire Bulk has closely followed the safety initiatives put in place by CNCo Fleet Management and the Green-Jakobsen project managers.

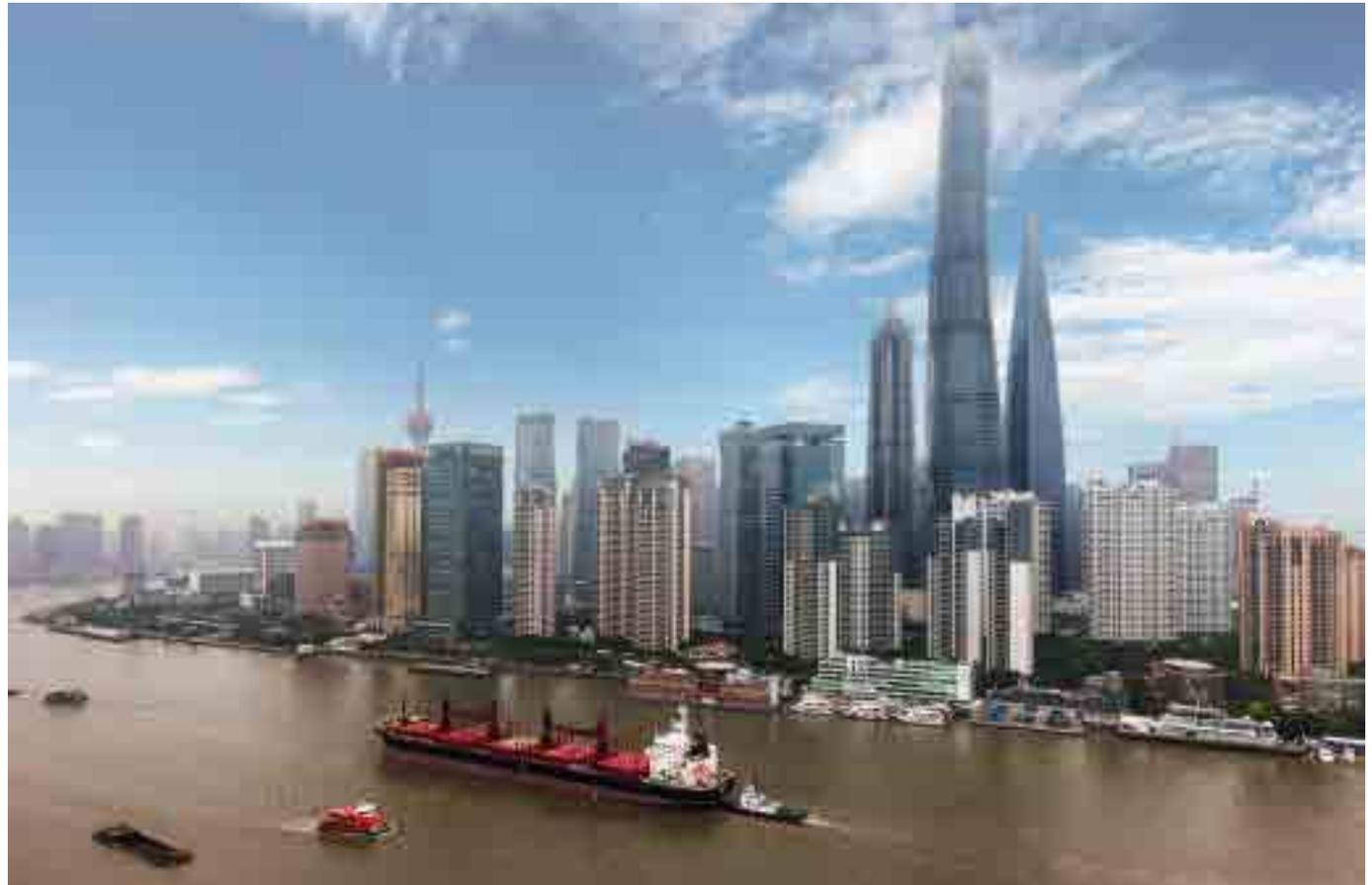
Swire Bulk's operators have an annual SMART goal to visit at least one vessel and make a safety presentation and observe operations on board. Safety presentation been revised to include concepts learned from the Green-Jakobsen's project.

We continued pro-actively addressing safety compliance in ports where we see a gap in stevedore's performance, especially in Indian ports discharging logs and scrap steel. A similar project has been implemented in ports in Thailand.

We also saw the increase in stevedore safety reporting due to implementation of the revised reporting format and increase in the number of vessels chartered-in by Swire Bulk.

The 'informal, strictly non-commercial, dry-bulk Health and Safety forum' continued to meet in 2018. With other like-minded dry-bulk operators, CNCo has sent a strong message to the market that CNCo and Swire Bulk are committed to highest levels of safety and also to the highest compliance levels to global regulations covering other aspects of the shipping industry.

In our operators' interactions with Masters, there has been a continued emphasis on safety and the message is that they are empowered to ensure such safety at all times, with the full support of the onshore management personnel.



Swire Bulk's operators have an annual SMART goal to visit at least one vessel and make a safety presentation and observe operations on board.

Onshore (Office) Health & Safety Performance

- There have been no LTIs since June 2018.
- Good progress made on the 2018 “Zero Harm’ Must Win Battle”, business understanding and measurement of office safety metrics. A review took place to ensure best practice safety drivers were identified for increased visibility of onshore safety performance and there is a standard global way to report onshore safety activities.
- An onshore Zero Harm programme was developed to increase onshore employee awareness of the safety message and enhance the safety culture that aligns with the offshore Green-Jakobsen project (currently managed by Fleet Management).
- The programme includes the development of a CNCo Zero Harm framework, which includes additional Safety, Security and Wellness concepts. This allows employees to link mental health and general health, wellbeing and security risks on a more personal level to increase engagement on the topic.
- The Onshore Safety Programme is supported by the development of a Winning with Onshore Safety handbook (aligned to the Green-Jakobsen concepts); supporting materials for further communication including posters and a trivia game.
- A Global Onshore Safety, Security and Wellness Policy and globally standardised onshore safety forms, templates and checklists were developed to share across the business. This allows a common language and approach to managing onshore safety by the Human Resource (HR) team and employees within the local offices.
- The programme also provides a revised on-line reporting process and newly developed tools that will allow HR to consolidate incidents globally in real-time and accurately report the identified metrics on a monthly basis.
- Key onshore safety metrics, aligned to offshore and operations metrics, include: Fatalities, Lost Time Injuries, Restricted Work Cases, Medical Treatment Cases, Near Miss Reports, Road Traffic Accidents, Security Breaches, and onshore safety, security and wellness program activities undertaken.
- The above programme’s details and materials were shared with the regional Safety Committees for the development of a coordinated global and local launch to all employees the week of 19th November 2018 – nominated as CNCo’s onshore global ‘Health and Safety Week’.
- The revised global reporting tool and structure commenced 1st January 2019.
- Various safety, security and wellness activities continue to be delivered globally including:
 - ✓ American Samoa – set up of local onshore safety procedures;
 - ✓ Australia – ergonomic assessments; employee massages; review of the Zero Harm framework;
 - ✓ Canada – new office set up of Safety committee, first aiders, fire wardens, safety inductions, and evacuation and earthquake procedures;
 - ✓ China – refreshed Welfare committee, fitness competitions, blood donations, safety inspections completed, Personal Protective Equipment (PPE) purchasing (shoes), safety training on board vessels;
 - ✓ Fiji – weekly walks, touch rugby, soccer, volleyball games, fun runs;
 - ✓ New Zealand – anti-harassment training (for seafarers), employee events, fundraisers;
 - ✓ PNG – secure employee drop offs after 8pm, research on security training providers for induction programmes, office fire extinguisher inspections, review of employee’s medical cover;
 - ✓ Singapore – Fire safety / AED / First aid training, social events;
 - ✓ UK; London and Wells-next-the-Sea – safety audits and updated policies.

Winning with Onshore Safety

CNCo has been in business for more than 140 years. We pride ourselves on setting the highest safety standards whereby all our people behave safely, always and naturally.

The good work produced by Ship Management and the Green-Jakobsen team to improve our safety culture on the vessels and around our ports has been reviewed and aligned for the office environment to provide a consistent platform in how we talk about and behave in relation to safety.

One of the key takeaways from the upcoming onshore program is that the safety, security and health of our people is not restricted to just the physical working environment. We can apply the same principles that will be introduced to include our social, intellectual, emotional, financial and health wellbeing in the workplace and/or at home.

The global onshore safety team have been working hard to standardise safety tools, templates and information to clarify expectations on how we can best develop, manage and improve our safety culture across our offices. The local HR teams and safety committees will have to see how to localise these tools to embed our safety culture across the business.

An onshore Zero Harm programme was developed to increase onshore employee awareness of the safety message and enhance the safety culture that aligns with the offshore Green-Jakobsen project.

Office Safety Standards

With our commitment to developing and sustaining a work environment and culture that supports the safety, security and welfare of our people, we have developed an aligned set of basic standards that are more relevant for our onshore offices.

Our basic office safety standards include:

- Safety committees that meet on a regular basis to discuss a range of safety concerns and act as safety ambassadors within the business when initiatives are rolled out.
- Clear Emergency Evacuation guidelines for employees to understand and adhere to in the event of an emergency.
- Fire Warden and emergency evacuation representatives who are trained to ensure that employees are safely evacuated to a dedicated meeting point in the event of an emergency.
- First aid representatives who are able to attend to minor first aid incidents within the office as and when they may occur.
- Incident Reporting tools to encourage employees to report any safety concerns if and when the need arises.

Welfare events are organised incorporating safety requirements and extend beyond just physical surroundings but also social connections, intellectual growth, emotional wellbeing, financial security and physical health.

We have Office Safety Committees established in all offices.

The full list of CNCo Safety Statistics can be found in the data section of the report on page 101.

Singapore Onshore Safety Committee

“Stop, Safety First!” In line with the Zero Harm must win battle, the Singapore Onshore Safety Committee (OSC) held first OSC meeting of the year to discuss safety culture in the office.

CNCo's Managing Director, kicked-off the discussion highlighting the importance of safety both onshore and offshore, followed by an informative sharing session led by GM Crewing Operations, Safety and Training, Safety & Manning.

It was heartening to see the company investing in safety and ensuring that all employees – both onshore and offshore go home safely at the end of the day.

As department Safety Champions, all OSC members have the responsibility to communicate good safety practices and OSC related issues with their departments as well as to ensure their departments maintain good office safety standards.



Onshore Safety Week in Singapore

CNCo launched onshore Safety Week in November 2018 in all major offices around the world to increase awareness of our Onshore Safety Vision, as well as the tools and behaviours we should adopt to foster a working environment whereby we are **Behaving Safely. Always. Naturally.**

Onshore Safety Week in Singapore included a range of fun and engaging activities – including an Onshore Safety Hunt where staff used QR codes to access questions on the Safety I's and Accountability Ladder, free neck and back screenings as well as lunch talks regarding wellness and nutrition. A big thank you to the Onshore Safety Committee (OSC) in Singapore for organising such an educational and fun week!



4 | Our People

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

Our People

- 48** **Employee Information**
- 52** Diversity in the Workplace / Anti-discrimination and Anti-harassment
- 57** Employer of Choice

- Training and Development**
- 58** Performance Management, Training and Development
- 59** Driving Performance and Developing Potential Framework

Our People

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

As at the end of 2018, the CNCo group employed 2,665 people in various locations around the world. Our employees come from 48 countries.



Employment Information

As at the end of 2018, the CNCo group employed 2,665 people in various locations around the world. Our employees come from 48 countries.

1,038 of our employees were shore-based, while the remaining 1,627 (739 Officers and 888 crew members) were seafarers. Our seagoing team continued to grow in line with the increase of the size of our fleet. Our shore-based employee numbers increased by 4% in 2018 as we continued to grow our global operations and established new office in American Samoa.

Our business strategy continues to focus on growing our global operations with a major acquisition of trump service in early 2019. CNCo's expansive geographical footprint covers offices across Australia, Canada, China, Fiji, Hong Kong, India, Indonesia, Japan, New Zealand, Papua New Guinea (PNG), Samoa and American Samoa, New Caledonia, Taiwan, Singapore, United Kingdom (UK) and United States (USA) with more locations to be added in 2019.



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

Singapore (Head Office) – 31.5%, PNG – 17.6%, Australia – 12.4%, and New Zealand – 12.2%, Fiji – 8.7%, China – 7.0% with the remaining 10.2% based in American Samoa, Canada, Hong Kong, India, Indonesia, Japan, New Caledonia, Samoa, Taiwan, UK and USA.

Our seagoing employees come from 31 countries, an increase from 30 in 2017. Our shore-based employees come from 34 countries around the world.

96% of our shore-based workforce were employed on a permanent basis. The number of employees who were temporary (contractors) is very low (4%) and most of them are skilled professionals working as consultants on a contract basis to assist with specific projects such as the implementation of new IT systems. 98% were employed full time. The breakdown by employment level, type, age group and gender is presented on page 50.

Our seagoing employees come from 31 countries, an increase from 30 in 2017.

EUROPE

 Bulgaria 1

 Croatia 24

 Estonia 2

 Montenegro 3

 Ireland 1

 Romania 2

 Russia 11

 Slovenia 2

 UK 11

 Ukraine 128

ASIA

 China 325

 Hong Kong SAR 14

 Indonesia 2

 Malaysia 4

 Myanmar 254

 Philippines 473

 Singapore 1

 Sri Lanka 87

 Thailand 1

OCEANIA

 Australia 5

 Fiji 41

 Kiribati 32

 New Zealand 92

 Papua New Guinea 101

 Samoa 2

 Solomon Islands 1

 Tonga 1

 Tuvalu 3

AMERICAS

 Canada 1

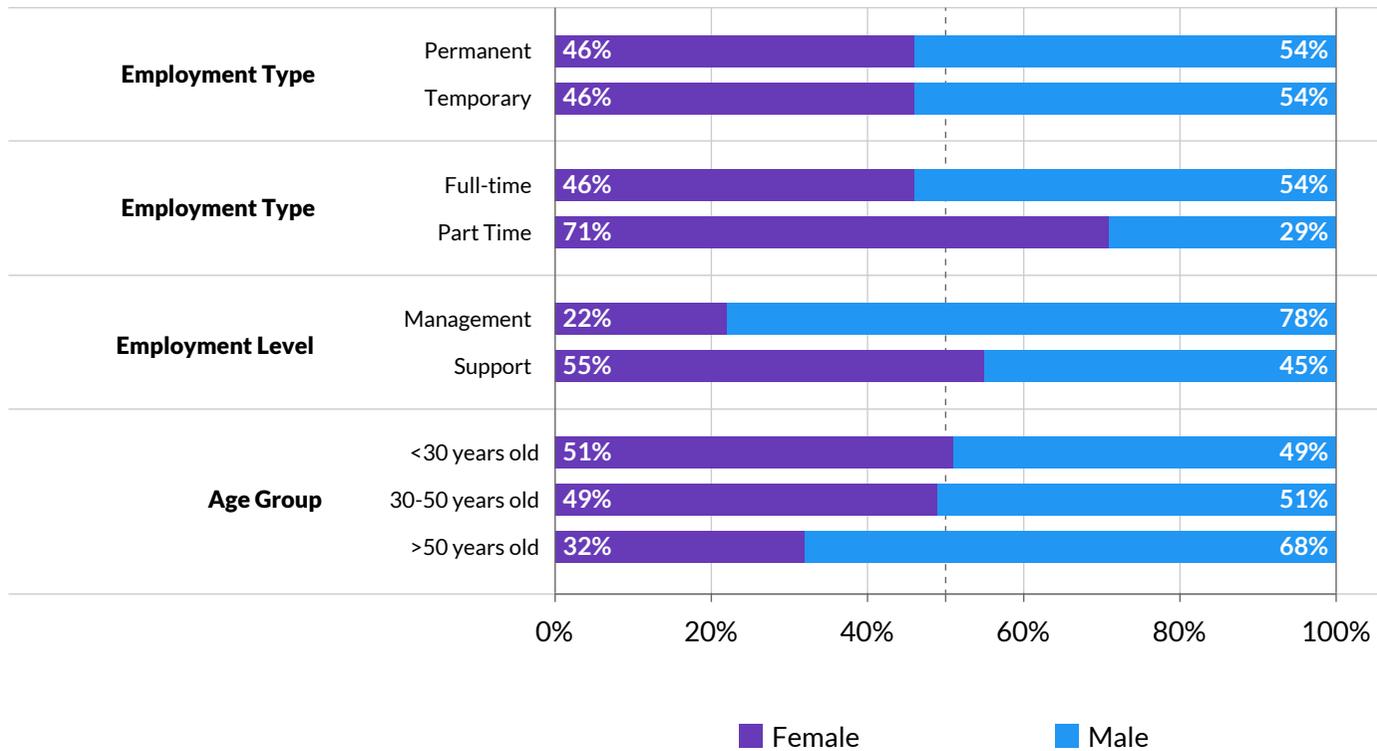
 Nicaragua 1

 USA 1

Total number of sea staff

1,627

Shore Employees



Note:

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

94% of our office workforce were classified as “local”, similar to prior year figures. We define “local” as those who are a national or permanent resident of the country of employment. 4% were classified as “expatriates” with the remaining 2% are employed on contract basis.

Around 42% of this expatriate employee percentage are parent company managers who have a centrally-planned rotation through internal postings within the wider Swire group. The rest are employed as industry experts and have long-term careers with the Company worldwide.

94% of our office workforce were classified as “local”, similar to prior year figures. We define “local” as those who are a national or permanent resident of the country of employment.

Globally, all our contracts comply with relevant local employment laws. We continue to provide benefits that are additional to local legislations such as medical insurance for shore-based employees. For all seafarers this include private healthcare, life insurance and paid pension arrangements (or cash in lieu).

CNCo seafarers are covered by a collective bargaining agreement (CBA) or equivalent. All contractual conditions are in accordance with the International Labour Organisation (ILO) Maritime Labour Convention (MLC) 2006.

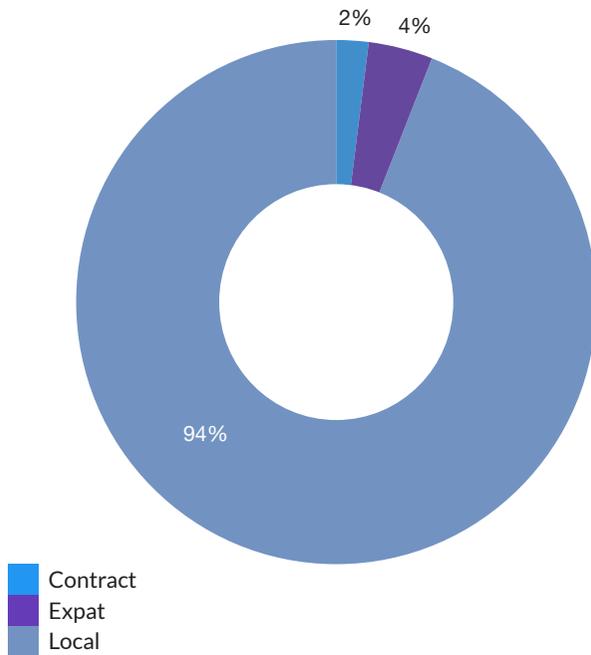
The number and rates of employee hires and employee turnover can be found on page 104.

Employee turnover remains a valuable indicator of the Company's sustainability and is an on-going area of focus for the Company. Overall employee retention in 2018 for shore-based employees was 85%, and 92% for seagoing employees (officers and crew). Both shore-based and seagoing employee retention rates remain consistent year-on-year.

We continue to monitor and analyse turnover rates against national average figures and in light of changes within the business and the industry. We conduct exit interviews and seek to rectify any firmly trending reasons for turnover where they are viable and within our control. High turnover percentages in some locations are a function of there being only small number of employees in those offices.



Type of contract



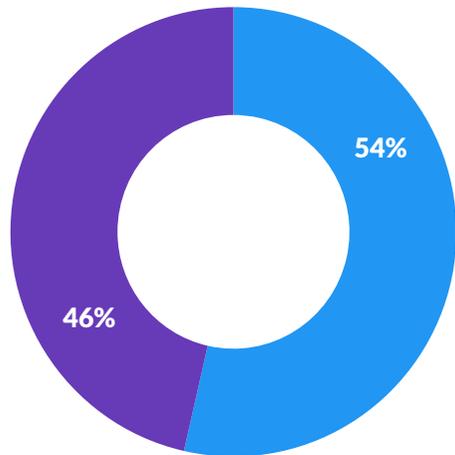
Diversity in the Workplace / Anti-discrimination and Anti-harassment

For a multinational shipping company, with employees from 48 countries, having an inclusive, cohesive and supportive culture is key to our continued sustainability. We create a welcoming, positive, innovative and high performing work environment by promoting equal opportunities, diversity and inclusion and respect in the workplace. This is done through policies, Code of Conduct, induction programmes, forums, seminars and training.

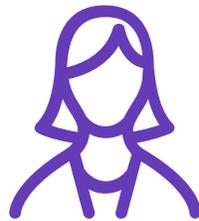
In 2018, 54% of the overall shore-based employees were males and 46% were females. This split has remained consistent over the past few years.



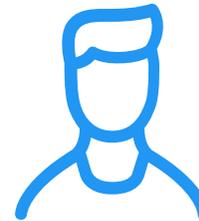
Shore-based employees by gender



Male
Female



Female
482



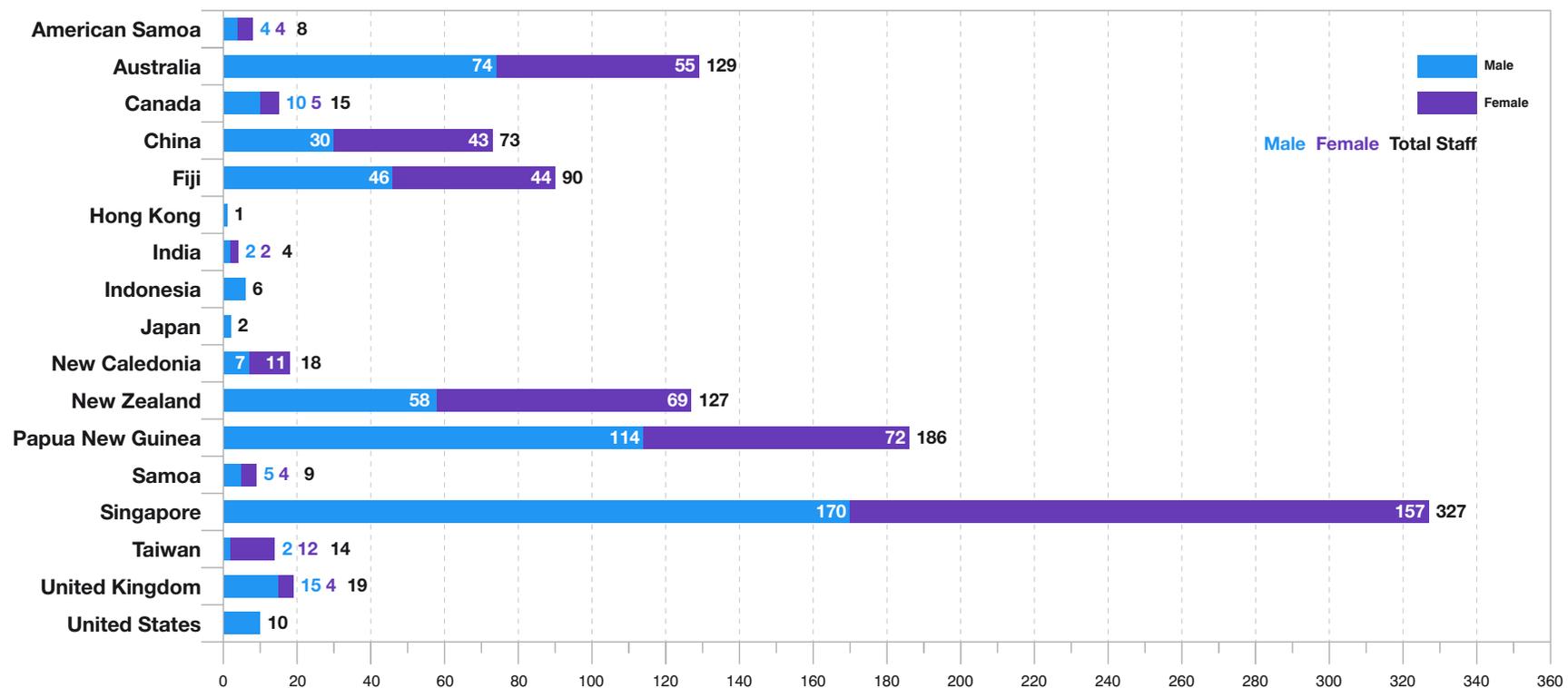
Male
556

Total number of shore-based staff

1,038

In 2018, 54% of the overall shore-based employees were males and 46% were females. This split has remained consistent over the past few years.

Number of shore-based employees by gender and region



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



The CNCo Pte Ltd Board of Directors comprises nine male members. We have two senior female managers who sit on CNCo's Executive Committee. While it is worth noting that gender diversity has historically always been skewed in the shipping sector, we recognise this as a challenge and a potential detriment. The Company, and in particular our HR Department, continues to work on enhanced D&I strategies to better balance gender diversity at all job levels within the Company. We are planning to focus more on this D&I area in 2019.

There were 19 (or 1.2%) female officers among our seagoing employees, an increase from six in 2017. This remarkably low number of women at sea is reflective of the shipping industry (excluding the cruise sector) in general. We seek to encourage more women to join CNCo, and created of a culture where women feel safe and are supported.

In addition to our clear and explicit policies on equal opportunities and anti-harassment, we provide a Confidential Reporting hotline to deal with any issues, but we recognise that these passive or reactive policies and procedures are not enough.

Going forward we must take more positive action and we worked with PacTowage in PNG and The Department of Foreign Affairs and Trade (DFAT) responsible for the Australian Aid programme, to support a group of 20 PNG female cadets in 2018 as a start in attracting more women to work in the shipping industry.

We provide a Confidential Reporting hotline to deal with any issues.



CNCo welcomes its first batch of female cadets from Papua New Guinea

CNCo welcomed its first batch of female cadets, comprising five deck cadets and five engine cadets, from Papua New Guinea (PNG) in October 2018, as part of its efforts to develop local talent and improve gender diversity of its workforce.

On 28th October 2018, the deck cadets joined their first deep sea vessel, *MV Szechuen*, at Port Moresby. Having recently completed their basic training course, the deck cadets will undergo a four-month basic training tour supervised by a dedicated Cadet Training Officer upon joining *MV Szechuen*. The engine cadets are expected to join their first vessel in early 2019.

Developing local talent

Alistair Skingley, Country Manager of PNG and Solomon Islands, said, “CNCo currently employs approximately 100 seafarers from PNG across our fleet. Over the years, we have invested in their training and development so that they can grow their competencies and reach their full potential. We believe in the development of local talent and helping the communities in which we operate to thrive.”



Improving gender diversity

Traditionally, the maritime industry has been male-dominated; women make up an estimated 2% of the world’s maritime workforce, of which 94% work in the cruise and ferries sector. In 2017, there were seven (or 0.3%) female officers among CNCo’s sea staff. For many years, to encourage more females to join CNCo, the Company has had a gender-blind employment process supported by the creation of a culture where women feel safe and are supported.

Simon Bennett, General Manager of Sustainable Development, said, “CNCo has been working to increase its diversity both for our shore staff (aiming for more gender balance at senior and junior levels) and sea staff for some time.”

“Working to achieve more diversity and inclusion in our company is a key target for us going forward, and we look forward to expanding this programme, once it has been shown to successfully mature,” added Mr Bennett.

All cadets graduated from PNG Maritime College in Madang, Papua New Guinea, and are recipients of the Australia Awards Maritime Scholarships. Prior to joining the vessel, they went



through a three-day Safety Awareness Course conducted by CNCo’s Safety and Training Manager to familiarise themselves with company-specific safety policies and procedures. The cadets have obtained their Certificate of Competence and will be qualified to serve as watch keeping officers after gaining their mandatory sea time with CNCo’s vessels.

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

Being first-time cadets, we were taught the importance of safety awareness, a critical part of the safety culture that CNCo seeks to embed across the organisation. We learnt about safety through a variety of ways: through lectures, observations of shipboard activities and practical assessments. We learnt about the importance of every individual’s effort in keeping everyone safe.

The training programme has made us realise that in this profession, learning is very much an ongoing process and there is much knowledge to be gained. Seafaring as a career can be both challenging and exciting, regardless of your gender. As the first female cadets from our country, we are honoured and at the same time, aware of the tremendous responsibility we have in representing PNG. We aim to be become strong and competent officers, fuelled by excellence and a commitment to safety.

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

Left
Five female cadets from Papua New Guinea crossing the equator on *MV Szechuen*

We take a strong stance with respect to any form of harassment in the workplace. We have a robust system in place to address any such reported situations in a timely manner. We have in place a D&I Policy, a Respect in the Workplace Policy as well as our Code of Conduct, all of which further embed diversity and equality of treatment and opportunity into all our operations to ensure that all employees benefit from a welcoming, positive, innovative and out-performing work environment. We are committed to providing a safe environment where all our people are able to bring their authentic selves to work and be respected and recognised for what they do.

A diverse workforce is one whose members are not discriminated against. Accordingly, we require full compliance with applicable employment and other laws and will not tolerate unlawful discrimination* or harassment or any other breaches of applicable law. Our equal opportunities practices commit us to ensuring there is no unjustified discrimination in the recruitment, retention, skills training and competence development of our employees on the basis of aspects including: age, disability, ethnicity or ancestry, family responsibilities, gender identity, language (while 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.

In 2018 CNCo joined Women's International Shipping & Trading Association (WISTA) Singapore chapter as a corporate member to provide our female managers with the platform for industry networking and thematic events. WISTA has a consultative status at the International Maritime Organisation.

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

As an Equal Opportunity employer, we ensure that there is no instance of men and women with the same competence and / or experience being paid different rates for performing the same work. Salaries are set by our internal Compensation and Benefits Department, and are in accordance with local geographical market guidelines to enable us to both attract and retain the best talent. Executive pay is determined after discussions with external consultants, and are evaluations utilise benchmarked data from similar organisations. CNCo does not provide performance-based pay, equity or shares as part of its remuneration packages regardless of seniority. Bonuses are awarded for performance on a discretionary but equitable basis. Pensions are provided, as a minimum as per statutory requirements. For seagoing employees, all contractual conditions are, as a minimum, in accordance with the ILO MLC 2006.

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

CNCo was notified of two claimed cases of discrimination or harassment in 2018 through our Confide Line (for shore-based employees). All cases were immediately investigated by Senior CNCo Management and treated with utmost confidence. CNCo has solid systems and processes in place to deal with any alleged and actual situations, leading to a culture which is free of discrimination and harassment.

Women's International Shipping & Trading Association (WISTA)

The Swire Shipping team in Australia has signed on as the first sponsor for 2019 for Women's International Shipping & Trading Association (WISTA) Australia.

WISTA Australia is a non-profit organisation established in 2011 for women within the shipping and trade sectors to promote networking and educational opportunities for female participants in these industries for the betterment of the Australian and international trade. Its aim is to provide an alternative networking, mentoring and educational opportunity to women within these sectors. WISTA Australia is in turn a member of and guided by WISTA International.

Said Peta Kelly, Manager, Customer Service, Swire Shipping, "We are very pleased to be a 2019 WISTA Australia Silver Sponsor and in turn support the valuable work being undertaken in promoting greater diversity in the maritime and trade sectors."



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

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

Employer of Choice

CNCo has long been the Employer of Choice for most of our seagoing and shore-based employees. The average length of service in 2018 has decreased from 2017 figures to 5.34 years for our shore-based employees (from 5.40), to 5.10 years for crew (from 5.38) and increased significantly to 6.03 years for officers (from 4.90).

Long Service Awards

CNCo recognises employees for their long service and ongoing contributions to our business by presenting them with Long Service Awards. In 2018, we issued 91 awards to employees ashore and at sea for lengths of service ranging from 10 to 35 years. When these are added up, the total length of service recognised amounted to 1,195 years.

CNCo has a number of Welfare committees formed of passionate volunteers in our various offices around the world. They promote team building, networking and employee bonding in social, cross-functional and job group, and fun settings. A number of social events are held throughout the year and are an important part of building the Company's culture.

Years of Service	Shore-based employees	Seagoing employees
10 years	30	19
15 years	27	6
20 years	3	3
25 years	1	0
30 years	1	0
35 years	1	0

Rewards & Recognition Programme

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

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

We have in place a Global Reward and Recognition Programme to reward and recognise employees for extraordinary efforts.



Performance Management, Training and Development

Seagoing employees

CNCo puts significant emphasis on safety training for our seafarers. In 2018, we ran 33 Safety Awareness Courses (SACs) for senior and junior officers and ratings, covering 390 seagoing employees. In addition, six 'engine and electric cranes training' courses were provided for new seafarers and we sponsored 35 other courses ranging from cook training, welders training, logs and lashing, navigation training courses and many more.

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

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

The total cost of the discretionary training in 2018 was around USD 2 million. This is a very significant investment given the current shipping market conditions.

In 2018, 831 CNCo seagoing employees received 9,568 hours of training, or an average of 5.88 training hours per seafarer.

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

Shore-based employees

CNCo continues to invest in learning and development. Across the group, 655 shore-based employees received 3,210 hours of training, with an average of 3.09 training hours per employee. The overall cost of training for shore-based employees in 2018 increased to USD 322,716 (a 72% increase over 2017 levels).

We continue to run the "Greenbelt" programmes, which equip individuals with more advanced skills and training such as Lean Six Sigma methodology in the area of Business Improvement and Excellence. This training is on-going.

We also continued to run Leadership Development Programmes in Singapore for managers at Team and Operational Leader levels. These programmes seek to equip managers with the requisite leadership competencies and skills such that they can lead their teams more effectively. CNCo employees were encouraged to access the extensive selection of on-line learning resources through *SwireConnect* to learn new skills and acquire new knowledge at no cost to them and at their own convenience.

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



Swire Marine Leadership Programme in 2018

CNCo conducted the Team Leaders Development Programme (TLDP) programme from 27th to 29th August 2018, and the Operational Leaders Development Programme (OLDP) between 3rd and 5th September 2018, as part of its ongoing efforts to nurture the current and future leaders of the company. For this fifth run for TLDP and third run for OLDLP, a total of 24 team leaders and 15 operational leaders from different business units within CNCo and Swire Pacific Offshore (SPO), our sister company, came together. The aim was to apply the learning from earlier this year on self-insight into an understanding of others, as well as how to leverage this learning to drive high performance and engagement. Participants acquired skills and knowledge in areas such as taking strengths-based approaches, effective communication, coaching, and feedback, as well as the five factors that could cause dysfunction in teams.

TLDP Module – Commentaries

"I have found the TLDP courses interesting and engaging with the modules building upon each other nicely. Last module we learnt the first step towards leadership is control over ourselves. This module we delved into team dynamics and coaching. I will personally endeavour to apply structure whenever I give feedback."

Rhea Nera, Business Excellence Manager, CNCo

OLDLP Module – Commentaries

"OLDLP Leading Teams Module was a valuable learning experience with a focus on maximising team strengths, the importance of creating a shared vision and the concept of generating 'ideas and possibilities' in the 'spirit of exploration' before jumping into feasibility and 'what won't work'. To me, this last point is extremely significant, as it will form a vital part of how we look at the digital plan and future for the business."

Peta Kelly, Customer Service Manager, CNCo

Driving Performance and Developing Potential Framework



CNCo implemented performance and development framework and rolled out the process in phases throughout 2018. Robust performance and development processes are critical in ensuring a good understanding on how employees can contribute to the overall business objectives, how they can reach their full potential and how they can have a long and rewarding career with CNCo.

The driving performance and developing potential framework aims to support both our people and our business by:

- Creating a culture of high performance, led by our leaders;
- Developing the capability of our managers to inspire and drive high performance and manage poor performance;
- Developing the capability of our team members to ensure they have the skills and behaviours to proactively develop themselves for now and the future;
- Improving our performance policies and processes to deliver value to all employees and stakeholders.

Redesigned Management Trainee Programme

The CNCo Management Trainee programme has been redesigned to be a truly global graduate programme aimed at attracting, engaging and developing local talent within the areas in which we operate and the global shipping industry.

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

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

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

Management Trainee Programme

The Management Trainee (MT) programme at CNCo is a fast-track and structured programme that provides trainees with opportunities to travel the world and to live and work in different locations.

In July 2018, five new trainees joined the MT programme in Singapore. As part of their two-week familiarisation programme, the MTs and business leaders participated in a team building activity where everyone showed off their creative flair – creating scrumptious and delicious food.

Team Singapore whipped up popular local dishes - chicken rice, chili crab and ondeh ondeh (sweet potato balls with a brown sugar centre) while Team Japan hand crafted softshell crab sushi, baked salmon and bite-sized matcha madeleines for dessert.

While both teams impressed the judges, ultimately Team Singapore walked away as champions. But with good food and great company, everyone was definitely a winner!

The CNCo Management Trainee programme has been redesigned to be a truly global graduate programme aimed at attracting, engaging and developing local talent within the areas in which we operate and the global shipping industry.

5 | Our Communities

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

- 61** Supporting Seafarers Worldwide
- 63** Supporting Our Key Stakeholder Communities
- 68** Corporate Philanthropy and Volunteering
- 70** Environment and Biodiversity
- 71** Supporting Research Programmes
- 72** Waste Recycling Project in the Pacific Islands
- 73** Project Cerulean

Supporting Seafarers Worldwide

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

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



Supporting ASSM Dependents Association (ASSMDA) in 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. CNCo provides on-going assistance for the monthly operating costs of ASSMDA through joint funding with our sister company, Swire Pacific Offshore.

ASSMDA provides voluntary assistance to our 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.

Conquering the Great Wall of China for a worthy cause - Sailors' Society

In May 2018, eight SPO and CNCo colleagues joined 43 professionals from across the maritime industry to take part in the "Great Wall of China Challenge". This fundraising expedition was organised in celebration of Sailors' Society's 200th anniversary. Participants were required to hike a total distance of 25 kilometres along the Great Wall of China from Jiankou to Coiling Dragon Hill.

The CNCo teams, together with their colleagues from our sister company, Swire Pacific Offshore, contributed to the USD 115,000 raised for Sailors' Society. This will go a long way in supporting seafarers' welfare around the world and allow the world's oldest maritime welfare charity to expand further afield and reach more individuals and their families.

Just the week before the challenge, Sailors' Society announced its expansion into China, now home to the largest number of seafarers globally. Sailors' Society's Crisis Response Network is also now available to Chinese seafarers and the charity is identifying local partners who will be able to provide port-based welfare provision as well as creating new chaplaincy posts within the country.



This fundraising expedition was organised in celebration of Sailors' Society's 200th anniversary. Participants were required to hike a total distance of 25 kilometres along the Great Wall of China from Jiankou to Coiling Dragon Hill.

Supporting Our Key Stakeholder Communities

Swire Shipping Talent ID Programme in PNG

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

CPNG, in association with Swire Shipping / CNCo has been running the Swire Shipping Talent ID Programme since September 2015, with the aim to find the next Barramundi and Lewas players from around PNG. The programme is conducted by CPNG's High Performance Department which is tasked with managing PNG's 4,000+ cricket talent across the country. This programme is ongoing till December 2019.

In 2018, eight Swire Shipping Talent Camps around the country and four Swire Shipping Talent ID Targeted Camps in Port Moresby have been conducted.

Swire Shipping Talent ID Programme in full swing

In July 2018, 52 youths across Papua New Guinea have been selected to take part in the latest Swire Shipping Talent ID Programme which ran through the term break.

To observe these young talent, Cricket PNG hosted them for a week, which began with masterclasses from the Hebou PNG U19 Garamuts coach, Kila Pala.

Talent ID Coach, Rodney Maha, identified the best players who came from Kimbe, Alotau, Lae, Central and Port Moresby to join the academy - the Hebou PNG U19 Garamuts squad.



CPNG, in association with Swire Shipping / CNCo has been running the Swire Shipping Talent ID Programme since September 2015, with the aim to find the next Barramundi and Lewas players from around PNG.

Supporting Fiji Rugby Union

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

Pictured: Chris De Villiers, Regional Manager, Pacific Islands, CNCo and FRU CEO, James O’Connor at the press conference to announce the sponsorship.



"The sponsorship will support and help the development of the sport in Fiji and the region."

Chris De Villiers
Regional Manager - Pacific Islands

Boost for Fiji Rugby

CNCo signed a three-year partnership agreement with the Fiji Rugby Union (FRU) on 2nd May 2018 as a sponsor of the FRU with naming rights to the Fiji Warriors and Fiji Tuwawa Tens Team.

Speaking at the announcement, FRU CEO, James O’Connor said that they were happy to have sealed the deal with the globally renowned company, for the next three years.

“I would like to thank Swire Shipping and Swire Bulk for coming on board as a major sponsor for the FRU and the two teams. This partnership will give our brand a stronger global presence and it is fantastic to add another quality member to our Fiji Rugby family,” he said.

Swire Shipping will feature on the front of both the Fiji Warriors and Fiji Tuwawa Tens Team jerseys. As part of CNCo’s ongoing commitment to the communities in Fiji, Regional Manager - Pacific Islands, Chris De Villiers said that the sponsorship will support and help the development of the sport in Fiji and the region.

“We are grateful that we can partner with the FRU as this gives us an opportunity to get more involved in sports-based community development,” he added.

Right:
CNCo Fiji staff with CWM Hospital personnel

Swire Shipping’s Fiji office helps to refurbish children’s medical procedure room

From 1st to 4th October 2018, colleagues from our Suva branch in Fiji participated in a community outreach project to refurbish the Paediatrics Procedure room in the CWM Hospital’s Children’s Ward. Among the participants were the Swire Shipping Fiji Warriors team members.

Human Resource Manager, Ashika Chand, said that the painting of the Children’s Ward Procedure room and the ward visit by the Fiji Warriors team members were part of the Company’s community outreach programme for 2018. “This community project is part of our wider initiative to serve the communities we work in. As sponsors of the Fiji Warriors 15’s team, we also asked them to join us in this meaningful activity.”

Expressing her sincere appreciation for the work carried out at the procedure room, CWM Hospital Pediatrics Head of Department, Dr Ilisapeci Tuibeqa, said, “We are grateful for the kind and thoughtful gesture of giving back to our children. Annually, this room receives about 10,000 patients on its own and carries out about 15,000 to 20,000 procedures for children up to 16 years old every year.”



Hanuabada Village Fire Appeal Project

In August 2017 a devastating fire swept through three clans in the village of Hanuabada in Port Moresby, destroying 18 houses and partially affecting 12 other houses in the vicinity. The unfortunate accident resulted in 250 people getting displaced. These included the families of some of our current staff from the Port Moresby office.

The Hanuabada Fire Appeal - NSW (HBFA-NSW) - led by CNCo employees, with the support of Swire Shipping Australia, CNCo headquarters and Oatley Uniting Church raised a substantial AUD 21,555.15 between August 2017 and February 2018. In addition to monetary donations, two 20ft containers were shipped from Sydney and Brisbane to Port Moresby and personally delivered to the victims.

In August 2017 a devastating fire swept through three clans in the village of Hanuabada in Port Moresby, destroying 18 houses and partially affecting 12 other houses in the vicinity.



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

Mahonia Na Dari (Guardian of the Sea) a local marine environment research and conservation education centre based in West New Britain asked CNCo to assist with infrastructure funding (Capex) for non-income generating facilities to support its research, marine education and conservation centre in Kimbe Bay, PNG, where half of all coral species in the world can be found.

Their buildings were deteriorating fast and the financial constraints of MND meant that it could not divert education programme grant funding to infrastructure or equipment maintenance. After investigating MND's 21-year history and inspecting the site, CNCo offered a three-year infrastructure maintenance sponsorship offer which will put new roofs on MND's leaking buildings. Between June and November 2018 MND spent the full first year's sponsorship allocation replacing saksak roofs with metal sheeting roofs and completing essential repairs for six of the worst leaking buildings.



BIG HAUS KITCHEN: Replaced seriously deteriorated saksak traditional materials roof with new metal roof. Completed 25 July 2018

The most urgent was a dormitory used for visiting school students involved in marine environment education and conservation programmes.

MND's Finance and Administration Manager, Elizabeth Marisa said that without the timely sponsorship rescue, *Mahonia Na Dari* would have been in very serious trouble.

"Not only do we now have six new roofs but China Navigation Company / Swire Shipping also donated a Toyota Hilux which is very useful to the building team when they move materials. Our carpenters, Peter Waka and Stanis Eki both of nearby Kilu village have done well to replace these roofs, often working in very hot, difficult conditions. In some buildings they had to replace walls and framing due to water damage."

"China Navigation Company has saved us."

Peter Miller
Director of MND



HOUSE #7 Replaced seriously deteriorated saksak traditional materials roof with new metal roof. Re-roofing completed 9 August 2018.

Swire Shipping proud to partner Friends of Fiji Heart Foundation

As part of Swire Shipping's continuous commitment to the community, the Suva and Lautoka Fiji branch offices provided free storage of surgical equipment and delivery of surgical supplies for charity organisation: "Friends of Fiji Heart Foundation", for the fourth year running.

The Friends of Fiji Heart Foundation is a New Zealand registered charitable foundation that performs free operations for poor and needy citizens of Fiji suffering from valvular heart diseases.

Three container loads of surgical equipment and supplies were stored by Swire Shipping and successfully delivered to CWM Hospital, Suva's main hospital, and Lautoka Hospital where the operations were carried out.

Harvey Balekiwai, a Container Freight Station Supervisor at Suva, said that it was one way of helping the underprivileged people of Fiji. "This is the fourth year we have provided storage for Friends of Fiji Heart Foundation and we are grateful to be giving back to the community in any way possible," he said.



Harvey Balekiwai & Niko Turaga with the Surgery equipment used by the Friends of Fiji Heart Foundation in Fiji

Mahonia Na Dari – “Guardians of the Sea”

Mahonia Na Dari (MND), or “Guardians of the Sea” started in 1997, through cooperative effort between The Nature Conservancy, the European Union Islands Regional Environmental Programme and Walindi Plantation Resort.

MND operates from the Walindi Nature Centre in Kimbe Bay which has one of the most diverse oceanic ecosystems in the world. It provides educational programmes and research facilities for both local schools and international institutions.

MND’s mission is to understand and conserve the natural environments of Kimbe Bay and PNG for the benefit of the present and future generations. This has been and continues to be achieved by supporting local resource management initiatives.

MND has reached out to more than 150,000 students and teachers, local communities and other organisations.



Peter Miller, Director MND and Neil Carraher, Commercial Manager, Swire Shipping.



Assistance to the Family Support Centre in Honiara, Solomon Islands

CNCo is providing assistance to the Family Support Centre (FSC) in Honiara, Solomon Islands on the programme: Responding to Violence Against Women and Girls in Solomon Islands (RVAW) managed by International Women’s Development Agency.

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

Over 2018, the programme served 255 clients with 115 counselling services and 143 legal services provided.

Over 2018, the programme served 255 clients with 115 counselling services and 143 legal services provided.

Corporate Philanthropy and Volunteering

In 2018, we ran three events for our Singapore employees:

- Kallang River clean up in partnership with Waterways Watch Society
- Coney Island Beach Clean-up
- Project 'Painting smiles' in partnership with Central Singapore Community Development Council to paint a series of colourful murals and mingle with the residents of the Bishan Home for the Intellectually Disabled

Our employees in Singapore spent 238 hours doing voluntary work in 2018.

Beach clean-up in Singapore

As part of our ongoing efforts to promote environmental consciousness, the Sustainable Development team organised a volunteering session for CNCo and SPO employees in Singapore on 16th March. The activities for the Friday afternoon were leaf mulching and a clean-up of one of the beaches of Coney Island, located off the northeastern coast of Singapore.

Rubbish that accumulates on beaches mostly comes from the shore and the most common type of rubbish collected on the day was plastic. Within one hour, the 28 volunteers gathered 21 bags of rubbish from just a stretch of 360m of beach!



Singapore colleagues help clean Singapore waters

Continuing our partnership with Waterways Watch Society (WWS), the SD team organised an environmental corporate volunteering programme on 30th November 2018.

As both CNCo and SPO offices are located in the Concourse building which overlooks the Kallang River, we felt that it was opportune to share with colleagues the efforts behind the scenes to keep the river clean, the types of trash found in the water and how we could maintain cleanliness and support the environmental cause.

More than 30 shore-based employees spent the afternoon on kayaks, bicycles and a pedal-boat, collecting trash from the river and along the coastal areas in the vicinity. This is the second collaboration with WWS to raise awareness and inspire stewardship of environmental protection of the waters in Singapore.



More than 30 shore-based employees spent the afternoon on kayaks, bicycles and a pedal-boat, collecting trash from the river and along the coastal areas in the vicinity.

Environment and Biodiversity

Partnership with Endangered Species International in South Mindanao, Philippines

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

We are very proud of this programme that has developed into a long-term partnership since its establishment in 2013, and for which our caring seafarers willingly volunteer to enhance the biodiversity in their communities.



Back to saving Philippine turtles

After a year's break, CNCo's volunteers returned to South Cotabato in the Philippines as part of our on-going partnership with Endangered Species International (ESI) to assist with conservation efforts to protect endangered Philippine fresh water turtles. Prior to participation, Martin Pitt, Swire Representative, SPSM Rep Office Manila, completed a pre-visit security appraisal which involved meetings with government officials, the police and other agencies to determine if we could resume our Corporate Social Responsibility projects in the area which was affected by the conflict in northern Mindanao (Marawi) in 2017. After getting the "all clear" our first team of CNCo volunteers headed to Tupi, South Cotabato, between 16th July and 21st July 2018. The team comprised five team members: Bosun Melicio Berja (Team Leader), Cook Jonathan Mona, Deck Cadet John Levi Tan, Wiper Ronie Bungcasan and OS Darryll Macaraeg.

Within five days CNCo volunteers, together with ESI staff and local communities, were able to collect 120 rare native tree species from the forest floor of Mt. Matutum under the guidance of a ESI field biologist, completed the construction of a tree nursery for wildlings, planted 100 native trees, weeded the ground for 350 planted and naturally growing trees, as well as conducted monitoring of 150 trees planted by previous volunteers.

"I'm thankful and happy for the opportunity to help preserve and conserve nature and also to help the community - Blaans tribe - living in Mt. Matutum. Their hospitality and warmth in welcoming us was really heartwarming. While it was tiring building the nursery chamber for the wildlings we collected, it was, at the same time, very rewarding to be able to play our role in conserving the natural habitat for the animals. Thanks, CNCo for picking me as one of volunteers for this project!"

OS Darryll Macaraeg "I had a wonderful time during the trip. Climbing the mountain to get the wild plants for preservation was an interesting experience. If given another chance to join the turtle trip, I will gratefully accept it."

Cook Jonathan Mona

Within five days 120 rare native tree species were collected from the forest floor of Mt. Matutum

Supporting Research Programmes

Swire National Oceanographic Centre Ocean Monitoring System (SNOMS)

CNCo continues to support the UK National Oceanography Centre through a multi-year SNOMS programme, a part of the ocean monitoring project, by installing monitoring equipment on board one of our liner vessels. CNCo sponsored the upgrading and reinstallation of the SNOMS data collection box and the on-going operational data collection expenses. The measuring devices were installed on *MV Shengking* in 2016 to provide vital data on the oceans' ability to slow the build-up of carbon dioxide in the atmosphere and mitigate ocean acidification leading to coral bleaching and threatening some crustacean species.

Data collection was on-going but was suspended from September till December 2018 to permit an upgrade to the new plastic housing to reduce damage to the connectors and sensors and will resume in 2019.



Supporting Vancouver Fraser Port Authority's commitment to saving whales

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

The long-term goal of the ECHO Programme is to develop mitigation measures that will lead to a quantifiable reduction in potential threats to whales as a result of shipping activities. The initiative aims to save the tightly location-specific population of southern resident killer whales which number 74 currently, a 30-year low.

The programme started in 2017 and continued in 2018. During the months of the trial, vessels were reducing speed to less than 12 knots during transits of sensitive areas.

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

“We are really proud to be part of this voluntary programme in the on-going efforts for the recovery and survival of the killer whale population. We hope our efforts will help, as part of our wider commitment to playing a positive role in the communities we work and live in,” said Frank Leigh-Spencer, Port Captain North America, CNCo.

Waste Recycling Project in the Pacific Islands

Moana Taka Partnership

The 26 Pacific Island Countries and Territories (PICT) represented in the region by the Secretariat of the Pacific Regional Environment Programme (SPREP), the regional coordinating organisation of UNEP dedicated to the protection and sustainable development of the Pacific Islands' environment, are responsible for managing 10% of the world's oceans. Their eight million population is almost wholly dependent on imports and have limited land mass and few options to properly process or recycle waste on the islands.

The PICT has amassed a huge amount of waste, much of it hazardous, and includes large amount of plastics collecting in their overflowing landfills. These are being washed into the surrounding seas when typhoons come through. Waste also continually enters the region on ocean currents from fishing vessels and from cruise ships and container ships. It is not commercially viable for the PICT to ship out / locally recycle these waste streams.

CNCo and SPREP signed a Memorandum of Understanding (MOU) in March 2018 to address critical waste management issues in the Pacific Islands under the project *Moana Taka Partnership*. Under this project, CNCo provides both containers and ocean freight carriage,

on a free of charge basis, for certain type of recyclable waste from PICT to be sustainably treated and recycled in pre-selected and approved suitable and competent facilities in Asia Pacific.

The project started in the beginning of 2018 and CNCo and SPREP focused on raising awareness of the programme in the region and piloting a couple of shipments as well as establishing a Project Charter and setting up a governance system in place. The two shipments took place in 2018:

- 14,140 kg of plastic clippings from Suva to Brisbane; and
- 24,274 kg of heavy steel scrap metal from Apia to Brisbane.

More shipments will take place in 2019 as the programme is gaining momentum.

"Better waste management is absolutely critical for Pacific island nations. Landfills should be the last option and throwing it all in the ocean is not an option. We need to innovate, and this kind of public-private partnership is the way forward. Only when we work together can we overcome one of the biggest environmental challenges of our time," said Mr Erik Solheim, Executive Director of UN Environment.

"Better waste management is absolutely critical for Pacific island nations. Landfills should be the last option and throwing it all in the ocean is not an option. We need to innovate, and this kind of public-private partnership is the way forward."

Erik Solheim

Executive Director of UN Environment



James Woodrow, CNCo MD and Simon Bennett, GM, Sustainable Development at the MOU signing in Singapore.



Kosi Latu, Director General of SPREP, signing the MOU in Samoa.

Project Cerulean

The University of the South Pacific (USP) and CNCo signed a ground-breaking Memorandum of Understanding (MOU) to research new-generation, low-carbon ships for the Pacific region in November 2018. Under the MOU, feasibility studies for the design costs and plan for new generation ships for the Pacific region which is committed to low carbon sea transport would be conducted.

The project, named *Project Cerulean* (with a nod to the emerging attention being given to the blue-green economy) aims to develop a new class of small cargo freighter, which, once proven to be commercially and operationally viable, can be scaled up to provide a cost-effective solution for currently marginalised communities in the Pacific Island Communities and Territories (PICT).

In the near term, the project's first aim is to design, build and pilot a low-carbon Project Ship to service the PICT in partnership with the Micronesian Centre for Sustainable Transport (MCST).

PICT are almost wholly reliant on sea transport for essential imports and other vital transfer of people and goods. Sea transport, especially at the domestic level, has always presented a particularly difficult issue for PICT to find long-term, sustainable, cost-viable solutions for periods of low energy costs. Further (for example) 30% of Fiji's imports by value is fuel, so anything this project can do to reduce the reliance on imported fossil fuel is a win for PICT's economies and a win for global climate in addition to supporting capacity building in remote communities.

Lack of appropriate and viable transport is a major barrier to developing economies and social service delivery, especially for remote areas. Many routes are uneconomic using conventional shipping solutions and require increasingly high government subsidies to maintain.

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



Professor Derrick Armstrong, Deputy Vice-Chancellor, Research, Innovation and International, and Simon Bennett, General Manager, Sustainable Development at CNCo after the MOU signing

“We want to raise economic capacity in the South Pacific as the vessel will be able to service the outlying communities in the region, which are not currently on main line routes. This really is our way of giving back to the community as we will be building the freighter specially for the South Pacific.”

Simon Bennett
General Manager - Sustainable Development
CNCo

6 | Our 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 and protecting and, where viable, enhancing the biodiversity of the environment.

Environment and Our Business

- 75** Our Environmental Goals and Commitments
 - 76** Environmental Initiatives and Achievements
 - 78** Reporting Our Environmental Performance
 - 79** Energy Consumption and Emissions
 - 80** Environmental Training
 - 81** Biodiversity
 - 82** Industry Leadership
 - 83** Sustainable Ship Recycling
 - 84** Eco-Office and Green Guidelines
-
- 85** Climate Change and Our Business

Environment and Our Business

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



Our Environmental Goals and Commitments

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

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

Our progress for the bulk and liner fleets' EEOI since 1st January 2014 (using 2013 as a baseline) is shown in the graphs on page 108.

The EEOI figures for liner fleet show a downward trend from 2017, but remains cyclical with a slight increase towards the last quarter of the year due to the high correlation between the vessel speed while maintaining schedule integrity and volumes of cargo carried. Swire Bulk's EEOI has been declining over the last six months of 2018 due to higher utilisation rates and shorter ballast voyages. While we are still 28% above our target for liner fleet and 3% above our target rate for bulk fleet, we have been making progress by deploying more fuel-efficient vessels, rationalising individual trades and focusing on operational efficiency. We will continue to monitor emissions for each vessel on a *per voyage* and an annual basis and use the IMO EEOI metric as our baseline.

Other objectives (KPIs) towards achieving net zero environmental impact by 2030 include:

- Ensuring that our Energy Efficiency Design Index (EEDI) compliance index is at $\leq 80\%$ for all relevant liner and bulk vessels on delivery to CNCo (deriving more transport work efficiency from less fuel). Progress by the end of 2018 was EEDI = 76.18% for bulk fleet and 72.97% for liner fleet.
- Ensuring that our Existing Vessel Design Efficiency (EVDI) to be $\geq 50\%$ better than the baseline upon taking delivery of the vessels.
- Implementing three pilot technical or operational initiatives that can lead to a 50% reduction in an atmospheric environmental impact of the liner, bulk and bulk logistics fleet.

We are committed to a target of zero pollution incidents and our ultimate goal is for our operations to have a net zero impact on the environment and its biodiversity.

Environmental Initiatives and Achievements

In an ever-challenging and competitive market, CNCo continues to look for innovative ways to manage its operating costs more efficiently and effectively.

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

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

- The company has taken an innovative step in creating an internal fleet efficiency KPI scorecard which tracks monthly fuel performance of the vessels. The scorecard showcases excess consumption of fuel in metric tonnes and its development throughout the year. The scorecard is the basis for decision making on both operational and technical performance improvements across the fleet.
- Maintaining high focus on fuel efficiency by sharing a monthly factsheet with the fleet which breaks down important information pertaining to fuel efficiency in an easy to understand format.
- Using the scorecard data to address irregularities through dialogue with vessel officers on the reasons and actions to be taken, as well as driving management decisions on scheduling propeller polishing and hull cleaning.

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

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



The initiatives to improve fleet fuel efficiency performance include:

- ✓ Monitoring voyages on-line and taking actions in case of speed deviation;
- ✓ Optimising and monitoring trim across multipurpose vessels (MPV) and bulk carriers' fleet;
- ✓ Using high quality anti-fouling and slime release technology paints for under-water hull areas;
- ✓ Premature dry-docking of a number of poor performing vessels to clean or renew the under-water paint system to improve fuel efficiency;
- ✓ Monitoring hull and propeller performance;
- ✓ Monitoring electrical and boiler consumptions across the fleet.

We use an internal fleet efficiency KPI scorecard which tracks monthly fuel performance of the vessels. The scorecard showcases excess consumption of fuel in metric tonnes and its development throughout the year.

The scorecard is the basis for decision-making on both operational and technical performance improvements across the fleet.

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

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

Those efforts translated into USD 10 million in fuel savings and the reduction of 78,850 tCO₂ emissions to the environment over the reporting period in 2018.



We use an internal fleet efficiency KPI scorecard which tracks monthly fuel performance of the vessels. The scorecard showcases excess consumption of fuel in metric tonnes and its development throughout the year.

Reporting Our Environmental Performance

As part of our compliance with global data reporting requirements we report Energy Efficiency / GHG Emissions' data:

1 EU Monitoring, Reporting and Verification ("MRV")

Fleet efficiency team has been submitting MRV data to *Verifavia*, CNCo's MRV verifier, on a monthly basis. Vessels with verified monitoring plans are the S-class plus all owned and managed Bulk vessels.

2 IMO Data Collection System ("DCS")

Verifier for DCS is Lloyd's Register. DCS' monitoring plan is being added to vessels' Ship Energy Efficiency Management Plans (SEEMP) Part II. All CNCo owned and managed vessels had a class / flag verified SEEMP Part II by end of 2018.



Energy Consumption and Emissions

Emissions from combusting marine fossil fuels in internal combustion engines in 2018 amounted to 1,735,597 tCO₂ representing 99.5% of our Scope 1 emissions (HFO / MGO / LO Marine fuel and escape / use of refrigerants).

Scope 1 plus Scope 2 (from use of commercial electrical power) gave a total of 1,744,680 tCO₂ emissions from CNCo's operations.

Scope 2 emissions are immaterial in relation to our Scope 1 emissions (0.024%) and contributed 423.8 tCO₂ to the figure above.

Scope 3 emissions from shore and crew air travel contributed 5,822 tCO₂ which is a low contributor (0.333%) to total GHG footprint.

The overall emissions figure for Scope 1 and 2 increased by 20.7% on the prior year and is directly reflective of the increase in our fleet size by 21.3%.

We also measure emissions of SO_x, NO_x, Particulate Matter (PM) and Volatile Organic Compounds (VOCs). As they are related to Scope 1 emissions, their numbers have been fluctuating accordingly with an average of 20% increase on 2017 figures.

A summary of all these figures are presented in the Environmental Summary report (see page 107).



CNCo to launch eight newbuild container vessels

Eight new vessels are being constructed to allow fleet expansion and tonnage renewal for both the Mihos and Challenger fleets. Designed by SDARI – China's leading ship design house and built in Guangzhou Wenchong shipyard – these vessels will be our largest new-buildings in terms of container capacity and deadweight. Four of these are 2350 TEU vessels with deadweight tonnages (DWT) of 30,450, and the other four are 2750 TEU vessels at 33,600 DWT.

These pure container vessels feature a modern integrated bridge design and will be delivered with VSAT capability. Internet connectivity allows for additional technical support and easy communication for our seafarers while at sea.

The vessels will have an enhanced cargo capability in holds number 3 and 4, which will have cell guide stoppers and strengthened tank tops that enables use in multiple roles. The pontoon hatch covers have been additionally strengthened to allow for project cargo to be carried on deck.

Considerable effort has been made to reduce power consumption in all areas of the ship. The hull shape is optimized for fuel efficiency and LED lighting is fitted throughout the ship to provide energy efficient illumination.

Open loop hybrid-ready scrubbers are on order to be installed to comply with the 0.5% sulphur limit which comes into force on 1st January 2020. Hybrid scrubbers provide the flexibility, with some modifications, to operate in a closed loop.

The ship's larger capacity and smaller footprint will broaden deployment opportunities within Swire Shipping's main trading areas.

We look forward to receiving the first vessel, *MV Changsha*, in late 2019. The remaining vessels, *MV Chefoo*, *MV Chekiang*, *MV Chengtu* will be delivered between late 2019 and 2020.

Environmental Training

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

CNCo provides training on the optimum use of the SEEMP to all Ship Managers and seagoing employees via computer-based training, available on all our ships. We provide our seafarers with various environmental awareness modules via our extensive Videotel™ collection. In addition to this training, monthly Health, Safety and Environment (HSE) meetings are held on all CNCo vessels, at which relevant environmental topics are raised and discussed.

Responsibility in our supply chain

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



CNCo provides training on the optimum use of the SEEMP to all Ship Managers and seagoing employees via computer-based training, available on all our ships.

Biodiversity

At CNCo, we understand that maintaining responsible stewardship of the biodiversity that we impact is important to maintaining a resilient natural environment. There is a need to protect and enhance the ecosystems in which we operate and impact to help nature flourish. Various inputs to our operations such as fuel, paints, ballast water, food and packaging, cargo packing materials, lubricants and chemicals are vital to our operations and help to improve the efficiency of our vessels.

However, these inputs may also result in negative impacts on the biodiversity in the areas in which we operate. To achieve our goal of sustainable development and in line with global biodiversity regulations, a greater understanding and emphasis of ecosystem resilience is required. There is a need to assess and identify biodiversity issues of concern to eliminate or minimise the adverse impacts on biodiversity. We have in place Biodiversity Issues of Concern and Biodiversity Action Plan for our business to develop understanding of the potential impacts and mitigate them.



We have in place Biodiversity Issues of Concern and Biodiversity Action Plan for our business to develop understanding of the potential impacts and mitigate them.

Industry Leadership



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

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

It aims to:

- improve transparency in the ship recycling value chain;
- increase disclosure of ship recycling policies and practices;
- allow and encourage cargo owners, investors and other stakeholders to make informed decisions when using shipping companies and to incentivise improvements;
- create a level playing field for ship owners on ship recycling.

The SSI is a coalition of shipping leaders from around the world, formed to take practical steps to tackle some of the sector's greatest opportunities and challenges.

Sustainable Ship Recycling

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

CNCo has a Sustainable Ship Recycling Policy in place stating that all vessels at the end of their working life will be sent for recycling to yards that, as a minimum and even prior to its full ratification, adhere to the Hong Kong International Convention for the Safe and Environmental Sound Recycling of Ships (HKC) that was adopted on 15th May 2009 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 CNCo recycles its assets in a sustainable, safe and in an environmentally responsible manner.

During the year, we oversaw the successful sustainable recycling (zero injuries, zero pollution incidents, increased level of HKC compliance and social commitment) of *MV Island Chief*, at an HKC compliant Ship Recycling Facility (SRF) in India (Plot 13).

Recycling started in December 2018 and all works were completed in April 2019. The SRF fully accepted our requirement for external independent auditing, visits by our GM SD and the stationing of a HKC "Compliance Monitoring Team" at the SRF at all times when demolishing work was taking place. This was at additional discretionary cost to CNCo, and helped ensure that capacity-building continued and that standards and best practices were maintained throughout the recycling process.

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

MV Island Chief sustainable recycling statistics:

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

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

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



CNCo has a Sustainable Ship Recycling Policy in place stating that all vessels at the end of their working life will be sent for recycling to yards that, as a minimum and even prior to its full ratification, adhere to the Hong Kong International Convention for the Safe and Environmental Sound Recycling of Ships.

Eco-Office and Green Guidelines

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

CNCo's offices have held the Singapore Environmental Council Eco-Office Certification since 2012.

Our employees have embraced Eco-Office practices together with the approach to environmental sustainability.

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

To view the Swire Green Guidelines, please visit:
<http://bit.ly/2m6uRQi>



Promoting sustainable workplace practices

As part of our commitment to promoting sustainable workplace practices, all work station bins at the Fiji office have been removed. Instead, three recycling bins are now available at the office for waste disposal.

The change is aimed at promoting waste segregation and recycling practice in the office. The three waste disposal bins are classified as paper, plastic and general waste. Human Resource Manager, Ashika Chand said the change was implemented to promote wastage and wellness in the office.

"We want to give back to the environment and the recycling companies so that they can form waste into something that is reusable. We have also seen that staff members do not move out of their work stations most of the time, thus in implementing this change we are encouraging our staff to get up from their work station and walk up to bins to throw their rubbish in the recycling bins." Sustainability is the way to go.



Climate Change and Our Business

UNFCCC Paris Agreement and IMO Emission reduction strategy

The UNFCCC 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 the environment. Shipping is one of the fastest growing sources of transport greenhouse gas emissions. Maritime transport emits around 850 million tonnes of CO₂ annually and is responsible for about 2.3-2.7% of global Greenhouse Gas (GHG) emissions (Source: International Maritime Organisation (IMO) report to the IPCC 3rd Greenhouse Gas study).

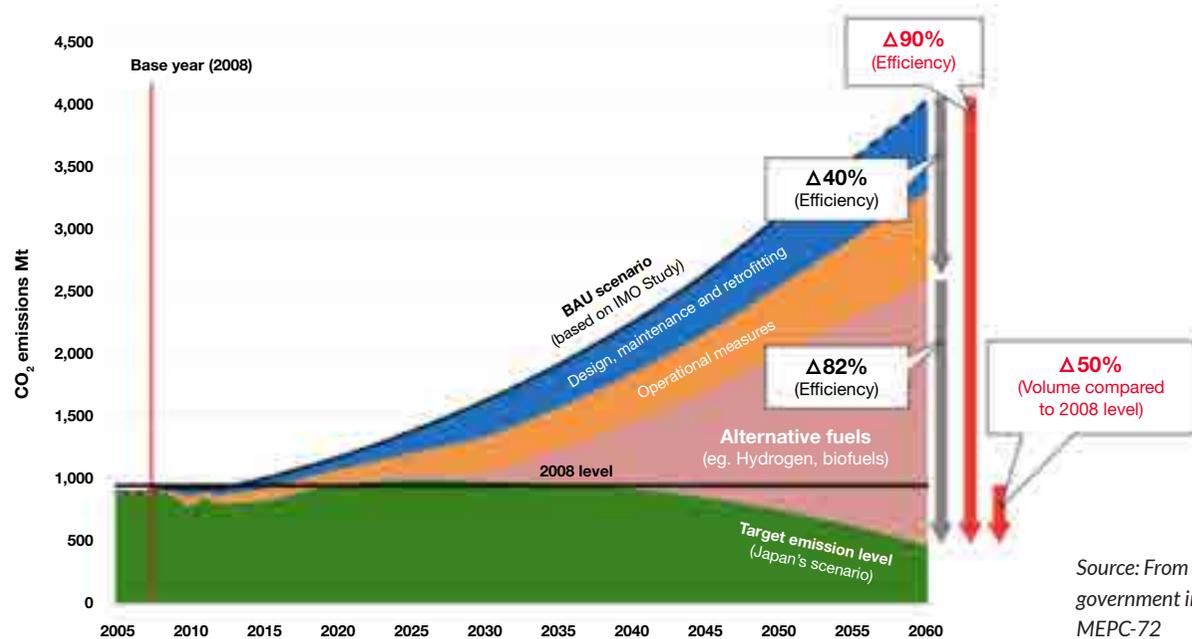
Shipping emissions are predicted to increase between 50% and 250% by 2050 – depending on future economic and energy developments – if no action is taken. This is not compatible with the internationally-agreed goal of keeping the global temperature increase to well below 2°C, and to aim to limit it to 1.5°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 increase below 2°C, the maritime sector could represent a very significant 10% of global GHG emissions by 2050.

After over a decade of study and discussions, in April 2018, IMO at Marine Environment Protection Committee (MEPC) 72 finally adopted an initial emission reduction strategy in line with the UNFCCC Paris Agreement of December 2015 (noting that the aviation and maritime sectors are excluded from Kyoto and Paris Agreements due to the transboundary nature of their operations). This requires that the shipping industry must reduce its total annual GHG emissions, with the following level of ambition set by the IMO:

1. Carbon intensity of the ship to decline through implementation of further phases of the Energy Efficiency Design Index (EEDI) for new ships to 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 CO₂ emissions per transport work, as an average across international shipping, by at 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 emissions 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 of CO₂ emissions reduction consistent with 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 a Market Based Measure (MBM) such as an Emissions Trading Scheme (ETS).



Source: From the Japanese government input study to IMO MEPC-72

Shipping emissions are predicted to increase between 50% and 250% by 2050 – depending on future economic and energy developments – if no action is taken.



Implementation of Sulphur 2020 Limit

The new lower 0.5% limit on sulphur in ships' fuel oil will be in force from 1st January 2020, under IMO's MARPOL treaty, with benefits for the environment and human health. The new limit will be applicable globally - while in designated emission control areas (ECAs) the limit will remain even lower, at 0.1%.

Enforcement, compliance with and monitoring of the new sulphur limit is the remit and responsibility of States Party to MARPOL Annex VI. Many ships are expected to utilise new blends of fuel oil which will be produced to meet the 0.5% limit on sulphur in fuel oil, however there are currently three options available for ship owners to meet the IMO 2020 regulation:

- Installation of the exhaust gas cleaning systems (EGCS) to "scrub" out the sulphur from the high-sulphur fuel oil;
- Use of compliant low sulphur fuel oil; or
- Using lower carbon footprint alternative fuels such as Liquefied Natural Gas (LNG).



CNCo plans to meet this regulation by using a combination of the first two options. We will install open loop EGCS on our eight container vessels currently under construction. These open loop EGCS are hybrid type scrubbers which means that they can be upgraded to a hybrid (open or closed loop) EGCS system should there be a need in the future. The rest of CNCo's fleet will use compliant Low Sulphur Fuel Oil (LSFO).

Marine Plastic Litter

The MEPC will consider a number of proposals to address the issue of marine plastic litter in the context of 2030 Sustainable Development Goal 14 ("SDG 14") on Life in the Oceans. A number of proposals have been put forward for consideration, covering issues such as a proposed study on the state of marine plastic litter; looking into the availability and adequacy of port reception facilities; looking at marking and retrieval of fishing gear; reporting the loss of fishing gear and containers; facilitating the delivery of retrieved fishing gear or passively-fished waste to shore facilities; reviewing training; raising awareness; and strengthening international cooperation.

CNCo thus started looking at the reduction of Single Use Plastic Bottles (SUPBs) on board our vessels. We installed drinking water purification Reverse Osmosis (RO) systems on nine bulk carriers in 2018 which led to reduction in SUPBs by 3,600 per month which is an almost 70% reduction from the baseline. We will continue rolling out installation of the ROs on the rest of our owned and managed vessels in 2019 and educating our shore and seagoing employees on the dangers of the effect of SUP on the environment.

We installed drinking water purification Reverse Osmosis (RO) systems on nine bulk carriers in 2018 which led to reduction in SUPBs by 3,600 per month which is an almost 70% reduction from the baseline.

Climate Change and Our Business

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

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

There is a growing demand for climate-related information by investors, lenders, insurers and other stakeholders. The Task Force on Climate-related Financial Disclosures (TCFD)* (*Source: <https://www.fsb-tcf.org>) provides voluntary, consistent climate-related financial risk disclosures for use by companies in information to investors, insurers and other stakeholders.

While the recommendations of the TCFD primarily relate to listed entities and as we transit into a lower-carbon economy, we have, as good business practice, assessed climate-related risks and opportunities for CNCo. We are in dialogue with the Swire group of companies to determine which climate change scenarios are the most relevant to each operational company to adopt for TCFD reporting purposes.

Many banks that lend to shipping lines announced that climate impact will be integrated into the criteria that determines how much they will lend to shipping companies and at what rate, an effort the banks say will substantially cut CO₂ emissions in the industry. This helps to prioritise climate change issues in the business's decision-making processes and will help drive transitioning to the necessary technology for the design of ships, reduction of emissions and, crucially, radical decarbonisation that the industry requires.

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

There are a number of climate change related considerations of which our business is aware and for which we have plans to consider and address:

Evolving Policy environment: policy actions around climate change continue to evolve. Some examples include implementing internal carbon-pricing mechanisms to reduce Greenhouse Gas emissions, shifting energy usage toward lower emission sources and adopting energy-efficiency solutions. The risk and financial impact of policy changes depend on their nature and timing.

Physical risks: risks resulting from climate change can be event driven or due to longer-term shifts in climate patterns. Physical

risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption. Organisations' financial performance may also be affected temperature changes affecting organisations' premises, operations, supply chain, transport needs, and employee safety.

Transition risks: transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations. Supply and demand can shift as climate-related risks and opportunities are increasingly considered.

Future-proofing: navigating decarbonisation also suggests that because of the nature of shipping markets and the ability of owners to modify vessels to keep them competitive in carbon-constrained markets, catastrophic asset stranding of entire fleets will probably not occur solely due to climate policies. Vessels must be designed for flexibility and ease of modification so they can deliver acceptable cash flow, maintain value, and maintain liquidity both before and after the implementation of GHG policies.

CNCo takes multiple steps towards reducing our emissions from operations and our effort towards increasing fuel efficiency are a good testament to that. We are also actively looking at the possibility of using biofuel and hydrogen as the alternative energy source. We are engaging with industry partners on advancing the new alternatives to fossil fuels and are constantly evaluating various options that will help us to decarbonise our business.

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

7 | Data

	Data
89	Fleet Profile
93	Value Chain Analysis
94	Consolidated Materiality Matrix
95	SD Strategy
97	SDGs / CNCoTHRIVE / Material Issues with Progress
101	Safety Statistics
104	Employment Data
107	Environmental Summary
108	Energy Efficiency Operational Index
110	Abbreviations
112	Self-declaration: Corporate Social Responsibility
113	GRI Standards Content Index
127	Contact
128	Assurance Statement

Vessel Name	EVDI or EEDI	ESI	Rightship GHG Emissions' Rating	Year Built	IMO No.	DWT (SSW MTs)	GT	NT	LOA (m)	Max Breadth (m)	Capacity Nominal (TEU)	Hold Capacity - Bale (m³)	Hold Capacity (m³)	Cargo Gear (T)	Port / Country of Registration	Status	Vessel Type
Eredine	4.65	39.1	B+	2014	9681871	39855	24785	13019	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Erradale	4.68	18.0	B+	2014	9681883	39757	24785	13021	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Erisort	4.53	37.2	B+	2014	9681895	39763	24785	13022	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Eriskay	4.78	40.3	B+	2015	9681900	39810	24785	13021	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Fengning	4.66	42.1	B+	2015	9690884	39836	24785	13022	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned and operated	Logs Fitted Handysize Bulk Carrier
Fengtien	4.58	41.3	B+	2015	9690896	39782	24785	13035	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned and operated	Logs Fitted Handysize Bulk Carrier
Foochow	4.74	40.4	B+	2015	9690901	39758	24785	13022	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned and operated	Logs Fitted Handysize Bulk Carrier
Funing	4.63	41.4	B+	2015	9690913	39784	24785	13019	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned and operated	Logs Fitted Handysize Bulk Carrier
Hanyang	4.66	41.7	B+	2016	9714226	39802	24785	13019	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned and operated	Logs Fitted Handysize Bulk Carrier
Hoihow	4.55	42.0	B+	2015	9714238	39721	24785	13029	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned and operated	Logs Fitted Handysize Bulk Carrier
Hunan	4.70	49.2	B+	2016	9714252	39100	24785	13024	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Hupeh	4.72	36.2	B+	2016	9714264	39772.9	24785	13022	180.0	30	N/A	47181	48908	4 x 36T	Singapore	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Liangchow	4.62	40.9	B+	2015	9715191	39685	24785	13028	180.0	30	N/A	47181	48908	4 x 36T	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Lintan	4.72	38.7	B+	2015	9715206	39641	24785	13033	180.0	30	N/A	47181	48908	4 x 36T	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Luchow	4.65	21.4	B+	2015	9715218	39728	24785	13019	180.0	30	N/A	47181	48908	4 x 36T	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Luenho	4.56	42.6	B+	2016	9715220	39752	24785	13028	180.0	30	N/A	47181	48908	4 x 36T	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Pakhoi	4.61	42.0	B+	2016	9721554	39777	24785	13026	180.0	30	N/A	47181	48908	4x24T Grab / 30.7T Log	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Pekin	4.60	24.4	B+	2016	9721566	39200	24785	13026	180.0	30	N/A	47181	48908	4x24T Grab / 30.7T Log	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Powan	4.55	41.1	B+	2016	9721578	39200	24785	13036	180.0	30	N/A	47181	48908	4x24T Grab / 30.7T Log	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Poyang	4.58	40.3	B+	2016	9721580	39500	24785	13028	180.0	30	N/A	47181	48908	4x24T Grab / 30.7T Log	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Taiyuan	5.58	36.5	C+	2016	9768928	37657	23175	12202	180.0	30	N/A	45238	46995	4x24T Grab / 30.7T Log	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Tientsin	5.45	38.8	C+	2016	9768930	37657	23175	12202	180.0	30	N/A	45238	46995	4x24T Grab / 30.7T Log	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Tsingtao	5.46	37.2	C+	2016	9768942	37657	23175	12202	180.0	30	N/A	45238	46995	4x24T Grab / 30.7T Log	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Tunsin	5.59	36.2	D	2016	9768954	37800	23175	12202	180.0	30	N/A	45238	46995	4x24T Grab / 30.7T Log	Hong Kong	Owned, Managed	Logs Fitted Handysize Bulk Carrier
Wuchang	4.71	38.6	B+	2013	9657844	39128	24785	12537	180.0	30	N/A	47661	48908	4 x 30T + 4 x 12cbm Grabs	Hong Kong	Owned, Managed	Handysize Bulk Carrier
Wuchow	4.77	42.4	B+	2013	9657856	39090	24785	12543	180.0	30	N/A	47661	48908	4 x 30T + 4 x 12cbm Grabs	Hong Kong	Owned, Managed	Handysize Bulk Carrier
Wuhu	4.71	38.3	B+	2014	9657868	39182	24785	12545	180.0	30	N/A	47661	48908	4 x 30T + 4 x 12cbm Grabs	Hong Kong	Owned, Managed	Handysize Bulk Carrier
Wulin	4.89	40.6	B+	2014	9657870	39049	24785	12538	180.0	30	N/A	47661	48908	4 x 30T + 4 x 12cbm Grabs	Hong Kong	Owned, Managed	Handysize Bulk Carrier
Nanning	5.39	42.6	D	2016	9753272	38910	25569	13052	179.9	32	N/A	48818	50852	4 x 35T - 26M	Singapore	Owned and operated	Handysize Bulk Carrier
Ninghai	5.41	49.0	D	2018	9753296	38877	25569	13603	176.9	32	N/A	48818	50852	4 x 35T - 26M	Singapore	Owned and operated	Handysize Bulk Carrier
Asia Pearl II	5.82	N/A	C	2009	9502740	35263.2	22402	12019	179.9	28	N/A	42587	44294	4 x 30.5T	Singapore	Operated	Logs Fitted Handysize Bulk Carrier
Belita	4.04	N/A	C	2018	9762857	60479	34164	20042	200.0	32	N/A	74279	77067	4 x 31T + 4grabs	Norwegian	Operated	Grab Fitted Ultramax Bulk Carrier
Bunun Brave	5.16	N/A	C	2014	9659737	45556	27440	14609	183.0	30	N/A	53621	56270	4 x 30T + 4grabs x 12cbm	Panama	Operated	Grab Fitted Handysize Bulk Carrier
Bunun Dynasty	5.91	N/A	D	2014	9707821	37795	23281	12101	180.0	30	N/A	45238	46995	4 x 35T	Hong Kong	Operated	Logs Fitted Handysize Bulk Carrier
Bunun Elegence	5.16	N/A	C	2013	9659751	45556	27440	27440	183.0	30	N/A	53621	56270	4 X 30T	Hong Kong	Operated	Handysize Bulk Carrier
Cielo Di Dublino	6.61	N/A	E	2011	9585651	37064	23758	11735	182.3	28	N/A	45153	46231	4 x 35T	Italy	Operated	Handysize Bulk Carrier
Daiwan Ace	5.97	N/A	C	2014	9672206	34358	21514	11203	180.0	30	N/A	40510	41753	4 x 30.5T	Hong Kong	Operated	Logs Fitted Handysize Bulk Carrier
Daiwan Justice	6.28	N/A	D	2016	9709312	34327	21525	11201	180.0	30	N/A	42911	44147	4 x 30T	Panama	Operated	Logs Fitted Handysize Bulk Carrier
Daiwan Kalon	5.13	N/A	D	2016	9709324	34327	21525	11201	180.0	30	N/A	40510	41745	4 x 30.5T	Panama	Operated	Logs Fitted Handysize Bulk Carrier

Vessel Name	EVDI or EEDI	ESI	Rightship GHG Emissions' Rating	Year Built	IMO No.	DWT (SSW MTs)	GT	NT	LOA (m)	Max Breadth (m)	Capacity Nominal (TEU)	Hold Capacity - Bale (m³)	Hold Capacity (m³)	Cargo Gear (T)	Port / Country of Registration	Status	Vessel Type
Daiwan Wisdom	7.85	N/A	F	2010	9427134	31960	19825	10514	175.5	29	N/A	39681	40909	4 x 30T	Panama	Operated	Logs Fitted Handysize Bulk Carrier
Fanoula	5.11	N/A	D	2008	9389112	56557	31532	18767	190.0	32	N/A	67111	72111	4 x 35T + 4grabs x 14cbm	Liberia	Operated	Grab Fitted Supramax Bulk Carrier
First Brother	6.93	N/A	D	2003	9266140	32385	20212	10948	169.5	28	N/A	41124	42595	4 x 30.5T	Valetta	Operated	Handysize Bulk Carrier
Glengyle	5.93	N/A	D	2015	9727285	37679	23269	12101	180.0	30	N/A	45238	46995	4 x 30T	Hong Kong	Operated	Logs Fitted Handysize Bulk Carrier
Gold Oak	5.89	N/A	D	2018	9806342	37732	23232	12101	180.0	30	N/A	42104	43860	4 X 30.5T	Panama	Operated	Log fitted Handysize Bulk Carrier
Golden Bonnie	7.48	N/A	D	2009	9400875	32279	20236	10947	177.1	28	N/A	41124	42595	4 x 30.5T	Marshall Islands	Operated	Handysize Bulk Carrier
Indigo Silva	6.76	N/A	E	2013	9642162	38090	23273	12139	180.0	30	N/A	45369	47125	4 x 30.5T	Marshall Islands	Operated	Handysize Bulk Carrier
Kacey	4.87	N/A	C	2009	9420277	55552	30816	18122	185.0	32	N/A	66368	69450	4 x 30.5T + 4grabs X 12cbm	Marshall Islands	Operated	Grab Fitted Supramax Bulk Carrier
Ken Voyager	6.27	N/A	E	2012	9659191	38429	24020	12015	183.0	30	N/A	47183	48141	4 x 30T	Panama	Operated	Handysize Bulk Carrier
La Sillonais	4.45	N/A	B	2015	9733284	39338	24725	13677	179.9	30	N/A	49545	46032	4 x 30T	Malta	Operated	Logs Fitted Handysize Bulk Carrier
La Tonda	4.00	N/A	C+	2016	9748485	61241	34773	20209	200.0	32	N/A	73552	77674	4 x 30T	Belgium	Operated	Logs Fitted Supramax Bulk Carrier
Latika Naree	6.49	N/A	D	2012	9496941	33896	23235	20053	181.0	30	N/A	44435	47042	4 x 30T	Thailand	Operated	Logs Fitted Handysize Bulk Carrier
Magpie SW	5.14	N/A	B	2015	9692739	34302	21561	11199	180.0	30	N/A	42911	44147	4 x 30T	Panama	Operated	Logs Fitted Handysize Bulk Carrier
Medi Brisbane	3.92	N/A	B	2016	9760122	60386	34589	19663	200.0	32	N/A	72806	76121	4 x 31T + 4grabs x 12cbm	Panama	Operated	Grab Fitted Supramax Bulk Carrier
Mimitsu	6.02	N/A	D	2012	9527958	38447	23855	11814	184.8	31	N/A	46316	47236	4 x 30T	Panama	Operated	Handysize Bulk Carrier
Moning	5.14	N/A	C	2018	9832688	37731	23232	12101	180.0	30	N/A	9126	9433	4 x 30T	Panama	Operated	Logs Fitted Handysize Bulk Carrier
Mother M	6.27	N/A	D	2012	9626613	35856	24212	12112	180.0	30	N/A	45684	46762	4 x 30T	Marshall Islands	Operated	Handysize Bulk Carrier
Navigation OL	4.58	N/A	D	2015	9681493	60218	34812	19834	199.9	32	N/A	73744	76554	4 x 30T + 4grabs x 12cbm	Panama	Operated	Grab Fitted Supramax Bulk Carrier
Navios Lyra	7.06	N/A	E	2012	9498626	34707	23448	11530	180.0	30	N/A	46655	48766	4 x 35T	Panama	Operated	Handysize Bulk Carrier
Ocean Satoko	7.02	N/A	E	2011	9610638	37215	22662	12531	186.4	28	N/A	45205	47899	4 x 30T	Panama	Operated	Handysize Bulk Carrier
Pelagiani	6.12	N/A	D	2014	9282613	35313	21059	11954	175.6	28	N/A	44052	46185	4 x 30T + 4grabs x 8cbm	Malta	Operated	Handysize Bulk Carrier
Port Philip Bay	4.99	N/A	B	2015	9687148	37614	22385	12178	180.0	30	N/A	46436	46834	4 x 30T	Panama	Operated	Bulk Carrier
Senorita	4.07	N/A	B	2008	9384540	58663	32379	19353	190.0	32	N/A	70558	72360	4 x 30T + 4grabs x 12cbm	Norwegian	Operated	Grab Fitted Supramax Bulk Carrier
Silver Oak	5.58	N/A	D	2018	9811921	37685	23232	12101	180.0	30	N/A	42104	43860	4 x 30T	Panama	Operated	Logs Fitted Handysize Bulk Carrier
Spinnaker SW	6.61	N/A	D	2012	9580003	31657	19836	10404	175.5	29	N/A	39271	40493	4 x 30T	Panama	Operated	Logs Fitted Handysize Bulk Carrier
STH Montreal	3.92	N/A	B	2018	9800635	60362	34547	19663	199.9	32	N/A	72806	76121	4 x 30T + 4grabs x 12cbm	Limassol	Operated	Grab Fitted Supramax Bulk Carrier
Supernova	6.91	N/A	E	2012	9610212	36367	21699	12253	176.5	29	N/A	45414	47090	4 x 30.5T	Panama	Operated	Handysize Bulk Carrier
Tai Hawk	5.41	N/A	D	2004	9284556	52686	29398	17662	189.0	32	N/A	63132	64253	4 x 30T	Panama	Operated	Supramax Bulk Carrier
Tigris	5.12	N/A	D	2003	9263112	52454	30057	18207	190.0	32	N/A	65601	67756	4 x 30T	Piraeus	Operated	Supramax Bulk Carrier
Uni Harmony	5.49	N/A	C	2016	9775165	37655	23303	12101	180.0	30	N/A	45238	46994	4 X 30.5T	Hong Kong	Operated	Handysize Bulk Carrier
Uni Sunshine	5.27	N/A	C	2015	9811505	36880	22734	12312	180.0	30	N/A	46644	47044	4 x 30T	Hong Kong	Operated	Logs Fitted Handysize Bulk Carrier
Union Mark	5.94	N/A	D	2016	9775153	37644	23250	12101	180.0	30	N/A	45238	46994	4 X 35T	Marshall Islands	Operated	Handysize Bulk Carrier
Union Taylor	5.93	N/A	D	2014	9691644	34693	23216	12010	180.0	30	N/A	45238	46994	4 x 30.5T	Marshall Islands	Operated	Logs Fitted Handysize Bulk Carrier
Unison Medal	5.90	N/A	D	2014	9687150	37431	22476	12147	180.0	30	N/A	46436	46834	4 x 30.5T	Hong Kong	Operated	Handysize Bulk Carrier
Western Aida	6.93	N/A	F	2012	9609677	37452	22668	11856	187.0	29	N/A	47948	49687	4 X 30T	Cyprus	Operated	Grab fitted Handysize Bulk Carrier
Western Coronel	5.96	N/A	D	2014	9606039	37084	22871	12519	177.9	29	N/A	45294	45791	4 x 31T + 4grabs x 12cbm	Singapore	Operated	Handysize Bulk Carrier
Western Miami	5.34	N/A	D	2015	9743215	39260	24868	12926	179.9	30	N/A	48000	46100	4 x 30.5T	Philippines	Operated	Handysize Bulk Carrier
Yochow	5.72	N/A	B	2015	9728394	34398	21538	11201	180.0	30	N/A	42911	44147	4 x 30T	Hong Kong	Operated	Logs Fitted Handysize Bulk Carrier
Yunnan	5.72	N/A	B	2015	9728409	34398	21538	11201	180.0	30	N/A	42911	44147	4 x 30T	Hong Kong	Operated	Logs Fitted Handysize Bulk Carrier

Vessel Name	EVDI or EEDI	ESI	Rightship GHG Emissions' Rating	Year Built	IMO No.	DWT (SSW MTs)	GT	NT	LOA (m)	Max Breadth (m)	Capacity Nominal (TEU)	Hold Capacity - Bale (m³)	Hold Capacity (m³)	Cargo Gear (T)	Port / Country of Registration	Status	Vessel Type
Melanesian Pride (ex Kiribati Chief)	19.78	N/A	B+	1990	8809189	13668	10357	5802	158.1	22	876	N/A	N/A	3 x 60T	Hong Kong	Owned, Managed	Container Ship
Melanesian Chief	20.20	N/A	B+	1990	8809191	13387	10352	5804	158.1	22	981	N/A	N/A	3 x 45 T	Hong Kong	Owned, Managed	Container Ship
Forum Samoa4 (ex Micronesia Chief)	20.21	N/A	B+	1991	8901705	13557	10350	5802	158.1	22	981	N/A	N/A	3 x 45T	Hong Kong	Owned, Managed	Container Ship
Kokopo Chief	19.60	N/A	B+	1991	8907412	13387	10352	5804	158.1	22	981	N/A	N/A	3 x 45T	Hong Kong	Owned, Managed	Container Ship
Kweichow	16.17	N/A	F+	1994	9070694	25524	18451	8250	184.9	28	1257	28831	29819	2 x 26T, 3 x 35T	Hong Kong	Owned, Managed	Multi-Purpose Ship
Kwangtung	15.75	N/A	F+	1994	9070709	25524	18451	8250	184.9	28	1257	28831	29819	2 x 26T, 3 x 35T	Hong Kong	Owned, Managed	Multi-Purpose Ship
Kweilin	16.20	N/A	F+	1994	9103104	25410	18468	9201	184.9	28	1257	32608	33756	2 x 26T, 3 x 35T	Hong Kong	Owned, Managed	Multi-Purpose Ship
Kwangsi	15.77	N/A	F+	1995	9103116	25607	18468	9253	184.9	28	1257	31472	33077	2 x 26T, 3 x 35T	Hong Kong	Owned, Managed	Multi-Purpose Ship
Spirit of Canterbury	24.83	N/A	D+	2005	9319557	14053	9910	5032	148.0	23	1102	N/A	N/A	-	New Zealand	Owned, Managed	Container Ship
Shansi	14.72	17.5	B+	2013	9614476	30700	25483	11814	199.9	28	2118	41881	44807	4 x 60T	Singapore	Owned, Managed	Container Ship
Carpenters Sirius (ex Shantung)	14.45	31.2	B+	2013	9614488	30814	25483	11819	199.9	28	2118	41881	44807	4 x 60T	Singapore	Owned, Managed	Container Ship
Shaoshing	14.71	32.7	B+	2013	9614490	30769	25483	11808	199.9	28	2118	41881	44807	4 x 60T	Singapore	Owned, Managed	Container Ship
Shengking	14.86	44.9	B+	2013	9614505	30813	25483	11813	199.9	28	2118	41881	44807	4 x 60T	Singapore	Owned, Managed	Container Ship
Shuntien	14.54	40.4	B+	2013	9614517	30852	25483	11810	199.9	28	2118	41881	44807	4 x 60T	Singapore	Owned, Managed	Container Ship
Siangtan	10.41	36.1	A+	2013	9614529	30756	25483	11805	199.9	28	2118	41881	44807	4 x 60T	Singapore	Owned, Managed	Container Ship
Soochow	14.42	20.7	B+	2014	9614531	30721	25483	11817	199.9	28	2118	41881	44807	4 x 60T	Singapore	Owned, Managed	Container Ship
Szechuen	14.84	40.2	B+	2014	9614543	30688	25483	11813	199.9	28	2118	41881	44807	4 x 60T	Singapore	Owned, Managed	Container Ship
Coral Chief	15.16	34.0	A+	2015	9689938	22035	18723	7681	175.2	28	1617	N/A	12310	3 x 60T	Hong Kong	Owned, Managed	Container Ship
Highland Chief	14.85	23.2	A+	2015	9689940	22035	18723	7681	175.2	28	1617	N/A	12310	3 x 60T	Hong Kong	Owned, Managed	Container Ship
New Guinea Chief	14.92	21.5	A+	2015	9689952	22027	18723	7688	175.2	28	1617	N/A	12310	3 x 60T	Hong Kong	Owned, Managed	Container Ship
Papuan Chief	14.98	42.3	A+	2015	9689964	22032	18723	7683	175.2	28	1617	N/A	12310	3 x 60T	Hong Kong	Owned, Managed	Container Ship
Antung (ex MCP Troodos)	24.10	N/A	F	2007	9356907	7602	5316	2309	117.0	20	618	9523	9522	2 x 80T	Cyprus	Operated	Container Ship
Ariana	15.96	N/A	C	2006	9327671	38700	32161	12604	202.0	32	2714	N/A	N/A	3 x 45T	Liberia	Operated	Container Ship
Cape Nati	22.36	N/A	D	2009	9401685	23300	18326	10714	175.5	27	1740	N/A	N/A	2 x 45T	Singapore	Operated	Container Ship
Coronado Bay	18.26	N/A	D	2008	9367815	34324	26638	11898	211.9	30	2564	N/A	N/A	3 x 40T	Liberia	Operated	Container Ship
Morobe Chief (ex G. Box)	21.83	N/A	D	2018	9766047	21700	17961	8103	172.0	27	1707	N/A	N/A	2 x 45T	Liberia	Operated	Container Ship
Paris Trader	7.98	N/A	D	2011	9594494	33217	22863	10602	179.5	28	1158	38455	39421	4 x 60T	Liberia	Operated	Multi-Purpose Ship
Polynesia (ex Hansa Salzburg)	23.23	N/A	D	2011	9516753	23301	18358	10334	175.4	27	1740	N/A	N/A	2 x 45T	Germany	Operated	Container Ship
Seoul Tower	18.26	N/A	D	2009	9367839	34334	26638	11896	211.9	30	2564	N/A	N/A	3 x 45T	United Kingdom	Operated	Container Ship

Vessel Name	EVDI or EEDI	ESI	Rightship GHG Emissions' Rating	Year Built	IMO No.	DWT (SSW MTs)	GT	NT	LOA (m)	Max Breadth (m)	Capacity Nominal (TEU)	Hold Capacity - Bale (m ³)	Hold Capacity (m ³)	Cargo Gear (T)	Port / Country of Registration	Status	Vessel Type
Aotearoa Chief	20.09	N/A	D	2016	9764960	9577.75	8745	2623	124.7	20	N/A	N/A	9221.42	2 X 12.5T	New Zealand	Owned, Managed	General Cargo



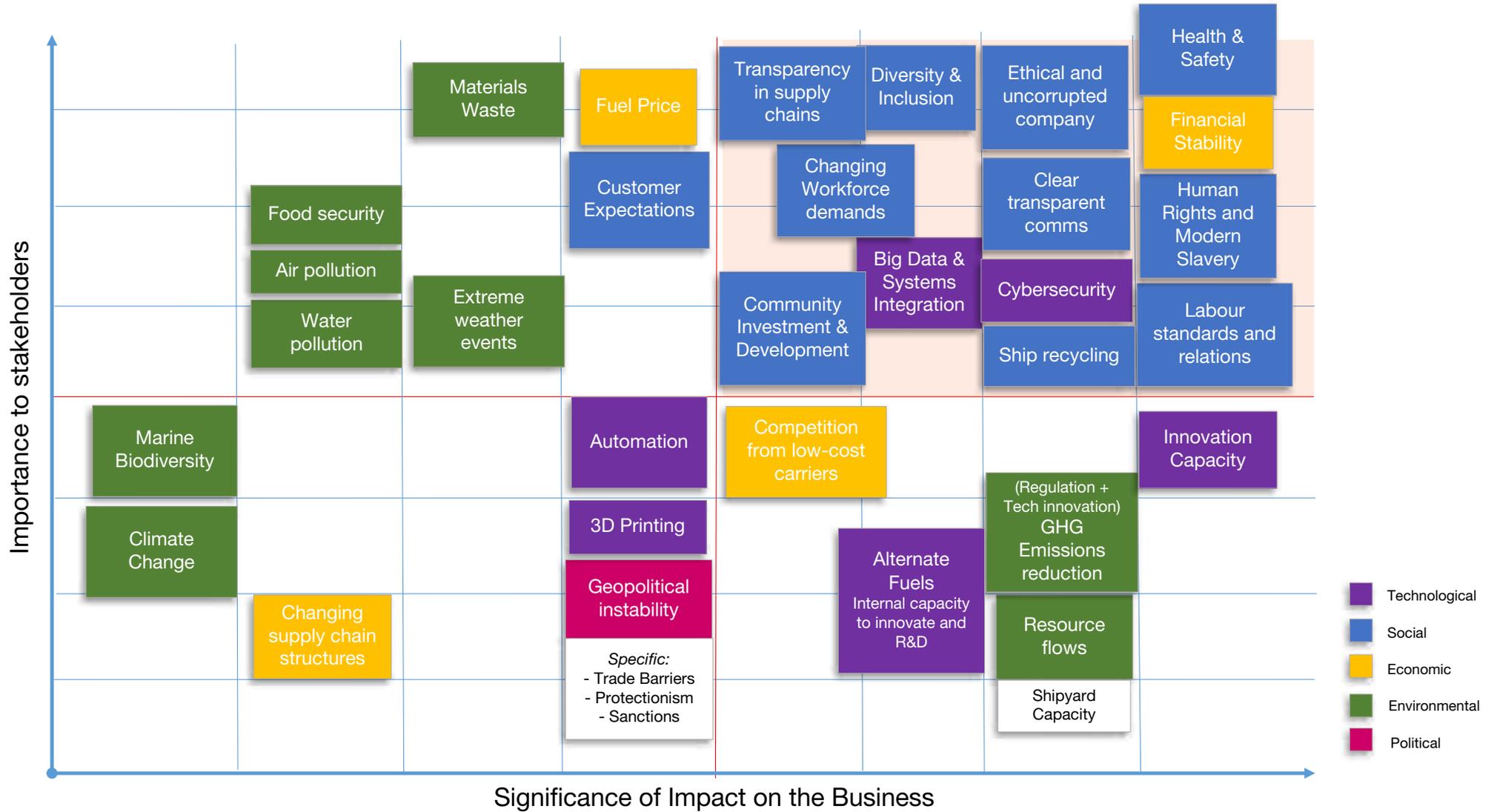
Aotearoa Chief
 Photo credit: Martin Budz

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



CNCoTHRIVE

CNCo has been in business since 1872.

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

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

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

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

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

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

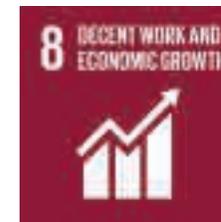
Because when the world in which we operate thrives, so do we.

Thriving People

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

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

Relevant SDGs



Thriving Environment

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

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

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.

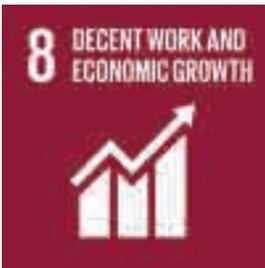
Relevant SDGs

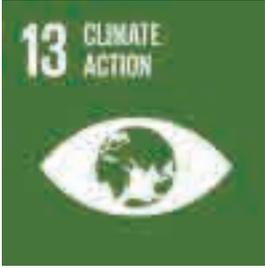


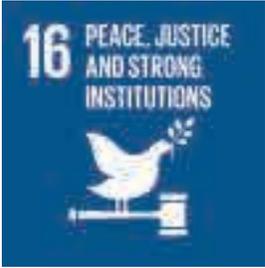
Relevant SDGs



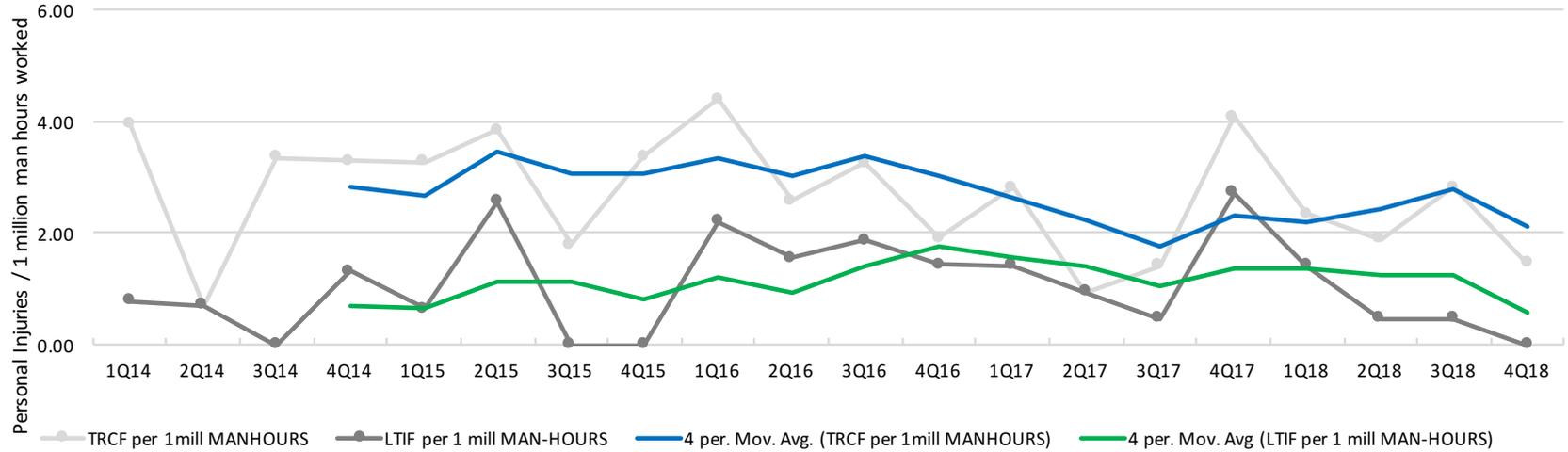
Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2018 calendar year
	<p>Safeguarding the health and safety of all our employees and stakeholders by driving sustained safety excellence.</p>	<p>Health and Safety</p> <p>Human Rights and Modern Slavery</p> <p>Labour Standards and relations</p> <p>Changing Workforce demands</p> <p>Community Investment and development</p>	<p>See progress in the Safety, Our People, Environment and Our Communities Sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Health and Safety Policy and standards / Labour practices / Employee welfare and benefits / D&A Policy / Emotional support helpline • Welfare Committees on board our fleet and in offices • Respect in the Workplace Policy • Suicide prevention training for seagoing personnel • Enhancing our approach to safety through "The Zero Harm" Safety Campaign • Environmental Policy and procedures to ensure no harm to the environment and communities • Long Service Awards and recognition programmes • Training and development • Waste disposal and responsible ship recycling in line with international conventions - improved social standards for workers • Livelihood projects for communities in the Philippines (ASSMDA - Corporate Philanthropic projects) • Seafarers Drop-in Medical Centres in Tacloban and Bantayan • Supporting seafarers worldwide in partnership with The Mission to Seafarers and Sailors' Society
	<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 Standards and relations</p> <p>Diversity and Inclusion</p>	<p>See Our People section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Diversity and Inclusion Policy and Respect in the Workplace Policy • Anti-discrimination and anti-harassment training • Use of gender inclusive language • Gender neutral employee attraction and retention policies and procedures • Equality in pay structures and rewards • HRM practices supporting women in the workforce • Ensuring that funded activities benefit both genders • Leadership development programmes • Membership of WISTA (Singapore chapter)

Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2018 calendar year
	<p>Using natural resources and systems responsibly and sustainably.</p>	<p>Ship recycling</p> <p>Community Investment and development</p>	<p>See Environment and Communities sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Environmental protection of water catchment areas and water resources (Ship recycling and Community projects: Partnership with ESI and Corporate Volunteering events) • Environmental policy / “Zero Pollution” incidents and “Net Zero Impact” on the environment and its biodiversity • Biodiversity Issues of Concern (BIC) and Biodiversity Action Plan (BAP) • Water treatment on vessels and recycling practices • Safe ship recycling practices minimising release of hazardous chemicals into the water • Protection of wetlands and waterways clean up (CP projects), mangroves (SGCT and Partnership with ESI) • Supporting Mahonia Na Dari (MND) in Kimbe Bay / PNG
	<p>Pursuing a long-term goal of de-carbonisation and optimising energy efficiency.</p>	<p>Alternate Fuels</p>	<p>See Environment section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Decarbonisation through exploring alternative fuel options / R&D into alternative energy sources (Biofuel trials and potential of using hydrogen) • Initiatives to improve fuel efficiency / Fleet Efficiency Manager in place • Use of performance management system: Fleet Decision Support Service (FleetDSS) across 50 CNCo vessels • Internal fleet efficiency KPI scorecard • KPIs for reducing our EEOI • Reporting our environmental performance • Eco-office / green office practices
	<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>Human Rights and Modern Slavery</p> <p>Labour Standards and relations</p> <p>Changing Workforce demands</p> <p>Diversity and Inclusion</p> <p>Transparency in supply chain</p>	<p>See Our People and Safety sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Inclusive labour practices across all countries of operation • Good and safe working conditions • Equal pay for work of equal value • Sound labour rights incorporated into organisational policies and procedures (HR and SPSM Contracts and Manuals) • Human rights impact assessments (when required) • Diversity and Inclusion Policy and Respect in the Workplace Policy • H&S standards • Modern Day Slavery assessments and published statements • Supply Chain Sustainability areas / Supplier audits

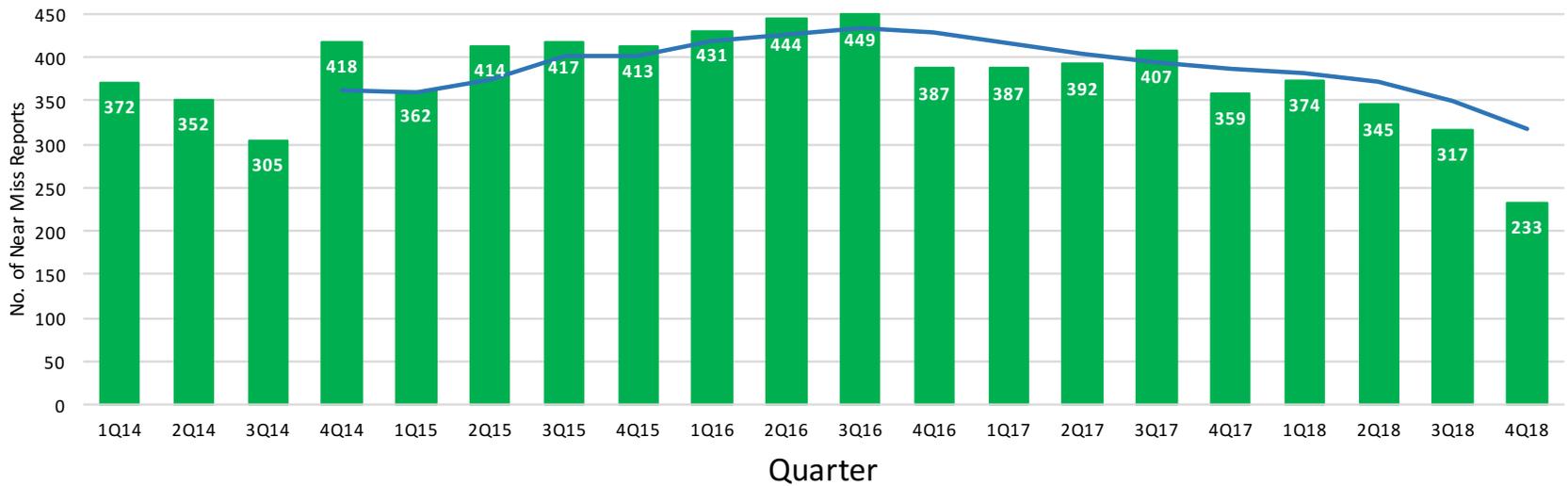
Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2018 calendar year
	<p>Adopting a diverse and inclusive approach to securing the best talent;</p> <p>Respecting the human rights of all of our employees and other stakeholders.</p>	<p>Human Rights and Modern Slavery</p> <p>Labour Standards and relations</p> <p>Diversity and Inclusion</p>	<p>See Our People and Governance sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Diversity and Inclusion Policy and Respect in the Workplace Policy and its enforcement ashore and at sea • Grievance mechanism • Social protection policies and min wage in line with National labour laws • Equality in pay structures and rewards • Modern Day Slavery assessments • Local content hiring policies • Assistance to the Family Support Centre in Solomon Islands
	<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>Ship Recycling</p>	<p>See Environment section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Environmental policy and practices • Hazardous materials management practices and disposal • Sustainable ship recycling practices • Membership of Ship Recycling Transparency Initiative • SD Policies, committees, working groups • Transparent SD reporting in accordance with GRI standards • Supply Chain Sustainability working group and CoC • Sustainable procurement policy and practices • Swire Pacific Limited Green Guidelines and Sustainable Food policy
	<p>Pursuing a long-term goal of de-carbonisation and optimising energy efficiency.</p>	<p>GHG Emissions reduction</p>	<p>See Environment section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Decarbonisation through low carbon technologies and minimising use of fossil fuels / R&D into alternative energy sources • Initiatives to improve fuel efficiency / Fleet Efficiency Manager in place • Use of performance management system: Fleet Decision Support Service (FleetDSS) across 50 CNCo vessels • Internal fleet efficiency KPI scorecard • Project Cerulean in the Pacific • KPIs for reducing our EEOI • Eco-office / green office practices

Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2018 calendar year
	<p>Protecting and, where viable, enhancing the biodiversity of environments that our operations impact.</p>	<p>Water pollution Marine Biodiversity</p>	<p>See Environment and Communities section of the report <i>Areas covered:</i></p> <ul style="list-style-type: none"> • Going beyond legislative compliance • Zero Harm Policies / Investment in clean and green technologies / Green guidelines • Biodiversity Issues of Concern (BIC) and Biodiversity Action Plan (BAP) • Ballast water regulations • Corporate Philanthropic investments (Partnership with ESI, employee education and volunteering) • Working with NGOs on environmental conservation and biodiversity related projects Supporting Mahonia Na Dari (MND) in Kimbe Bay / PNG
	<p>Improving our corporate governance to reflect our stakeholders' interests.</p>	<p>Financial Stability Ethical and uncorrupted company Cybersecurity Transparency in supply chain</p>	<p>See Governance and Our People sections of the report <i>Areas covered:</i></p> <ul style="list-style-type: none"> • Code of Conduct • Whistleblowing Policies / Third party due diligence • Antitrust Policies / Sanctions • Procurement practices and guidelines / Supply Chain Sustainability Code of Conduct • Anti-bribery Policy and training for employees • Privacy Policies, procedures and training • Cybersecurity training
	<p>Connecting with and empowering the local communities that we touch. Offering services to enable our stakeholders to live more sustainably.</p>	<p>Community Investment and development</p>	<p>See Our Communities section of the report <i>Areas covered:</i></p> <ul style="list-style-type: none"> • Stakeholder engagement at international fora • Members of Sustainable Shipping Initiative • Corporate Philanthropic investments in our key stakeholder communities • Partnerships with Universities, Research Institutions and NGOs • Working with Governments in the areas of assistance required in LDCs where we operate • Moana Taka partnership with SPREP • Civil Society partnerships for SD

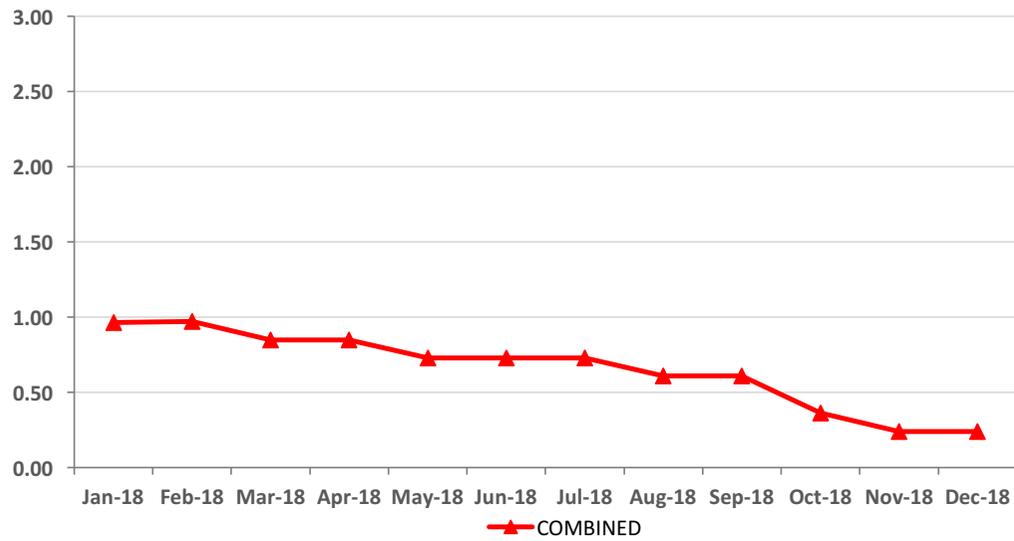
Injuries



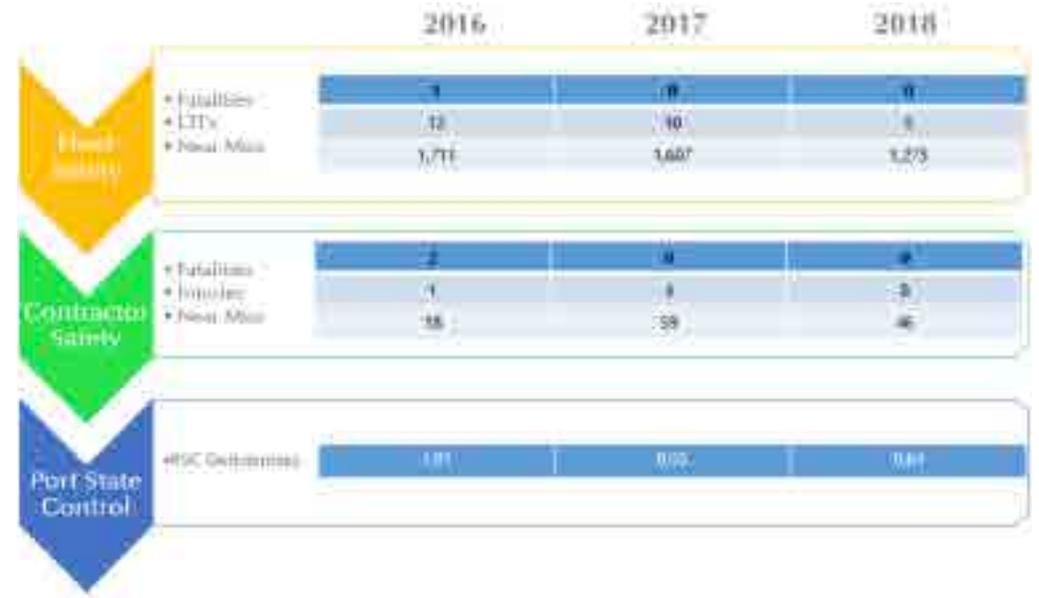
Near Misses



LTIF (Rolling)



CNCo's Safety Progress



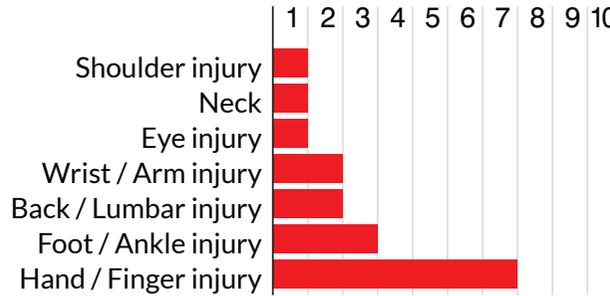
***Total Recordable Cases comprises:**

Lost Time Injuries + Medical Treatment Cases + Restricted Workday Cases

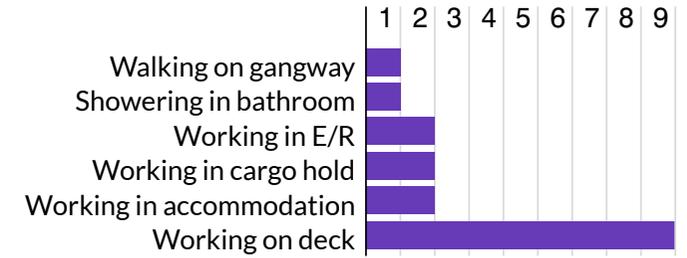
Cases by Rank



Type of Accident



Tasks Performed



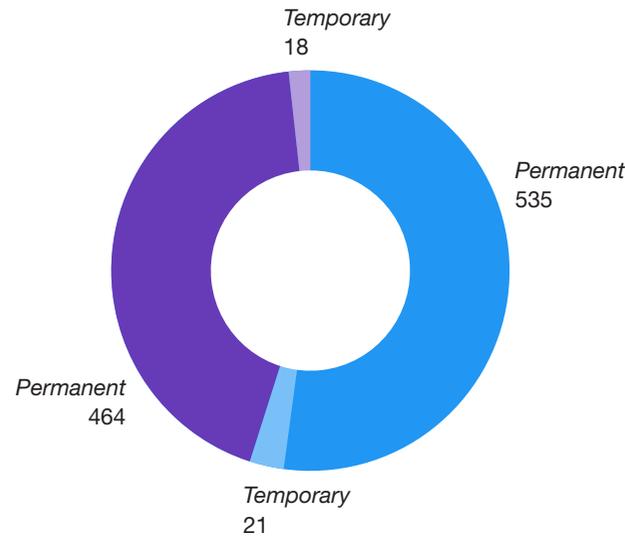
Employment Data

**Number of Employees
By employment contract and region**

Region	Permanent	Temporary
American Samoa	8	
Australia	123	6
Canada	15	
China	71	2
Fiji	88	2
Hong Kong	1	
India	4	
Indonesia	6	
Japan	2	
New Caledonia	18	
New Zealand	125	2
Papua New Guinea	186	
Samoa	9	
Singapore	300	27
Taiwan	14	
United Kingdom	19	
United States	10	
Grand Total	999	39
%	96%	4%

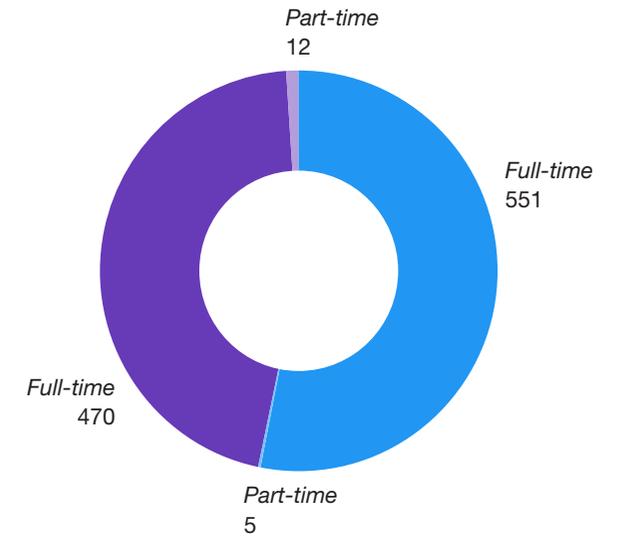
**Number of Employees
By employment contract and gender identity**

Employment Contract	Female	Male	Total
Permanent	464	535	999
Temporary	18	21	39
Total	482	556	1,038



**Number of Employees
By employment type and gender identity**

Employment Type	Female	Male	Total
Full-time	470	551	1,021
Part-time	12	5	17
Total	482	556	1,038



Male
Female

New Hires during 2018 by Region, Age Group and Gender Identity

Region / Age Group	Female	Male	TOTAL
American Samoa	4	3	7
30 to 50	4	3	7
Australia	6	11	17
< 30		2	2
> 50	1	2	3
30 to 50	5	7	12
Canada	1	3	4
> 50		1	1
30 to 50	1	2	3
China	4	11	15
< 30	2	2	4
30 to 50	2	9	11
Fiji	5	7	12
< 30	5	2	7
> 50		1	1
30 to 50		4	4
Indonesia		2	2
30 to 50		2	2
New Caledonia	2	1	3
< 30		1	1
30 to 50	2		2
New Zealand	13	10	23
< 30	4	4	8
> 50	5	1	6
30 to 50	4	5	9

Region / Age Group	Female	Male	TOTAL
Papua New Guinea	6	9	15
< 30	2	6	8
30 to 50	4	3	7
Samoa		1	1
< 30		1	1
Singapore	35	40	75
< 30	18	9	27
> 50	5	3	8
30 to 50	12	28	40
Taiwan	4		4
< 30	1		1
> 50	3		3
United Kingdom	1	1	2
< 30		1	1
30 to 50	1		1
United States		5	5
30 to 50		5	5
Grand Total	81	104	185

New Hire Rate

Region	Rate
American Samoa	88%*
Australia	13%
Canada	27%
China	21%
Fiji	13%
Indonesia	33%
New Caledonia	17%
New Zealand	18%
Papua New Guinea	8%
Samoa	11%
Singapore	23%
Taiwan	29%
United Kingdom	11%
United States	50%

Overall 18%

*high rate relates to the opening of a new office

Turnover by Region, Age Group and Gender Identity

Region / Age Group	Female	Male	TOTAL
Australia	10	8	18
< 30	1		1
> 50	2	1	3
30 to 50	7	7	14
Canada	2		2
> 50	1		1
30 to 50	1		1
China	3	2	5
< 30	1		1
30 to 50	2	2	4
Fiji	6	12	18
< 30	2	4	6
> 50	2	3	5
30 to 50	2	5	7
Indonesia		1	1
30 to 50		1	1
New Caledonia	3	1	4
< 30	1	1	2
30 to 50	2		2
New Zealand	18	7	25
< 30	2		2
> 50	1	4	5
30 to 50	15	3	18
Papua New Guinea	9	11	20
< 30	3	5	8
> 50	2	2	4
30 to 50	4	4	8

Region / Age Group	Female	Male	TOTAL
Samoa		1	1
30 to 50		1	1
Singapore	30	22	52
< 30	8	3	11
> 50	3	6	9
30 to 50	19	13	32
Taiwan	4		4
< 30	1		1
> 50	2		2
30 to 50	1		1
United Kingdom		1	1
> 50		1	1
United States		3	3
> 50		2	2
30 to 50		1	1
Grand Total	85	69	154

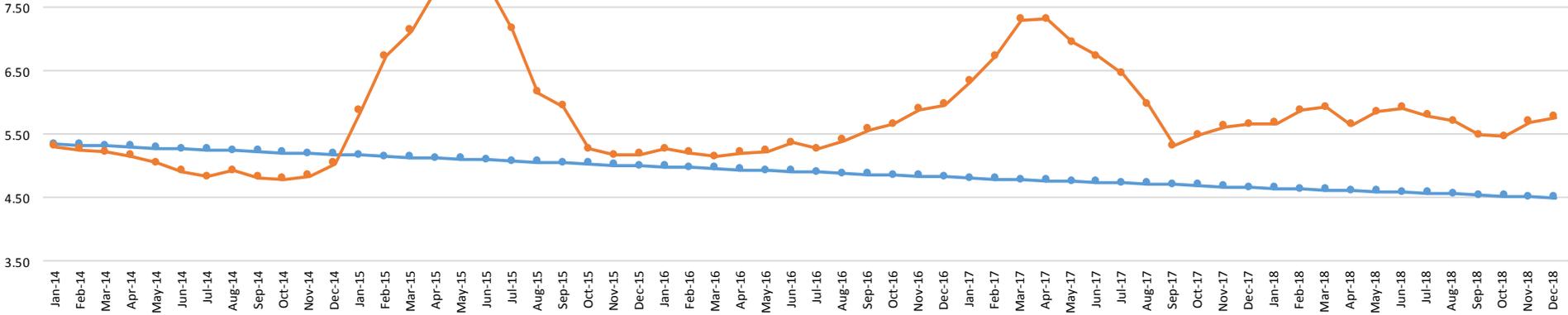
Turnover Rate

Region	Rate
Australia	14%
Canada	13%
China	7%
Fiji	20%
Indonesia	17%
New Caledonia	22%
New Zealand	20%
Papua New Guinea	11%
Samoa	11%
Singapore	16%
Taiwan	29%
United Kingdom	5%
United States	30%
Overall	15%

	2016	2017	2018
Total vessels (owned and managed/operated)* <i>as at 31 December</i>	79	89	108
Scope 1 emissions (tCO₂e)	1,173,375	1,444,834	1,744,256
Emissions from marine fuel	98.77%	98.93%	99.15%
Scope 1 Energy Consumption (mT)	352,050	462,497	558,619
Scope 1 Fuel Consumption (mT)	350,028	460,110	556,306
Total Energy consumption (kWh)	4,104,665,784	5,392,743,430	6,516,865,327
EEOI - liner fleet (UoM: gCO₂e/NRT-nm)	5.96	5.66	5.77
EEOI - bulk fleet (UoM: gCO₂e/t-nm)	13.95	11.81	10.89
Electricity consumption (kWh)	595,839	738,518	898,402
Electricity emissions (tCO₂)	291.66	371.79	423.79
Flights (tCO₂)	5,135	5,263	5,822
SO_x emissions (mT)	25,111	31,186	37,329
NO_x emissions (mT)	29,487	36,550	43,851
Particulate Matter emissions (mT)	2,369	2,945	3,520
VOC emissions (mT)	450	555	670
Spills	Nil	Nil	Nil

* excludes vessels on short term charter

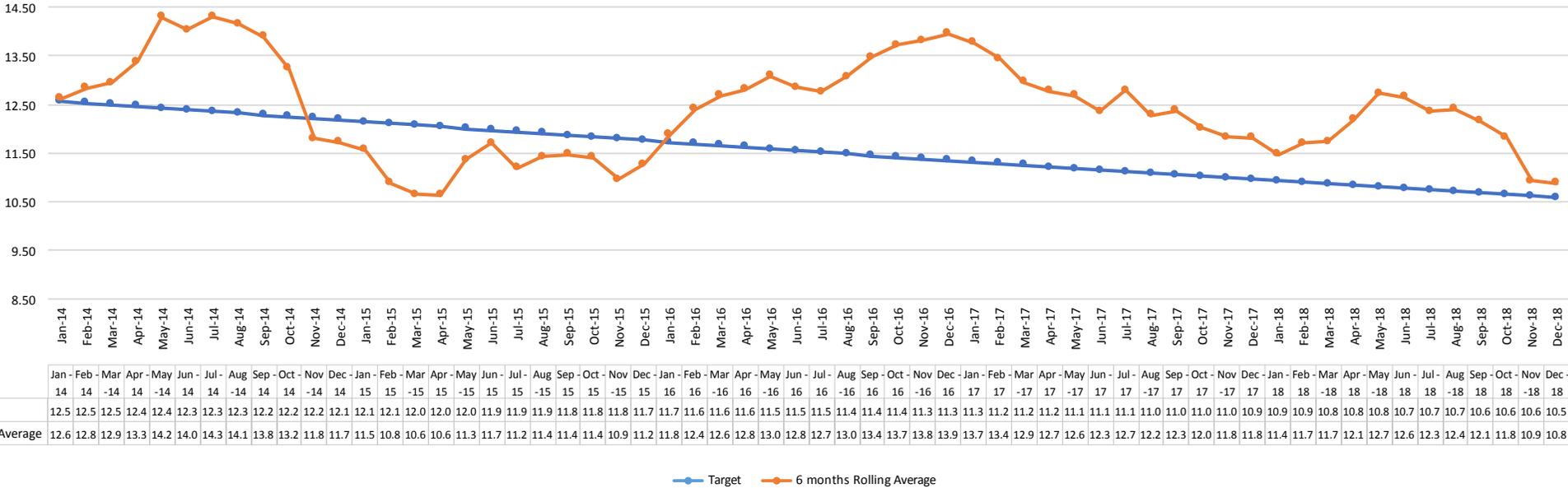
Liner EEOI (6M Rolling Average)



	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18			
Target	5.34	5.33	5.32	5.30	5.29	5.27	5.26	5.24	5.23	5.21	5.20	5.18	5.17	5.15	5.14	5.12	5.11	5.09	5.08	5.05	5.05	5.03	5.02	5.00	4.99	4.94	4.94	4.96	4.94	4.94	4.93	4.94	4.91	4.90	4.88	4.84	4.85	4.84	4.82	4.81	4.80	4.78	4.74	4.76	4.74	4.73	4.72	4.70	4.69	4.68	4.64	4.65	4.64	4.64	4.62	4.61	4.60	4.58	4.54	4.54	4.53	4.52	4.50
6 months Rolling Average	5.30	5.26	5.22	5.16	5.05	4.92	4.83	4.93	4.81	4.79	4.85	5.04	5.87	6.73	7.13	7.82	7.94	7.88	7.16	6.16	5.94	5.26	5.17	5.18	5.27	5.21	5.15	5.21	5.23	5.37	5.27	5.41	5.57	5.66	5.89	5.96	6.32	6.73	7.30	7.31	6.95	6.73	6.44	5.97	5.31	5.49	5.62	5.66	5.67	5.87	5.92	5.65	5.85	5.92	5.80	5.71	5.49	5.47	5.69	5.77			

Target 6 months Rolling Average

Bulk EEOI (6M Rolling Average)



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

GEDO	Australian government DCC Greenhouse and Energy Data Officer
GHG	Greenhouse Gas/es
GJ (unit)	Giga-Joule, 1 billion joules of energy
GRI	Global Reporting Initiative
H ₂	Hydrogen
HCFC	Hydrochlorofluorocarbon/s
HCV	High Conservation Value
HFO	Heavy Fuel Oil – a residual fossil fuel
HHV	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
HKC	Hong Kong Convention for Safe and Responsible Recycling of Ships (2009)
HOF	Head Office (in Singapore)
HK SAR	Hong Kong Special Administrative Region of the People's Republic of China
HSE	Health, Safety and the Environment
HSSE	Health, Safety, Security and the Environment
ICAO	Inter Civil Aviation Organisation
ICS	International Chamber of Shipping
IEA	International Energy Agency (UN)
IFO	Intermediate Fuel Oil - residual fuel. Usually 180 or 380 CST viscosity
IHM	Inventory of Hazardous Material, per the HK Ship Recycling Convention
ILO	(UN) International Labour Organisation
IMO	(UN) International Maritime Organisation
INED	Independent Executive Director
ISM	International Management Code for the Safe Operation of Ships and for Pollution Prevention, (International Safety Management (ISM) Code) as chapter XI of SOLAS
IUCN	International Union for Conservation of Nature and Natural Resources
KBA	Key Biodiversity Area
KPI	Key Performance Indicator

KW hr (unit)	Kilo Watt hour, is a unit of energy equal to 1,000 Watt hours or 3.6 mega Joules
LHV	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
LMS	Learning Management System
LO	Lubricating Oil
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MARPOL	IMO International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 and later
MCA	(UK) Maritime and Coastguard Agency
MDO	Marine Diesel Oil – a distillate fuel
MGO	Marine Gas Oil – a distillate fuel (higher fraction than MDO)
MHE	Material Hazardous to the Environment
MLC	ILO Maritime Labour Convention, 2006
MPA	Maritime and Port Authority of Singapore
MSA	UK: Modern Slavery Act (2015)
MTC	Medical Treatment Case
NGER	Australian National Greenhouse Gas and Energy Reporting Act
NI	Nautical Institute
NO_x	Oxides of Nitrogen
OFW	Overseas Filipino Workers
OPEC	Organisation of Petroleum Exporting Countries
PEU	Performance Evaluation Reports
PM	Particulate Matter
PO	Purchase Order/s
POEA	Philippines Overseas Employment Agency
PSCI	Port State Inspection Compliance Index
PSI	Port State Inspection
QHSE	Quality, Health, Safety and Environment
REDD	Reduced Emissions from avoided Deforestation and forest Degradation

RFQ	Request For a Quote
RWC	Restricted Work Case
SAC	Safety Awareness Course
SD	Sustainable Development
SDG	Sustainable Development Goals
SECA	Sulphur Emission Control Area/s
SEEMP	Ship Energy Efficiency Management Plan
SIN	Singapore
SMS	Safety Management System
SMTC	Swire Marine Training Centre, located in Loyang, Singapore
SOLAS	IMO International Convention for the Safety of Life at Sea, 1974, as amended in 1980 and later
SO_x	Oxides of Sulphur
SPO	Swire Pacific Offshore (Group)
SRF	Ship Recycling Facility
SSA	Singapore Shipping Association
STCW	IMO International Convention on Standards of Training, Certification and Watch-keeping for Seafarers, 1978, as amended in 1995 and later
TBT	Tributyl Tin (antifouling)
tCO₂	Tonnes of Carbon Dioxide
tCO_{2e}	Tonnes of Carbon Dioxide equivalent. This is CO ₂ plus the other four “natural GHG” of CH ₄ , N ₂ O and the “industrial GHG” of SF ₆ and Hydrofluorocarbons
TRCF	Total Recordable Case Frequency Rate
TRIP	Toolbox Risk Identification Permit
UKBA	(UK) Bribery Act (2010)
ULS	Ultra Low Sulphur content
UNFCCC	United Nations Framework Convention on Climate Change
VCS	Verified Carbon Standard
VOC	Volatile Organic Compound/s
y-o-y	Year on Year change
5S	“Seiri, Seiton, Seiso, Seiketsu, and Shitsuke” or “Sorting, Set in order, Systematic cleaning, Standardizing, and Sustaining”

Self-declaration NEN-ISO 26000:2010**Corporate social responsibility**

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

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

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

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

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

Name of organisation: The China Navigation Company Pte Limited

Location: Singapore

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

Post code and town: Singapore 199555

Signature: Date and place:



_____ 1 January 2019 _____

GRI Standards Content Index

GRI Standard Number	GRI Disclosure Number	Disclosure Title	Reported	Cross-reference / Answers / Notes / Omissions	Report location: Page Number / URL
General Disclosures					
Organisational Profile					
GRI 102	102-1	Name of the organisation	Yes	The China Navigation Company Pte Ltd (CNCo)	N/a
GRI 102	102-2	Activities, brands, products, and services	Yes	For description of activities please see "Organisational Profile and Governance" section of the report. CNCo does not provide any services that are banned in certain markets. Similarly CNCo's services are not the subject of stakeholder questions or public debate.	Pages 11 - 21
GRI 102	102-3	Location of headquarters	Yes	HQ is in Singapore	Page 9
GRI 102	102-4	Location of operations	Yes	For description of countries of operations please see "Governance" section of the report.	Pages 11 - 13
GRI 102	102-5	Ownership and legal form	Yes	The China Navigation Company Pte. Ltd. is a Singapore registered company and is a wholly-owned subsidiary of The China Navigation Company Limited, registered in London.	Page 11
GRI 102	102-6	Markets served	Yes	Please see "Governance" section of the report.	Pages 11 - 21
GRI 102	102-7	Scale of the organisation	Partial	Please see "Governance" and "Our People" sections covering the size of the fleet and locations of employees / offices and number of employees. Please also refer to the organisational boundaries diagram. All financial statements are confidential.	Pages 11 - 21, 48 - 56
GRI 102	102-8	Information on employees and other workers	Partial	"Our People" section of the report: "Employment Information" and "Diversity in the workplace / Anti-discrimination and anti- harassment" sub-sections. We consider our seafarers as our employees despite them being employed through a manning agency. Therefore all work is done by employees. There were no seasonal variations in employment numbers.	Pages 48 - 54, 104
GRI 102	102-9	Supply chain	Yes	See "Supply chain and Procurement management " section of the report.	Page 34 - 35
GRI 102	102-10	Significant changes to the organisation and its supply chain	Yes	CNCo established new office in American Samoa	Pages 5 - 6, 16

GRI 102	102-11	Precautionary Principle or approach	Yes	CNCo manages all risks that have the potential to impact our operations. We are measuring, monitoring and reporting our Environmental impact and have a number of initiatives in place to reduce out greenhouse gas emissions and other negative environmental impact. See Section on "Our Environment" for more details. We have a Group Risk Manager who oversees and manages corporate risks.	Pages 75-79
GRI 102	102-12	External initiatives	Yes	Fair employment practices (TAFEP) Singapore since April 2013	N/a
GRI 102	102-13	Membership of associations	Yes	Singapore Business Federation Singapore Shipping Association Sustainable Shipping Initiative Ship Recycling Transparency Initiative World Ocean Council Maritime Anti-Corruption Network (MACN) Womens Int Shipping and Trading Association (WISTA) (Singapore)	N/a
Strategy					
GRI 102	102-14	Statement from senior decision-maker	Yes	See MD's message	Pages 5 - 6
Ethics					
GRI 102	102-16	Values, principles, standards, and norms of behaviour	Yes	CNCo's values, principles, standards and norms of behaviour are outlined in our Code of Conduct which is available on company's intranet. The Code is applicable to all employees ashore or at sea, it sets the highest standards of business ethics which is approved by the Managing Director. There is on-line training on the Code that all employees must take and answer questions which confirm their understanding of it. Swire Values are introduced during the induction programme and are included in the performance management framework for all shore staff.	CNCo's Code of Conduct http://bit.ly/2kv7Ohy
Governance					
GRI 102	102-18	Governance structure	Yes	See "Sustainable Development Governance" section of the report	Pages 22 - 23
Stakeholder engagement					
GRI 102	102-40	List of stakeholder groups	Yes	Investors: Shareholders / JS&S Board / UK JS&S Head office Subsidiary Companies: as per the Organisational boundaries chart Employees: sea staff, shore staff, Senior execs / mid Managers / Managers / other Suppliers: Legal / HR / Auditors / Suppliers of goods and services Communities: Local key s/h communities / Corporate Philanthropic funds recipients Government and Regulators: Classification societies / Ports Shipping Industry actors: Peers / SRF	Page 11, 21, 25 - 26
GRI 102	102-41	Collective bargaining agreements	Yes	CNCo seafarers are covered by collective bargaining agreements (CBA) or equivalent. All contracts are fully compliant with the Maritime Labour Convention (MLC) 2006. Land based employees are not covered by collective bargaining agreements. 61% of total employees are covered by CBA.	Page 51

GRI 102	102-42	Identifying and selecting stakeholders	Yes	See "Stakeholder Engagement and Materiality" section of this report and 2017 SD Report. Key stakeholders that are important to our operations were engaged.	Page 25 - 26
GRI 102	102-43	Approach to stakeholder engagement	Yes	See "Stakeholder Engagement and Materiality" section of the report.	Page 25 - 26
GRI 102	102-44	Key topics and concerns raised	Yes	See "Stakeholder Engagement and Materiality" section of the report.	Page 25 - 26, 94
Reporting Practice					
GRI 102	102-45	Entities included in the consolidated financial statements	Yes	See "Organisational Profile" section of the report and "Organisational and Operational boundaries" diagram.	Pages 11 - 21
GRI 102	102-46	Defining report content and topic Boundaries	Yes	See "Introduction" and "Organisational profile" and "Sustainable Development Governance" sections 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, 11, 21, 27
GRI 102	102-47	List of material topics	Yes	See "Materiality Matrix"	Page 94
GRI 102	102-48	Restatements of information	Yes	Initiatives which started in prior years and continued during the reporting period are covered. Materiality remained the same.	N/a
GRI 102	102-49	Changes in reporting	Yes	We opened a new office in American Samoa. We have also added the new vessels and expanded the scope to cover new office. The rest of the boundaries remained the same.	Pages 5 - 6
GRI 102	102-50	Reporting period	Yes	1 January to 31 December 2018	Page 7
GRI 102	102-51	Date of most recent report	Yes	Sustainability report for 2017 calendar year	N/a
GRI 102	102-52	Reporting cycle	Yes	Annual	Page 6
GRI 102	102-53	Contact point for questions regarding the report	Yes	Contact section of the report. GM - Sustainable Development is the key contact.	Page 127
GRI 102	102-54	Claims of reporting in accordance with the GRI Standards	Yes	Report for the year 2018 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.	Pages 7, 128
GRI 102	102-55	GRI content index	Yes	This table	Pages 113 - 126

GRI 102	102-56	External assurance	Yes	This report will be externally assured with the assurance statement added to the report. The external assurer is independent from CNCo and has an impartial opinion. 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.	Page 128
Material Topics					
Health and Safety					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Yes	Safety is our top priority in CNCo. We continuously strive to provide a safe and healthy working environment and to cultivate a safe mind-set for both our employees and contractors alike. By having a strong safety focus together with robust reporting and learning culture we make safety everyone's priority. Our goal is to build an industry leading safety culture. We continue to measure and monitor safety statistics and have taken a number of initiatives to improve safety across our fleet and within our offices. See the "Safety" section of the report on our approach / policies and statistics. CNCo has a "whistle-blowing" procedure in place to report any issues that may negatively affect health, safety or the environment. This process can be managed entirely confidential. Some relatively minor issues were reported through this channel with each case thoroughly investigated and appropriate action taken where required.	Pages 38 - 46
GRI 403	403-1	Occupational health and safety management system	Yes	The International Safety Management (ISM) Code is the international standard for the safe management and operation of ships and for pollution prevention. Full compliance with the ISM Code is required in order to be able to continue operating under that flag registry, and is indicated by the issue of a Document of Compliance (DoC). We have in place Safety Management Manual (SMM) to guide our daily operations. "The Zero Harm Safety Campaign" developed with consultants Green-Jakobsen has been rolled out to the fleet. The campaign focuses on imbibing the principles of the Safety I's™, which, in turn, would enhance safety behaviours of the seafarers and office staff alike. Recognised standards/guidelines for occupational health and safety management system followed are: - International Convention for the Safety of Life at Sea, 1974, as amended Chapter IX – Management for the safe operation of ships. - Resolution A.741 (18) International Management Code for the Safe Operation of Ships & for Pollution Prevention (International Safety Management (ISM) Code). - Adopted OSHA Injury and Illness Recordkeeping & Reporting Requirements (Safety Management Manual (SMM) section 9.0). - All occupational health & safety professionals are employed by the Company are formally qualified.	Pages 38 - 41
GRI 403	403-2	Hazard identification, risk assessment, and incident investigation	Yes	High risk activities on-board are identified and risks mitigated using the Permit-to-Work system onboard. Every activity on board our vessels undergoes a formal risk assessment in accordance with our Safety Management System before it is commenced. Part of the risk assessment then requires risk avoidance, reduction, or mitigation measure to be taken. CNCo reports total recordable and lost time injury frequency rates, including work-related occupational disease.	Pages 43, 46, 101-103

GRI 403	403-3	Occupational health services	Yes	<p>Good mental health is important for both personal wellbeing and work performance. In contrast, poor mental health can lead to illness and reduced productivity. It is therefore essential to support good mental health among seafarers. In doing so, it should be recognised that individuals, families, communities, employers, work mates, and regulators can all make a difference.</p> <p>CNCo identified the need for training in suicide awareness / risk recognition for our seagoing personnel. We developed a training course in collaboration with Danish health and safety solutions consultants, CONOVAH, aiming to equip our senior officers with tools to spot warning signs of suicide/depression at the earliest possible stage to avoid tragic events of this nature on board.</p>	Page 42
GRI 403	403-4	Worker participation, consultation, and communication on occupational health and safety	Yes	<p>Participation & consultation on occupational health & safety matters on board is achieved by conducting monthly HSE meetings. Similarly, occupational health & safety matters are discussed in all Company offices including regional & head office by way of a safety committee which convenes on a monthly basis.</p>	N/a
GRI 403	403-5	Worker training on occupational health and safety	Yes	<p>CNCo runs Safety Awareness Courses (SACs) for all crew which are compulsory upon joining the company and then repeated every 3 years thereafter. All senior officers are brought to Singapore for a 4-day course whereas junior officers and ratings undergo a 2-day condensed version of the course at their respective manning agencies.</p> <p>A number of other courses related to safety are carried out regularly on subjects such as practical safety for ratings, bosun courses, safe crane operation, and many more.</p> <p>Annual crew/safety forums are run in various locations (Philippines, China, Ukraine, Sri Lanka and Myanmar) where health and safety subjects are always at the top of the agenda.</p> <p>In 2018, CNCo introduced DNV-GL's marine systematic cause analysis technique (MSCAT) to identify root causes when investigating incidents and severe near miss reports. Senior officers are trained during the Safety Awareness Courses on the correct methodology of using the MSCAT.</p>	Page 58
GRI 403	403-6	Promotion of worker health	Yes	<p>The Company provides care for all seagoing and shore-based employees whose workplace is controlled by the organisation. For seafarers we look after their health and welfare for example by providing gyms on board our vessels and improving cook's skills for better nutritional value of on-board meals.</p> <p>Seafarers are at an above average risk to develop mental problems ranging from a sense of isolation, loneliness, severe homesickness all the way up to the risk of committing suicide. CNCo partners with Befrienders Worldwide (BW), an international network of crisis helpline, and we have in place a dedicated e-mail and hotline service for CNCo employees who are feeling depressed or need emotional support. Befrienders Worldwide has an international network of over 350 crisis helplines in 36 countries that provides emotional support to those in despair. The services are confidential in nature.</p> <p>The maritime industry has witnessed a worrying trend in the mental well-being of seafarers and the number of suicides registered. In 2018, CNCo introduced a training course in collaboration with Danish health and safety solutions consultants, CONOVAH, aiming to equip our senior officers with tools to spot warning signs at the earliest possible stage to avoid tragic events of this nature on board.</p>	Page 42

GRI 403	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Yes	<p>All persons, including third party contractors and client personnel on board Company vessels are subject to the same health and safety requirements. SMS Section 5 deals with the Safety, Health and Environment Management. All persons are provided with a vessel induction and appropriately supervised throughout their stay on board. A record of induction and training is maintained on board. Personal Protective Equipment, Medical Locker and Pandemic Locker Equipment are maintained on board in accordance with the SMS Section 5.</p> <p>Office H&S Committees meet regularly to assess impact of H&S issues and put measures in place to rectify it as necessary</p>	N/a
GRI 403	403-8	Workers covered by an occupational health and safety management system	Yes	<p>100% of CNCo seagoing employees are covered by our Safety Management System (SMS). And as per the above, all persons, including third party contractors and client personnel on board Company vessels are subject to the same health and safety requirements.</p> <p>No workers engaged on board Company vessels or at Company offices are excluded from disclosure.</p> <p>All incidents involving Company employees & non-employees working on board Company vessels & at Company offices are reported & fully investigated to identify actions to prevent a reoccurrence.</p> <p>On board our vessels 45% of our seafarers are represented on the joint H&S committees. For the offices, we have H&S committees in key locations: Singapore / Australia / NZ / PNG / Fiji (comprised of representatives from all departments).</p>	N/a
GRI 403	403-9	Work-related injuries	Yes	<p>Company reports the following for all employees:</p> <ul style="list-style-type: none"> • Fatalities • Recordable work-related injuries including Lost Time Incidents, Restricted Work Cases & Medical Treatment Cases • Type of accident, nature & bodily location of injury • Number of hours worked (based on 24 hours on board & 8 hours per day in the office) are used to calculate incident frequency rates <p>Company reports the following for non-employees working on board Company vessels:</p> <ul style="list-style-type: none"> • Time, date, type & severity of injury, sequence of events leading to the incident, immediate actions taken & actions to prevent a reoccurrence <p>The Company does not classify non-employee injury but requires a copy of the investigation report from the injured parties employer.</p> <p>Incident frequency rates are based on 1,000,000 man-hours</p> <p>Third party employees working on board Company vessels & at Company offices are excluded from the disclosure. Company also submits annual incident statistics to the following Industry Organisations:</p> <ul style="list-style-type: none"> • International Maritime Contractors Association (IMCA) • International Support Vessel Owner Association (ISOA) <p>Relevant statistics are reported in the "Safety" section of the report and "Safety Statistics" annexes.</p>	Pages 43 - 46, 101-103

GRI 403	403-10	Work-related ill health	Partial	<p>Company records work-related ill health on board vessels via a Medical Treatment Advice (MTA); Company records work-related ill health in regional & head office by collating Doctors Medical Certificates (or equivalent).</p> <p>Currently the Company does not classify, analyse or trend cases of work-related ill health.</p>	N/a
Ethical and Uncorrupted Company					
GRI 103	103-1 103-2 103-3	<ul style="list-style-type: none"> - Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach 	Yes	<p>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 which together with other policies and procedures sets strong foundation on how we conduct our operations.</p> <p>CNCo has a "whistle-blowing" procedure in place to report any governance issues that may have a negative affect on CNCo.</p> <p>See "Governance" section of the report for more information.</p> <p>No material issues were reported through this process during the reporting period.</p>	Code of Conduct http://bit.ly/2kv7Ohy
GRI 205	205-1	Operations assessed for risks related to corruption	Yes	<p>CNCo's Corporate Code of Conduct is a comprehensive governance document that sets out rules on how CNCo group 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 on-line test for employees within the group to ensure their understanding of what is required of them.</p> <p>All our business operations are assessed for risks related to corruption. Any incidents of potential or actual non-compliance are reported to the Internal Risk Management Committee and investigated. The company has Zero tolerance towards corruption. For more information see "Anti-corruption, anti-trust and monopoly practices" sub-section of the "Governance" section of the report.</p>	Page 29

GRI 205	205-2	Communication and training about anti-corruption policies and procedures	Yes	<p>For more information see "Anti-corruption, anti-money laundering, and anti-trust and monopoly practices" sub-section of the "Governance" section of the report.</p> <p>CNCo's Corporate Code of Conduct includes the requirement for all employees to adhere to ethical behavioural standards and anti-corruption is one of the key areas of compliance. The Company carries out anti-corruption / anti-bribery training and online test for employees within the group. 100% of employees in all regions we operate are covered.</p> <p>Same applies to all our business partners (100%). Anti-corruption clause is included in all our contractual agreements.</p>	Page 29
GRI 205	205-3	Confirmed incidents of corruption and actions taken	Yes	There were no incidents of corruption reported in 2018.	N/a
GRI 206	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Yes	There were no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices in 2018.	Page 29

Financial Stability					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	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. CNCo's sole shareholder is John Swire and Sons Limited which is a private limited liability company. Despite very challenging market conditions and strong competition, CNCo continues to expand its operations and invest in new tonnage. Many efforts have been made to seek efficiencies and cut costs to ensure profitability. See MD's section for more information.	Pages 5 - 6
GRI 201	201-2	Financial implications and other risks and opportunities due to climate change	Partial	See "Climate Change and our business and opportunities" section of the report	Pages 85 - 87
Human Rights and Modern Slavery					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	Providing a fair and safe working environment that is free from discrimination and harassment, respecting human rights and complying with all legal requirements related to employment conditions is critical to CNCo'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. We have in place D&I Policy, Respect in the Workplace Policy as well as our Code of Conduct, all of which further embed diversity and equality of treatment and opportunity into all our operations. For more information see "Our people" section of the report. We also comply with UK Modern Day Slavery Act 2015 (MSA) which covers our business and our supply chain (see MSA Statement on our website). CNCo has a "whistle-blowing" procedure in place to report any issues related to human rights and potential violations of the MSA. This can be an entirely confidential process. No material issues were reported through this process during the reporting period.	Code of Conduct http://bit.ly/2kv7Ohy MSA Statement http://bit.ly/2k1Z1mZ
GRI 406	406-1	Incidents of discrimination and corrective actions taken	Yes	There were two potential cases of Harassment or Discrimination (on any grounds) reported. All reports were investigated and dealt with appropriately, in line with Company's policies and procedures.	Pages 56
GRI 408	408-1	Operations and suppliers at significant risk for incidents of child labour	Yes	CNCo complies with the UK MSA. 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 which details actions taken and planned. See section on "Child and Forced & Compulsory Labour / Modern Day Slavery Act" There were no cases of child labour in 2018.	MSA Statement http://bit.ly/2k1Z1mZ Pages 30 - 31
GRI 409	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Yes	See section on "Child / Forced & Compulsory Labour / Modern Day Slavery Act". There were no cases of forced or compulsory labour in 2018.	Pages 30 - 31

GRI 412	412-1	Operations that have been subject to human rights reviews or impact assessments	Partial	We employ seafarers from many countries with a large percentage coming from: China, Pacific Islands, Philippines, Sri Lanka and Ukraine. We use manning agencies in those countries which are responsible for recruitment and management of human capital. We work with the manning agencies to ensure that they have all the necessary governance in place to prevent any potential human rights violations. We conduct due diligence using self-assessment questionnaires as well as physical audits when possible. We also work with our high risk suppliers including shipyards to make sure that they comply <i>inter alia</i> with MSA provisions.	MSA Statement http://bit.ly/2k1Z1mZ
GRI 412	412-2	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 raise awareness of modern slavery of our seagoing and shore-based employees through monthly newsletters and presentations. 31 hours of MSA training were provided to 124 CNCo employees (12%) in 2018.	MSA Statement http://bit.ly/2k1Z1mZ
GRI 412	412-3	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 UK MSA by including a relevant clause into CNCo's Service Agreement template and by designing a specific MSA questionnaire to be a part of the supplier on-boarding and management. More information can be found under "Child / Forced & Compulsory Labour / Modern Day Slavery Act" section of the report. 100% of all contracts include clause on MSA compliance requirement.	MSA Statement http://bit.ly/2k1Z1mZ Pages 30 - 31
Labour Standards and Relations					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	Providing all statutory benefits that cover workers' basic needs, working and rest hours, minimum employment age as well as protecting basic worker rights, enhancing workers' job security and improve terms of employment including provision of healthcare. CNCo 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 compliance with all statutory requirements which includes ILO Maritime Labour Convention (MLC) for our seagoing employees, we aim to go beyond legislation in ensuring that our employees are well looked after and safe. We have in place governance structures supported by our policies and procedures. For more information see "Our people" section of the report. CNCo has a "whistle-blowing" procedure in place to report any issues related to labour practices. This can be an entirely confidential process. Seagoing employees can also contact DPA to raise any issues related to the conditions of their employment. No material issues were reported through this process during the reporting period.	Code of Conduct http://bit.ly/2kv7Ohy
GRI 401	401-1	New employee hires and employee turnover	Yes	See "People" section of the report and tables in the Data Section	Pages 105 - 106

GRI 401	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Yes	All of the statutory benefits are provided as an absolute minimum in all of CNCo's key locations for all employees. Additional benefits for full-time employees include: - Life insurance and disability coverage - Bonus payments and long service awards All of our seafarers receive: - Private Healthcare - Pension arrangements or cash in lieu for all seafarers - Life Insurance - Collective Bargaining Agreement in place with International Transport Federation (ITF) affiliates - Discretionary training Key locations are defined as countries where more than 3% of our employees are based.	N/a
GRI 401	401-3	Parental leave	Partial	Out of 16 employees who were granted maternity and paternity leave during the reporting period (8 took maternity leave and 8 took parternity leave), all 16 returned to work and continued their employment with the company.	N/a
GRI 402	402-1	Minimum notice periods regarding operational changes	Yes	30 days notice is provided for seafarers. For shore-based employees notice period ranges between 30 and 90 days.	N/a
GRI 407	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Yes	CNCo seafarers are covered by collective bargaining agreements (CBA) or equivalent. All contracts are fully compliant with the Maritime Labour Convention (MLC) 2006.	N/a
Changing Workforce Demands					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	During the time of fast technological developments in the field of wide spread e-communications there is fast growing expectation of existing or potential sea going employees that shipping companies should provide access to internet to facilitate easier connectivity with families at home. And more generally, having improved working conditions on board. CNCo carries out Employee Engagement and Alignment surveys every two years to provide opportunity to all CNCo employees to state their views on issues requiring attention. Those issues are recorded, reported to Senior Management and actions taken are reported back to employees. For seagoing employees, CNCo also holds seafarer forums in various countries to inform them about Company's strategic direction, forthcoming developments and to provide feedback and answer any questions they might have. In Singapore, Employee Townhall sessions are held quarterly where employees can post questions anonymously to the senior management to address. No material issues were reported during the reporting period.	N/a

Cybersecurity					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	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 cyberattacks that threaten to halt operations and safety of crew on board. CNCo takes those risks seriously and identified Cybersecurity as a material issue for business. CNCo has policies and procedures governing cyber-security practices and all employees are required to observe these, as people tend to be the weakest link in cyber-security. Any security issues reported were dealt with immediately and with minimum disruption to the customers. See "Cybersecurity" section of the report.	Page 33
Clear and Transparent Communications					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	In addition to acting responsibly, companies are expected to effectively communicate their sustainability efforts to internal and external stakeholders. Sustainability is a way to position and differentiate CNCo in the long term. We are constantly looking for ways to reach out to our stakeholders to tell the story about our Sustainability journey. This SD report is a comprehensive record of what we do to ensure that CNCo is an ethical company that is doing business in a socially and environmentally responsible manner. We aim to foster a dialogue with our stakeholders by using various forms of communication and solicit feedback. We also use on-line platforms (LinkedIn and WeChat) to communicate with our stakeholders.	This report
Ship Recycling					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	CNCo 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 ensures that harmful chemicals and toxins are not released into the environment. 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. CNCo have been building capacity at selected yards to be ClassNK 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.	Pages 83
GRI 306	306-2	Waste by type and disposal method	Yes	CNCo sustainably recycled 1 vessel at the end of its working life at Ship Recycling Facility in Alang, India: Sustainable recycling statistics for <i>MV Island Chief</i> : 5,889 tonnes of recycled material 10.00 tonnes of hazardous waste (oil) 99.83% recycled, components re-used 105,156 man hours during dismantling 238 reported Safety Observation (SOR) Zero Loss Time Injury Frequency Rate (LTIFR) Zero Lost Time Injury (LTI) Zero Restricted Work Case (RWC) Zero Medical Treatment Case (MTC) Zero First Aid Case (FAC)	Page 83

GRI 306	306-3	Significant spills	Yes	No significant spills were recorded from operations or during ship recycling in 2018.	N/a
GRI 306	306-5	Water bodies affected by water discharges and/or runoff	Yes	There were no water discharges and / or runoffs during ship recycling.	N/a
Transparency in Supply Chains					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	Understanding our supply chain risks, 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. To start, we are focusing on high risk / high value suppliers. For more information see "Supply chain and Procurement management" section of the report and Code of Conduct for Suppliers. No grievances or issues were recorded during the reporting period.	Supply Chain Sustainability Code of Conduct http://bit.ly/2IV7DML
GRI 308	308-1	New suppliers that were screened using environmental criteria	Yes	Environmental and Social criteria are included in the Supply Chain Sustainability Code of Conduct. We have developed Supply Chain Sustainability questionnaire (for self-audits and for the follow up physical audits) for high risk suppliers. The questionnaire covers main areas of sustainability risks and asks for evidence on how those risks are managed. We are working on developing and rolling out a wider supplier assessment and audit programme in the next couple of years using risk based approach. % of all suppliers who have signed the sustainable procurement charter/supplier code of conduct with clauses on environmental, labour, human rights, and ethical requirements - 30% % of total procurement spend which has gone through a CSR assessment or audit - 23.1% % of all suppliers which has gone through a CSR assessment and on-site audit - 0.05%	N/a
GRI 308	308-2	Negative environmental impacts in the supply chain and actions taken	Yes	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 department and if any issues found, raised with the SD Department. Those areas are also covered during high risk supplier audits. No suppliers were identified as having significant actual or potential negative environmental impact. Percentage of suppliers assessed is 0.05%	N/a
GRI 414	414-1	New suppliers that were screened using social criteria	Yes	Labour practices criteria are included in the Supply Chain Sustainability Code of Conduct and questionnaire. We have developed a separate MSA specific questionnaire for high risk suppliers to undergo the self-audit process. The questionnaire covers the main areas of social risks and asks for evidence on how those risks are managed. CNCo complies with the Modern Day Slavery Act and we publish annual statements on our website. For more information see "Child / Forced & Compulsory Labour / Modern Day Slavery Act" section of the report. Nine suppliers responded to the MSA self-audit during the reporting period. Percentage of suppliers assessed is 0.05%.	Pages 30 - 31

GRI 414	414-2	Negative social impacts in the supply chain and actions taken	Yes	Only High Risk suppliers are assessed. Supplier self-assessment questionnaire covers areas related to supplier's social impacts such as labour practices and human rights. Answers to those questions are assessed by relevant departments and SD team. No suppliers were identified as having significant actual or potential negative social impact.	N/a
Big Data and Systems integration					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	Big data analytics are applied to many industries to promote better quality decision-making processes. Big data is voluminous, with variety and velocity of data generated and collected from multiple systems is stored in either structured or unstructured form. Data driven decision making is important for operational efficiency improvements, route and supply-chain optimisation, ship operational efficiency, cargo tracking and regulatory compliance as well as fuel savings (Bunker costs) etc. By using big data and system integration CNCo can improve energy savings from operations, safety, schedule management, fleet planning, fleet allocation, service planning, chartering, condition monitoring and maintenance, environmental regulation compliance, hull and propeller cleaning, retrofit and modification. For new buildings, sensor data collected from past vessels will be used for design optimisation. Data collected from ship's sensors using IOT will be helpful for predictive analysis, which is necessary to avoid delays and increase the ship's overall operational efficiency. CNCo acknowledges the importance of big data in the efficiency and the efficacy of our operations. We have Data Compliance Manager position in place, overseeing work in this area. As a part of our Digital programme, we are implementing solutions to host big data and make it scalable. In 2018 we assessed CNCo's big data needs and evaluated different cloud solutions suitable for our operations. Pilot phase will be rolled out in 2019.	N/a
Diversity and Inclusion					
GRI 103	103-1 103-2 103-3	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Yes	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. We continue to seek to encourage more women to join CNCo fleet by creating a culture where women feel safe and are supported. We have in place D&I Policy, Respect in the Workplace Policy as well as our Code of Conduct, all of which further embed diversity and equality of treatment and opportunity into all our operations to ensure that all employees benefit from a welcoming, positive, innovative and out-performing work environment, which is essential to CNCo's continuing success. In addition to the policies we provide an Advice and Guidance whistleblowing hotline to deal with any potential issues. Please see "Diversity in the workplace / Anti-discrimination and anti-harassment" section of the report for more information. There have been no grievances reported during the period covered by this report.	Code of Conduct http://bit.ly/2kv7Ohy Pages 52 - 56

GRI 405	405-1	Diversity of governance bodies and employees	Yes	<p>The balance of the Executive team from the gender, age and ethnic diversity perspective is a recognised issue for CNCo: all Board Members are male; two out of ten ExCom members are females with the balance being men. This issue is being addressed through Leadership Development training and succession planning. Employee breakdown by gender and age group are included in the report.</p> <p>In 2018 CNCo also joined Women's International Shipping & Trading Association (WISTA) Singapore chapter as a corporate member to provide our female managers with the platform for industry networking and thematic events. WISTA has a consultative status at the International Maritime Organisation.</p> <p>Executive team age groups are: Under 30 = zero 30 to 50 years old = 2 More than 50 years old = 6 All directors are male and Anglo-Saxon Females on the ExCom are expatriates</p> <p>See "Our People" section of this report for more information.</p>	Page 48 - 59
GRI 405	405-2	Ratio of basic salary and remuneration of women to men	Partial	The global average pay gap was 11% in 2018.	N/a
GRI 406	406-1	Incidents of discrimination and corrective actions taken	Yes	Two Potential Cases of discrimination were recorded in 2018. All reports were investigated and dealt with appropriately, in line with Company's policies and procedures.	Page 32

Community Investment and Development					
GRI 103	103-1 103-2 103-3	<ul style="list-style-type: none"> - Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach 	Yes	<p>Support of local communities in countries and communities where CNCo 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. CNCo believes that long-term value creation depends on the sustainable development of the Company and giving back to the different communities in which CNCo operates and which it impacts. Our SD Policy covers this commitment.</p> <p>CNCo has a "whistle-blowing" 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.</p>	<p>Sustainable Development Policy http://bit.ly/2IZuI0R</p> <p>Pages 61 - 73</p>
GRI 413	413-1	Operations with local community engagement, impact assessments, and development programs	Partial	See "Our Communities" section of the report. CNCo invests in our key stakeholder communities due to the global nature of our operations. A number of Corporate Philanthropic (CP) projects are being implemented in various geographic locations with numerous employee engagement activities. We monitor our CP projects to measure impact.	Pages 61 - 73
GRI 413	413-2	Operations with significant actual and potential negative impacts on local communities	Yes	<p>The nature of our global operations means that we serve many communities worldwide by transporting goods between various ports. We have more impact in small island states in the Pacific as we are an integral part of their economy and have been operating in that region for decades. We also employ a large number of seafarers from China / Philippines / PNG / Sri Lanka / Ukraine and the Pacific Islands which we consider our key stakeholder communities. We have a number of Community Investment and Corporate Philanthropic projects in those countries. Every project is carefully evaluated prior to initiation to ensure that there is no negative impact on local communities.</p> <p>The environmental impact is kept to minimum as we comply with all current environmental regulations and deal with any incidents promptly and in full cooperation with local authorities.</p>	Pages 71 - 73

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

T +65 6309 3632

simon.bennett@swirecnco.com

www.swirecnco.com

The China Navigation Company
300 Beach Road
#27-01 The Concourse
Singapore 199555

Copeland & Partners Limited

Anne Copeland 柯安娜 T +852 9833 5979 anne@anne-copeland.com <http://www.anne-copeland.com/>
3B, Block 1, Victoria Garden, 301 Victoria Road, Pokfulam, Hong Kong, PRC 香港域多利道 301 號域多利花園 1 座 3B

Assurance Statement

The China Navigation Co. Pte. Ltd. (CNCo), including relevant CNCo Group Companies, commissioned Copeland & Partners Limited to conduct independent assurance of its 2018 Sustainable Development (SD) Report, in accordance with the scope below.

Objective and Scope

The objective of the assurance process was to verify a representative sampling of the information included in CNCo's SD Report covering the calendar year 2018 and to determine conformance of the report contents with the requirements of the Global Reporting Initiative (GRI) Standards: Core option. An assessment of the Company's SD initiatives and reporting was also conducted, and recommendations were provided to management on the Company's overall performance.

Methodology

The assurance process, which was conducted from August to October 2019, involved a desktop review of CNCo's 2018 SD Report to identify a representative sampling of data and information, as well as claims regarding management systems, performance and corporate strategies, for onsite verification. Information was provided by, and discussions were held with, CNCo's General Manager for Sustainable Development and team, as well as representatives of the Company responsible for risk management, human resources, training and development, health and safety, the environment and procurement to confirm a representative sampling of data, claims and content included in the report and the Company's strategies for managing CNCo's sustainability issues and plans for improvement. Based on this review process, observations were made which resulted in CNCo making minor amendments to the report and its GRI Content Index.

Findings

Based on the claims and data sampled, CNCo's 2018 SD Report includes accurate and robust information to support the Company's commitment to, and performance in, implementing its SD Policy and its self-declaration of the report being in accordance with the requirements of the GRI Standards: Core option, in terms of its coverage of the required principles and general disclosures, and identified material topics and disclosure items. This report, which continues to evolve with CNCo's continuous improvement in its sustainability performance, discloses information on the Company's approach to, and performance in, addressing the elements of *ISO 26000:2010 - Guidance on Social Responsibility*. The report format and content is web-based and the materiality of its content evolves in response to stakeholder feedback as the Company continues to engage its stakeholders on sustainability. CNCo's material sustainability issues are substantively covered and the Company's efforts to develop its employees, keep its operations safe, and reduce its environmental impact as a responsible player in an industry that operates under a global framework, moving towards decarbonisation.

Copeland & Partners Limited

Anne Copeland 柯安娜 T +852 9833 5979 anne@anne-copeland.com <http://www.anne-copeland.com/>
3B, Block 1, Victoria Garden, 301 Victoria Road, Pokfulam, Hong Kong, PRC 香港域多利道 301 號域多利花園 1 座 3B

The transparent disclosure of CNCo's approach to sustainability and of its priorities and performance, is welcomed. It is also noteworthy to recognise the Company's initiatives and commitment to:

- Integrate sustainability considerations in all decision-making processes with CNCo's General Manager for Sustainable Development (SD) part of the CNCo Executive Committee, providing relevant technical input to all company plans and strategies.
- Conduct ongoing engagement with internal and external stakeholders, including systematic surveying on CNCo's material issues and perceptions of the Company's risks and opportunities, with plans to update the materiality matrix based on feedback in 2019.
- Work towards Zero Harm with zero fatalities in 2018 and a substantive reduction of Lost Time Injuries over the previous year. The introduction of the five Safety I's™ and related training rollout and resources, among other actions, continues to reinforce CNCo's commitment.
- Maintain fair and inclusive working environments, onshore and at sea, as demonstrated by CNCo's diversity and inclusion (D&I) initiatives, gender- inclusive policies and approaches, and initiatives for fair remuneration and rewards.
- Provide health and wellness information and support resources, ranging from talks and events to suicide prevention training and access to support helplines.
- Support the learning and development of all employees through ongoing training, including a substantive uptake in discretionary training in 2018, the Leadership Development and Management Trainee Programmes, among other investments.
- Further initiatives for decarbonisation and addressing climate-related risks to meet the UN Paris Climate Agreement, UN SDGs, Poseidon Principles, IMO Initial Emission Reduction Strategy (with more aggressive goals than IMO emission reduction targets) and the Task Force on Climate-related Financial Disclosures.
- Launch "Project Cerulean" in partnership with the University of the South Pacific to research new-generation, low-cost, low-tech and low-carbon ships for the Pacific, with the objective of providing sustainable marine transport to support economic and social services in remote areas.
- Sustainably recycle one vessel in 2018 at the end of its working life in Alang, India without any fatalities or pollution incidents, contributing to safe employment and economic opportunities locally.
- Implement environmentally-responsible initiatives, such as propeller polishing, use of anti-fouling and slime release paint and trim optimisation, resulting in significant fuel consumption and greenhouse gas emission reductions.
- As part of the Pacific Regional Environment Programme (SPREP), use of empty containers to transport recyclable materials from Pacific Islands that are unable to manage waste locally to locations capable of sustainably treating and recycling them in the Asia Pacific region.
- Join and engage with the Women's International Shipping & Trading Association (WISTA) in Singapore to enhance CNCo's commitment and efforts to support female seafarers and to diversity its workforce, which includes welcoming a first batch of female deck and engineering cadets from Papua New Guinea.
- Support research into ocean health with vessels collecting monitoring data, as well as the Vancouver Fraser Port Authority's programme for reducing vessel speed in the Haro Strait to protect at-risk whales.
- Transparently report on challenging issues, including potential breaches of its Code of Conduct, and how they are responsibly managed.
- Report transparently and share progress made in reducing "facilitation payments" and supporting the work of the Maritime Anti-Corruption Network (MACN).
- Clearly disclose CNCo's approach to provide training and implement measures to prevent modern slavery, including child labour, in its operations and supply chains.
- Engage a third-party to conduct a supply chain risk assessment involving close to 5,000 vendors across 108 countries, the results of which informing an enhanced approach to supplier engagement and risk management.
- Invest in its seafaring communities through partnerships with The Mission to Seafarers and Sailors' Society and the Anscor Swire Ship Management Dependents Association (ASSMDA), by providing support for sports, healthcare, children, disaster relief as well as species and habitat conservation.

Copeland & Partners Limited

Anne Copeland 柯安娜 T +852 9833 5979 anne@anne-copeland.com <http://www.anne-copeland.com/>
3B, Block 1, Victoria Garden, 301 Victoria Road, Pokfulam, Hong Kong, PRC 香港域多利道 301 號域多利花園 1 座 3B

Recommendations for Future SD Strategy and Reporting

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

- It is well noted that the CNCoThrive Strategy is aligned with the Company's material issues, the UN SDGs and operational initiatives and progress achieved. CNCo is encouraged to also align its approach with the value chain analysis and develop key performance indicators and targets to focus action on priority risks and opportunities.
- Identify short-, medium-, and long-term targets for material topics, including GHG emissions and science-based targets, climate-related risk, alternate fuels, diversity and inclusion, strategic community engagement, etc., and monitor performance. Include a summary of results against the temporal targets in the Managing Director's message to reinforce high-level engagement on their achievement.
- Based on the systematic engagement planned for 2019, expand reporting on the materiality assessment methodology, including feedback and results for each stakeholder group and how CNCo addresses stakeholder feedback on material topics in terms of report scoping, reporting boundaries and CNCo's strategy, initiatives and performance targets. Consider enlarging the scope of stakeholders to include NGOs focused on climate change and marine issues.
- Engage with stakeholders in CNCo's value chain to enhance awareness of the importance to address and take action on climate change, modern slavery and other priority issues, and continue to improve the on-boarding process of vendors to ensure improved social and environmental performance.
- Conduct training for potentially high-risk suppliers on modern slavery and selected onsite audits to supplement supplier self-assessments.
- Expand reporting on energy reductions enabled by fleet modernisation, and / or other initiatives to increase the eco-efficiency of vessels.
- Expand existing efforts and disclosure on biodiversity impact with a focus on CNCo's Biodiversity Issues of Concern and Biodiversity Action Plan, particularly with regard to both marine and coastal species and habitats as well as endangered and / or unsustainably sourced species and raw materials through the implementation of CNCo's Responsible Cargo Carriage Policy.
- Conduct Social Return on Investment analyses of CNCo's relevant community engagement projects and expand investment and resources on those with impact / value add that align strategically with CNCo's business and community / environmental needs.
- Provide substantive update on progress and achievements in implementing CNCo's D&I Strategy.



Anne Copeland
Managing Director & Sustainability Advisor, Copeland & Partners Ltd
October 14th, 2019