



CHINA NAVIGATION



Sustainable Development Report for the Calendar Year 2020

Governance



Safety



Our People



Our Partners



Our Environment



Index

INTRODUCTION

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

GOVERNANCE

- 13 Company Profile
- 25 Organisational Structure and Boundaries

26 SD Governance Structure and Policies

Compliance

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

33 Supply Chain and Procurement Management

35 2030 Sustainability Strategy

36 Stakeholder Engagement and Materiality

38 CNCo's Response to the Global Pandemic

41 Awards Received

SAFETY

- 43 Zero Harm
- 44 Fleet Safety
- 46 Swire Shipping – Onshore Safety Performance
- 48 Swire Bulk – Onshore Safety Performance
- 50 Onshore (Office) Health & Safety Performance



OUR PEOPLE

- 52 Employment Information
- 56 Diversity and Inclusion
- 65 Anti-discrimination and Anti-harassment
- 66 Employer of Choice
- 67 Performance Management, Training and Development
- 69 Employee Health and Wellbeing during the Global Pandemic
- 73 Supporting Our Seagoing Employees





OUR PARTNERS

- 76 Supporting Seafarers Worldwide
- 77 Supporting Our Key Stakeholder Communities
- 83 Protecting Environment and Biodiversity
- 86 Waste Recycling Project in the Pacific Islands
- 88 Project Cerulean

OUR ENVIRONMENT

- 90 Environment and Our Business
- 93 Environmental Initiatives and Achievements
- 95 Investing in New Technologies
- 97 Reporting Our Environmental Performance
- 98 Energy Consumption and Emissions
- 99 Environmental Training
- 100 Biodiversity
- 102 Industry Leadership
- 104 Sustainable Ship Recycling
- 107 Reducing Our Plastic Footprint
- 108 Eco-Office and Green Guidelines
- 109 Climate Change and Our Business



DATA

- Data
- 113 Stakeholder Engagement and Materiality
- 115 Value Chain Analysis
- 116 Identification of Risks and Opportunities along CNCo's Value Chain
- 117 2030 Sustainability Strategy
- 119 SDGs / CNCoTHRIVE / Material Issues with Progress
- 123 Safety Statistics
- 125 Employment Data
- 128 Environmental Summary
- 129 Energy Efficiency Operational Indicator
- 131 Abbreviations
- 133 Self-declaration: Corporate Social Responsibility
- 134 GRI Standards Content Index
- 148 Contact
- 149 Assurance Statement



1 | Introduction

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

Managing Director's Message

2020 will be remembered, not by the expected and planned for implementation, with few issues, of the IMO 2020 sulphur emission rules in January 2020, nor the anticipation of Brexit driven changes in tonne-mile trade flows. Rather, we were confronted by a totally unexpected global pandemic of devastating negative consequences both for human life and international mobility, for people and cargoes that continue to disrupt the entire supply chain.

Across the organisation, nearly all of us pivoted quickly to working from home, often mandated by our host governments for the safety of all, whilst continuing to provide a high level of service to our customers. Our flexible work arrangements have worked out well.

The very rapid imposition of travel curbs, and the high volatility of quarantine regulations, led to the immediate and almost total inability of our crew managers to facilitate crew changes for our seagoing employees at the end of their contracted tours of duty. This led to stress for those on board, who now were unable to plan for when they would see their families and loved ones again, and for those ashore, whose leave was expiring, and who were unable to plan for their return to employment on our vessels.

We quickly put in place a number of mitigating actions, such as increased internet bandwidth on each vessel, but regrettably we still had a number of seafarers serving long extensions to

their expected contract lengths. We strove to keep our seagoing employees fully informed as to the reasons behind delays, and our actions to reduce these where possible.

We were early signatories to "The Global Maritime Forum-initiated Neptune Declaration on Seafarer Wellbeing and Crew Change" (the "Neptune Declaration") in a worldwide call to action to end this unprecedented crew change crisis caused by COVID-19.

Swire Bulk set sail into these stormy seas as an independent company on 1st January 2021. We thank everyone who worked so hard during 2020 to make this happen. Over the last seven years Swire Bulk has grown from an idea to being one of the leading geared dry bulk players.

Our newbuilding programme continued as scheduled, and running in parallel to this, by the middle of 2021 we expect to have completed our sustainable ship recycling programme of the older vessels that are being replaced with new, much more environmentally efficient tonnage. We are very proud that this will have materially raised the standards in the Ship Recycling Facilities we chose to use, after pre-audit verification, and then continuous Audit During Recycling and provision at our extra cost of Compliance Monitoring teams.

Our vision is to be the leading provider of safe, sustainable, innovative supply chain solutions and our customers' partner of choice.

In support of this vision we are excited to have two such innovative, new supply chain solutions that we will be launching in early 2021, and will report more on these in next year's report.



Our journey to deliver this vision is unchanged. It will continue to be facilitated 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 short-term goals are to return to an even keel, managing all the disruptions that COVID-19 and its various variants in different global locations can throw at us, and overcoming the trade imbalances, and thus crewing movements plus equipment and asset location disruptions that have resulted from the above.

We have thus adopted our parent company's goal of reducing our carbon footprint to zero by 2050, and reducing it by 50% from our 2018 baseline by 2030.

However, in the medium and longer term our single most vitally important goal is to decarbonise our operations in a world that is suffering from the effects of man-made global warming. Whether it is:

- more energetic weather systems, that has resulted in the loss of containers over-side in other companies, and delays to schedules to avoid weather events such as typhoons and cyclones;
- or the damage to coral reefs and marine life ecosystems upon which so many depend for protein, from ocean acidification and warming;
- or the changes in food production, and thus affecting feeding an increasing population and indeed our historic trading routes caused by the migration of global weather systems;
- or critically for many of our stakeholders in the Pacific, the loss of their habitable low-lying land itself due to sea level rise;

Shipping is a part of the problem, emitting ~2.5% of global CO₂ through the burning of fossil fuels in ships' internal combustion engines, and so must be part of the solution.

We have thus adopted our parent company's goal of reducing our carbon footprint to zero by 2050, and reducing it by 50% from our 2018 baseline by 2030.

To help us achieve this we are working with:

- the **Maritime Energy & Sustainable Development Centre of Excellence** (MESD CoE), which is jointly funded by Singapore Maritime Institute (SMI) and Nanyang Technological University (NTU) on the supply of alternative low or zero carbon fuels;
- the **Micronesian Centre for Sustainable Transport** (MCST) at the University of the South Pacific (USP) to support our *Project Cerulean*: the development of a low-carbon, low-tech, low-cost sail-assisted cargo ship to serve outlying islands that are depopulating in the Pacific Islands;
- The **Sustainable Shipping Initiative** (SSI) as a Knowledge Partner to the **Getting to Zero Coalition** (GTZ) in the establishment of factors to be considered in determining whether an alternative low or zero carbon fuel is indeed truly sustainable.

We are very proud of our achievements within 2020, fully and transparently described herein, and going forward are confident that we have the robust and necessary targets in all areas critical and material to us: People, Safety, Environment, Partners and Governance to assist us on our sustainability journey to 2050.



James Woodrow
Managing Director
The China Navigation Company Pte Ltd



Introduction



This Sustainable Development (SD) Annual Report covers the operations of The China Navigation Company Pte Ltd and our associated group companies (CNCo) from 1st January to 31st December 2020, with any point data being as at 31st December 2020 unless stated otherwise. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

CNCo reports our full performance transparently and in this independently assured report in all the areas covered by the Social Responsibility Standard: ISO 26000:2010. These are reported under the broad headings of *Governance, Safety, Our People, Our Partners* and *Our Environment* throughout this report.

CNCo reports our full performance transparently under the broad headings of *Governance, Safety, Our People, Our Partners* and *Our Environment*.

Environmental Performance

Climate Footprint

Emissions

Metric tonnes (t) CO₂e

Scope 1 y-o-y
1,840,063 ▼ 8.26%

Scope 2 y-o-y
382 ▲ 4.24%

Scope 3 y-o-y
2,514 ▼ 56.29%

Other Air Emissions

Metric tonnes (t)

NO_x y-o-y
45,636 ▼ 8.73%

SO_x y-o-y
9,248 ▼ 78.22%

Particulate matter y-o-y
3,642 ▼ 8.89%

VOC y-o-y
705 ▼ 8.43%

Black Carbon new metric
16,688

Responsible Ship Recycling

Recycled *MV Forum Samoa 4, MV Kwangtung, MV Kweilin, MV Melanesian Pride* with **zero injuries** and **zero pollution incidents**.

Between **98.9%** and **99.7%** of vessels by weight was recycled, reused or upcycled.



Ecological Impacts

No significant spills

Spills and releases to the environment

Social

Employee Health and Safety

*per million manhours

Lost Time Injury Frequency Rate (LTIFR)*

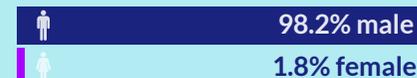
0.53

Total Reportable Case Frequency Rate (TRCFR)*

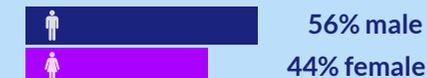
1.71

Diversity

Seagoing employees by gender identity



Shore-based employees by gender identity



Governance

Business Ethics

Grievances

9 reported / 6 substantiated and addressed

Corruption Cases

0

Fines and Sanctions

0

SD Strategy Highlights

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

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

- CNCo group employed 2,966 people in various locations around the world. Our employees come from 39 countries and regions around the world and represent at least 45 different ethnicities.
- CNCo formed a Diversity and Inclusion (D&I) Council to develop a comprehensive and integrated D&I strategy to drive organisational best practices, goals and objectives. We also set up Employee Action Groups (EAGs). These are voluntary, employee-led groups empowered to brainstorm and act on ideas that foster inclusivity in our diverse workforce. We prioritised two EAG groups: Gender and Culture.
- We ran 38 Safety Awareness Courses for senior officers, junior officers and ratings, covering 435 seagoing employees. Such training is critical to maintaining and enhancing the safety of our seagoing employees and all our stakeholders.

CNCoTHRIVE

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

Thriving People



- In April 2020, we introduced virtual global townhall meetings for shore-based and seagoing employees. Moving those meetings to an online platform meant that our seafarers and vessels were able to join us virtually, which was important to ensure consistent and regular communication.
- CNCo supported the project *Delivering on seafarers' rights*, run by the Sustainable Shipping Initiative (SSI) and the Institute for Human Rights and Business (IHRB), along with the other SSI members. The project aims to deliver a human rights code of conduct for charterers and a roadmap for tackling systemic challenges which create human rights risks for seafarers.
- CNCo signed the Global Maritime Forum-initiated "Neptune Declaration on Seafarer Wellbeing and Crew Change" (the "Neptune Declaration") in a worldwide call to action to try to end the unprecedented crew change crisis caused by COVID-19.
- CNCo partners with Befrienders Worldwide (BW), an international network of crisis helplines to offer emotional support for employees (at sea or onshore) facing depression. There is a dedicated email and multi-language hotline service available. The services are confidential (until and unless office intervention is unavoidably required – such as to arrange a seafarer's repatriation to resolve an issue – and always with the employee's prior consent).

Thriving Environment



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

- CNCo continued to improve our fleet fuel efficiency through various Technical and Operational (T&O) measures which resulted in a USD 6.2 million in fuel savings and the reduction of 38,446 tonnes of CO₂ (tCO₂) emissions to the environment over the reporting period. We continue to invest in new technologies which will result in lower fuel consumption and thus further emission reduction.
- During 2020 we achieved significant reductions in the use of Single-Use Plastic Water Bottles (SUPWBs) on board our bulk and liner fleet:
 - Swire Bulk fleet reduced SUPWBs consumption by 41.58% y-o-y.
 - Swire Shipping fleet reduced SUPWBs consumption by 99.59% y-o-y.
- Our *Moana Taka Partnership* enables private sector companies to move recyclable waste streams, where they are accumulating, out of the Pacific Island Countries & Territories (PICTs), to countries with competent, certified and sustainable recycling plants. This thus protects and improves the environment in the Pacific region. In 2020, CNCo shipped out 217.83 tonnes of low value recyclable waste which otherwise would have ended up in local landfills. The volumes were lower compared to the prior year due to the economic impact of the pandemic on the PICT.
- CNCo clinched the *Environmental Innovation Award* in the Seatrade Maritime Awards 2020 for our work on the *Moana Taka Partnership*.

During 2020 we achieved significant reductions across of Single-use Plastic Water Bottles (SUPWBs) on board our bulk and liner fleet.



- CNCo installed 28,000 environmentally friendly LED tubes on the ~40 vessels across our fleet, making it the single largest such exercise in CNCo's recent history. LED lights are up to 80% more efficient than traditional lighting such as fluorescent and incandescent lights. This will reduce CO₂ emissions by as much as 10,000 tonnes within five years. They also contribute to better safety on board vessels.
- CNCo invested in *Project Cerulean* which aims to develop a new class of sail-assisted small cargo freighter for currently marginalised outer-island communities in the PICTs. Following Phase 1, which looked into feasibility, which helped drive the technical specification, the design of the Cerulean vessel was finalised and building is expected to commence in 2021.



Thriving Partners



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

- CNCo made a number of philanthropic donations to various organisations to assist our local key stakeholder communities to fight the COVID-19 pandemic. Funding went towards the purchase of protective equipment, handwashing stations, soap and emergency relief for homeless people and migrant workers affected by lockdowns.
- We continued our support of the Family Support Centre (FSC) in Honiara, Solomon Islands under the programme: *Responding to Violence Against Women and Girls in Solomon Islands*. In 2020 the FSC provided services to 4,392 women, men, boys and girls.
- CNCo awarded a grant to Eastern Highland Family Voice (EHFV), an NGO operating in Goroka, Papua New Guinea (PNG), for its programme: *Keeping Kids Safe in the Eastern Highlands*. We sponsored the position of the Child Protection Officer, who works towards assisting most vulnerable children to avoid abuse, violence and exploitation. During its first year, the programme reached out to over 5,000 students, parents and the communities at large, educating them on the rights of children and offering counselling services.
- CNCo supported Mahonia Na Dari (Guardian of the Sea), a local marine environment research and conservation education centre based in West New Britain, PNG. The support covered a three-year infrastructure maintenance sponsorship, through which new roofs were put on non-income generating facilities to support research, marine education and conservation activities. Over the past three years, 17 buildings have been re-roofed, with two more to be done in 2021.

CNCo made a number of philanthropic donations to various organisations to assist our local key stakeholder communities to fight the COVID-19 pandemic.

2 | Governance

- 13** Company Profile
- 25** Organisational Structure and Boundaries
- 26** SD Governance Structure and Policies
- Compliance**
- 28** Anti-corruption, Anti-money Laundering, and Anti-trust and Monopoly Practices
- 29** Child / Forced and Compulsory Labour / Modern Slavery Act
- 32** Fines and Grievances
- 33** Supply Chain and Procurement Management
- 35** 2030 Sustainability Strategy
- 36** Stakeholder Engagement and Materiality
- 38** CNCo's Response to the Global Pandemic
- 41** 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.



Organisational Profile

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

CNCo has our Operational Headquarters (OHQ) in Singapore, where we are a registered company. This entity is in turn a wholly owned subsidiary of The China Navigation Company Limited, registered in London. Neither company is publicly quoted on any stock exchange. As seen from the Organisational and Operational Boundaries diagram (see page 25), CNCo is also the parent company for a number of agencies and has branches and regional offices in American Samoa, Australia, Brazil, Canada, the Chinese Mainland, Fiji, Germany, Hong Kong Special Administrative Region (HK SAR), India, Indonesia, New Caledonia, New Zealand, Papua New Guinea, Samoa, Solomon Islands, Taiwan region, the United Kingdom and the United States of America.



CNCo at a glance

>2,900

employees globally

>400

owned, managed, operated and chartered-in vessels

35

offices globally

373

types of commodities carried

6.86 million

DWT fleet capacity

>2,560

port calls per annum

32 million

tonnes of cargo carried in 2020

Global Presence



CNCo established Swire Projects, a new business division in October 2020, to provide specialist shipping services to the global energy, resource and infrastructure sector.

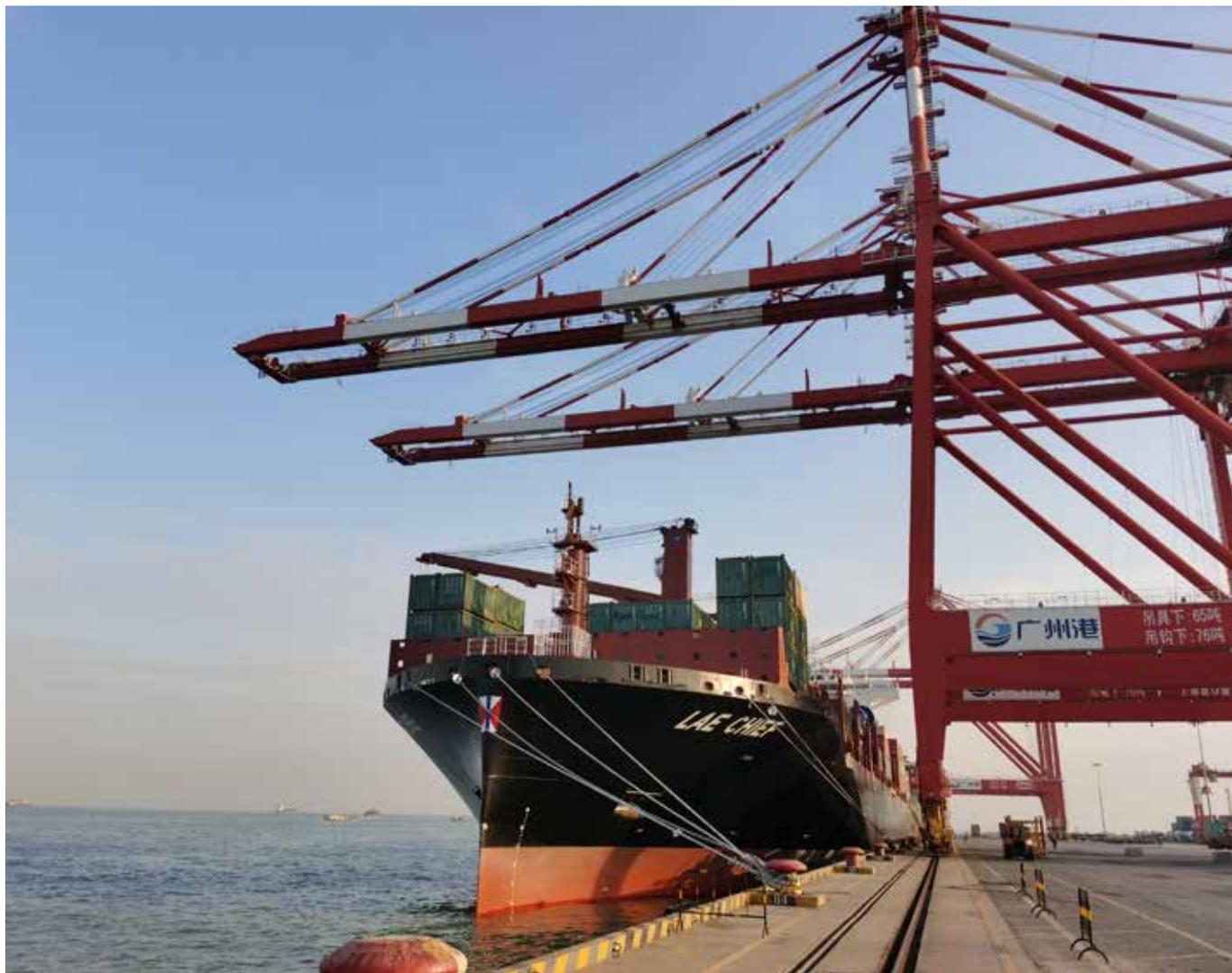
CNCo also owns a:

- 50% share in Swire CTM Bulk Logistics Limited, a joint venture with C Transport Maritime SAM, registered in Monaco;
- 25% share in Mandarin Shipping Limited, registered in HK SAR;
- 67% share in Quadrant Pacific Ltd, a joint managing shareholdership with Ahrenkiel Shipping in New Zealand;
- 25% share in Mitrabahtera Segara Sejati (MBSS) in Indonesia.

CNCo sold our shares in the joint venture (JV) - Guadalcanal Travel Services in the Solomon Islands and acquired 100% of Tradco Shipping Limited in the Solomon Islands, which we previously partially owned (50%) under a JV arrangement.

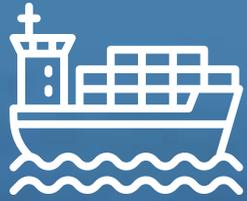
Pacifica Shipping ("Pacifica") is an operating division of The China Navigation Company New Zealand (NZ) Limited. Pacifica operates *MV Moana Chief*, a New Zealand-flagged coastal container vessel with a capacity of 1,700 TEU. CNCo also owns *MV Aotearoa Chief*, a coastal cement carrier. The latter vessel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

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



Above: *Lae Chief*

Swire Shipping at a glance



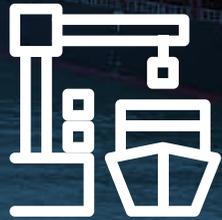
42

owned, managed and
operated vessels



13

liner services



2,100+

port calls per annum



>3,400

customers

Swire Shipping

Swire Shipping is the brand name for all liner shipping services operated by CNCo. Dedicated to facilitating and growing trade in the regions in which it operates, it connects 400 ports via an extensive network in the Asia-Pacific and globally. Swire Shipping provides several high frequency liner shipping services in the Asia-Pacific markets and specialises in providing a wide range of specialist customer solutions for project, heavy lift, refrigerated, breakbulk and mini bulk cargoes.

As a liner shipping specialist with a principal focus on the Asia-Pacific region, Swire Shipping has an unrivalled reputation for servicing the communities of the Pacific, operational excellence, 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, Fiji, the Pacific Islands, North America and Europe, providing its customers with dedicated service and expert market knowledge. Swire Shipping's owned, managed and operated fleet consisted of 21 vessels; the majority of which are modern multipurpose vessels owned by Swire Shipping's parent company, CNCo Pte Ltd, in Singapore. It also time chartered-in 21 vessels throughout the year.

In 2020 several key service developments were launched, including an upgraded and high frequency service linking North Asia, Papua New Guinea and Townsville in Australia. Swire Shipping continued with its investment in the digital enhancement and modernisation of its systems, including the launch of several new features on its e-commerce platform*.

In mid-2021 Swire Shipping will conclude the building of eight new container vessels. These newbuildings represent a generational investment in the largest and most environmentally friendly vessels in the region and material long-term commitment to our key stakeholder communities in the Asia-Pacific region. Throughout 2021, Swire Shipping will also progressively offer its customers a range of landside logistics services to integrate both land and sea with a vision of "Saving Our Customers Time".

*www.swireshipping.com

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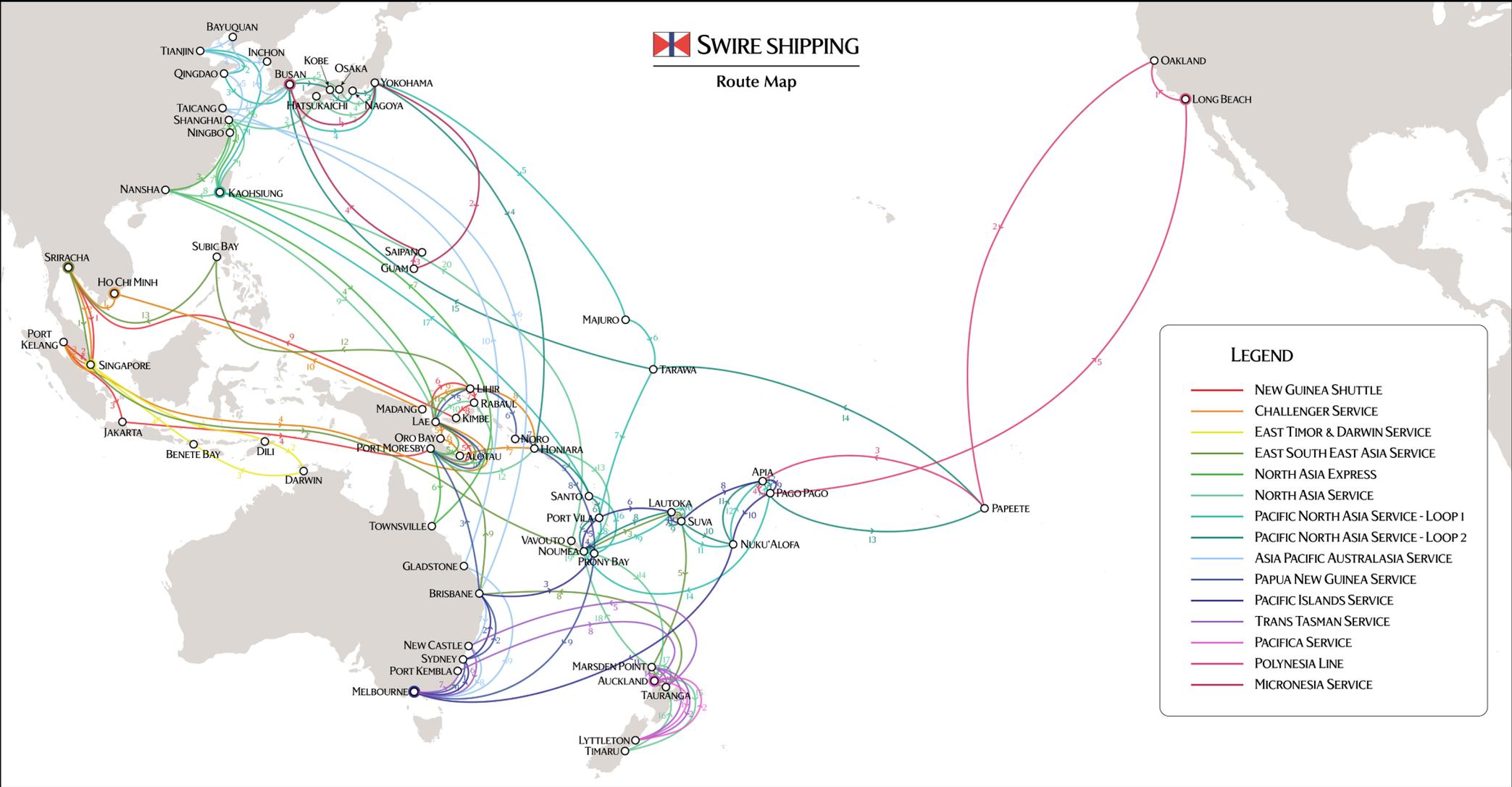
MV Changsha: A gamechanger for Swire Shipping

On 18th March 2020, Swire Shipping launched its next-generation, purpose built 2,400 TEU vessel, *MV Changsha*, into service to sail on the Southeast Asia to Papua New Guinea and Solomon Islands route. This demonstrated Swire Shipping's long-term commitment to its customers and the region.

While Swire Shipping was very concerned about the global situation over COVID-19, it was also cognisant that vital supply chains must remain open with as little disruption as possible. "The economies and livelihoods of the Pacific region are heavily reliant on seaborne trade. Our purpose as a Company is to enrich lives by connecting our customers with the communities of the Pacific. The addition of *MV Changsha* and the remaining new-building vessels will enable us to achieve this and show our long-term commitment to our customers and the region," said Jeremy Sutton, General Manager, Swire Shipping.



Route Map



Swire Bulk at a glance



359

owned, managed and
operated vessels



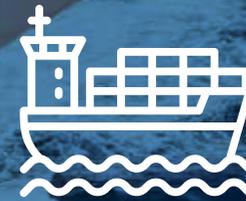
28

million tonnes of
cargo carried



>80

trading in >80 countries



4.7

average vessel age
(years)



Swire Bulk

Established in 2012 as the dry bulk trading division of CNCo, Swire Bulk operates a modern fuel-efficient fleet comprising owned, long-term and short-term chartered tonnage. Specialising in transporting cargoes in the dry bulk segment, Swire Bulk's vessels are well-suited to carry products such as grain, coal, cement and clinker.

Swire Bulk continued its ambition to be a leading geared bulk carrier and operator of choice. Its fleet of owned, managed and operated vessels grew to 32 vessels with an average age of 4.7 years. Swire Bulk had 327 chartered-in vessels throughout the year. Its owned fleet consisted of 20 modern B-Delta 39k deadweight tonnage (DWT) handy size bulk carriers and four Imabari-designed 37k DWT; all log-carrying vessels. Swire Bulk took delivery of two Oshima-designed and built 37k DWT vessels with six more to be delivered in 2021, together with two Hakodate 34k DWT vessels. The age and design efficiency of its vessels are important contributors in delivering on its decarbonisation commitments.

Swire Bulk Pte Limited commenced trading on 1st January 2021, giving the business the independence required for the continued development as a high-quality global dry bulk operator. Market leadership in terms of safety and quality of its operation as well as sustainability commitments and initiatives with various business partners will remain central to its business strategy.

People / Places

Swire Bulk's global presence spans offices in Singapore, Shanghai, Vancouver, Melbourne, Sydney, London, Hamburg, Miami, and Rio de Janeiro. Its shore-based headcount grew from 112 to 131. This growth included preparation for the transition to a stand-alone entity but also represented the evolving diversity amongst its teams as Swire Bulk expands its dynamic footprint to serve a diverse and fragmented commodity market. Swire Bulk's commitment to Zero Harm continues.

As with nearly all other organisations, Swire Bulk was not spared the impact of COVID-19. The short-term impact of the pandemic on its shore-based employees was driven by regional lockdown rules reinforced with its own 'safety first' culture, wherein the safety of its employees was of paramount concern. The impact on the seagoing employees has been more significant. Swire Bulk placed high priority on managing crew health, welfare, repatriation and general wellbeing of all personnel whether on owned or third-party tonnage. The operational impact of COVID-19 varied by country, though regional quarantine regulations were a minor inconvenience in comparison to crew safety and wellbeing.

Swire Bulk takes delivery of MV Singan

On 30th April 2020, MV *Singan* departed Hakodate Shipyard in Japan on her maiden voyage to Busan to collect bunkers. She is traded worldwide with a strong focus on the logs trade in the Pacific and South Atlantic.

MV *Singan* was the first ship delivered in a wider order book of 10 bulk vessels to be built in Japan, with the remaining vessels scheduled for delivery by December 2021.

She has been designed for optimal speed and consumption at 12.5 knots in the laden condition. The eco-efficiency additions of the Rudder Bulb, Wake fin and Pre-swirl will improve vessel hull efficiency. As a log-fitted vessel, she has a high level of structural stability. She is also installed with the latest solid state radar equipment which is integrated with an Electronic Chart Display and Information System (ECDIS). This ensures compliance with the latest and future requirements and for system updates to be managed easily.

“Our new-building programme will enable us to deliver the largest and most eco-friendly fleet trading in the market. We control one of the world’s largest handysize logger fleets and these two log-fitted new-buildings will strengthen our position in the log market. We remain committed to delivering market-leading, innovative and sustainable shipping solutions to our customers,” said Rob Aarvold, General Manager, Swire Bulk.



MV *Singan* on her maiden voyage to Busan

Customer development

COVID-19 impacted dry bulk demand in a variety of ways, including regional disruption or a reduction of trade flow in commodities deemed non-essential. The impact to daily earnings was a challenge to the industry as a whole, but the Swire Bulk fleet remained actively employed, a reflection on its ever-growing diversification of customers, commodities and trade routes. Swire Bulk continued to focus on sustainably sourced commodities and developed focus on the renewable energy sector, extending further, long-term wood pellet contracts into Japan, carriage of windmill blades and commitment to carrying sustainably sourced logs and agricultural or mineral cargoes. Swire Bulk was proud to be the first shipper under Czarnikow’s new VIVE Shipping Module, a programme that covers the entire agricultural ingredient supply chain from field to end-user with modules to capture each step in the supply chain. Swire Bulk was delighted to partner with a major sugar customer in developing the shipping module under the VIVE programme; an example of shared aspirations for supply chains to become more sustainable.

Innovation

Business Innovation for Swire Bulk includes optimising business performance and decision-making which captures its understanding and focus on targeting trade lanes, which then add a competitive edge to pricing and deliver on its commitment to reduce carbon emissions. Swire Bulk engaged with key industrial clients who shared common sustainability ambitions to discuss bespoke freight partnerships. This enabled them to deliver on efficient trade triangulations delivering not only on price, but also on carbon reduction targets including an aggressive reduction in our rolling Energy Efficiency Operational Indicator (EEOI) target across the fleet.

2020 saw further investment in logistics solutions including the construction of a new integrated conveyor system that will revolutionise the import supply chain for the port and community. Swire Bulk also invested in a partnership with the developers of a wash-water filter cleaning system to achieve certified safe disposal of cargo space wash water. These solutions offer operational and social benefits in any port.

Swire Bulk believes that business innovation is the medium for the company to embrace change, challenge the status quo and generate a ‘blue sky’ vision for the future.

2020 saw further investment in logistics solutions including the construction of a new integrated conveyor system that will revolutionise the import supply chain for the port and community.

Swire Projects

Established in October 2020, Swire Projects provides specialist shipping services to the global energy, resource and infrastructure sectors. It works closely with the marine service activities of the Swire group to develop an independent global strategy in the multipurpose and heavy lift segments. Swire Projects is set to lead a smart network of resources, enabling highly efficient, trusted and flexible shipping solutions to service clients in the project logistics sector.



Project Parcelling

Plant & machinery; structural steel, capital equipment, tubulars, rail wagons, camp units, yachts & IMDG.



Turnkey Projects

Wind energy, pipeline, marine civil infrastructure, power and transport projects with breakbulk and heavy lift requirements.



Turnkey Projects

Wind energy, pipeline, marine civil infrastructure, power and transport projects with breakbulk and heavy lift requirements.



Transport Engineering

Feasibility and conceptual studies; lifting, lashing & stowage plans; port captains in key loading-discharging locations; project management.

SMARTNETWORK

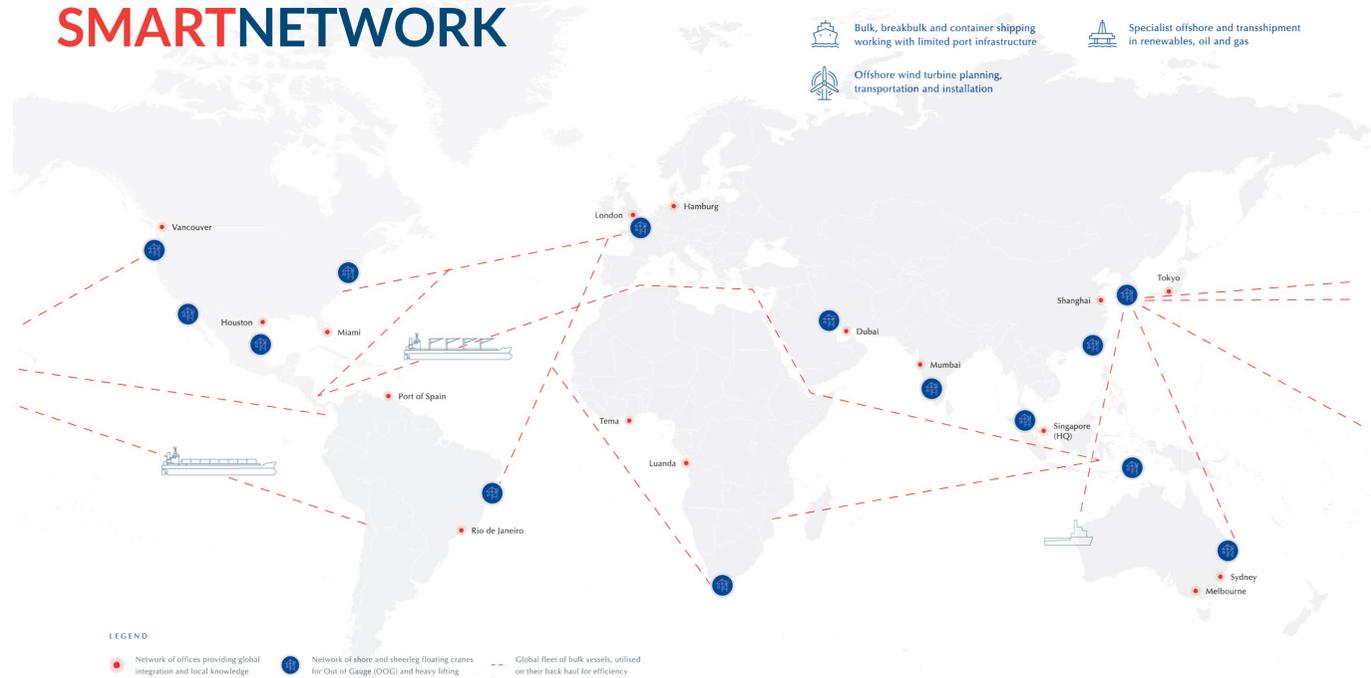




Photo credit: Martin Budz

Swire Bulk Logistics

Experienced in the design, build and operation of specialist vessels such as floating cranes, cement ships and transshipment vessels, Swire Bulk Logistics offers tailor-made solutions to support logistics and supply chains. Every project is different and we take pride in safely managing challenging locations, plus draft restrictions, transshipment and unique constraints in both ocean and coastal transportation.

Working together with Swire Bulk and Swire Shipping, Swire Bulk Logistics offers horizontally integrated services and a global network to provide innovative and sustainable marine supply chain solutions for its customers through long-term partnerships. Swire Bulk Logistics operations and responsibilities are divided between Swire Bulk and Swire Shipping, as since 2020 it is no longer a separate business division.

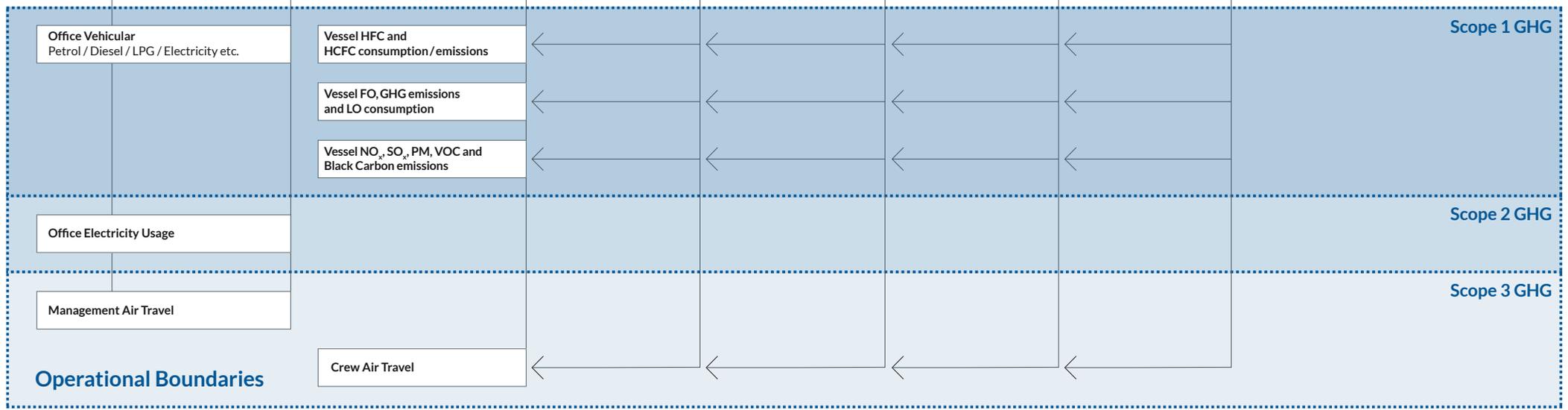
MBSS in which CNCo holds 25% shares in Indonesia, is being managed solely from Indonesia. More information about MBSS can be found in their 2020 Sustainability Report.*

*<https://bit.ly/3hYs5XR>

Swire Bulk Logistics offers tailor-made solutions to support logistics and supply chains.

THE CHINA NAVIGATION COMPANY

Organisational Boundaries



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

Scope 1 emissions include all vessels categorised as follows:
 1. owned, managed and operated. 2. managed and operated. 3. owned and operated. 4. chartered-in.

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

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

SD Governance Structure and Policies

CNCo strongly believes that it is imperative to act with probity, transparency and accountability to achieve our long-term objectives. We developed our 2030 Sustainability Strategy - CNCoTHRIVE (see page 35), to have a pathway on where we want to be in 10 years' time.



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

The CNCo Board of Directors at 31st December 2020 comprised eight members, four of whom were Independent Non-Executive Directors.

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

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

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

The General Manager for Sustainable Development (GM SD) reports directly to the Managing Director (MD) and to the Board, biannually. This allows him to provide SD input at a strategic level. The GM SD is also consulted on the sustainability of specific commodities prior to entering into Contracts of Affreightment with charters and other specific sustainability areas. The GM SD provides the ELT with strategic updates when necessary.

Prior to publication, CNCo's SD Report is reviewed by the MD to assure the accuracy and inclusion of all material issues.

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

While CNCo has no direct public shareholders, we manage and operate all our businesses in compliance with the Corporate Code of Conduct for both John Swire and Sons (UK), and CNCo.

CNCo's management regularly reviews the operating practices and the Enterprise Risk Management framework that ensures:

- satisfactory and sustainable returns to our 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.

Links

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

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

Responsible Cargo Carriage Policy
<https://bit.ly/2Oy1a5u>

Sustainable Procurement Policy
<https://bit.ly/2WrfTnf>

Supplier Code of Conduct
<http://bit.ly/2IV7DML>

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

In 2020, CNCo implemented an online Corporate Governance System (CGS). CGS is the 'single source of truth' that will help develop behaviour to deliver an optimised process-driven and compliant culture, which in turn will ensure consistency to our high standards.

In compliance with 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, we have in place, a Designated Person Ashore ("DPA"), an internationally legally required position. 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. The DPA's legal responsibility and authority 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 is also a part of the various thematic working groups at the Swire group level, as well as a part of the Swire group's Environment 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. Our CP donations largely focus on:

- The Provision of Educational and / or Health Opportunities for Youth; and / or
- Enhancing the Company's presence in our Stakeholder Communities; and / or
- Environmentally / Biodiversity Sustainability issues; while as best possible simultaneously:
 - Demonstrating a strategic fit with CNCo's business;
 - Fostering or enhancing a Corporate Partnership with CNCo (rather than being disconnected philanthropy) – i.e. be Business Critical Community Engagement ("BCCE");
 - Involve a Long-Term Partnership;
 - Be Responsive to Community Needs;
 - Normally avoid "One-Offs";
 - Involve fewer but larger sums, rather than many small donations, as these have a bigger impact multiplier.



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

The Company does not tolerate 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 covered within this Code. We also have a stand-alone Anti-bribery and Competition and Anti-Trust Policy which relevant employees must take online training for, to ensure understanding and compliance.

The CoC, together with internal controls, sets a strong foundation to prevent any corruption and anti-competitive / anti-trust behaviours. The Company 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 Internal Audit Committee and investigated.

Our governance compliance training programme covers:

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

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

In 2020, as in previous years, CNCo was not involved in any legal actions for anti-competitive behaviour, anti-money laundering, anti-trust, or monopolistic practices, and thus no sanctions, financial or otherwise, were imposed.

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

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

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

More information about MACN can be found at:
www.macn.dk

Photo by Pepi Stojanovski on Unsplash



Child / Forced and Compulsory Labour / Modern Slavery Act

As a business with a history and an ethical framework of good employment practice, CNCo is committed to providing good working conditions for our employees, according to universal international standards, and to protecting their safety and health.



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

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

The Code of Conduct is supplemented by our Global HR procedures which ensure that pre-employment screening is conducted prior to the offer of employment. Our Supply Chain Sustainability Code of Conduct spells out all principles to which we require our suppliers to adhere covering, *inter alia*, forbidding forced and child labour.

CNCo introduced our Modern Slavery Policy in 2020 which commits us to ensure that there is no modern slavery present in our supply chains or in any part of our business. We have put in place a number of compliance processes to prevent, detect and eradicate any incidences of modern slavery, as laid out in the UK Modern Slavery Act (2015) (MSA) and the Australian MSA (2018).

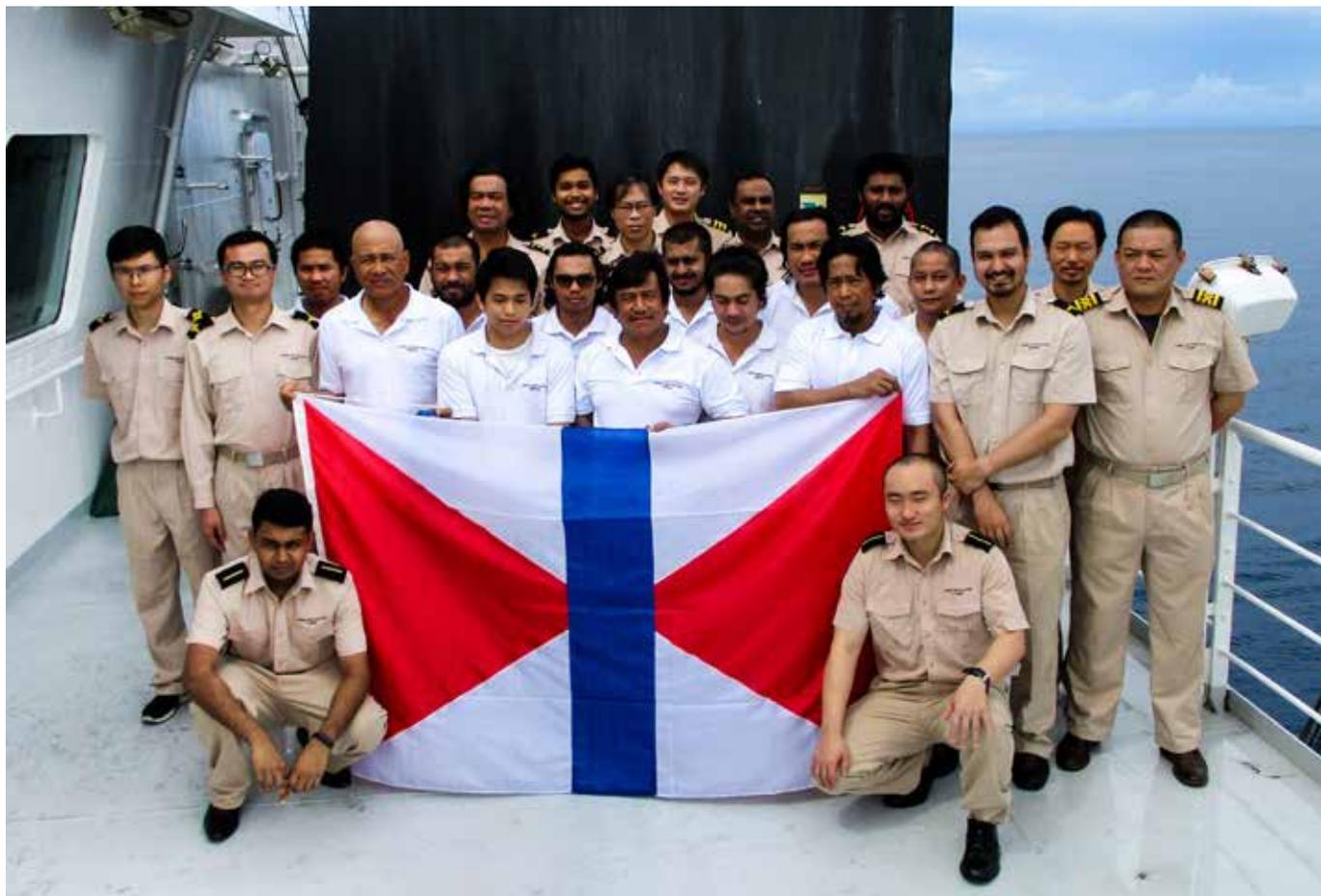
We publish annual statements as per the requirements of the Acts, which can be found on our website which detail compliance processes to prevent, detect and eradicate any incidences of modern slavery.

In 2021, our parent company will join the Mekong Club. The Mekong Club is a non-profit organisation that focuses on systemic change to permanently break the cycle of modern slavery. We will have access to their resources and expertise to further enhance our policies and procedures.

CNCo supported the project *Delivering on seafarers' rights*, a project run by the Sustainable Shipping Initiative (SSI) and the Institute for Human Rights and Business (IHRB), along with SSI members. It aims to deliver a human rights code of conduct for charterers, and a roadmap for tackling systemic challenges which create human rights risks for seafarers.

The challenge of protecting and respecting seafarers' rights was thrust into the spotlight with the emergence of more than 400,000 seafarers stranded at sea due to crew change restrictions as a result of the COVID-19 pandemic. Alongside this increased public awareness of the challenges seafarers worldwide face, there is a growing demand from consumers, investors, business partners, governments, and civil society for transparent and sustainable supply chains that address human rights along with environmental concerns.

CNCo signed the Global Maritime Forum-initiated "Neptune Declaration on Seafarer Wellbeing and Crew Change" (the "Neptune Declaration") in a worldwide call to action to end this unprecedented crew change crisis caused by COVID-19.



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

CNCo joins human rights group for seafarers

CNCo has joined a project launched by the Sustainable Shipping Initiative (SSI) and the Institute for Human Rights and Business (IHRB), to focus on seafarers' labour & human rights.

The project aims to develop a human rights code of conduct for charterers, and a roadmap for tackling systemic challenges which create human rights risks for seafarers – a widely-recognised gap in catalysing industry-wide policy and practice.

The press release can be found on the SSI website*.

James Woodrow, Managing Director at The China Navigation Company Pte Ltd said: "Maritime transport is essential to the world's economy as over 90% of the world's trade is carried by sea and it is, by far, the most cost-effective way to move *en masse* goods and raw materials around the world. Generally this happens quietly and unobtrusively, but this is only possible due to the essential work carried out by 1.65 million seafarers of all nationalities.

Too often the nature of this 'out of sight, out of mind' work is taken advantage of by unscrupulous organisations to be also 'below or ignoring national and international legislative requirements and against basic accepted standards of human rights'. The China Navigation Company is keen to work with the other committed members and partners of the Sustainable Shipping Initiative to ensure that seafarers' labour and human rights are fully respected and observed.

We will work in this initiative with proactive charterers to play an active role in raising the bar and through transparency assist the due diligence to deliver on seafarers' rights, potentially by way of an industry code of conduct and through contractual terms and chartering provisions".

*<https://bit.ly/3eOBT4B>



The China Navigation Company is keen to work with the other committed members and partners of the Sustainable Shipping Initiative to ensure that seafarers' labour and human rights are fully respected and observed. We will work in this initiative with proactive charterers to play an active role in raising the bar and through transparency assist the due diligence to deliver on seafarers' rights, potentially by way of an industry code of conduct and through contractual terms and chartering provisions".

James Woodrow

Managing Director, The China Navigation Company Pte Ltd

Fines and Grievances

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

The reporting of material concerns is formally tracked and addressed. This Policy and the process can be found on CNCo's website.

The following numbers of issues were reported, investigated and dealt with appropriately, in line with the Company's policies and procedures during 2020:

Potential H&S breaches / issues – three reported.

- Case 1: The Master was suitably reproached.
- Case 2: The Master was suitably instructed.
- Case 3: It was decided not to rehire the seafarer.

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

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

- Case 1: The seafarers were issued written warnings by the Master.
- Case 2: The allegation was investigated and found to be unsubstantiated.
- Case 3: The allegation was investigated and found to be unsubstantiated.
- Case 4: It was decided not to rehire the seafarer.

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

- Case 1: The allegation was investigated and found to be unsubstantiated.
- Case 2: The Master was instructed to issue verbal warning to the seafarers.



Supply Chain and Procurement Management

CNCo's Global Procurement department works to gain leverage, improve global standards for efficiency, standardise processes, build up competitive advantage, improve the sustainability of goods and services purchased and mitigate supply chain risks.



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

- IT procurement process standardisation and automation;
- Automation of Supplier on-boarding process;
- Corporate travel services online booking tool;
- Introduction of standardised Category Management plans;
- Introduction of standardised sourcing approach;
- Standardisation of bunkering ordering (IBS).

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

CNCo's supply chain covers *inter alia*:

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

CNCo works with thousands of diverse suppliers globally.

We have in place a Supplier Code of Conduct that outlines the requirements to which we expect our suppliers to adhere. We developed the audit process for our high risk / high value suppliers to ensure full compliance with our Supplier Code of Conduct and Modern Slavery Policy requirements. Over the past few years, we have focused on auditing our bunker suppliers as a priority group. We will continue working on understanding our supply chain risks, conducting due diligence on both existing and new suppliers and supply chain partners to ensure that our supply chain is fully compliant with any regulatory, environmental and H&S requirements, as well as being free of human rights violations and modern slavery.

We embarked on a process of designing a Sustainability programme strategy for CNCo to take a proactive approach in demonstrating business competitiveness, sustainability performance, and thoughtful supply chain management. This work was put on hold during the COVID-19 pandemic due to the operational demands on our business. We will resume this work in 2021.

We outsource a small percentage of our ship management services to third parties. All subcontractors 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 the tendering exercise and ensuring that their policies are aligned to CNCo's. We carry out regular monitoring to ensure that their practices do not deviate from our policies and Safety Management System (SMS). We also use several manning agents in various countries around the world. We conduct full due diligence on each one of them and follow up with annual internal Document of Compliance (DOC) audits as required under IMO / ILO regulations.



We have in place, a Supplier Code of Conduct which outlines the requirements to which we expect our suppliers to adhere.

2030 Sustainability Strategy

CNCo revisited our strategic 2030 goals at the start of 2020 and sense-checked them against a backdrop of the accelerating urgency and scale of challenges the shipping sector is expected to respond. We assigned objectives and goals across the three areas which aligned with CNCoTHRIVE pillars:

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



We renamed the previously used *Thriving Communities* pillar to *Thriving Partners* to cover a broader range of stakeholders, which now includes suppliers, customers, NGOs etc.

The new Sustainability Strategy was signed off by CNCo's Board of Directors in 2020. Due to the COVID-19 restrictions and ban on international travel and large group gatherings from March 2020 till the time of writing of this report, we did not hold our usual annual conference in 2020. However, we continued to make progress towards the goals under three pillars.

Swire Bulk's strategy will be developed in 2021, when it starts operating as a separate entity.

CNCoTHRIVE is our new 2030 Sustainability Strategy and it can be found on page 117. An extended version that includes goals and success measures for each pillar has been developed internally.

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

Our progress against CNCoTHRIVE and relevant Sustainable Development Goals is detailed on pages 119 - 122 (SDGs and with Links to CNCoTHRIVE strategy and Material Issues with progress). Risks and Opportunities along CNCo's Value Chain are presented on page 116.

Photo left:
Yang Wewe on Unsplash

SwireTHRIVE 2.0

Swire Group refreshed the SwireTHRIVE strategy for Sustainable Development in 2020. The new SwireTHRIVE 2.0 has been expanded to include environmental and social topics which are important to the Group. The refreshed strategy focuses on delivering ambitious targets on each of the five topics of Climate, Waste, Water, People and Communities.

CNCo's Strategy includes topics covered in SWIRETHRIVE 2.0 that are relevant to our business.



Stakeholder Engagement and Materiality



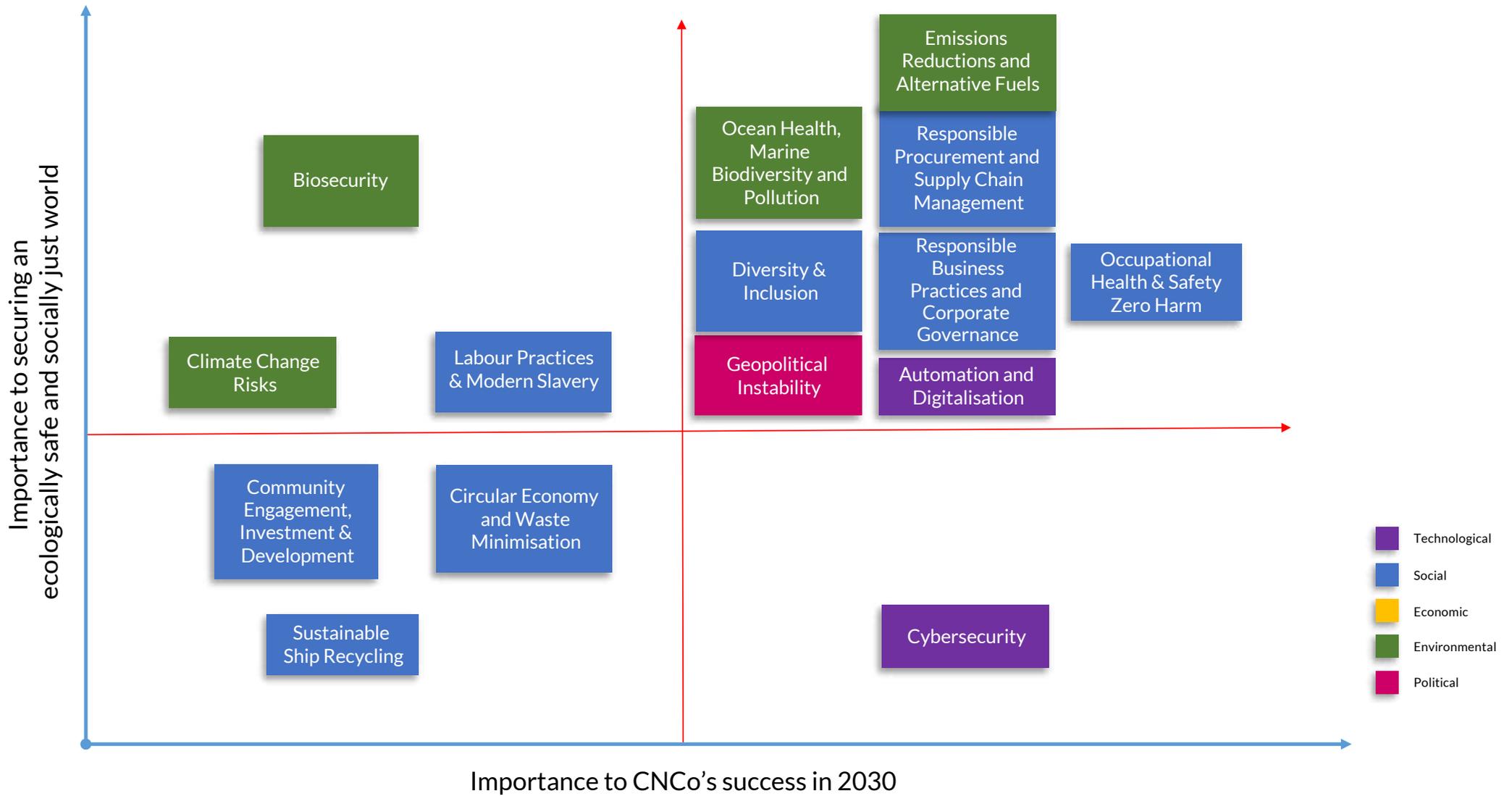
We conduct a materiality assessment every three years to better understand stakeholders' expectations, risks and opportunities they perceive as important to the Company's long-term value creation. Our last full materiality assessment was done in 2019 and the list of material issues is presented in a Materiality Matrix: *see next page.*

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

Our key stakeholder groups and their areas of concern are listed on page 113.

We conduct a materiality assessment every three years to better understand stakeholders' expectations, risks and opportunities they perceive as important to the Company's long-term value creation.

Consolidated Materiality Matrix



CNCo's Response to the Global Pandemic

Given the impact that COVID-19 had on the world and the shipping industry, we engaged with our internal stakeholders via an online questionnaire to identify specific sustainability issues that emerged during the pandemic.



We asked our seagoing and shore-based employees for their views on the areas of material importance to them and our operations in 2020 and beyond.

We received 178 responses, with 76% being shore-based and 24% being seagoing employees.

The two most important areas common to both our employees at sea and ashore were “Health, mental wellbeing” and “Safety” plus “Emission reduction from our operations”. These were closely followed by “Pollution prevention” and “Waste management”, as well as making sure that “Our operations are ethical at all times”. The topic of increasing diversity, and the consequent need for higher levels of inclusivity, both at sea and ashore was also high on the priority list.

We received 178 responses, with 76% being shore-based and 24% being seagoing employees.

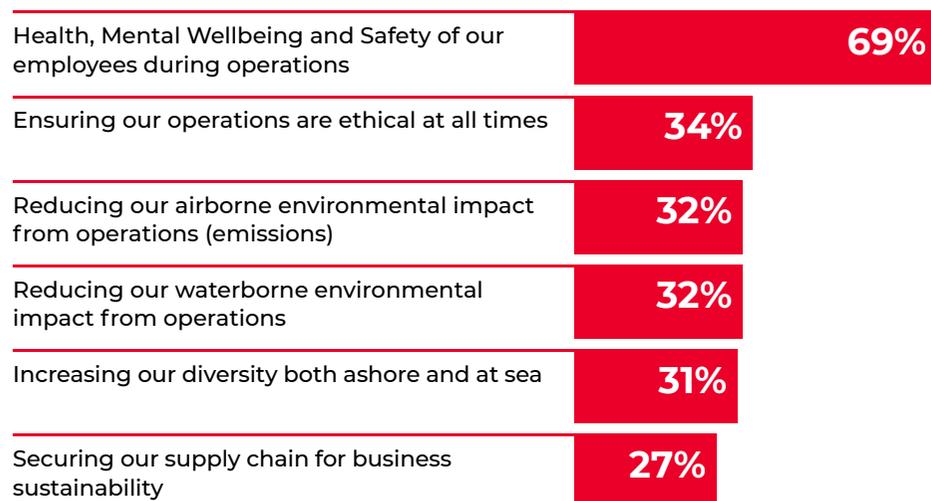
Note: Employees were able to select multiple answers hence the overall percentages do not add up to 100%

The new issue that emerged because of COVID-19 was the importance of “Protecting human rights of our employees” (related to crew changes during the pandemic, which became, and remain at the time of writing, very difficult). They are addressed under the *Our People* section of the report. Continued focus on reducing our environmental impact is addressed in the *Our Environment* section of the report.

We will consider if this additional issue should be included in the Materiality Matrix when we refresh our materiality assessment involving a broader range of stakeholders.

Areas of importance to CNCo's operations during 2020

Areas of importance to Shore-based employees



Areas of importance to Seagoing employees



We also asked our employees what CNCo managed well over 2020, and what was not managed well.

The issues which were most voiced by several employees are listed below.

Sustainability issues that you think CNCo managed really well over the past year:

- Reduction of single-use plastic water bottles on board and ashore
- Reducing the environment impact from our operations
- Cooperation with key customers (VIVE certification)
- Regular communications with employees
- Health and Safety of employees
- *Moana Taka Partnership* & Sustainable Ship Recycling

While the Sustainability issues that CNCo did not manage well over the past year included:

- Not enough focus on reducing carbon emissions from burning of fossil fuels
- Management of single-use plastic could be improved
- Regular communications with our employees
- D&I - diversity both ashore and at sea - slow progress
- Health and Safety of crew (due to the pandemic)

We were pleased to hear that we had many successes. Most of the issues listed on the list that CNCo needs to do better at, are material to us and we will continue focusing our efforts to address them in the years ahead.



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Awards Received



Environmental Innovation Award in the Seatrade Maritime Awards 2020

CNCo clinched the *Environmental Innovation Award* in the *Seatrade Maritime Awards 2020*. The Award was for our work on the *Moana Taka Partnership* where our vessels carry containers of recyclable waste from eligible Pacific Island ports, *pro bono*, to be sustainably treated and recycled in suitable ports in Asia Pacific.

Left: Simon Bennett, GM SD, CNCo accepting award at the virtual Award ceremony.

CNCo was a finalist for BritCham's Sustainability Champion of the Year Award

CNCo was one of four finalists in the *Sustainability Champion of the Year* category for the British Chamber of Commerce in Singapore's Annual Business Awards.



CNCo received Award for sea rescue

CNCo received the *Outstanding Contribution to Search and Rescue Efforts* in 2019 Award for the rescue mission conducted by *MV Kwangsi* in May 2019. The award was given out in December 2020 at the International Safety@Sea event organised by the Maritime and Port Authority of Singapore (MPA).

The vessel, which was en route to Lae from Honiara, Solomon Islands, was alerted by RCC Australia about a boat that had suffered engine failure and required assistance. There were nine individuals – including a child – on board.

Under the command of Captain Sujeewa Kannangara, the individuals were successfully rescued. They were all in good health except for one of them, who had suffered a minor injury prior to the rescue. First aid was provided to the injured person, and food and accommodation to the survivors.

3 | Safety

- 43 Zero Harm
- 44 Fleet Safety
- 46 Swire Shipping – Onshore Safety Performance
- 48 Swire Bulk – Onshore Safety Performance
- 50 Onshore (Office) Health & Safety Performance

Zero Harm

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



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

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

We are committed to ensuring that safety is an integral part of our decision-making process and culture.



Fleet Safety

The ship management team has been conducting virtual safety dialogue sessions with the fleet to drive the message of Zero Harm and highlight the importance of improving the situational awareness.



The process is to conduct mid-month, online safety dialogue sessions on board with further emphasis on tools provided to improve situational awareness.

Our Fleet department introduced long-term preventive measures to improve the Situational Awareness and Hazard Perception of the seafarers. Some of the measures implemented are:

- **Safety Campaigns** – Based on the leading and lagging indicators, roll out campaigns and monitor seafarer's involvement by using Seagull's learning platform. Currently we are running a campaign on 'Risk Management, Permits to Work, Lockout / Tagout, Toolbox Talks and Situational Awareness'.
- **Safety Dialogue Sessions** – Ship Managers conduct regular safety dialogue sessions remotely by using online tele-conferencing to observe Pre-Work meetings, Safety Meetings and Toolbox talks and provide appropriate feedback for improving the overall Risk Management process on board.
- **Near Misses and Good Safety Observations** - Close follow-up on reported Near Misses, low potential incidents and good safety observations with emphasis on using safety behaviours (Safety I's™) whilst conducting different work activities on board.
- **Competency Management System** – Involves Fleet Auditors, Safety & Training Managers and Ship Managers to assess proficiencies of Masters and Chief Engineers serving on board CNCo vessels.

Competency Management on Learning Management Platform

CNCo works with Seagull / Ocean Learning to provide support to vet the log carrier competencies. This will benefit the overall competency management of the log carriers.

The full version of the competency management system was rolled out on the Seagull Platform fleetwide in January 2021. Behaviour based proficiencies involving the practical application of Safety I's™ are added in the list of proficiencies for all ranks on board.

Through Seagull's 'Rapid e-learning' module on the Seagull Training Application, all seafarers on board a vessel can access safety alerts and other important circulars quickly.

Virtual Safety Awareness Courses (SAC) and training

With many workshops and training being moved online, we did likewise for our Safety Awareness Course (SAC), which we conducted with our senior seafarers in Singapore and juniors at the manning offices. In late April 2020, and as an interim measure because of the pandemic, we decided to run an abridged, online version for four new joiners. This SAC Bridging Programme covered key topics such as safety culture, risk management and port state control.

Although the effectiveness of the virtual SACs, in comparison with the physical SACs, is reduced, there is still positive feedback from attendees. The modules presented during the SACs are reviewed based on the feedback received and made relevant to the seafarers.



Ship-Shore Safety dialogue goes online

On 14th August 2020, Ship Management held its first ship-shore safety dialogue online. Together with the crew of MV Szechuen, all discussed the importance of safety and how to continue to keep the bar high amid COVID-19 pandemic.

“We were able to interact in real-time with our vessels and seafarers, which we have never been able to do before. With most of our vessels equipped with a very small aperture terminal (V-Sat) and better internet bandwidth, we will hold more of such online sessions,” said Stuart Jones, Fleet Director, CNCo.

Safety must never be just one way or a top-down. We encourage everyone to practise safety. Only when the participants engage and offer their observations and suggestions, can safety be continually enhanced,” he added.



Swire Shipping – Onshore Safety Performance

We continued to build on our success in driving port safety performance and remain committed to fulfilling our vision of Zero Harm - Behaving Safely. Always. Naturally.

SWIRESAFE PROGRAMME

STRATEGY HOW	HARDware 	SOFTware 	HEARTware 
ACTION WHEN	<p>Equipment</p> <ul style="list-style-type: none"> • Inventory List <ul style="list-style-type: none"> · Heavy vehicles · Lifting machines / gears · Lashing equipment · Hand tools · Fall protection equipment • Maintenance Regime <ul style="list-style-type: none"> · Statutory inspections · Inhouse preventive maintenance 	<p>System</p> <ul style="list-style-type: none"> • Safety Guidelines <ul style="list-style-type: none"> · Stevedores · Other Port Service Providers • Toolbox Talk • Site Inspection Programme • Contract Management • Notification of Accidents • Accident Investigation • Online Data Analysis Tool 	<p>Safety DNA</p> <ul style="list-style-type: none"> • Regular Promotional Activities <ul style="list-style-type: none"> · Talks · Campaigns · Dialogues • Recognition Programme • Outreach Programme

Swire Shipping's 2025 Safety Roadmap

A review of Swire Shipping's safety strategy was carried out in 2020, which resulted in development of the Swire Shipping 2025 Safety Roadmap. The 2025 Safety Roadmap advances Swire Shipping beyond the traditional compliance-based model into a more strategic approach, which is centred around collaborating with key internal and external stakeholders; particularly in the Pacific, for sustained safety success.

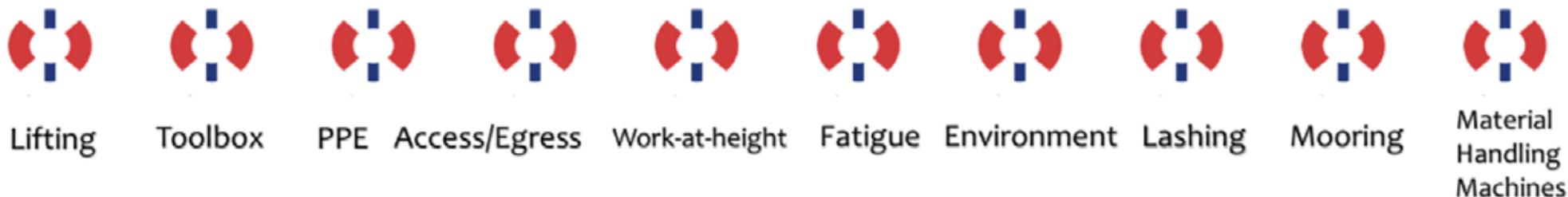
SwireSafe Programme

The centerpiece of this strategy revolves around intensive collaboration with Swire Shipping's stevedoring contractors through the implementation of our newly-developed *SwireSafe* programme. The *SwireSafe* programme requires extensive engagement with stevedores, regular inspections of cargo operations, training for both stevedores and Swire Shipping local representatives, and eventual adoption of best practices into the stevedores' own procedures. With stevedoring companies undertaking the *SwireSafe* programme in phases, we target 25 of Swire Shipping's major stevedoring contractors to benefit from this programme by year 2025.

The *SwireSafe* Programme advances safety across three categories: **HARDware**, **SOFTware**, and **HEARTware**. **HARDware** relates to the safe use and maintenance of equipment while **SOFTware** relates to embedding safe working practices into operational procedures and activities, including training and accident prevention initiatives. **HEARTware** is about developing and embedding a safety culture with the Company's workforce.

The 2025 Safety Roadmap advances Swire Shipping beyond the traditional compliance-based model into a more strategic approach.

10 Life-saving Rules



10 Life-Saving Rules is a body of knowledge for presenting to stevedoring contractors undertaking the SwireSafe programme.

SOFTware: 10 Life-Saving Rules

A significant component under the SOFTware category has been to develop best practice materials known as the ‘10 Life-Saving Rules’.

10 Life-Saving Rules is a body of knowledge for presenting to stevedoring contractors undertaking the SwireSafe programme. These Rules provide important content specific to safety during stevedoring and port operations. This content has been prepared in an easily understandable way, for both stevedoring management and front-line staff to assimilate. If the stevedoring contractor chooses to adopt some or all of the 10 Life-Saving Rules into their own procedures, Swire Shipping will provide resourcing to support their efforts.

Key achievements in 2020 included:

- Development of Swire Shipping’s 2025 Safety Roadmap;
- Development of the SwireSafe programme, inclusive of materials for the 10 Life-Saving Rules;
- The Snap a Hazard online platform to be launched in Q1 2021;
- Safety Alerts to share safety information with regional port service providers;
- Review and closure of all safety Near Miss or above incidents;
- Formalisation of safety statistics by region and terminal; and
- Improved Port Safety Index of 99.4% vs 99% in 2019.

Impact of COVID-19

Swire Shipping responded swiftly to the challenges presented by the pandemic. Due to the rapid international spread of COVID-19, many countries and regional authorities imposed significant restrictions, such as quarantine periods of up to 21 days, on international shipping services.

Clear procedures on ship-shore interactions became essential due to the heightened risk factors presented by COVID-19. Swire Shipping took the initiative to develop procedures which would eliminate the chance of the virus spreading from ship to shore, or vice versa, whilst maintaining vital shipping services.

The Contactless Port Call protocol was rapidly drafted in consultation with CNCo Fleet Management and key local offices, who then tailored the requirements to local conditions and secured endorsement from local stakeholders and authorities. Contactless Port Calls were introduced in Papua New Guinea and Fiji; key locations in Swire Shipping’s network.

Swire Bulk – Onshore Safety Performance

Swire Bulk followed closely the safety initiatives put in place by CNCo Fleet Management.



All 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. We continuously revise our Safety presentation to include concepts learned from experiences and insights gained from new trades. Given stringent COVID-19 travel restrictions, these safety presentations were held online through video calls.

We continued to proactively address safety compliance in ports where we saw a gap in stevedore performance. This was notably so for ports in India and Thailand where we established successful local safety initiatives (local Port Captains attendance, providing PPE, bridging language barrier during safety meetings) to further raise the safety standard during cargo operations of our owned and time chartered-in (TC-in) fleet. Similar initiatives are planned for Bangladesh and Indonesia in 2021.

We were pleased to see an increase in stevedore safety reporting (86.4% vs 73% y-o-y) due to the implementation of the revised reporting format and increase in the number of TC-in by Swire Bulk. Going forward, we will be including an additional clause for even greater accountability and reporting and its compliance will form part of all TC-in Charter Parties.

In our operators' interactions with Masters, crews and Port Agents, there has been a continued emphasis on safety. Our underlying message to them has been – and will continue to be – they are always empowered to ensure safety of operations, with the full support of the onshore management personnel.

The full list of CNCo Safety Statistics can be found in the data section of the report on page 123.

We continued to proactively address safety compliance in ports where we saw a gap in stevedore performance.

CNCo in the media:

CNCo takes action to ensure safe stevedoring

As recently as two years ago, the estimated number of preventable deaths by dockworkers registered by the International Transport Federation stood at 50 worldwide. The problem has been exacerbated by the growing diversity of seafarers on board with limited language skills aside from their native tongue, as well as the limited profile of labour skills of local stevedore personnel. The issue is often encountered in emerging countries where personnel is hired by private enterprises or where applying health and safety policies in practice are challenging.

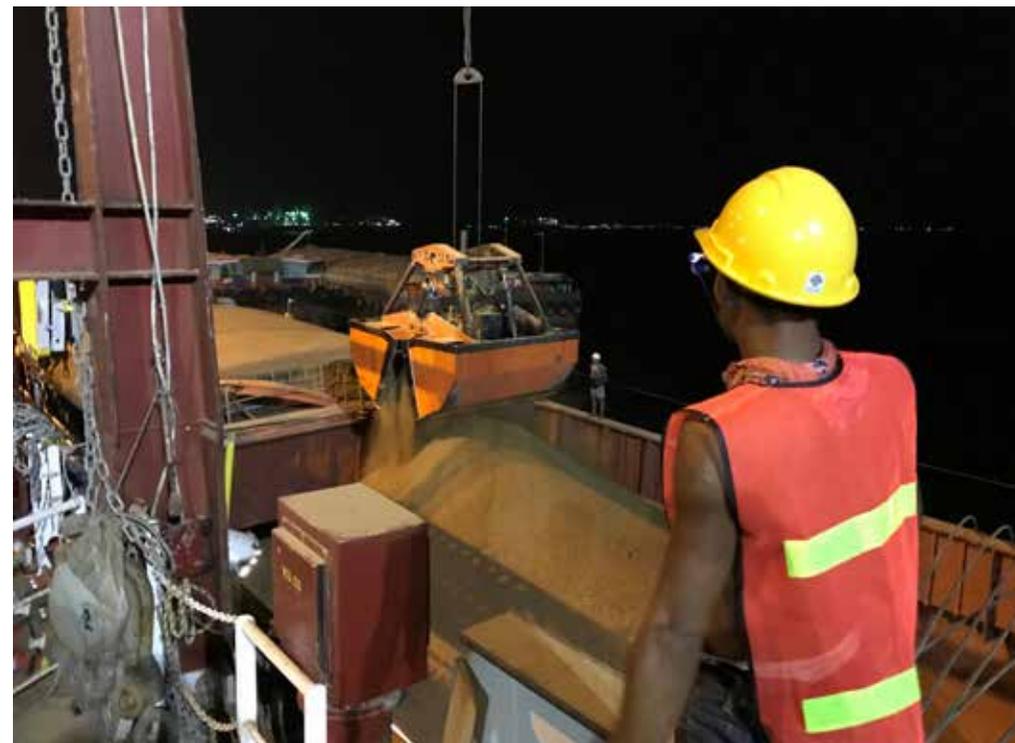
“Responsible shipowners – particularly those calling at smaller breakbulk destinations with limited onshore handling equipment – are regularly confronted by unprotected stevedores with limited training expected to perform rigorous manual tasks during both geared and non-geared loading and unloading operations. The stevedores are not only at risk. Quite often it is the seafarers on board who are most at risk of injury due to a mistake by a stevedore,” commented Erik Green, Partner of Danish marine safety experts Green-Jakobsen.

To combat the risk of injury or death as well as the potential paralysis of operations that prevents ships from departing, shipowners are beginning to engage with the ports they regularly call at together with their contractors to create a safer operating environment. One such operator is the leading Asian owner-operator The China Navigation Company, member of the Swire group. It has embarked on a project to address these issues it faced with when calling at some of the smaller island Pacific ports with its liner and tramp services.

The project entered into implementation phase and is one of the first of its kind to be initiated proactively by a shipowner rather than a port authority or terminal operator.

Source: www.hellenicshippingnews.com / <https://bit.ly/3iJPknE>

The project is one of the first of its kind to be initiated proactively by a shipowner rather than a port authority or terminal operator.



Onshore (Office) Health & Safety Performance

The Onshore Safety Committee in Singapore ran several activities to complement in-office safety inspections. We recognised that during the pandemic, the need to engage colleagues was even greater, given many were working remotely, and sometimes in isolation.

The use of digital technology has also meant that we were able to extend the reach of some of our activities globally and regionally. It was heartening to see the active participation from colleagues, attesting to their personal commitment to wellbeing. In the coming year, we plan to continue offering a mix of activities; both online and face to face where possible.

In January 2020, we published the Global Onshore Safety, Security and Wellness Policy which outlined and informed our approach to these areas. The Policy has been useful in shaping activity and desired outcomes and outputs.

In the area of mental and emotional wellness, we run a virtual presentation on resilience and happiness. Colleagues learnt about mental wellbeing and the steps they could take to enhance overall wellbeing. We also launched the CNCo Companion programme, to help colleagues connect with one another. Colleagues liked the Mental Health e-bingo card that was shared; some of the suggestions could be implemented very easily.

In the area of physical health, we lined up several activities, including a series of webinars by a colleague based in the UK on food and yoga. Our corporate gym partner in Singapore conducted a session on breathing and stress management.

For more information see the *Our People* section of the report.

Happify Mental health Bingo e-card
<https://www.happify.com/hd/happify-bingo-challenge>

MENTAL HEALTH MONTH

happify™ **B I N G O**

 Eat slowly & savor a meal	 Think of 3 good things in your life	 Work on a goal	 Perform a random act of kindness	 Be compassionate to yourself when you slip up
 Meditate for 10 minutes	 Thank someone you see every day	 Engage in a calming bedtime routine	 Spend quality time with a friend or family member	 See the world through someone else's eyes
 Watch the sunset or night sky	 Write a gratitude letter	 Give someone a "just because" gift	 Calm stress with a self-soothing mantra	 Calm stress with a self-soothing mantra
 Take a mindful pause during a busy moment	 Tell a friend why you're grateful for them	 Get some exercise	 Buy a treat for a colleague	 Say something kind to someone who needs a lift
 Cuddle with a pet or child	 Give thanks before a meal	 Spend time on a meaningful hobby	 Donate to your favorite charity	 Think of someone you've positively impacted

4 | Our People

- 52 Employment Information
- 56 Diversity and Inclusion
- 65 Anti-discrimination and Anti-harassment
- 66 Employer of Choice
- 67 Performance Management, Training and Development
- 69 Employee Health and Wellbeing during the Global Pandemic
- 73 Supporting Our Seagoing Employees

Employment Information

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

Employment Information

As at the end of 2020, the CNCo group employed 2,966 people in locations all around the world. Our employees come from 39 countries and regions.

1,101 of our employees were shore-based, while the remaining 1,865 (849 Officers and 1,016 crew members) were seagoing employees. There was a 4% increase in the number of shore-based employees and a much higher, 14% increase in our seagoing employees compared to the previous year.

Our business strategy continued to focus on growing our global operations, with the establishment of a new business division (Swire Projects) and the acquisition of Tradco Shipping Limited in the Solomon Islands. CNCo’s expansive geographical footprint now covers offices across American Samoa, Australia, Brazil,

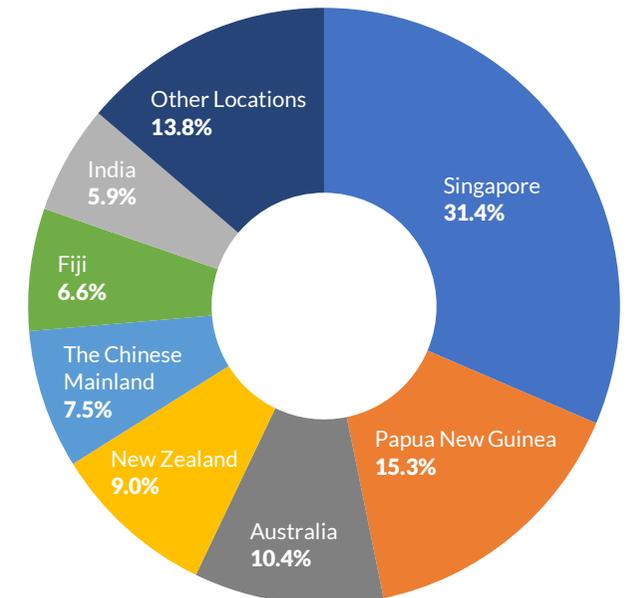
Canada, the Chinese Mainland, Fiji, Germany, Hong Kong SAR, India, Indonesia, New Caledonia, New Zealand, Papua New Guinea (PNG), Samoa, Singapore, Solomon Islands, Taiwan region, the United Kingdom (UK) and the United States of America (USA).

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

Singapore (Head Office) – 31.4%, PNG – 15.3%, Australia – 10.4%, and New Zealand – 9.0%, the Chinese Mainland – 7.5%, Fiji – 6.6%, India – 5.9% with the remaining 13.8% based in other locations.

Our seagoing employees come from 30 countries and regions while our shore-based employees come from 20 countries and regions around the world.

Shore-based employees by key location



As at the end of 2020, the CNCo group employed 2,966 people in locations all around the world. Our employees come from 39 countries and regions.

Our seagoing employees come from 30 countries and regions.

AMERICAS

-  Canada 1
-  Nicaragua 1

ASIA

-  The Chinese Mainland 358
-  Hong Kong SAR 3
-  Indonesia 2
-  Malaysia 3
-  Myanmar 274
-  Philippines 488

EUROPE

-  Bulgaria 1
-  Croatia 27
-  Estonia 2
-  Montenegro 7
-  Ireland 1
-  Netherlands 1
-  Russia 12
-  Romania 2
-  Slovenia 2
-  UK 9
-  Ukraine 165

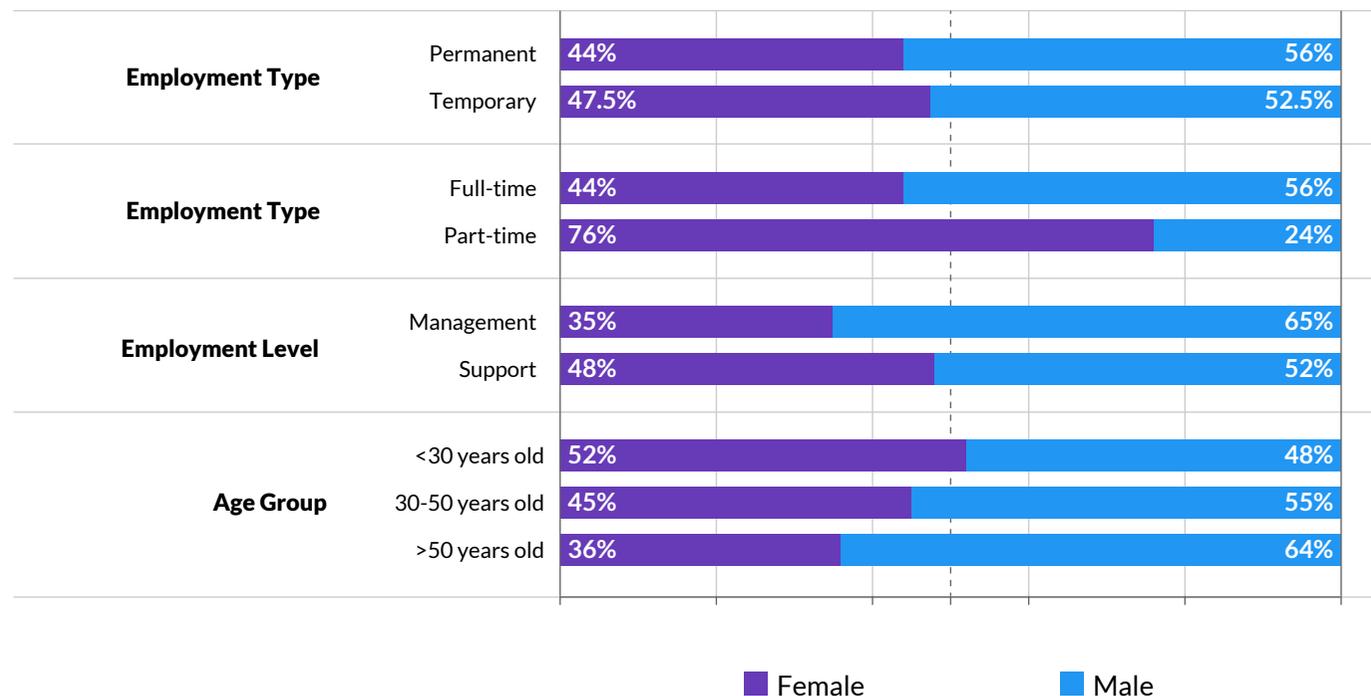
-  Sri Lanka 121
-  Thailand 1

OCEANIA

-  Australia 3
-  Fiji 79
-  Kiribati 29
-  New Zealand 125
-  Papua New Guinea 113
-  Samoa 2
-  Solomon Islands 1
-  Tonga 1
-  Tuvalu 31

Total number of seagoing employees
1,865

Shore-based Employees



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, mainly concerning the implementation of new IT systems. 98% were employed full-time.

Some seagoing employees, particularly all our Filipino seafarers, are employed as required by Philippine law and therefore managed by the Philippine Oversea Employment Agency (POEA), on a contract by contract basis. We do not classify these as "contractors" and consider them our employees.

91% of our shore-based workforce were classified as "local"; a similar figure to our prior year's figure. We define "local" as those who are national or permanent residents of the country of employment. 5% were classified as "expatriates", with the remaining 4% employed on contract basis.

Around 29% of this expatriate employee percentage are managers from our parent company management scheme. There is a centrally-planned rotation through internal postings within the wider Swire group as part of a planned career progression. The rest are employed as industry experts and have long-term careers with the Company worldwide.

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

Globally, all our contracts comply with relevant local employment laws.

70% of our seagoing employees working on board our fleet are covered under a Collective Bargaining Agreement (CBA). All other seagoing employees are employed on the Company's terms and conditions, which are on par with International Transport Federation's CBA terms. All contractual conditions are in accordance with the International Labour Organisation (ILO), Maritime Labour Convention (MLC) 2006.

The number and rates of employee hires and employee turnover can be found on pages 126 - 127.

New Hires during 2020 by Region, Age Group and Gender Identity

Employee turnover remains a valuable indicator of the Company's sustainability and is an ongoing area of focus for the Company. Overall employee retention in 2020 for shore-based employees was 86.3%, and 94.0% for seagoing employees (officers and crew). Shore-based employee retention rate remained consistent year-on-year while the seagoing employee retention rate increased from 89.7% in the prior year.

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

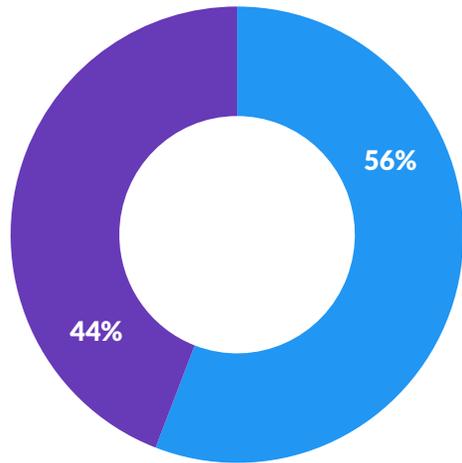
Employee turnover remains a valuable indicator of the Company's sustainability and is an ongoing area of focus for the Company.



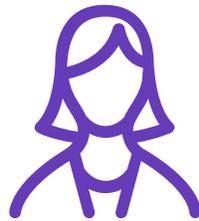
Diversity and Inclusion

For a multinational shipping company, with employees from 39 countries and regions, having an inclusive, cohesive and supportive culture is key to our continued sustainability.

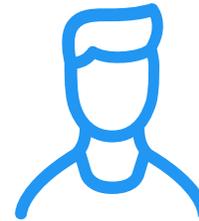
Shore-based employees by gender



Male
Female



Female
486



Male
615

Total number of shore-based employees

1,101

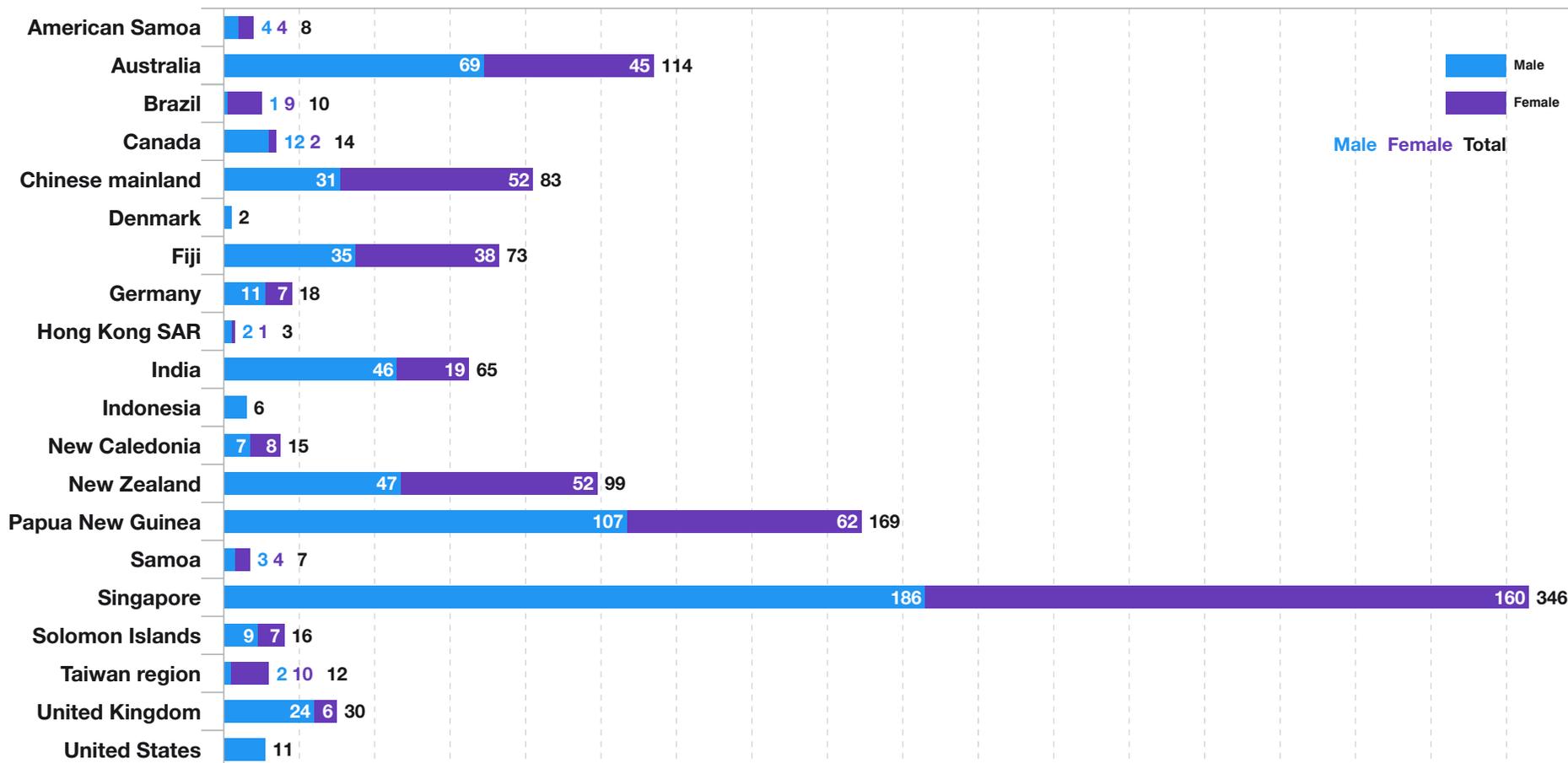
We create a welcoming, positive, innovative and high performing work environment by promoting equal opportunities, diversity and inclusion and respect in the workplace.

In 2020 we saw a small increase (4%) in shore-based employee numbers, while maintaining a gender split consistent with past years. 44% of our shore-based employees identified as female, while 56% of employees identified as male. As a company that values inclusion, we offered employees the opportunity to identify beyond the gender binary through an anonymous voluntary disclosure survey.



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

Number of shore-based employees by gender and office location



Our shore-based employees come from 20 countries and regions around the world.

All-female team heads Swire Shipping's Alotau branch

An all-female cast heading Swire Shipping's Alotau branch with Nancy Mamonda as Manager, Ida Naisorua as Agency Supervisor, and Aida Eminoni managing port agents and logistics.

The office was opened under Swire Shipping's own banner in August 2016. "Fast forward to what we are now, we believe this is the first, all-female office in the Swire Shipping network," said Alistair Skingley, Country Manager, Swire Shipping, PNG. "We are exceedingly proud of the team for their leadership, passion and care for our customers and other stakeholders."



The CNCo Pte Ltd Board of Directors comprises six male members. We had two senior female managers on CNCo's Executive Leadership Team. While it is worth noting that gender diversity has historically always been skewed in the shipping sector, we recognise this as a challenge and a potential detriment.

There were 34 (or 1.8%) female officers among our seagoing employees; the same number as in 2019. While this remains remarkably low and it is reflective of the shipping industry in general, we are very proud that we managed to retain the same number of female seafarers. We will continue to encourage more women to join CNCo and promoting a culture where women feel safe and are supported.

Supporting Women in Maritime

CNCo supports IMO's effort to increase the number of women joining the shipping industry. We have been encouraging females to apply for positions and ensuring that we have fair and equitable recruitment practices in place. We adhere to our core values when it comes to recruitment and this has been effectively communicated to our manning agents as well.

In 2020, we continued our support to female cadets as a way of attracting more women to work in the shipping industry. Cadets are particularly important, as we cannot have more senior female seagoing officers until the junior female seagoing officers have been employed, trained and promoted. The same is true for our shore-based employees with regards to the diversity mix.

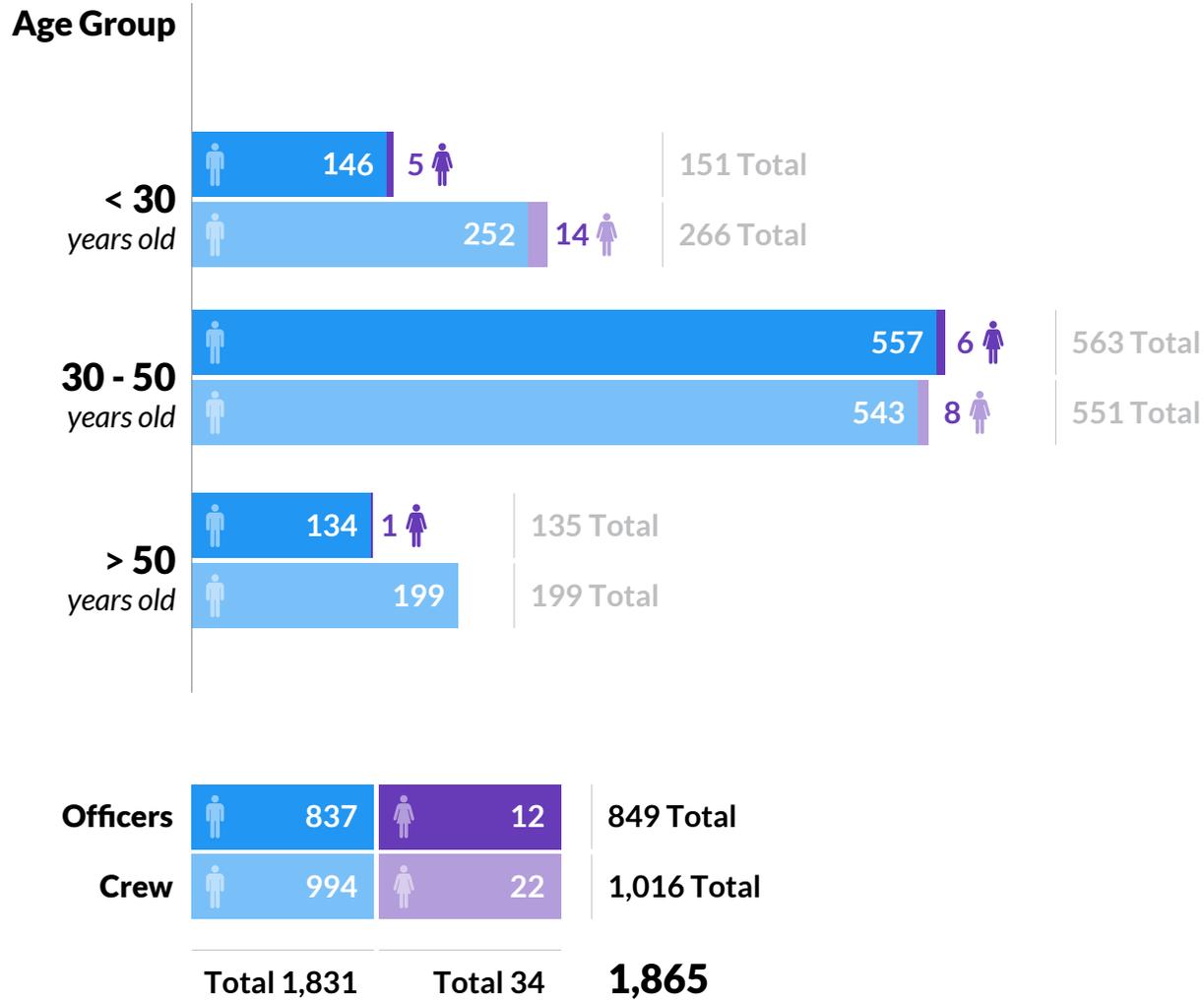
The previous years' batch of PNG cadets went through the bridging course in 2020, which was approved by the Australian Department of Foreign Affairs and Trade (DFAT) and PNG National Maritime Safety Authority. Those cadets went through the structured training programme on *MV Shansi*.

We also had female officers and cadets from the Philippines joining our fleet.

Swire Shipping employees and CNCo corporately support Women in Maritime (Fiji). This support is provided through grants, skills-based volunteering as well as participation in workshops and training courses. In 2020, Women in Maritime (Fiji) held eight events ranging from "The Power of Resilience – for successful women" (workshop); "Sexual Harassment in the workplace: awareness and prevention" training; "Mental Health & Wellness Programme"; "Fundamentals of Leadership" (workshop) among others.

We will continue to encourage more women to join CNCo and promoting a culture where women feel safe and are supported.

Seagoing employees by gender and age groups



- Officers Female
- Crew Female
- Officers Male
- Crew Male



Women participants at the WMA workshop in Lami, Suva on March 10, 2020.

Women Attend Capacity Building Workshop

WATI TALEBUA

The Fiji Women in Maritime Association (WIMA) workshop yesterday aimed to empower participants.

The theme of the workshop "The Powerful Choice of Resilience" was held at the Shipping Services (Fiji) Ltd Lami. More than 13 women from the maritime field attended the half-day workshop.

Fiji WIMA President Jane Kot said the workshop was to empower some

en that they can do anything when they set their minds on it.

"We have the Pacific region strategy and part of it is capacity building. This is one of the means of getting this out in terms of empowering our members," Ms Kot said.

"We are hoping that each individual attending this workshop will go back to their workplaces to apply, learn and create good relationships with their peers and be confident with the work they do."

Swire Shipping finance officer,

Preeya Chandra said the workshop was an eye opener.

"It really was beyond my expectation. When I came today (Yesterday), I did not know what to expect, I am glad that I attended the workshop," Mrs Chandra said.

"At times as a woman we tend to not have confidence in ourselves. The training motivated me to have confidence in myself because if I have confidence in myself then only I will perform my duty better.

"The workshop is really good and

the person who is facilitating the workshop was thorough. For me, I have learned a lot and as a staff of Swire Shipping what I learned today, I will put them into action. I will apply this professionally."

Owner and consultant for Smart Train Ranju Kumar said the workshop was to empower WIMA members.

"I believe women are powerful and this is my way to give back to the ladies and make them know that they are strong and empowered," Ma

Kumar said.

"The training is called the Power of Resilience. The main learning outcome of this training is to make women feel fearless, to assist them to feel confident in their work environment.

"Once they have confidence, they will make less errors at work and they will take the initiative to go and explore their full potential."

wati.talebua@fjnews.com.fj

Article from Fiji Sun, Fiji's local daily newspaper

We have been encouraging females to apply for positions and ensuring that we have fair and equitable recruitment practices in place.



SEXUAL HARASSMENT IN THE WORKPLACE: AWARENESS AND PREVENTION TRAINING. Held on the 09th July, 2020 at Fiji Ports Corporation Ltd.



Female cadets join MV Siangtan

The first batch of female deck cadets from the Philippines joined *MV Siangtan* at Manila on 1st July 2020. "I am proud to mentor them as part of my crew," said Captain Li Ming Jiang.

To ensure the highest standards of safety and adherence to the COVID-19 Outbreak Management Plan, the cadets were required to keep their masks on throughout the first 14 days on board.



The first batch of female deck cadets from the Philippines joined *MV Siangtan* at Manila on 1st July 2020.

(Above L to R): **Kathelene**, Third Officer; **Aniel**, Cadet; **Li**, Chief Officer; **Li**, Captain, CNCo; **Roselle**, Fourth Officer and **Ereno**, Cadet, CNCo

Pink Friday: Standing with the LGBTQ+ community

Across the globe, colleagues dressed in pink in their offices and at home to show support for the Lesbian, Gay, Bisexual, Transgender, Questioning and other minorities (LGBTQ+) community.



We also made significant strides in our Diversity and Inclusion (D&I) journey in 2020.

Formation of D&I Council

To advance our commitment to Diversity & Inclusion we formed a D&I Council which consisted of the MD, Global Head of HR and D&I Manager. The primary function of the Council is to develop a comprehensive and integrated D&I strategy to drive organisational best practices, goals and objectives.

The Council, together with D&I champions from across the business, determined that our definition of diversity went beyond gender, nationality or race. We recognised that there was an infinite range of characteristics that made our people unique, and all of these contributed to diversity of thought. We are committed to providing an inclusive environment for all.

D&I Employee Action Groups

We believe all our people, regardless of their background, location or seniority, can contribute to improving our workplace and society. As such, we formed Employee Action Groups (EAGs). These are voluntary, employee-led groups empowered to brainstorm and act on ideas that foster diversity and inclusion. Each member functions as a D&I champion, is guided by our D&I Council and sponsored by Executive leadership.

In 2020, we launched two different groups: one focusing on Gender and another on Culture. In total, these comprised 48 employees from various countries. *Pigeonhole Live**, recognised our efforts and included us in their thought leadership series.

**Pigeonhole Live* is a platform for employee communications and engagement used by many multinational corporations around the world.

Capability Building Programmes

Prior assessment revealed that education around D&I was essential for a strong foundation. We wanted everyone to have the knowledge and skills required to recognise and challenge unhelpful practices, and in so doing, create a more diverse and inclusive workplace. Hence, we developed two discussion-based programmes to fit the unique needs of our organisation.

Through feedback from diverse employees, leaders and D&I champions, we honed the content for maximum impact. In 2020, we completed a total of 10 runs of these programmes which attracted a total of 87 attendees. The Company is committed to scaling these workshops to reach all employees.

The primary function of the Council is to develop a comprehensive and integrated D&I strategy to drive organisational best practices, goals and objectives.



Celebrating Cultural Diversity

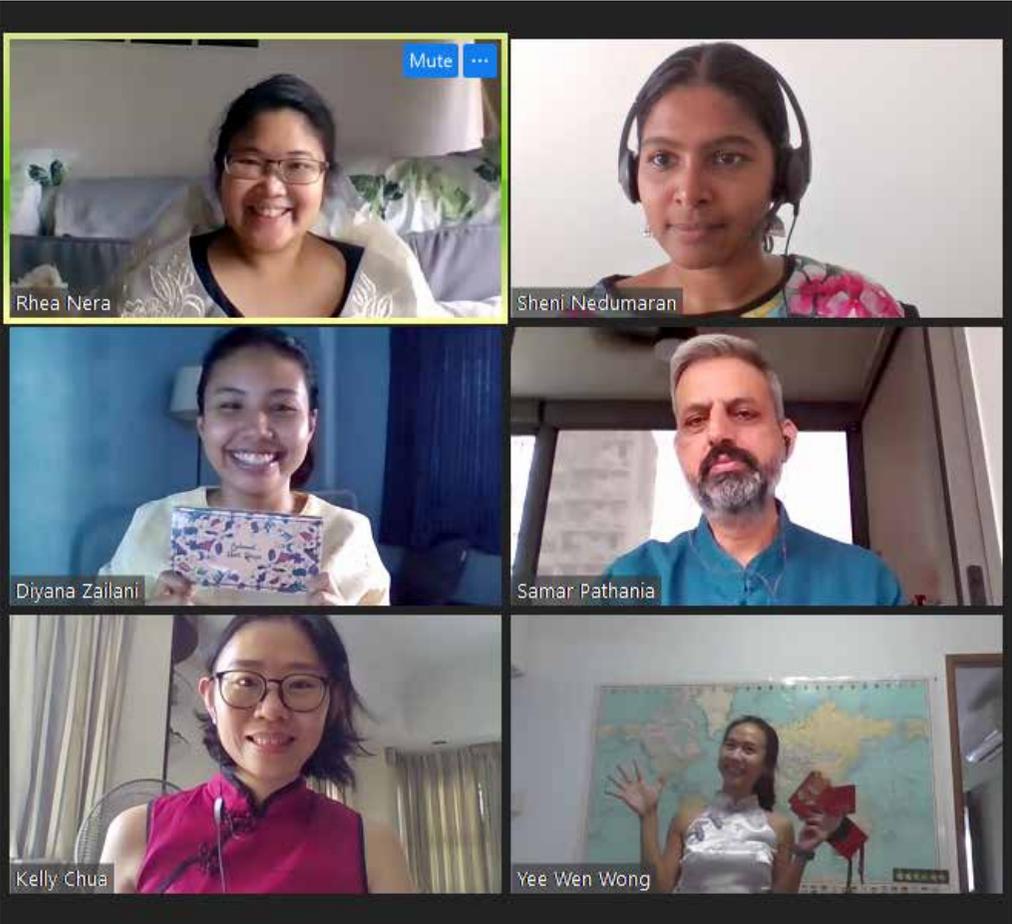
As a company that values multi-culturalism, we set up our first self-identification survey in 2020, offering employees an opportunity to disclose their cultural identities and take pride in the latter. A total of 466 shore-based employees completed the survey. We found that there were at least 45 different ethnicities across our people.

Building awareness for Cross Cultural & Cross Functional Collaboration

Across the globe, our organisation is host to at least 39 different nationalities and 45 different ethnicities. With diversity being an everyday reality for our teams, communication and collaboration therefore is complex. To build awareness and equip our teams, we engaged a speaker to conduct a virtual exercise on collaborating across diversity.



As a company that values multi-culturalism, we set up our first self-identification survey in 2020, offering employees an opportunity to disclose their cultural identities and take pride in the latter.



Across the globe, our organisation is host to at least 39 different nationalities and 45 different ethnicities.

Anti-discrimination and Anti-harassment

We take the strongest stance with respect to any form (verbal or non-verbal) of harassment in the workplace.

We have a robust system in place to address any such reported situations in a timely manner. We have in place a D&I Policy, a Respect in the Workplace Policy as well as our Code of Conduct, all of which further embed diversity, and equality of treatment and opportunity, into all our operations to ensure that all employees benefit from a welcoming, positive, innovative and outperforming 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. Additionally, we provide a Confidential Reporting hotline to deal with any issues. The process is clearly defined in our Grievance and Dispute Settlement Policy which is available to all employees.

An inclusive workforce is one whose members are not discriminated against. Accordingly, we require full compliance with applicable employment and other laws and will not tolerate unlawful discrimination* or harassment or any other breaches of applicable law. Our equal opportunities practices commit us to ensuring there is no unjustified discrimination in the recruitment,

retention, skills training and competence development of our employees on the basis of aspects including: age, disability, ethnicity or ancestry, family responsibilities, gender identity, language (whilst noting that proficiency in the English language is a legal requirement of the marine industry), marital status including civil partnerships, nationality, political views, pregnancy, race, religious beliefs or creeds, or sexual orientation.

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

CNCo was notified of two potential cases of discrimination or harassment in 2020. See the *Fines and Grievances* section of the report. CNCo has solid systems and processes in place to deal with any alleged and actual situations, leading to a culture which is free of discrimination and harassment.

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

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

Inaugural IWD webcast gets off to a great start

More than 170 colleagues across the Asia-Pacific region joined CNCo's inaugural webcast held on 11th March 2020 in conjunction with International Women's Day (IWD). Many colleagues also watched the recording thereafter.



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 2020 was 5.60 years for our shore-based employees, 5.18 years for crew, and 6.25 years for officers.

Average Length of Service in Years

Shore-based



2020 **5.60** years

Officers



2020 **6.25** years

Crew



2020 **5.18** years

Long Service Awards

CNCo recognises employees for their long service and ongoing contributions to our business by presenting them with Long Service Awards. In 2020, we issued 87 awards to employees ashore and at sea, for lengths of service ranging from 10 to 25 years. When these are summed, the total length of service recognised amounted to 1,135 years.

Years of Service	Shore-based employees	Seagoing employees
10 years	44	10
15 years	12	4
20 years	11	3
25 years	3	0



CNCo recognises employees for their long service and ongoing contributions to our business by presenting them with Long Service Awards.

Performance Management, Training and Development

Seagoing employees

CNCo puts significant emphasis on safety training for our seafarers. In 2020, we ran 38 Safety Awareness Courses (SACs) for senior and junior officers and ratings, covering 435 seagoing employees. In addition, seven Safety Induction courses and 14 Engine and electric cranes training courses were provided for new seafarers. We also sponsored 31 other courses ranging from welders training, logs and lashing, navigation training courses, Senior Officer attachment programmes and more.

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

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

The total cost of the discretionary training in 2020 was around USD 210,425. While this figure is significantly lower than in the prior year, this is still a significant investment given the impact of global pandemic on travel and with most courses being run online.

In 2020, 652 CNCo seagoing employees received 14,816 hours of training. This amounted to an average of 7.94 hours per seafarer. While the training numbers decreased from prior year, primarily due to COVID-19, and commensurate crew change disruption, our commitment to training remained strong.

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



CNCo puts significant emphasis on safety training for our seafarers. In 2020, we ran 38 Safety Awareness Courses (SACs) for senior and junior officers and ratings, covering 435 seagoing employees.

Shore-based employees

CNCo continues to invest in learning and development. Across the group, all 1,101 shore-based employees received 6,754 hours of training, which includes the annual governance compliance training programme, with an average of 6.13 training hours per employee compared to 4.89 in 2019. The overall cost of training for shore-based employees in 2020 was USD 103,764. This figure includes the cost of *Percipio* – an e-Learning portal.

Due to the pandemic, we suspended Leadership Development Programmes for managers at Team and Operational Leader levels. These programmes are designed to be face to face, and to equip managers with the requisite leadership competencies and skills such that they can lead their teams more effectively. They also help us to increase the number of female leaders within the Company. We hope to resume them as soon as international travel restrictions are eased.

CNCo employees were encouraged to access the extensive selection of online learning resources through, *Percipio* – the e-Learning portal. It offers a convenient platform for employees 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 done using the “SMART Goals” online system. Performance assessments include a review of SMART goals, performance against Swire group values and job competencies.

We used the year to review and lay the groundwork for our talent management initiatives which included the CNCo Fundamentals Programme aimed at giving colleagues training specific to their job levels, and as well as our management trainee and succession planning programmes. These will be launched in 2021.

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

Shore-based: **0.5%**
Seagoing: **0.6%**

Below L to R:

Curtis Cannizzaro, organiser and person responsible for the Fire Protection Agencies Advisory Council (FPAAC) programme, Captain **Lucic**, CNCo, and Chief **Steve Sharek**, fire chief for Clatskanie Fire Department and the current chair for the FPAAC.



Employee Health and Wellbeing during the Global Pandemic

We pivoted very quickly to remote working when it became evident that the pandemic of 2020 would have wide and long-lasting effects not just on our offshore operations, but also on our offices.

The safety of our colleagues was of paramount concern. All shore-based employees were equipped with the necessary digital tools and hardware to work remotely.

To support employees and department managers to cope with the new normal, we produced remote working guides for employees and managers respectively. We offered flexible work arrangements for colleagues who needed help during this period to manage their work and personal commitments.

Around the world, we followed government regulations on workplace closures during the pandemic. When regulations were eased and updated guidance was issued, we also followed to the letter. In Singapore, the HR team worked closely with IT to develop a booking system on the Intranet within a short time to facilitate the government contact tracing regulations.

An Intranet page was set up where in-country information, guides and leadership messages were provided.

We also leveraged on digital technology to not only engage colleagues, but also conduct virtual activities such as workshops and global townhall meetings. It is pleasing to note that our seafarers and vessels were able to join us virtually at these monthly staff meetings as it was important that they felt they were an important part of the organisation. Participants have found such platforms useful as they were able to raise questions or concerns either in person or anonymously.

Activities such as online yoga and food nutrition sessions were organised to connect colleagues in non work-related settings. It was also pleasing to note that colleague-led activities grew organically; with virtual lunches and coffee catch-ups being very popular.

In the Pacific, our offices and teams took the disruption caused by the pandemic in their stride and switched quickly to online activities around safety, security and wellness. The rates of participation continued to be high.

We offered flexible work arrangements for colleagues who needed help during this period to manage their work and personal commitments.

NZ dons pink for mental health

The Auckland office joined the rest of New Zealand in their pink outfits on 16th October 2020 to celebrate Pink Shirt Day NZ, a movement led by the Mental Health Foundation of New Zealand to stop bullying by celebrating diversity and promoting positive social relationships.





Doing our bit to thank workers in the service industry

We were really glad to be part of a wonderful initiative by the building management where our Shanghai office is located.

Recognising that workers in the cleaning and delivery sectors continued to provide services despite facing a higher risk of possible contamination from the COVID-19 virus, the management set up a booth where tenants such as ourselves could set out drinks, food and other suitable items for the workers to pick up. The aim was to thank and encourage these workers.



Above: The Shanghai team packing the recyclable cutlery sets and some food items into our eco-bags.

In American Samoa, a range of activities were held: safety awareness refreshers, keeping safe during the pandemic, first aid, fire warden training and drills, as well as a coastal clean-up.

In Australia, colleagues participated in a survey to provide feedback around employee safety, health and wellness. The feedback was used to shape activities for the coming year. Among the activities organised were a lunch for Chinese New Day, Australia Day celebrations, birthday celebrations, mini massages, Pilates, flu vaccinations, Doctor Fact sessions on COVID-19, anxiety and immune boosting webinars, as well as awareness campaigns around national and international initiatives such as the "R U OK" Day and suicide prevention. There was an uptake in employee assistance programmes which provide support to colleagues who needed help.

In Fiji, a safety awareness refresher course was held, as with presentations on personal hygiene, financial literacy, first aid training, COVID-19 precautionary measure training and issuance of Personal Protect Equipment (PPE), breast cancer, and crime prevention. Colleagues also bonded over social activities such as soccer, a Family Fun Day and Diwali celebrations.

Our team in New Caledonia supported two organisations: The French Red Cross of New Caledonia and La Banque alimentaire DORCAS, an association collecting food and essential products to redistribute to people in need. They also participated in training sessions for first aid and COVID-19 preparedness, as well as attended safety refresher courses.

In Papua New Guinea, colleagues participated in fire safety awareness and fire warden training as well as attended education sessions on drug and alcohol abuse. They also learnt how to be COVID-19 safe, and also received safety refresher training on 'Stepping Up the Accountability Ladder'.

In Samoa, first aid responder training was offered to colleagues. Other safety initiatives included safety inspections and the installation of first aid kits.

Colleagues in the Solomon Islands attended COVID-19 related talks which ranged from hygiene to prevention and sessions around keeping colleagues and customers informed during these challenging times. A briefing on breast cancer awareness and the importance of early medical intervention was also organised.



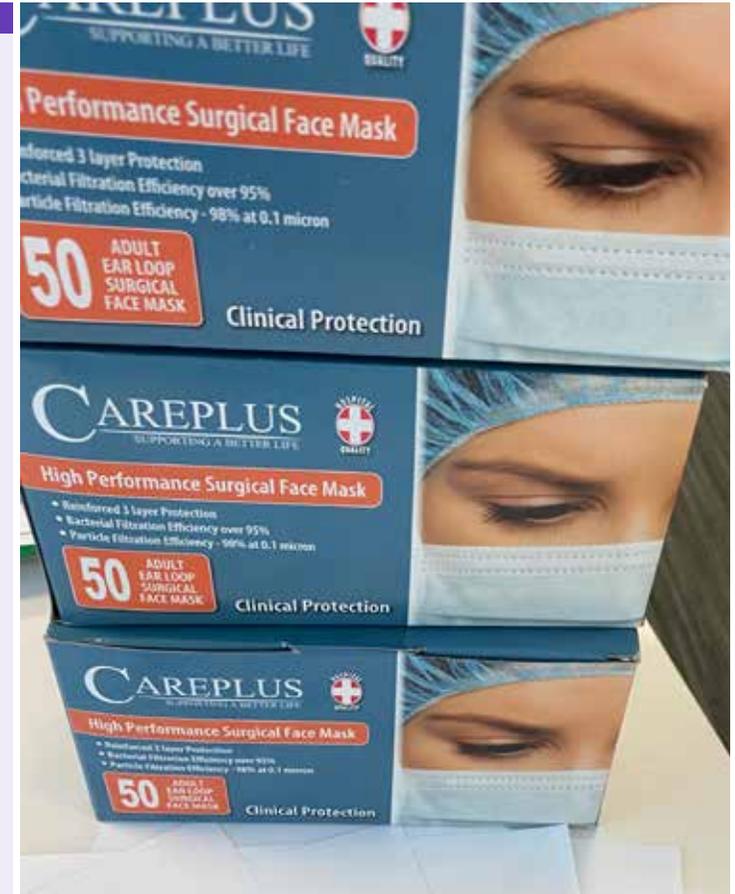
Above: Colleagues in Tradco Office, Solomon Islands

“Paying it forward”: China office helps ANZ and Pacific Islands’ teams

With COVID-19 presenting challenges on many fronts, our colleagues from HR as well as shipping agents in Korea and Japan pitched in to procure and send masks over to our teams in China.

“It was such a difficult time to get masks in China in February and we are very grateful that our colleagues and agents helped us. We wanted to ensure that colleagues had access to masks at work and also for their personal use,” said Kate Huang, then HR Business Partner, North Asia, based in Shanghai.

She added, “we are trying to “pay it forward” by sending masks and thermometers to our teams in Australia, New Zealand and the Pacific Islands as they cannot get them locally.” The China team purchased 180 boxes of masks and they have sent the boxes to American Samoa, Australia, Fiji, New Zealand, New Caledonia, PNG, Samoa, Solomon Islands and Vanuatu in spite of the difficulties arranging for couriers.



With COVID-19 presenting challenges on many fronts, our colleagues from HR as well as shipping agents in Korea and Japan pitched in to procure and send masks over to our teams in China.



Above: **Dolorès Mathelon**, Country Manager, Swire Shipping, New Caledonia with representatives from DORCAS

New Caledonia makes COVID-19-related donations

Our team in New Caledonia donated a total of USD 4,000 to the Red Cross and La Banque alimentaire DORCAS, a local organisation which provides food and school supplies to those in need. Each organisation received USD 2,000.



This was our first time donating to both organisations and we are very glad to have been able to do so. COVID-19 has impacted giving to many organisations and we hope our donations will enable both organisations to continue helping those in need.”

Dolorès Mathelon
Country Manager, Swire Shipping, New Caledonia

Our team in New Caledonia donated a total of USD 4,000 to the Red Cross and La Banque alimentaire DORCAS, a local organisation which provides food and school supplies to those in need.

Supporting Our Seagoing Employees

The year 2020 was a challenging year for our seafarers, with employment and lives being affected by the COVID-19 pandemic. Global travel restrictions resulted in crew changes being suspended and hundreds of our seafarers stranded either on board or at home.



Even where crew changes were possible, the restrictions put in place along with limited flight schedules, challenging timelines and frequently changing quarantine regulations for both the on- and off-signing crews, made it close to impossible for seafarers to travel to vessels and back home.

From January to December 2020 we secured 2,742 crew movements. At the end of December 2020, we had 52 crew on board over 30 days past their maximum contracted duration, representing about 6% of our total pool of seagoing employees.

With longer tours and no access to shore leave, the Company extended the daily internet usage cap from 4 hours to 12 hours a day. This allowed a more regular communication with their families back home. A COVID-19 care monthly messing package was introduced to facilitate more social gatherings on board. The Company also ensured that essential toiletries were supplied when required.

With longer tours and no access to shore leave, the Company extended the daily internet usage cap from 4 hours to 12 hours a day.



Recognising the plight of our seafarers stranded back at home without income, due to a lockdown in the Philippines in the early part of the year, the Company assisted them with some cash advances to tide over the difficult time, until they could get back to work.

Regular sessions were held via video conferencing between the vessel and management focusing on crew wellbeing and safety.

While the situation improved in the 3rd quarter, towards the end of the year, new waves of infection resulted in restrictions being re-imposed globally, making it difficult once again for our seafarers to get to and from their homes.

In January 2021, along with over 300 other companies and organisations, CNCo signed the Global Maritime Forum-initiated Neptune Declaration on Seafarer Wellbeing and Crew Change (the "Neptune Declaration") in a worldwide call to action to end the unprecedented crew change crisis caused by COVID-19.

CNCo partners with Befrienders Worldwide (BW), an international network of crisis helplines, and we have in place a dedicated email and multilingual hotline service for all CNCo employees (shore-based and seagoing) who may be feeling depressed or need emotional support. BW has a network of over 350 crisis helplines in 36 countries and regions. BW programme is opened to all global CNCo employees. The services are confidential in nature (unless and until shore intervention is required, such as arranging repatriation flights, and *only then* with the express prior permission of the employee).

For the Day of the Seafarer celebrations in 2020, we adopted a multi-faceted approach; with the aim of raising awareness about the role of seafarers in world trade, as well as the global crew change crisis. Interviews were conducted with our seafarers and were subsequently posted on our various publicity channels including LinkedIn and our website. Our shore-based employees produced a video to thank our seafarers, whilst the crew of *MV Shaoshing* shared about their lives onboard the vessel during the pandemic.*

*<https://bit.ly/3iGU4dG>

In January 2021, along with over 300 other companies and organisations, CNCo signed the Global Maritime Forum-initiated Neptune Declaration on Seafarer Wellbeing and Crew Change in a worldwide call to action to end the unprecedented crew change crisis caused by COVID-19.

5 | Our Partners

- 76 Supporting Seafarers Worldwide
- 77 Supporting Our Key Stakeholder Communities
- 83 Protecting Environment and Biodiversity
- 86 Waste Recycling Project in the Pacific Islands
- 88 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. We are committed to establishing long-term, mutually rewarding relationships with our partners and our communities. We will work with stakeholders wherever we operate to improve people’s lives.

The screenshot shows a JustGiving fundraising page. At the top, it says 'JustGiving' with a 'Menu' dropdown and 'Start Fundraising' link. On the right, there is a search bar and a user profile for 'CNCo'. Below the header is an 'Edit your page' button. The main content area features a large image of a cargo ship at sea. To the right of the image are buttons for 'View gallery' and 'Change cover'. Further right, a blue circular progress indicator shows '114%' completion. Below this, it states '\$1,723 raised of \$1,500 target by 39 supporters'. There is a 'Donate' button and a 'Facebook' button. At the bottom left, the page is identified as 'CNCo Fundraising International Day of Yoga Fundraising for The Mission To Seafarers'. At the bottom right, there is a logo for 'The Mission To Seafarers' with the text 'We provide emergency support to seafarers to give help and hope for crews worldwide' and 'Charity Registration No. 1123613'.

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

Two fundraising campaigns to support the MTS were organised; a yoga session led by a colleague based in the UK saw some 60 participants and their families and friends taking part, while a virtual marathon attracted some 20 participants from Singapore. Our employees raised USD 1,723, which was matched on a dollar-for-dollar basis by CNCo.

We have long-term global partnerships with both The Mission to Seafarers (MTS) and Sailors’ Society (SS) who care for and support seafarers of all races, religions or ranks around the world.

Supporting Our Key Stakeholder Communities

Supporting ASSM Dependents Association (ASSMDA) in the Philippines

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

Throughout 2020, ASSMDA conducted several activities in aid of seafarers' families and local communities. These ranged from relief operations to assisting with distribution of COVID-19 suitable Personal Protective Equipment (PPE) to communities. This social support was especially useful and necessary in a year when many seafarers were unable to be relieved on time due to pandemic travel restrictions and thus were apart from their families for extended periods.

Below:
ASSMDA Board Members and ASSM office employees packing relief items in the ASSM training room.



Above: PPE items received by the Barangay Captain of Brg 146 Caloocan, Manila and a Thank You note from them to ASSM.



Swire Shipping Talent ID Programme in PNG

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

In 2020, CPNG conducted 32 clinics, in 11 regions, with the total of 12,066 participants. 46% of participants were female.

The PNG National Cup was played among three teams in a round robin format with the winner being the team with the highest points after the round robin matches. The National Cup is Cricket PNG's national 50 over competition where all talented players identified through TID program around the country showcase their talent in the 50 over format.



After the National Cup, the Talent ID (TID) in the men's and women's Smash Tournaments were held, to identify players for the T20 format. The Smash tournament is the national T20 competition in which the best players from all over PNG are selected to play and be considered for the National T20 teams. Due to the COVID-19 pandemic, not all players from the outer regions could participate.

Despite COVID-19 posing a number of logistical issues, CPNG completed a number of tournaments and other TID engagements. The National Camp was cancelled as the pandemic did not allow CPNG to capture talent outside of NCD and Central provinces.

The programme support ended in December 2020.

In 2020, CPNG conducted 32 clinics, in 11 regions, with the total of 12,066 participants. 46% of participants were female.



Assistance to the Family Support Centre in Honiara, Solomon Islands

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

The Project's goal is 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 FSC Deputy Centre Manager for three years and providing office rental assistance.

During the reporting period, FSC provided services to 4,392 Solomon Islanders of whom 4,284 were women and girls; 93 men and boys, and 15 children. Within the total number, 38 were people with disabilities.

Core services provided by FSC included counselling, case-management, accompaniment to courts, safe homes or police stations, referral through SAFENET, a 24-hour telephone counselling service, legal consultations and representation in court, together with awareness raising on domestic violence, child abuse, sexual abuse including rape, and human trafficking with organisations and groups within Honiara (the capital of Solomon Islands).

FSC Honiara staff undertake regular provincial trips, to support nine FSC Provincial Committees, and to provide much needed legal and counselling services to women and girls living in regional areas.

FSC continued to provide counselling and legal aid services throughout 2020, with an increased number of cases due to additional pressures placed on families being in forced lockdown at home together. The loss of jobs and employment opportunities have caused financial constraints, with more people residing in the same household and an increase in household expenses. There has also been an increase in expat / international clients due to the COVID-19 travel restrictions.

FSC continues to build institutional capacity. During 2020, the Centre welcomed four new staff members: Assistance Finance Officer, SAFENET Driver, Office Security Guard and Assistant Community Educator and Communication Officer.

FSC received additional funding from other donors to support the RVAW programme to develop capacity of four provincial committees.



FSC counsellors in their counselling Unit, FSC Office, Honiara



FSC legal officer awareness raising in one of remote places in Solomon Islands during a court circuit.

CNCo is providing assistance to the Family Support Centre in Solomon Islands for the programme: Responding to Violence Against Women and Girls, managed by the International Women's Development Agency.

Eastern Highland Family Voice (EHFV) - Keeping Kids Safe in the Eastern Highlands

Established in 1997, Family Voice is a critical NGO in the Eastern Highlands region of PNG. It is based in the regional capital Goroka; about 280 kilometres inland from the port of Lae, from where all supplies arrive. A dedicated grassroots organisation, Family Voice is at the forefront of addressing prevalent, gender-based violence and social issues around the family.

While there is a current major focus on preventing violence against women, Family Voice is also determined to find the resources to address the intersecting spectrum of issues, from poverty to social injustice and inequality.

CNCo supported Family Voice’s ongoing education work by sponsoring the newly-created position of a Child Protection Officer for a two-year period. This position focuses on assisting most vulnerable children to avoid abuse, violence and being exploited by others or those in power or authority.

Abuse, neglect, violence and exploitation perpetrated against children which includes commercial sexual exploitation, trafficking, child labour and harmful traditional practices, such as child marriage and cutting of the skin rituals are prevalent in this region. There is little support for victims available.

Over 2020, the project achieved the following against the set objectives:

Objective 1

To facilitate the protection and proper discipline of at least 1,000 students in the selected schools in the Eastern Highlands Province by the end of the two years.

- During the first year the project reached out to 959 students / 42 parents and four schools;
- Two targeted training programmes conducted, with 55 teachers trained;
- Seven activities held, reaching out to 370 children and 885 parents.

Objective 2

To educate and make aware the rights of children to at least 5,000 people by the end of the two years.

- Reached out to 5,802 people in 11 communities;
- 94 children assisted and 25 referred;
- Three training conducted reaching 454 people.

CNCo supported Family Voice’s ongoing education work by sponsoring the newly-created position of a Child Protection Officer for a two-year period.

Supporting Charitable Organisations

CNCo has been supporting various charitable organisations through *pro bono* (Free of Charge: FOC) shipments, donations of food and clothing, fundraising events to support their causes. We have established long-term partnerships with a number of charitable and not-for-profit organisations in countries in which we operate.

We provided *pro bono* support to Sai Prema Foundation Fiji, assisting them with shipments of the hospital’s building materials and equipment. Sri Sathya Sai Sanjeevani Children’s Heart Hospital in Fiji will house state-of-the-art equipment for its Catheterisation Lab, Operation Theatre, Intensive Care Unit, Pre-Operation and Post-Operation Wards.

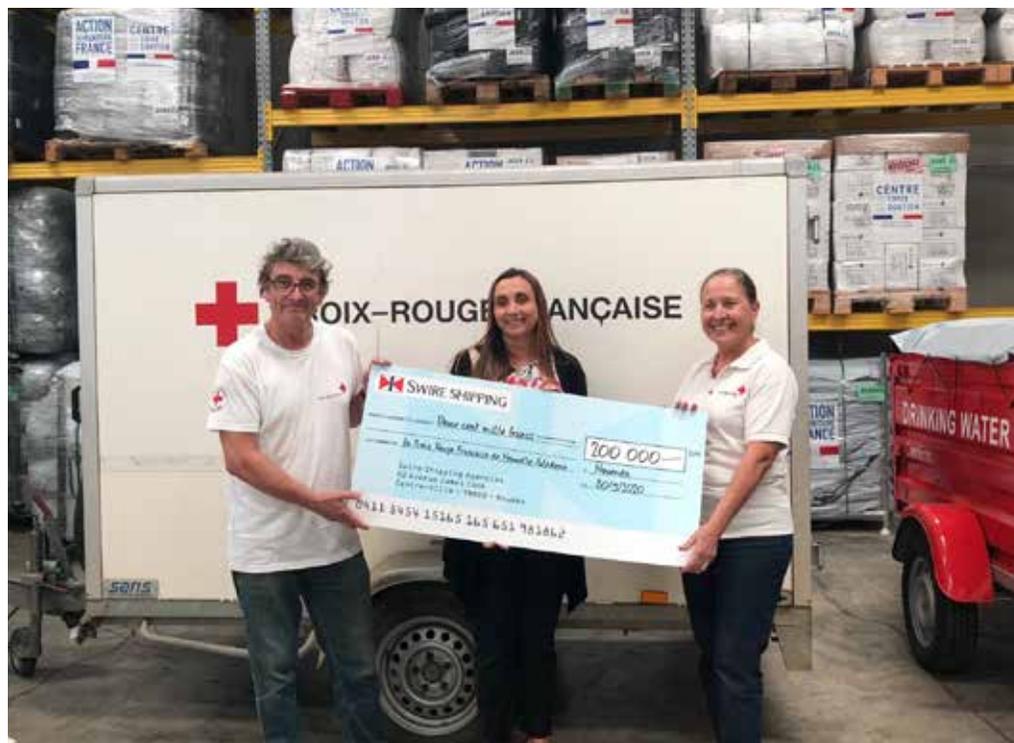
The Hospital will also include a Training Centre with technological capabilities for international Video Conferencing. The partnership between Swire Shipping and the Foundation also allows Swire Shipping Fiji employees to volunteer for the Foundation’s multiple community outreach projects and initiatives.



Assistance to our stakeholder communities during the pandemic

CNCo made a number of philanthropic donations to various organisations totalling USD 21,530 to assist our local key stakeholder communities to fight the COVID-19 pandemic.

Funding went towards purchasing of protective equipment, handwashing stations and soap, emergency relief for homeless people affected by lockdowns and migrant workers.



Above: Dolorès Mathelon, Country Manager, Swire Shipping, New Caledonia with representatives from Red Cross

CNCo reaches out to communities in PNG

In Lae, CNCo donated USD 2,000 to Angau Hospital’s Accident and Emergency department for the purchase of gloves, surgical masks and pulse oxymeters. “This will ensure that the medical personnel are able to protect themselves when treating COVID-19 patients and suspected cases,” said Alistair Skingley, Country Manager, PNG and Solomon Islands.

The same amount was made to Port Moresby’s General Paediatric Department as it had a pressing need for funds, following the diversion of resources to COVID-19 care. “The children’s unit was suffering, and we wanted to help,” said Alistair.

The funds covered the blood pressure sets, pulse oxymeters, weighing scales, IV drop stands, digital thermometers, baby blankets and CPAP neonatal masks. We also donated USD 1,500 to the Red Cross Disability School for handwashing stations and soap.



This will ensure that the medical personnel are able to protect themselves when treating COVID-19 patients and suspected cases.”

Alistair Skingley
Country Manager, PNG and Solomon Islands

COVID-19: India lends a helping hand

CNCo in India extended our support to the following endeavours that are focused on providing relief to those impacted by the COVID-19 pandemic:

A donation of USD 2,000 was made to the Annapurna Movement, a volunteer-led organisation tackling the COVID-19 related hunger challenge being faced by Mumbai’s migrant daily wage labourers who live in the city’s shanties. By distributing thousands of cooked meals and grocery kits every day, the movement has been the lifeline of several underprivileged clusters across the metropolis during these challenging times.

SEEDS, a ‘not-for-profit’ organisation known for its stellar work with some of the most remote and vulnerable communities in different parts of India, was supported with a donation of USD 2,000. The money will be specifically used to procure and distribute PPE kits for frontline health workers in the city of Bangalore.



Our aim was to identify two areas that were hardest hit by the pandemic in India, and we ‘zeroed in’ on the adversities experienced by migrant labour and frontline health workers. Our donations will hopefully assist in a small way towards alleviating the hardships of these communities.”

Nithin Menon
Regional Head, South Asia & Middle East, CNCo



Above: **Nithin Menon**, Regional Head, South Asia & Middle East, CNCo (far left) hands over a cheque of INR 150,000 to two Field Volunteers of the Annapurna Movement.

A donation of USD 2,000 was made to the Annapurna Movement, a volunteer-led organisation tackling the COVID-19 related hunger challenge being faced by Mumbai’s migrant daily wage labourers who live in the city’s shanties.

Protecting Environment and Biodiversity



Partnership with Endangered Species International

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

There were no events in 2020 due to the COVID-19 lockdown imposed by the Government of the Philippines.



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

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

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



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

CNCo provided MND a three-year infrastructure maintenance sponsorship, which put new roofs on MND's leaking buildings. Over the three years, the sponsorship provided new metal roofs on 17 buildings (plus two more to come). Some work was delayed and will be completed in 2021.

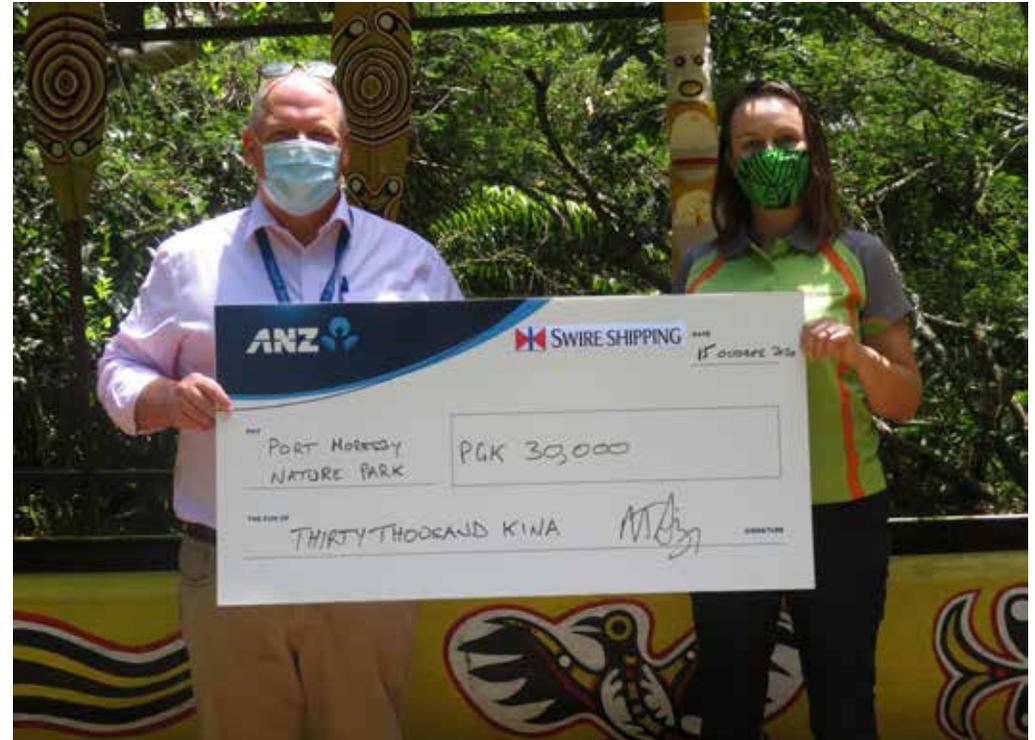
CNCo provided MND a three-year infrastructure maintenance sponsorship, which put new roofs on MND's leaking buildings.

CNCo PNG office becomes Silver sponsor of wildlife sanctuary

Our PNG office made a donation to the Port Moresby Nature Park, a wildlife sanctuary. Spread over 30 acres of tranquil tropical gardens, this beautiful park is home to over 550 native animals and hundreds of plant species. The donation was in response to a call by the Park for assistance.

"At Swire Shipping, our purpose is to enrich lives by connecting our customers with communities in the Pacific," said Alistair Skingley, Country Manager, Swire Shipping, PNG. "By donating funds to the Port Moresby Nature Park, we are helping to provide a unique experience for the community and tourists alike, and more importantly, helping to promote conservation of PNG's indigenous animals and plant species."

Said Michelle McGeorge, Port Moresby Nature Park's CEO: "On behalf of the Nature Park, I would like to thank Swire Shipping for the funding assistance; it will go a long way to helping us reach our target. It has certainly been a tough few months for the Nature Park between doing our best to comply with COVID-19 restrictions and trying to keep our head above water with the drop in visitation due to the same restrictions. But, with donations coming in from corporate sponsors like Swire Shipping, we have been able to reach 70% of our target goal thus far. We are hoping to reach the remaining 30% in a couple of weeks to close off the campaign."



From left: **Alistair Skingley**, Country Manager, Swire Shipping, PNG; and **Michelle McGeorge**, CEO, Port Moresby Nature Park



By donating funds to the Port Moresby Nature Park, we are helping to provide a unique experience for the community and tourists alike, and more importantly, helping to promote conservation of PNG's indigenous animals and plant species."

Alistair Skingley
Country Manager, PNG and Solomon Islands

You are making a difference for the whales

Thank you for your ongoing participation in the ECHO Program voluntary slowdown. You are reducing underwater noise, one of the key threats to the recovery of the southern resident killer whale (SRKW) population.

Here's how:

1 Research shows that underwater noise intensity from large vessels can be **reduced by half** during the slowdown periods¹



2 Foraging is easier when vessels transit slowly²
Reducing vessel speed makes it easier for SRKWs to use echolocation to find their food. For example, a SRKW's echolocation space is reduced by half within 3.5 km of a fast-moving (17 knots) car carrier, but reduced by half within 0.6 km when it slows to 11 knots.³



3 Even though slower vessels spend **more time** in SRKW feeding areas, slowing down means **less noise** overall⁵



4 Slowing down reduces several threats to marine mammals

Decreased underwater noise

Lowered strike risk⁶ and physical disturbance⁷

Reduced air pollution⁸



5
You are not alone, others are also doing their part



Ferries are slowing down too



Small vessels are staying 400 m from SRKWs and avoiding sanctuary zones



Fishers are avoiding designated areas to leave more salmon for whales



Government is investing in the research and design of quieter vessels



Environmental organizations and scientists are raising awareness and conducting important research

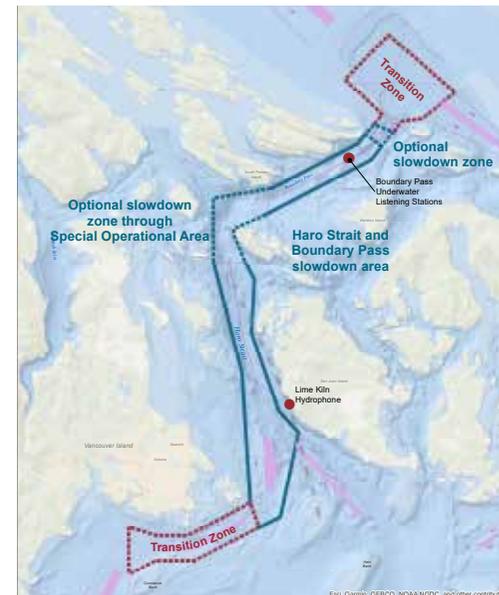
Supporting Vancouver Fraser Port Authority's commitment to saving whales

CNCo has renewed our commitment to participate in the Enhancing Cetacean Habitat and Observation (ECHO) Programme, which aims to reduce underwater noise generated by vessels to support the recovery and survival of endangered southern resident killer whales. The programme is led by the Port of Vancouver, who coordinates the voluntary vessel slowdown initiatives in key feeding areas within the whales' critical habitat. This research initiatives help to better understand and manage the cumulative effects of shipping activities on whales.

According to statistics provided by the Port of Vancouver, this initiative reduced underwater noise intensity by half during the slowdown periods. Reducing vessel speed makes it easier for whales to use echolocation to find their food.

CNCo participates in this voluntary speed reduction initiative on West Coast Canada under the ECHO Programme to do our part for the recovery and survival of the local sub-species 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.

In 2020, the programme took place between 1st June and 31st October.



Poster source:
<https://bit.ly/3BEy1Nv>

Map source:
<https://bit.ly/3x1hIMA>

Waste Recycling Project in the Pacific Islands

Moana Taka Partnership

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

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

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

This partnership connects government and commerce together for the first time in the waste stream removal / treatment area for the benefit of all, and helps resolve a long-standing environmental and social issue.

In 2020, we shipped out 217.83 tonnes of low value recyclable waste which otherwise would have ended up in landfills. The breakdown of waste streams included: 56.4 tonnes of plastic / 56.4 tonnes of cardboard / 105 tonnes of scrap metal. The volumes were lower compared to the prior year due to the economic impact of the pandemic on the PICT.

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

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

To watch the video about this partnership, please visit:
<https://bit.ly/2WNmKaW>



CNCo and SPREP formed the *Moana Taka Partnership* (MTP) wherein CNCo provides both the containers and ocean freight carriage on a *pro bono* / Free of Charge basis.

Project Rivendell

Building on our successful and widely regarded *Moana Taka Partnership*, we have also taken a deeper interest in other under- / improperly processed waste streams in PICT, and specifically abandoned End of Life Vehicles (ELV). *Project Rivendell* aims to ‘Recover, move, and sustainably recycle the large numbers of End of Life Vehicles, large industrial vehicles from surface mining operations, and discarded “white goods” and tyres that are currently abandoned across the wider PICTs’.

CNCo is proposing to establish an integrated logistics supply chain and recycling operation that will enable the ongoing recycling of various waste streams that is sustainable both financially and environmentally.

This project was initiated in 2020 and is currently being developed together with potential partners, including UNEP (*see right*), SPREP and IFC.

Below:
Chuuk Lagoon, Weno, Federated States of Micronesia

Photo by Marek Okon on Unsplash



Support GEF ISLANDS Programme

CNCo extended our support to the United Nations Environment Programme (UNEP) for the preparation of the GEF ISLANDS* “Communication, Coordination and Knowledge Management Project” and GEF ISLANDS “Pacific Regional Child Project”.

We believe that there are opportunities to connect relevant efforts of the GEF ISLANDS Programmes with our work under our *Moana Taka Partnership* and the proposed *Project Rivendell* and its sub projects.

Other regional collaborations

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

*GEF: Global Environment Facility
ISLANDS: Implementing Sustainable Low and Non-Chemical Development in Small Island Developing States

***Project Rivendell* aims to ‘To recover, move, and sustainably recycle the large numbers of End of Life Vehicles, large industrial vehicles from surface mining operations, and discarded “white goods” and tyres that are currently abandoned across the wider PICTs’.**

Project Cerulean

In November 2018, The University of the South Pacific (USP) and CNCo signed a Memorandum of Understanding (MOU) to conduct feasibility studies for potential routes and the design costs associated with planning for a new generation of ships for the Pacific region, which is committed to low carbon sea transport (40% emission reductions by 2030, and full decarbonisation by 2050).

Under the MOU, *Project Cerulean* aims to develop a new class of small sail-assisted cargo freighters, which, once proven to be commercially viable to operate, may be scaled up in numbers to provide a cost-effective solution for currently marginalised and de-populating outer-island communities in the PICTs. In the immediate term, the project aims to design, build, and trial a low-carbon Project Ship in partnership with the Micronesian Centre for Sustainable Transport (MCST) to service Pacific Island Countries on a selected route.

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

***Project Cerulean* aims to develop a new class of small sail-assisted cargo freighters.**

In 2019, we embarked on Phase 1: *Research Project feasibility and technical design review*. Over the course of 18 months in 2019-2020, in coordination with the Pacific Islands' government counterparts, private sector stakeholders, and university research partners in UK, Germany, and Pacific Islands, MCST has developed an updated and improved understanding of trade flows at the domestic, inter-island level within the expected service area (inclusive of Fiji, Tuvalu, Kiribati, and the Marshall Islands).

Once the trade data was reviewed by the project team, this informed the optimum design parameters to meet the project aims of maximising the potential operations for the Cerulean Vessel. The design of the Cerulean Vessel was then produced through a number of iterations of rigging designs and cargo arrangements by a French Sailing Vessel design house, VPLP, based in Nantes, in conjunction with the expert users committee in the Pacific.

In 2021, we will proceed with the second part of the project, which will consist of the following:

Phase 2(a):
Final design and construction phase. This will take place during 2021.

Phase 2(b):
Operations in pilot phase: 24 months of pilot operations by the new vessel to collect data, and prove the viabilities of the routes, trade flows, and ship design to meet the project aims.

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

- Decarbonisation and optimising energy efficiency;
- Protecting and enhancing the environment in which we trade;
- Investing in projects that will economically benefit the people and markets we serve;
- Aligning our community engagement with their needs.

The project aims to address Sustainable Development Goals **SDG 7** (Affordable and Clean Energy), **11** (Sustainable Cities and Communities), **12** (Responsible Consumption and Production), and **13** (Climate Action).



6 | Our Environment

- 90 Environment and Our Business
- 93 Environmental Initiatives and Achievements
- 95 Investing in New Technologies
- 97 Reporting Our Environmental Performance
- 98 Energy Consumption and Emissions
- 99 Environmental Training
- 100 Biodiversity
- 102 Industry Leadership
- 104 Sustainable Ship Recycling
- 107 Reducing Our Plastic Footprint
- 108 Eco-Office and Green Guidelines
- 109 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, optimising energy efficiency, and protecting, and where viable enhancing, the biodiversity of the environment.



Above: Photo by Phillip Mariquit



Above: Photo by TJ Fitzsimmons on Unsplash

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.

Environment and Our Business

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

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

Our progress for the bulk and liner fleets' EEOI since 1st January 2015 is shown in the graphs on pages 129 - 130.

We have amended the calculations from previously used methodology for the monthly EEOI from a six-month rolling average, to a weighted average. Some initial data was incomplete and therefore had to be disregarded which resulted in the change in the baseline from 2013 to 2015.

Both liner and bulk fleet EEOI figures are showing consistent downward trend which is a reflection of the work by our fleet management on improving the EEOI performance.

Our Environmental Goals and Commitments

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

Building on what we have achieved already between 2013 and 2020, we revised our environmental goals and targets out to 2030 at a Senior Management Meeting in early 2020. See Our 2030 Strategy on pages 117 - 118.

Further to that we are committed to reducing our GHG footprint ultimately to Net Zero, by, and preferably well before, 2050. This will be done in three stages:

- a) Implementing initially both Technical & Operational (T&O) measures, and then offsetting any outstanding Scope 1 and 2 emissions.
- b) Engaging in the short to medium-term as an active partner with leading decarbonisation centres globally, and like-minded organisations including The Sustainable Shipping Initiative and the *Getting to Zero Coalition*, both at the knowledge-partner level and also to cooperate as a provider of commercial shipping test-beds where viable.
- c) Delivering in the longer term a low or zero carbon fleet, starting by at least 2030, using alternate fuels, for which current science points to one or more of green H₂, Ammonia (NH₃) and Methanol, once the technology, scalability, safety and training issues have been mitigated.



We remain committed to deploying more fuel-efficient vessels, rationalising individual trades and focusing on operational efficiency within both business divisions.

We will also seek to support the earliest global adoption and implementation of the “Proposal for IMO to Establish a Universal Mandatory Greenhouse Gas Levy” submitted by the Republic of the Marshall Islands and the Solomon Islands to IMO MEPC-76. This should aim ultimately to support the production of “green” H₂, NH₃ and / or Methanol from renewable energy, such as solar, wind energy and possibly tidal energy that is plentiful in the PICT.

We are investing in initiatives that promote low carbon shipping, such as our *Project Cerulean*. This project seeks to build the first low-carbon, low-cost sail-assisted inter-island cargo vessel to serve communities in the Pacific that lack cargo handling infrastructure, and are thus suffering depopulation due to the difficulty of exporting produce to support sustainable living and livelihoods.

Responsibility in our supply chain

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

CNCo introduced a Carriage of Coal Cargoes Policy.* The Policy sets our own internal targets to phase out the carriage of thermal coal, in a manner that supports a just and equitable transition for individuals and communities in the markets we service.



CNCo introduces Carriage of Coal Cargoes Policy

Coal supplies about a quarter of the world's primary energy and two-fifths of its electricity. However, the extraction and use of coal causes many premature deaths and much illness, and its usage as fuel damages the environment. To meet the Paris Agreement target of keeping anthropogenic global warming to “well below 2°C”, usage of coal needs to halve from 2020 to 2030.

Responsible investors are actively disinvesting from the carbon market and reducing their exposure to companies that generate their revenues from thermal coal production. For example, Blackrock, an asset management firm managing USD 7.4 trillion of assets as at Q4 2019, has said that it will disinvest where the relevant revenues exceed 25% of their total. ING, a global financial institution, will only support new clients if their reliance on coal is 10% or less and if they have a strategy to reduce their coal percentage to close to zero by 2025.

CNCo is committed to do our part and we have set internal targets to phase out the carriage of thermal coal. The targets are specific to Swire Shipping operations where CNCo has direct management.

*Policy Link: <https://bit.ly/2V3Ju8L>

Environmental Initiatives and Achievements

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



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

The Company has taken an innovative step in creating an internal fleet efficiency KPI scorecard which tracks monthly fuel performance of the vessels.

Swire Bulk achieved 100% compliance with Port of Long Beach programme to cut air pollution

In June 2020, Swire Bulk achieved 100% compliance with the Port of Long Beach's Green Flag Programme, a voluntary vessel speed reduction programme. Vessel operators are rewarded for slowing down to 12 knots or less within 40 nautical miles (nm) of Point Fermin (near the entrance to the Harbour). This helps to cut air pollution such as smog-forming nitrogen oxides, diesel particulate matter and greenhouse gases around the Long Beach area.

While we have participated in this programme for many years and have maintained close to 100% compliance with the target speed year-on-year, this was our first time achieving this record. With this, Swire Bulk continues to qualify for savings of a 25% reduction on dockage fees paid to the Port of Long Beach.

The reduction in speed helps to cut air pollution such as smog-forming nitrogen oxides, diesel particulate matter and greenhouse gases.

CNCo has a dedicated department responsible for collecting and analysing fuel use data across our managed fleet. Our Fleet Efficiency Manager manages implementation of performance management system called "S-insight™" across over 50 CNCo vessels. S-insight™ is used to optimise hull and propeller performance, voyage execution and fuel accounting on our vessels.

The initiatives to improve fleet fuel efficiency performance included:

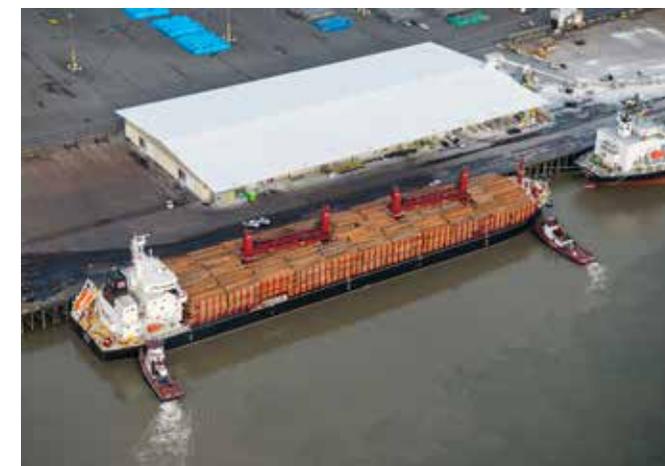
- Monitoring voyages online and taking actions where required;
- Monitoring and optimising trim across our Multipurpose Vessels (MPV) and our bulk carrier fleet;
- Using high quality anti-fouling and "slime release technology" paints for underwater hull areas;
- Premature dry-docking of a number of poorer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



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

- Propeller polishing
- Trialling Silicone paint on propeller
- Anti-fouling paint application
- Trim Optimisation
- Weather Routing
- Main Engine & Auxiliary Engine Optimisation
- Boiler optimisation, Hotel Load or Basic Load optimisation and others

These efforts have translated into fuel savings of over USD 6.2 million in and the reduction of 38,446 tCO₂ emissions to the environment during the reporting period.



Investing in New Technologies

CNCo continues to invest in new technological advancements which will result in lower fuel consumption and thus, further reduction of emissions to air.



The following initiatives for our eight new-building vessels launched in 2020 included:

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

The use of Hempel X7 and next generation X8 silicon paint for bulk carriers will significantly reduce fuel consumption and the need for hull cleaning. We also applied the newest Hempel silicon paint system Hempaguard X8 MaX for our four Chief class vessels: *MV Papuan Chief*, *MV New Guinea Chief*, *MV Coral Chief* and *MV Highland Chief* in 2020.



Custom-built container with Hazardous for Marine Environment (HME) filter

In 2020, Swire Bulk teamed up with a German port service provider to build a filter in a 20-foot container that would reduce the concentration of contaminants to 5 ppm in water pumped overboard. The filter is so advanced that filtered wash water is of a quality that would be fit for human consumption.

CNCo lights up brighter future with vessel LED project

Before and after LED light installation photos



Main Engine Area



Engine Control Room

28,000 environmentally friendly LED tubes have been installed on some 40 vessels across our fleet; making it the single largest such exercise in CNCo's recent history. LED lights are up to 80% more efficient than traditional lighting such as fluorescent and incandescent lights.

Not only did this mark a significant stride ahead in our sustainability push on our vessels, it also marked a major step forward for our Zero Harm endeavours. The LED tubes were coated with a shatterproof layer, making it much safer for our Electrical Officers when they had to change the lights.

CO₂ emissions – which harm the environment and human life – is expected to be reduced by as much as 10,000 tonnes within five years. Energy savings of up to 50% as well as a 10-fold increase in service life are other benefits of using these LED tubes.

Other advantages of using LED lighting include:

- Unlike fluorescents, LEDs are mercury-free, making them safe for the environment.
- LEDs offer directional light (illumination exactly where you need it).
- LEDs work perfectly when integrated with occupancy sensors and other controls.
- LEDs produce light in a variety of colour temperatures similar to fluorescent lighting. However, they do not have any flickering issues unlike fluorescent lights.
- Most T8 LED tubes are made with a shatterproof coating. With linear fluorescent, you either had to specially order shatterproof fluorescent lamps or use a tube guard which was costly.

28,000 environmentally friendly LED tubes have been installed on some 40 vessels across our fleet.

Reporting Our Environmental Performance



All CNCo owned and operated vessels, which include MPVs, bulk carriers, container ships, plus the cement carrier in NZ have been provided with class endorsed IMO-DCS plans.

As our contribution to compliance with global energy / emissions data reporting requirements we report Energy Efficiency / GHG emissions' data as follows:

EU Monitoring, Reporting and Verification ("MRV")

All CNCo owned and operated bulk carriers have been provided with a vessel specific EU-MRV plan. In this way we ensure that all relevant information pertaining to carbon emissions, cargo carried, time spent, and distance travelled in the EU region are verified by an authorised third-party verifier (Verifavia) before being shared with the EU Commission. CNCo has successfully reported data for three successive years (2018, 2019 & 2020) and obtained Documents of Compliance for the related vessels.

IMO Data Collection System ("DCS")

All CNCo owned and operated vessels, which include MPVs, bulk carriers, container ships, plus the cement carrier in NZ have been provided with class endorsed IMO-DCS plans. This is to ensure that all relevant data pertaining to carbon emissions are captured, verified and shared with relevant flag states authorities.

CNCo voluntarily submits the emission data for two New Zealand coastal vessels (*MV Aotearoa Chief* and *MV Moana Chief*), which do not fall under the IMO-DCS regulatory framework. This decision has been consciously and actively taken by CNCo management to demonstrate the responsible behaviour of the organisation. CNCo submitted 2020 emission data to a third-party verifier (Lloyd's Register) as part of the process.

Energy Consumption and Emissions

Scope 1 emissions amounted to 1,840,063 tCO₂ from CNCo's operations.

Emissions from combusting marine fossil fuels in internal combustion engines in 2020 amounted to 1,828,151 tCO₂ representing 99.35% of our Scope 1 emissions (comprising bunker fuel / LO / escape and use of refrigerants / use of petrol and diesel in company-provided road vehicles).

Scope 2 emissions (from use of commercial electrical power in our shore offices) was 382 tCO₂ which is immaterial in relation to our Scope 1 emissions (0.021%).

The total Scope 1 and 2 emission figure of 1,840,446 was 8.3% lower than in prior year.

Scope 3 emissions from shore-based management and crew air travel contributed 2,514 tCO₂ which is a low contributor (0.136%) to our total GHG footprint.

The overall emissions figure for Scope 1 decreased by 8.3% on the prior year despite the number of vessels increasing by 4.55%, due to greater operational efficiencies achieved.

A summary of all these figures together with the trend over the years is presented in the Environmental Summary report. See page 128.

The normalised figures are shown in EEOI graphs of emissions per tonne-mile (monthly weighted average for each fleet). See pages 129 - 130.

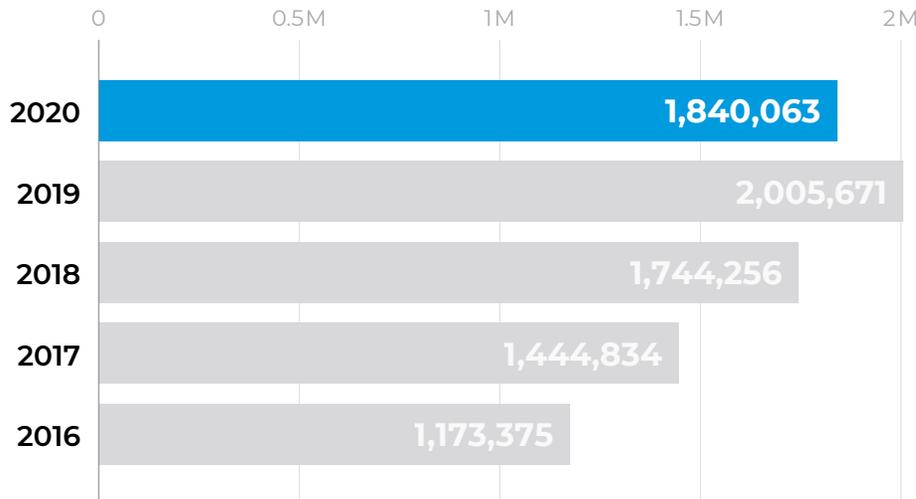
Normalised Scope 1 emissions show a drop from the 2016 level, with a further reduction of 7.9% in 2020 in relation to the prior year.

We continue to measure emissions of SO_x, NO_x, Particulate Matter (PM) and Volatile Organic Compounds (VOCs). Their numbers have decreased in 2020 due to the switch to low sulphur fuels. SO_x emissions reduced by 78% y-o-y. We have also started reporting Black Carbon emissions, calculated iaw the Fourth IMO GHG Study 2020.

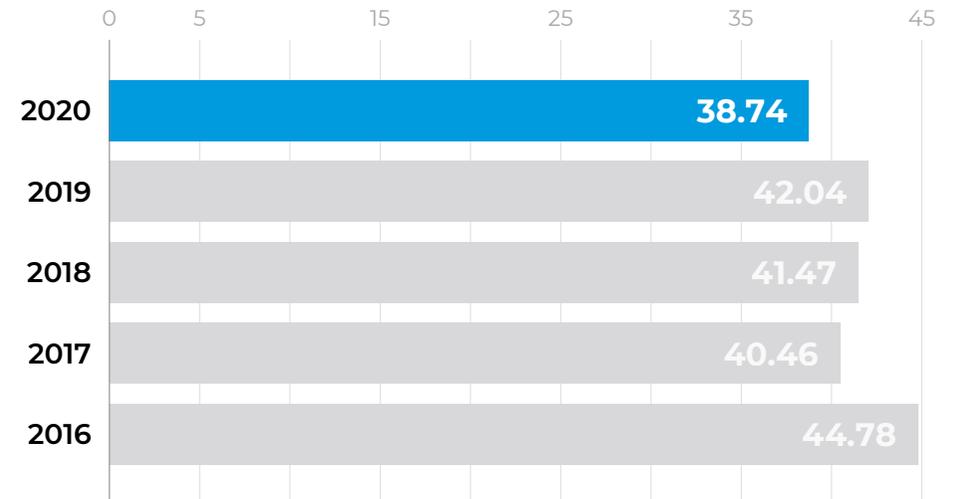
*Scope 1 emissions include all vessels categorised as follows:

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

Scope 1 Emissions (tCO₂e)



Scope 1 tCO₂e / vessel day



Environmental Training

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



CNCo provides training on the optimum use of the SEEMP to all relevant seagoing employees via computer-based training which is available on all our vessels.

We also provide our seagoing employees with various environmental awareness modules via our extensive Seagull Training collection. In addition, monthly Quality, Health, Safety and Environment (QHSE) meetings are held on all CNCo vessels, at which relevant environmental topics are raised and discussed.

CNCo provides training on the optimum use of the SEEMP to all relevant seagoing employees via computer-based training which is available on all our vessels.

Biodiversity

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



Above: Firos NV on Unsplash

There is a need to protect and enhance the ecosystems in which we operate and impact to help nature flourish.

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 not only vital to our operations but can also help to improve the efficiency of our vessels.

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

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

We are expecting this area to assume a much higher profile once the international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of Areas Beyond National Jurisdiction (ABNJ) is finalised. This is currently delayed due to COVID-19.

We have in place, a number of high level policies (e.g. Biodiversity Policy*, Environmental and Sustainable Development Policies) which provide the framework for reducing CNCo's environmental negative impact and impacts on biodiversity under our influence.

We are always looking for opportunities to enhance biodiversity. CNCo has been investing in new technologies for hull coating. We use HEMPAGUARD technology which integrates silicone-hydrogel and full diffusion control of biocides in a single coating. The biocide is temporarily retained at the surface during its release, thereby activating the surface, and eliminating the need for polishing. HEMPAGUARD offers the same surface smoothness as conventional biocide-free silicone-based fouling release coatings and compared to a standard self-polishing copolymer (SPC) anti-fouling, releases 95% less biocide.

CNCo partners with Endangered Species International ("ESI") in South Mindanao, the Philippines, to protect International Union for Conservation of Nature ("IUCN")-critically endangered Philippine forest turtles on Mount Matutum assisted with a programme

on mangrove and coastal reef conservation, management and rehabilitation activities in the Sarangani Bay area. We also support Mahonia Na Dari (MND) in Kimbe Bay, a local marine environment research and conservation education centre based in West New Britain, PNG.

CNCo participates annually in the Enhancing Cetacean Habitat and Observation (ECHO) Programme by Vancouver Fraser Port Authority. This is a voluntary speed reduction initiative on West Coast Canada under the ECHO Programme for the recovery and survival of killer whales. The speed reduction applied to a small area named Haro Strait. This is a 16.6 nautical mile distance in the Southern Pilotage waters. With speed reduction and depending on vessel type, transit times may increase between 11 and 18 minutes.

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

*<https://bit.ly/3yo1hGd>



We have in place, a number of high level policies which provide the framework for reducing CNCo's environmental negative impact and impacts on biodiversity under our influence.

Left: Karen Kayser on Unsplash

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 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 and others, 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 is a lead company in 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.

The SRTI 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.

Further information:

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

Ship Recycling Transparency Initiative (SRTI)
<https://bit.ly/3x7gPg4>

Launch of the Ship Recycling Transparency Initiative 2020 Report

The Ship Recycling Transparency Initiative (SRTI) launched its 2020 report in March the same year.

James Woodrow, Managing Director, CNCo, said: "We are very proud to have supported the Ship Recycling Transparency Initiative from its inception and are heartened by the increasing support that it has received, from right across the whole shipping value chain, including those that ship goods, those that carry the goods and those that finance the ships over its first full year.

We are glad to see all these parts of the global trade sector taking increasing and extended responsibility to safeguard the health, safety and social cover for the workers in a hazardous industry, and to minimise and contain any harm to the environment.

The importance of using the SRTI platform, for transparent disclosure of ship recycling policies, processes and practices, to the various rating agencies has been a particularly positive development over the past year. The SRTI shows there is a will to raise the bar and reduce injuries and deaths, shining a light on what is possible – at minimal extra cost."

Read the report here: <https://bit.ly/3rPBfJy>



The China Navigation Company believes that if more stakeholders in the shipping value chain share their practices transparently then it will be clear what best practices are possible, and at what level of commitment, and thus how standards can be raised globally for the benefit of all."

James Woodrow
Managing Director, CNCo

CNCo is a member of *Getting to Zero 2030 Coalition* (GTZ); a grouping of some 90 companies within the maritime, energy, infrastructure and finance sectors and supported by key governments and intergovernmental organisations (IGOs). The GTZ is a partnership between the Global Maritime Forum, the Friends of Ocean action, and the World Economic Forum.

To curb the emissions from shipping, the IMO has agreed on an ambition to reduce GHG emissions from shipping by at least 50% by 2050. To reach this goal and to make the transition to full decarbonisation possible, commercially viable zero emission vessels must start entering the global fleet by 2030, with their numbers to be radically scaled up through the 2030s and 2040s.

This will require both developing or technically modifying the vessels' power plants but crucially also the development of supply chain infrastructure to supply the future fuels, which can only be done through close collaboration and deliberate collective action between the maritime industry, the energy sector, the financial sector, and governments and IGOs.

Further information:

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

Getting to Zero Coalition



Sustainable Ship Recycling

Moving in lockstep 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.



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

Sustainable recycling of ships is the best sustainable and most environmentally responsible way to manage ships at the end of their commercially viable lives. It must and can be done in a safe and environmentally sound way.

CNCo has a Sustainable Ship Recycling Policy 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.

Additionally, they must be certified by a reputable independent third-party to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and preferably, ISO 30000. This policy ensures that CNCo recycles our assets in a sustainable, safe and in an environmentally responsible manner.

During 2020, we oversaw the successful sustainable recycling of four vessels: *MV Forum Samoa 4*, *MV Kwangtung*, *MV Kweilin* and *MV Melanesian Pride*.

These were recycled with zero injuries, zero pollution incidents, zero medical treatment and first aid cases. The Ship Recycling Facilities (SRF) used and demonstrated an increased level of HKC compliance and social commitment. They were also externally independently audited and had a Compliance Monitoring Team (CMT) installed in the SRFs at all times when demolition work was taking place.

The CMT were engaged by CNCo at an additional discretionary cost and helped to ensure that capacity-building continued, and that standards and best practices were maintained throughout the recycling process. Additionally, management visits were carried out by the appointed agency, and CNCo when possible to ensure full compliance with the HKC.

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

We explained our commitment to Sustainable Ship Recycling in a video produced by Swire Pacific's Sustainable Development Office. This video can be viewed on CNCo's website.

You can read more about the mitigated environmental impacts and health, safety and social impacts of Sustainable Ship Recycling here: <https://bit.ly/3zSegAq>



Thank you *MV Kweilin* for your service

With the COVID-19 pandemic and entry restrictions imposed in various countries, *MV Kweilin* changed over to an Indian National delivery crew in Singapore on 20th March 2020. Following a handover and familiarisation, the vessel headed to Alang, India.

On 7th May 2020 at 1600 hrs, *MV Kweilin* was beached for recycling. The off-signing crew had to undergo COVID-19 tests and wait for the results before a travel pass could be issued. Once issued, they were only able to travel out of Alang by road as all flights and train services in India were suspended. Some crew members travelled up to 1,700 km.

Thank you *MV Kweilin* for your service.

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



Bidding our vessels goodbye

MV Melanesian Pride

COVID-19 had thrown a spanner in the works with many governments and port authorities imposing lockdowns all over the world. During her voyage to Alang, authorities from India had prevented foreign seafarers from disembarking beached vessels.

She sat off the Indian coast for three months before her crew could disembark. The crew were only able to disembark after active lobbying by the embassies of the eight nationalities onboard.

This was the story of *MV Melanesian Pride*, one of three ships that we recycled in Alang, India in 2020.

MV Forum Samoa 4 was beached on 1st August 2020.

MV Kweilin was beached in Alang on 7th May 2020.

Sustainable Ship Recycling Statistics

Vessel Name	Tonnes of recycled material	Tonnes of hazardous waste	% recycled, components re-used	Total manhours	LTIs
<i>MV Kwangtung</i>	9,449	103	98.92%	57,392	0
<i>MV Kweilin</i>	9,396	28	99.70%	42,780	0
<i>MV Melanesian Pride</i>	5,608	30	99.47%	27,520	0
<i>MV Forum Samoa 4</i>	5,719	37	99.35%	23,356	0

Sustainable recycling of ships is the best sustainable and most environmentally responsible way to manage ships at the end of their commercially viable lives.

Reducing Our Plastic Footprint

We recognise that around the world, billions of Single-Use Plastic Water Bottles (SUPWBs) are used just once and then thrown “away” every year. Of these, less than 30% are recycled, potentially leading to almost eight million tonnes of plastic escaping into the oceans from coastal nations annually.

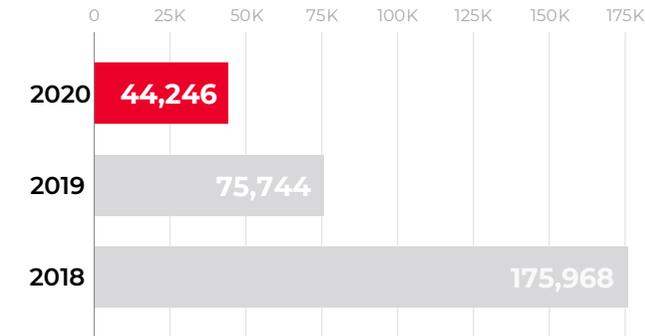
During 2020 we achieved further significant reductions across our bulk and liner fleet:

Number of SUPWBs consumed in Swire Shipping fleet



Swire Shipping, with a fleet trading on regular liner routes, has reduced SUP water bottles consumption by 99.59% y-o-y.

Number of SUPWBs consumed in Swire Bulk fleet



Swire Bulk, with a fleet tramp-trading worldwide, has reduced SUP consumption by 41.58% y-o-y.



Photo by Nariman Mesharrafa on Unsplash

Our Fleet Managers worked hard to install reverse osmosis units on board our fleet to ensure we continue to provide the best quality potable water for our seagoing employees.

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

As ship owners, we are obliged to provide potable water, under the national flag regulations; and all our vessels produce their own water through reverse osmosis from seawater. Approximately 20 tonnes can be distilled each day and this is then kept in storage tanks for all freshwater needs on board. The water is routinely tested to ensure potability, in compliance with regulatory requirements.

In 2018 we set ourselves a goal to reduce our use of Single-Use Plastic Water Bottles (SUPWBs) on board our vessels.

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.



Photo: Vlad Hilitanu on Unsplash

We look at applications of 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 Environment Council Eco-Office Certification since 2012.

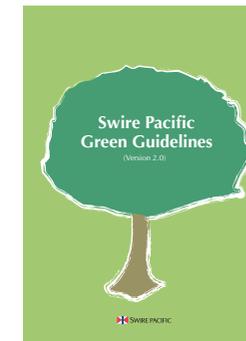
Our employees recognise the importance of environmental sustainability and have adopted Eco-Office practices together with the approach to environmental sustainability. We continue to educate and engage our employees in environmental activities, ranging from corporate volunteering for conservation and environmental causes, partnering with not-for-profit organisations and organising lunchtime sessions on sustainability-related topics in the Singapore office.

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

Our employees recognise the importance of environmental sustainability and have adopted Eco-Office practices together with the approach to environmental sustainability.



Source: <https://unssc.org>



Climate Change and Our Business

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



Above: Annie Spratt on Unsplash

IMO's GHG reduction strategy aims to reduce total GHG emissions from shipping at least by 50% in 2050, and to reduce the average carbon intensity by 40% in 2030 and 70% in 2050, compared to 2008.

IMO's adoption in 2018 of a GHG reduction strategy aims to reduce total GHG emissions from shipping by at least 50% in 2050, and to reduce the average carbon intensity (CO₂ emitted per cargo tonne-mile carried) by 40% in 2030 and 70% in 2050, compared to 2008. This will not be possible without the development of alternate low / zero carbon fuels in addition to the energy efficiency measures and speed reductions.

The MEPC-75 session (in November 2020) further accelerated the IMO ambitions with regards to the GHG Strategy. MEPC-75 approved the Fourth IMO GHG Study together with the draft amendments to MARPOL Annex VI for the reduction of carbon intensity of existing ships. The amendments covered the new Energy Efficiency Existing Ship Index (EEXI), the Carbon Intensity Indicator rating (CII) and enhanced Ship Energy Efficiency Management Plan (SEEMP).

The two IMO mandatory short-term measures for cutting the carbon intensity of existing ships include:

- (i) The technical requirement on all ships to reduce carbon intensity, based on a new Energy Efficiency Existing Ship Index (EEXI). Ships are required to meet a specific required EEXI which is based on a required reduction factor (expressed as a percentage relative to the EEDI baseline); and
- (ii) The operational carbon intensity reduction requirements, based on a new operational Carbon Intensity Indicator (CII). The CII determines the annual reduction factor needed to ensure continuous improvement of the ship's operational carbon intensity within a specific rating level. Documenting and verifying the ship's actual annual operational CII against its required annual operational CII would enable the improvement or otherwise of the ship's operational carbon intensity year-on-year to be determined, and rated accordingly.

While Energy Efficiency Design Index (EEDI) for the new ships has been in force since 2013, the IMO has taken a big leap by planning to enforce the existing EEDI concept on all the ships from 2023. An additional emission reduction factor of up to 50% (depending on the ship type and size) from the existing EEDI reference value is also being applied, which makes the target highly ambitious, especially for the vessels which were built before 2013 and the pre-EEDI era.

CNCo is both fully aware of, and cognisant of, the concerns of global governments and the public about climate change risks. We recognise that the use of fossil fuels to meet the world's energy needs contributes to the rising concentration of GHG 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.

In 2020, we introduced a Climate Resilience Policy¹ stating that we aim to build resilience to climate change through adequate mitigation, adaption and by building adaptive capacity. This Policy commits us to the following actions:

Mitigation activities:

- Reducing our carbon footprint through the establishment and implementation of long-term carbon emissions reduction targets;
- Adopting industry best practices to improve energy efficiency in our operations;
- Encouraging our employees, suppliers and customers to reduce carbon emissions in their daily operations wherever practicable;
- Incorporating climate change considerations in our procurement processes and encourage the use of low carbon and energy-efficient products and materials.

¹ <https://bit.ly/3yiS9Ta>

²Source: <https://www.fsb-tcf.org>

Adaption activities:

- Assessing climate change and any associated financial and other risks and opportunities, in order to enhance our understanding of the impact of climate change on our operations;
- Putting in place appropriate processes and measures intended to prevent or minimise the damage that climate change may cause and to take advantage of the opportunities that may arise;
- Considering climate change in the location and design of new ships and projects;
- Addressing climate change risks as part of our corporate risk management process.

Building Adaptive Capacity activities:

- Incorporating climate change and extreme weather events into our business continuity plans; and
- Ensuring that relevant information and resources are available for the monitoring and regular review of the impact of climate change impact on our operations.

Having set KPIs:

- Total, and y-o-y change, in our Fugitive Emissions of CO₂ and other GHG, Ozone Depleting Substances, SO_x, NO_x, VOC, PM and Black Carbon into the atmosphere.

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)² 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, looking to assess climate-related risks and opportunities. We will address this in future reports as the Swire group comes to a consensus on the most applicable Representative Concentration Pathway (RCP) to use for our scenario planning.



Many banks that lend to shipping lines have announced that climate impact will be integrated into the criteria that determines the amount and interest rate for the loan, an effort the banks say will substantially cut CO₂ emissions in the industry. Responsible Finance Houses will be able to measure the carbon intensity of their shipping portfolios on an annual basis and assess their climate alignment relative to established decarbonisation trajectories.

This should be a strong driver to prioritise climate change issues in the business' decision-making processes and help drive transitioning to the necessary technology for the design of ships, reduction of emissions and, crucially, radical decarbonisation that the industry requires.

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

CNCo takes multiple steps towards reducing our emissions from operations and our efforts towards increasing fuel efficiency are a good testament to that. CNCo has a very young fleet of modern, fuel / carbon efficient "eco-designed" vessels which helps us to gain savings possible through Technical and Operational measures.

We are also actively looking at the possibility of using biofuel, methanol, ammonia or hydrogen as the alternative energy source. We are engaging with industry partners on advancing the new alternatives to fossil fuels. CNCo has a Decarbonisation Working Group that meets monthly to evaluate and progress various projects and initiatives.

We are investigating using power from ashore, also known as "Cold Ironing*", which involves the provision of electrical power from the shore (especially in ports where the grid supply has a very low carbon footprint) to a vessel while it is docked, thereby allowing the vessel's auxiliary engines to be turned off and the burning of diesel fuel to cease. This is existing technology, used in ports globally, allowing reduction of GHG emissions by up to 98% under optimal energy circumstances.

While this sounds like a good opportunity to reduce emissions in ports, the drawbacks include high capital expenditure and dependence on port infrastructure which is not widely available in many of the ports CNCo calls. We will continue exploring using Cold Ironing for our two cabotage ships in NZ in 2021.

While we conducted a feasibility study for installation and use of Flettner Rotors on Oshima handysize Bulk Carriers, we concluded that it was not a viable option because of the high cost of retrofit versus the potential cost savings.

We have in place a more aggressive goal than the IMO Initial Strategy to reduce liner and bulk fleet EEOI which we measure and monitor, as well as working with our two operating divisions and Fleet Management on strategies towards gradual annual reduction.

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

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

We have set ourselves an ambitious target of reducing our GHG footprint, ultimately to net zero by, and preferably well before, 2050. For more information see *Our Environmental Goals and Commitments* section of the report.



*Cold Ironing: The role of ports in reducing shipping emissions
Safety4Sea
<https://bit.ly/3rEQJzW>

7 | Data

	Data
113	Stakeholder Engagement and Materiality
115	Value Chain Analysis
116	Identification of Risks and Opportunities along CNCo's Value Chain
117	2030 Sustainability Strategy
119	SDGs / CNCoTHRIVE / Material Issues with Progress
123	Safety Statistics
125	Employment Data
128	Environmental Summary
129	Energy Efficiency Operational Indicator
131	Abbreviations
133	Self-declaration: Corporate Social Responsibility
134	GRI Standards Content Index
148	Contact
149	Assurance Statement

CNC's key stakeholder groups and areas of concern

Stakeholder	Engagement Mechanism	Areas of Concern
Employees: Shore-based	<ul style="list-style-type: none"> • Orientation programmes • Online Sustainability questionnaires • Office visits • MD's weekly Bulletin • Townhalls • Intranet portal • Information sessions and training programmes • Informal <i>ad hoc</i> feedback 	<ul style="list-style-type: none"> • Health, Safety and Wellbeing • Financial Stability • Geopolitical Instability • Cybersecurity • Greenhouse Gas Emissions & Alternate Fuels • Big Data & Systems Integration • Diversity & Inclusion • Clear, Transparent Communications • Supply Chain Transparency • Reducing Waterborne Environmental Impact
Employees: Seagoing	<ul style="list-style-type: none"> • Safety Awareness Courses (SACs) • Online Sustainability questionnaires • Officer and crews' fora • Ship-shore safety dialogue • MD's weekly Bulletin • Monthly newsletters by Fleet Management • Townhalls 	<ul style="list-style-type: none"> • Health, Safety and Wellbeing • Cybersecurity • Financial Stability • Geopolitical Instability • Ethical and Uncorrupted Company • Greenhouse Gas Emissions & Alternate Fuels • Diversity & Inclusion • Big Data & Systems Integration • Sustainable Ship Recycling • Waste Management • Reducing Waterborne Environmental Impact • Human Rights • Clear, Transparent Communications
Customers	<ul style="list-style-type: none"> • Continuous dialogue with customers to understand their needs and expectations • Online Sustainability questionnaires • Structured interviews • Presentations • Compliance questionnaires and interviews 	<ul style="list-style-type: none"> • Supply Chain Transparency • Climate Footprint Reduction • Community Relationships • Health and Safety • Resource Scarcity • Human Rights • Strong Governance
Government and Regulators	<ul style="list-style-type: none"> • Regular engagement and dialogue with government agencies in Singapore and in regional offices 	<ul style="list-style-type: none"> • Balance Sheet and Financial Sustainability • GHG Emissions and Climate Impacts • Cybersecurity and Terrorism • Regulatory and Compliance Risks

Continued on next page

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Stakeholder	Engagement Mechanism	Areas of Concern
NGOs / Community	<ul style="list-style-type: none"> • Corporate Philanthropic Projects' beneficiaries • Employee engagement and volunteering activities • Industry events • Conferences • Questionnaires 	<ul style="list-style-type: none"> • Supply Chain Management • Environment and Climate Change • GHG Emissions & Climate Impacts • Ship Recycling • Transparency and Business Ethics • Governance / Management
Shipping Industry actors: Peers / SRF	<ul style="list-style-type: none"> • Member dialogues • Industry events • Conferences 	<ul style="list-style-type: none"> • Sustainable Ship Recycling • Emission Reduction • Alternate Fuels • Human Rights
Investors / Swire group companies	<ul style="list-style-type: none"> • Board meetings • Working groups / SD Committees • Status updates • Contract negotiations • Internal Audits • Compliance • Performance evaluations • Self- and physical audits of third-party suppliers 	<ul style="list-style-type: none"> • Strong Balance Sheet / Financial Stability • Reputation • SwireTHRIVE targets • Emission Reductions and Offsetting

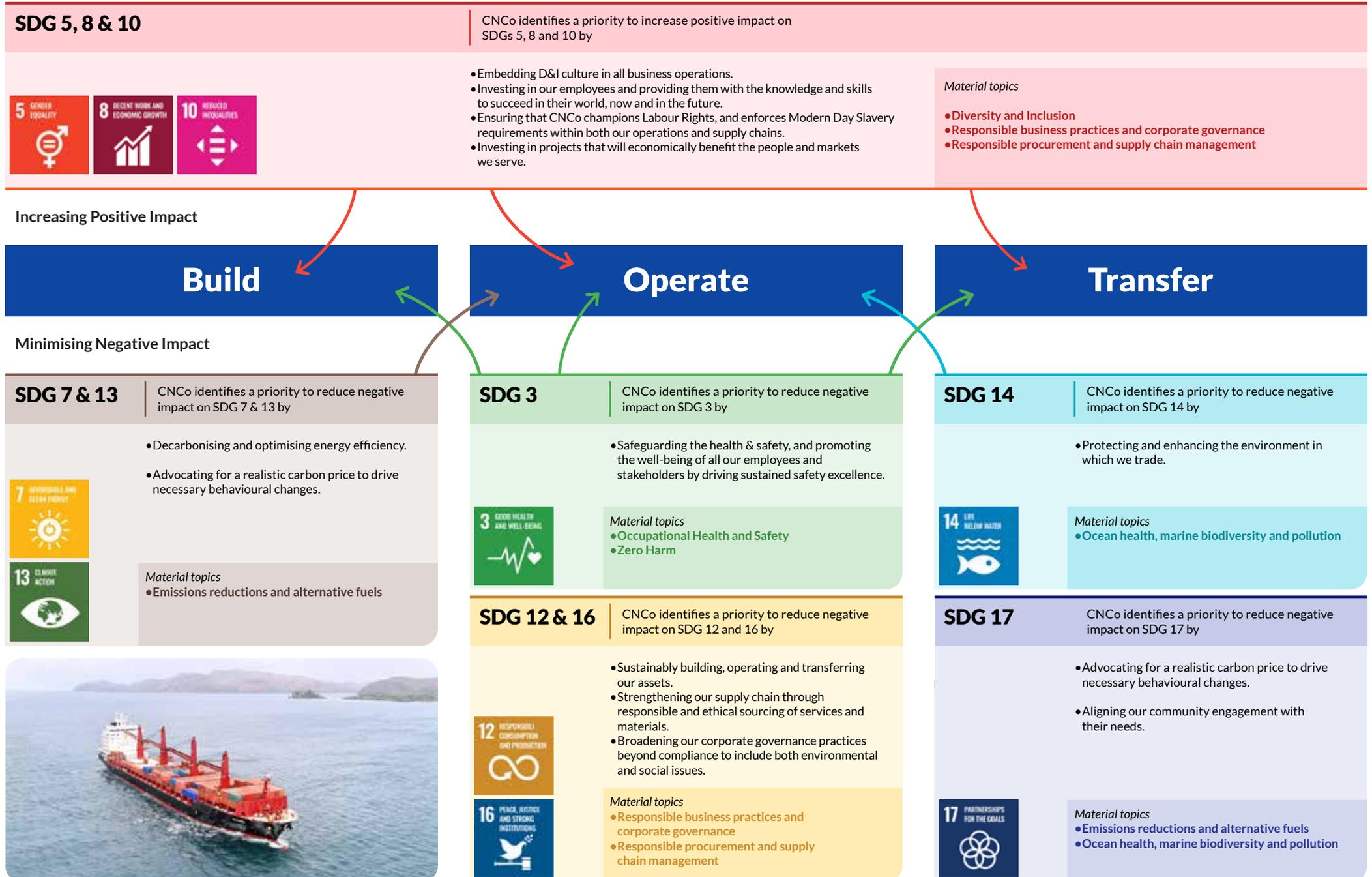


Our Value Chain covers three main phases of our operations: a) building our vessels b) operating our vessels and c) transferring the ownership of the vessel at the end of its economic life for us, whether for onward trading or recycling. This may be termed a BOT (Build / Operate / Transfer) framework.

* 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

The CNCo “Decade to Deliver”

The Pacific Decade for Sustainable Transport¹
United Nations Decade of Ocean Science for Sustainable Development²

The China Navigation Company 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.

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

To achieve our vision we will enable and deliver thriving People, Environment and Partners.

Thriving People

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

- We will safeguard the health & safety, and promote the wellbeing of all our employees and stakeholders by driving sustained safety excellence.
- We will embed D&I culture in all business operations.
- We will invest in our employees and provide them with the knowledge and skills to succeed in their world, now and in the future.
- We will ensure that CNCo champions Labour Rights, and enforces Modern Day Slavery requirements within both our operations and supply chains.

Relevant SDGs*



¹<https://bit.ly/2VrBcHC>

²<https://bit.ly/37gQmlx>

*Sustainable Development Goals
<https://sdgs.un.org>

Thriving Environment

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

- We will decarbonise and optimise energy efficiency.
- We will advocate for a realistic carbon price to drive necessary behavioural changes.
- We will protect and enhance the environment in which we trade.
- We will sustainably build, operate and transfer our assets.

Relevant SDGs*



Thriving Partners

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

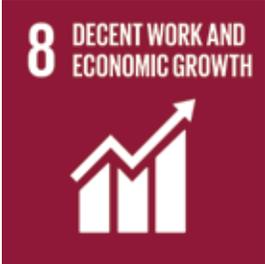
- We will align our community engagement with their needs.
- We will strengthen our supply chain through responsible and ethical sourcing of services and materials.
- We will invest in projects that will economically benefit the people and markets we serve.
- We will broaden our corporate governance practices beyond compliance to include both environmental and social issues.

Relevant SDGs*



*Sustainable Development Goals
<https://sdgs.un.org>

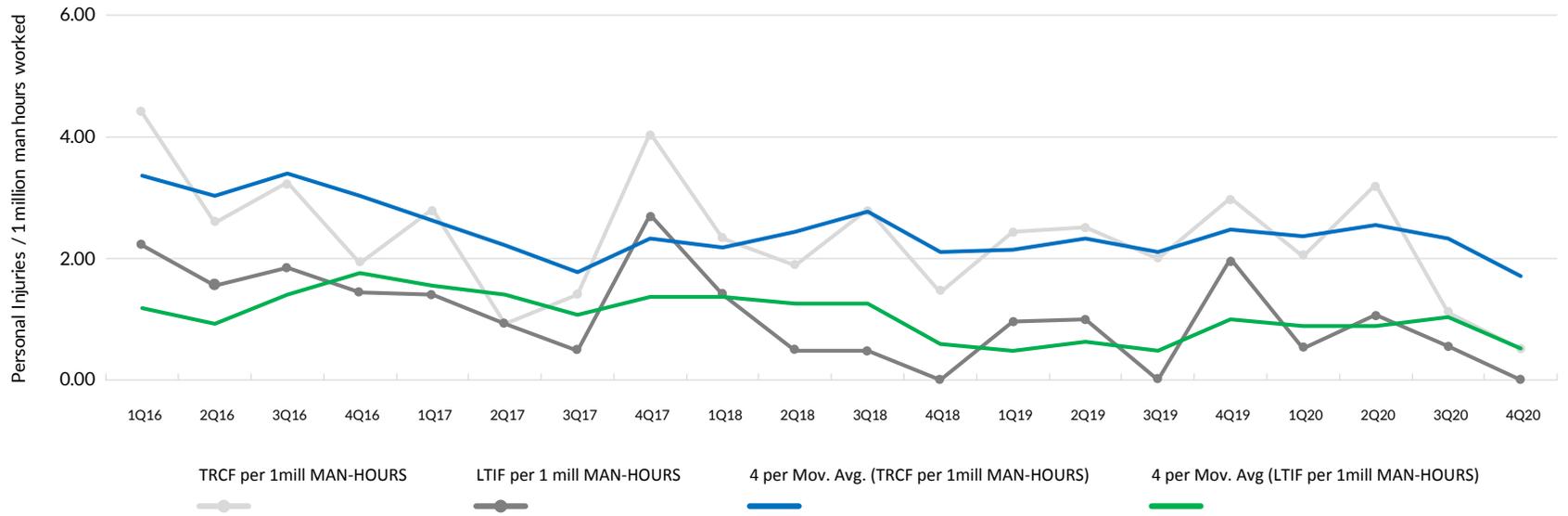
Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2020 calendar year
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>We will safeguard the health & safety, and promote the wellbeing of all our employees and stakeholders by driving sustained safety excellence.</p>	<p>Occupational Health and Safety / Zero Harm</p>	<p>See progress in the “Safety”, “Our People”, “Our Environment” and “Our Partners” 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 • Respect in the Workplace Policy • Emotional support helpline • Welfare Committees on board our fleet and in offices • Suicide prevention training for seagoing employees • Enhancing our approach to safety through the Zero Harm campaign • Environmental Policy and procedures to ensure no harm to the environment and communities • Discretionary Safety Training and other courses • 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>5 GENDER EQUALITY</p>	<p>We will embed D&I culture in all business operations.</p> <p>We will invest in our employees and provide them with the knowledge and skills to succeed in their world, now and in the future.</p> <p>We will ensure that CNCo champions Labour Rights, and enforces Modern Day Slavery requirements within both our operations and supply chains.</p>	<p>Diversity & 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 • Preventing Harassment and Discrimination in the Workplace training module • Use of gender inclusive language • Unconscious bias workshops • D&I targets and KPIs • 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) • Training for female PNG and Filipino cadets

Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2020 calendar year
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>We will decarbonise and optimise energy efficiency.</p> <p>We will advocate for a realistic carbon price to drive necessary behavioural changes.</p>	<p>Emissions reductions and alternative fuels</p>	<p>See “Our 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, Cold Ironing in ports) • Member of <i>Getting to Zero Coalition</i> • Initiatives to improve fuel efficiency / Fleet Efficiency Manager in place • Use of performance management system: S-insight™ across 50 CNCo vessels • Internal fleet efficiency KPI scorecard • KPIs for reducing our EEOI • Reporting our environmental performance • Eco-office / green office practices
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>We will embed D&I culture in all business operations.</p> <p>We will invest in our employees and provide them with the knowledge and skills to succeed in their world, now and in the future.</p> <p>We will ensure that CNCo champions Labour Rights, and enforces Modern Day Slavery requirements within both our operations and supply chains.</p> <p>We will invest in projects that will economically benefit the people and markets we serve.</p>	<p>Diversity & Inclusion</p> <p>Responsible business practices and corporate governance</p> <p>Responsible procurement and supply chain management</p>	<p>See “Governance”, “Our People” and “Safety” sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • 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 • Code of Conduct / Supplier audits • Learning and development framework • Signatories to the Neptune Declaration on Seafarer Wellbeing and Crew Change

Relevant SDG Goals	Links to CNCoTHRIVE Strategy	Relevant CNCo's Material Issues	Relevance to CNCo's operations / Progress over 2020 calendar year
 <p>10 REDUCED INEQUALITIES</p>	<p>We will embed D&I culture in all business operations.</p> <p>We will invest in our employees and provide them with the knowledge and skills to succeed in their world, now and in the future.</p> <p>We will ensure that CNCo champions Labour Rights, and enforces Modern Day Slavery requirements within both our operations and supply chains.</p>	Diversity & Inclusion	<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 and their enforcement ashore and at sea • Grievance mechanism • Social protection policies and minimum 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>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>We will sustainably build, operate and transfer our assets.</p> <p>We will strengthen our supply chain through responsible and ethical sourcing of services and materials.</p> <p>We will broaden our corporate governance practices beyond compliance to include both environmental and social issues.</p>	Responsible procurement and supply chain management	<p>See “Governance”, and “Our Environment” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Environmental policy and practices • Hazardous materials management practices and disposal • Sustainable ship recycling practices • Member of Ship Recycling Transparency Initiative (SRTI) • 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 / Sustainably Produced Food Policy • Swire Pacific Group's Green Guidelines • Supply Chain risk assessments and audits
 <p>13 CLIMATE ACTION</p>	<p>We will decarbonise and optimise energy efficiency.</p> <p>We will advocate for a realistic carbon price to drive necessary behavioural changes.</p>	Emissions reductions and alternative fuels	<p>See “Our Environment” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Decarbonisation through low carbon technologies and minimising use of fossil fuels / R&D into alternative energy sources • Member of <i>Getting to Zero Coalition</i> • Initiatives to improve fuel efficiency / Fleet Efficiency Manager in place • Use of performance management system: S-insight™ across 50 CNCo vessels • Internal fleet efficiency KPI scorecard • <i>Project Cerulean</i> 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 2020 calendar year
 <p>14 LIFE BELOW WATER</p>	<p>We will protect and enhance the environment in which we trade.</p>	<p>Ocean health, marine biodiversity and pollution</p>	<p>See “Our Environment” and “Our Partners” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Zero Harm Policies / Investment in clean and green technologies / Green guidelines • Biodiversity Issues of Concern (BIC) and Biodiversity Action Plan (BAP) • Anti-fouling paint application • Safe ship recycling practices minimising release of hazardous chemicals into the water • 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 • Single-use plastic reduction targets • ECHO programme led by Vancouver Fraser Port Authority
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>We will strengthen our supply chain through responsible and ethical sourcing of services and materials.</p> <p>We will broaden our corporate governance practices beyond compliance to include both environmental and social issues.</p>	<p>Responsible business practices and corporate governance</p> <p>Responsible procurement and supply chain management</p>	<p>See “Governance” and “Our People” sections of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Code of Conduct • Whistleblowing Policy / Third-party due diligence • Antitrust Policies / Sanctions • Procurement practices and guidelines / Supplier Code of Conduct • Anti-bribery Policy and training for employees • Privacy Policies, procedures and training • Cybersecurity training • Supply Chain risk assessments and audits
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>We will advocate for a realistic carbon price to drive necessary behavioural changes.</p> <p>We will align our community engagement with their needs.</p>	<p>Ocean health, marine biodiversity and pollution</p>	<p>See “Our Partners” and “Our Environment” section of the report</p> <p><i>Areas covered:</i></p> <ul style="list-style-type: none"> • Stakeholder engagement at international fora • Member of Sustainable Shipping Initiative and SRTI • 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 • <i>Moana Taka Partnership</i> with SPREP • Civil Society partnerships for SD • Supporting UNEP for the preparation of the GEF ISLANDS programmes

Injuries



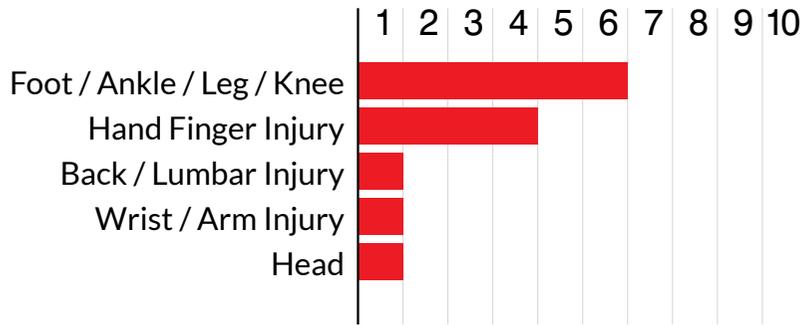
Near Misses



***Total Recordable Cases comprises:**

Lost Time Injuries + Medical Treatment Cases + Restricted Work Cases

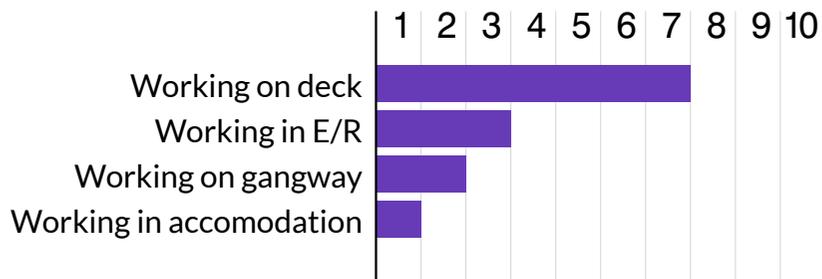
Type of Accident



Cases by Rank



Tasks Performed



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

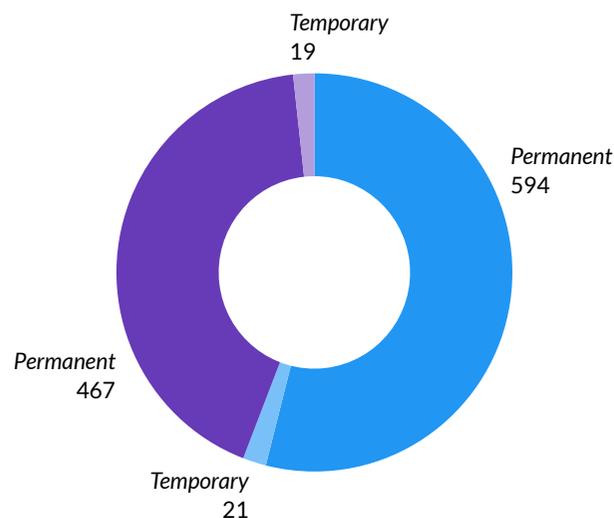
Employment Data

**Number of Shore-based Employees
By employment contract and region**

Region	Permanent	Temporary	Grand Total
American Samoa	8	0	8
Australia	111	3	114
Brazil	10	0	10
Canada	13	1	14
The Chinese Mainland	79	4	83
Denmark	1	1	2
Fiji	73	0	73
Germany	17	1	18
Hong Kong SAR	2	1	3
India	65	0	65
Indonesia	6	0	6
New Caledonia	15	0	15
New Zealand	98	1	99
Papua New Guinea	168	1	169
Samoa	7	0	7
Singapore	322	24	346
Solomon Islands	16	0	16
Taiwan region	11	1	12
United Kingdom	28	2	30
United States	11	0	11
Grand Total	1,061	40	1,101
%	96%	4%	

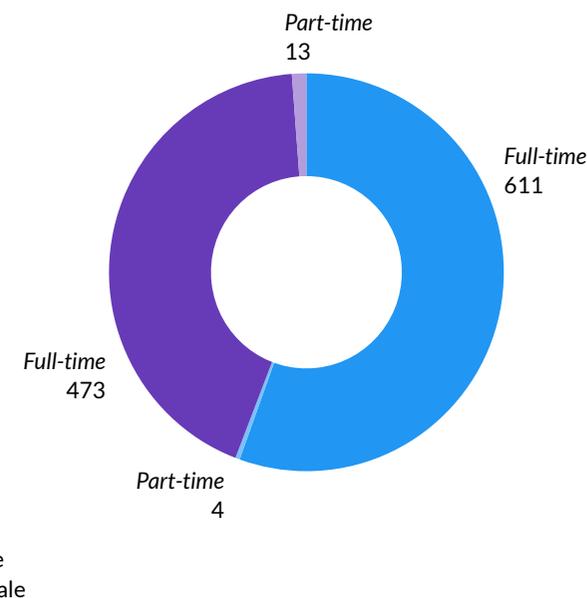
**Number of Shore-based Employees
By employment contract and gender identity**

Employment Contract	Female	Male	Total
Permanent	467	594	1,061
Temporary	19	21	40
Total	486	615	1,101



**Number of Shore-based Employees
By employment type and gender identity**

Employment Type	Female	Male	Total
Full-time	473	611	1,084
Part-time	13	4	17
Total	478	615	1,101



New Hires (Shore-based Employees) during 2020 by Region, Age Group and Gender Identity

Region / Age Group	Female	Male	TOTAL
Australia	1	3	4
<30		1	1
>50		1	1
30 to 50	1	1	2
Canada		3	3
<30		3	3
The Chinese Mainland	12	7	19
<30	6	3	9
30 to 50	6	4	10
Denmark		2	2
30 to 50		2	2
Fiji		2	2
<30		1	1
30 to 50		1	1
Germany		3	3
<30		1	1
30 to 50		2	2
Hong Kong SAR		1	1
>50		1	1
India	15	34	49
<30	9	18	27
>50	2	1	3
30 to 50	4	15	19
Indonesia		2	2
30 to 50		2	2

Region / Age Group	Female	Male	TOTAL
New Caledonia	1		1
30 to 50	1		1
New Zealand	1	4	5
>50	1	2	3
30 to 50		2	2
Papua New Guinea	3	11	14
<30	1	6	7
>50	1		1
30 to 50	1	5	6
Singapore	32	27	59
<30	8	6	14
>50	3	1	4
30 to 50	21	20	41
Solomon Islands	1		1
30 to 50	1		1
Taiwan region	2		2
>50	1		1
30 to 50	1		1
United Kingdom		1	1
>50		1	1
United States		2	2
<30		2	2
Grand Total	68	102	170

New Hire Rate

Region	Rate
Australia	4%
Canada	21%
The Chinese Mainland	23%
Denmark	100%
Fiji	3%
Germany	17%
Hong Kong SAR	33%
India	75%
Indonesia	33%
New Caledonia	7%
New Zealand	5%
Papua New Guinea	8%
Singapore	17%
Solomon Islands	6%
Taiwan region	17%
United Kingdom	3%
United States	18%
Overall	15%

Turnover (Shore-based Employees) by Region, Age Group and Gender Identity

Region / Age Group	Female	Male	TOTAL
American Samoa	1		1
30 to 50	1		1
Australia	12	13	25
<30		1	1
>50	4	9	13
30 to 50	8	3	11
Brazil	2	1	3
<30	1		1
>50	1	1	2
Canada	1	1	2
<30		1	1
30 to 50	1		1
The Chinese Mainland	21	5	26
<30	11	1	12
>50	1	1	2
30 to 50	9	3	12
Denmark		1	1
30 to 50		1	1
Fiji	3	2	5
<30	2		2
>50		1	1
30 to 50	1	1	2
Hong Kong SAR	1		1
30 to 50	1		1

Region / Age Group	Female	Male	TOTAL
India	3	1	4
<30	1	1	2
>50	1		1
30 to 50	1		1
New Zealand	5	6	11
>50	4	2	6
30 to 50	1	4	5
Papua New Guinea	5	18	23
<30	1	4	5
>50		4	4
30 to 50	4	10	14
Singapore	22	18	40
<30	7	2	9
>50	3	2	5
30 to 50	12	14	26
Taiwan region	2		2
>50	1		1
30 to 50	1		1
United Kingdom	1	6	7
>50		4	4
30 to 50	1	2	3
Grand Total	79	72	151

Turnover Rate

Region	Rate
American Samoa	13%
Australia	22%
Brazil	30%
Canada	14%
The Chinese Mainland	31%
Denmark	50%
Fiji	7%
Hong Kong SAR	33%
India	6%
New Zealand	11%
Papua New Guinea	14%
Samoa	14%
Singapore	12%
Taiwan region	17%
United Kingdom	23%
Overall	14%

	2018	2019	2020
Total vessels (owned and / or managed / operated) as at 31 st December	257	352	368
Scope 1 emissions (tCO ₂ e)	1,744,256	2,005,671	1,840,063
Emissions from marine fuel	99.50%	99.51%	99.35%
Emissions from marine fuel (Scope 1, 2 and 3)	99.15%	99.20%	99.20%
Scope 1 Energy Consumption (mT)	558,619	641,885	587,782
Scope 1 Fuel Consumption (mT)	556,306	639,432	585,628
Total Energy consumption (kWh)	6,516,865,327	7,491,408,173	6,860,425,510
EEOI - liner fleet (UoM: gCO ₂ e/NRT-nm)	7.63	7.55	6.50
EEOI - bulk fleet (UOM: gCO ₂ e/t-nm)	9.55	8.30	8.28
Electricity consumption (kWh)	898,402	774,644	760,650
Electricity emissions (tCO ₂)	423.79	366.92	382.49
Flights (tCO ₂)	5,822	5,752	2,514
SO _x emissions (mT)	37,329	42,452	9,248
NO _x emissions (mT)	43,851	50,000	45,636
Particulates (mT)	3,520	3,997	3,642
VOC emissions (mT)	670	770	705
Black Carbon (mT) ¹	-	-	16,688
Spills	Nil	2*	Nil

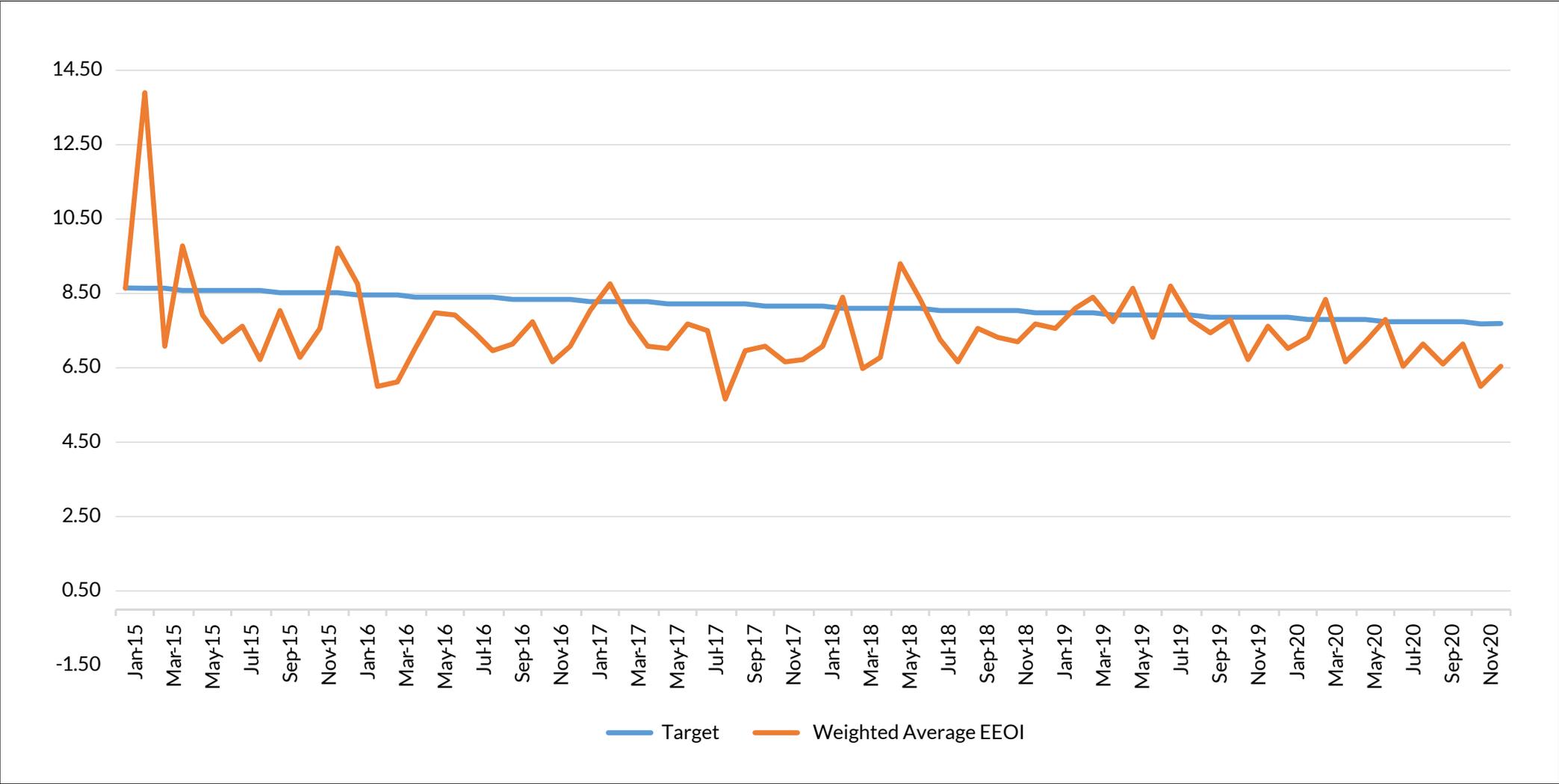
¹New metric

*

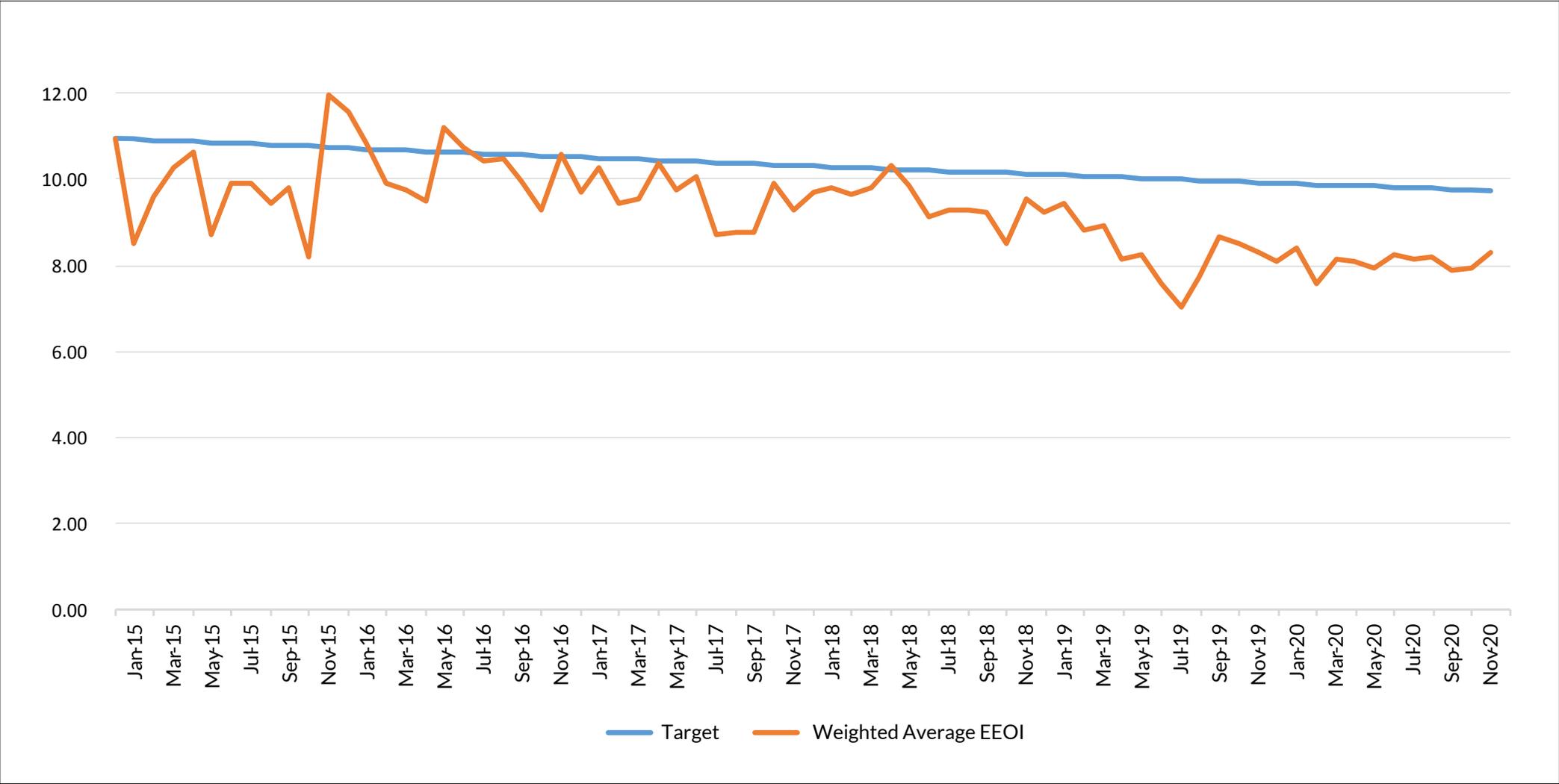
MV Kweilin: One deck hydraulic line burst in Auckland, with less than 50 centilitre leached into the harbour. (Date of the incident: 20th October 2019)

MV Erradale: Around three to five litres of HFO that had sprayed on the hull of the bunker tanker trickled into the sea during bunkering operations. (Date of the incident: 28th July 2019)

Swire Shipping EEOI | UoM: grammes of CO₂ per Notional Revenue Tonne of cargo carried over one nautical mile



Swire Bulk EEOI | UoM: grammes of CO₂ per tonne of cargo carried over one nautical mile



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 Indicator
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
H₂	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	Modern Slavery Act
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
tCO₂e	Tonnes of Carbon Dioxide equivalent. This is CO 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 2020 _____

GRI Standards Content Index

Disclosure level:		Core	General Disclosures 2020		
GRI Standard Number	GRI Disclosure Number	Disclosure Title	Cross-reference / Answers / Notes / Omissions	Report location: Page Number / URL	Reason for Omissions
GRI 101:	Foundation 2016				
GRI 102:	General Disclosures 2016				
	Organisational Profile				
GRI 102	102-1	Name of the organisation	The China Navigation Company Pte Ltd (CNCo)	N/A	
GRI 102	102-2	Activities, brands, products, and services	For description of activities please see the "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 13-16 and www.swirecnco.com	
GRI 102	102-3	Location of headquarters	HQ is in Singapore.	Page 13	
GRI 102	102-4	Location of operations	For description of countries of operations please see the "Governance" section of the report.	Pages 13, 15	
GRI 102	102-5	Ownership and legal form	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 13	
GRI 102	102-6	Markets served	Please see the "Governance" section of the report.	Pages 13, 15	
GRI 102	102-7	Scale of the organisation	Please see the "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 13-16, 25, 52-53	Confidentiality constraints: All financial statements are confidential as CNCo is a privately held company.
GRI 102	102-8	Information on employees and other workers	"Our People" section of the report: "Employment Information" and "Diversity and Inclusion" sub-sections. We consider our seafarers as our employees despite them being employed through a manning agency. Employment type and level is not applicable to our seagoing employees. We report the breakdown by officers and crew as well as by age group and gender identity. There were no seasonal variations in employment numbers.	Pages 52-63, 125-127 and this Content Index	
GRI 102	102-9	Supply chain	See the "Supply Chain and Procurement Management" section of the report.	Pages 33-34	
GRI 102	102-10	Significant changes to the organisation and its supply chain	In 2020, CNCo sold our shares in the joint venture (JV) - Guadalcanal Travel Services in the Solomon Islands and acquired Tradco Shipping Limited in the Solomon Islands, which it partially owned (50%) under JV arrangement.	Page 16	

GRI 102	102-11	Precautionary Principle or approach	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 impacts. See section on "Our Environment" for more details. We have a Risk and Insurance Manager who oversees and manages corporate risks.	Pages 90-111	
GRI 102	102-12	External initiatives	Fair employment practices (TAFEP) Singapore since April 2013. CNCo adopted a fair and merit-based employment practices approach. All Singapore-based organisations are expected to abide by the Tripartite Guidelines.	This Content Index and Pages 76-88	
GRI 102	102-13	Membership of associations	Singapore Business Federation Singapore Shipping Association Sustainable Shipping Initiative (founding member and active contributor) Ship Recycling Transparency Initiative (founding member and active contributor) World Ocean Council Maritime Anti-Corruption Network (MACN) Women's International Shipping and Trading Association (WISTA) (Singapore and Australia) <i>Getting to Zero Coalition</i>	This Content Index	
Strategy					
GRI 102	102-14	Statement from senior decision-maker	See MD's message.	Pages 5-6	
Ethics and integrity					
GRI 102	102-16	Values, principles, standards, and norms of behaviour	CNCo's values, principles, standards and norms of behaviour are outlined in our Code of Conduct which is available on the Company's internet. The Code is applicable to all employees ashore or at sea. It sets the highest standards of business ethics which is approved by the Managing Director. There is online training on the Code that all employees must take and answer questions which confirm their understanding of it. Swire Values are introduced during the induction programme and are included in the performance management framework for all shore employees.	CNCo's Code of Conduct http://bit.ly/2m51uxD https://www.swirecnco.com/about-us/vision-and-values Pages 28, 56, 65	
Governance					
GRI 102	102-18	Governance structure	See the "Sustainable Development Governance and Policies" section of the report.	Pages 26-27	
Stakeholder engagement					
GRI 102	102-40	List of stakeholder groups	Full list of stakeholders and their concerns is included in the Data section	Pages 113-114	
GRI 102	102-41	Collective bargaining agreements	70% of our seagoing employees working on board our fleet are covered under a CBA (Collective Bargaining Agreement). All other seagoing employees are employed on the Company's terms and conditions, which are on par with International Transport Federation's CBA terms. All contracts are fully compliant with the Maritime Labour Convention (MLC) 2006. Shore-based employees are not covered by collective bargaining agreements.	Page 55	
GRI 102	102-42	Identifying and selecting stakeholders	We define stakeholders as individuals or organisations that are directly or indirectly affected by CNCo's business activities. Influence is determined by the level of involvement stakeholders have and impact is measured by their ability to bring out / affect change. Throughout 2018 and 2019, we engaged with shore-based and seagoing employees, customers, manning agencies, suppliers, NGOs, investors and regulators. In 2020, we engaged with our shore-based and seagoing employees. For more information see the "Stakeholder Engagement and Materiality" section of this report.	Pages 36-40	

GRI 102	102-43	Approach to stakeholder engagement	<p>We conduct materiality assessments regularly as a follow-up on the sustainable development presentations for shore-based and seagoing employees. Our stakeholder consultation programme for seagoing employees covers office visits, officers and crews' fora and training programmes during Safety Awareness Courses. Frequency of engagement varies from once a month to bi-monthly to once a quarter. The engagements are done specifically for the SD report as well as to inform us if there any other SD issues our employees feel strongly or have concerns about. Engagements are carried out in person and through the online structured questionnaires.</p> <p>We conducted an extended stakeholder engagement exercise in 2019 and refreshed the list of Material issues based on the feedback received from stakeholders and input by CNCo's senior leadership team during the SD Conference held in January 2020. See the "Stakeholder Engagement and Materiality" section of the report. We aim to run external engagement and consolidation of results once every three years.</p> <p>In 2020 we engaged with our internal stakeholders via an online questionnaire to identify specific sustainability issues that emerged or changed in importance during the pandemic. Results are summarised in "CNCo's Response to the Global Pandemic" section of the report.</p>	Pages 36-40	
GRI 102	102-44	Key topics and concerns raised	See the "Stakeholder Engagement and Materiality" and "CNCo's Response to the Global Pandemic" sections of the report and relevant Data tables.	Pages 36-40, 113-114	
GRI 102	102-45	Entities included in the consolidated financial statements	See the "Organisational Structure and Boundaries" section of the report. All financial statements are confidential as CNCo is a wholly owned subsidiary of The China Navigation Company Limited, a privately held company.	Page 25	Confidentiality constraints: All financial statements are confidential as CNCo is a privately held company.
Reporting Practice					
GRI 102	102-46	Defining report content and topic boundaries	<p>Report content and topic boundaries reflect the Materiality Matrix. The process of defining report content and identifying material topics was covered in our 2019 report. Our Material topics remained the same in 2020.</p> <p>See the "Introduction", "Organisational profile" and "SD Governance Structure and Policies" sections of the report. We gained additional insight through an internal questionnaire related to COVID-19 pandemic. For more information see "CNCo's Response to the Global Pandemic" section of the report.</p>	Pages 13-16, 25, 27-28, 37, 38-40	
GRI 102	102-47	List of material topics	See the "Materiality Matrix" section of the report and corresponding Annex.	Page 37	
GRI 102	102-48	Restatements of information	Initiatives which started in prior years and continued during the reporting period are covered.	This Content Index.	
GRI 102	102-49	Changes in reporting	No significant changes were made during the reporting period.	N/A	
GRI 102	102-50	Reporting period	1 st January to 31 st December 2020	Page 7	
GRI 102	102-51	Date of most recent report	Sustainability report for 2019 calendar year	This Content Index	
GRI 102	102-52	Reporting cycle	Annual	Page 7	
GRI 102	102-53	Contact point for questions regarding the report	Contact section of the report. GM - Sustainable Development is the key contact.	Page 148	

GRI 102	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.	Page 7	
GRI 102	102-55	GRI content index	This table	Page 134	
GRI 102	102-56	External assurance	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 149	
Material Topics					
Occupational Health and Safety / Zero Harm					
GRI 103 MANAGEMENT APPROACH 2016	103-1 103-2 103-3	- Explanation of the material topic and its boundary - The management approach and its components - Evaluation of the management approach	Safety is our top priority in CNCo. We continuously strive to provide a safe and healthy working environment and to cultivate a safe mindset for both our employees and contractors alike. By having a strong safety focus together with robust reporting and learning culture we make safety everyone's priority. Our goal is to build an industry leading safety culture and fully integrate safety in everything that we do. We continue to evaluate our safety behaviour and work practices to improve our safety performance. We continue to measure and monitor safety statistics and have taken a number of initiatives to improve safety across our fleet and within our offices. See the "Safety" section of the report together with the statistics / trends in the "Data" section. This topic covers Safety of fleet operations and in our offices. We also work closely with port services partners to ensure that the safety culture extends beyond our vessels, however this is outside of our direct operational control. CNCo has a Whistleblowing Policy and procedures in place to report any issues that may negatively affect health, safety or the environment. This process is managed in a confidential manner. Four issues were reported through this channel with each case thoroughly investigated and appropriate action taken where required. See the "Fines and Grievances" section of the report.	Pages 8, 32, 43-50, 123-124 CNCo Health and Safety Policy https://bit.ly/2lhgCmG Whistleblowing Policy https://bit.ly/3jez11p	
GRI 403 OCCUPATIONAL HEALTH & SAFETY 2018	403-1	Occupational health and safety management system	The International Safety Management (ISM) Code is the international standard for the safe management and operation of ships and for pollution prevention. Full compliance with the ISM Code is required in order to be able to continue operating under that flag registry, and is indicated by the issue of a Document of Compliance (DoC). We have in place a Safety Management System (SMS) to guide our daily operations. 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 43-50 and 67	
GRI 403 OCCUPATIONAL HEALTH & SAFETY 2018	403-2	Hazard identification, risk assessment, and incident investigation	High risk activities on board are identified and risks mitigated using the Permit-to-Work system on board. Work activities on board our vessels undergo a formal risk assessment in accordance with our Safety Management System before it is commenced. Part of the risk assessment then requires risk elimination, reduction, or mitigation measure to be implemented. Additionally, Safety Delta™ workflow chart, which is included in company circulars clearly spells how the Crew Safety Diagnosis (CSD) reports will be used by CNCo. Since the implementation of Safety Delta™ programme in 2019, we have never referred to any CSD report for incident investigation as agreed in the circular nor shared it with any 3 rd parties. CNCo reports total Recordable and Lost Time Injury Frequency Rates, including work-related occupational disease.	Pages 43-50 CNCo Health and Safety Policy https://bit.ly/2lhgCmG	

<p>GRI 403</p> <p>OCCUPATIONAL HEALTH & SAFETY 2018</p>	<p>403-3</p>	<p>Occupational health services</p>	<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, workmates, and regulators can all make a difference.</p> <p>CNCo includes training in suicide awareness / risk recognition for our seagoing employees (part of Safety Awareness Course). We developed a training course in collaboration with Danish health and safety solutions consultants, CONOVAH, aiming to equip our senior officers with tools to spot warning signs of suicide / depression at the earliest to avoid tragic events of this nature on board.</p> <p>CNCo partners with Befrienders Worldwide (BW), an international network of crisis helplines, and we have in place a dedicated email and hotline service for CNCo employees who are feeling depressed or need emotional support. The services are confidential in nature. Records of personal health related information is maintained on the Companies propriety system with controlled access to maintain confidentiality. Personal health-related information is not shared with any other third-parties.</p> <p>CNCo offices globally have Onshore Safety Committees and organise a number of activities for shore-based employees.</p>	<p>This Content Index, Pages 43-50</p>	
<p>GRI 403</p> <p>OCCUPATIONAL HEALTH & SAFETY 2018</p>	<p>403-4</p>	<p>Worker participation, consultation, and communication on occupational health and safety</p>	<p>Participation and consultation on occupational health and safety matters on board is achieved by conducting monthly QHSE meetings. Additionally, there is a mid-month safety dialogue session conducted on board to proactively address safety related issues and to reiterate practical application of Safety 1's™. Ship management team has been conducting virtual safety dialogue sessions with the fleet in 2020.</p> <p>Similarly, occupational health and safety matters are discussed in all Company offices including regional and Head Office by way of a safety committees which convenes on a quarterly basis.</p> <p>Third-party contractors and all visitors on board Company vessels undergo Safety briefings. When third-party workers are involved, they or their representatives are required to attend a pre-work meeting along with the CNCo seagoing employees. Our permits are structured to include third-party workers in compliance process. If these are stevedores, then a formal ship-shore checklist is completed during toolbox talks.</p>	<p>This Content Index</p>	
<p>GRI 403</p> <p>OCCUPATIONAL HEALTH & SAFETY 2018</p>	<p>403-5</p>	<p>Worker training on occupational health and safety</p>	<p>CNCo runs Safety Awareness Courses (SACs) for all seagoing employees which is mandatory upon joining the Company and then repeated every three years thereafter. All senior officers undergo a four-day course whereas junior officers and ratings undergo a two-day condensed version of the course at their respective manning agencies.</p> <p>All training programmes were transferred online since March 2020 and modified appropriately. 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. However they were put on hold during the pandemic.</p> <p>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 SACs on the correct methodology of using the MSCAT.</p>	<p>Pages 45, 67</p>	

<p>GRI 403</p> <p>OCCUPATIONAL HEALTH & SAFETY 2018</p>	<p>403-6</p>	<p>Promotion of worker health</p>	<p>The Company provides care for all seagoing and shore-based employees whose workplace is controlled by the organisation. For seagoing employees we look after their health and welfare for example by providing gyms on board our vessels and improving cook's skills for better nutritional value of onboard 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 BW, an international network of crisis helplines, and we have in place a dedicated email and hotline service for CNCo employees who are feeling depressed or need emotional support. BW 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 wellbeing of seafarers and the number of suicides registered. CNCo introduced a training course in collaboration with Danish health and safety solutions consultants, CONOVAH, aiming to equip our senior officers with tools to spot warning signs at the earliest possible stage to avoid tragic events of this nature on board.</p> <p>For information on employee health and wellbeing, please refer to the "Our People" section of the report.</p>	<p>Pages 38-39, 69-74</p>	
<p>GRI 403</p> <p>OCCUPATIONAL HEALTH & SAFETY 2018</p>	<p>403-7</p>	<p>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p>	<p>All persons, including third-party contractors and customer personnel on board Company vessels are subject to the same health and safety requirements. SMS Section 5 deals with the Safety, Health and Environment Management. All persons are provided with a vessel induction and appropriately supervised throughout their stay on board. A record of induction and training is maintained on board. Personal Protective Equipment, Medical Locker and Pandemic Locker Equipment are maintained on board in accordance with the SMS Section 5.</p> <p>Onshore Safety Committees meet regularly to assess impact of H&S issues and put measures in place to rectify it as necessary.</p>	<p>This Content Index</p>	
<p>GRI 403</p> <p>OCCUPATIONAL HEALTH & SAFETY 2018</p>	<p>403-8</p>	<p>Workers covered by an occupational health and safety management system</p>	<p>100% of CNCo seagoing employees are covered by our Safety Management System (SMS). All persons, including third-party contractors and customer personnel on board Company vessels, are subject to the Health and Safety requirements. No workers engaged on board Company vessels or at Company offices are excluded from disclosure.</p> <p>All incidents involving Company employees and non-employees working on board Company vessels and at Company offices are reported and fully investigated to identify actions to prevent a reoccurrence.</p> <p>On board our vessels 45% of our seafarers are members of the joint H&S committees and rest of the seafarers are represented by the officer and rating representatives (total of 100%).</p> <p>For the offices, we have Onshore Safety Committees in all key locations (committees are comprised of representatives from various departments but all employees are covered, i.e. 100%).</p>	<p>This Content Index</p>	

<p>GRI 403</p> <p>OCCUPATIONAL HEALTH & SAFETY 2018</p>	<p>403-9</p>	<p>Work-related injuries</p>	<p>The Company reports the following for all employees:</p> <ul style="list-style-type: none"> • Fatalities: Zero recorded in 2020 • Recordable work-related injuries including Lost Time Injuries: Four LTIs recorded in 2020 • Restricted Work Cases and Medical Treatment Cases • Type of accident, nature and bodily location of injury • Number of hours worked (based on 24 hours on board and eight hours per day in the office) are used to calculate incident frequency rates. <p>The Company reports the following for non-employees working on board Company vessels:</p> <ul style="list-style-type: none"> • Time, date, type and severity of injury, sequence of events leading to the incident, immediate actions taken and 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. Incident frequency rates are based on 1,000,000 man hours. Third-party employees working on board Company vessels and at Company offices are excluded from the disclosure.</p> <p>The Company also submits annual incident statistics to the following Industry Organisations:</p> <ul style="list-style-type: none"> • International Maritime Contractors Association (IMCA) • International Support Vessel Owner Association (ISOA). <p>Relevant statistics are reported in the "Safety" section of the report and "Data" section of the report for Safety statistics.</p>	<p>Pages 123-124</p>	
Emissions reductions and alternative fuels					
<p>GRI 103</p> <p>MANAGEMENT APPROACH 2016</p>	<p>103-1 103-2 103-3</p>	<p>- Explanation of the material topic and its Boundary</p> <p>- the management approach and its components</p> <p>- Evaluation of the management approach</p>	<p>Atmospheric concentrations of CO₂ and other greenhouse gases reached record highs in 2018. Despite all the great work in decarbonisation, the composition of atmospheric GHGs is not changing fast enough. Since the IMO set its emissions target (slashing emissions by at least 50% by 2050, compared to 2008), many of the largest shipping companies have pledged to significantly cut their emissions through technical and operational (T&O) improvements and investments in new technologies including zero carbon fuels.</p> <p>However, shipping companies have struggled to develop and advocate for the critical technologies required to reduce their carbon footprint in the long run. The last decade has seen investment in alternative fuels such as biofuels, LNG, synthetic methane, and hydrogen, but investments at scale have been hard to justify with the lack of incentives or regulation. The largest barriers to achieving low carbon shipping is cost, with hydrogen and other low carbon fuels being more expensive than diesel. Although new fuels must form the shipping industry's long-term solution for reducing emissions, current challenges include: methane leakage and enforcement issues in relation to LNG and synthetic methane, storage challenges with hydrogen and ensuring that the production of biofuels does not compete for land with food production.</p> <p>In the next decade all air emission regulations must be complied with and shipping companies will need to ensure business partners across value chains are doing so. Whilst a growing list of corporations are pledging to offset their emissions to become carbon neutral, the larger issue is that offsetting must be accompanied by consistent and purposeful efforts to reduce baseline emissions. The industry needs to show leadership and determine what a zero carbon shipping industry will look like, and plot how that informs an appropriate decarbonisation pathway.</p> <p>CNCo has been investing over the past six years in a modern eco fleet which allows us to gain fuel efficiencies and thus emission reductions. We have also made a number of steps towards T&O improvements which are covered under the "Environmental Initiatives and Achievements" and "Investing in new technologies" sections of the report. We addressed this topic further in the "Climate Change and Our Business" section.</p>	<p>Pages 90-96, 109-111</p> <p>Environmental Policy https://bit.ly/391Z730</p> <p>SD Policy http://bit.ly/2iZul0R</p>	
<p>GRI 305</p> <p>EMISSIONS 2016</p>	<p>305-1</p>	<p>Direct (Scope 1) GHG emissions</p>	<p>Please refer to "Energy Consumption and Emissions" section under "Our Environment" and "Environmental Summary report" in the "Data" section.</p> <p>Gases included: CO₂, CH₄ and N₂O. Source of emission factors - IMO and DEFRA.</p> <p>For refrigerants, "the GWPs used in the calculation of CO₂e are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period (this is a requirement for inventory / national reporting purposes)."</p>	<p>Pages 98, 109, 128</p>	

GRI 305 EMISSIONS 2016	305-2	Energy indirect (Scope 2) GHG emissions	Please refer to the "Energy Consumption and Emissions" section under "Our Environment" and "Environmental Summary report" in the "Data" section of the report. Source of emission grid factors for electricity: International Energy Agency Emission Factors (2017). In 2020 we calculated Scope 2 emissions for the percentage of our employees working from home (WFH). The calculation method was derived from the whitepaper published by EcoAct that took into account the electricity use from workstation and lighting. Scope 2 emissions comprised of a mix of location-based and market based methods.	Pages 98, 128	
GRI 305 EMISSIONS 2016	305-3	Other indirect (Scope 3) GHG emissions	Please refer to "Energy Consumption and Emissions" section under "Our Environment" and "Environmental Summary report" in the "Data" section of the report. Gases included: CO ₂ , CH ₄ , N ₂ O. Air Travel: ATMOSfair.de "With this, other pollutants like nitrogen oxide or soot particles besides pure CO ₂ emissions are also included that warm the climate in addition to CO ₂ ." Source of the emission factors: IFO, VLSFO, MGO, VLSFO – IMO's Emission factors Petrol, Diesel – UK DEFRA Refrigerants - DEFRA. The GWPs used in the calculation of CO ₂ e are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period (this is a requirement for inventory / national reporting purposes).	Pages 98, 128	
GRI 305 EMISSIONS 2016	305-4	GHG emissions intensity	See the "Energy Efficiency Operational Indicator" sections in the "Data" section of the report. The normalised figures are shown in EEOI graphs of emissions per tonne / mile (average per vessel in each fleet) broken down by liner and bulk divisions.	Pages 129-130	
GRI 305 EMISSIONS 2016	305-5	Reduction of GHG emissions	Please see the "Environmental Initiatives and Achievements" section of the report together with the "Energy Efficiency Operational Indicator" sections.	Pages 8, 93, 129-130	
GRI 305 EMISSIONS 2016	305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Please see "Environmental Summary report" in the "Data" section. Source of emission factors and standards are: For SO _x - assumed 3.5%, 0.5%, 1.5%, 0.1% and 1% sulphur by weight for IFO, LSIFO, MGO, LSGO and LO respectively. Source: European Commission (2002) "Quantification of emissions from ships associated with ship movements between port in the EC" For NO _x - assumed 84%, 6% and 10% of IFO / LSIFO consumed at sea, in harbour and in port respectively, and 18%, 30% and 52% of MGO / LSGO consumed at sea, in harbour and in port respectively. We assume the same percentages for LO consumption in each mode. Source: European Commission (2002) "Quantification of emissions from ships associated with ship movements between port in the EC" For PM - Eyring, V., et al., Transport impacts on atmosphere and climate: Shipping, Atmospheric Environment (2009),doi:10.1016/j.atmosenv.2009.04.059 For VOC - Average in Table VII at p14 http://projects.dnv.com/portenv/portal/Documents/Finalfinalreport31May.pdf For Black Carbon - Emission Factors from IMO Fourth GHG Study which varies for each vessel class.	Page 128	

Ocean health, marine biodiversity and pollution					
<p>GRI 103</p> <p>MANAGEMENT APPROACH 2016</p>	<p>103-1 103-2 103-3</p>	<p>- Explanation of the material topic and its Boundary</p> <p>- the management approach and its components</p> <p>- Evaluation of the management approach</p>	<p>Over the course of the last decade, the shipping industry has defined a healthy marine environment as the protection of biodiversity through the appropriate release of ballast water, application of anti-fouling paint to prevent the spread of invasive species, limited harm to marine life, limited chemical and oil spills, and limited plastic leaching. Mitigating the effects of poor ocean management and pollution have been disparate at best and the opportunity to protect has not been adequately embraced by companies or governments globally.</p> <p>The marine environment will change drastically in the new decade. Issues such as coral bleaching through ocean acidification and pollution, coastal eutrophication, mass extinction of marine species, extreme overfishing, the spread of invasive species facilitated by poor biosecurity management systems, and inappropriate systems to manage plastic leaching will exacerbate the impacts from human-induced climate change in the ocean.</p> <p>The industry must increase their efforts and interventions to conserve and responsibly use ocean resources at all levels as billions of people depend on the ocean for their livelihood and food source. The industry must invest in programmes that boost and protect marine life and support governments increasing the number of marine protected areas, fully understand what best practice for biosecurity management practices mean for all vessels moving across different islands and land masses, catalyse the development of circular waste systems onboard and in partnership all ports, and ensure there are zero chemical and oil spills.</p> <p>We have in place a number of policies (e.g. Biodiversity, Environmental and Sustainable Development Policies) which provide the framework for reducing CNCo's environmental negative impact and impacts on biodiversity under our influence.</p> <p>CNCo has a whistleblowing procedure in place to report any environmental violations. The shipping industry has very strict regulations with regards to environmental violations and any incidents are immediately reported to the authorities who investigate them. Please see 307-1 below for more information on environmental breaches during the reporting period.</p>	<p>Pages 100-101</p>	
<p>GRI 304</p> <p>BIODIVERSITY 2016</p>	<p>304-2</p>	<p>Significant impacts of activities, products, and services on biodiversity</p>	<p>See "Biodiversity" section of the report.</p> <p>CNCo has been investing in new technologies for hull coating. We use HEMPAGUARD technology which integrates silicone-hydrogel and full diffusion control of biocides in a single coating. The biocide is temporarily retained at the surface during its release, thereby activating the surface, and eliminating the need for polishing. HEMPAGUARD offers the same surface smoothness as conventional biocide-free silicone-based fouling release coatings and compared to standard self-polishing copolymer (SPC) anti-fouling, releases 95% less biocide.</p> <p>CNCo participates annually in the Enhancing Cetacean Habitat and Observation (ECHO) Programme. This is a voluntary speed reduction initiative on West Coast Canada under the ECHO Programme for the recovery and survival of killer whales. The speed reduction applied to a small area named Haro Strait. This is a 16.6 nautical mile distance in the Southern Pilotage waters. With speed reduction and depending on vessel type, transit times may increase between 11 and 18 minutes.</p> <p>CNCo also participated in a similar voluntary campaign led by Ports of Auckland asking ships to slow down in and out of the harbour to save endangered whales in the Hauraki Gulf. The gulf is home to fewer than 200 adult Bryde's whales. On average about two a year are found dead, many from vessel-strike. Vessels were asked to slow to 10 knots in the gulf.</p>	<p>Pages 85, 100-101</p>	
<p>GRI 304</p> <p>BIODIVERSITY 2016</p>	<p>304-3</p>	<p>Habitats protected or restored</p>	<p>CNCo partners with Endangered Species International ("ESI") in South Mindanao, the Philippines, to protect International Union for Conservation of Nature ("IUCN")-critically endangered Philippine forest turtles on Mount Matutum assisted with a programme on mangrove and coastal reef conservation, management and rehabilitation activities in the Sarangani Bay area. We also support Mahonia Na Dari (MND) in Kimbe Bay, a local marine environment research and conservation education centre based in West New Britain, PNG.</p> <p>Further to that, our work on Sustainable Ship recycling in Alang, India and the <i>Moana Taka partnership</i> in the Pacific region also have positive environmental and biodiversity impacts.</p> <p>Initiatives undertaken by CNCo's in support of the protection and / or restoration of habitats are not limited to geographic locations where the size or nature of the impact could be directly measured.</p>	<p>Pages 83, 86, 104-106</p>	

<p>GRI 307 ENVIRONMENTAL COMPLIANCE 2016</p>	<p>307-1</p>	<p>Non-compliance with environmental laws and regulations</p>	<p>There were no non-compliances with environmental laws and regulations during the reporting period.</p>	<p>Page 128</p>	
<p>Responsible Business Practices and Corporate Governance</p>					
<p>GRI 103 MANAGEMENT APPROACH 2016</p>	<p>103-1 103-2 103-3</p>	<p>- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach</p>	<p>Over the last decade, the expectations on good corporate governance and responsible business practices have converged. For example, corruption has increasingly become viewed as much as a human rights risk as it is a governance issue. Likewise, tax evasion and tax avoidance are now being viewed as irresponsible corporate behaviour because these practices hamper sustainable development. There is now a basic expectation that whistle-blowing procedures are part of Standard Operating Procedures (SOPs). Various previously 'soft' laws or norms on corporate responsibility have been translated into hard laws - for example, provisions of the UN Guiding Principles on Business and Human Rights are in modern slavery legislation, and, anti-bribery and anti-corruption are now firmly established as a legal compliance requirement.</p> <p>Greater convergence between corporate governance and responsible business practices will broaden governance legal compliance footprints into both environmental and social issues. Companies are expected to move from complying with anti-corruption and ESG laws to integrating the spirit of those laws into SOPs and being stringent in its application. For the sector-specific scrutiny, 11 international banks launched the Poseidon Principles to create a common, global baseline to quantitatively assess and measure the carbon intensity in their shipping portfolios.</p> <p>CNCo is committed to act with probity, transparency and accountability. CNCo has high standards of business ethics and corporate governance, including zero tolerance towards any corrupt practices. This includes curtailing the practice of facilitation payments, as well as conducting due diligence on the ethical record of transactional partners, including customers and suppliers. Our Code of Conduct is our main governance document which together with other policies and procedures sets strong foundation on how we conduct our operations.</p> <p>CNCo has a Whistleblowing Policy in place to report any governance issues that may have a negative affect on CNCo. See the "Sustainable Development Governance and Policies" and "Fines and Grievances" sub-sections of the report for more information.</p>	<p>Code of Conduct https://bit.ly/3hXzz6 Pages 26-27, 32</p>	
<p>GRI 205 ANTI-CORRUPTION 2016</p>	<p>205-1</p>	<p>Operations assessed for risks related to corruption</p>	<p>CNCo's Corporate Code of Conduct sets out rules on how CNCo group employees must behave in the course of carrying out their duties. We also have an Anti-bribery Policy that further establishes rules and expectations. The Code together with the Policy and internal controls set a strong foundation to prevent any corruption related incidents. The Company carries out anti-corruption / anti-bribery training and an online test for employees within the group to ensure their understanding of what is required of them.</p> <p>All our business operations are assessed for risks related to corruption. Any incidents of potential or actual non-compliance are reported to the Internal Risk Management Committee and investigated. The company has zero tolerance towards corruption. For more information see the "Anti-corruption, Anti-money Laundering, and Anti-trust and Monopoly Practices" sub-section of the "Governance" section of the report.</p>	<p>Page 28</p>	
<p>GRI 205 ANTI-CORRUPTION 2016</p>	<p>205-2</p>	<p>Communication and training about anti-corruption policies and procedures</p>	<p>See the "Anti-corruption, Anti-money Laundering, and Anti-trust and Monopoly Practices" sub-section of the "Governance" section of the report.</p> <p>CNCo's Corporate Code of Conduct includes the requirement for all employees to adhere to ethical behavioural standards and anti-corruption is one of the key areas of compliance. The Company carries out anti-bribery training and an online test for employees within the group. 100% of employees including ELT members in all regions we operate are covered.</p> <p>The same applies to all our business partners (100%). An anti-corruption clause is included in all our contractual agreements.</p>	<p>Page 28</p>	

<p>GRI 205 ANTI-CORRUPTION 2016</p>	<p>205-3</p>	<p>Confirmed incidents of corruption and actions taken</p>	<p>There were no incidents of corruption reported in 2020.</p>	<p>Page 8</p>	
<p>GRI 206 ANTI-COMPETITIVE BEHAVIOUR 2016</p>	<p>206-1</p>	<p>Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices</p>	<p>There were no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices in 2020.</p>	<p>Page 28</p>	
Responsible procurement and supply chain management					
<p>GRI 103 MANAGEMENT APPROACH 2016</p>	<p>103-1 103-2 103-3</p>	<p>- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach</p>	<p>The past decade has seen growing expectations for consumer-facing organisations to disclose information about how and where their products and materials are sourced from, and the impact on the whole value chain, driving full supply chain transparency and reporting initiatives. Charterers and shipowners now regularly conduct due diligence on suppliers and supply chain partners to meet these expectations.</p> <p>A growing number of companies are introducing strategic supplier engagement programmes with a focus on sustainability. From Olam's AtSource to Czarnikow's VIVE sustainable supply programme, trading companies are differentiating their services by building the sustainability capacity of actors across the supply chain and offering assurance to their customers. On top of environmental and social risks associated with the production of raw materials and products, these programmes also seek to cover transport and logistics service providers, including shipping.</p> <p>In the same way that customers' expectations directly influence the performance of shipping lines' social and environmental performance, shipping companies purchasing decisions have the opportunity to influence environmental, social and economic conditions where their own suppliers operate. The ability to assess, monitor and improve the sustainability performance of suppliers is set to become a key differentiator for the business.</p> <p>For more information see the "Supply Chain and Procurement Management" section of the report and Code of Conduct for Suppliers. No grievances or issues were recorded during the reporting period.</p>	<p>Supplier Code of Conduct http://bit.ly/2IV7DML Pages 33-34</p>	
<p>GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</p>	<p>308-1</p>	<p>New suppliers that were screened using environmental criteria</p>	<p>Environmental and Social criteria are included in the Supplier Code of Conduct. We have developed a Supply Chain Sustainability questionnaire (for self-audits and for the follow-up physical audits) for high risk suppliers. The questionnaire covers the main areas of sustainability risks and asks for evidence on how those risks are managed. We are working on developing and rolling out a wider supplier assessment and audit programme in the next couple of years using a risk-based approach.</p> <p>Percentage of all suppliers who have read and agreed with supplier code of conduct with clauses on environmental, labour, human rights, and ethical requirements - 8% Percentage of total procurement spend which has gone through a CSR assessment or audit - 24% Percentage of all suppliers which have gone through a CSR assessment and on-site audit - 0.05%</p>	<p>This Content Index. Supplier Code of Conduct http://bit.ly/2IV7DML</p>	
<p>GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</p>	<p>308-2</p>	<p>Negative environmental impacts in the supply chain and actions taken</p>	<p>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?</p> <p>Answers to those questions are assessed by the Procurement department and if any issues are found, they are raised with the SD Department. Those areas are also covered during high risk supplier audits.</p> <p>No suppliers were identified as having significant actual or potential negative environmental impact. Number of suppliers assessed is 10 (new suppliers onboarded in 2020). Due to pandemic situation coupled with travel restrictions in 2020, no external audits were conducted.</p>	<p>N/A</p>	

<p>GRI 414</p> <p>SUPPLIER SOCIAL ASSESSMENT 2016</p>	<p>414-1</p>	<p>New suppliers that were screened using social criteria</p>	<p>Labour practices criteria are included in the Supplier Code of Conduct and questionnaire. We have developed a separate MSA specific questionnaire for high risk suppliers to undergo the self-audit process. The questionnaire covers the main areas of social risks and asks for evidence on how those risks are managed.</p> <p>CNCo complies with the UK and Australian Modern Slavery Acts and we publish annual statements on our website.</p> <p>For more information see "Child / Forced and Compulsory Labour / Modern Slavery Act" section of the report. Percentage of suppliers assessed is 0.05%.</p>	<p>Pages 29-30</p>	
<p>GRI 414</p> <p>SUPPLIER SOCIAL ASSESSMENT 2016</p>	<p>414-2</p>	<p>Negative social impacts in the supply chain and actions taken</p>	<p>Only High Risk suppliers are assessed. Supplier self-assessment questionnaire covers areas related to supplier's social impacts such as labour practices and human rights.</p> <p>Answers to those questions are assessed by relevant departments and, if required, escalated to the SD team. No suppliers were identified as having significant actual or potential negative social impact. Number of suppliers assessed is 10 (new suppliers onboarded in 2020).</p>	<p>N/A</p>	
Diversity and Inclusion					
<p>GRI 103</p> <p>MANAGEMENT APPROACH 2016</p>	<p>103-1 103-2 103-3</p>	<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 	<p>Ensuring that the business offers the right conditions for all employees to thrive, regardless of gender, race, cultural, and other differences. This includes the examination of deep structural inequalities within the businesses, including the distribution of minorities in upper management and the design of vessels to manage diverse needs. Evidence shows that diverse teams perform better, so part of this is redesigning the business for higher performance.</p> <p>We continue to seek to encourage more women to join the CNCo fleet by creating a culture where women feel safe and are supported. We have in place a D&I Policy, a Respect in the Workplace Policy as well as our Code of Conduct, all of which further embed diversity and equality of treatment and opportunity into all our operations to ensure that all employees benefit from a welcoming, positive, innovative and out-performing work environment, which is essential to CNCo's continuing success. In addition to the policies we also provide an Advice and Guidance whistleblowing hotline to deal with any potential issues.</p> <p>This topic is material for both our seagoing and shore-based employees.</p> <p>Please see the "Diversity and Inclusion" and "Anti-discrimination and Anti-harassment" sections of the report for more information. There have been no grievances reported during the period covered by this report.</p>	<p>Corporate Code of Conduct http://bit.ly/2m51uxD</p> <p>Pages 56-65</p>	
<p>GRI 405</p> <p>DIVERSITY AND EQUAL OPPORTUNITY 2016</p>	<p>405-1</p>	<p>Diversity of governance bodies and employees</p>	<p>The balance of the Executive team from the gender, age and ethnic diversity perspective is a recognised issue for CNCo: all Board Members are male; two out of eight Executive Leadership Team (ELT) members were female. Employee breakdown by gender and age group are included in the report.</p> <p>CNCo is a member of the Women's International Shipping and Trading Association (WISTA) in Singapore and Australia as a corporate member to provide our female managers with the platform for industry networking and thematic events. WISTA has a consultative status at the International Maritime Organisation.</p> <p>Board of Directors age groups are: Under 30 years old: 0% 30 to 50 years old: 25% Over 50 years old: 75% All directors are male and Anglo-Saxon</p> <p>ELT age groups are: Under 30 years old: 0% 30 to 50 years old: 75% Over 50 years old: 25% All but one are Anglo-Saxon / one Singaporean. Two ELT members were female.</p> <p>See the "Our People" section of this report for more information.</p>	<p>Pages 8, 54-59</p>	

GRI 405 DIVERSITY AND EQUAL OPPORTUNITY 2016	405-2	Ratio of basic salary and remuneration of women to men	<p>The global ratio by job level was as follows: Female to Male ratio</p> <p>By employee category: Senior Managers and above: 1:1.36 Entry Level / Middle Managers: 1:1.28 Others: 1:0.73</p> <p>By significant location (>5% of employees): Australia: 1:1.31 The Chinese mainland: 1:1.6 Fiji: 1:2.16 India: 1:1.68 NZ: 1:1.41 PNG: 1:1.81 Singapore: 1:1.88</p>	This Content Index	
GRI 406 NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	<p>Two Potential Cases of discrimination were recorded in 2020. Those reports were investigated and dealt with appropriately, in line with the Company's policies and procedures. The outcomes were:</p> <p>Case 1: The allegation was investigated and found to be unsubstantiated. Case 2: The Master was instructed to issue verbal warning to the seafarers.</p>	Page 32	
Automation and digitalisation					
GRI 103 MANAGEMENT APPROACH 2016		<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 	<p>For centuries the shipping industry has been an analogue operation, relying heavily on paper-based and manual processes. With the advent of new technologies such as digital workflows, mobile connectivity and data analytic tools, there are multiple benefits of digitalisation which can create competitive advantages and greater operational efficiency. Digitalisation is one of the key focus areas in our industry today, and it is changing the way companies work and changing business models. Digitalisation was identified as a key focus area for our liner business – Swire Shipping, as customers are looking for easy interfaces and quick service.</p> <p>As Swire Shipping continued its digitalisation journey in 2020, we:</p> <ul style="list-style-type: none"> - Deployed an omnichannel Customer Service platform to deliver consistent customer experiences while supporting greater efficiency and effectiveness; - Implementation of a new integrated core IT system that consolidates our disparate systems landscape; - Enhanced digital data platform that enables the ease of data democratisation and digital ecosystem; - Automation of internal processes using low-code workflows and data, such as customer, compliance etc. <p>We have in place Digital Governance Board and reporting is done to the Board by GM Swire Shipping. Regular updates are provided to all Swire Shipping employees.</p>	This Content Index	

Geopolitical Instability					
GRI 103	103-1	- Explanation of the material topic and its Boundary - the management approach and its components - Evaluation of the management approach	Geopolitical instability is an indicator for the, often rapid, unpredictable, disruptive and highly volatile changes that our macro-economic environment might suffer. The countries that show the greatest geopolitical instability are likely to cause and suffer from the swiftest economic slowdowns, which could have a negative, direct and indirect, impact on both internal and external trade flows of goods, and expose the brittleness and lack of resilience on long "just-in-time", supply chains in a (hitherto) tightly globalised world. The shipping industry is closely tied to the health of major economies at each end and along the supply chains, prone to cyclic swings and vulnerable to the world's reaction or overreaction to any number of political events. Trade disputes, anti-globalisation, delayed investment and reduced commitment to observing the sanctity of signed contracts are likely to materially impact shipping and associated transport sectors. CNCo operates in a global environment in which there is political instability and where the nationalistic regulatory environment for the shipping industry can be uncertain. The effects of the US-China trade war, Brexit, the rise of protectionism and the fracturing of long supply chains will continue to affect the world trade volumes and impact CNCo's business. In 2020, the anticipation of Brexit driven changes in tonne-mile trade flows and the impact of US elections on the same tonne-mile trade flow dynamics were important. However, we were confronted by an overwhelmingly and immediately more material global pandemic, that continues to disrupt entire supply chains around the globe and adds to the challenges faced by the industry. The Company must remain agile, and address challenges and opportunities nimbly as they emerge, to ensure that business risks can be mitigated and not exacerbated, and operations adapted within our core regions. This is addressed by our ELT on a regular basis and is reported to and discussed with the Board.	This Content Index	
MANAGEMENT APPROACH 2016	103-2				
	103-3				

Request for feedback

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



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Assurance Statement

The China Navigation Company Pte Ltd (CNCo) commissioned Copeland & Partners Ltd (CPL) to conduct independent assurance of its 2020 Sustainable Development (SD) Report in accordance with the scope below.

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

Objective and Scope

The objective of the assurance process was to verify a representative sampling of the information included in CNCo's SD Report covering the calendar year 2020 and to determine conformance of the report contents with the requirements of the Global Reporting Initiative's (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 for enhancing the SD report and the company's sustainability framework.

Methodology

The assurance process, which was conducted from August to September 2021, involved a desktop review of CNCo's 2020 SD Report and supporting statements/policies accessed through SD report website links, to identify a representative sampling of data and information, as well as claims regarding management systems, performance and corporate strategies, for verification.

Information was provided by CNCo's General Manager – Sustainable Development and team, as well as representatives of CNCo 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 GRI Content Index.

For the report assurance, CPL's assurance methodology is based on conformance of the report contents with the requirements of the Global Reporting Initiative (GRI) Standards: Core Option and uses GRI's reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness to assess the overall quality of the report and claims regarding management approaches, strategies and sustainability performance.

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Findings

Based on the claims and data reviewed, CNCo's 2020 SD Report includes accurate and robust information to support the company's commitment to, and performance in, implementing its SD Policy. The SD report and related content provide accurate, reliable and comparable performance data and information, and the issues covered are important to key stakeholders and readers of this report. CNCo has made a self-declaration of the report being in accordance with the requirements of the GRI Standards: Core option. In terms of the coverage of the required principles and general disclosures, the report conforms with the standards and core disclosures.

This report continues to evolve with CNCo's continuous improvement in its sustainability performance. The report format and content is available online and the materiality of its content evolves in response to stakeholder feedback as the company engages its stakeholders on sustainability. CNCo's material sustainability issues are substantively covered, with open and credible discussion of the company's efforts to responsibly manage the impact of industry's transformation and ongoing challenges, while continuing to implement initiatives for its long-term resilience. Noteworthy achievements and milestones during the reporting period are highlighted below.

- Addition of risks and opportunities identified along CNCo's value chain aligned with relevant SDGs and material topics.
- Foresight and leadership with the introduction of a Carriage of Coal Cargo Policy with internal targets to responsibly phase out the carriage of thermal coal.
- Continued improvement in fleet fuel efficiency through various technical and operational measures enabling CNCo to make year-on-year progress in its Energy Efficient Operational Indicator (EEOI) figures as well as progress toward the Net Zero commitment.
- Installation of 28,000 environmentally-responsible LED tubes on the 40 vessels across the fleet, with resultant reduction in CO₂ emissions of up to 10,000 tonnes within five years and improved safety onboard vessels as a consequence.
- Significant reductions in the use of Single-use Plastic Water Bottles on board the bulk and liner fleet, with Swire Bulk fleet reducing SUPWBs consumption by 41.58% y-o-y and Swire Shipping fleet reducing SUPWBs consumption by 99.59% y-o-y.
- Sustaining its commitment to Responsible Ship Recycling with the successful sustainable recycling of four vessels in 2020, with zero injuries, zero pollution incidents, zero medical treatment or first aid cases.
- Being awarded the Environmental Innovation Award in the Seatrade Maritime Awards 2020 for CNCo's work on the *Moana Taka Partnership*.
- Transparency regarding the functioning of CNCo's grievance mechanism, with nine reported grievances, confirmation that all reports were investigated and dealt with appropriately in line with the company's policies and procedure, including for the six substantiated cases.
- Continued rigour in safety training and capacity building, as well as in reviewing performance and implementing improvement actions in support of the 2025 Safety Roadmap, all the while achieving overall improvements in safety performance metrics.
- Establishment of a Diversity & Inclusion Council to develop a strategy, supported by a newly formed Employee Action Groups implement actions, for furthering D&I.
- Flexibility to positively adjust to the COVID-19 pandemic, including the introduction of virtual global townhall meetings for shore-based and seagoing employees, a partnership with Befrienders Worldwide to provide employee access to an international network of crisis helplines, as well as online yoga and food nutrition sessions to connect colleagues in non-work-related settings.
- Participation in the "Neptune Declaration on Seafarer Wellbeing and Crew Change" to address the unprecedented crew change crisis caused by COVID-19.

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- Commitment to supporting the project 'Delivering on Seafarers' Rights', run by the Sustainable Shipping Initiative and the Institute for Human Rights and Business.
- Relaunch of the previous 'Thriving Communities' pillar to become 'Thriving Partners' and cover a broader range of stakeholders, including suppliers, customers and NGOs, reinforcing the shared value to be created through partnerships.
- Continuing to substantively support CNCo's key stakeholder communities, heightened by the pandemic and despite the additional challenges that it posed.

Recommendations for Future SD Strategy and Reporting

The commitment and resources that CNCo dedicates to integrating sustainability systematically and comprehensively across its business processes and to managing potential risks and opportunities is commendable. CNCo continues to make progress in continuously developing policies, implementing measures, training and building the capacity of its people and tracking progress. However, it is acknowledged within the Managing Director's message that COVID-19 was an almost all consuming story for CNCo in 2020, and as such, going forward CNCo is encouraged to maintain its comprehensive approach with attention to the following recommendations:

- Continue to prioritise the top areas identified via survey feedback as important to employees including perceived "slow progress" relating to Health & Safety of crew and Diversity & Inclusion, both ashore and at sea, including efforts to ensure that gender barriers and biases are eliminated so as to help reduce the gender equality gap at all levels.
- Despite progress made, enhance engagement on those issues identified by employees as "not managed well" over the last year, including not enough focus on reducing carbon emissions from the burning of fossil fuels and improvements required to the management of single-use plastic.
- Be prepared to address requirements arising from confirmed changes in the UK Modern Slavery (Amendment) Bill (2021) as promulgated.
- Continue to assess performance against medium- and long-term targets for CNCo's material topics, including GHG emissions, climate-related risk, alternate zero- or low-carbon 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 as appropriate to reinforce high-level engagement on their achievement.



Anne Copeland
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September 17th, 2021