

Statement on Modern Slavery and Human Trafficking (2020)

This is the fifth annual Modern Slavery (“MS”) Statement published by The China Navigation (CNCo)¹ Group, for the financial year ending December 31st 2020; see [here](#) for our 2019 statement.

The CNCo Group recognises that modern slavery as an issue has become increasingly visible and takes our legal and moral duties, and the commitments under the United Kingdom “Modern Slavery Act (2015)” (“MSA”), the Australian Modern Slavery Act (2018) (“Aus MSA”) and in all other jurisdictions in which we work, very seriously.

As a business with both a history and an ethical framework of good employment practices, the CNCo Group is committed to providing good working conditions for our employees, according to universal international standards, and to protecting their safety and health. The CNCo Group will not tolerate the practice of modern slavery, an evil trade that shatters victims' lives and can trap them in a cycle of abuse.

Accordingly, CNCo has put in place several compliance processes to prevent, detect and eradicate any incidences of modern slavery, including:

- Conducting modern slavery risk assessments within all our businesses globally;
- Using this segmented risk assessment data to better identify priorities and develop actions for the detection and prevention of forced labour across the Group;
- Audits of third-party suppliers and contractors;
- Providing best practice training for our management teams most likely to encounter potential issues with regards to modern slavery;
- Implementation of a Whistleblowing process through several channels;
- The audit of Modern Slavery policy compliance policies in our internal audit risk cycle.

Sustainability and values

CNCo is committed to comply with all applicable national labour laws and the International Labour Organisation (ILO) conventions.

The CNCo [Supplier Sustainability Code of Conduct](#), which is part of our own [Corporate Code of Conduct](#), contains guidance relating to our employment practices, as well as clear prohibitions against the use of bonded, child, coerced, forced, indentured or involuntary labour in any form. We similarly require our suppliers to meet these expectations.

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

There have been no incidences of Modern Slavery being reported within, or uncovered during our risk-based audits of, the CNCo group of companies, or in our supply chains, globally within the calendar year 2020.

Our actions in the last financial year

We have reviewed our processes and enhanced them whenever required. In 2020 we undertook the following actions to further mitigate forced labour risks:

- **Governance**

We have an MSA Compliance framework and have developed a risk-based assessment process for our material global suppliers. Based on this, we have prioritised assessments for the detection and prevention of forced labour in our supply chain.

Appropriate contractual clauses related to slavery and human trafficking are now included in all our new supplier agreements and we are also continuing to work through our existing contracts to strengthen them.

We were last audited against our Modern Slavery initiatives in 2017 as part of our Internal Audit rolling, risk based, schedule. The next planned audit was in 2020 as part of the risk-based assessment schedule developed by our Group Internal Audit Department, but this did not eventuate due to the severe travel restrictions introduced after February 2020 as the COVID-19 pandemic spread globally. We expect the audit to be undertaken once pandemic restrictions are suitably lifted.

Modern Slavery (MS) Awareness Training

The essential training for MS awareness is now combined with all our other Governance issues (e.g. concerning Anti-Money Laundering, Anti-Trust, GDPR, Sanctions, Anti-Bribery and Corruption, Code of Conduct and Ethics), and the Learning and Development Department has re-set the training schedule in 2020 such that a) all new joiners on joining, and b) all other employees are now scheduled to undergo training annually:

We are pleased to report that during FY 2020, all of the 409 relevant employees, undertook the training.

- **Assessments**

We carried out several self-assessments for higher risk suppliers. These assessments gave us an insight into the state of supplier maturity against MS areas and allowed us to propose improvements to strengthen their governance systems. No non-conformities were recorded. The Manning Agencies we use globally were assessed as a potentially high-risk category.

Looking ahead

We will focus broadly on the following areas over the next financial year:

- **Governance**

We will continue reviewing and strengthening our policies and procedures to ensure they appropriately address modern slavery risks within our operations and our supply chain.

- **Training**

We will continue to ensure that all relevant employees undergo MS training as per our revised policy above. We expect that we may source enhanced and more effective training in 2021, and if so, this will be reported in our next annual statement. From 2021 onwards, MSA training will cover all employees globally.

- **Assessments**

We will better segment the risk assessments of our suppliers, and had planned in 2020 to focus on our manning providers globally, and seek to work with our various Business Units to help ensure they allocate more resources for more targeted and value-added site visits as a key component of our on-going programme. But then early in the year, the global COVID-19 pandemic started. This had two significant effects:

- i. Global business travel was massively disrupted, resulting in our inability to travel to make onsite visits, and even had we been able to visit a supplier's / contractor's site, we would not be allowed entry for understandable quarantine reasons
- ii. One of our greater assessed risks is with manning companies / seafarer providers. The Manning department has been overloaded with a massively higher workload to arrange crew changes as individual countries' immigration and emigration rules change, often on a daily basis. This meant there were no competent and experienced personnel available to conduct on-site audits, even if point (i) above could have been resolved.
- iii. We will retain on-site audits as a high priority issue going forward as soon as COVID-19 conditions permit

We also had a setback in that our Global Head of Procurement who was very committed to this issue, left for a position elsewhere, and the hiatus caused a slow down in progressing this issue. We aimed to establish a new role in the Procurement Department in 2020 with specific responsibility for Sustainability, including assessing and auditing for MS and other Human Rights issues. The circumstances caused by COVID-19, with mandated Work From Home meant establishing this position was necessarily put on hold. We hope to recruit for this position in 2021, as COVID-19 circumstances permit, and thereafter progress at high speed to catch up the ground we have lost due to the pandemic.

We will continue to work to ensure that the appropriate contractual clauses related to slavery and human trafficking are included in all our new supplier agreements and we will be working through our existing contracts to also incorporate these.

This statement has been approved by



James Woodrow
Managing Director
on behalf of The China Navigation Company Board

¹ References to "The China Navigation Company Ltd" or "CNCo" Group during 2020 in this Policy include Swire Shipping, Swire Shipping Agencies, Swire Bulk, Swire Projects and/or, as the context may require, any of their respective subsidiaries or group companies. On 1st January 2021, Swire Bulk and its subsidiaries became a separate entity, and will file its own dedicated statement for the financial year 2021.