Statement on Modern Slavery and Human Trafficking (2019)

This is the fourth annual Modern Slavery (“MS”) Statement published by The China Navigation (CNCo) Group, for the financial year ending December 31st 2019; see here for our 2018 statement.

The CNCo Group recognises that modern slavery as an issue has become increasingly visible and takes its legal and moral duties, and the commitments under the United Kingdom “Modern Slavery Act (2015)” (“MSA”), the Australian Modern Slavery Act (2018) (“Aus MSA”) which came into force on 1st January 2019 and in all other jurisdictions in which we work, very seriously. With effect from this 2019 MSA Statement, The China Navigation Company Pty. Ltd. Branch / Rep Office as a CNCo group company in Australia, will be reported herein.

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 its 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 its 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 its stakeholders and relevant regulators to combat this issue, wherever and whenever it 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 its supply chains, globally within the calendar year 2019.

Our actions in the last financial year

We have reviewed our processes and enhanced them whenever required. In 2019 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 2017 audit reported three observations which were completed and closed out. The next planned audit is in 2020 as part of the schedule of our Group Internal Audit Department.

**Training**

The essential training for MS awareness is now combined with all other Governance issues (e.g. concerning Anti-Money Laundering, Anti-Trust, GDPR, Sanctions, Anti-Bribery and Corruption, Codes of Conduct and Ethics), and the Learning and Development Department has re-set the training schedule that a) all new joiners on joining, and b) all other relevant parties will undergo training at least once every two years:

Relevant parties in departments assessed as higher risk are:
- All HR personnel in Australia, Fiji, New Zealand, PNG, Singapore and UK
- All personnel in our manning department (“SPSM”)
- All personnel globally with Purchasing or Procurement in their job title
- All personnel with responsibility for purchasing in the “Fleet Operations Dept” department
- All staff with direct reports

- **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 policy above.

• **Assessments**

We will better segment the risk assessments of our suppliers, and in 2020, especially focussing 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.

Overall, we will continue to ensure that ethical trading stays at the forefront of how we conduct our business and that human rights and labour standards considerations, including those relating to forced labour, remain fully embedded within our practices.

Our new Global Head of Procurement has given us an opportunity to review our progress and risk assessments made with a fresh set of eyes and ensure that we will optimally manage this issue at all stages of our supply chain. In particular we aim to establish a new role in the Procurement Department in 2020 with specific responsibility for Sustainability, which will include assessing and auditing for MS and other Human Rights issues.

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 though 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

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1 References to “The China Navigation Company Ltd” or “CNCo” Group in this Policy include Swire Bulk, Swire Bulk Logistics, Swire Shipping, Swire Shipping Agencies and/or, as the context may require, any of their respective subsidiaries or group companies.