

Statement on Modern Slavery and Human Trafficking (2019)

PURPOSE

This is the fourth annual Modern Slavery (“MS”) Statement to be published by the Swire Pacific Offshore (“SPO”)¹ group, for the financial year ending December 31st 2019; see [here](#) for our statement for the last financial and calendar year, 2018, on our web site opening page.

The Swire Pacific Offshore group takes its obligations under the United Kingdom Modern Slavery Act (2015) (“MSA”) very seriously and is committed to ensure that there is no modern slavery in our supply chains or in any part of our business. Accordingly, SPO has put in place several compliance processes to prevent, detect and eradicate any incidences of modern slavery, including:

- Establishing a modern slavery risk assessment process 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;
- Prioritised audits of higher potential risk-assessed third-party suppliers and contractors;
- Providing best practice training for our management teams most likely to encounter potential issues with regards to modern slavery;
- Ongoing implementation of a Whistleblowing process through a number of channels;
- The audit of Modern Slavery policy compliance policies within our internal audit risk cycle.

This annual statement also covers the reporting requirement for our Australian operating and manning companies, Swire Pacific Offshore Pty. Ltd. and SPSM (Aus) Pty. Ltd., under the Australian Modern Slavery Act (“Aus MSA”) which came into force on 01 Jan 2019.

Sustainability and values

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

The SPO Supply Chain Sustainability Code of Conduct [\[see here\]](#), which is part of the Swire Pacific Offshore Corporate Code of Conduct [\[see here\]](#), 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 all our suppliers to comply with these policies.

The SPO 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 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 SPO 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. We seek to review the potential risk of supplier categories annually and then in discussion with the relevant business units, risk assess the current suppliers for the potential level of modern slavery risk exposure through a mixture of self-audit and physical on-site audit for the detection and prevention of forced labour in our supply chain. The on-site audits were insufficiently achieved in 2019 due to resource constraints, but we have committed to catching up the (few) shortfalls early in 2020.

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 2018 as part of our Internal Audit rolling, risk based, schedule. The next planned audit by our Internal Audit Department is at the end of January 2020.

The last audit reported one medium risk audit recommendation area with a number of points relating to the operationalisation of the risk assessment process. We have worked to close these during 2019, with the main shortfall being resource constraints. The Sustainability

¹ References to “Swire Pacific Offshore” or “SPO” in this Policy are to Swire Pacific Offshore Holdings Ltd, Swire Pacific Offshore Operations (Pte) Ltd, Swire Pacific Ship Management Ltd (Singapore), Swire Blue Ocean A/S, Swire Seabed AS and/or, as the context may require, any of their respective subsidiaries or related group companies, including but not limited to Swire Pacific Offshore Pty. Ltd. and SPSM (Aus) Pty. Ltd. In Australia.

Department has worked with the relevant business units and internal audit, and it is confident that resource prioritisation will now permit these to be closed in 2020.

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 so 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 Singapore, Australia and New Zealand
- All personnel in our manning department (“SPSM”)
- All personnel globally with Purchasing or Procurement in their job title
- All personnel in the “Fleet Supply Chain” 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. These were subject to a more detailed review by our Operations / Manning managers and based on their finding that we had legacy contracts with an unnecessarily large number globally, five were terminated and six were added (after passing our standard vendors’ onboarding which includes a MS questionnaire that must be passed) as part of the global rationalisation in 2019. Our major manning agency (supplies ~45% of our seafarers) was audited during the year. The remainder (all the individual agencies themselves, bar one, are rated by Ops/Manning as being low risk) are scheduled to be audited in 2020. All our Manning Agencies (bar one) additionally hold an (internally or externally audited) Document of Compliance under the ILO Marine Labour Convention (2006), and this gives us an additional level of comfort of the strength of our defence against being party to Modern Slavery practices.

Looking ahead

Broadly, we will focus 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 run training programmes for both existing shore and sea staff, and for new joiners as part of their induction training, that are relevant and appropriate to their roles and responsibilities.

Assessments

We will better segment the risk assessments of our suppliers’ categories and seek to work with our various Business Units to help ensure they allocate more resources for more targeted and value-added site visits to individual, higher risk suppliers as a key component of our on-going programme, and to close out any remaining audit gaps early in 2020.

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.

This statement has been approved by:



Peter Langslow
Managing Director

on behalf of the Swire Pacific Offshore Holdings Ltd. Board of Directors

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