



CHINA NAVIGATION

Statement on Modern Slavery and Human Trafficking (2018)

This is the third annual Modern Slavery (MS) Statement to be published by The China Navigation (CNCo)¹ Group, for the financial year ending December 31st 2018; see [here](#) for our 2017 statement.

CNCo takes its obligations under the United Kingdom Modern Slavery Act (2015) 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, CNCo has put in place a number of compliance processes to prevent, detect and eradicate any incidences of modern slavery, including:

- Conducting modern slavery risk assessments within all of 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 regard to modern slavery;
- Implementation of a Whistleblowing channel;
- The audit of Modern Slavery policy compliance policies in our internal audit risk cycle.

Sustainability and values

CNCo's Modern Slavery compliance policy is wholly aligned with CNCo's wider commitment to running all of its businesses in an ethical and sustainable manner. CNCo is committed to comply with all applicable national labour laws and the International Labour Organization (ILO) conventions.

The CNCo [Supplier Code of Conduct](#), which is part of our [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 comply with these policies.

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

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 2018.



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Our actions in the last financial year

We have reviewed our processes and augmented them whenever required. In 2018 we undertook the following actions to further mitigate forced labour risks:

- **Governance**

We have a MSA Compliance framework and have developed a risk-based self-assessment process for manning agencies. 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 working through our existing contracts to also strengthen them.

In 2018 we implemented a project together with an external partner (an independent sustainability and supply chain services provider with global reach). The project developed a robust supplier segmentation framework. The results of the project provided an important insight into design of a programme that's based on risk and driven by supplier leverage. We collected and evaluated data from 4,996 suppliers across 108 countries where we operate. We are in the process of designing a programme strategy for CNCo to take a proactive approach in demonstrating business competitiveness, ensuring supplier compliance and sustainability performance.

- **Training**

We provided essential training to 94.7% of our relevant personnel assessed as most likely to encounter potential issues with regard to modern slavery. We also worked to raise the awareness of Modern Slavery of both our sea-going and onshore based employees.

- **Assessments**

We carried out a number of 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.

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.



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- **Training**

We will continue to run training programmes for both existing sea-going and onshore based employees, 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 and seek to work with our various Business Units to help 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.

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" 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.