

## **Appendix A: Swire Pacific Offshore's Development Principles & Initiatives**

Swire Pacific Offshore (SPO) strives to excel as a corporate citizen by going beyond the minimum requirements of legislation and following the highest standards on environmental, health and safety, human rights and labour practices, business ethics and community issues. We work on improving our internal processes and practices to ensure that they are aligned with our Sustainable Development principles.

### **Journey towards Net Zero Environmental Impact**

SPO has made a commitment to our business having a Net Zero Environmental Impact. This is a journey that we embarked upon in 2008 and we are working towards achieving this goal. Together with various environmental initiatives and conservation projects, our activities supporting this goal also cover practical actions in our offices and on our vessels.

We focus our activities on mitigating our carbon footprint in our offices and on our ships. In the offices, our employees follow the Swire Pacific Green Guidelines that look at the practical applications of the Eco-Office principles such as the use of FSC certified paper; double-sided printing; reduced electricity consumption, more efficient use of the air-conditioning/heating, etc. We have also installed video-conferencing facilities in the new office to reduce unnecessary travel time between meetings and bought low emission vehicles for senior managers' use. In 2010, 2012 and 2014, SPO was certified as an Eco-Office by the Singapore Environmental Council. Each certification is valid for two years and SPO will continue to improve on the eco office practices in order to maintain this certification.

Across our vessel fleet, we use TBT-free anti-fouling paint. All of our vessels also use Marine Gas Oil (MGO): a low sulphur fuel in accordance with ISO 8217, and will use ultra-low sulphur diesel (<0.5%) where available. As a conscious effort to reduce gas emissions, we constantly upgrade our fleet using the latest technology and emission control equipment. SPO has adopted a "Green Zone" Fuel Efficiency Management System ("FEMS") which provides a real-time reading to the ships' Navigating Watchkeepers of fuel consumption, able to be shown as m<sup>3</sup> FO, or tCO<sub>2</sub>e emitted, or USD cost, either per nautical mile or per minute. This information is used by the watch-keeper to adjust the speed and/or to inform the client about the optimum speed/fuel consumption or better operational practices that will reduce the vessel's carbon footprint. This is a split incentive as SPO pays for the equipment whilst the client, as the purchaser of the fuel, gains from reduced consumption. SPO continually reviews the feasibility of using LNG fuel and/or (3<sup>rd</sup> generation) bio-fuel.

### **The Forest Conservation Project, Paraguay**

Since making the commitment to operate our business in a carbon neutral way, SPO realised that this would not be possible without the ability to offset the portion of our carbon footprint that we were unable to mitigate through various initiatives ashore and at sea. With this in mind, SPO

established a REDD+ (Reduced Emissions from Deforestation and Forest Degradation) Scheme to develop its own Voluntary Carbon Credits to offset its remaining operational footprint. This was done through the investment in a virgin forest in Paraguay, to remove the imminent threat of deforestation for farming, logging or ranching.

SPO is the Project Proponent of an internationally registered and independently audited “Paraguay Forest Conservation Project” which has project components in both NE and SE Paraguay. For this initiative, SPO is collaborating with the UK’s “World Land Trust” (a large and established international conservation charity) and “Guyra Paraguay”, a local non-governmental organisation.

SPO has voluntarily donated more than USD 1 Million to Guyra Paraguay for it to purchase approximately 4,800 hectares of land in the threatened dry quebracho forest in NE Paraguay from the previous private owner. This parcel of land is now owned jointly by Guyra Paraguay and the local community of indigenous Yshir people. The legally registered land title provides security for the land to be preserved in perpetuity for the Yshir community and for conservation purposes. The project also employs some Yshir people to work on the preservation and maintenance of the forest, parts of which are sacred to them. The project is committed to funding a number of initiatives selected by the community itself over the next 20 years, which is the estimated life of the project. While SPO is granted REDD+ carbon credits for mitigating the threat of deforestation over the life of the project, the full title for this land parcel will be transferred to the Yshir community for their traditional use, in perpetuity.

The second part of the project focuses on the Campesiño community of La Amistad who lives in an area of 1,182 hectares in the heart of the La Amistad indigenous forest, as part of its resettlement under the Paraguayan Republic’s National Agrarian Reform programme. Given the community’s low earning power, the incentive to clear the remaining forest for subsistence and cash cropping is high. This project component seeks to reward the Amistad community for the ecosystem services that its forest areas can sustain, providing they are left untouched, and to facilitate improvements to the areas that are already used for farming so as to enhance its income.

The third component is in San Rafael, in SE Paraguay. This area is a remnant of the original Atlantic Rainforest, a critically threatened biodiversity hotspot in the world. The once vast forest used to be the home to some 20,000 plant and 950 bird species including numerous endemic species. Today, almost 93% of the forest has been lost due to clearance for large scale ranching and farming while the remaining fragmented areas are under great threat. The forest in San Rafael area is of outstanding biodiversity importance. Standing at 80,000 hectares, it is one of the largest fragments of forested area left.

For more information about the Paraguay Forest Project, please visit <http://www.worldlandtrust.org/eco-services/redd-plus/paraguay-forest-project>

## **Assisting to preserve critically endangered Gray Whales, Sakhalin Island, Russian Far East**

SPO is a partner in a joint venture that operates three Ice Breaking Supply Vessels (IBSV) off the coast of Sakhalin Island in the Russian Far East. SPO recognises the value of biodiversity and understands the threats to the indigenous, International Union for Conservation of Nature (IUCN) Critically Endangered, Western Gray Whale population (estimated in 2009 as at 130 whales, including only around 30 mature females). SPO is working closely with our charterer to implement the relevant findings and recommendations in the jointly-funded Western Gray Whale Advisory Panel (WGWAP) report. The waters off Sakhalin Island are the only known summer feeding grounds for the western sub-population of Gray Whales (*Eschritius robustus*). As such, SPO seeks to keep the seas pristine and re-routes the vessel transit routes away from the feeding grounds especially during the whales' breeding season.

## **Save the Turtles project, The Philippines**

In 2013, SPO's Sustainable Development Team established a partnership with Endangered Species International (ESI), a US head-quartered non-governmental organisation that conducts conservation activities to protect endangered species, including the IUCN critically endangered Forest Turtle (*Siebenrockiella leytensis*) in The Philippines. This initiative is in line with SPO's continuous efforts to be responsive to our stakeholder needs and is aligned with our corporate philanthropic goals. The field activities took place at the Mt. Matutum Protected Landscape in South Cotabato, Mindanao, The Philippines. As part of the project, teams of five volunteers embarked on a six-day trip where they worked on a number of activities including tree planting and monitoring, creek cleaning, biodiversity monitoring and gained first-hand experience of what conservation work is all about. A number of our employees participated as volunteers in the different phases of the "Save the Turtles" project. SPO will continue this partnership with ESI in 2014 and will be extending its collaboration 60 miles downstream to marine and reef protection projects in Sarangani Bay which is being affected by deforestation upstream.

## **Partnering like-minded companies and individuals**

SPO seeks to engage with like-minded suppliers and partners who share our standards and promote sustainable development. We are committed to work with suppliers that adhere to the same ethics and principles as SPO. SPO has in place the Supply Chain Sustainability Code of Conduct which is readily available on the SPO corporate website, [www.swire.com.sg](http://www.swire.com.sg).

In September 2013, SPO hosted the latest book launch of Sir Jonathon Porritt, UK's renowned sustainable development guru in Singapore. SPO also organised the Meet-the-Author workshop session where our employees learnt how many of the challenges detailed in the book can be applied to both our business and our lives and to identify some simple opportunities on both business and personal levels that can make a positive difference thus contributing to a better and more sustainable future for all.

### **Sponsorship of Biosphere Foundation's study on cetaceans**

SPO is sponsoring the Biosphere Foundation to undertake a three-year baseline study on cetaceans (especially IUCN Threatened pigmy blue whales - *Balaenoptera musculus brevicauda*) and other marine mammals, which are suffering mortality through ship-strikes off the southern coast of Sri Lanka. It is hoped that the outcome of this research will assist in reducing whale mortality rates.

### **Investing in communities in which we operate**

SPO has to date, assisted 125 youth from disadvantaged backgrounds in The Philippines, one of our key stakeholder communities, to acquire trade skills of being a fitter, a mechanic or a marine cook through an 18-month residential & vocational training course at the Don Bosco technical college in Manila. Those who successfully pass their examinations are offered employment with SPO or with our sister company, China Navigation.

SPO also sponsors cadets from Regional Maritime University (RMU) in Accra, Ghana. This provides a flow of Junior Officers and provides SPO with a local "License to Operate" in many countries. In addition, SPO is sponsoring Singaporean undergraduate management trainees under Singapore Maritime Foundation's (SMF) MaritimeONE (Outreach Network) to create a flow of fresh maritime talent in Singapore. We have also set up SPO Bursary at NTU (in perpetuity) to support one student from a low income background and when possible, for a person with disabilities, to undertake the Engineering / Marine Studies course at the undergraduate level.

### **Awards & recognition in Sustainable Development**

In 2013, SPO was conferred the Sustainable Business Award from the Singapore Business Federation. The Company normally stays out of the spotlight, however with respect to Sustainable Development practices, SPO seeks to demonstrate leadership and take the opportunity to raise awareness, share best practices and encourage other companies to take such actions that will benefit them, their key stakeholders, the environment and the communities. SPO received a commendation award for Singapore Awards for Sustainability Reporting organised by ACCA in 2010 and was one of the nine finalists for the same awards in 2011. Beyond these, SPO is also measuring a large number of our environmental, economic and social indicators and reporting them, in GRI format. Those reports are independently audited. SPO has also received the Singapore Environmental Council Eco Office Certification for three consecutive times since 2010.