



MODERN SLAVERY TRANSPARENCY STATEMENT 2018

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FINANCIAL YEAR 2018

This statement is submitted by MSC Mediterranean Shipping Company SA (thereafter “MSC”) in line with Section 54 of the UK Modern Slavery Act 2015 and applies to all MSC employees and the MSC network of 228 Agencies (thereafter “MSC Agencies”), which includes Mediterranean Shipping Company (UK) Limited. It covers the financial year 2018.

INTRODUCTION

Modern slavery and human trafficking are universally condemned and recognised as crimes against humanity. Yet, according to experts in the international community, risks of slavery-like practices, covering a wide range of human rights violations, continue to exist across society, preventing millions of people from enjoying decent, safe and healthy working conditions as well as their basic human rights and fundamental freedoms¹.

Strongly committed to act with integrity and to promote and support fair, ethical, and responsible business practices, MSC condemns and prohibits slavery and human trafficking practices in all its business activities and endeavours.

In line with the above, this document builds on last year’s statement providing an overview of progress made and ongoing processes aimed to identify, mitigate, and, whenever possible, prevent the risks of modern slavery, slave-like practices, and human trafficking in MSC’s operations and its supply chain.

ORGANISATIONAL STRUCTURE

MSC is a recognised world leader in container shipping and logistics, serving millions of customers around the globe. Headquartered in Geneva, Switzerland, and privately owned, MSC operates a fleet of 510 vessels calling at 500 ports in 155 countries, has 493 offices worldwide, and employs 47,000 people for its offshore and onshore activities. MSC Agencies are responsible for commercial and operational activities in each of the countries where global shipping and transportation services are provided. They are directly supervised and regularly managed from the Headquarters by the Agencies Department.

MSC Shipmanagement technical offices based in Limassol, Cyprus, and Sorrento, Italy, thereafter “MSC Shipmanagement”), are both responsible for managing crew on board cargo ships as well as for the technical management of the MSC fleet.

MSC has significantly expanded and diversified its business since it was founded as a shipping line in 1970. Today, the company also offers intermodal transportation solutions via truck, rail and barge, as well as logistics solutions through its subsidiary MEDLOG, which is present in more than 60 countries. Meanwhile, Terminal Investment Ltd (TiL), MSC’s port container terminal investor and operator, is one of the world’s largest and most geographically diverse businesses in its sector, handling over 34 million container moves a year for MSC and TiL. Active across 5 continents, TiL enjoys a presence at 7 of the world’s 25 busiest ports by volume and seeks to be the No. 1 container terminal operator of choice worldwide.

¹ Sources: <https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>; <https://www.ohchr.org/Documents/Publications/FactSheet14en.pdf>

For more information about MSC corporate structure and broader ongoing steps taken by each MSC entity with regard to social welfare and the protection of human rights, please refer to our Sustainability Reports submitted annually to the Global Compact as Communications on Progress (COPs), available on [msc.com/sustainability](https://www.msc.com/sustainability).

DUE DILIGENCE PROCESSES

POLICIES AND PRACTICES

MSC complies at a minimum with all applicable national laws, rules, and regulations of the countries of operation. Being part of the international shipping sector, which is one of the most regulated industries at the global level, MSC's commitment to promote responsible and fair business practices adheres to and draws upon internationally recognised human rights and labour principles and standards.

In this respect, MSC also complies with and implements applicable international regulations and requirements, including the highest international standards related to health and safety. These include working conditions, and human development and training at the workplace set forth by the International Labour Organization (ILO) and the International Maritime Organization (IMO) for its sector, as well as local health and safety requirements at the ports of call or the repair facilities. Additionally, as a member of the United Nations (UN) Global Compact, MSC supports the UN Ten Principles in the areas of human rights, labour, environment, and anti-corruption.

MSC CODE OF BUSINESS CONDUCT	COMPLIANCE WITH ILO MLC, 2006
<p>The MSC Code of Business Conduct (thereafter “the Code”) affirms the core principles and standards by which MSC does business. MSC is continuously developing a culture of integrity within the organisation and setting forth common standards of ethical behaviour. The Code applies to all MSC employees as well as all MSC Agencies. It has a dedicated chapter on human rights and labour standards. MSC is committed to ensuring the respect of the fundamental human dignity of all its employees. Among a wide range of issues, the Code strongly prohibits child labour, any form of discrimination and economic and social exploitation for personal and/or commercial gain, any forms of modern slavery, slave-like practices, and human trafficking. MSC insists on focusing on cultural and language adaptation to embed ethics and values into the corporate culture in the most effective way around the globe. In this respect, the Code has been translated into 20 languages to facilitate its understanding.</p> <p>Visit: msc.com/codeofconduct</p>	<p>For seafarers, MSC meets and/or exceeds the principles and regulations contained in the ILO Maritime Labour Convention (MLC), 2006, widely known as the “Seafarers Bill of Rights”² and strictly complies with the terms and conditions of the applicable collective bargaining agreements negotiated by the International Transport Federation (ITF) on behalf of the seafarers. As an illustration, MSC has highest minimum age requirements, as only individuals of 18 years old or above can be recruited on board its cargo ships, in alignment with MSC Shipmanagement’s Human Rights Policy. In 2012, MSC Shipmanagement established a ‘Crew Welfare Department’ to ensure that all crew working on board ships are provided with adequate standards in line with ILO MLC 2006. Special attention is paid to the minimum age of crew members, rest hours on board, food and living conditions, medicines on board and visits to doctors, and training and communication. The Department is also responsible for raising awareness about complaint/ reporting procedures/platforms available to crew members.</p>

² Source: https://www.ilo.org/global/standards/maritime-labour-convention/what-it-does/WCMS_219665/lang-en/index.htm

MONITORING MECHANISMS

MSC strives to promote the highest ethical standards of business conduct and prevent the risk of being complicit in human rights violations and abuse. Therefore, the respect for the MSC Code of Business Conduct and its implementation remain among MSC leadership's main priorities.

- Throughout 2018, the Compliance Team continued to work closely with the Corporate Audit Department and with local "Code implementers" based in each of the MSC Agencies worldwide, to assess and monitor the implementation of the Code as well as compliance with all ethical standards, applicable laws, regulations, procedures, and relevant policies.
- The Global Human Resources Department has recently been established within the Agencies Department. Amongst its main objectives, the function works to ensure the company policies are well established, communicated, and integrated inside each MSC Agency. In order to ensure the effective adoption of these policies, the Global HR Department has launched an **MSC Employee Handbook**. In line with the MSC values, the handbook encompasses all the MSC global policies and is then enriched and customised at a country level in accordance with relevant domestic laws and requirements, including applicable human rights and labour standards.

MSC REPORTING CHANNEL

In 2018, MSC launched the "MSC Speak up Line", an online platform developed by a third-party service provider, which complements the existing MSC's reporting procedures. This serves as a mechanism to promote dialogue and to encourage employees worldwide to report any misconduct, including potential human rights violations, without fear of retaliation. Through this reporting system the reporter can remain anonymous or not, according to applicable laws and requirements. All reports are carefully evaluated in a confidential way, and on a case by case basis, by relevant subject matter experts. Depending on the report, internal investigations may be initiated, and corrective actions taken where deemed required.

RELATIONSHIPS WITH THIRD PARTIES

MSC further strengthened the cross-departmental collaboration between its Compliance Team, its Contracts Team, and other relevant departments based at MSC's Headquarters in Geneva to ensure the active involvement of all key actors in observing compliance with human rights and sustainability requirements in MSC's contractual relationships.

MSC keeps applying the highest standards and expects its business partners to do the same. More precisely, MSC continuously strives to demand that the identified business partners adhere to all applicable anti-slavery and human trafficking laws including, but not limited to, the UK Modern Slavery Act 2015. MSC also expects them not to have been convicted of any offence involving slavery and human trafficking. In addition, MSC encourages such subcontractors to share similar standards to those set out in the MSC Code of Business Conduct and operate under common ethos.

RISK ASSESSMENT

In line with its commitment to continuously improve internal processes, MSC introduced a cross-functional human rights function to support key HQ Departments by further bringing a human rights lens to their respective existing activities and practices. As an illustration, relevant human rights issues, including those related to modern slavery, in accordance with the standards contained in the MSC Code of Business Conduct, were incorporated into the regular internal auditing practices. The "Social Virtual Audit" was launched online in 2018 for MSC Agencies with the aim of having a preliminary human rights risk assessment.

UK COUNTRY-SPECIFIC ASSESSMENT

Due to the complexity of MSC's global supply chain the exercise is still ongoing. Nevertheless, within the UK a review of the UK landside business concluded that the risk of modern slavery in the MSC direct supply chain is low. However, it was identified that our employees, particularly our Heavy Goods Vehicle (HGV) drivers, may come across violations while carrying out their day-to-day duties. As a result of this review, in 2019 we are looking to implement an online training module specifically covering modern slavery and are improving our Modern Slavery Compliance Programme.

MEASURING EFFECTIVENESS

The MSC Corporate Social Responsibility (CSR) Department, based at MSC Headquarters, and MSC Shipmanagement complement efforts carried out by other key MSC departments by continuously improving existing responsible environmental and social organisational processes and practices in collaboration with relevant functions and MSC Agencies worldwide. These include the involvement of all relevant MSC subject matter experts in auditing processes and/or other evaluation mechanisms carried out under the standards of the International Organization for Standardization (ISO) and by other third parties on issues related to sustainability, human rights, and labour standards.

MSC's commitment to compliance through core ethical practices and compliance with international standards is demonstrated by the achievements of various certifications under the standards of ISO and by recognised Classification Societies. Further information on [msc.com/iso-certifications](https://www.msc.com/iso-certifications).

Since 2015, MSC and MSC Shipmanagement follow the guidance provided by **ISO 26000 on Social Responsibility**³ to further improve and operationalise socially responsible processes and impacts, in line with MSC's broader sustainability strategy and its commitments to the UN Global Compact.

TRAINING

Training courses with specific modules on all standards set forth in the MSC Code of Business Conduct, including those related to human rights and labour standards, continue to be provided to all MSC's employees and MSC Agencies around the world on a regular basis via online platforms and/or live sessions. Introductory sessions on the Code are organised for newcomers in the context of their onboarding programme at MSC's Headquarters.

In addition, MSC keeps monitoring relevant developments in both the national and international regulatory frameworks, including in the areas of modern slavery and human rights, to continuously align and/or further improve its current policies and procedures. The training courses' contents are regularly revised and updated accordingly.

This statement was approved on June 27, 2019

Signed

Diego Aponte
President & CEO
MSC Mediterranean Shipping Company SA

³ For more information about the ISO 26000 on Social Responsibility: <https://www.iso.org/iso-26000-social-responsibility.html>