



MODERN SLAVERY TRANSPARENCY STATEMENT 2019

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FINANCIAL YEAR 2019

MSC Mediterranean Shipping Company SA (thereafter “MSC”) submits this statement in accordance with Section 54 of the UK Modern Slavery Act 2015. It describes key current practices and processes that MSC takes to identify, prevent, and mitigate the risk of modern slavery, slavery-like practices and human trafficking in its business activities and its supply chain as part of its broader Human Rights Due Diligence Process.

In line with MSC’s commitment to advance responsible business conduct, this document also takes into account relevant considerations as contained in the Australian “Commonwealth Modern Slavery Act 2018 - Guidance for Reporting Entities”¹ and related recent developments in national legislations on this matter.

The reporting areas addressed below cover the financial year 2019. Information on actions taken to address emerging risks in relation to Modern Slavery during the COVID-19 pandemic are updated as of end of July 2020, to address the additional requirements listed in the UK Home Office new Guidance published in April 2020. Although these actions and related challenges delayed the drafting of this statement, the official extended deadline granted by the UK Home Office was respected.

Previous versions of MSC Modern Slavery Transparency Statements are publicly available on MSC’s website: [msc.com/modern-slavery-statement](https://www.msc.com/modern-slavery-statement)

ORGANISATIONAL STRUCTURE

Headquartered in Geneva, Switzerland, and privately owned, MSC Mediterranean Shipping Company SA is a global business engaged in the transportation of goods via road, rail, sea and inland waterways and related logistics activities, covering 155 countries across five continents. MSC operates a fleet of 560 vessels sailing on more than 200 trade routes, calling at over 500 ports. MSC employs 47’000 employees for its offshore and onshore activities.

This statement refers to MSC’s Cargo Division which consists of the following entities:

- **MSC and its global network of 228 Agencies** (thereafter “MSC Agencies”) responsible for commercial and operational activities in each of the countries where services are provided. Agencies include Mediterranean Shipping Company (UK) Limited and Mediterranean Shipping Company (Australia) Pty. Ltd;
- **MEDLOG, MSC’s logistics arm**, which is present in 70 countries worldwide and provides multimodal inland transport, storage, and value-added service solutions;
- **Terminal Investment Limited (TiL)**, MSC’s subsidiary, which is one of the world’s largest and most geographically diverse container terminal managing investors. Active in 30 countries across five continents, with highly strategic assets located in key gateways for global trade, TiL enjoys a presence at seven of the world’s 30 busiest ports by volume;
- **MSC shipmanagement offices** based respectively in Limassol, Cyprus, and Sorrento, Italy (thereafter “MSC Shipmanagement”), responsible for managing crew on board cargo ships, training activities and for the technical management of the MSC fleet

For more information visit: [msc.com](https://www.msc.com) and [msc.com/sustainability](https://www.msc.com/sustainability)

¹ <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

HUMAN RIGHTS DUE DILIGENCE PROCESS

STRENGTHENING MSC'S POLICY COMMITMENT AGAINST MODERN SLAVERY

Considering MSC's global operations and the international shipping sector's complex regulatory framework, ensuring MSC's compliance with its legal obligations is a daily task that requires continuous monitoring of applicable laws and regulations. To meet this challenge, MSC has created a compliance program in accordance with the ethical standards of responsible business conduct as set forth in the **MSC Code of Business Conduct (the "Code")**. The Code is applicable to all MSC's employees worldwide. It includes dedicated chapters on Human Rights and Labour Standards as well as on Occupational Health and Safety.

In the spirit of constant development of its compliance program and adherence to international standards and principles, including the United Nations Global Compact Ten Principles in the areas of anti-corruption, human rights, labour, and the environment, in 2019 MSC launched a review process of all sections and topics of its Code of Business Conduct. This was done in collaboration with relevant in-house subject matter experts. The revised version of the Code was published in 2020.

The revised version of the chapter "Human Rights and Labour Standards" of the Code, further clarifies MSC's systematic approach to Modern Slavery. In this respect, MSC prohibits a person's economic and social exploitation by another for personal and/or commercial gain, forced and compulsory/involuntary labour as defined in the ILO C029-Forced Labour Convention, 1930 (No. 29), the use of prison labour and any forms of slavery or servitude, including bondage labour and human trafficking, in the company's operations and value and supply chains. It also strictly prohibits the use of child labour, adhering to relevant international standards related to children's rights, such as the ILO C138-Minimum Age Convention, 1973 (No. 138), the ILO C182-Worst Forms of Child Labour Convention, 1999 (No. 182) and the United Nations Convention on the Rights of the Child (UNCRC).

Additionally, being an international ocean carrier, the revised version of the chapter "Human Rights and Labour Standards" of the Code refers to MSC's sector-specific human rights regulatory framework, addressing compliance with relevant provisions as contained in applicable maritime conventions adopted at the international level, such as the ILO Maritime Labour Conventions, 2006 (thereafter "MLC, 2006").

INTERNAL RISK ANALYSIS AND ASSESSMENT

MSC's cross-functional Human Rights Function provides policy guidance and supports due diligences efforts, both internally and externally, in the areas of Business and Human Rights, Labour Standards and Modern Slavery, for all MSC's Cargo Division. Having a strong human rights background and expertise, the Function designed tailor-made initial policies, processes, and procedures, working in close cooperation with key departments and business units.

Ongoing activities adopt a human-rights based approach, aiming to leverage existing due diligence processes and compliance infrastructure within the organisation to maximise the creation of long-term sustainable value, while preventing and/or mitigating adverse impacts on people and communities. Throughout 2019, the Function continued to further improve internal processes, promoting policy development across the organisation and embedding relevant human rights considerations into the work of key departments, as part of MSC's Human Rights Due Diligence Process. The latter is designed as a continuous improvement process which can be adapted to the following considerations: emerging human rights considerations and risks arising from MSC's evolving and future business operations and operating contexts, relevant developments at the national and international level over time as well as to internal level of maturity and understanding of areas related to Business and Human Rights.

GLOBAL VIRTUAL AUDIT

One of the most significant activities to further advance MSC's internal risk analysis and assessment included the integration of specific human rights/Modern Slavery considerations into the Global Virtual Audit, which was conducted during 2018 by MSC Corporate Audit Department. Results were evaluated during 2019 and a new round of assessment will be launched by the end of 2020.

The Global Virtual Audit was performed using a web tool provided by a specialised third-party. It is designed to assess the maturity of the Internal Control System (ICS) of each MSC Agency, aiming to achieve the following objectives:

- Perform a global standard risk assessment on targeted key processes
- Enhance MSC Headquarters' (HQ) awareness of the **perception** of risks levels for key processes under scope
- Increase audit coverage with a combination of physical and remote audits
- Adapt an MSC audit universe and orient audit scope accordingly

A set of Audit Questionnaires was developed for each process, based on key internal controls under the responsibility of MSC Geneva subject matter experts and business owners, in line with relevant MSC HQ policies/procedures. The methodology used to design specific human rights/Modern Slavery questions follows a human rights-based approach, in line with MSC's commitment to human rights and applicable standards and principles of responsible business conduct as set forth in relevant sections of the MSC Code of Business Conduct. This was essential not only to assess compliance matters, but also to improve the internal understanding of challenges, their respective root causes whenever possible and the stage of implementation of remediation programmes. This naturally enhances a long-term participatory process and dialogue with concerned stakeholders.

In order to conduct a full assessment from a human rights perspective, to work together on corrective actions, and to come to a consensus on how critical areas of concern can best be improved, the following problem analyses were undertaken in response to the request for information:

- Analysis of prevailing norms, legal systems and/or industry standards against relevant international standards and MSC's expectations in relation to relevant responsible business practices
- Analysis of role/behaviours and cultural patterns to assess accountability concerns and differentiate patterns as factors of **resistance** to change from those as a **factor** to change
- Causality analysis with different kinds and levels of causes
- Vulnerability analysis to further address country-specific situations and/or potentially disproportionate adverse impacts on identified vulnerable categories of workers
- Analysis of supporting evidence documentation and/or explanations for future policy development/policy guidance purposes and best-practice development and sharing

A preliminary risk rating was associated with each audit question, based on the answers and evidence gathered from each Agency. The level of risk severity will be re-assessed over time against associated considerations arising from the above-mentioned problem analysis. All necessary follow-up activities are conducted with relevant stakeholders when needed.

INTERNAL MONITORING MECHANISMS

Throughout 2019, 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.

Additionally, the Global Human Resources Department, continued to monitor the implementation of policies and compliance with relevant country-specific domestic laws and requirements, including applicable employment laws and labour standards.

EMPLOYEES REPORTING CHANNEL

Establishing a culture of speaking-up is a continuous objective for MSC. In that respect, confidential means of reporting such as the “MSC Speak Up Line” are at employees’ disposal to raise their concerns. The Speak Up Line is an online platform developed by a third-party service provider, which complements MSC’s existing reporting procedures.

Throughout 2019, as required by MSC’s Values, **MSC Speak Up Line** led to an open and accountable workplace. Our employees worldwide were strongly encouraged to report any misconduct or violation of laws without fear of retaliation. The mechanism is adapted to applicable laws and requirements. All reports received were carefully and confidentially evaluated on a case-by-case basis by experts in the relevant subject matter concerned. Depending on the report, internal investigations may be initiated, and an action plan is adopted where deemed necessary

ENHANCING HUMAN RIGHTS DUE DILIGENCE RISK ASSESSMENT WITH THIRD PARTIES

MSC expects third parties to comply with applicable laws as well as to adhere to and support similar standards and principles of responsible business conduct, including in relation to human rights and Modern Slavery. In this respect, throughout 2019, the MSC’s Human Rights Function continued to work closely with relevant departments to further strengthen supply chain’s human rights due diligence control mechanisms and adding layers to MSC risk assessment whenever relevant. Main activities included:

- **Tailored revision of contractual requirements and/or tailored inclusion of contractual requirements related to human rights/Modern Slavery**, in line with MSC’s standards and expectations, in collaboration with Contract Team. Contractual requirements imposed on third parties are based on a high-level risk assessment and preliminary supply chain mapping. The approach is tailored as it is proportionated based on the risks identified and/or potential risks considered when assessing third parties’ relevant documentation provided during rounds of contracts negotiations. Inclusion of specific provisions include, but are not limited to, the following factors: third party industry /sector with different operating circumstances, third party’s location (country/countries of operations and/or location of the Headquarters); types of service agreement and nature of the work under the terms of the contract; third party’s business/supply chain model; technical and/or industry-specific labour or employment standards that are applicable to the contract, third party’s level of maturity of human rights due diligence processes and commitment to adhere to relevant international standards
- **Due Diligence engagement with Third Parties** whenever appropriate, to raise awareness of MSC’s sector-specific human rights regulatory framework, MSC’s Human Rights Due Diligence Process and/or agreement on respective expectations in with respect to human rights commitments to be detailed in contracts;
- **Inclusion of specific human rights considerations in the pilot phase of the vendor homologation process, as part of the broader MSC Responsible Procurement Process.** MSC is currently re-assessing and working on improving processes and procedures related to a number of critical areas, including supply chain risks, relationship management optimisation, and supplier performance management/auditing processes. At this stage, the pilot phase of the homologation covers some selected areas and vendors’ categories, with a vendor’s questionnaire that must be filled in and must include all the evidence to support any answer (e.g., certificates, procedures, reports, etc.). Pre-screening questions related to Modern Slavery’s topics were included in the pilot version of the “MSC Vendor’s Homologation Questionnaire”.

MEASURING EFFECTIVENESS

MSC complies with and implements relevant standards and recommendations developed by the International Organization for Standardization (ISO)² and recognised classifications societies. Whenever applicable, MSC complies with and considers relevant IFC Performance Standards on Social and Environmental Sustainability³ in its social and environmental risk management systems. Compliance with such applicable standards is assessed by external third parties. Additionally, MSC follows the **ISO 26000 Guidance on Social Responsibility**⁴.

TRAINING

MSC focuses on employee's capacity-building and professional development. We therefore provide regular **training sessions** on specific modules on the MSC Code of Business Conduct to MSC's employees at MSC's Headquarters in Switzerland as well as within MSC Agencies. MSC's objective is to raise awareness of legal requirements that are relevant to each employee's daily work. Such trainings are tailor-made to the shipping industry with illustrative examples and case studies.

PROTECTING HUMAN RIGHTS OF SEAFARERS

COMPLIANCE WITH THE ILO MARITIME LABOUR CONVENTION, 2006 (MLC, 2006)

Being an international ocean carrier, MSC considers the protection of human rights of seafarers an integral part of its Human Rights Due Diligence process. In this respect, MSC fully supports and complies with and/or exceeds the standards as set forth in the ILO MLC, 2006 and its related applicable amendments, in the best interests of all concerned parties, including seafarers, ship managers, shipowners, crew supply countries, ports of calls and vessels' flag state administrations.

MSC also 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. Repatriation, payment of wages and further social protection related to seafarers' well-being are guaranteed by insurance certificates for each vessel as required by the MLC, 2006 and are issued by insurance providers such as P&I Clubs.⁵

ILO MARITIME LABOUR CONVENTION, 2006: MINIMUM STANDARDS

The MLC, 2006 encompasses all relevant standards of existing ILO maritime labour conventions and recommendations, as well as fundamental principles contained in core International Labour Conventions and the ILO 1998 Declaration on Fundamental Principles and Rights at Work. Minimum requirements and standards include:

- Minimum requirements for the seafarers to work onboard ships
- Conditions of employment
- Accommodation, recreational facilities, food, and catering
- Health protection, medical care, welfare, and social security protection
- Compliance and enforcement

²<https://www.iso.org/home.html>

³ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_pps

⁴ <https://www.iso.org/iso-26000-social-responsibility.html>

⁵ "Each Club is an independent, not-for-profit mutual insurance association, composed by shipowners and charterer members playing a leading role in coordinating the response to, and management of maritime casualties as well as in providing coverage against third-party liabilities arising out of the use and operation of ships." Source: <https://www.igpandi.org/about>

MONITORING MECHANISMS, REPORTING CHANNELS AND TRAINING

Since 2012, MSC Shipmanagement has a **'Crew Welfare Department'** with a dedicated MLC Superintendent, responsible for monitoring compliance with the MLC, 2006 and for auditing vessels. The MLC Superintendent and the Technical Superintendents/Internal Fleet Auditors of MSC Shipmanagement conduct regular inspections on board. During these inspections and audits each crew member is also interviewed to verify the level of awareness of MSC Shipmanagement's policies and processes. All findings are reported directly to Senior Management for consideration and immediate corrective action, if appropriate.

Throughout 2019, MSC Shipmanagement continued to promote training activities and open communication through several reporting tools and platform such as the Speak-Up line. It also continued to monitor the effective implementation of applicable international standards, including those as set forth the MLC, 2006 on board ships, through:

- periodical audits on board ships
- individual interviews with crew members to understand their concerns/feedback
- follow-up and implementation of any gaps or areas of improvements as noted during audit/on-board inspection/third party inspections
- Biennial Crew Engagement Survey conducted by an independent party; the latest survey was completed in November 2019

The Department also continued to work closely with MSC Shipmanagement Technical, Safety and Quality, Crewing and Learning and Development Team to ensure that all corrective actions and findings related to compliance with the MLC, 2006 were addressed as a matter of priority.

AUDITS FROM THIRD PARTIES

Periodical verifications are carried out by relevant Flag State and Port State control authorities to ensure compliance on board ships. Crewing companies based in the labour supply countries need to undergo audit and verification by local governmental authorities and/or by third parties such as recognised classification societies. Respective Flag States and classifications societies conduct intermediate surveys (every two-three years) and renewal survey (every five years) of MSC ships to ensure proper compliance with the MLC, 2006. Port state inspectors further verify compliance during the routine and periodic port state control examinations at the ships' ports of call. The International Transport Workers' Federation (ITF) representatives also visit vessels randomly at various ports as part of their responsibility to monitor the effective implementation of the MLC requirements and standards.

ADDRESSING EMERGING MODERN SLAVERY RISKS DURING COVID-19

Since the beginning of the global health crisis, despite the operational challenges, MSC remained committed to responsible business practices, in line with the standards set forth in its Code of Business Conduct. MSC also implemented emergency response continuity/contingency plans and robust health protection measures and safety protocols across its ships, infrastructure, and offices to prevent health risks to employees and their families. Such measures involve adapting to the evolving scenario and some of those still remain in place at the time of writing.

The world's seafarers are a category of workers among the hardest hit by the pandemic, with many working long stints at sea due to the closure of borders and other restrictions on the movement of people. MSC, through its Shipmanagement offices, has been working tirelessly to protect its seafarers' health, safety, and wellbeing, in line with the IMO Guidance and related protocols on the subject matters, as well as in cooperation with relevant authorities and other stakeholders. Main actions included:

- **Extension of MSC crew's contracts, ensuring the respect of agreed terms.** Additionally, in compliance with its Outbreak Management Plan, MSC Shipmanagement technical, safety and support teams have been

mindful of the crew condition on board due to delayed relief and have provided **psychological support** to seafarers motivating them to share personal stories and day-to-day issues, and helping them cope with stress, anxiety or other health matters that may have arisen during the pandemic.

- **Ensuring safe crew changes and the safe repatriation** of its seafarers are considered priority matters by MSC. MSC's Leadership and MSC's Senior Management worked collectively with other shipowners, seafarer groups and global industry associations in consultative status with the IMO, representing the maritime transportation sector. Efforts centred on encouraging the international community, including specialised United Nations Agencies such as the ILO and the IMO, as well as regional authorities, to implement existing protocols and/or additional measures to protect seafarers' health and ensure the respect of fair working conditions in line with applicable international standards. As a result of this collective advocacy work, multiple statements, calls for action and communications were released by the broader international community recognising seafarers as essential workers and urging governments to act. The shipping industry was praised for its key role in the global logistics supply chain, and specifically, for ensuring the flow of essential goods, energy, food, medicines and other supplies to people and communities, despite the challenging working conditions.
- **MSC's multi-stakeholder engagement** addressed the need to ease port restrictions in order to facilitate ship crew changes, crew relief operations and repatriations, as well as to provide emergency medical treatments ashore in the event of medical emergencies. Additionally, MSC engaged directly with governmental bodies and officials in some countries to address specific repatriation challenges.

At the time of writing, MSC is focusing on continuously improving existing emergency preparedness and response continuity/contingency plans as well as health and safety operating protocols onboard its cargo ships. This work is based on different scenario analyses and is designed in accordance with relevant international, national and/or regional guidelines. MSC is and will remain fully committed to further enhancing existing management systems to minimise risks related to human capital management, as well as to crew safety, both during the crisis and in post-pandemic operations.

ADDITIONAL INFORMATION

Information about MSC's efforts to address the risks and challenges related to the global health crisis as well as about compliance with applicable laws and regulations can be found in **MSC 2019 Sustainability Report**, published as part of MSC yearly commitment to the UN Global Compact to submit a "**Communication on Progress (COP)**." Progress made in the area of human rights, including beyond compliance, are reported in the Sustainability Report's dedicated chapter entitled "Business Ethics and Protection of Human Rights".

For more information visit [msc.com/sustainability](https://www.msc.com/sustainability)

This statement was approved on December 29, 2020

Signed

Diego Aponte
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MSC Mediterranean Shipping Company SA