SPO employees are the Company’s key assets. SPO aims to be the Employer of Choice by treating people with respect and providing them with good and safe working conditions, equitable remuneration and benefits. We invest in our people by providing them with discretionary, paid training, offering career progression and rewarding loyalty.

Employee Profile

At the end of 2016, SPO employed 2,708 people in various locations around the world. These employees came from 48 countries. 428 of our employees were shore-based, and 2,280 were seafarers.

Whilst over the previous reporting period, 2011-2015, the shore-based employee numbers were increasing steadily, the industry downturn in 2016 resulted in a 4% decrease in our shore-based employees, whilst seagoing personnel numbers decreased by 19% reflecting the unavoidable commercial decisions to sell or warm/cold stack vessels to await the upturn into the next cycle.
Our People
Employee Profile cont.

Our shore-based employees are located in 28 offices around the globe, with eight key (where key is defined as >3% of total) locations as follows:

- Australia – 3%
- Azerbaijan – 3%
- Cameroon – 7%
- Denmark – 6%
- Norway – 10%
- Philippines – 12%
- Singapore (HQ) – 46%
- United Arab Emirates – 5%

with the remaining 9% being based in Angola, Brazil, Brunei, Ghana, Indonesia, Malaysia, New Zealand, Qatar, Russia, United Kingdom and United States among others.

86% of our staff were classified as “Local” in 2016, the same figure as in 2015. We define “Local” as a national or permanent resident of the country of employment. The balance of 14% are classified as “Expatriates”. However, almost a quarter (24%) of the “Expatriate” staff are parent company managers who are rotated through internal postings within the Swire group. The rest have necessary industry-specific, technical competencies and generally are long-term career managers with the company worldwide.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total # of shore employees</th>
<th>Expat</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>217</td>
<td>12%</td>
<td>88%</td>
</tr>
<tr>
<td>2012</td>
<td>254</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>2013</td>
<td>320</td>
<td>15%</td>
<td>85%</td>
</tr>
<tr>
<td>2014</td>
<td>373</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>2015</td>
<td>446</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>2016</td>
<td>428</td>
<td>14%</td>
<td>86%</td>
</tr>
</tbody>
</table>

86% of our staff were classified as “Local” in 2016, the same figure as in 2015.
All the seagoing employees of SPO are employed through dedicated industry-specific (and often geographically-specific, as/where required under local laws and regulations) manning companies, which are either wholly-owned by SPO or directly contracted with SPO as their principal. They are regarded as in-house, long-term employees and are certified in their professional competence in accordance with the statutory IMO Standards of Training, Certification and Watchkeeping for Seafarers ("STCW") Convention of 2010 and, since 2006, the International Labour Organisation’s ("ILO") Maritime Labour Convention ("MLC").

Amongst our shore employees, 98% were employed on full-time, permanent basis whilst the remaining 2% were temporary or contract staff. 128 were in managerial positions with 300 being in support roles, with the average years of service being 6.04 years.

All of our employment contracts comply with relevant local employment laws. We provide additional benefits, often in excess of regulatory requirements, such as private healthcare insurance cover for all seafarers and medical insurance for shore staff, and for all seafarers, life insurance and paid pension arrangements or cash in lieu.

Given the different nationalities and work locations of our employees, we have not provided a detailed breakdown on the types of employment contracts or staff benefits herein as this a) would entail a very voluminous report of limited value, and b) the contracts vary as our fleet continually moves around the world between various work locations.

All of our seafarers are covered by collective bargaining agreements (CBA) as required by the Maritime Labour Convention (MLC) 2006.

All of our employment contracts comply with relevant local employment laws. We provide additional benefits, often in excess of regulatory requirements, such as private healthcare insurance cover for all seafarers and medical insurance for shore staff, and for all seafarers, life insurance and paid pension arrangements or cash in lieu.
Diversity and Inclusion

We have an exceptionally diverse workforce of various religions and age groups with seafarers coming from 43 countries, shore-based staff comprising 34 nationalities, and offices in 28 countries around the world. We work towards ensuring that we have a cohesive, value-adding team, and that everyone is treated with respect.

Shore-based staff
In 2016, of the shore-based employees, 53% were male and 47% were female. These figures have been very similar over the last six years, fluctuating by less than 1% demonstrating a relatively proportionate gender distribution.

The breakdown by employment type, job level and age group by gender shows that there are four times more men in managerial positions than women (20% vs 80%). We are acutely aware of this and are addressing it actively through our Leadership training programmes, though instituting merit-based change from the status quo will not happen overnight and must be accepted as a journey.

Sea staff
Among our sea staff, there were 31 females (1.4% total number of seafarers). This is an increase from last year and which is mainly due to more females joining our accommodation barges. However, the low percentage of female representation is reflective of the shipping industry as a whole (excluding the cruise sector which artificially skews the figures due to the number of females in hotel support roles).

Breakdown of shore-based employees by gender

<table>
<thead>
<tr>
<th>Year</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>2015</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>2014</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>2013</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>2012</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>2011</td>
<td>48%</td>
<td>52%</td>
</tr>
</tbody>
</table>
We continue to seek to encourage more women to join SPO fleet by creating a culture where women feel safe and are supported. In addition to our HR policies we provide an Advice and Guidance whistleblowing hotline to deal with any potential issues. In 2016, SPO issued the Equal Opportunities, Diversity, Inclusion and Respect in the Workplace Policy which aims to embed diversity, equality of opportunity and inclusivity into all our operations to ensure that we benefit from a welcoming, positive, innovative and out-performing work environment, which is essential to SPO’s continuing success.

A properly diverse workforce is one whose members are not discriminated against. Accordingly, we require full compliance with applicable employment and other laws and will not tolerate unlawful discrimination, harassment or other breaches of applicable law.

Our equal opportunities practices commit us to ensuring there is no unjustified discrimination in the recruitment, retention, skills training and competence development of our employees on the basis of aspects including: age, disability, ethnicity or ancestry, family responsibilities, gender identity, language (whilst noting that proficiency in the English language is a legal requirement of the marine industry), marital status including civil partnerships, nationality, political views, pregnancy, race, religious beliefs or creeds, or sexual orientation.

<table>
<thead>
<tr>
<th>Employment Type</th>
<th>Full-time</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>Male</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment Level</th>
<th>Management</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Male</td>
<td>59%</td>
<td>41%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age Group</th>
<th>&lt;30 years old</th>
<th>30-50 years old</th>
<th>&gt;50 years old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>60%</td>
<td>48%</td>
<td>27%</td>
</tr>
<tr>
<td>Male</td>
<td>40%</td>
<td>52%</td>
<td>73%</td>
</tr>
</tbody>
</table>

SPO’s management works to provide equality of opportunity to all of its employees wherever they are based and ensure that there is no discrimination on the basis of educational background, life experience or work experience. SPO aims to have a workforce that as far as practical reflects the diversity of the stakeholder communities in which its business units operate worldwide.

We continue to seek to encourage more women to join SPO fleet by creating a culture where women feel safe and are supported.
Employee Retention

SPO continuously strives to be an Employer of Choice, and were proud to have an industry-leading retention rate of 94.6% for seagoing employees (2015 figure). Due to the deteriorating market conditions, SPO had to make commercial decisions that led to the reduced number of operating vessels and subsequently sea and shore-based personnel. Despite this, SPO made every effort possible to save jobs, managing to retain 81% of sea staff employed in 2015.

For our shore-based employees, retention rates have been also higher than in the previous years, reflecting the industry downturn.

The high turnover rate in Australia is due to the small number of staff (13 in total) so due to the natural terminations, transfers to other business units and end of contract terms, the percentage seems inflated.

In order to reduce costs SPO introduced a number of measures which affected both sea and shore-based employees:

- Introduction of a Voluntary Unpaid Leave scheme to reduce costs while protecting jobs
- Pay freeze and bonus cuts
- Reduction in mariner pay scales and selective headcount reductions to reflect capacity reduction

We have, however, maintained our overriding commitment to safety and quality and, unlike some of our competitors, we have continued to invest in staff training and welfare. We recognise that our people are our most important assets and we have done our best to protect jobs and retain key talent.

Pay and Remuneration

SPO is an equal opportunity employer and all staff are hired based on their ability to do their job. We conduct regular reviews and SPO confirms that there is no instance of men and women with the same competence and/or experience being paid differential rates for performing the same work. This is true in both pay scales publicly offered and in actual remuneration received.

Remuneration is set according to the local market rates for specific skill sets and experience. Salaries are set by the internal Compensation and Benefits Department and in accordance with the local geographical market guidelines so that we can both attract and retain the best talent.

Executive pay is determined after discussions with external consultants, combined with the use of benchmarking data from similar organisations. For sea staff, pay negotiations are undertaken collectively with relevant international or national bodies, and administered under Collective Bargaining Agreements (CBA) in accordance with the ILO MLC 2006.

SPO does not provide performance-based pay, equity or shares as part of its remuneration packages regardless of seniority. Bonuses are awarded for performance on a discretionary but equitable basis. Pensions are provided as a minimum as per statutory requirements, and in some jurisdictions (e.g. with our Filipino seamen) in excess of statutory requirements. For expatriates the pension contribution rate is the same, at 20%, regardless of seniority.

Termination payments are made in accordance with local law/s and contracted notice periods. Specified notice periods globally may range from one month for more junior staff to three months for more senior staff.

Our People

Employee Retention / Pay and Remuneration

Shore Employee turnover rate in % by key locations

<table>
<thead>
<tr>
<th>Location</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>62%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>9%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>10%</td>
</tr>
<tr>
<td>Denmark</td>
<td>4%</td>
</tr>
<tr>
<td>Norway</td>
<td>0%</td>
</tr>
<tr>
<td>Philippines</td>
<td>14%</td>
</tr>
<tr>
<td>Singapore</td>
<td>28%</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>9%</td>
</tr>
</tbody>
</table>

SPO continuously strives to be an Employer of Choice, and were proud to have an industry-leading retention rate of 94.6% for seagoing employees in 2015.
Our People

Performance Management / Commitment to Training

Performance Management

All seafarers receive an open performance evaluation review conducted by the Master (and where relevant, the Chief Engineer) at the end of their tenure on board a vessel. The performance reviews for the Master and the Chief Engineer are conducted by the relevant Outport Manager/s where the vessel is stationed at the time of their signing off. The appraisal reviews such as the specific skills set, personal characteristics, teamwork and leadership qualities of the reportee, among others. The process identifies areas for improvement and training opportunities as well as individual strengths and these are fed into the recognition, reward and promotion programme.

For shore-based staff, performance management is undertaken at least annually using the internal SwireConnect® HR software package. Performance assessments include a review of performance against mutually established smart goals, and alignment against Swire values and defined job competencies. All shore-based staff employees in all locations undergo the performance appraisal process which is the key component of our performance culture.

Commitment to Training

SPO recruits, trains and develops its talented employees for the long term. The Company’s training policy emphasises the benefit (to both company and individuals) from investment in discretionary training over and above any non-discretionary statutory requirements, to enhance the quality, safety and professionalism of our operations. The Company made a significant investment in the Swire Marine Training Centre (SMTC) which was opened in Loyang in Singapore in 2007 by Mrs. Lim Hwee Hua, Senior Minister of State for Finance and Transport with oversight for the aviation and maritime industries. The training centre is the most advanced of its kind in the offshore industry and the first of such totally integrated facilities in Asia; it provides a focal point in the development of our sea staff within the company. SMTC has also provided maritime operations training for our “blue chip” clients, our class societies and our peer group on an ad hoc, on request basis.

The Training Centre’s facilities have the ability to fully simulate the integrated working environment of SPO’s range of classes and types of offshore support vessels in a safe, well managed, non-fuel expending setting. The simulators are used to provide discretionary training in safety management, anchor handling (from basic level through to teaching the advanced skills required for working in deeper waters on our highest horse powered vessels), dynamic positioning (both operationally and for system maintenance), electrical and control systems engineering and engine room operations.

In 2016, amid one of the worst downturns in the global oil and gas industry, our commitment to training and development of our sea staff remained high and unchanged. Over the 12 months we trained 739 seafarers at SMTC, on 99 separate courses for a total of 20,127 training hours. While in 2015 the numbers were a little higher (1,105 seafarers/148 separate courses/31,104 training hours), the decrease is directly related to the 19% reduction in our sea staff establishment. For sea-going personnel, the average number of training hours reduced slightly from 11.10 hours per person in 2015 to 9.50 hours per person in 2016 (these figures exclude all mandatory STCW courses).
In 2015, SPO shifted its focus further from external to internal training, using in-house training modules for our shore staff provided by our Business Improvement and HR Departments rather than external training providers. We did this as we believe that this will enhance our culture of investing in continuous learning while tailoring it to the specific needs of our business. These were combined with external courses in the areas outside of our internal competency areas.

We also invested in an online third-party learning platform that offers flexible learning modules for all staff on various business and non-business related topics. This was a significant investment for the group and demonstrates our commitment to training and development.

In line with this commitment and our Training and Development Plan, the training hours for our shore-based employees in Singapore in 2016 increased to 3,774 hours from 2,171 in 2015. The average number of training hours for shore employees in Singapore increased from 5.45 hours per person in 2015 to 19.35 hours per person in 2016. The average number of training for all shore-based employees in all locations was higher for management personnel.

SPO's Business Improvement ("BI") department aims to enhance safety, process efficiency and productivity. The improvement journey seeks to bring about incremental change in every aspect of the business, to ensure SPO continues to improve and perform as an industry-leading business. Central to the improvement journey is a company-wide departmentally-focused ‘GOALS’ programme and a more detailed “Greenbelt” programme which equips individuals with more advanced skills and training such as Lean Six Sigma methodology.

In 2016 SPO launched its inaugural Leadership Development Programme in Singapore. These programmes seek to equip leaders and managers within the organisation with the requisite leadership competencies and skills so that they can lead their teams more effectively. 48 employees took part in the learning journey towards leadership excellence in 2016 and plans are in place for wider and deeper engagement over the next few years.

SPO also launched new Learning Management System (LMS) on “SwireConnect®” as part of the Company’s continuing commitment to investing in its people. The new LMS system was launched in conjunction with Lynda.com, an industry leader in online training. Shore-based employees can now access an extensive selection of online courses on software, creative, and business skills on the new platform.

The addition of this learning portal allows shore-based employees (online connectivity to our fleet, via satellite cannot support this at present) to receive training, learn new skills, and acquire new knowledge at their own convenience beyond the formal classroom training.

<table>
<thead>
<tr>
<th>Shore Personnel World Wide</th>
<th>No. of training hours</th>
<th>No. of staff</th>
<th>Average no. of training hrs per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training hours</td>
<td>Management</td>
<td>2,274</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>Support</td>
<td>1,543</td>
<td>300</td>
</tr>
</tbody>
</table>

*breakdown by gender is not available

In 2016 SPO launched its inaugural Leadership Development Programme in Singapore. These programmes seek to equip leaders and managers within the organisation with the requisite leadership competencies and skills so that they can lead their teams more effectively.
Our People

Competence Assurance / Career Succession Planning

Competence Assurance

In order to ensure that SPO’s vessels were manned with dedicated qualified and proficient seagoing personnel, SPO established its in-house Competence Assurance Department (“CAD”) in April of 2013.

CAD helps to identify, monitor and arrange for the training requirement of officers and crew. This department ensures that we cover all necessary training needs, with courses delivered either internally or externally depending on the requirements. Training needs are also identified through Performance Evaluation Reports (PEV) and by our floating personnel during their visits on board.

The number of discretionary training programmes SPO provides for our seafarers is extensive and covers the following:

Discretionary External training:
- Preferred training to ensure safety of seafarers
- Training for introduction and familiarisation on company, e.g. specifically on the equipment our vessels use

Discretionary Internal training:
- SMTC training courses (covering Junior and Senior Safety courses, DP, Electrical etc.)
- Advancement Evaluation (assessment on eligibility for a promotion)

- United Marine Training Centre, Manila (developed by CAD): Culinary courses / Junior assessment
- Cadet induction courses
- On-the-job induction courses
- Cook Trainers and AB/Bosun Trainers
- Cadet programme
- Training captains

Training is provided on board SPO’s vessels by Training Captains and by running regular safety drills. SPO also provides discretionary back-deck training, on courses developed, and in dedicated training areas built, at our request, for our deck crew members to ensure they have safety spatial awareness in the hazardous environment specific to the offshore sector, at Training Centres in the Philippines.

In order to improve standards of service delivery, improve quality and reduce food waste, SPO employs Cook Trainers who are responsible for instructing our fleet’s cooks, with an emphasis on safe and hygienic practices in our vessels’ galleys. Cook Trainers also organise professional upskilling courses to increase ships’ cooks’ competence levels in order to provide better nutrition to our staff and our clients.

During 2016 SPO held nine courses at the United Marine Training Centre, Manila, Philippines, attended by 39 SPO (ASSM) and six Expat SPO cooks in West Africa (WAF). Along with the upgrade course, on successful completion SPO cooks obtained National Certificate 3 (Ship’s Cook). Our Cook Trainers have also been working on actively addressing the issue of unnecessary food ordering and waste.

Investment in SMTC, CAD, Training Captains and Cook Trainers together with our training courses and online learning platform are examples of SPO’s commitment towards ensuring a competent workforce to meet SPO’s vision of ‘Excellence in Marine Services’, in addition to helping to make SPO the Employer of Choice.

Career Succession Planning

Career succession planning is an important element of SPO’s strategy for achieving its future growth and success. Succession plans are developed for shore-based employees within their departments and outposts with the assistance of SPO’s Talent Management team; and for offshore positions by the Competence Assurance Department. Our Management Trainee programme and Leadership Development Programme are an important part of our succession planning for shore staff.

Some of our cooks with lead lecturer Chef A.J. Javier, about to take their new food culinary skills back into the fleet. The feedback was very positive, with attendees stating that “this training was one of a kind and my brain was squeezed”, “lots of knowledge gained that will inspire me in my culinary career”.

During 2016 SPO held nine courses at the United Marine Training Centre, Manila, Philippines, attended by 39 SPO (ASSM) and six Expat SPO cooks in West Africa (WAF). Along with the upgrade course, on successful completion SPO cooks obtained National Certificate 3 (Ship’s Cook). Our Cook Trainers have also been working on actively addressing the issue of unnecessary food ordering and waste.