

2019 - 2020 Modern Slavery Statement



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This is Pilbara Ports Authority's ('PPA') modern slavery statement for the reporting period ending 30 June 2020. This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) ('Act') and has been approved by the Board of Directors of PPA.

1. INTRODUCTION

An estimated 40.3 million people globally were victims of modern slavery in 2016, which included 24.9 million people in forced labour¹.

As seafarers are often from nations with human rights, labour rights and corruption challenges, the shipping industry has been identified as being vulnerable to the risk of modern slavery².

Although international vessel crews are not considered to be within PPA's operations and supply chains for the purposes of the Act, PPA works closely with the relevant authorities to address these issues if they are found within its ports.

PPA expects that port users will adopt appropriate measures to manage and mitigate this risk and take action to ensure these measures are effective.

Furthermore, the Commonwealth's legal and policy frameworks reflect its international obligations to address human trafficking and slavery. To this effect, the Act commenced on 1 January 2019, establishing a national modern slavery reporting requirement for reporting entities.

This statement therefore addresses PPA's obligations under the Act and relates to PPA's operations at all of the ports that it owns or operates (which presently are the Ports of Port Hedland, Dampier and Ashburton).

Modern slavery, as defined by the Act, includes conduct which would constitute:

- serious exploitation and includes trafficking in persons;
- slavery;
- servitude;
- forced marriage;
- forced labour;
- debt bondage;
- deceptive recruiting for labour or services; and
- the worst forms of child labour³.

The commonality of these offences is the deprivation of a person's liberty by another to exploit them for personal or commercial gain. PPA therefore recognises the responsibility and opportunity to improve the understanding of modern slavery within its workforce, supplier network, contractors and operations.

¹International Labour Office (ILO), Geneva, - Global estimates of modern slavery: Forced labour and forced marriage (2017) 9.

²Abigail McGregor, Norton Rose Fulbright, Modern Slavery and Human Trafficking reporting: the risk of modern slavery in maritime supply chains.

³The 'worst forms of child labour' means situations where children are subjected to slavery or similar practices or engaged in hazardous work.

This responsibility is reflected in a number of respects in PPA's systems and processes – not only in training that it provides to its workforce but more importantly in PPA's values:

EXCELLENCE

Be the best in all we do

RESPECT

In all our dealings

INTEGRITY

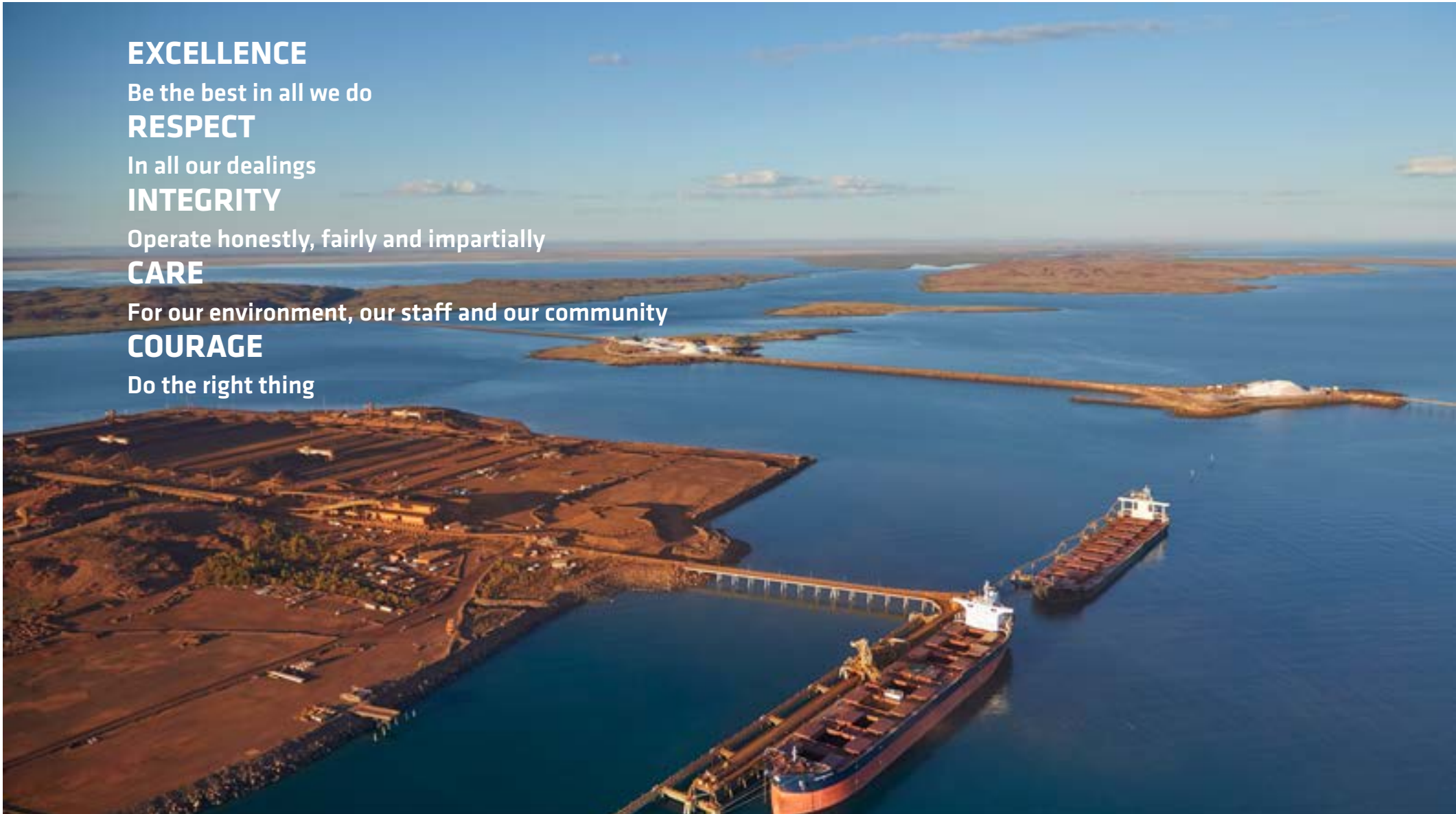
Operate honestly, fairly and impartially

CARE

For our environment, our staff and our community

COURAGE

Do the right thing



2. STRUCTURE, OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY

2.1 Structure

PPA was established on 1 July 2014, as a result of the *Ports Legislation Amendment Act 2014 (WA)* which resulted in the amalgamation of the former port authorities of Dampier and Port Hedland. PPA operates as a State Government Trading Enterprise and is governed under the *Port Authorities Act 1999 (WA)* ('PAA').

PPA operates as a corporatised entity with a board of directors that reports to the Minister for Ports. PPA's operations encompass the ports of Dampier, Port Hedland and Ashburton. PPA also has a corporate office located in Perth. PPA employs approximately 260 people across its sites.

2.2 Operations

PPA's port operations can be divided into four categories, being:

- the carrying out of port activities which includes the movement, mooring and the handling and storage of goods within its ports;
- the carrying out of port works which includes designing, constructing, extending, maintaining, removing or demolishing maritime or other structures and reclaiming land from the sea or a river for port purposes;
- the provision of port services which includes dredging, pollution management, security, pilotage, towage, vessel movement control, emergency response, shore stabilization and waste management services; and
- the provision, management or operation of port facilities such as maritime structures and other buildings, railways and machinery, equipment, vessels, vehicles and aircraft.

As part of PPA's provision and management of port facilities, PPA also leases and licences areas within its ports.

Under the PAA, PPA is required to:

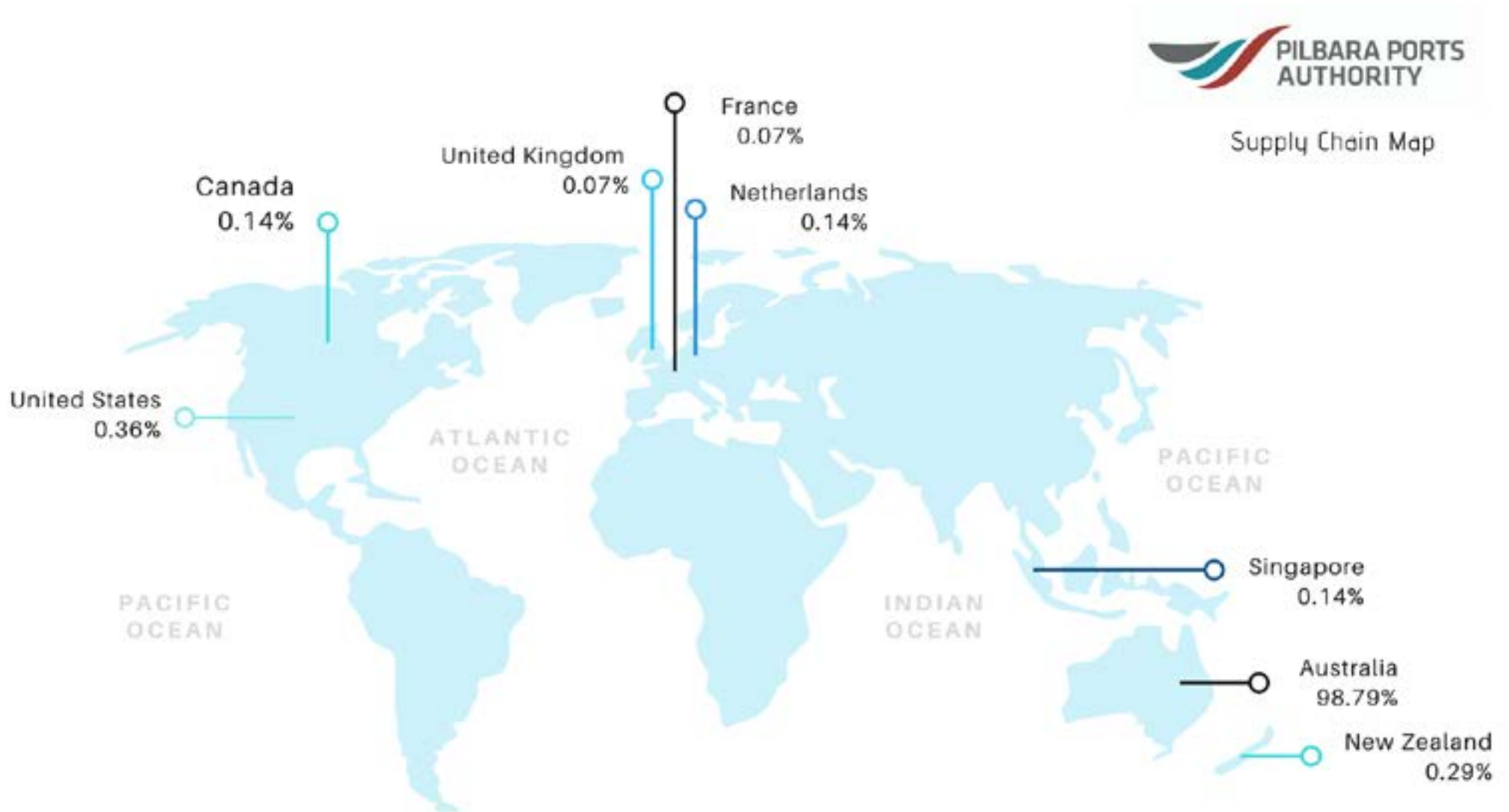
- be responsible for maintaining port property;
- be responsible for port security;
- be responsible for the safe and efficient operation of the ports;
- control business and other activities in the ports or in connection with operation of the ports;
- facilitate trade within and through the ports;
- minimise the impact of port operations on the environment;
- plan for future growth and development of the ports;
- protect the environment of the ports; and
- undertake or arrange for activities that will encourage and facilitate the development of trade and commerce for the economic benefit of the State through the use of its ports and related facilities.

Efficient processes at PPA's ports enable port users to maximise trade opportunities.

PPA has reached significant operational milestones in recent years, with an average annual growth rate of 4.9 per cent per annum over the last five years. In the FY2019/20, PPA achieved an annual throughput of 717.2Mt. This demonstrates its capability to increase volumes of product to be exported, both through its own efficiency initiatives and port improvement activities as well as the integration of new developments by port users.

2.3 Supply Chains

The map below depicts the percentage of PPA's contracts broken down geographically according to the country in which the entity is registered for business. In FY2019/20, 98.79 per cent of PPA's contracts were with Australian registered entities.



The 2018 Global Slavery Index ('GSI') created by the Minderoo Foundation Pty Ltd, provides a global ranking of the number of people in modern slavery, as well as an analysis of the actions by governments in responding to modern slavery. The GSI global ranking ranges from 1 to 167, with 1 being the country with the highest prevalence of modern slavery and 167 being the country with the lowest prevalence of modern slavery.

The GSI also ranks countries on government response to modern slavery based on eight indicators of good practice including legislation adopted, support to victims and the application of labour standards to vulnerable populations. The GSI government response is graded from AAA to D, with AAA being the highest and D the lowest standard of good practice.

The table below depicts the GSI global ranking and GSI government response rating of each country in which PPA has direct suppliers.

COUNTRY	GSI GLOBAL RANKING (1-167)	GSI GOVERNMENT RESPONSE RATING
Australia	163	BBB
Canada	166	BB
New Zealand	164	BBB
Singapore	97	CCC
Netherlands	143	A
United Kingdom	132	BBB
France	136	BBB
United States	158	BBB

Based on the GSI government response rating, PPA's suppliers are mainly from countries that have implemented key components of a holistic response to some forms of modern slavery, with victim support services, a strong criminal justice response, evidence of coordination and collaboration, and protections in place for vulnerable populations.

The main types of goods and services procured by PPA in the reporting period can be broken down into the following categories:

- specialised marine services;
- maintenance, inspection and repair services to PPA's port facilities;
- engineering and infrastructure works and services;
- information and communication technology; and
- supply of general goods and services.

The commercial arrangements PPA has with its suppliers differ due to the wide range of goods and services procured.

The main types of commercial arrangements are:

- one-off, short-term procurement activities;
- longer term contracts;
- service provider licences;
- fixed-term construction agreements; and
- consulting agreements.

3. RISKS OF MODERN SLAVERY IN GLOBAL OPERATIONS AND SUPPLY CHAINS

During the reporting period, PPA undertook a risk assessment to identify how it may cause, contribute to or be directly linked to modern slavery practices through its operations and supply chain.

PPA has identified that modern slavery risk factors could arise in its operations and supply chains from:

- low level of control or governance over vendor selection when direct purchasing (particularly through the use of purchase orders);
- goods or services being procured from high-risk countries or jurisdictions;
- goods or services being procured from vendors who might have exploited vulnerable workers or exploitation might have taken place in the vendor's supply chain;
- goods or services being procured from high-risk categories and/or business models structured around high-risk work practices; and
- poor or insufficient vetting of vendors when awarding contracts.

Crews on vessels from other jurisdictions using a port could possibly be exposed to modern slavery.

Although international vessel crews are not considered to be within PPA's operations and supply chains, PPA works closely with the relevant authorities to address these issues if they are found within its ports.

PPA expects port users will adopt appropriate measures to manage and mitigate this risk and take action to ensure these measures are effective.

4. ACTIONS TO ADDRESS RISKS

Modern slavery risks are managed by a number of means, including creating awareness and understanding amongst port employees of PPA's activities that could be linked to modern slavery.

A thorough due diligence process has been adopted to identify and assess actual and potential modern slavery practices. This includes identification and tracking of actions as well as communicating the process findings within the organisation and externally on the Department of Home Affairs' online register for modern slavery statements.

Even though no increase in the risk of modern slavery practices in PPA's operations and supply chain due to the coronavirus pandemic ('COVID-19') has been identified in this reporting period, PPA is committed to:

- continuously monitoring the impact COVID-19 may have on its operations and supply chain;
- working with relevant authorities, port proponents and port users to ensure that there is no increase in the risk of crews on vessels from other jurisdictions using a port being exposed to modern slavery as a result of COVID-19 implications.

PPA's procurement and tendering processes, particularly for larger publicly tendered works or contracts are evaluated, subject to review and approval from relevant delegated authorities within our organisation, and as part of our internal audit program.

Moving forward, additional controls will be implemented for goods and services purchased from high risk categories as well as procuring goods and services from high risk countries or jurisdictions.

This will be achieved by amendments to PPA's current contract clauses and tender documentation.

A vendor management framework and vendor management procedure has been developed and the key objectives of the framework and procedure are to:

- clearly define the accountability and responsibility for each party within each step in the vendor management process;
- assist PPA in identifying and managing risks associated with the outsourcing of work or the provision of goods or services to third parties; and
- assist our personnel with key roles in the process to fulfil their responsibilities in initiating, developing and managing contracts or the engagement of licensees and licensee management.

PPA has committed to providing awareness training regarding modern slavery risks. It is expected that this training will be delivered organisation wide, with annual refreshers for key personnel involved in procurement activities and engagement of vendors.

The training is broken into three modules which cover:

- Module 1: Introduction to the prevention of modern slavery
- Module 2: Preventing the use of modern slavery in supply chains
- Module 3: Australia-wide modern slavery laws

The introduction of the vendor management framework, vendor management procedure and modern slavery training should lead to:

- adopting a high level of corporate governance;
- developing well-established practices and policies; and
- ensuring skilled personnel conduct our procurement and contract development, negotiation, and award.

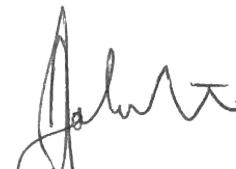
PPA's external complaints procedure through its website is the grievance mechanism to enable remediation. Furthermore, PPA will work closely with the relevant authorities to assist in any alleged modern slavery investigations, and support port users if modern slavery occurs in their supply chains.

5. EFFECTIVENESS ASSESSED

PPA's risk assessment process includes the assessment of the effectiveness of the proposed actions.

A process for spot audits of high-risk vendors and an annual review process of high-risk categories and countries will be developed and implemented to provide assurance that the controls are effective.

Findings from those reports will be incorporated into PPA's processes to prevent and mitigate the risk of modern slavery practices.



Roger Johnston
CHIEF EXECUTIVE OFFICER

Date: 04 December 2020



Brad Geatches
CHAIRMAN

Date: 04 December 2020