



FREMANTLE PORTS
Modern Slavery Statement 2019-20

Fremantle Ports' *Modern Slavery Statement* for the reporting period ending 30 June 2020 is made pursuant to the *Modern Slavery Act 2018 (Cth)* ('Act') and has been approved by the Board of Directors.

1. INTRODUCTION

Fremantle Ports is committed to the highest levels of ethical business practices and committed to understand and reduce the potential risk of modern slavery existing within its supply chains. The establishment of the Act has helped to increase awareness of the risk of modern slavery in global supply chains and Fremantle Ports is committed to identifying and addressing those risks. We recognise that the shipping industry within which we operate has been recognised as vulnerable to risks of modern slavery.

Fremantle Ports' *Modern Slavery Statement* addresses Fremantle Ports' obligations under the Act related to its operations within the Fremantle Inner Harbour and at Kwinana Bulk Terminal (KBT) and Kwinana Bulk Jetty (KBJ) in the Outer Harbour.

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
- » the worst forms of child labour (meaning situations where children are subjected to slavery or similar practices or engaged in hazardous work).

These offences deprive a person of their liberty by exploitation for personal or commercial gain. Fremantle Ports acknowledges its responsibilities and the opportunity to improve the understanding of modern slavery within its workforce, supplier network, contractors and operations.

This responsibility is reflected in several respects in Fremantle Ports' systems processes and values.

An aerial photograph of Fremantle Port in Perth, Australia. The port is a large industrial area with numerous shipping containers, cranes, and large buildings situated along the coast. The water is a deep blue, and the surrounding city of Perth is visible in the background, extending to the water's edge. The sky is clear and blue.

OUR VALUES ARE:

- » respect and integrity
- » safety and wellbeing
- » responsiveness and delivery
- » continuous improvement
- » innovation
- » sustainability

OUR DEFINING PRINCIPLES COMPLEMENT OUR VALUES AND IMBUE OUR WHOLE APPROACH TO WHAT WE DO. IN THIS MANNER, WE STRIVE TO:

- » deliver with excellence
- » be energetic and optimistic
- » be future-focused
- » be a trusted partner

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

2.1 STRUCTURE

Fremantle Ports is the strategic manager of the Port of Fremantle. Fremantle Ports is a Government Trading Enterprise responsible to the Minister for Ports and is governed under the *Port Authorities Act 1999* (WA) (PAA). Fremantle Ports' governing body is a Board of Directors appointed by and responsible to the Minister for Ports. The Board sets the strategic direction of Fremantle Ports, agrees on goals for management and monitors the achievement of those goals. The Chief Executive Officer is appointed by the Board and is responsible for day-to-day management.

Under the PAA, Fremantle Ports controls and manages the Inner Harbour, KBJ and KBT. Fremantle Ports is responsible for maintaining port property, port security, operating the ports, facilitating trade, minimising the impact of port operations on the environment, planning for future growth and development of the ports for the benefit of the state.

2.2 OPERATIONS

Fremantle Ports' Inner Harbour has served Western Australia's (WA) maritime trade needs effectively since 1897 and continues today as the fourth largest and one of the most efficient container ports in Australia. As well as the container trade it handles cruise ships, vehicle imports and non-containerised cargo such as machinery, steel, heavy equipment, livestock, and scrap metal.

In the Outer Harbour, bulk commodities, including bauxite, grains, petroleum products, silica sands, bitumen, fertilisers and sulphur, are handled. KBJ and KBT are owned and operated by Fremantle Ports, while separate facilities in Cockburn Sound are privately operated by Alcoa, BP and CBH Group.

Under the PAA, Fremantle Ports licenses a range of port services, including non-exclusive contracts with the private sector for towage and pilotage.



FREMANTLE PORTS PROVIDES AND MAINTAINS:

- » shipping channels
- » navigation aids
- » seawalls
- » road and rail infrastructure
- » supporting infrastructure to allow the port, its users and tenants to conduct their operations.

OTHER SERVICES PROVIDED BY FREMANTLE PORTS INCLUDE:

- » ship monitoring and scheduling
- » berth allocation
- » mooring
- » port communications
- » security
- » pilot transport over water
- » hazardous cargo services
- » quarantine
- » waste disposal
- » property management services
- » stevedoring
- » bulk terminal receipt and dispatch.

THE PRIVATE SECTOR PARTNERS WITH FREMANTLE PORTS IN THE PROVISION OF OVERALL PORT SERVICES BY DELIVERING:

- » container stevedoring
- » non-containerised and bulk cargo stevedoring
- » towage
- » line boats
- » bunkering
- » shipping agencies
- » ship provisioning
- » road and rail transport
- » freight forwarding
- » customs clearance and fumigation.

2.3 SUPPLY CHAINS

The main types of goods and services procured by Fremantle Ports in the reporting period fit into these categories:

- » fixed assets and infrastructure
- » mobile rail and mechanical
- » facilities and marine services
- » professional services
- » technology.

The commercial arrangements Fremantle Ports has with its suppliers differ due to the wide range of goods and services procured. The types of commercial arrangements for goods, works and services are:

- » service provider licences
- » standing offer agreements
- » one-off contracts.

Country of origin risk

During the reporting period, 98.42% of Fremantle Ports' 569 pre-qualified suppliers were with Australian registered entities. According to the Global Slavery Index 2018, the prevalence of modern slavery in Australia is less than 0.06%.¹ It is important to recognise that although the supplier may be based in Australia, the source of the majority of their goods or commodities is likely to be overseas.

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

During the reporting period, Fremantle Ports completed a Modern Slavery Supplier Risk Assessment to identify how it may cause, contribute to or be directly linked to modern slavery practices through its operations and supply chain.

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

- » goods or services being procured from high-risk countries or jurisdictions or being made with materials whose production is high risk
- » goods or services being procured from vendors where exploited vulnerable workers or exploitation may have taken place in the vendor's supply chain
- » immature governance and management processes to identify and mitigate risk at vendor, contracting and other stages of the procurement process.

It is well known in the shipping industry that seafarers are at high risk of modern slavery as they are often recruited from nations with human rights, labour rights and corruption challenges.² Over the next reporting periods, Fremantle Ports will consider how it can best work with industry participants and other organisations to address the risks for seafarers, particularly in relation to the crews of ships that use Fremantle Ports' facilities.

The overall risk of modern slavery in the first tier of Fremantle Ports' supply chain is considered to be relatively low (tier 1 suppliers are those that deal directly with Fremantle Ports) as 99% of the total value of expenditure is made through companies based in Australia, where strong regulation and good business governance prevails. However, it is likely that many of those suppliers source goods and services from higher risk jurisdictions and we continue to build an understanding of our supply chain to identify those risks. At the same time, in our first-tier Australian suppliers, we identify cleaning and property maintenance as being at higher risk of modern slavery.

In addition, risks of modern slavery are likely to be elevated deeper within our supply chain. We have identified IT and electronic equipment, food, garments and the use of rubber as categories of goods in our supply chain that are typically associated with higher levels of exploitation and human rights abuses. Tracing sources and taking action to mitigate these issues will form part of our ongoing continuous improvement program and make a significant difference to the overall risk of slavery within the Fremantle Ports supply chain.

¹ Global Slavery Index, Walk Free, Minderoo Foundation at <https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>

² Abigail McGregor, Norton Rose Fulbright, Modern Slavery and Human Trafficking reporting: the risk of modern slavery in maritime supply chains at <https://www.nortonrosefulbright.com/en-pk/knowledge/publications/b87356e9/modern-slavery-and-human-trafficking-reporting-the-risks-of-modern-slavery-in-maritime-supply-chains>

4. ACTIONS TO ADDRESS RISKS

Fremantle Ports has an emphasis on strong procurement governance, the use of effective procurement and contracting processes, and the application of contracts that reflect the obligation of parties to abide by all human rights requirements; this helps us to mitigate modern slavery risks. At the same time, Fremantle Ports expects port users will also adopt appropriate measures to manage and mitigate modern slavery risks and take action to ensure their measures are effective. This section addresses how Fremantle Ports has begun, and over the next reporting periods will continue, to work to improve its governance and procurement policies and processes to ensure these standards and expectations are being met.

Actions being taken to effectively control modern slavery risks include:

- Fremantle Ports' procurement and tendering processes, particularly for larger publicly tendered works or contracts, are evaluated and are subjected to review and approval from relevant delegated authorities within our organisation, and as part of our internal audit program.
- A contract management framework and supplier performance management procedure cover the following key objectives:
 - » clearly define the accountability and responsibility for each party within each step in the contract management process
 - » assist Fremantle Ports in identifying and managing risks associated with the outsourcing of work or the provision of goods or services to third parties
 - » 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.
- The Board and Executive Leadership Team are committed to work closely with the relevant authorities to assist in any alleged modern slavery investigations, and support port users in efforts to reduce modern slavery if it occurs in their supply chains.

The following table summarises actions being undertaken to improve controls that address modern slavery risks.

| Topic | Action |
|--|--|
| Communication | Communicate the Act's requirements and actions to the Board/Audit and Risk Management Committee/Executive Leadership Team. |
| | Provide general communication to Fremantle Ports' staff about the requirements of the Act. |
| Supplier questionnaire | Progressively introduce issuing of a questionnaire to Fremantle Ports' high-risk suppliers, seeking more detail on their approach to modern slavery. |
| Procurement documentation and policies | Undertake a review of policies and procedures to ensure clear reference to human rights and the risks of modern slavery. |
| | Update tendering documentation to include a requirement for suppliers to demonstrate strong procedures to mitigate the risk of slavery and for such requirements to be evaluated as part of the supplier selection process. |
| | Review contractual templates and documentation to ensure breaches of human rights are of a material nature and that companies have an obligation to identify and mitigate risks in their own organisations and supply chains. |
| Training and communication | Provide 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. |
| | <p>Outcomes:</p> <ul style="list-style-type: none"> » Ensure relevant staff, for example, those involved in procurement, are aware of the Act and the risk of modern slavery throughout the supply chain. » Ensure all personnel who may participate in the procurement process have received training. |
| Working group | <p>Consider the development and implementation of an internal working group/committee to oversee compliance with the Act and action implementation.</p> <p>Consider how best to work with industry participants and other organisations to address the risks for seafarers, particularly in relation to the crews of ships that use Fremantle Ports' facilities.</p> |

The objectives of Fremantle Ports' modern slavery risk treatment are to:

- » reduce modern slavery in our supply chain or where we have influence
- » adopt a high level of corporate governance to effectively manage the risk
- » develop well-established practices and policies
- » ensure skilled personnel conduct our procurement and contract development, negotiation, and award processes.

5. EFFECTIVENESS ASSESSED

Fremantle Ports' enterprise risk management framework risk assessment process includes assessment of the effectiveness of the proposed actions and monitoring their implementation, including verifying that:

- » information or training about the risks of modern slavery is provided to relevant staff
- » high-risk suppliers receive a self-assessment questionnaire
- » policies and procedures are reviewed
- » contractual templates are reviewed and controls for risks of modern slavery are incorporated
- » outcomes from risk assessments, including control effectiveness assessments, are incorporated into Fremantle Ports' systems of internal control to prevent and mitigate the risk of modern slavery practices.

Signed in accordance with a resolution of the Board made on 19 March 2021

A handwritten signature in black ink, appearing to read 'S. Craig', with a long horizontal flourish extending to the right.

Sean Craig
Acting Chief Executive Officer



FREMANTLE PORTS

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