



Modern Slavery Statement 2021

Table of contents

1	POLICY	4
2	EXECUTIVE SUMMARY	5
3	INTRODUCTION	6
3.1	MODERN SLAVERY	6
3.2	OUR OBJECTIVE.....	6
3.3	OUR MODERN SLAVERY OBLIGATIONS	6
4	OUR BUSINESS	7
4.1	REPORTING ENTITY	7
4.2	STRUCTURE, OPERATIONS AND SUPPLY CHAINS.....	7
5	OUR RISKS OF MODERN SLAVERY	8
6	OUR BUSINESS	9
6.1	ACTIONS IN 2021	9
6.2	CASE STUDY – LOCAL SUPPLIER WITH OVERSEAS BASED MANUFACTURING FACILITY.....	10
6.3	2022 PLANNED ACTIONS.....	11
6.4	COMPLAINTS, DISCLOSURES	11
6.5	REMEDATION	11
7	OUR ASSESSMENT OF EFFECTIVENESS	12
7.1	PERFORMANCE AND REPORTING	12
8	OTHER RELEVANT CONSIDERATIONS	14



Revision history

Date	Review	Definition
28/1/2022	1	First draft
8/2/2022	2	Issued to Audit and Risk Committee for endorsement
15/3/2022	3	Issued to Board for approval



1 POLICY



PORT WARATAH
COAL SERVICES

Modern Slavery Policy Statement

Port Waratah believes that ensuring there is no slavery, servitude or debt bondage in our organisation, or its supply chains, is core to maintaining its social licence to operate. Port Waratah will demonstrate this commitment by striving to continuously improve our identification, assessment and management of modern slavery risk and operate within a sustainable and responsible supply chain.

Port Waratah is committed to:

- Our values and our 5 Drivers for Success, which includes the Licence to Operate (LTO) framework.
- Providing the leadership, training and coaching required to ensure elimination of forced labour, child labour, debt bondage, minimum wages abuse, immigration rule breaches or other deprivations of civil liberties including human trafficking or forced marriage from our operations and global supply chain.
- Protecting the rights of all stakeholders and the global community from which Port Waratah sources materials and services in accordance the United Nations Guiding Principles on Business and Human Rights.
- Establishing modern slavery objectives, targets and improvement programs which will drive continual improvement in outcomes and meet or exceed the minimum standards in the *Modern Slavery Act 2018* (Cth).
- Identifying, assessing and managing modern slavery risks that may arise early in the purchasing and tender evaluation processes, prior to contract award and periodic reassessment.
- Managing our operations in compliance with all applicable laws, regulations and statutory requirements.
- Reporting on and publishing our performance on an annual basis.
- Contributing to the achievement of the United Nation's Sustainable Development Goals, in alignment with the priorities of our business strategy, and using the Global Reporting Initiative Standards as a guidance tool.
- Engaging in a meaningful way, encouraging and supporting our people, contractors, suppliers and other stakeholders to participate in programmes to improve outcomes.

Port Waratah expects **EVERYONE** – employees, contractors, suppliers and other stakeholders to take personal responsibility to comply with this Policy, hold each other to account, and report any areas of concern in accordance with our Whistleblower Policy.

A handwritten signature in blue ink, appearing to read 'Hennie du Plooy'.

Hennie du Plooy
CHIEF EXECUTIVE OFFICER



2 EXECUTIVE SUMMARY

Port Waratah believes all employees, contractors, suppliers, customers and other stakeholders have a responsibility to make all reasonable enquiries and take all reasonable steps to eliminate slavery, servitude or debt bondage in our organisation and its supply chain.

Port Waratah adopts the Modern Slavery Act 2018 (Cth) definition of modern slavery, including the eight types of serious exploitation, each of which has a clear definition in law. We have a responsibility to work collaboratively with our employees, contractors, suppliers, customers and other stakeholders to increase our understanding of modern slavery risks and the role we can play in seeking to address them.

The risk of exploitation is increased whenever or wherever people are most vulnerable. As for many companies fortunate to operate in Australia, the most significant modern slavery risks are likely to be in its global supply chains, rather than its local operations. Over 25 million people are estimated to be exploited in global supply chains and the COVID-19 pandemic has increased risks faced by many already vulnerable people. The pandemic has seen declining demand in some sectors (eg hospitality and catering) and surging demand in others (eg personal protective equipment or medical supplies) which have both served to increase exploitation risks.

During 2021, Port Waratah again demonstrated how it undertakes ongoing modern slavery due diligence through supplier screening, assessing actual and potential modern slavery risks, acting upon findings, tracking responses, and communicating how risks are being addressed in this report.

Looking forward to 2022, we will focus on stretching our supply chain influence by seeking to work collaboratively with likeminded companies on this challenge, continue our due diligence program and target our efforts by completing deeper due diligence reviews on higher risk suppliers.

Port Waratah is committed to continuous improvement in the way we work with all our suppliers to minimise the risks of modern slavery and seek a shared commitment to the continuous improvement journey from our stakeholders.

This statement was approved by the Board of Port Waratah Coal Services Limited on 22 March 2022.



STEFANIE LOADER
DIRECTOR



HENNIE DU PLOOY
CHIEF EXECUTIVE OFFICER



3 INTRODUCTION

3.1 MODERN SLAVERY

Modern slavery is the act of depriving another person of their liberty by exploiting them for commercial gain. Modern slavery can be either state-sponsored, or employer controlled. In some instances, intermediaries such as employment agencies, brokers, or even criminal gangs can be interposed.

3.2 OUR OBJECTIVE

Port Waratah believes that ensuring there is no slavery, servitude or debt bondage in our organisation or its supply chains is core to maintaining its social licence to operate. Port Waratah believes all employees, contractors, suppliers, customers and other stakeholders have a responsibility to make all reasonable enquiries and take all reasonable steps to eliminate slavery, servitude or debt bondage in our organisation and its supply chain. Port Waratah will demonstrate this commitment by striving to continuously improve our identification, assessment and management of modern slavery risk and operate within a sustainable and responsible supply chain.

Port Waratah's Modern Slavery Policy is underpinned by our values, business drivers, Code of Conduct and Whistleblower Policy. Further information about Port Waratah's values and Business Principles can be accessed on our website.

3.3 OUR MODERN SLAVERY OBLIGATIONS

This modern slavery statement is prepared by Port Waratah in accordance with the requirements of the *Modern Slavery Act 2018* (Cth). It describes the risks of modern slavery practices in our operations and supply chain and the steps we are taking to minimise these risks.

The reporting period for this statement is 1 January to 31 December 2021.

The Modern Slavery Act 2018 (Cth) (the Act) identifies six relevant mandatory criteria which Port Waratah's modern slavery statement must address. The modern slavery statement must:

1. Identify the reporting entity (section 4.1);
2. Describe the reporting entity's structure, operations, and supply chains (section 4.2);
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity (section 4.3);
4. Describe the actions taken by the reporting entity to assess and address these risks, including due diligence and remediation processes (section 5);
5. Describe how the reporting entity assesses the effectiveness of these actions (section 6); and
6. Any other information the reporting entity considers relevant (Section 7).



In addition, the UN Guiding Principles on Business and Human Rights outline that businesses have a responsibility to respect human rights, which includes acting to prevent, mitigate and, where appropriate, remedy modern slavery within operations and supply chains.

4 OUR BUSINESS

4.1 REPORTING ENTITY

Port Waratah Coal Services Limited (ABN 99 001 363 828, Port Waratah) is an unlisted public company. There are no active subsidiaries or other members of the reporting entity.

4.2 STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Port Waratah delivers high-quality, reliable and flexible services to our customers in the Hunter Valley Coal Chain. We own and manage the Kooragang and Carrington Coal Terminals, and have been receiving, stockpiling, blending and loading coal for export at the Port of Newcastle for over 40 years. In 2021, we received by train, stockpiled, blended and loaded 111.3 million tonnes of coal onto 1,279 vessels for export, across our Carrington and Kooragang Terminals.

We have approximately 330 employees working across our business, operating our terminals 24 hours per day, 7 days a week. Our operations are supported by skilled contractors providing labour, incidental materials and services. We made payments to more than 400 contractors and suppliers in 2021, with the largest spend categories being engineering, maintenance, repairs and operational support.

We support the local economy by employing and procuring services locally and collaborating with suppliers to build long-term partnerships that deliver both for our customers and our stakeholders by improving our social licence to operate. One hundred percent of our direct suppliers were Australian suppliers in 2021. Of those suppliers, only 12% were based outside of NSW, with 78% based in the Hunter and Central Region and the remaining 10% based elsewhere in NSW. Port Waratah are working with contractors to better understand risks within their own supply chain, especially where contractors are sourcing from overseas suppliers, where we have historically had limited direct line of sight.

Our Procurement Strategy is built on having an environmentally and socially sustainable supply chain. All contractors are required to undergo an accreditation process, including an assessment of their policies and procedures to ensure adequate health and safety and environmental management systems are in place. A review of our contractors, based on performance expectations, including safety, environmental and other agreed performance targets, is conducted every 12 months. When procuring goods and services from suppliers we consider social and environmental impacts in purchasing decisions with a focus on maintaining safety and quality, protecting the environment and human health, saving energy, minimising waste, conserving



resources and complying with modern slavery obligations. Our contractors and suppliers are also expected to abide by our Code of Conduct, which is available on our website.

Visit our website for more information about us and what we do.

5 OUR RISKS OF MODERN SLAVERY

Our direct procurement sources are predominately based domestically.

Our risk assessment identifies examples of the types of modern slavery risks we consider, human rights-related risks are associated with our materials (goods) supply chains, including materials supplied through contractors, and in professional services provided.

Examples of the types of modern slavery risks we consider are:

- wages, penalties, working hours and conditions;
- freedom of association;
- forced or compulsory labour and debt bondage;
- child labour; and
- deceptive recruitment of labour and human trafficking.

The identified higher risk materials and supplies include:

- Overseas commodities such as equipment and base materials;
- Extruded Plastics;
- Electrical components, cables and processing units;
- Technology hardware;
- Conveyor belting and parts;
- Tyres;
- High-wear ceramics;
- Bulk materials - fuels, oils, acids; chemicals;
- Consumables;
- Tools;
- Personal protective equipment; and
- Office supplies.

Moderate risk professional services contractors include cleaning, security and construction.

Port Waratah seeks to proactively mitigate modern slavery risks through the purchasing, tender evaluation and contract review processes. Suppliers are requested to undertake Port Waratah's Self Assessment Questionnaire (SAQ) which has been developed using the toolkits of Minderoo and Walk Free Foundations.



In the event a modern slavery risk remains elevated after completion of an SAQ, further direct engagement with the supplier is undertaken. The supplier is required to provide further information and/or requested to improve their sourcing practices. Port Waratah would only seek alternative supply source if it is unable to establish a collaborative supplier relationship focused on continuous improvement. No suppliers have been terminated to date due to modern slavery risks.

Additional risks associated with international coal supply chain participants are acknowledged, but outside Port Waratah's direct sphere of influence, refer to Section 8 for other relevant considerations.

6 OUR BUSINESS

6.1 ACTIONS IN 2021

Building on the work completed in 2020, in 2021 we launched our revised procurement strategy. The strategy includes elements of ISO20400: Sustainable Procurement framework and emphasises the need for Port Waratah, and its suppliers, to improve supply chain transparency and deliver outcomes. The ISO framework also brings together the concepts of collaboration and due diligence from the UN Guiding Principles of Human Rights and Business and is aligned with the UN Sustainable Development Goals. Our procurement strategy outlines a continuous improvement journey and sustainability goals including:

- Maintaining of a register of our pre-qualified suppliers;
- Ranking of suppliers and their sustainability credentials; and
- Working with key suppliers regarding whole of life 'recycling' product programs.

In 2021, we continued our due diligence program receiving responses and clarifications arising from SAQ's. Based on our engagement to date, only one supplier had a well-established ethical sourcing program requiring certain higher risk sub-contractors to undergo Sedex Members Ethical Trade Audit (SMETA) 4 Pillar independent audits on an annual basis.

Aside from continuing our due diligence program, other actions in 2021 included:

- Reviewing our security and cleaning contractor's systems (contracts and payslips) to ensure compliance;
- Conducting contractor enquiries to understand their indirect material risks and their subcontractors supply chains;
- Rolling out training for employees, contractors, suppliers and other stakeholders;
- Investigated opportunities to utilise vendor risk software and establish a resources consortium to pool effort; and
- Published our second Modern Slavery Annual Statement and lodged this with the Australian Border Force for the first time.



Due to the impact of COVID-19, some of the planned actions for 2021 described in the 2020 statement were temporarily delayed due to strains in the supply chain, reduced face-to-face engagement opportunities and necessary changes to the supplier base. These planned actions are included in 2022 planned actions below.

6.2 CASE STUDY – LOCAL SUPPLIER WITH OVERSEAS BASED MANUFACTURING FACILITY

As part of our risk assessment processes, an SAQ was sent to an Australian based supplier of equipment that manufactures its equipment overseas. Their initial response was prepared locally and raised more questions than it answered. Initial responses included comments that the overseas facility “complies with all Chinese Labour Laws.” Concerningly, the initial response also noted that the overseas facility “only fines workers when they don’t comply with company policy or code of conduct, for example smoking or sleeping in workshop.”

After raising concerns about the quality and detail of their response, Port Waratah was able to escalate the matter to the General Manager who coordinated a more thorough response with their overseas facility. The overseas facility was more forthcoming with information about their actions to reduce modern slavery risks, including providing English translations of the following Chinese language company documents:

- Anti-discrimination management system
- Corrective and preventive action control procedures
- Human resource control procedure
- Occupational health and protection control procedures for women workers
- Prohibition of child labour and child labour rescue procedures
- Prohibition of forced labour management procedure

The revised response also provided additional detail, including;

- their ISO 45001 Occupational Health and Safety Management System, including taking on the responsibility for their systems affecting all workers who operate on their behalf, including using only ISO 45001 certified suppliers.
- established regulations and control procedures, including Chinese government policies, relevant to employee health, female workers protection and prohibition of child labour and child labour rescue procedures.
- their intention to document formal policies and processes to identify and investigate the risk of modern slavery.
- clarification that fines are limited to reductions in bonus payments, where employees have repetitively refused to comply with company policies, procedures, codes of conduct, or Health and Safety requirements.
- their conduct of an annual internal audit on Human Resources.



In 2022, we plan to follow up on this supplier's progress in documenting formal policies and processes to identify and investigate the risk of modern slavery and clarify whether the child labour rescue procedures have been activated in response to any recent incidents. We also plan to discuss potential improvements to anonymous grievance mechanisms and modern slavery outcomes achieved following findings from their most recent audits.

6.3 2022 PLANNED ACTIONS

The planned program is:

- to stretch our supply chain influence by working with likeminded companies to explore and combine our collective efforts (eg investigating the use of vendor risk software and establishing a consortium to pool efforts);
- continue our due diligence program with an emphasis on moderate and higher risks;
- target efforts by focusing deeper due diligence reviews (at least one locally based and one overseas based) on higher risk suppliers;
- commence a communications and engagement campaign to stimulate Leaders awareness and responsibilities regarding modern slavery;
- review and refine our performance measures; and
- consider the development of an overarching human rights policy.

6.4 COMPLAINTS, DISCLOSURES

There are mechanisms in place to address the concerns of stakeholders who feel our standards have not been met or wish to raise other business conduct issues. We utilise our existing complaints and grievance mechanisms to address modern slavery concerns where our standards may not have been met. For more information refer to our Whistleblower Policy. Our policies prohibit any form of retaliation against anyone who raises a concern or participates in an investigation.

No complaints regarding modern slavery risk management were received during 2021.

6.5 REMEDIATION

In instances of non-conformance, Port Waratah will utilise its Supplier Non-Conformance and Corrective Action Procedure, providing a detailed process for handling cases of non-conformance to Port Waratah standards. The process for non-conformance identification, communication, supplier feedback and outcome review are embedded in this procedure. All non-conformance actions and responses are recorded.

No incidents of modern slavery in breach of our policies were received during 2021.



7 OUR ASSESSMENT OF EFFECTIVENESS

7.1 PERFORMANCE AND REPORTING

Objectives, targets and indicators relating to modern slavery assesses the effectiveness of performance and are described with reference to the topic-specific Global Reporting Initiative Standards. The Board and Audit and Risk Committee oversee performance and reporting.

	2021	2020
Number of suppliers requested to complete SAQ	20	17
Completion rates of Suppliers requested to respond to our SAQ;	75%	71%
Supplier responses confirming a responsible sourcing audit/certification	7%	8%
Supplier responses confirming a modern slavery policy	67%	67%
Supplier responses confirming they train employees on modern slavery risks	47%	42%
Supplier responses confirming undertaking child labour checks	67%	67%
Supplier responses confirming policies and processes to remedy instances of modern slavery	53%	50%
Supplier responses confirming mechanisms to anonymously raise concerns	73%	75%
Supplier responses confirming they conduct due diligence for modern slavery risks on its suppliers	53%	50%
Proportion of complaints resolved	No complaints received to date	No complaints received to date
Number of supplier improvement actions identified and completed	Nil	Nil



In addition to our annual Modern Slavery Statement, we report on our sustainability activities through our annual sustainability report, which is prepared in accordance with the Global Reporting Initiative. We also support the efforts to achieve the United Nations Sustainable Development Goals, with Port Waratah mapping and describing our direct and indirect contributions to the goals in our local context.



8 OTHER RELEVANT CONSIDERATIONS

We recognise that modern slavery risks may exist within other parts of the Hunter Valley Coal Chain, for example, the vessels that load and transport coal from our terminals to global export destinations.

We continue to focus on vessel vetting utilising RightShip on all vessels proposed for entry to the Port. RightShip is a leading maritime risk management and environmental assessment tool that improves the safety and sustainability of the maritime industry. This assists Port Waratah to verify that seafarers' statutory rights and welfare are being upheld.

Vessels that call at loading ports in Australia are under the jurisdiction of the Australian Maritime Safety Authority (AMSA). The Maritime Labour Convention 2006 requires vessels to have on-board procedures for seafarers to lodge complaints, including an internal reporting mechanism and the right to complain to external authorities. AMSA is empowered to take steps to verify grievances, including detaining and inspecting vessels and can take regulatory action to protect the safety and wellbeing of seafarers. AMSA has demonstrated an ability to respond effectively and quickly to seafarers' grievances.

Whilst Port Waratah's ability to respond to seafarers' grievances is limited by the requirements of maritime law and our indirect relationship with vessels and seafarers, we seek to support and influence seafarer's welfare where possible.

Port Waratah works closely with appropriate authorities (including AMSA, International Transport Federation, shipping agents, NSW Police, Australian Border Force, Port Authority NSW and Port of Newcastle) to enable humanitarian assistance to be provided to seafarers and support the timely provision of medical attention to seafarers, including suspected COVID-19 cases. We recognise that seafarer welfare continues to be impacted by the pandemic and we actively work to support these vulnerable people.

We continue to support community organisations, such as Mission to Seafarers, focused on seafarers wellbeing and provide access to our sites for these organisations to connect with visiting seafarers to provide a range of services.





PORT WARATAH
COAL SERVICES

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