



Port of Melbourne
**Modern Slavery
Statement**

Financial Year 2022

Port of Melbourne



CHAIRPERSON'S FOREWORD

At Port of Melbourne, we believe that human rights are universal and fundamental to preserving the inherent freedom, dignity and equality that should be afforded to all human beings. We are committed to operating our business responsibly and ethically and expect that our stakeholders and suppliers will operate in the same way. We will continue to work with our stakeholders and our suppliers to address risks of modern slavery in our supply chains.

This Modern Slavery Statement is made on behalf of the entities detailed in Section 1 which are a part of the Port of Melbourne Group (referred to as PoM or 'we') and has been prepared in accordance with, and for the purposes of the *Modern Slavery Act 2018* (Cth) (the Act). It describes the risks of modern slavery in our operations and supply chain during the year ended 30 June 2022 (the Reporting Period) and details the steps that we have continued to take in responding to the risks of modern slavery occurring in our operations and supply chain, along with an assessment of the effectiveness of these steps.

This Statement was approved by the Board on behalf of each of the Reporting Entities comprising PoM on 17 November 2022 and is correct as of that date.

This statement includes the following sections:

- Section 1** Our Structure & Operations
- Section 2** Modern Slavery Risks
- Section 3** Mitigating Actions
- Section 4** Assessment of Actions & Future Commitments



John V Stanhope, Chairperson of the Board of Directors



1. Our Structure & Operations

Structure & Reporting Entity

This Statement is made on behalf of the entities within PoM which are reporting entities under the Act as they carry on business in Australia and have a consolidated revenue of over \$A100 million during the Reporting Period:

- Lonsdale Operations Hold Pty Limited as trustee for Lonsdale Operations Hold Trust;
- Port of Melbourne Operations Pty Ltd as trustee for the Port of Melbourne Unit Trust;
- Lonsdale Asset Hold Pty Limited as trustee for the Lonsdale Asset Hold Trust;
- Lonsdale Asset Property Pty Limited as trustee for Lonsdale Asset Property Trust; and
- Lonsdale Finance Pty Limited, (together, the Reporting Entities).

Port of Melbourne Operations Pty Ltd as trustee for the Port of Melbourne Unit Trust is the operating entity of PoM and provides services to the entities within PoM under management agreements. In its role as service provider to the entities within PoM it is informed on all activities undertaken by PoM and employs all staff within PoM. In this Statement, a reference to the Board is to the board of Port of Melbourne Operations Pty Ltd as trustee for the Port of Melbourne Unit Trust. PoM's shareholder base includes the following Australian and global infrastructure investors and managers:

- Queensland Investment Corporation Ltd (QIC);
- Future Fund (Australia's sovereign wealth fund);
- Global Infrastructure Partners (GIP); and
- Ontario Municipal Employees Retirement System.

Our Operations

As Australia's largest container port, Port of Melbourne is a vital trading gateway for South-Eastern Australia, facilitating more than one-third of the nation's container trade and playing a critical role as a key driver of economic activity. Port of Melbourne services South East Australia, including Tasmania, and occupies a central position in the freight and logistics industry.

As the landlord manager of the Port, PoM is responsible for the strategic planning, development and management of the Port's land, infrastructure and shipping channels under a 50-year lease from the Victorian Government. Under this operating model, our port tenants are responsible for the handling of the import and export trade that flows through the port, and the Harbour Master and related functions are undertaken by the Victorian Government entity Ports Victoria.

At Port of Melbourne we are focused on providing world-class port facilities and services, and we are committed to investing in infrastructure at the Port of Melbourne to drive efficiencies and productivity that support the state's economic growth, job creation and social prosperity.

Our Values

At Port of Melbourne, our values are fundamental to everything we do, both within our own operations and through our engagement with our stakeholders. It is our values that help guide how we go about our business, the decisions that we make and the actions that we take every day. They ensure we remain focused on what's right, and what action we ought to take, even if it's not always the easiest course of action.

Port of Melbourne Insights



Over 500 hectares of port land & 21kms of waterfront



2,912 ships visited the port in FY22



135 employees and 3 contractors



Total trade value through the port of approx. \$138 billion



Purchased from 459 suppliers in FY22



The port contributes around 9,200 FTE direct jobs in Victoria each year



Our Priorities

Port of Melbourne has five strategic goals that contribute to creating long term value for our business, our stakeholders, and the Australian economy.

Trade Growth

We are a vital trading gateway for south east Australia. We deliver capacity when required to support future trade growth, which ultimately benefits the economic and social prosperity of Victoria and more broadly south east Australia.

Grow an Enduring City Port

We optimise our land footprint and facilitate supply chain efficiencies to maximise the flow of trade while maintaining our social licence to operate.

Work with Our Stakeholders

We build trust and confidence as custodians of the port, through engagement with government, industry, customers, tenants and the community, to enhance the economic and social prosperity of Victoria and more broadly south east Australia.

Deliver Innovative & Sustainable Port Solutions

We deliver innovative and sustainable port solutions to maintain our leading position as the largest Australian container port.

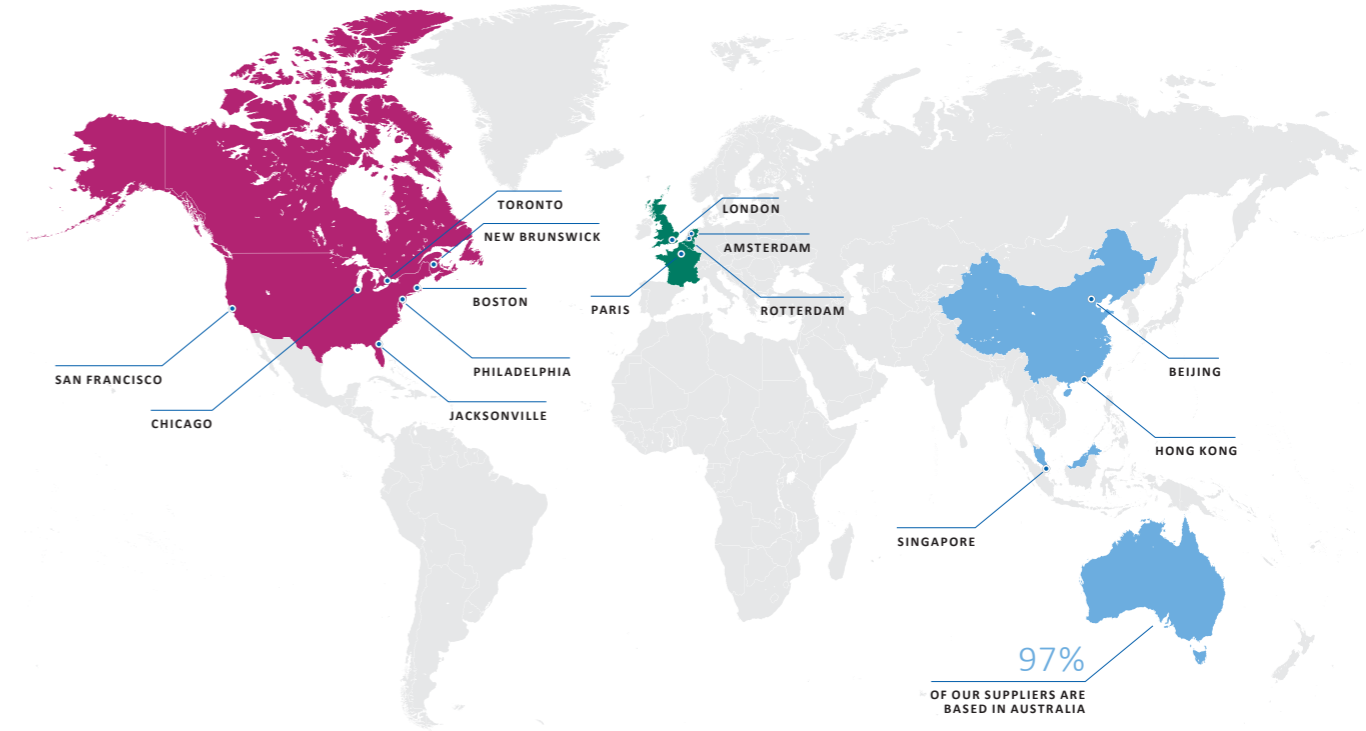
Invest in Safety & Our People

We foster a highly engaged, safe and inclusive culture that reflects a diverse workplace.

Our Workforce

We value our people and prioritise their health, safety and wellbeing. Our aim is to create a safe and supportive work environment for all of our employees and contractors, with a culture that values care and connection, and encourages employees to speak up about behaviours and practices that don't align with them or our values and policies.

Port of Melbourne's workforce is made up of 135 permanent employees and three (3) fixed-term contractors, all of which are based in Australia. Our employees are highly skilled professionals in areas from strategy, operations and engineering, property and finance, human resources, legal, and corporate relations.

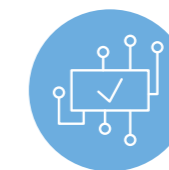


Throughout FY22, PoM paid approximately \$165m for goods and services from over 450 suppliers. Approximately 2.5% of our suppliers in FY22 were based overseas (see locations of overseas procurement in graphic above).

The majority of our Australian suppliers (85%) were based on the east coast of Australia, with 56% based locally in Victoria. Our suppliers can be generally categorised into the following groups below.



Suppliers engaged to undertake infrastructure development or renewal works (including inspections and maintenance) to enhance the asset base made available to our tenants, including the procurement of necessary construction materials.



Providers of electricity, water, telecommunications and other utilities to support our day to day operations.



Suppliers and technical consultancies engaged to ensure our assets, IT infrastructure and systems are able to operate in a safe, secure and efficient manner.



Business consultancy, IT, HR, finance and other related service suppliers who are either engaged or provide consumables that support business operations.

2. Modern Slavery Risks

Defining Modern Slavery

The term 'modern slavery' is used in the *Modern Slavery Act 2018 (Cth)* to describe situations where coercion, threats or deception are used to seriously exploit victims and undermine or deprive them of their freedom. The Modern Slavery Act defines modern slavery as including eight types of serious exploitation:

- Slavery
- Servitude
- The worst forms of child labour
- Forced labour
- Human trafficking
- Debt bondage
- Forced marriage
- Deceptive recruiting for labour or services

Modern Slavery Risk Factors

There are four key factors which elevate the risk of modern slavery. Where multiple high risk factors co-exist, there is a higher likelihood that actual harm is being experienced and additional controls are required to ensure that risk does not become harm.

Vulnerable Populations

Individuals working in base skilled jobs; Individuals from low socio-economic or linguistically diverse backgrounds; Migrant workers; Temporary citizenship/residency

High Risk Business Models

Labour hire and outsourcing of labour needs; third party contracting arrangements; Where recruitment and pay are not monitored

High Risk Sectors

Raw materials, service procurement and goods not for resale; Common services and marketing/ clothing/internal business purchases

High Risk Geographies

Conflict-affected, destabilised or developing nations; Poor regulation, corruption, or weak rule of law; State failure to protect human rights

Modern Slavery Risks within Property, Construction, and Shipping

Businesses within the property, construction and shipping industries face an elevated risk of modern slavery within their operations and supply chains as a result of intersecting structural and contextual risk factors.



Property & Construction

Risk is heightened within these industries due to outsourcing labour practices which increase the complexity of operations and supply chains and decrease the visibility of labour risks and impacts¹. Contract terms within these industries are often predicated on low margins and significant pressure on delivery times which can also contribute to unsafe work practices and conditions.



Shipping

Risk is heightened due to gaps between international and domestic labour standards governing international shipping. This is exacerbated by issues with regulating labour standards on ships involved in international trading².

Common modern slavery practices in Property, Construction & Shipping^{1,2}

- Underpayment of wages and other forms of compensation
- Bonded and child labour
- Unsafe or unsanitary working and living conditions
- Forced or unpaid work
- Human trafficking

Industry Insights^{1,2}

- An estimated 18% of modern slavery victims are found in the construction industry
- At least 22% of forced labour victims are found in manufacturing and production of raw materials
- Building materials are often sourced from high-risk geographies known to be associated with poor working conditions, forced labour and child labour
- It is estimated that \$65 million per year in wages and other monetary entitlements are lost to international seafarers on ships visiting Australian ports

References

1. KPMG, Human Rights Commission (2020). Property, Construction, & Modern Slavery: Practical Responses for Managing Risks to People. Sourced from Property, construction and modern slavery | Guide - KPMG Australia (home.kpmg)
2. Pickette, R., Raynes, L. & Standord, J. (2022). Robbed at Sea: Endemic Wage Theft from Seafarers in Australian Waters. Sourced from Robbed at Sea — The Australia Institute

The term 'risks of modern slavery practices', as outlined in the *Modern Slavery Act 2018*, refers to any operational or supply chain practices that have the potential to cause, contribute to, or be directly linked to modern slavery. During the reporting period, Port of Melbourne undertook steps to identify risk areas in our operations and supply chain where the perception of or potential for risk factors of modern slavery may exist.

Operational Risks Identified

Outsourced Workforce

Port of Melbourne regularly engage outsourced providers to support operational activities in payroll, finance, IT, and legal. While the majority of these providers are located in Australia, some are located overseas in the US, UK, China, and Singapore. Leveraging outsourced service providers, particularly those overseas, can heighten the risk of modern slavery if not managed appropriately as there is less visibility and control over these workers and their employment terms and conditions.

Tenants

Port of Melbourne's portfolio includes approximately 130 leases, licenses, and other arrangements with over 85 tenants. This list of tenants includes global logistics, transport, construction and other marine operations companies. These industries may have a higher risk of modern slavery practices within their operations and supply chain due to their geographic footprint, the business models used to support their services (e.g. outsourcing / labour hire), and the vulnerable populations that typically work within these industries.

Visiting Vessels

Over the reporting period, a total of 2,912 vessels visited the port of Melbourne. These vessels were registered with ports from 35 different countries around the world. There is an increased risk of modern slavery aboard these vessels due to limited visibility of working conditions and operational practices of chartering companies; a lack of regulation and/or power to enforce labour standards in certain geographical locations; and the vulnerabilities of the populations crewing the vessels (e.g. base-skill workers, low socio-economic background). While PoM provides port related services to foreign vessels, we do not control the operations of those vessels which limits our oversight of modern slavery risks and our ability to impact their operational and supply chain practices. However, we continue to work closely with the relevant authorities that oversee the activities of foreign vessels and enforce safe working practices, and are committed to working with them and other stakeholders to positively address any identified issues.

Supply Chain Risks Identified

Infrastructure Development & Maintenance

Port of Melbourne engages several suppliers to undertake infrastructure development and renewal works to enhance the asset base available to our tenants. This can create a heightened risk of modern slavery due to limited visibility over the outsourcing and subcontracting labour practices of these construction companies and their procurement practices when sourcing construction materials (typically from high risk geographies and sectors).

Direct Procurement of Construction Materials

On occasion PoM has to directly procure construction materials from overseas locations to support infrastructure development and maintenance. Due to a lack of visibility over the working conditions and labour practices involved in making the materials, this type of procurement can increase the risk of modern slavery within the supply chain.

Facilities Management

Port of Melbourne procures various categories of facilities management services from suppliers including security, cleaning, and general maintenance. This can elevate the risk of modern slavery due to a lack of visibility over their labour practices and the working conditions afforded to their workers, of which there may be an increased representation of people from vulnerable populations (e.g. base-skilled workers, workers from migrant, low socioeconomic or culturally and linguistically diverse backgrounds).

Personal Protective Equipment (PPE) & Other Branded Goods

Port of Melbourne procures PPE and other branded goods (e.g. wind-jackets, shirts, hats, pens) for promotional purposes. This sector may have a higher risk of modern slavery, as goods may be mass produced at low cost, procured from countries in high-risk geographies, or made by workers from vulnerable backgrounds.

3. Actions to Mitigate Modern Slavery Risk

To mitigate the risks of modern slavery practices within our operations and supply chain, PoM continues to take a continuous improvement approach focusing on strengthening our governance, policies, and processes, and establishing mature operational and supplier due diligence practices.

Governance

Port of Melbourne has embedded governance practices to assure compliance with our policies, frameworks, processes, procedures and standards that relate to modern slavery and human rights more broadly. Management of modern slavery risks continues to be a shared responsibility of all business functions and is overseen by our Safety & Sustainability

Committee and Group Board (see figure below outlining our modern slavery governance structure). The Modern Slavery Working Group, and functional expertise within the business, support the delivery of modern slavery risk management activities and initiatives.



Frameworks, Policies & Guidelines

Port of Melbourne has clear frameworks, policies and guidelines which help to embed risk management practices across all areas of the business. We review and update relevant policies and guidelines on a regular basis to ensure our ways of working minimises the risk of modern slavery

practices within our own operations and supply chain. The following frameworks, policies and guidelines are relevant to PoM’s management of modern slavery risks and were reviewed during the reporting period.

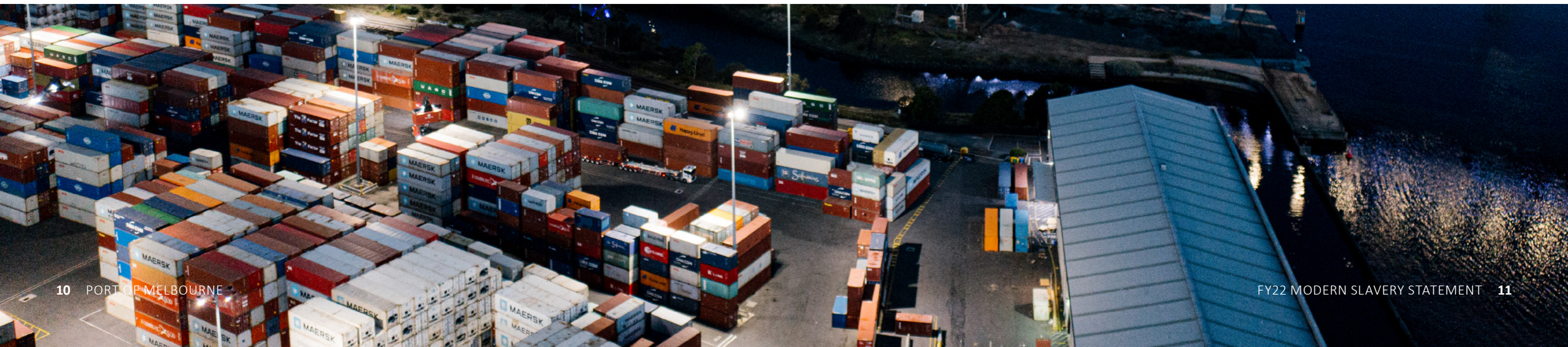
- Code of Conduct**

Our Code of Conduct sets out clear standards of behaviour for all PoM employees and contractors, and the expectations of them should they identify or experience misconduct of any kind.
- Risk Mgmt. Policy**

Our Risk Management policy articulates PoM’s approach to risk management and the roles and responsibilities of management and staff.
- Whistle-blower Policy**

Our Whistleblower policy outlines PoM’s principles for making, receiving, investigating, and addressing disclosures raised by Whistleblowers.
- Procurement & Contract Mgmt.**

Our Procurement & Contract Management policy outlines the principles, processes and expectations of all employees when procuring goods and services and managing contracts.



Operational Actions

In FY22, Port of Melbourne took actions to mitigate modern slavery risks within our operations:

Recruitment Practices

Port of Melbourne engages several external recruitment agencies to support with recruiting talent into our business. These agencies are all based in Australia, and operate under Australian legislation and employment standards. During the reporting period we engaged our most commonly used agencies and reviewed their modern slavery documents. Further enquiries were conducted where required to understand their recruitment practices, including document validation processes (e.g. qualifications and visa status).

Employment Contracts & Remuneration

Port of Melbourne ensures that all employees have signed employee contracts / agreements which clearly outline the employees' working rights and terms of employment (consistent with governing laws) including working hours, remuneration (including incentive schemes), and notice periods. Throughout the reporting period, PoM undertook an organisation-wide remuneration review to ensure all employees were paid in-line with industry benchmarks for their skills, experience, and role type.

Onboarding

All new PoM employees are subject to a thorough onboarding process that includes the confirmation of their documentation (including identification, qualifications, past working experiences and visa status), a policy and procedure induction, and appropriate workplace behaviour training which incorporates a module on modern slavery. Throughout the reporting period, the onboarding process was automated, enabling better management of employee documentation and monitoring of policy and appropriate behaviour training.

Modern Slavery Training

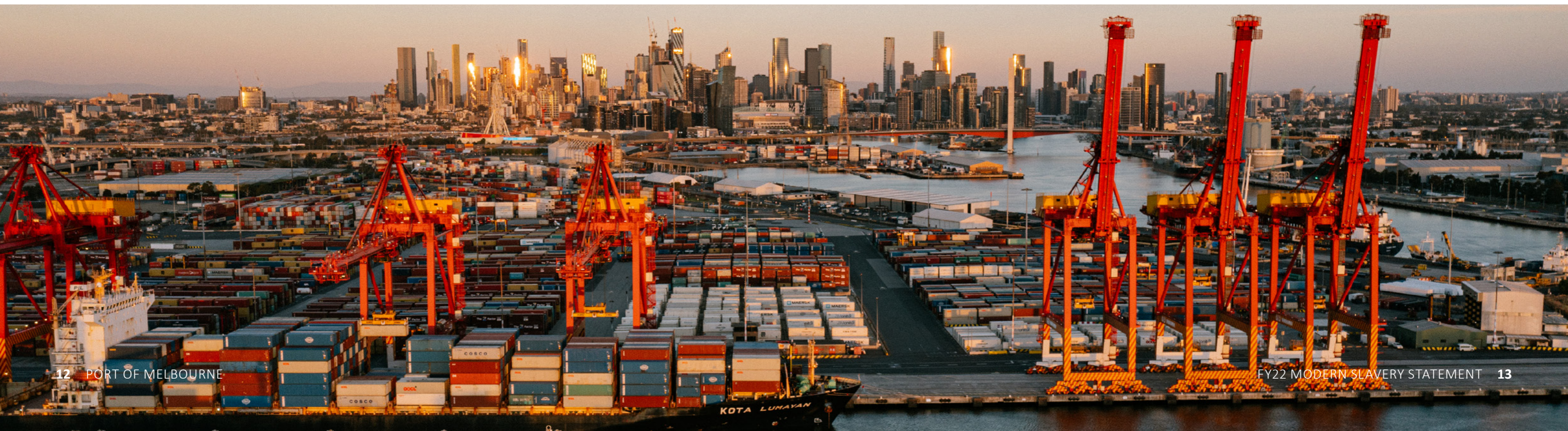
All PoM employees are required to undertake Appropriate Workplace Behaviour training on a biennial basis. This training incorporates a module on modern slavery, and outlines the expectations of all employees and the supporting policies and procedures (that is, the Code of Conduct, Whistleblower Policy, Procurement and Contract Management Policy, and Risk Management Policy). This training was last delivered in FY21, and 100% of employees complete the training. In FY22, the training was completed by all new starters, including contractors.

Contractual Provisions in PoM's Precedent Lease

During the reporting period PoM added a modern slavery clause into its precedent lease with tenants. This clause outlines the definition of modern slavery and the compliance obligations of tenants with regards to the management of modern slavery risks within their operations and supply chain. This will help to promote continuous dialogue and information sharing between PoM and its tenants and encourage action to manage risks.

Sustainability Strategy

During the reporting period PoM developed a sustainability strategy. The strategy includes the development of a human rights statement and a supplier code of conduct.



Supply Chain Actions

Port of Melbourne undertakes a range of practices to mitigate modern slavery risks within our supply chain. Below is an overview of some of these practices.

Contractual Provisions with Suppliers

Port of Melbourne's suite of precedent contracts include contractual provisions that acknowledge modern slavery risks and the expectations of suppliers. During the reporting period, PoM entered into binding contracts with suppliers that included this modern slavery clause. These clauses are also designed to promote continuous dialogue and information sharing with our suppliers and encourage action.

Supplier Desktop Review

During the reporting period, PoM conducted a review of modern slavery documents from a sample of our existing suppliers with a higher risk of modern slavery. This list included suppliers within construction, security, cleaning, maritime operations and logistics. We reviewed suppliers modern slavery documents and conducted further enquiries where required. Insights from the desktop review are captured in diagram 1.

Diagram 1: Insights from our Supplier Desktop Review



4. Assessment of Our Actions & Our Future Commitment

Assessing Our Actions

The risk of modern slavery is captured in our corporate risk register. All risks within the risk register, including modern slavery, are reviewed on an annual basis. This includes a review of the current modern slavery risk evaluation and the effectiveness of our risk controls and treatments.

Our Modern Slavery Working Group facilitates the implementation of our modern slavery framework and actions. It also conducts regular reviews of activity to inform the annual review of our modern slavery risks and reports to the Board and Safety and Sustainability Committee.

Remediation

During the reporting period, no reports were logged regarding modern slavery or labour rights concerns through our internal or external whistleblower and grievance mechanisms.

We continue to refine the effectiveness of our approach through biennial reviews of our whistleblower and grievance policy, processes and procedures, the most recent of which was conducted during the reporting period.

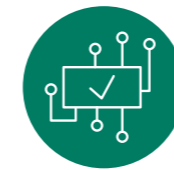
Commitments for the Future

Port of Melbourne is committed to eliminating modern slavery risks from our operations and supply chains. In future reporting periods, we will continue to build on our efforts by undertaking the activities outlined below.



Governance & Policy 1

- Develop a **Supplier Code of Conduct** which incorporates minimum standards and expectations pertaining to modern slavery.
- Develop a **Human Rights Policy** outlining our commitment to respecting human rights.



Operational Practices 2

- Establish an **open channel of communication** with shipping lines, tenants, NGOs and relevant authorities and peak bodies to discuss modern slavery issues for seafarers.



Supply Chain Practices 3

- Review and engage with suppliers with a continued focus on high risk industries.

CONTACT US

We welcome feedback and questions on any element of this Statement, and wider PoM activities.

Head office

Level 19, 839 Collins Street Docklands Vic 3008

GPO Box 2149 Melbourne Vic 3001 Australia

Phone: +61 1300 857 662

Email: sustainability@portofmelbourne.com

portofmelbourne.com

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@portofmelbourne