



MODERN SLAVERY STATEMENT

2019 ANNUAL STATEMENT



PORT WARATAH
COAL SERVICES

Pioneering Through Partnership

For more info visit pwcs.com.au or ring (02) 4907 2000

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REVISION HISTORY

Date	Review	Definition
9/3/2020	I	Issued for approval

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I EXECUTIVE SUMMARY

Welcome to Port Waratah's inaugural 2019 Modern Slavery Statement.

Port Waratah expects all employees, contractors, suppliers and other stakeholders to take personal responsibility for the 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 our global supply chain.

In our first year, we have;

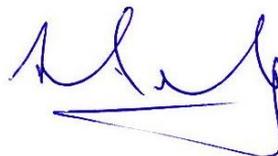
- developed an action plan;
- developed a Modern Slavery Policy Statement for publication on our external website;
- developed our Code of Conduct and Whistleblower Policy Statements for publication on our external website;
- conducted a risk assessment of suppliers identifying moderate risk suppliers for further engagement and review;
- developed a Supplier Self-Assessment Questionnaire for moderate risk Contractors to assist in further understanding risks for specific suppliers;
- reviewed and updated our Purchasing Policy, Supplier Contracts and Purchasing Procedures to include references to Modern Slavery legislation; and
- published this, our first annual report.

Port Waratah is committed to continuous improvement of our processes and systems to reduce the risk of modern slavery practices in our operations and supply chain. Over the next 12 months we will continue to; refine our policies and procedures, train our employees, contractors and suppliers on modern slavery and other human rights issues, and consider the development of an overarching human rights policy and sustainable procurement policy.

Port Waratah looks forward to working together with key stakeholders to continue to identify and understand the risks of modern slavery in our operations and supply chains as a critical step towards addressing worldwide modern slavery and related practices.



PATRICK WILKES
DIRECTOR



HENNIE DU PLOOY
CHIEF EXECUTIVE OFFICER

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2 INTRODUCTION

2.1 OBJECTIVE

Port Waratah Coal Services Limited (ABN 99 001 363 828, 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. Port Waratah is committed to understanding and fulfilling our legal and social responsibilities. As a business we aim to operate with honesty, integrity and fairness. We are committed to ensuring our operations and supply chain is free from risks and occurrences of modern slavery.

Please refer to our website for our Modern Slavery Policy Statement.

Working together to identify and understand the risks of modern slavery in operations and supply chains is a critical step towards addressing worldwide modern slavery and related practices.

2.2 MODERN SLAVERY LAW

The Modern Slavery Act 2018 (Cth) requires Port Waratah to prepare this Annual Report to explain what it is doing to assess and address risks of modern slavery in its operations and supply chains.

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

1. identify the reporting entity;
2. describe the reporting entity's structure, operations and supply chains;
3. describe the risks of modern slavery practices in the operations and supply chains of the reporting entity;
4. describe the actions taken by the reporting entity to assess and address these risks, including due diligence and remediation processes;
5. describe how the reporting entity assesses the effectiveness of these actions; and
6. any other information the reporting entity considers relevant.

This modern slavery statement is prepared by Port Waratah pursuant to 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 those risks. The reporting period for this statement is 1 January to 31 December 2019. In preparing this statement, we have had regard to the Modern Slavery Act 2018: Guidance for Reporting Entities.

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.

2.3 OTHER CONTEXT

Sustainability is an integral part of the way we do business – environmental, social and economic aspects have always been a consideration for us. Our core values of integrity, excellence, caring and progress help us navigate our day-to-day activities. Our strategic business drivers integrate the principles of sustainability, social responsibility and shared value; and support how we deliver on our vision and purpose. We report on our sustainability activities annually through our annual Sustainable Development Report, which is prepared in accordance with the Global Reporting Initiative. We also support the efforts to achieve the United

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Nations Sustainable Development Goals, with Port Waratah mapping and describing our direct and indirect contributions to the goals in a local context.

Further information about Port Waratah's [Business Principles](#) can be accessed on our website.

3 OUR BUSINESS

3.1 STRUCTURE & OPERATIONS

Port Waratah is an unlisted public company, delivering a high-quality, reliable and agile service for 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. We have approximately 330 employees working across our business, operating our terminals 24 hours per day, 7 days a week.

Visit our website for more information [about us](#) and [what we do](#).

3.2 SUPPLY CHAINS

We work collaboratively with coal chain participants and build long-term partnerships to achieve our customer's expectations of responsiveness, flexibility and reliability. Our services provide a global gateway to export Hunter Valley coal, while supporting the economy by employing and procuring locally.

Port Waratah are committed to utilising local suppliers and procuring goods and services from local businesses as much as practically possible. Over 98% of our direct suppliers are located in Australia. Of those Australian suppliers, 86% are based in New South Wales and 67% are based in the Hunter Region. Of Port Waratah's five overseas direct suppliers, one is based in China, two are based in the United States, and two are based in the United Kingdom. Consequently, our procurement sources are predominately based domestically or in other low-risk countries, as defined by the OECD.

3.3 OUR GOVERNANCE FRAMEWORK

Our governance framework involves all levels of our organisation, each with a role in reviewing, identifying and managing risks and opportunities.

We are committed to understanding and fulfilling our responsibilities as an employer and community member, as well as meeting our legal obligations. We continuously invest in our operations to maintain and improve our performance, to create positive social and environmental impacts, while understanding stakeholder expectations.

Port Waratah's Modern Slavery Policy is underpinned by our values, business drivers, Code of Conduct and Whistleblower Policy.

Further information on our [governance framework](#) is available on our website.

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4 OUR RISKS AND ACTIONS

4.1 INITIAL RISK ASSESSMENT

Although most of our direct suppliers are likely low risk, we recognise that risks may occur deeper within the supply chain. Port Waratah has undertaken a comprehensive review of our contractors and suppliers to determine the level modern slavery risk.

This high-level assessment of risk was undertaken by the Supply team using Port Waratah's STEPSafe Standard 31.05 Hazard identification and Risk Management for social and environmental (non-economic) consequences, specifically Community Impact and Reputation.

Port Waratah had 412 suppliers of materials and contractors providing services in 2018 with a total expenditure of \$112million. Of these, 128 suppliers and contractors had expenditure exceeding \$100,000 (31% of all suppliers), which totaled \$105 million (94% of expenditure).

Port Waratah identified the type of product or service provided and reviewed the risk to the business in the context of the Modern Slavery Act.

Summary of the findings (e.g. predominantly low risk)

- 128 suppliers of \$105million of materials and services were reviewed.
- No suppliers were assessed as high or critical.
- Majority of suppliers assessed as low risk - 113 suppliers of \$99million.
- 15 suppliers were identified as a potential Moderate risk which require further review. All are providers of materials from overseas manufacture such as conveyor belt, clothing and electrical/electronic items, where the origin of manufacture requires further review.

For suppliers identified as a potential Moderate risk, further review of the sourcing and origin of manufacture was conducted with the suppliers. This has been undertaken using a Supplier Self-Assessment Questionnaire (SAQ) which has evolved from the SAQ developed through The Bali Process Government and Business Forum which is an initiative of the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime. Its development included extensive consultation between resources, mining and energy industry organisations. This SAQ has been sent to all suppliers identified to have a potential Moderate risk to Port Waratah, requesting a response by 17 January 2020.

4.2 ACTIONS TO DATE

In our first year, we have;

- developed an action plan;
- developed a Modern Slavery Policy Statement for publication on our external website;
- developed our Code of Conduct and Whistleblower Policy Statements for publication on our external website;
- developed a Supplier Self-Assessment Questionnaire to further understand risk for specific suppliers;
- reviewed and updated our Purchasing Policy and Purchasing Procedures to include references to Modern Slavery legislation; and
- published this, our first annual report.

Further work has also included the allocation of accountability internally, engagement with relevant internal stakeholders and review of grievance mechanisms.

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4.3 PLANNED ACTIONS

Over the coming twelve months we plan to;

- continue supplier due diligence by engaging with Moderate (or above) risk suppliers through the Supplier Self-Assessment Questionnaire;
- finalise updates to our Purchasing and Tender Evaluation Procedures, terms of trade and contract review and accreditation processes.
- Implement a comprehensive Change Management initiative including written communications and training for employees, contractors, suppliers and other stakeholders
- consider additional controls including vendor risk software;
- refine our supplier performance measures; and
- publish our 2020 annual statement.

4.4 DUE DILIGENCE

To assess effectiveness, Port Waratah will monitor actions and accountabilities to ensure the action plan endorsed by the Audit and Risk Committee is executed.

Key controls to assess and address modern slavery risk in our operations and supply chain will be monitored as part of our Risk Management procedures to ensure key control are monitored for effectiveness and to ensure they are working as intended.

Port Waratah will proactively mitigate modern slavery risks through the purchasing, tender evaluation, contract review and accreditation processes. Our terms of trade and supply contracts will include references modern slavery, imposing obligations on suppliers and contractors to comply with the Act. Modern slavery will form a component of the contract award process.

4.5 REMEDIATION

In the event a modern slavery risk remains moderate or above after completion of a Supplier Self-Assessment Questionnaire, further direct engagement with the supplier will be undertaken. The supplier will be notified in writing detailing the identified risk, requesting them to investigate and advise on whether the risk identified is perceived or actual. The supplier will be required to provide factual evidence in their response, demonstrating risks have been effectively managed and mitigated. Should the supplier not comply, or the risk cannot be mitigated, Port Waratah may seek an alternative supply source.

Port Waratah will enforce its Supplier Non-Conformance and Corrective Action Procedure which provides a detailed process for handling cases of non-conformance to Port Waratah and Australian 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.

5 OUR ASSESSMENT OF EFFECTIVENESS OF ACTIONS

5.1 PERFORMANCE AND REPORTING

Each year we work to meet the expectations of our stakeholders, and we understand that they expect our business to measure, evaluate and communicate our performance in respect to environmental, social and

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economic factors, not just compliance. The CEO and Management establish clear objectives, with quantifiable targets and specific performance indicators to determine whether these are achieved, in progress, or not achieved for the reporting period. The outcomes of our performance assessment are then published in our Sustainable Development Report which is publicly available.

Objectives, targets and indicators relating to modern slavery will be included in our performance model and will be described with reference to the topic-specific Global Reporting Initiative Standards.

The Board and Audit and Risk Committee oversee Performance and Reporting.

6 CONSIDERATIONS AND FUTURE COMMITMENTS

We are aware that our operations play an integral part in one of the most collaborative supply chains in the world. In this respect, modern slavery risks may exist within other parts of the Hunter Valley Coal Chain, for example the vessels that accept and transport coal from our terminals to global export destinations. To help identify and eliminate modern slavery risks in the supply chain in which we operate, Port Waratah works collaboratively with coal chain partners and industry bodies, such as the Australian Marine Safety Authority (AMSA) and Port Authorities. We also support community organisations focused on seafarer wellbeing and provide access to our sites for these organisations to connect with visiting seafarers to provide a range of services.

Port Waratah is committed to continuous improvement of our processes and systems to reduce the risk of modern slavery practices in our operations and supply chain. Over the next 12 months we will continue to; refine our policies and procedures, and train our employees, contractors and suppliers on modern slavery and other human rights issues and consider the development of an overarching human rights policy.

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