

Flinders Port Holdings
Sustainability Plan

2020 - 2023



Sustainability



01

page 4
Introduction
from the CEO

02

page 6
What
'sustainability'
means to us

03

page 8
Why
sustainability
and why now?

04

page 10
Objectives
and
outcomes

05

page 11
Our
sustainability
themes

06

page 12
Environment

07

page 14
Social

08

page 16
Governance

09

page 18
Governance
framework for
sustainability



Introduction from the CEO

I am proud to introduce the first overarching Flinders Port Holdings (FPH) Sustainability Plan.

The FPH vision and mission is underpinned by the recognition that creating long-term shareholder value is inextricably linked to, and not at the expense of, creating value for other stakeholders.

Sustainability is one of the guiding philosophies in the way we operate and in our future planning and development. Our aim is to be recognised as a leader in sustainable port development and operations and to create a business we can continue to be proud of, contributing to better outcomes for future generations.

This plan underpins our established Sustainability Group Policy and will centralise coordination, oversight and delivery of all our work in this space. It also reflects how the importance of sustainable practice is acknowledged at each level of our business from the board to the leadership Team and to employees, each of whom have in some way had input into the development of sustainability at FPH.

We have categorised sustainability into three themes: environment, social, and governance (ESG). This approach reflects industry good practice and is aligned with the expectations of institutional investors, including our shareholders, industry stakeholders and consumers, all of whom have a valued opinion on the social and environmental impact of large businesses like ours and also understand the value of good governance. Across each work area, the plan sets out tangible short and medium-term goals across the next three years while also highlighting some of the milestones we have achieved already.

We have already made significant progress. We have reduced our energy consumption at Outer

Harbor Berths 1 - 4 and the Flinders Adelaide Container Terminal by 40 per cent and entered into a Virtual Generation Agreement for the increased supply of renewable-based electricity at Port Adelaide. We have also reached global standards in quality, safety and environment. But we want to go further. This plan will enable us to do so.

Delivering this plan and achieving the near and medium-term stretch goals we have set also makes commercial sense. Investing in being a responsible business will create value by helping us to grow our revenue and brand, resulting in sustainable financial performance. It will also put us in a position of strength, where we do more than just comply with regulatory requirements and legislation. Instead we will future-proof our business by developing resilient infrastructure and more efficient operations. To this end, as we develop our 50-year Master Plan over the next year, sustainability will play an important role.

STEWART LAMMIN

CHIEF EXECUTIVE OFFICER
FLINDERS PORT HOLDINGS

What 'sustainability' means to us

At Flinders Port Holdings (FPH) we have defined a sustainable business as one that acts positively to achieve sustainable outcomes, minimising harm, being at one with our communities and the environment and ensuring the financial resilience of our company now and in the future. We believe each of these elements will help us contribute to good governance and ongoing success.

We also acknowledge that concepts of sustainability and what defines a responsible business are evolving. Through this plan, we have adopted a model which groups aspects of sustainability into three themes - Environmental, Social, and Governance (ESG). We hope this approach will drive strong internal coordination and oversight while enabling external stakeholders to access and understand our actions in alignment with global good practice. During the next three years we will also work to align our initiatives with appropriate Sustainable Development Goals (SDGs). This will further ensure our actions are meeting or exceeding the expectations of our shareholders and the wider community.

As a vertically-integrated business, our responsibilities don't end at the port. We want to embed sustainable practice across Flinders Port Holdings from port, to freight forwarding, warehousing, and our supply chain partners.



Our Sustainability Commitments



Responsible

Operate in a responsible manner in regards to our employees, communities and resources

Integrate

Integrate sustainability into planning, design and decision making

Minimise

Actively minimise pollution and wastage

Collaborate

Collaborate with our employees, suppliers, partners, customers and communities to be socially responsible

Communicate

Communicate and report our sustainability intentions and achievements

Performance

Continuously improve our sustainability performance

Comply

Comply with all relevant environmental and social laws and adhere to regulatory standards

Govern

Act in accordance with good governance principles

Why sustainability and why now?

Flinders Port Holdings plays a crucial role in South Australia's infrastructure and the state's overall economy. Through our operations, we have an impact on a diverse range of communities and environments. We want to ensure that impact remains a positive one.

Sustainability makes sense for our businesses

As a leading port infrastructure provider, port services operator and logistics service provider, we play an important role in the South Australian economy. Not only do our operations and infrastructure facilitate the movement of goods needed to support people's daily lives, they are often a focal point for local communities and contribute to growing prosperity.

Fostering a sustainable approach to port operations, including our natural and human environments, therefore makes perfect sense.

Global challenges

The world is facing unprecedented environmental and climate challenges. We are currently in ecological deficit whereby humans are using more natural resources than can be regenerated – this is a critical issue for society and a growing factor in the potential limiting of sustained economic activity.

We are also conscious of the greenhouse gases caused by the transportation of goods and resources that are fundamental to our core business. We accept our responsibility to play our part in helping to reduce these emissions. While we often have no direct control over

these emissions, we can provide infrastructure and services that help to reduce emissions from fossil fuels such as ports powered by and supplying renewable energy. We can also reduce environmental impacts within our own operations as well as by working with our supply chain and customers.

Societal and ethical concerns are becoming ever more important to consumers and are now front of mind for some of the world's largest institutional investors. ESG risk analysis has become mainstream in investment decision-making as investors seek to reduce their financial risks and maximise their returns over the long-term. Indeed some of our shareholders are signatories to the United Nations Principles for Responsible Investment, a global collaboration to improve the reporting and analysis of ESG data and information with a view to enhancing returns and better managing investment risk.

As such we are confident that our stakeholders will embrace our approach to sustainability and work with us to develop it.



Our economic contribution to South Australia

\$25b+

More than \$25 billion of trade facilitated annually

\$1.5b

Prudent management of assets in excess of \$1.5billion

395 firms

395 firms & sub-contractors active across Flinders Ports' precincts

1000+

More than 1000 jobs directly or indirectly maintained in South Australia

The benefits we want to see

Our approach to sustainability will contribute to the delivery of the Group's mission - to provide port infrastructure, stevedoring and logistics services that exceed the expectations of our shareholders, customers, people and communities.

We expect our sustainability initiatives and approach to put us in a position of strength, where we do more than just comply with regulatory requirements and legislation. Instead we will develop more resilient infrastructure, more efficient operations and strengthen our organisational culture by building on values.

In addition we will embrace technology and innovation to reduce our environmental impact, further our health and safety outcomes and facilitate a highly-efficient passage for our customers.

The outcomes of the initiatives and goals set out in this plan will place the FPH Group in a competitive position in its industry and provide opportunities for partnerships and collaboration – for the good of people and our planet.

All in all, investing in being a responsible group of businesses will create value by helping us to grow our revenue and brand resulting in a sustainable financial performance.



Our sustainability themes

Our sustainability program and this plan are categorised into three themes - environment, social and governance. These themes encapsulate what we believe are critical success areas for the long-term strength and growth of our business. They also align with the way in which investors are now assessing what they believe are key areas of risk and opportunity that can contribute to company as well as societal value.

Objectives and outcomes

The three-year action plan we have committed to will strengthen our approach and continue to be developed in conjunction with our Master Planning. We will engage with our stakeholders to understand their concerns and identify further opportunities that will fall into each of our three sustainability themes.

A priority in year one is to expand our baseline dataset of performance metrics. Using that baseline we will develop targets to drive us and to measure and report our progress. Through shareholders, we already report against the Global Real Estate Sustainability Benchmark (GRESB) - the ESG benchmark for real assets - and will consider other sustainability indicators and reporting tools. In the spirit of good governance we will be transparent and collaborative.

Over the coming three years we will align our sustainability plan with relevant United Nations Sustainability Development Goals (SDGs). The SDGs aim to invest in the society of the future by enhancing social wellbeing, creating long-term value for people, planet and prosperity and reducing carbon emissions. A number of the goals are relevant to our business such as Goal 14: Life Below Water and Goal 9: Industry Innovation and Infrastructure and Goal 13: Climate Action.



1. No Poverty, 2. Zero Hunger, 3. Good Health and Well-Being, 4. Quality Education, 5. Gender Equality, 6. Clean Water and Sanitation, 7. Affordable and Clean Energy, 8. Decent Work and Economic Growth, 9. Industry, Innovation and Infrastructure, 10. Reduced Inequalities, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production, 13. Climate Action, 14. Life Below Water, 15. Life on Land, 16. Peace, Justice and Strong Institutions, 17. Partnerships for the Goals.





Environment

- Land and water
- Emissions reduction
- Resource efficiency
- Ecosystems
- Waste management
- Climate resilience



Social

- People and culture
- Health, safety and wellness
- Diversity and inclusion
- Stakeholder engagement
- Community cohesion
- Sponsorships and support
- Ethical sourcing



Governance

- Board oversight and diversity
- Planning and development
- Economic contribution
- Funding and capital allocation
- Risk and compliance management
- Supply chain management
- Reporting and transparency



Environment

THEME
1

What do we mean by Environment? Assessing and managing the impact of our businesses on the environment and the potential impact of the environment on us are essential elements of good governance.

Managing the impact of our business on the environment

Marine and industrial operations pose risks and opportunities for the environment, other operators and the local community. We are committed to protecting the environment - including land, water, air and ecosystems - from negative risks and impacts and to complying with relevant environmental laws and regulatory standards. We also maintain accreditation in environmental management to ISO14001:2015.

FPH is a responsible lessee of infrastructure assets and owner of port, container and logistics operations. In this privileged position we can choose, to some extent, to make a difference to the condition of our environment – either through activities we control directly or by engaging with and influencing our suppliers and customers. We intend to do both.

Our focus will be on integrating environmental risk management throughout all facets of our business; marine services, stevedoring and infrastructure planning, design and operations. We will refine the measurement of our environmental footprint and work proactively and collaboratively with our stakeholders to reduce our operational impact. This will occur through six focus areas - land and water, emissions reduction, resource efficiency, ecosystems, waste management and climate resilience.

Managing the impact of the environment on our infrastructure and operations

Ports must be tolerant to wind, wave action and storms. Interruptions to business can cause disruption to customers and the South Australian economy as well as having financial implications. Some environment-related conditions, like the weather, may be beyond our ability to influence. However we can ensure, as far as possible, that our assets and operating practices are designed to withstand extreme weather events and to recover from their impacts quickly.

Climate change is altering our weather patterns and creating unprecedented events. Its potential impacts on businesses is also wide-reaching and may include, for example financial losses, effects on health and physical risks to buildings and infrastructure. Climate change also presents opportunities to adapt and develop greater resilience. We are currently working on a governance framework and strategy to address the risks and opportunities of climate change to the FPH Group. This will align with the Task Force on Climate-Related Financial Disclosures and will involve working collaboratively with local and state governments and others.





Our focus for 2020 - 2023



Focus areas	Some of our achievements	Year 1 goals	Medium-term stretch goals
<p>Land and water</p> <p>Emissions reduction</p> <p>Resource efficiency</p> <p>Ecosystems</p> <p>Waste management</p> <p>Climate resilience</p>	<p>Entered into a Virtual Generation Agreement (VGA) to provide renewable energy for approximately 68% of electricity demand. Estimated annual reduction in carbon emissions of 2,300 tCO₂-e - the equivalent of taking 750 cars off the road.</p> <p>Supporting vital research into combating a virus threatening the local oyster industry through research funding provided to SARDI (South Australian Research & Development Institute). The research funding will help to establish a breeding program to find resistant families of Oysters, thereby protecting the industry for the future.</p> <p>LED lighting upgrade project completed at Berths 1-4 Outer Harbour, the Passenger Terminal and yard lighting at Flinders Adelaide Container Terminal. Expected reduction in carbon emissions of approximately 396 tCO₂-e amounting to a saving of over \$80,000 per year.</p> <p>Developed award-winning technology including DF MISTING® technology and DF MISTING® fans. These efficient and environmentally sounds systems minimise dust emissions along the pit-to-port supply chain and on cargo ships respectively.</p> <p>Channel widening project completed in 2019 without environmental incident.</p>	<p>Implement further energy strategy projects including solar and LED lighting upgrades.</p> <p>Increase renewable energy as a percentage of total use by 20%.</p> <p>Integrate environmental considerations into asset planning, design and operations.</p> <p>Prepare Group carbon inventory.</p> <p>Extend environmental monitoring program to underpin transparency and public disclosure.</p> <p>Establish partnerships to improve waste management.</p> <p>Develop a climate resilience strategy.</p> <p>Strengthen community engagement and collaboration.</p>	<p>Develop Group carbon emissions reduction strategy and targets.</p> <p>Reduce waste to landfill.</p> <p>Realise circular economy opportunities.</p> <p>Minimise potable water consumption.</p>



Social

THEME 2

What do we mean by social? This aspect of our sustainability focus is about our people, our communities and other stakeholders in our business.

Being socially responsible is important to us and ensuring the health, safety and wellness of our people is a priority for FPH.

Our employees have told us through our cultural survey that they want to be more involved in company-supported community and environment initiatives. One of our goals is to develop opportunities for our employees and local communities to connect on activities that are meaningful to them. To keep us on track and to gather ideas we will also seek our employees' thoughts on our sustainability-related activities.

Understanding the concerns of our communities and stakeholders and acting to create cohesion is an area in which we will enlarge our focus. We will collaborate with our employees, suppliers, partners, customers and communities to be socially responsible.

In 2019 we undertook our first Diversity and Inclusion Survey to gauge our employees' thoughts on how we could support them to bring their whole selves to work. While our employees feel supported we are developing a Diversity and Inclusion Plan that will see us create a business that has a broader pool of employees, better staff morale, more flexible work practices and an increase in representation of the communities we work in.

In response to the Modern Slavery Act 2018 (Act), we have developed our first Group Modern Slavery Strategy and Action Plan. The Plan sets out how we will approach identifying and managing the risks of modern slavery (as defined by the Act) in our supply chain – with an initial focus on our Tier One suppliers. This year we will be preparing and submitting our first Modern Slavery Statement in accordance with the Act.

As part of the framework established by our Modern Slavery Strategy, we have launched our Group Ethical Sourcing Policy to guide us in our choice of suppliers. FPH is committed to high standards of ethical conduct and strives to uphold human rights, fair working conditions and to engage in sustainable and environmentally-sound business practices. In accordance with the expectations of our stakeholders, the community and requirements of regulatory authorities, we strive to always operate responsibly and we expect the same from our suppliers.

We will engage with our suppliers to improve social and environmental practices.





Our focus for 2020 - 2023



Focus areas	Some of our achievements	Year 1 goals	Medium- term stretch goals
<p>People and culture</p> <p>Health, safety and wellness</p> <p>Stakeholder engagement</p> <p>Diversity and inclusion</p> <p>Community cohesion</p> <p>Sponsorships and support</p> <p>Ethical sourcing</p>	<p>Funded part of the upgrade of the Parnkala Trail at Port Lincoln.</p> <p>Developed a proprietary Container Spreader Guidance Apparatus to eliminate the manual handling risks to wharf-side personnel. The guidance system has made vessel loading faster and more efficient. Cost savings have also resulted through reduced damage to containers and lower staff costs. These efficiencies have enabled Flinders Logistics to demonstrate to customers and competitors that striving for the highest possible safety standards is not just about excellent business ethics – it makes great financial sense too.</p> <p>Delivered a 12-month Wellness Strategy that included internal wellbeing programs and participation in community activities.</p> <p>Invested up to \$150,000 in sponsorships for a range of social, environmental and community-based initiatives.</p>	<p>To have developed:</p> <ul style="list-style-type: none"> • An employee engagement and innovation program • A diversity and inclusion plan; and • An external engagement plan. <p>Adapted policies and procedures to accommodate modern slavery approach. Submitted first Modern Slavery Statement.</p> <p>Implemented our Ethical Sourcing Policy.</p>	<p>Develop collaborative community-based projects.</p> <p>Engage with suppliers, partners and others on sustainable outcomes.</p>



Governance

THEME **3**

What do we mean by governance? This aspect of our sustainability focus is about the way in which we plan, operate, make decisions and measure and monitor our performance.

Good management and oversight of companies is a strong indicator of sustained financial performance over the long-term. It includes our board structure and function, our risk management and other governance policies and practices, our culture and values and how we monitor, measure and report our progress and results.

Our master planning for the next 50 years is underway and will include overarching principles of sustainability. We have engaged a firm of global leaders in port development and design and we will include current and forecast sustainability trends in our analysis and planning. The result is expected to be future commercial ports, logistics and container businesses that are ready for the challenges and opportunities that will inevitably come our way.

The integration of sustainability into our internal processes will be critical to the success of this plan. For example, we will build aspects of environmental, social and financial considerations into our decision-making, business cases, budgeting and procurement. In this way we will create more than just economic value – we will build environment, community and human value.

This year, we are expanding our measurement and reporting against ESG criteria by becoming a member of GRESB – the global ESG benchmark for real estate. Our shareholders encourage and actively request ESG reporting and we intend to be proactive in providing information to all of our stakeholders. In this way they will understand more about what we stand for, how we operate and what we are capable of achieving.

As part of this plan we will be further developing appropriate performance indicators, goals and targets which will drive us forward. As a prerequisite, we will expand our baseline data set to enable us to develop these in a meaningful and robust fashion.



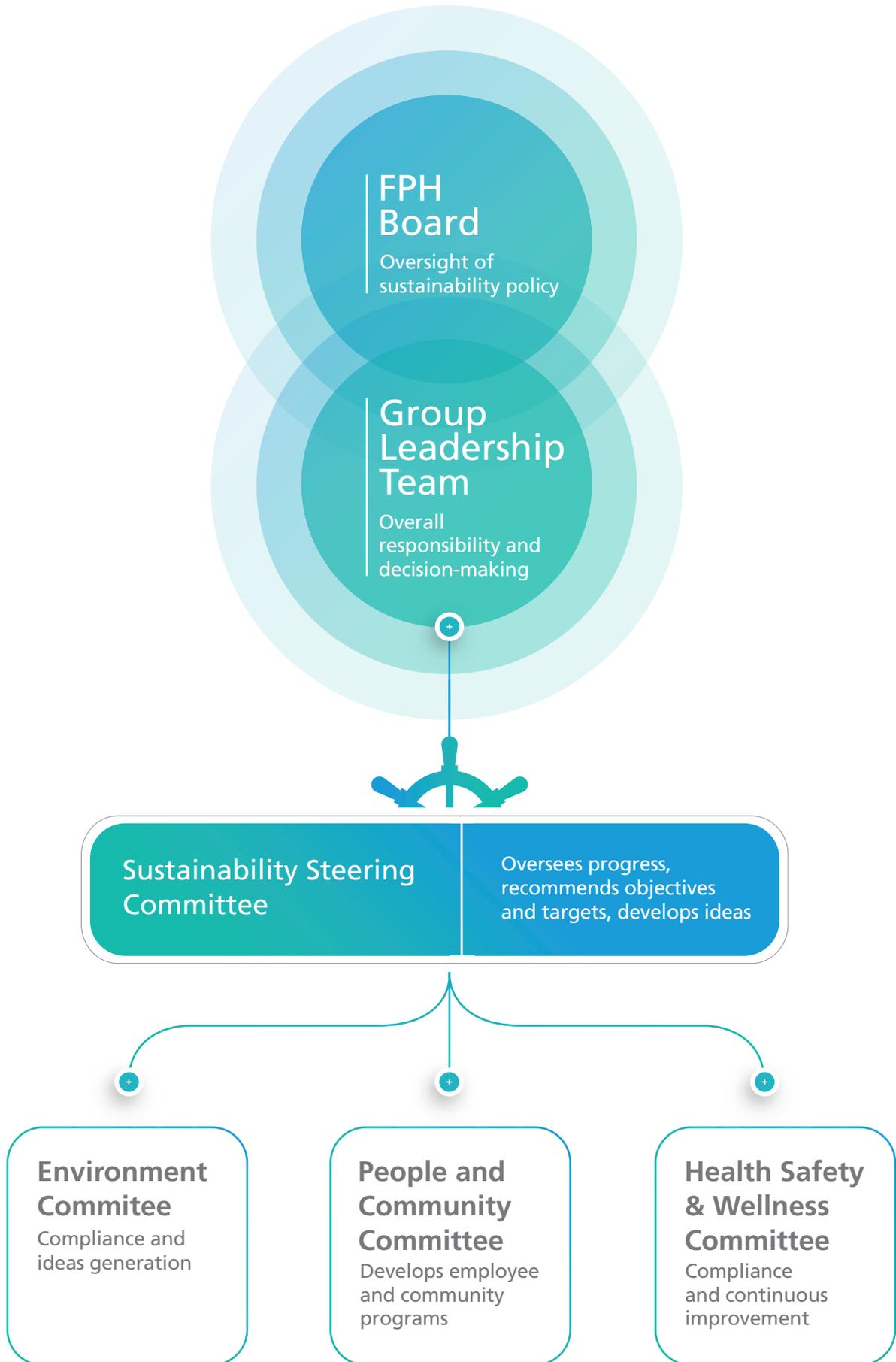


Our focus for 2020 - 2023



Focus areas	Some of our achievements	Year 1 goals	Medium-term stretch goals
Board oversight and diversity	Maintained ISO certification for Work Health and Safety, Quality and Environment.	Complete 50-Year master planning.	Tangible outcomes from Diversity and Inclusion initiatives.
Planning and development	Established Sustainability Working Group.	Obtain ESG rating via GRESB.	Become a local industry leader in sustainable procurement and supply chain.
Economic contribution	Established Group Sustainability, Ethical Sourcing and Flexible Work Policies.	Develop baseline data set for reporting and target-setting.	Evaluation of sustainability linked debt funding.
Risk management	Conducted Engagement and Alignment and Diversity and Inclusion Surveys and responses.		External stakeholder transparency and reporting of our sustainability performance.
Funding and capital allocation			
Supply chain management			
Reporting and transparency			

Sustainability Governance Framework



Governance framework for sustainability

A strong and effective governance framework is essential to lead and support our sustainability plan and associated activities.

Our framework for managing sustainability

To oversee the delivery of this plan and our Group Sustainability Policy, we have established the Sustainability Steering Committee. This committee is chaired by the Company Secretary and General Counsel and consists of a membership of people from across the FPH Group representing key functions including assets, people and culture, environmental management, health, safety and wellness, and finance.

Responsibilities

Sustainability is the collective responsibility of our entire Group Leadership Team. For the purpose of driving the implementation phase and reporting to our stakeholders, sustainability falls into the Governance portfolio headed by the Company Secretary and General Counsel.

Environmental compliance against legislation and regulatory standards is the responsibility of the Group Health, Safety and Environment Team.

In turn every member of staff has a responsibility to be aware of sustainability and to behave in a way that matches our sustainability commitments and values.

Monitoring and reporting

In the spirit of transparency and our openness to collaborate we will communicate and report on our sustainability intentions and achievements – this plan is the start.

The newly-established Sustainability Steering Group will drive and monitor progress against our plan. We will report to and involve our employees on this journey and likewise the FPH Group Board. We will comply with our shareholders' requests for information on ESG and actively engage with them and others for mutual benefit.

The FPH Group intends to become a Participant Member of GRESB in 2020. GRESB Assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments and are aligned with international reporting frameworks. In prior years, FPH has been contributing to this and other ESG reporting initiatives via its shareholders, some of whom are signatories to the United Nations Principles for Responsible Investment (UNPRI). This global collaboration to enhance returns and better manage risk is growing rapidly - as at 2019 the UNPRI members represented over US\$84 trillion in global investments – a powerful force!

