

Flinders Port Holdings

Annual Report

2023



An aerial photograph of a rocky coastline. The top half of the image shows a rugged shore with numerous light-colored, rounded boulders and some green vegetation. The water is a vibrant turquoise color. In the lower half, a small boat is moving across the water, leaving a white wake behind it.

Acknowledgment of Country

Flinders Port Holdings acknowledges the Traditional Owners of the land and waterways on which we operate, and pays respect to Elders past, present and emerging.

We're working towards reconciliation and engaging with Traditional Owners is a critical part of business on an acute port and local community level, but also on a far greater scale, contributing to the growth of unity between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples across Australia.

We acknowledge that our business operations spread across six Aboriginal and Torres Strait Islander lands. These are Kurna, Bangarla, Naranga, Nawu, Wirangu and Nukunu.



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Performance Snapshot

Year ended 30 June 2023

Operational Performance

25.7 million tonnes

Total Cargo Tonnage

Increase of 7.7% on FY'22 from 23.9m tonnes

8.5 million tonnes

Total Grain Tonnage

Increase of 27.7% on FY'22 from 6.6m tonnes

337,959

Total Containers

Increase of 2.9% on FY'22 from 328,537 TEU

2,030

Vessel Calls

Increase of 235 calls (13.1%) on FY'22

Financial Performance

\$277.4m

Total Revenue

Increase of \$32.5m (13.3%) on FY'22

\$120.9m

Underlying EBITDA

Increase of 7.9% on FY'22 from \$112.0m

\$74.4m

Net Cash Flow from operating activities

Increase of 41.3% on FY'22 from \$52.6m

11.0%

Underlying ROIC

Increase of 2.0% on FY'22 from 9.0%

Assets

\$32.3

Total capital expenditure invested

\$15.7m

Maintenance expenditure (including sales and wages)

People and Brand



485.9

Full time employees

Recognised and
Awarded one of
Australia's Best
Managed Companies
(2022) for a second
year in a row.



735

Total Employees

Safety

Continued improvement in our safety statistics

139

Leaders Safety
Engagements
Completed

an increase of 7.8%
on FY'22

6.6

Lost Time Injury
Frequency Rate (LTIFR)

(12 month average of lost time injuries
per million hours worked) A decrease
of 9.6% on FY'22 from 7.27%

0

fatalities

Sustainability

GRESB
Score of

81 / 100

(compared to 79 in 2022)



2023 Global Real
Estate Sustainability
Benchmark (GRESB)

A Message from our CEO



STEWART LAMMIN
Chief Executive Officer

“As the leading privately-owned port operator in South Australia, Flinders Port Holdings (FPH) is committed to continuing our proven track record of supporting South Australian businesses and consumers by providing cost effective access to global markets, delivering strong returns and value growth to our shareholders, ensuring FPH delivers on its sustainability commitments and meeting the expectations of all our stakeholders.”

Since 2020, the business has been impacted by the disruptions caused by the global pandemic and other recent external global events.

These events have demonstrated how fragile local and international trade routes and supply chains are and how quickly they can become disrupted. It has further identified the importance for FPH to continuously review the evolving customer, industry, and societal demands and expectations for our infrastructure and services.

The business has remained resilient to these challenges throughout this period, allowing us to safely continue operations and meet the service level requirements of our customers and create value for all our stakeholders. This is evident in the improved FY'23 financial and operating result and the substantial progress being made across our strategic imperatives, thanks to the dedication of our people, business partners and service providers.

Financial and Operating Performance

The Group's FY'23 revenue was \$277.4m, an increase of \$32.5m or 13.3% on the previous year ended 30 June 2022 (FY'22). This was underpinned by a record-breaking grain harvest and increased overall cargo volumes through our ports which totaled 25.7m tonnes. Favourable trends were also noted with respect to fertiliser, gypsum, petroleum and gas, and general cargoes, however, these were partially offset by lower full container volumes, Twenty Foot Equivalent Unit (TEU) (270,297 TEUs, a 3.6% decrease on FY'22) in light of ongoing disruption in container supply chains and a contraction in demand due to a weaker economic environment. The number of lifts recorded through the container terminal also decreased as a result (251,128 lifts, a 2.1% decrease on FY'22).

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) of \$120.9m for FY'23, represented a 7.9% increase on FY'22. The Underlying EBITDA result, relative to the recorded revenue increase, was representative of the inflationary cost pressures and lower container volumes that have a higher EBITDA impact relative to other commodities.

The strength of the Group's operating cashflows has remained robust allowing us to support shareholder distributions and the efficient funding of capital investments. We continue to maintain significant headroom against our debt covenants and the Group is well capitalised to support our strategic priorities and maximise financial performance over the short, medium, and long-term.

Strategic priorities

FPH constantly undertakes a thorough evaluation of all aspects of our business delivery to ensure we have clarity on what we are doing today, but more importantly, defining and designing those strategies that will guide us to our future operating state and result in the realisation of our Vision of;

*“Connecting
South Australia
to the World.”*

We consider that future supply chains (global and its connectivity to South Australia) will be characterised by connectivity, transparency and an ability to respond to change, meet sustainability outcomes and support informed and optimised decision making.

As a result we amended our mission statement to reflect being an industry leader and driver of change in the pursuit of port related infrastructure capabilities and services.

The outcomes delivered over recent years have already resulted in significant maturity improvements, and the creation of value, across a number of critical areas – including health and safety, sustainability, people and brand, risk management, digital transformation, cyber resilience and strategic asset management.

We have also invested in long-term master planning and detailed operational feasibility studies to ensure we continue to provide the capabilities and services to our customers that they require now and into the future.

Those outcomes have provided FPH with a strong platform upon which to grow and launch a number of significant and critical strategic initiatives.

As outlined throughout this year's Annual Report, our strategic priorities for FY'23 have focused on action and delivery against established strategic roadmaps that support our vision and mission. Our Mission now reads as follows:

"To be an industry leader in providing safe, innovative and sustainable port related infrastructure, capabilities and services that enable, optimise and maximise trade for our customers."

Health and Safety

We have continued to place safety and health above all else by prioritising the creation of a workplace where people feel safe, and no-one is harmed. We are focused on our safety commitment and believe that we cannot achieve our strategic and operational objectives without an unwavering focus on health and safety.

Our Health and Safety framework is now well established and adopts leading practices that promote and reinforce a positive health and safety culture.

During FY'23, we delivered several key strategic initiatives including a Fair and Just Culture Framework, Mental Wellbeing Framework, Safety Leadership Training Program and implemented a new Incident and WHS Assurance System. Pleasingly we have also seen a material improvement in safety performance across FY'23, however there is always room for us to improve.

Next year we will be focused on several projects that aim to reduce the Group's exposure to critical risks and improve the physical and psychological wellbeing of the FPH team.

People and Brand

As a significant employer in South Australia, our people are a key input to the successful delivery of our strategy and their skills, experiences and knowledge directly lead to value creation for the business. FPH is committed to the investment in our people and to fostering a diverse and high-performance culture that celebrates the value our people bring to the organisation.

Key activities undertaken this financial year include the successful roll out of a group-wide Deliberate Leadership Program, providing leadership skills and development across the organisation. We initiated our Employee Lifecycle Management project that will allow for improved processes for how we manage our employees through their lifecycle and ensure workforce compliance.

We have also progressed our diversity and inclusion focus with commencement of the Group's Reconciliation Action Plan and efforts to increase female participation in stevedoring and senior leadership roles.

Customers and Growth

Several key initiatives were completed in FY'23 allowing us to better understand and service our customers, including launching a new corporate consumer facing website, executing new long-term strategic partnerships and arrangements with key customers and establishment of our land strategy in support of developing customers solutions.

Looking ahead we will continue to review opportunities to invest and/or partner with third parties in providing infrastructure, capabilities and services in the South Australian supply chain that drive trade and volume through our port and container terminal assets.

Sustainability

Sustainability is one of the guiding philosophies in the way we operate and in our future planning and development - ensuring we minimise harm, decarbonise our business, collaborate with our communities and build resilience.

Our Sustainability Plan (2022-2025) was published during FY'23 to address the environment, social and governance topics that matter most to FPH and its external stakeholders. We have made substantial progress against this plan, including development of our carbon strategy, achieving improved carbon outcomes from greater renewable energy consumption, and delivering material improvements in our environmental management system.

Assets

Several significant asset management activities and capital projects were undertaken in FY'23, with investment totaling \$32.3m (\$28.5m FY'22). This included major works at operating sites including Port Pirie and Inner Harbour, Port Adelaide, development of three new dredge ponds at Outer Harbor, purchasing and commissioning three new straddle carriers and a new pilot boat, as well as reinvestment in other operational plant and equipment.

Other successes included enhancements to the capability and maturity of our asset planning

and capital delivery functions and refreshing our procurement policy with increased focus on strategic procurement opportunities and purchasing efficiencies.

Efficiency

The Group continued to accelerate digitalisation, innovation, and technology across all aspects of our operations and supporting services in accordance with our Digital Transformation roadmap with further investment to come in FY'24 and beyond.

Substantial enhancements in the maturity of our cyber resilience and awareness have also been made, alongside the development and initiation of the FPH data strategy.

In FY'23 we also implemented our Strategic Realisation Framework which governs the realisation of our strategic initiatives and aligns to our framework for Change Management and Benefit Realisation, key elements that support maximising value creation.

Outlook

In FY'24, FPH will commence and/or deliver significant initiatives that will transform the way we operate. These initiatives will impact all aspects of our business and are critical to meeting FPH's objective of being an industry leader in providing innovative and sustainable port related infrastructure, capabilities and services that enable, optimise, and maximise trade for our customers.

I look forward to accelerating our growth ambitions over the next twelve months, alongside our safety, sustainability, and digitalisation agenda, as we adapt to a changing operating environment and play our part in connecting South Australia to the world.

Who we are

Our vision is to connect South Australia to the world.

Flinders Port Holdings Pty Ltd, including its controlled subsidiaries (collectively 'the Group' or 'FPH'), is the leading privately-owned port operator in South Australia, handling the vast majority of the state's international imports and exports each year.

Originally established in 2001 through the acquisition of 99-year land leases, associated assets and port operating agreements for the port of Port Adelaide and the six South Australian regional ports of Port Lincoln, Port Pirie, Thevenard, Port Giles, Wallaroo and Klein Point, the Group has since grown to offer a wide range of port-related services.

Our Services

The Group delivers its services through the following key operating entities:

- **Flinders Ports** (FP) is the port operator for FPH's seven owned ports, as well as performing the core marine operations functions for commercial ports at Whyalla, Port Bonython and Ardrossan.
- **Flinders Adelaide Container Terminal** (FACT) is South Australia's only container terminal operator, handling containerised imports and exports.
- **Flinders Logistics** (FL), a logistics and stevedoring services provider, with a focus on mineral resources and oil and gas sectors in Australia. FL supports the provision of end-to-end supply chain solutions for South Australian businesses.
- **Flinders Warehousing and Distribution** (FWD) provides container-related storage and handling services.
- **HydroSurvey Australia** provides detailed, high-accuracy hydrographic survey services to private and public sector clients, with mid to large scale projects, in South Australia and interstate.

Our Vision and Mission

FPH's vision is to connect South Australia to the world.

As outlined in our CEO Message, Our Mission reads:

"To be an industry leader in providing safe, innovative and sustainable port related infrastructure, capabilities and services that enable, optimise and maximise trade for our customers."



Every day, all around South Australia, our people and service providers help enable essential goods to keep flowing into and out of the South Australia – keeping our community and our economy running.

One Flinders Port Holdings

To achieve the Vision and Mission, FPH seeks to provide innovative, efficient and competitive supply chain solutions to facilitate trade into South Australia or support domestic businesses taking their products into global export markets. FPH has branded and themed this Group focus as “OneFPH”.

Our focus as OneFPH allows us to offer integrated supply chain solutions that achieve the following for our customers:

- Faster distribution times;
- Greater capacity;
- Better accessibility;
- Reduced environmental and social impact;
- Increased cost savings; and
- Reduced risk.

Further supporting this ethos, we created FPH’s first corporate video reflecting who we are and how our business has evolved, which can be viewed on our company website.

Our staff are proud to work for FPH and the role they play in facilitating trade in and out of South Australia.

*We bring business,
customers and
community together –*

*We connect
South Australia
to the world!*

Our Strategic Focus

Port congestion, container shortages, supply chain disruption – these have been the headlines when it comes to global and local maritime trade over the past year. It is becoming increasingly critical for the whole supply chain (and ports, terminals and logistics sectors) to find new ways to optimise operations, deliver productivity, reduce carbon emissions and adverse community impact and increase resilience.

FPH subscribes to the belief that future success will depend on all aspects of its operations becoming smarter in everything that it does.

The traditional port ecosystem is changing, demographical, technological and sustainability drivers are affecting the daily business and shaping future operations. FPH expects that trade routes, the competitive position of stakeholders, ecosystems and the cargo distribution supply chain will be different to how we have historically known them, or as they exist today.

Although the future for the global ports and shipping industry remains uncertain, it has continued to emphasise the importance for FPH to continuously review the evolving customer, industry and societal demands and expectations for our infrastructure and services.

“The traditional port ecosystem is changing, demographical, technological and sustainability drivers are affecting the daily business and shaping future operations.”

FPH provides the critical infrastructure, port capability and services that facilitate the majority of international trade for South Australia. FPH has significantly evolved its strategy over recent years to not only ensure that we can remain resilient and adapt to continuous change, but to become a driver of change.

In addition to the unwavering focus on safety, during FY'24 FPH will begin the next evolution of our strategic journey – with the platform that we have established being used to deliver against our growth and operational optimisation objectives.

Growth

The FPH Vision and Mission are focused on connecting supply chains and doing this through the delivery of infrastructure, capabilities and services that enable those supply chains for our customers.

FPH is focused on identifying, executing and implementing investment opportunities that enhance the capabilities of South Australian supply chains and that are expected to support the utilisation of, and volumes handled across, our infrastructure assets (ie ports and container terminal). Whilst acknowledging South Australia's relatively mature and diversified trade mix, we are focused on influencing supply chains that increase catchment areas for containerised, bulk and break-bulk trades.

Our growth opportunities have been broken down into three key categories, albeit acknowledging that the trade outcome may require execution and alignment across multiple categories:

Land Development:

Land is critical to providing the port capabilities and services that allow FPH to design and implement supply chain solutions to support our customers and drive trade across our infrastructure assets.

We actively develop, utilise and seek to acquire land to support the advancement of customer solutions, aligned to our Masterplan and to provide the basis for the development of port and/or supply chain infrastructure and capabilities.

Our strategic land focus includes:

- The development of FPH's existing land holdings; and
- Pursuing additional land acquisitions.

Supply Chain Capabilities:

The identification, exploration and execution of opportunities to enable and provide capabilities into supply chains to drive increased trade and volume through our core infrastructure assets.

We are focused on those core capabilities that facilitate and permit customers and cargoes to be directed to our South Australian assets – including rail, road, intermodal facilities, cold storage, warehousing, etc.

New Port Infrastructure:

FPH is continuously in active pursuit of strategic port infrastructure growth opportunities. These opportunities are within the delivery of FPH's core business activities (i.e. port infrastructure and operations) and range across the acquisition and/or enhancement of existing assets or the development of greenfield sites.

The opportunities seek to expand on FPH's existing operations, support the needs of our customers or South Australian industries, increasing value and diversifying our revenue and returns.

Operational Optimisation

FPH has invested significant time over recent years to fully understand our current state position, capability and performance across all areas of our operations and supporting corporate functions.

These reviews have resulted in a deep understanding of what we do today, but more importantly have shaped the development of our future strategy, roadmaps and action plans. FPH continues to transform the way we deliver elements of our service offering and business processes. The core focus areas include:

Employee Life Cycle Management (ELM):

FPH has identified the need to uplift the capability of its ELM digital systems.

FPH will commence a program of work to deliver a complete set of digitalised ELM capabilities. The program addresses technological and functional capability uplift requirements across all stages of the employee lifecycle and will serve as the platform to enable FPH to engage in enhanced activities around workforce optimisation.

Business Excellence and Continuous Improvement:

FPH will continue to deliver a number of initiatives in FY'24 and beyond in the pursuit of the enhancement and continuous improvement of our business processes and operating frameworks.

FPH is currently delivering Capability uplift across a number of work programs, including: health and safety, risk and assurance, cyber resilience, sustainability, environmental management and strategic asset management.

FPH will develop a new business-wide Business Excellence and Continuous Improvement framework and deliver further outcomes against each of these programs in accordance with this framework.

Beyond these specific areas, FPH is focused more broadly on embracing a technology-enabled, datapowered and insight-driven approach across all aspects of our business that delivers returns and value growth over the short, medium and long-term.

Value Creation

FPH's Vision and Mission is underpinned by the recognition that creating sustainable long-term shareholder value comes from a clear understanding of how FPH creates value – its value creation process.

We are committed to integrated thinking and this has provided the basis for a structure for how we define our value creation process and how we will establish targets, report results and measure our performance.

Our value creation process demonstrates how delivery of our strategy and management of risks and opportunities deliver value for FPH's shareholder and other stakeholders over the short, medium and long term.

This process recognises that the value is not created by or within an organisation alone. It is influenced by the external environment, created through relationships with stakeholders and dependant on various resources.

Our input into the business is through five key resources ("Capital") that used and affected in its creation of value.

These Capitals are:

- **Human Capital**
Competencies, capabilities and experience of our employees and their motivations to innovate;
- **Intellectual Capital**
Intellectual property, brand and reputation and the Group's operational knowledge and understanding;
- **Natural and Social Capital**
All renewable and non-renewable natural resources and environmental assets (i.e. air, water, land, minerals and forests) and relationships that FPH has with its external stakeholders that support the past, current and future prosperity of FPH and are critical to maintaining our social license;
- **Physical and Digital Asset Capital**
Tangible and intangible infrastructure, solutions and equipment owned, leased or controlled by FPH that contribute to the delivery of our services; and
- **Financial Capital**
Pool of funds generated through financing, such as debt or equity, or generated by operations.

We draw on each of these Capitals as inputs and through our business activities will convert them to outcomes (i.e. improved performance and metrics) measured against each of our Strategic Pillars. Our ability to improve performance against each of the Strategic Pillars reflects our ability to create value over time. Our Value Creation Model is presented overleaf.

Value Creation Model

Our Environment

Internal and External Factors.

+ Key Inputs

Human Capital

Competencies, capabilities and experience of our employees and their motivations to perform and innovate.



Intellectual Capital

Intellectual property, brand and reputation and FPH's operational knowledge and understanding.



Natural & Social Capital

All renewable and non-renewable natural resources & environmental assets (i.e. air, water, land, minerals and forests) and relationships that FPH has with its external stakeholders that support the past, current and future prosperity of FPH and are critical to maintaining our social licence.



Physical & Digital Asset Capital

Tangible and intangible infrastructure, solutions and equipment owned, leased or controlled by FPH that contribute to the delivery of our services.



Financial Capital

Pool of funds generated through financing, such as debt or equity, or generated by operations.



+ Strategic Foundations



Health & Safety



Data & Technology



Risk & Risk Management

+ Operations



ations

+ Strategic Pillars

= Mission & Vision

housing &
Services

ised and
ing Services

tructure
Operations

People & Brand

The commitment to the investment in our people and to fostering a diverse and high-performance culture that celebrates the value our people bring to the organisation.



Customers & Growth

The commitment to understanding our customers' needs, providing superior customer service and delivering the capabilities that enable and facilitate trade.



Sustainability

The commitment to maintaining sustainability at the core of what we do, ensuring we minimise harm, decarbonise our business, collaborate with our communities and build resilience.



Assets

The commitment to providing the required level of service from our physical and digital assets that is focused on enabling safe, efficient and sustainable asset stewardship.



Efficiency

The commitment to continuous improvement and optimisation of all aspects of our operations and supporting services.



Mission: To be an industry leader in providing safe, innovative and sustainable port related infrastructure, capabilities and services that enable, optimise and maximise trade for our customers.

Vision: Connecting South Australia to the world



Health and Safety

Key Areas of Progress

During FY'23 the Group Leadership Team developed and updated program of work that will be delivered against our established seven strategic safety objectives.

The updated program aimed to build on the learnings from the strategy during previous years and to ensure delivery was coordinated with the activities and actions required from all areas of the business. The delivery of the safety strategy and support to the Group continues to be through the business partnering model, with additional resources brought into the Work Health Safety (WHS) Team to facilitate ongoing successful strategy implementation.

There were various organisational structure changes for the WHS team within the last financial year. The Manager for the safety function was elevated to General Manager, reporting to the CFO/COO, this was to further reflect the importance of the function, to elevate the expectations of the role and to facilitate a closer alignment across our operations. The WHS Business Partners now report into a Senior HS Business Partner, and a new dedicated role was established for delivery and management of health and safety and quality management systems.

Major Achievements

During FY'23, the WHS team achieved delivery of key strategic initiatives including:

- **Fair and Just Culture Framework**

A core component of FPH's safety delivery model is a Fair and Just Culture. Our Fair and Just Culture intends to provide procedural certainty and psychological safety that empowers workers to "do the right thing". A just culture exists when we recognise and acknowledge that honest mistakes are made, systems will fail, and workers are treated justly and fairly when they report or are involved in events or incidents.

- **Safety Leadership Program**

Developed in partnership with People and Brand and facilitated by industry leaders, the Safety Leadership Program has been specifically designed to meet the leadership capability needs of the Group, framing content and activities to meet current and future levels of safety cultural maturity and provide foundational knowledge in Human Factors. It covers a range of topics aimed at embedding existing critical risk and behaviour models and frameworks, providing practical strategies for operational leaders to apply to positively engage our workforce in safe work behaviours.

- **Safety, Risk and Compliance (SRC) System Implementation**

Working in partnership with IT and Risk and Governance teams, the Safety, Risk and Compliance project delivered a solution that provides FPH with an integrated online and app-based platform to support work health and safety activities and processes, risk management, compliance management, correction actions and audit management. The WHS Team lead the design and development of the WHS modules to support the achievement of the Group's desired level of maturity regarding WHS and ultimately, delivery of improved WHS risk outcomes.

During FY'23 our Senior Leaders maintained a focus on our balanced safety scorecard, a mixture of both lagging and leading indicators, to monitor and assess safety performance across the Group. All key metrics demonstrated an improvement compared to FY'22.

Lost Time Injury Frequency Rate at 6.6 and the Total Recordable Frequency Rate at 16.5 have shown continual improvement year on year, with some business units achieving rates of 0.0 for the first time in FY'23. Hazard reporting has increased by almost 70% and was supported by approximately 50% reduction in High Potential incidents. Leader Safety Engagements exceeded target, with focus now on trending analysis of outputs and continuous improvement achieved through these safety interaction activities.

The Group will continue to identify additional metrics and measures to provide assurance of our safety capacity and performance across the balanced scorecard, through utilisation of data and dashboards linked to our newly implemented SRC system.

Future Focus

The WHS Team are working to deliver on several projects which aim to further reduce the exposure of the Group's critical risks and to improve the physical and psychological wellbeing of our FPH team.

- Maturation of the Group's Critical Risk processes, including improved awareness and education, and identification of higher order risk controls through assessment of 'work as planned' vs 'work as done'. These assessments will be led by frontline teams and supported by our Leadership Safety Engagements conducted by Senior Leaders. They are targeted safety interactions which aim to maximise learning through human and organisational performance principles.
- FPH has developed its inaugural Mental Wellbeing Strategy, with an associated 3-year action plan. The strategy is generated out of our belief that well designed work is at the heart of what allows us to prevent and mitigate mental ill health and promote thriving. The WHS Team will lead the delivery of the associated initiatives to optimise health and wellbeing, keeping our people well and preventing poor mental health. The strategy is underpinned by a world-leading, evidence-based framework in organisational psychology and performance.
- In partnership with People and Brand, the WHS Team will lead the implementation of the Group's Recovery and Return to Work Framework. FPH is committed to providing a safe, supportive and effective recovery and return to work program for all workers injured while at work. The program has a strong focus on injury prevention, early intervention and a safe and sustainable return to pre-injury work capacity.

People and Brand

Key Areas of Progress

The People and Brand strategy sits across seven distinct pillars which have been built to support the businesses key strategic objectives as well as the cyclical operational needs of the business.

FY'23 has seen a significant period of change both for the People and Brand team and the broader business. The team has been restructured to better support operational and corporate customers, resulting in some new roles in training and HR operations. We have embarked on the largest information technology project to impact the People and Brand team with the implementation of our new Employee Lifecycle Management system. The design work, process reengineering and data architecture has been conducted this year, while in parallel a team have worked on ensuring the sourcing strategy results in us implementing the right system in the right way.

One of the largest programs of work to touch almost everyone at FPH has been the roll out of the Deliberate Leadership program. This program was initially piloted with the Executive Group Leadership Team and there has been a cascaded roll out to Senior Leaders, with Frontline Leaders to complete the bulk of their training in 2024. Providing leadership skills development across the business provides us the biggest opportunity to increase employee engagement and it has been pleasing to see this development embraced across the Group.

As the world settles post-Covid we are seeing a return to in-person events and global travel and this has provided us with the opportunity to further define our corporate brand. The return of cruising was gratifying for our teams involved and also provided us the chance to work with our partners on promotion, both for cruise lines and our port.

The HR operations team was kept busy this year with a large number of restructures designed to ensure our business units are aligned with the growth plans

as outlined in the business plan. We encourage the involvement of our employees in these alignments and conduct full consultation programs with anyone impacted, or who may have feedback to benefit better decision making. Our employee's wellbeing is front of mind at all times.

Continuing with HR Operations, this year has seen the largest year for recruitment of discrete roles. With the creation of new positions to support projects, general turnover and restructures we have recruited over 120 roles. The benefit to the business is we have managed all of these hires in house which provides a higher level of service to the hiring manager and saves on significant recruitment consultant costs.

Diversity, Equity and Inclusion continues to be at the forefront of our minds when designing any new work and the commencement of our first RAP will help us position FPH as a culturally safe place to work as well as celebrate our indigenous connections through our shared spaces of land and sea.

We are immensely proud that we have been able to increase female participation in our stevedoring roles by up to 50% in our last intake. We continue to work with our cohort of female frontline workers to ensure their journey with FPH results in them feeling engaged with their workplace. Further strategies to increase the number of females in senior leader roles are planned for this year.

The businesses and organisations we choose to work with as part of our sponsorship program are more than just beneficiaries of funding. We like to partner with people who are aligned with our values and who we can interact with through volunteering, professional development and education. We have continued our sponsorship with the Clontarf Foundation who make such a difference to the lives of indigenous boys in our communities through education and training.

A new sponsorship with Foodbank reaches not only our metropolitan but regional communities some of whom are finding it difficult to provide for families. We aim to work with businesses who operate where our people are. Our staff actively participate with volunteering opportunities with our sponsors, and we will continue to give to the communities we operate in.

Major Achievements

During FY'23 the people and Brand Team achieved delivery of key strategic initiatives including:

- Brought recruitment entirely in-house and banked a significant saving on recruitment costs while hiring and on-boarding 120 roles through the year.
- Social Media brought in-house and continues to show improvements across all engagement metrics.
- Signed a new sponsorship agreement with Foodbank.
- Recognised and Awarded one of Australia's Best Managed Companies (2022), second year in a row.
- Completed Deliberate Leadership program for Executive team, commenced for Senior Leader and Frontline leader teams, making a significant difference in how our leaders collaborate and engage with their teams.
- Successfully negotiated three Enterprise Agreements with our employee groups, resulting in benefits for all parties.
- Commenced work on our Reconciliation Action Plan (RAP), due for completion in 2024.
- Designed a new remuneration framework for all non-EA staff.

- In conjunction with operational leaders, managed the introduction of multiple restructures to better align the business to deliver our Business Plan.
- Completed the pre-sourcing phase of a new Enterprise Lifecycle Management system which will provide seamless workflow across the full suite of HR services.

Future Focus

As we look forward, the People and Brand function will look to work more closely with our operational business units to provide solutions to their workforce challenges. We are predicting the recruitment workload will stay elevated and this will remain. Meaning our sourcing strategies will need to be innovative, flexible and fast. We believe we're well placed to meet these needs as we hone our processes and rely on our internal team of experts.

The Terminal Transformation project will be one of the biggest projects FPH has undertaken and will require it's own stakeholder strategy as we not only change the way we operate at FACT, but as we tell the story of the economic impact this project will have on South Australia. A unique brand story is emerging, and we look forward to working with some of our partners to deliver this messaging across South Australia.

Our employees are our most valuable asset and we will continue to design programs and ensure conditions are right for our employees to be engaged and bring their whole selves to work.

Staff Roll of Honour

30 Years

Glenn Rosling
Terry Nelhams

25 Years

Andrew Wilkins
David Coxon
Karen Haywood
Malcolm Fricker
Michael Cronin
Wayne Cocks

20 Years

Mark Hales
Mathew Rice

15 Years

Alex Lucas
Alun Hodgson
Chris Johnson
Christian Nurton
Damien Hunt
Daniel Pedler
Grant Dunstan
James Mildwaters
John Zerella
Jonathan Dowsett
Kym Gaylard
Luke Smith
Mark White
Paul Browne
Robin Pole
Scott Morris
Shane Haywood

10 Years

Ben Stevens
Bradley Barns
Casey Olcorn
Dalton Baynes
David Mair
Henry Grebenshikoff
Jake Lewis
James Holmes
Jason Drew
Liam Trudgen
Luke Ebert
Michael Pluck
Mick Brougham
Mike Newcombe
Randall Elson
Rhys Martin
Robert Hubbard
Scott Bahr
Simon Button
Simon Peucker
Vijay Padmanabhan



Customers and Growth

Our ports play an important role in facilitating economic growth in South Australia by providing vital linkages to global export markets for South Australian farmers, manufacturers and miners, as well as access to essential imports for consumers and producers.

We facilitate the movements of circa \$25bn of trade per annum, which is equivalent to close to 94% of South Australia's international trade and about 24% of the state's Gross State Product.

FPH exists to meet the infrastructure and service requirements of our customers. We are focused on supporting all our existing and prospective customers so that we can meet these requirements.

We actively develop, use and seek to acquire land to support the advancement of customer solutions, align to our masterplan and to provide the basis for the development of port and/or supply chain infrastructure and capabilities.

Key Areas of Progress

In FY'23 we provided uninterrupted provision of our full service offering to meet the requirements of our customers. We were successful in building out further capabilities/services and to develop our assets to ensure the long-term provision of the level of service they require.

We were able to meet the specific requirements of our customers including:

- **Murray Zircon**

Providing Port, Logistics and storage services in support of the concentrate export program commencing in FY'24.

- **Nyrstar Port Pirie**

Supporting the movement of all finished metals (lead in various forms) from the Quality Assurance floor to the vessel, rail or road.

- **SA Premium Cement**

Working with SA Premium Cement (SAPC) for the reinvestment of Berth 25 (Port Adelaide) and development of landside capabilities to support handling and discharge of bulk cement.

Major Achievements

During FY'23 the Business Development team achieved delivery of key strategic initiatives including:

- Enhanced FPH's brand awareness and engagement and relationship with State Government (and opposition) through meetings, site tours and event sponsorship;
- Executed new long-term strategic partnerships and arrangements with key customers including Murray Zircon, Aurizon, CBH, Infrabuild and SA Premium Cement;
- Developed our land strategy and commenced its execution;
- Undertook a review and study of competitive trade, including the identification of investment opportunities across the supply chain; and
- Collaborated with relevant stakeholders and customers on consideration of the expansion of capabilities and services across the South Australian port landscape.

Future Focus

The Group will continue to focus on opportunities to influence supply chains through strategic investments and or partnerships.

We will also be actively evaluating opportunities to develop new port-related infrastructure, capabilities and services that support new and emerging import and export trades and meet the needs of our current and prospective customers.

We are committed to understanding our customer's needs, providing superior customer service and delivering the capabilities that enable and facilitate trade.

Sustainability

Sustainability is at the core of what we do ensuring we minimise harm, decarbonise our operations, collaborate with communities and build resilience. ensuring it minimises harm, decarbonises its operations, collaborates with its communities and builds resilience.

Fostering a sustainable approach to port operations, including our nature and human environments, is essential to our long-term success. It is around being innovative, efficient, and sustainable in developing and maintaining our infrastructure and moving cargo.

Sustainability is one of our guiding philosophies in the way we operate and in our future planning and development. We aim to be recognised as a leader in sustainable port development and operations. FPH's Sustainability Plan and governance structures, centralises coordination, oversight and delivery of what we do across sustainability and ensures its consideration in decision making at all levels of the business.

Our Sustainability Plan is informed by our materiality assessment and addresses the environmental social and governance impacts that matter most to FPH and its extended stakeholders under the themes of;

- Healthy Environment;
- Valued People;
- Thriving Communities; and
- Good Governance.

We are a signatory to the UN Global Compact and Sustainable Development Goals and report against international sustainability standards.

We are committed to high standards of ethical conduct and strive to uphold human rights, fair working conditions and to engage in sustainable and environmentally sound business practices.

Relevant Group policies includes our Sustainability and Ethical Sourcing Policy and Modern Slavery Statement.

The Sustainability Plan is overseen by the Group's Sustainability Steering Committee, that reports to the Group Leadership Team and Board.

Information around key areas of progress against each of the themes is detailed below and in other sections of the Annual Report.



We continue to participate in GRESB, which is an investor-led benchmarking scheme. It provides actionable and transparent environmental, social and governance data and benchmarks. We continue to see year on year improvements on our infrastructure asset assessment score.

Major achievements

- We developed our decarbonisation and energy strategy. The decarbonisation strategy identifies pathways to achieving our net zero commitments and establishing science-based carbon targets.
- We commenced transition of our light vehicle fleet to Hybrid/Electric vehicles and development of the associated charging infrastructure.
- We purchased five Konecranes Noell diesel battery hybrid straddles, the first in the Asia Pacific region. The engines of the new straddles are also more efficient and reduce fuel consumption and carbon emissions.
- At Head Office we introduced new waste management and recycling systems and services, upgraded the lighting to LED and solar panels were installed on the roof of the building.
- Increased GRESB score from 79 in FY'22 to 81.
- Our RAP working group completed workshops with staff, customers, suppliers and other key stakeholders in development of our draft Reflect RAP.
- We produced a video to talk about our goals for diversity and inclusion and to celebrate diversity within FPH to share with our customers, suppliers, and other stakeholders.



Sustainability

Key areas of progress

Climate and carbon

At FPH, we assess and manage the impact of our businesses on the environment and the potential impact of the environment on us.

The Group's carbon inventory for FY'23 is outlined below. The inventory was verified to a limited assurance level with zero non-conformances by an independent third-party, Aether.

Table 1: Carbon Inventory FY'23

Carbon emissions scope	FY'23 carbon emissions (tCO2-e)	FY'22 carbon emissions (tCO2-e)	Movement (tCO2-e)	Movement (%)	% of total inventory
Scope 1 direct emissions	5,018	5,526	(508)	(9.2%)	6.9%
Scope 2 electricity purchased	1,915	2,018	(103)	(5.1%)	2.6%
Scope 3 indirect emissions	66,177	66,997	(820)	(1.2%)	90.5%
Total	73,110	74,541	(1,431)	(1.9%)	100%

Since FPH prepared its first carbon inventory in FY'20, we have consistently reviewed and expanded our emissions scope each year to ensure a comprehensive and transparent inventory, in line with best practice.

Notably, the FY'21 report incorporated ship, road, and rail carbon emissions. In FY'22, the scope was further broadened to include employee commuting, working from home and land-based business travel.

The top six emissions sources represent 87% of our total inventory are set out in Table 1.

Table 2: Top six emissions sources

Emission sources	Emission scope	tCO2-e	% of total inventory (rounded to the nearest 1%)
Ship movements and berthing	Scope 3	39,902	55%
Tugboat operators	Scope 3	12,926	18%
Fuel consumed in operating fleet (heavy vehicles, equipment and pilot vessels combined)	Scope 1	3,987	5%
Construction and remediation services	Scope 3	2,387	3%
Capital goods and equipment	Scope 3	2,388	3%
Purchased electricity	Scope 2	1,915	3%

Major changes in carbon emissions in FY'23 include:

- Overall fuel consumption was lower than in previous years;
- Improved data quality and granularity with the introduction of ArcBlue software, in particular for purchased goods and services;
- Inclusion of third-party stevedores fuel use;
- Increase in ship calls by 15% but calculated emissions have decreased due to improvements in the data provided and to ongoing improvements in the calculation methodology leading to more accurate engine load factors for vessel maneuverings; and
- Sourcing of imported fuel and higher emission factor for scope 3 fuel figures.

Sustainability

Our initial decarbonisation strategy was developed in FY'23, the purpose of this strategy is to inform decisions around interim targets and then outline pathways for the Group to achieve these commitments. The strategy also identifies pathways for FPH to estimate carbon budgets based on science-based targets.

It builds on issues and opportunities identified in the FPH master plan and infrastructure implications such as increased future electrification of FPH operations. The next phase of work will aim to:

- Define plausible scenarios to achieve net zero, including market scan on alternative fuels;
- Establish interim targets;
- Identify actions to achieve interim and net zero targets;
- Identify development / procurement triggers and hold points; and
- Refine / augment the model.

During FY'23 we delivered the following initiatives in relation to climate mitigation and adaptation:

- Purchase of hybrid-diesel straddles for use at FACT. The straddles are fitted with a battery module that will capture power during braking and lowering, the new straddles will offer fuel savings of approximately 32.5% without compromising on performance. Over the nominal life of the straddle (approximately 50,000 operating hours), the hybrid model provides an estimated 415 tonnes of carbon dioxide equivalent reduction when compared to its comparable diesel-electric model.

- Purchase of hybrid light passenger vehicles for corporate fleet at Head Office and FACT. We are also trialling two Tuatara electric all-terrain vehicles at our Port Lincoln and other port sites.
- Development of an energy strategy to ensure the Group's future energy requirements are met, this strategy has a focus on efficiency and green power when it becomes available and assisting our customers to meet their decarbonisation objectives.
- Through our long-term electricity contract with our energy retailer, we enabled the generation of 6.214 GWh of solar and wind electricity equivalent to 85% of our electricity consumption for our larger sites. We purchased 100% renewable electricity for all our smaller sites.
- We are partnering with the Government of South Australia and City of Port Adelaide Enfield to undertake sea flood mapping and impact assessment for Port Adelaide and surrounds. This will assist to understand the impact on critical infrastructure.

Circular economy and resource efficiency

At Head Office we saw the introduction of new coloured waste bins and signage that enable the separation of bottles, cans and containers, green organic waste, recyclables and waste sent to landfill.

We now recycle for good where blue recycling bin in the main kitchen for all 10¢ refundable bottles, cans, and containers to help support the Jodi Lee Foundation. The Foundation is the leading voice for bowel cancer prevention. Empowering everyone to take active steps to prevent bowel cancer and lead healthy lives.

Environmental compliance and biodiversity protection

At FPH, we operate in a sensitive marine environment, water quality is essential to us. We are committed to protecting the environment and complying with relevant environmental laws and regulatory standards. Our focus is on integrating environmental risk management through all facets of our business, marine services, stevedoring and infrastructure planning, design, and operations.

We delivered the following major initiatives in relation to pollution control and monitoring:

- Port Pirie is installing a first point of entry wash bay and improving Berths 5 and 6 with the construction of an interceptor pit.
- A capital and maintenance dredging campaign within Port Adelaide's Inner Harbour was successfully completed in compliance with the Environment Protection Authority (EPA) requirements and the national Australian dredging guidelines.
- Aligning to our dredging activities, we deployed several real-time marine water monitoring sensors in the Port Adelaide Port River. Three monitors are located on navigational channel markers. The fourth is a floating buoy which can be deployed in various locations throughout the river, allowing water quality to be monitored at different sites if and when needed. Individual water quality sensors measure parameters including temperature, dissolved oxygen, conductivity, and turbidity. Frequent monitoring ensures that FPH can develop an understanding of the background levels and respond to changes and manage environmental impact.

- We monitored the per and polyfluoroalkyl substances (PFAS) levels at Inner Harbour M Berth and progressed the voluntary site contamination assessment proposal. This is a detailed monitoring campaign and risk assessment relating to legacy fire-fighting foam pollution of the site.
- Permanent automated noise and air emission monitors were deployed across a number of sites. Monitoring continuous real-time data, plus providing valuable images and audio, with direction sound map and a digital dashboard.
- A FACT noise model was completed. The purpose of noise modeling was to allow for the noise impact of multiple operational scenarios to be predicted under a range of meteorological conditions and if required provide a basis for design of noise mitigation.

Our ecosystems and the plants and animals that compromise them are essential to the wellbeing of our planet. Our business also depends on them to provide natural resources and ecosystem services.

We continue to partner with the Government of South Australian to progress habitat management, restoration, and monitoring of Bird Island. This site is a critical nesting site for the migratory and endangered Fairy Tern.

In FY'23, seven Fairy Tern colonies were recorded and monitored with a total of 132 adult birds, 90 nests, 178 eggs and 24 chicks. From the 24 chicks, 15 fledged reaching 21-22 days old.

The introduction of 20 chick shelters placed amongst two separate breeding colonies on Bird Island has likely contributed towards the higher number of chicks reaching fledging age as the shelters were regularly observed with varying ages of chicks under or close by.

Sustainability

Bird Island site specific chick shelters have been made by two local community groups, the Mallala Men's Shed and the Port Adelaide Defense Shed with support from Northern Coastal Conservation Officer.

There was continued collection of the long-term data set through monthly abundance estimates of colony nesting birds to track historical changes in the abundance and breeding activity of these species.

FPH is committed to continue identifying opportunities to support biodiversity gain within the environment that we operate.

Our People

Further to the commentary provided within the 'People and Brand' section, a number of matters have been progressed within our sustainability strategy that impacts on our people. At FPH, we are committed to the investment in our people and to fostering a diverse and high-performance culture. It celebrates the value our people bring to the organisation.

We delivered the following initiatives in relation to providing a workplace that enables people to be valued and comfortable by:

- Reviewed how we recruit for roles to be more inclusive that attracts the best talent and fosters diversity. Examples of this include:
 - o Inclusion of additional diversity and inclusion text in our job advertisements including "even if you don't think you meet all the criteria, we'd still love to hear from you" as we know this can be a barrier for people applying for a role and using a decoder to ensure inclusive language; and
 - o Increased the number of women employees in operations with customised support and facilities to meet the requirements of the roles, we also increased women in leadership roles by 9.3%.
- Undertaking a review of FPH's uniforms and engaging a new supplier to provide options that were designed with unisex and women options, particularly for staff working in operational areas.
- Working with the social enterprise Taboo to make free period products available in all of our female washrooms across South Australia. Our purchases from Taboo support their work in ending period poverty for all women.
- We promoted diversity and inclusion in our business by implementing a calendar of events to acknowledge, celebrate and engage on issues. This included:
 - o Participating in the Pride March in support of members of the LGBTQIA+ community at work and more broadly;
 - o Hosting a panel discussion on International Women's Day drawing on the perspectives of women and men in our business from Board, operations and professional services on the topic of embracing equity; and
 - o Organising a lunch for our head office staff that invited everyone to share food that celebrated their culture.

Future Focus

In FY'24, FPH will focus on the:

- Partnering with the Government of South Australia and other leading business to be part of SA ZERO which is aimed at accelerating South Australia's journey to Net Zero Carbon by 2050;
- Setting science-based carbon targets;
- Implementing improved sustainability reporting systems and processes;
- Undertaking an assessment of physical and transition climate risks and opportunities and develop reporting in line with the Task Force for Climate Disclosure and Australian Standards;
- Emerging sustainability disclosures and reporting around nature and biodiversity;
- Implementation of the actions in our Reflect Reconciliation Action Plan, including commissioning an artwork by a local indigenous artist;
- Update and action our Diversity and Inclusion Action Plan that builds on our Diversity Strategy; and
- Completion of the voluntary site contamination assessment proposal for M Berth and for discussion and approval by the EPA.



Sponsorship

The staff at FPH continue to engage in a vast array of community sponsorship activities. We continue to foster close relationships with the organisations that we have alignment to. These relationships are formed from a need to support charities and associations that provide support and services across all our sites both in Port Adelaide and regionally.

Clontarf

The Clontarf Foundation exists to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men and by doing so, equips them to participate more meaningfully in society.

While the partnership between the Foundation and FPH has a national application, the relationship with academies on a local level will be focused within the Foundations in South Australia specific to the areas in which we operate – Port Adelaide, Whyalla and Port Lincoln. This allows staff within these areas to participate in meaningful engagement and volunteering opportunities.

Volunteering and engagement events this year have included:

- Site visits to FACT;
- Morning Academy Sessions at Ocean View College;
- Year 12 Leadership Super Training and Breakfast; and
- Annual Employment Forum. This event sees staff engage in meaningful conversation with the boys about our business and potential pathways into FPH. During the forum, the cohort also learn the important skill of resume writing and interview techniques.



Eyre Peninsula Student Travel Grant Scheme

It was great to sign a new agreement for the Eyre Peninsula Student Travel Grant Scheme with Sam Telfer MP, Member for Flinders in 2022. In FY'23, FPH donated \$15,300 to this initiative.

The scheme invites students from across the Eyre Peninsula to request funding for related travel or registration expenses with regards to sporting participation. To date a total of 94 applications had been received. Further promotion of the scheme will be posted to social media accounts to support the initial joint media release between Sam Telfer MP and FPH.

This year students have enjoyed the freedom to travel again and enjoy competing in their chosen sporting fields.

Recipients of the funding traveled mostly to Adelaide, with eight traveling interstate to NSW (Sydney, Broken Hill, and Albury) and Darwin, and one overseas.

The majority of activities included sporting pursuits in SAPSASA carnivals for Football, Soccer, Netball and Swimming; regional swimming competitions; as well as gymnastics, dance and calisthenics competitions.

A number of students traveled to Adelaide for trainings or trials to participate at a State level in sport (cricket, netball and football), with six students traveling interstate to represent South Australia (swimming and football). Less common activities included the Museum of Discovery in Adelaide, a canoe expedition on the Coorong, and a Rotary Club Mentoring Program in Vanuatu.

Mr Sam Telfer MP, Member for Flinders

“Living on the Eyre Peninsula sometimes creates challenges where distance is concerned, especially with cost of travel,”

“We appreciate the support FPH provides for our youth as they travel beyond the electorate for activities, whether it’s sport, the arts or academic related.

“Youth in our region have always been involved with sporting, academic or artistic endeavours around the State, and it’s important they are enabled to participate more widely and to represent themselves or their region.



Foodbank

This year we have embarked on a new sponsorship with Foodbank, who are the largest hunger relief charity in Australia. They are the pantry to the charity sector, linking surplus food and groceries to people in need. Last year they sourced 88 million meals for their charity partners.

Activations and volunteering for FPH have been earmarked for FY'24.

- Royal Adelaide Show – Yellow Brick Road Activation.
- Christmas Hamper Packing.
- Christmas Hamper Food Drive.

Foodbank's activities in Australia play a key role in delivering on a number of the United Nations Sustainable Development Goals which are aimed at ending poverty, protecting the planet and ensuring prosperity for all.

Mr Stewart Lammin
CEO FPH

"FPH had chosen Foodbank because it operated across South Australia, including in regional communities where our team also worked, with either a permanent presence or a mobile food van."

CHATS (Community Help and Togetherness)

More locally in Port Adelaide a new sponsorship agreement was signed with CHATS.

Their purpose is to provide a weekly fully cooked breakfast in the heart of Port Adelaide. They also provide a variety of food staples for those in need to take home with them. Their aim is to bring people together who are socially isolated and identify as in need.

Their outreach also extends to providing the community with food hampers, clothing and bedding through their thrift store. The team at CHATS also collect bread three times a week from large supermarkets within the area that would otherwise be destined for landfill. This bread is used and provided to those at the weekly breakfast and any additional bread is delivered to schools for their before and after school programs.

Staff at FPH volunteer at one breakfast a month and join in a variety of stations that support the permanent CHATS team. The mornings provide an opportunity for the staff to enjoy conversations with the community that utilise this vital service.

The One and All Tall Ship

Each year FPH works in conjunction with The One and All Tall Ship to recruit two cadets from diverse backgrounds. The cadetship provides a unique opportunity for young people aged 18 and over to gain employment in the maritime industry. The cadetship aims to create future leaders through the variety of experiences offered during the cadet's journey.

This year we have been able to secure one cadet and they are enjoying the beginning of their 12-month journey in the maritime industry.

Work will continue between The One and All Tall Ship team and FPH to recruit a second cadet.

CEO Sleepout

The Vinnies CEO Sleepout is a one-night event over one of the longest and coldest nights of the year. Hundreds of CEOs, business owners, community and government leaders sleep outdoors to support the many Australians who are experiencing homelessness and people at risk of homelessness.

In 2023, 1490 CEO's, Business and Community leader participated the Vinnies Sleepout and collective raising more than \$8.9 million. This means Vinnies can support the community by providing more: Individual support programs; Beds; Meals; Financial and budgeting support; Night vans; and Mental health support.

This was our CEO Stewart Lammin's fifth year of sleeping out and has thus far raised over \$20,000.



Risk Management

FPH is committed to ensuring that a consistent and integrated approach to managing risk is established at all levels and is embedded in our processes and culture, thus contributing to the achievement of our strategic objectives.

This commitment is driven by a belief that effective risk management is integral to FPH delivering sustainable value creation, as it:

- Enables opportunities to be maximised while mitigating downside risks;
- Supports better decision making by contributing greater insights into risks, their impacts and actions that need to be undertaken;
- Promotes good governance by assisting in the allocation of resources to manage risks; and
- Promotes accountability and ensures monitoring of risks.

Major Achievements

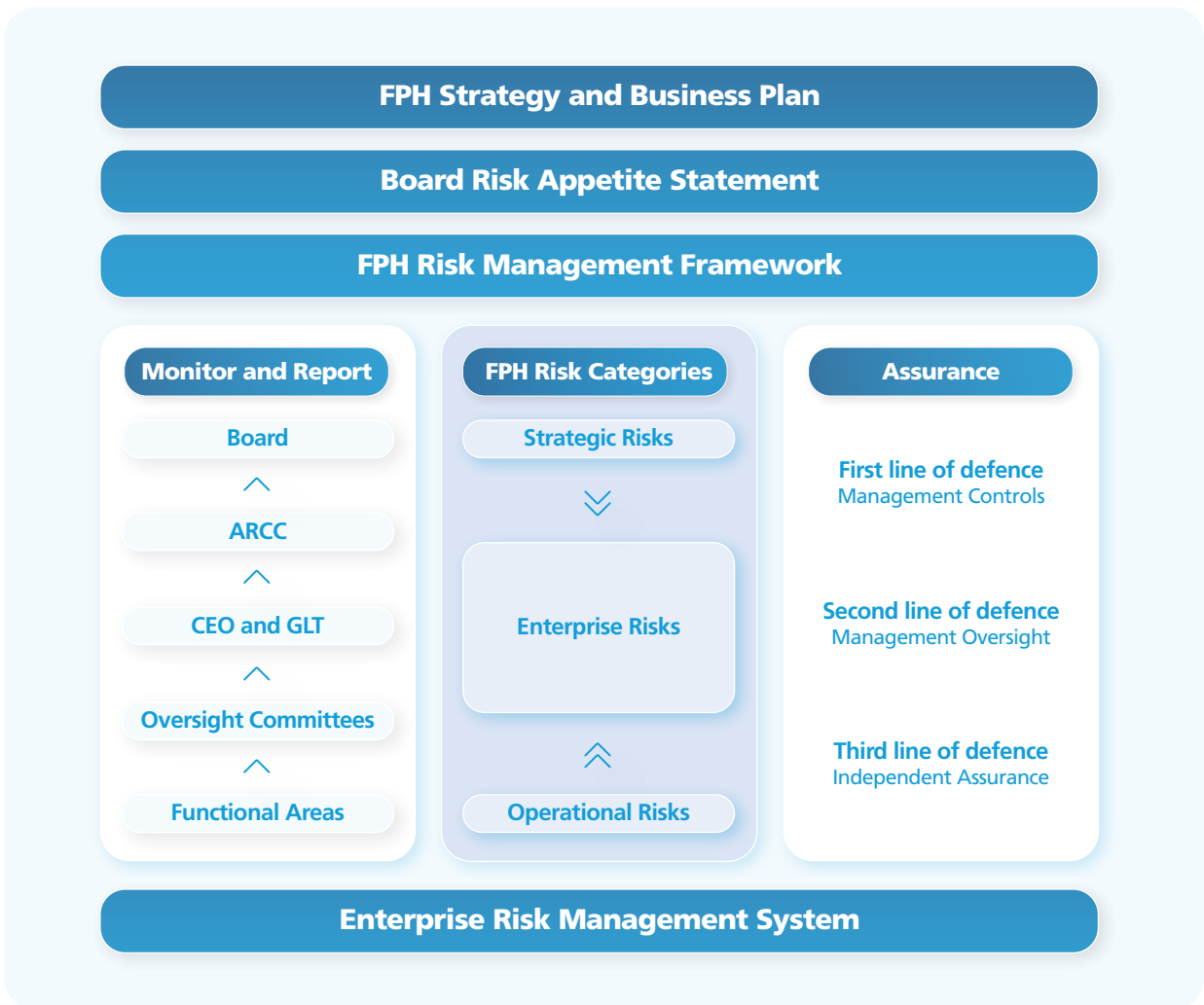
This year marked the completion of delivering the three-year Risk and Assurance Strategic Plan established in FY'21. In doing so, FPH achieved the following key outcomes:

- Progressed towards our desired maturity rating of an 'Advanced', with the Group's maturity now being consistent with comparable industries and organisations;
- Established clear expectations on how risks must be managed across the Group which is outlined in the Risk Management Framework and Risk Appetite Statements. This was supported by tailored and relevant training to all leadership and operational teams across the Group; and

- Established effective governance and monitoring of risk with oversight provided by Management, GLT and the Board via the Board Audit, Risk and Compliance Committee (ARCC). This includes regular reporting and escalation of risk matters supported by risk performance metrics which are both qualitative and quantitative.

Key areas of progress

- Provided visibility of risks at all levels through the establishment of operational and safety risk registers for all divisions across FPH;
- Designed and implemented the third line of defence and 3-year Internal Audit Program to deliver insightful and independent assurance to the ARCC and Board over the management of risks; and
- Enhanced our resilience framework including incident and crisis response plans and developed a training program that has increased our capability and confidence with responding and recovering from any type of disruption.





Key areas of progress (continued)

Whilst we have achieved significant progress over the past three years, we have not yet achieved our desired maturity rating of 'Advanced' and there is still work required to achieve this goal. With this in mind, the Risk and Assurance Strategic Plan has been updated and established for another three years (R and A Strategic Plan) to support the achievement of our risk goals and to ensure the function continues to align, support and enable strategy execution and operations, meet evolving requirements and deliver more value. It also seeks to drive value creation and growth through effective risk taking and management associated with opportunities pursued by the Group.

Future Focus

The strategic outcomes we intend to deliver through the R and A Strategic Plan are as follows:

Risk

- We will continue our work to bring our risk frameworks, processes and systems into our operational layers, in partnership with our leaders and the WHS Team;
- In future years, we will start exploring how we can leverage our data and digital solutions to enable real time risk monitoring and deployment of advanced risk capabilities; and
- We aim to deploy risk management as an enabler to the identification and realisation of opportunities and ultimately, as a key driver of value creation.

Resilience

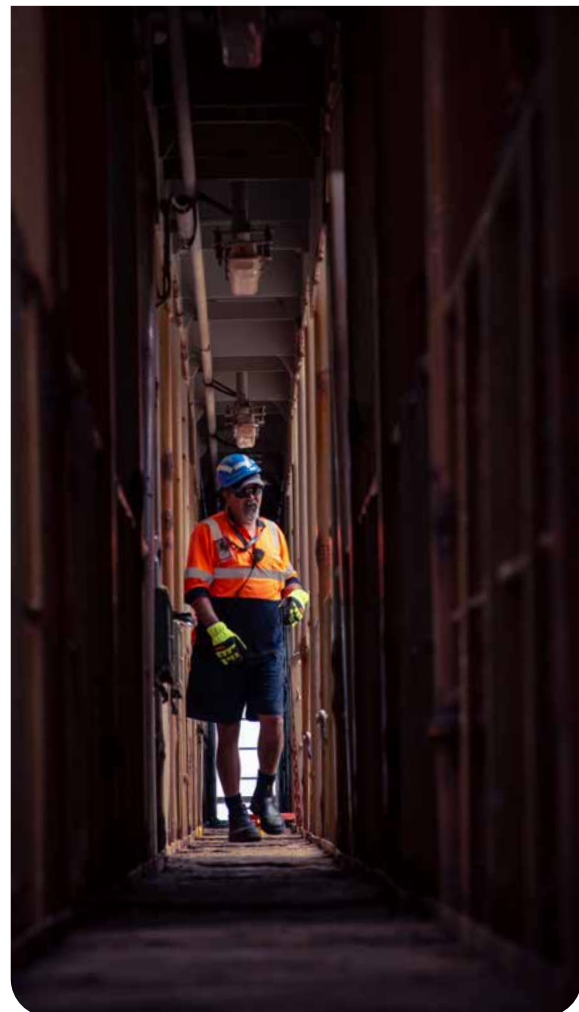
- We have made ongoing investments in refining our existing resilience frameworks, structures and response plans over the last three years. This effort has been undertaken in consultation with our GLT, senior and operational leaders. Our focus has been on bringing these tools into our operational business units and building their capabilities and confidence in recovering and responding to events; and
- Our focus for FY'24 will be embedding how we manage compliance with our regulatory and legislative obligations. We will also look to enhance how we manage insurance incidents and claims as a Group and identify opportunities to reduce insurance related costs.

Assurance

- In FY'24, we will deliver across our established assurance framework to continue to bring consistency and clarity on how we want assurance to be undertaken across the three lines and how this can best be delivered. We will also challenge third line processes to ensure we are delivering more value; and
- In future years, we will look to optimise our structures and ways of delivering assurance to gain efficiencies.

The R and A Strategic Plan represents FPH's ongoing commitment to effective risk management and aspiration of implementing and embedding industry leading frameworks, systems and processes that drive a strong culture of effectively managing risks and opportunities so we can:

- Make better decisions confidently and in a timely manner to protect and enhance value of our organisation;
- Effectively anticipate, withstand, respond and recover from potential disruption threats; and
- Provide independent and insightful assurance that challenges the status quo, drives innovation and continuous improvement.



Group Governance

Effective corporate governance underpins how we protect and enhance value. It is critical in promoting the interests of all stakeholders and in delivering our business plan in a sustainable manner.

The FPH Board comprised of seven non-executive Directors at 30 June 2023. The Board of Directors is the governing body of FPH and is responsible for and, subject to the matters reserved to shareholders in FPH's Shareholders' Agreement, has the authority to determine all matters relating to the operations of the Group.

The Board has in place a control environment directed at identifying and managing the risks that the Group faces and to ensure that all compliance requirements are managed appropriately.

The Board recognises the need to observe the highest standards of corporate practice and business conduct. To this end the Board has emphasised the requirement for management and employees to adopt high ethical and safety standards in all of the Group's activities.

The Board discharges its responsibility by setting key policy and strategic directions for the Group. The Board approves business plans developed by executive management and monitors the performance of the business against those plans and approved budgets. The responsibility for implementing the approved business plans and for the day to day operations of the Group is delegated to the Chief Executive Officer who is accountable to the Board.

The Board has developed both Board and Board Committee Charters that outline key roles and responsibilities. The Board ARCC, Board Treasury Committee and Board Remuneration Committee met on a number of occasions throughout FY'23.

A performance evaluation of the Board and Committees is undertaken on a regular basis to ensure and improve Board processes and effectiveness.

The Group has in place a Board approved Risk Management Framework (incorporating a Risk Management Policy). The key enterprise risks are reviewed regularly by the Board and relevant Committees, as are key policies and statements including:

- Group Whistleblower Policy;
- Group Capital Structure and Distribution Policy;
- Tax Risk Management and Governance Policy;
- Financial Risk Management Policy;
- Group Asset Management Policy;
- Sustainability Policy;
- Delegations Policy;
- Modern Slavery Statement; and
- Investment Evaluation Policy.

Management takes the lead in ensuring general legislative compliance including, for example, in relation to laws regarding Competition, Security of Critical Infrastructure, Modern Slavery and Privacy.

The Group is committed to legal and regulatory compliance and has no appetite for material non-compliances or breaches. During FY'23 we are pleased to report there were no such material non-compliances or breaches identified.



Left to right: Mark Malone, Patricia White, Daniel Beaver, Phillip Baker, Nigel Garrard, Christine Miller and Thomas Laidlaw.

Our Board

Assets

Our strategic asset management framework governs our long-term planning and approach to acquire, operate, maintain and dispose of our asset base, thus meeting the required levels of service of our customers at the right cost.

This framework also guides the capital delivery, procurement and supply chain, engineering and maintenance execution to our internal customers. All of these areas are committed to an ongoing improvement process.

Striving towards best practice asset management, we are continually moving towards predictive, risk based and cognitive interventions in our assets by leveraging technology and prudent, risk-based decision making. This includes ensuring our asset management practices align to our sustainability objectives and plan.

As a significant infrastructure and equipment asset owner and operator our strategy seeks to ensure that all our tangible and digital assets meet the technical and functional level of service the business requires and delivers the basis upon which we can operate safely, optimise efficiency, deliver best use of capital funding and provide a foundation for growth.

Major Achievements

- Improvement of information standards and governance;
- Enhanced the capability and maturity of FPH's asset planning and capital delivery functions with increased transparency over forecast expenditure and outcome delivery;
- Increased project delivery capability with additional resources and implementation of the CAMMS platform for project management;
- Procurement and Supply Chain Strategy formulated and in delivery with the roll out of a new Procurement Policy and Framework, focused on strategic procurement opportunities and improvement of purchasing efficiencies;
- Establishment of improved analytics to strengthen management of key categories and procurement activity;
- Strategic and direct savings were made through procurement and capital delivery to the value of greater than \$5m;
- Completed purchase and commissioning of three new straddles and a new pilot boat;
- Refreshed FPH's Procurement Policy with increased focus on strategic procurement opportunities and improvement of purchasing efficiency;
- Centralised maintenance structure has been implemented and is providing additional value for the business; and
- Completed significant works and improved capacity and capabilities across a number of our operating sites, including Port Pirie, Inner Harbour, Port Adelaide and the development of new dredge ponds at Outer Harbor.



Key Areas of Progress

Within the business plan the Group Assets team stewards the Strategic Pillar of; The commitment to providing the required level of service from our physical and digital assets that is focused on enabling safe, efficient, and sustainable asset stewardship. To that end the team have worked across the following asset investment projects in FY'23 including our associated project spend.

Asset Investment projects - FY'23

Asset Investment Projects

Infrastructure Project	FY'23 Expenditure
Straddle Carriers We received and commissioned straddle carriers in FY'23 for FACT.	\$4.4 m
SA Premium Cement – Berth 25 Extension of and building new infrastructure to support specific customer needs and requirements.	\$0.5 m
Maintenance Dredging - Berth 25, IH and OH Dredging program of work for the middle and Inner Harbour channel.	\$6.0 m
Port Pirie works Upgrades to the navigational aids, fendering upgrades, lighting, amenities, equipment shed and additional berth hardstand.	\$4.0 m
Inner Harbour and Outer Harbor Upgrades Security, communications and fire system upgrades for critical infrastructure across multiple sites, including the container terminal and fuel berths.	\$1.5 m



Future Focus

FPH will continue Group Assets will continue to develop its Asset Management maturity and ongoing improvement to realise value from assets.

The next five years of our Capital Investment Plan will see the Group deliver deliver business outcomes with the total investment cost of +\$500m (\$75m to be incurred in FY'24). In accordance with the strategic assets pillar the following are areas of focus for FY'24;

- **Venice Energy** - Support the Venice Energy project development, including the scoping, evaluation and investment approval of associated FPH capital requirements.
- **Procurement / contracting models** - further development of new contract models (i.e ECI, TOC & GC21) to allow better tailoring of contractors to different projects.
- **Digital Asset Strategy** - Development of FPH digital strategy to support the Assets strategic pillar.
- **Performance Reporting** - Extension of existing performance reporting metrics KPI's and associated assurance activities.
- **Programme Opportunities** - Review of opportunities to develop programs of work (i.e. within construction disciplines) to realise improved efficiencies and costs.
- **Inventory Management** - Development of new operating model to FPH inventory management.

Infrastructure Projects – forecast FY'24

Infrastructure Project

SA Premium Cement – Berth 25

Extension of and building new infrastructure to support specific customer needs and requirements

Pilot Boat replacements

Purchasing and replacement of three existing Pilot Boats; Norman Carr, Eyre and Alert.

Wallaroo Jetty

Investment in Wallaroo Jetty to support customer needs and requirements.

Terminal Transformation

Commencement and support of Stage 1 Terminal Transformation at FACT to develop a proof of concept for an automated rubber tyre gantry operation and implement supporting equipment, infrastructure, and technology.

Straddle Carriers

Acquisition of five diesel / hybrid straddle carriers.

Port Pirie Hardstand works

We are completing the final stages of hardstand remediation.



Efficiency

FPH is committed to the continuous improvement and optimisation of all aspects of our operations and supporting services.

We subscribe to a business excellence and continuous improvement philosophy across all our operations and corporate shared functions (and adopting associated continuous improvement methodologies where value is demonstrated).

We challenge our governance, processes and structures to ensure that we deliver the most robust, safe, cost effective and fit-for-purpose solutions to executing strategy and creating value.

Key to ongoing efficiencies is the opportunity to try new ways of doing things and accepting that failures, successes and learnings from this will result.

Major Achievements

- Completed a restructure of the FPH business, with a focus on the enablement of operations and creation of the Chief Operating Officer function;
- Delivered all identified actions and capabilities on FPH's Digital Transformation roadmap – including:
 - ELM – Sourcing and Selection;
 - GRC, Risk and Safety System Implementation;
 - TechOne (Finance System) Cloud Migration;
 - FWD Operating System Scoping and Selection; and
 - Container TOS strategy development.
- Developed and commenced delivery of FPH's data strategy;
- Undertook detailed studies into FPH's data centre / cloud strategy and future networking and communications infrastructure requirements (inclusive of detailed 5G feasibility assessment in partnership with Optus and Nokia);
- Delivery against identified Cyber Security and Resilience outcomes and achievement of Level 2 maturity against the Essential Eight framework;
- Delivery of a significant cyber awareness campaign and realisation of material improvement in leading cyber performance indicators (i.e. click rates, reporting percentages, etc.);
- Continued to enhance FPH's business performance reporting and increasing alignment to the Value Creation Model;
- Developed FPH's Business Excellence and Continuous Improvement Framework and completed detailed analysis of FPH's existing management systems, documentation, and compliance obligations; and
- Commenced operation of FPH's Strategic Realisation Framework and Strategic Realisation Office.

Future Focus

FPH must look to digitalise its operations and make our environments safer, more efficient and sustainable if we are to remain relevant to the global supply chain of the future. Smart technologies, including 5G, artificial intelligence, automation and digitalisation in general will transform the way FPH operates into the future.

Digitalisation is pushing the maritime industry and supply chains beyond its traditional limits. It poses new risks and provides many new opportunities to impact the productivity, efficiency and sustainability of our operations and will materially disrupt how the industry and we deliver our services to customers and South Australia.

Our consumers and the industries in which we operate demand digital connectivity. As such FPH believes that an optimised port and logistics ecosystem is one that combines physical assets with high-functioning information management and data-driven insight.

As a result, to achieve its strategy and achieve its Vision and Mission FPH must embrace digitalisation, innovation and technology in order to become a smarter business, that is, to become a "Smart Port".

A Smart Port for FPH is therefore one that uses available tools and technologies to improve safety and financial performance, drive economic competitiveness, deliver optimised operational performance and deliver on environmental and social sustainability outcomes.

Digital transformation will enable FPH to optimise operations, reduce costs and carbon, and ultimately create a self-aware operation and the autonomy that delivers safety, productivity, predictability and resilience. These are essential to delivering value growth and a sustainable business.

"Digital transformation will enable FPH to optimise operations, reduce costs and carbon, and ultimately create a self-aware operation and the autonomy that delivers safety, productivity, predictability and resilience."

The continued focus of our Digital Strategy is to transform the Group's IT architecture into a flexible, scalable environment that can pivot when needed to meet the businesses requirements now and into the future.

In FY'24 we are focused on operational optimisation as outlined in the section "Our Strategic Focus".

We will be seeking to implement improvements to a number of business process and the supporting technology and applications. These include Electronic Content Management, warehouse operations, network communications, procurement as well as the developments associated to Employee Lifecycle Management and the Terminal Operating Systems.

Cyber Security and Resilience

Key Areas of Progress

Our Cyber Resilience Roadmap continues to improve our capability for effectively managing cyber risk and it enables the Group to confidently embrace new technology, unpinning the delivery of our Digital Strategy. The Group continued to expand delivery of a number of key initiatives in FY'23 in response to a heightened cyber threat landscape, particularly in relation to ransomware, that seeks to disrupt critical systems reflected in Figure 1 on page 53.

We don't view cyber risk as solely a technology issue, as such a significant focus of our recent investment has been establishing greater awareness of cyber threats and associated impact across the Group.

Cyber risk continues to be managed as an enterprise risk under our enterprise risk framework and is overseen by our Cyber Security Steering Committee that also monitor key metrics and ensures effective delivery of our Roadmap.

We adopted industry standard cyber frameworks including the NIST Cyber Security Framework and the Australian Cyber Security Centre (ACSC) Essential Eight controls to enable us to measure our cyber posture and inform our enterprise risk position. This approach has also established a clear Roadmap and target maturity.

Future Focus

In FY'24 we will continue to expand into more advanced cyber capabilities with beyond baseline controls. This includes automating reporting, simulating cyber-attacks and maturing our processes. The roadmap will deliver the following:

- Bring online the Group's network segmentation capabilities that enable isolation and protection of key assets;
- Continue the rollout of digital identity capabilities that centralise how and when IT access is assigned to increase governance and transparency of 'who has access to what';
- Rollout broader cyber awareness initiative that builds upon the fundamentals delivered in FY'23 increasing the workforce's resistance to a broader number of social engineering attacks (e.g SMS, voice calls etc);
- Implement technology and architectural changes to the Group's key platforms to support greater availability and failover of systems in the event of a disruption and/or system recovery; and
- Perform further detailed supplier risk assessments to measure the Group's IT supply chain risks and understand and manage any exposures.



Figure 1: Cyber Security and Resilience Progress

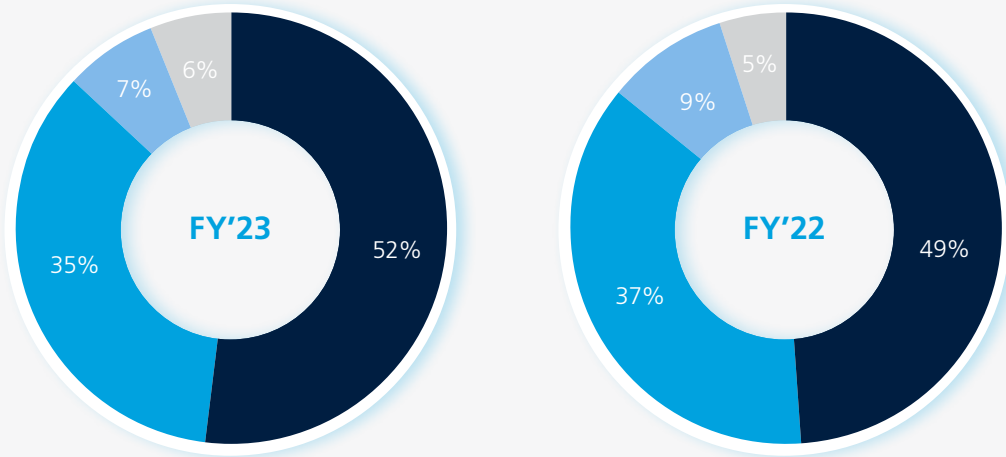
Operating and Financial Performance

The Group's results for the year ended 30 June 2023 are outlined in the table below:

Financial and Operational Performance	2023 \$'000s	2022 \$'000s
Financials		
Total Revenue	277,427	244,939
EBITDA (Reported)	118,625	111,989
EBITDA (Underlying)	120,863	111,989
Depreciation and Amortisation	(23,927)	(23,225)
EBIT (Reported)	94,698	88,764
Net Interest Expense	(35,727)	(39,617)
Tax Expense	(16,405)	(14,886)
Net Profit After Tax	42,566	34,261
Group Performance Metrics		
Group EBITDA Margin (%) - Underlying	43.6%	45.7%
Group NPAT Margin (%)	15.3%	14.0%
Return on Invested Capital (%)	11.0%	9.0%
Trade		
Cargo Tonnage ('000s Tonnes)	25,731	23,899
Grain Tonnage ('000s Tonnes)	8,483	6,644
Full TEUs	270,297	280,505
Vessel Calls	2,030	1,795

Revenue and other income generated from the Group's operations totaled \$277.4m for the FY'23, an increase of \$32.5m or 13.3% on the year ended 30 June 2022 (FY'22). The increase was driven predominantly by volume growth with respect to grain, fertiliser, petroleum and gas, gypsum and general cargoes, however, this positive trend was offset to an extent by lower full container movements.

Revenue Streams



- Port Operations
- Container Terminal Operations
- Logistics
- Property Rentals and other

Reconciliation of Underlying EBITDA

	2023 \$'000s	2022 \$'000s
Reported EBITDA	118,625	111,989
- Other strategic projects	758	-
- SaaS Implementation Costs	1,480	-
Underlying EBITDA	120,863	111,989
Group Underlying EBITDA Margin (%)	43.6%	45.7%

Cargo volumes for FY'23 through the Group's port facilities totaled 25.731m tonnes, an increase of 7.7% on FY'22. Following strong agricultural production in South Australia, grain export volumes in FY'23 of 8.483m tonnes represented an increase of 27.7% on FY'22.

The container trade recorded an adverse trend in FY'23. Full container movements decreased, with 270,297 twenty-foot equivalent units (TEU) movements, decreasing 3.6% from FY'22 (280,505 TEU). The number of lifts recorded through the container terminal also decreased as a result. The driver of these lower container movements was predominately ongoing disruption in container supply chains and a contraction in demand as a result of a weaker economic environment.

The Group recorded EBITDA from operations for FY'23 of \$118.6m, an increase of 5.9% on FY'22. After adjusting the recorded EBITDA for material non-recurring items (\$2.2m) such as SaaS implementation costs, the Underlying EBITDA for FY'23 was \$120.9m, an increase of 7.9% on FY'22.

The FL and FWD businesses collectively contributed 6.7% of the Group's EBITDA result. Total commodity volumes of 1.198m tonnes were stevedored across the Port Adelaide and Port Pirie sites during the year (FY'22 1.484m tonnes) representative of a cyclical (and temporary) decline in mining activity.

Cash Flow

	2023 \$'000s	2022 \$'000s
Net Cash from Operating Activities	74,361	52,632
Capital Expenditure	(32,281)	(28,506)
Proceeds from disposals	63	-
Acquisition of shares in Associate	-	(5,090)
Net Proceeds From Borrowings and Other financing	24,042	44,032
Dividends Paid	(70,000)	(70,000)
Net Cash Flow Movement	(3,815)	(6,932)
Effect of FX movements	19	(8)
Cash and Cash Equivalent Balance as at reporting date	10,230	14,026

The Group continued to generate positive operating cash flows in FY'23. Financing cash flows reflect the Group's draw-down of available debt facilities as part of funding the Group's capital investment plan and other operational requirements.

Taxation

The Group's tax strategy is implemented through the Board approved Tax Operations, Risk Management and Governance Policy. This Policy provides the framework and guidance on how the Group approaches and manages its tax affairs.

FPH's tax strategy is focused on integrity in compliance, maximising shareholder value whilst maintaining a transparent relationship with the Australian Taxation Office (ATO) and the relevant state tax authorities. The Group seeks to maintain and uphold its reputation within its industry and pay the right amount of tax, at the right time and in the right jurisdiction.

Tax expense for the year was \$16.4m, an increase from \$14.9m in FY'22. The effective tax rate for the Group of 27.8% was lower than the prior comparative period (30.3% in FY'22) due predominantly to a tax refund obtained (\$1.2m) for tax matters settled during the year in relation to the 2020 Income Tax Year.

Balance Sheet

The Group's total drawn external debt balance at 30 June 2023 was \$663.8m (excluding finance lease liabilities and shareholder loan notes), an increase of \$28.2m from 30 June 2022.

The Group continues to have a strong balance sheet and conservative financial position, with significant headroom maintained against the borrowing facilities covenants.

FY'24 Outlook

Our financial and operating results in FY'23 have demonstrated our resilience and ability to adapt in challenging and dynamic market conditions. Through continued investment in strategic imperatives and prudent financial management, the Group is well positioned to sustain growth and enhance its profitability during the year ahead.

Working together

Flinders Port Holdings acknowledges the Traditional Owners of the land and waterways on which we operate, and pays respect to Elders past, present and emerging.

We're proud to share the Ports Australia 'Ports on the Indigenous Map of Australia', the map, available as an online resource locates ports on an Indigenous map of Australia and allows ports to acknowledge the traditional custodians of the land and waterways on which they operate.

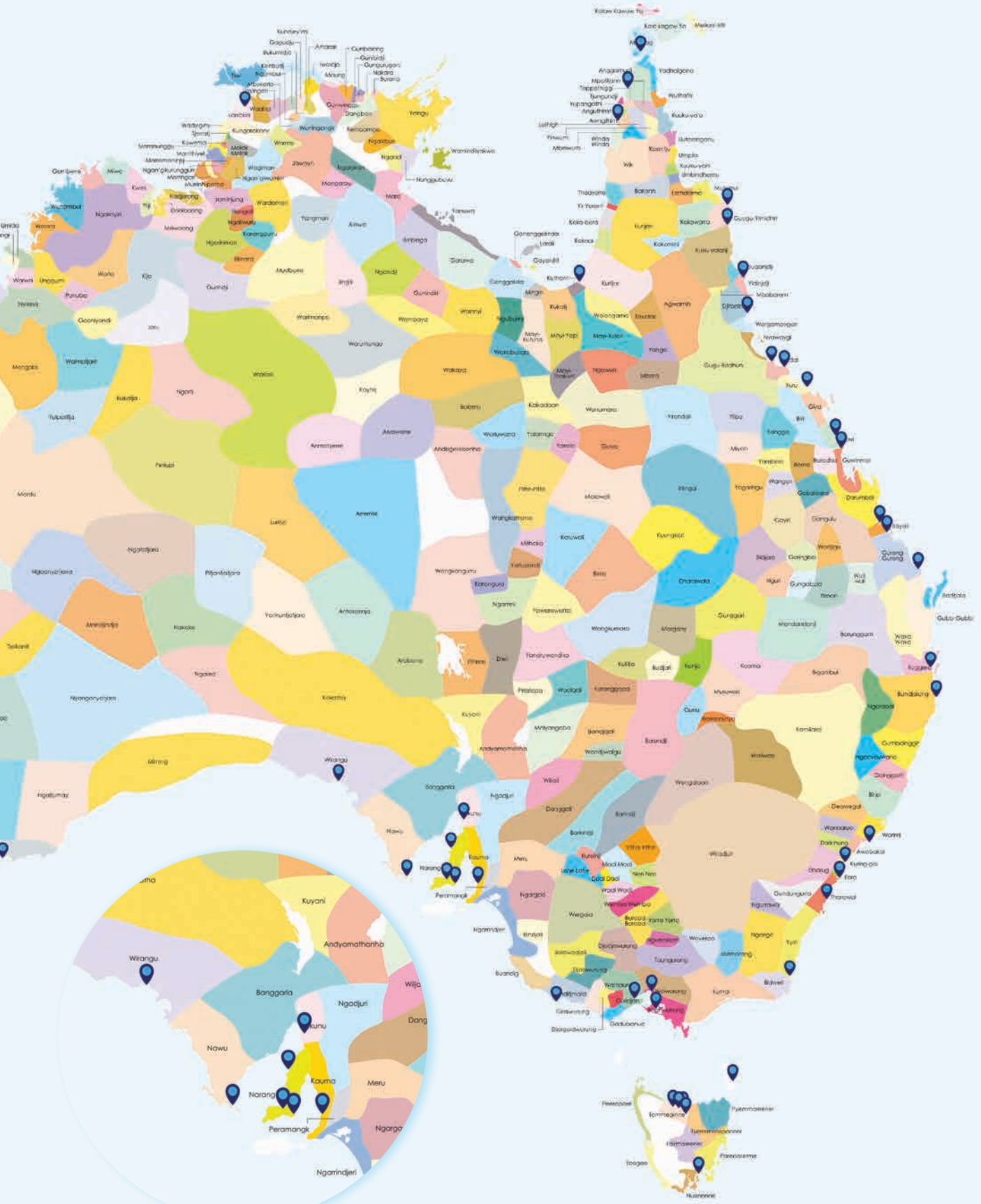
Ports working towards reconciliation and engaging with Traditional Owners is a critical part of business on an acute port and local community level, but also on a far greater scale, contributing to the growth of unity between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples across Australia.

Ports Australia engaged and acknowledge the work of Scarlett Cheesman who interned with Ports Australia in 2021, bringing with her a wealth of knowledge from her studies helping to drive the development of this project.

We encourage you to view this map in greater detail at portsaustralia.com.au.



Disclaimer: Whilst Ports Australia has exercised its best efforts, it cannot guarantee the accuracy and completeness of the information contained within the map or eliminate the possibility of anomalies with regard to system limitations. This map seeks to reflect where and how the ports of Australia fit into the rich diversity and history of Australia. The design of this map is based on the work of David R Horton for the Australian Institute of Aboriginal and Torres Strait Islander Studies. It attempts to represent the language, social or nation groups of Indigenous Australia. The boundaries are not intended to be exact. Ports Australia acknowledges there may be a diverse range of clans, dialects, or languages within the areas mapped. The Acknowledgments of Country and port-specific information have been provided by the respective ports.





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ACKNOWLEDGMENT OF COUNTRY

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