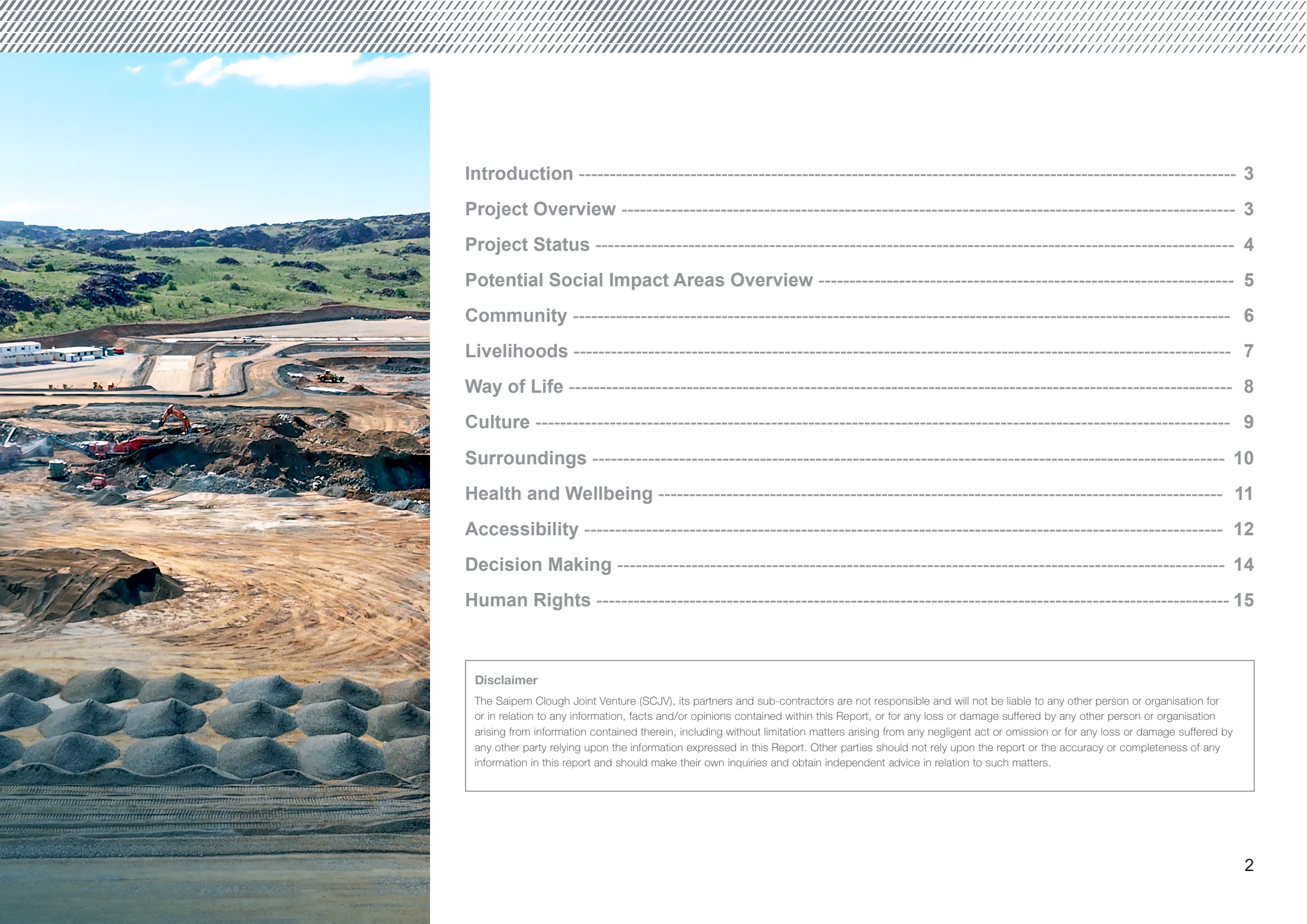




PROJECT CERES

**Social Impact
Performance Report**

August 2024



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Disclaimer

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INTRODUCTION

This is the first in a series of Social Impact Performance Reports that will track the performance of the Saipem Clough Joint Venture (SCJV) in meeting its management and mitigation commitments to limit the project's social impact. In some instances, potential impact and human rights risks have been summarised to improve accessibility and readability. Care has been taken to ensure the intent of the impact or risk has been captured in the summary.

PROJECT OVERVIEW

Perdaman's urea plant will be the first in Western Australia and once built, it will be the biggest modularised urea plant in Australia.

The urea plant will be constructed and operated in the Burrup Strategic Industrial Area, approximately 10km from Dampier and 20km northwest of Karratha on the north-west coastline of Western Australia. The project's construction and operational workforce will primarily be accommodated in the Karratha township, with a small percentage sourced from nearby communities.

The Burrup Strategic Industrial Area is near the Murujuga National Park, which covers an area of 4,913ha on the Burrup Peninsula. The area hosts one of the largest concentrations of ancient Aboriginal rock art in the world. As such, the Project is applying effective management strategies that minimise, actual or potential impacts on the environment, heritage, and cultural values of the area.

Once completed, Perdaman will join the Woodside operated North West Shelf Venture Project, Woodside's Pluto LNG Plant, Yara Pilbara Fertilisers (Ammonia) Plant, Yara Pilbara Nitrates and supporting services including the Dampier Port and Toll Logistics Hub.

The project infrastructure, including the main production facility (urea plant), administration, maintenance and storage infrastructure, conveyor and port storage, and ship loading facilities, are situated within the Burrup Strategic Industrial Area. The estate's proximity to gas, port and other key infrastructure makes it an ideal location for the project.

Project Ceres involves piping natural gas from the nearby Woodside operated LNG facility to the project site. Natural gas is converted to urea and the final granulated product is transported by closed conveyor to the Dampier Port where new facilities will include an enclosed storage shed and ship loading facilities.

The project value is

AUD \$6.4B

When completed, the plant will be one of the largest urea plants in the world.

The urea plant will produce

2.139 million tonnes

of urea per annum and

100%

of this production has already been allocated.

The plant will operate at

80%

lower CO2 emissions when compared to coal-fed nitrogen fertiliser production.



PROJECT STATUS

April 2023 marked the beginning of Project Ceres – Perdaman Urea Plant with our groundbreaking ceremony. Clearing and earthworks commenced in September 2023, followed by the awarding of a civil works contract in June 2024. In May 2024, the site had 160 employees, forecasted to grow to 500 site-based workers by December 2024. Following the signing of accommodation contracts, the workforce is being housed at the local CIVEO and Velocity facilities.

A truly global project, the project is being supported by technical experts in Milan, Italy; Chennai, India; and Perth, Australia. These experts are responsible for various aspects of the design, development, and construction. The project is on track to meet its 2024 milestones, with a strong commitment to safety, ongoing community engagement, and sustainability.

Project milestones as at June 2024 include a 60% completion of the Engineering Model Review (the detailed design and specifications for the plant modules), procurement of long lead items, and the commencement of module fabrication in India. The construction of the causeway across the salt flats is nearing completion and will be operational from August 2024.

The civil package was awarded to WA construction company Melchor. Construction of the specialised Piperack Modules in Larsen and Toubro's fabrication yard in India has also commenced. An Enterprise Bargaining Agreement (EBA) was signed and ratified by Fair Work Australia and the project's Social Impact Assessment was finalised in May 2024.

Temporary Construction Facilities have arrived on-site and are currently being installed. This includes an on-site batching plant that will reduce truck movements on local roads when operational, from the end of August 2024.



The project has reached the 25% completion mark.

Over 2.0 million project work hours have been delivered with no Lost Time Injury.

Construction of a solar power plant to support plant operations is in the environmental approval stage.

Approximately \$50m in contracts have been awarded to Pilbara based companies.

An agreement to construct a major accommodation facility in Karratha has been reached.

POTENTIAL SOCIAL IMPACT AREAS OVERVIEW

Forty-two social impacts were identified in the Social Impact Assessment and classified under one of the following eight impact areas. In the pages that follow, the project performance in managing these potential impacts have been summarised under the following headings:



Including composition, cohesion, character, how the community functions, resilience, and people's sense of place.



Including people's capacity to sustain themselves through employment or business.



Including how people live, how they get around, how they work, how they play, and how they interact each day.



Both Aboriginal and non-Aboriginal, including shared beliefs, customs, practices, obligations, values and stories, and connections to Country, land, waterways, places, and buildings.



Including ecosystem services such as shade, pollution control, erosion control, public safety and security, access to and use of the natural and built environment, and aesthetic value and amenity.



Including physical and mental health especially for people vulnerable to social exclusion or substantial change, psychological stress resulting from financial or other pressures, access to open space and effects on public health.



Including how people access and use infrastructure, services, and facilities, whether provided by a public, private, or not-for-profit organisation.



Including the extent to which people can have a say in decisions that affect their lives, and have access to complain.

COMMUNITY

Composition, cohesion, character, how the community functions, resilience, and people's sense of place.

Potential Impacts

- Social and racial tolerance is undermined by conflict over inequitable distribution of the economic benefits of the project.
- Conflict between supporters of the project and those opposed to it creates division within the local community.
- Workforce does not respect multicultural elements of the local community.
- Exploitative sexual relationships develop within the workers' camp and between construction workers and members of the local community.
- Workforce creates concerns in the town in relation to public intoxication, sexual assault, and harassment.
- Demand generated by project workforce results in an increase in illicit drug availability and use in the community.



Management & Mitigation

Project Response

- A Community and Stakeholder Engagement Manager and an Indigenous & Heritage Manager have been employed to engage the community and project stakeholders. To increase community accessibility, the project has also opened a shop front in the Karratha CBD.
- 100% of project personnel have completed the Murujuga Aboriginal Corporation online cultural awareness training program. To supplement this online training, a face-to-face training provider is currently working their way through the vendor selection process.
- 100% of personnel have signed the Code of Conduct / Ethics and completed mandatory training. Each new start is required to sign and undertake this training prior to working on site.
- The project hosted Ngarluma Traditional Owners for a Welcome to Country in February and in May the project participated in the Karratha reconciliation walk to promote reconciliation.
- A security contract have been signed with a local security firm to ensure the safety of project workers and community members.
- The summary of the Social Impact Assessment was loaded to the project's website in June 2024.
- Assessment of an anti-sexual harassment online training course is underway and all site-based personnel will complete this training when it is rolled out.
- Alcohol testing at daily pre-start meetings and random drug testing is occurring and a self-testing alcohol unit has been installed in the workers' camp.

LIVELIHOODS



People's capacity to sustain themselves through employment or business.

Potential Impacts

- The project fails to deliver indirect local employment opportunities through the purchasing of local services and goods or workforce spending on local goods and services.
- Modern Slavery in the international supply chain.
- Local employment opportunities on the project add to an overheated local labour market and local business are unable to compete for staff.
- Adverse mental health impacts on fly-in-fly-out (FIFO) workers and their families.



Management & Mitigation

Project Response

- Several Meet the Buyer Events have been organised, with the most recent taking place in February. This has provided opportunities for local businesses to learn more about the opportunities to provide goods and services to the project and the vendor onboarding and prequalification process.
- A local Indigenous owned business event was held in February to promote opportunities for Indigenous owned businesses to provide goods and services to the project.
- Tendering packages are posted in the ICN WA portal for local businesses to download.
- Assessment of responses from local businesses to tenders are given a higher priority in the assessment process, including pricing adjustments to ensure equity between local and non-local businesses.
- The project is targeting 8% of Pilbara based expenditure for purchasing goods and services from Indigenous owned companies. At the end of April 2024, the project had already achieved 2% of total Pilbara expenditure with Indigenous owned companies.
- \$50m+ of work packages have been allocated to local businesses including earth works packages, construction consumables, and plant hire.
- All potential and current domestic and international suppliers provide documentation to satisfy the project's commitment to prevent modern slavery in the international supply chain. All suppliers are committed to the prevention of modern slavery and this is a requirement in their subcontractor agreements.
- All procurement and supply chain staff have completed online training in Modern Slavery Awareness.
- 100% of site-based personnel completed Mates in Construction training in first quarter of 2024 and Mates in Construction have provided additional mental health training to a group of project based mental health Connectors. Higher level training in mental health first aid is scheduled to occur in the next 6 months.
- To support mental health, flexible working and accommodation options are offered for couples, local employees and the FIFO workforce.

WAY OF LIFE

How people live, how they get around, how they work, how they play, and how they interact each day.

Potential Impacts

- Indigenous employees are over-represented in roles that are low in status and relatively low in pay.
- Insufficient Indigenous workers to meet project employment targets due to competition and work readiness results in project not meeting employment target.
- The project's employment conditions have the unintended effect of precluding the employment of Indigenous people.
- Construction workforce increases the recreational fishing effort leading to a reduction in the local catch.



Management & Mitigation

Project Response

- The project's procurement personnel have already engaged local Indigenous owned businesses for the supply of services including Traditional Owner engagement, fencing, security and transport services. The project has also purchased work shirts with Indigenous designed artwork to create a welcoming workplace for Indigenous employees.
- 100% of existing Indigenous employees have completed their goal setting which includes personal and professional development over a 12-month period.
- The Indigenous workforce accounted for 1.4% of total hours / FTE over the prior six months, with the bulk of the workforce still to be recruited. The project target is 3%.
- Engagement with local vendors to provide support services for Indigenous employees are underway and the services are planned to be in place prior to the onboarding of the largest portion of the blue-collar workforce.
- There is currently insufficient demand from project personnel to justify fishing charters however, the project is committed to responding should this demand materialise and local charters are available.

CULTURE

Aboriginal and non-Aboriginal, including shared beliefs, customs, practices, obligations, values and stories, and connections to Country, land, waterways, places, and buildings.

Potential Impacts

- Loss of habitats and species of ethno-biological significance.
- Introduction of weed species adversely impacts habitats and species of cultural significance.
- Significant aspects of Indigenous and natural heritage are lost in the Burrup Strategic Industrial Area.
- Impacts to areas of known Indigenous heritage including the song line that extends down the coast and includes Deep Gorge. Cultural practices in relation to maintaining the song line are affected.
- Damage to cultural and environmental heritage sites by construction workers during time off.



Management & Mitigation

Project Response

- The project is currently expected to clear less than the area specified in the Environmental Approvals MS1180.
- Several medium and high-risk heritage areas were identified during the early engagement with Traditional Owners. Traditional Owners also accepted the invitation to observe the clearing and grubbing activities to ensure it was undertaken in accordance with agreements and cultural practice.
- The site has been fenced, cleared and weed surveys occur on the periphery of the site every two years. Early studies indicated that the site was impacted by weeds and all vegetation was assumed to be weed impacted and was managed accordingly. There has been no recording of any new introduced weeds or declared pests on site to date.
- The project is waiting for air quality criterion from the Murujuga Rock Art Monitoring Program and will implement an assessment regime once this criterion is available.
- Formal and informal meetings with Traditional Owners, senior project personnel and Perdaman representatives are regularly scheduled and include formal quarterly Aboriginal Heritage and Liaison Dispute Resolution Meetings and a monthly Liaison Meeting. The project maintains a register of its engagement activities with Traditional Owners.
- The Light Management Plan has been updated to include recently completed light modelling. This updated plan is being finalised for submission to the EPA. Best practices and dark sky principles have been incorporated into the design and modelling.

SURROUNDINGS

Ecosystem services such as shade, pollution control, erosion control, public safety and security, access to and use of the natural and built environment, and aesthetic value and amenity.

Potential Impacts

- Additional carbon emissions have a cumulative impact towards higher temperatures and more frequent and extreme weather events impacting the liveability of Karratha and Dampier.
- The project's carbon footprint adversely impacts State and Australia wide carbon reduction efforts.
- Land transport results in increased roadkill detracting from the tourist experience and local amenity.
- Dust plumes result from land clearing, vegetation disturbance, and vehicle movements impacting health and heritage.



Management & Mitigation

Project Response

- Further reductions in carbon emission are currently being investigated, and Perdaman are progressing their commitment to construct a 3.5MW solar power plant to reduce gas consumption during plant operations.
- Perdaman is currently planning to increase solar power plant output to 5MW, subject to environment approvals. This will further reduce the reliance on natural gas as a fuel source. A feasibility study is also underway to increase solar power generation to significantly decarbonise the plant's operations.
- The management of roadkill is being tracked using the online Fauna Interaction Register. To date there have been no recorded fauna fatalities on local roads associated with the project.
- The availability of water for dust suppression on the Burrup is very limited and dust is being generated by crushing and screening activities on site and from adjacent projects, including Main Roads WA Burrup Road upgrade. Several water carts are in use to assist with dust suppression.
- The project has installed four pM2.5 and pM10 dust monitors to monitor dust levels. No exceedance of the project's local ambient air quality targets have been recorded.
- The first Environmental Performance Report for the project is due December 2027 which will include emissions and management of environmental impacts.

HEALTH AND WELLBEING

Physical and mental health especially for people vulnerable to social exclusion or substantial change, psychological stress resulting from financial or other pressures, access to open space and effects on public health.

Potential Impacts

- Project use of health infrastructure crowds out other users exacerbating existing capacity constraints.
- The project leads to an increased risk of the spread of communicable pathogens in the community.
- Project traffic on local roads and routes increases vehicle accidents, including those involving heavy project vehicles.
- High levels of Indigenous disadvantage are exacerbated by increased wealth disparity between Indigenous and non-Indigenous communities.



Management & Mitigation

Project Response

- Onsite paramedics, a fully equipped ambulance and treatment room was implemented in February.
- 24/7 telehealth service and associated medical facilities are in place to support the site-based workforce.
- The project is constantly reviewing infection control requirements via the World Health Organisation and the WA Department of Health and the infection control procedures are reviewed and updated regularly to reflect these requirements.
- Workers are bused to and from the airport. Buses are supplied to the project through a local Indigenous owned bus charter company and the project is also employing its own drivers and has purchased buses.
- Temporary traffic management and signage are in the process of being approved and will be implemented prior to the opening of the Hearsons Cove Road and new Causeway intersection.
- Engagement with local vendors to provide support services for Indigenous employees are underway and the services are planned to be in place prior to the onboarding of the largest portion of the blue-collar workforce.
- The project has retained 100% of its Indigenous workforce in the previous 6 months.
- 30 apprenticeships have been identified for placement at the end of 2024 and the process for identifying traineeships is currently underway for placement in 2025.

ACCESSIBILITY

How people access and use infrastructure, services, and facilities, whether provided by a public, private, or not-for-profit organisation.

Potential Impacts

- Waste from the workers' camp, construction site and operating plant adversely impacts on the health of the local population and environment.
- The design of the project's emergency facilities and services prevent or discourage a coordinated response being mounted with local emergency service providers.
- Local emergency resources are diverted from protecting community assets to protecting project assets.
- Use of the roads, airport, taxi, and port facilities degrade the standard of existing infrastructure and service provision to the point where it negatively impacts other users.
- The project's road transport generates unsustainable demand on existing local car parking facilities.
- Project demand for airline seats (with no corresponding increase in flights) raises ticket costs to a level that impacts the local industry and tourism sector.



Project Response

- All subcontractors and waste subcontractors are required to comply with the applicable state regulations and local by-laws. Where applicable, waste management requirements are managed through the supply chain via subcontracting arrangements.
- The project is participating in Burrup Industry Emergency Management Committee, and most recently attended the April 2024 meeting. The project also accepted an invitation from the Local Emergency Management Committee to participate in an exercise in May.
- An evacuation plan / emergency response procedure is in place and is included in the site induction for all site-based personnel.
- A dedicated ambulance and fire service are fully resourced and available to support project related incidents.
- Common use infrastructure modifications by Main Roads WA include Burrup Road, the corner of King Bay Road and Mof Road and these are either underway or in the design stage.
- Workers are bused to and from the airport. Buses are supplied to the project through a local Indigenous owned bus charter company and the project is also employing its own drivers and has purchased buses.
- The project is currently using capacity on existing commercial flights. In consultation with airlines, it has spread its demand across several weekdays to distribute the passenger load. Airline charters will commence in 2025 when the workforce numbers are expected to peak.

ACCESSIBILITY

How people access and use infrastructure, services, and facilities, whether provided by a public, private, or not-for-profit organisation.

Potential Impacts

- Construction works interfere with the movement of local and tourist traffic to Hearsons Cove for Stairway-to-the-Moon events.
- Construction traffic leads to congestion that requires road modification and temporary traffic management.
- Closure and redirection of local roads and paths creates inconvenience and confusion for local road and path users.
- Transport movements are not communicated to residents, commercial tenants, and other road users.
- Competition for workers' camp accommodation and housing crowds out local population.
- Additional pressure is applied to sporting and recreational facilities in Karratha and Dampier.
- Workers and project related visitors place additional demands on tourism accommodation particularly during the tourism season.



Management & Mitigation

Project Response

- The causeway crossing will open in August 2024. To ensure large trucks can safely cross Hearsons Cove Road, traffic management plans are currently being prepared for review and approval by relevant road authorities. The crossing of Heason's Cove Road is forecasted to be completed by the end of 2024.
- The delivery of large modules to site, via the port, is in the planning phase and engagement with other Burrup tenants is planned for early 2025.
- To date, the project has not significantly impacted road users and communications have been limited to the placement of temporary signage consistent with approved traffic management plans.
- The project has contracts with the Civeo and Velocity worker's camps. Both camps have the capacity to accommodate the project's current workforce. Each camp has an in-house gym and pool facilities and includes accommodation options to support couples working on the project.
- The project is exploring additional transient worker accommodation options to support the growing workforce. The project is not accessing non-transient worker accommodation or camping facilities in Karratha.
- Engagement with local sporting organisations is in its early stages and the project is leveraging Clough's relationship with Clontarf Football Academy.

DECISION MAKING

The extent to which people can have a say in decisions that affect their lives and have access to complain.

Potential Impacts

- Management of environmental, heritage, and health incidents is not open, transparent, or accountable to the community and government authorities results in loss of trust and social licence.
- Failure to adequately engage Traditional Owners on heritage and cultural related issues and incidents results in loss of trust and social licence.



Project Response

- A Community and Stakeholder Engagement Manager and an Indigenous & Heritage Manager have been employed to engage the community and project stakeholders. To increase community accessibility, the project has also opened a shop front in Karratha.
- Several Meet the Buyer Events have been organised, with the most recent taking place in February. This has provided opportunities for local business owners to learn more about potential opportunities to provide goods and services to the project and the vendor onboarding and prequalification process.
- A local Indigenous owned business event was held in February to promote opportunities for Indigenous owned businesses to provide goods and services to the project.

HUMAN RIGHTS

Five recommendations were included in the project's Human Rights Risk Review. These recommendations are summarised below.

RECOMMENDATIONS

PROJECT RESPONSE

RECOMMENDATION 1: Review of internal policy inventory to identify policy and procedural gaps related to the salient human rights risks.

RECOMMENDATION 1: Webuild/Clough and Saipem have existing Human Rights Policies that are available for viewing on their website. These policies are consistent with the project's salient human rights risks. Perdaman is currently developing its Human Rights Policy.

RECOMMENDATION 2: All significant entities associated with the project to assess if they meet the mandatory modern slavery reporting requirements.

RECOMMENDATION 2: All procurement and supply chain staff have completed online training in Modern Slavery Awareness. Webuild/Clough and Saipem have Modern Slavery Statements available on their websites and Clough has previously lodged statements on the Modern Slavery Statements Register. Perdaman does not meet the mandatory reporting threshold and will prepare a statement once the threshold has been met.

RECOMMENDATION 3: Update the Community Engagement and Indigenous Participation Plan to reflect the International Association of Public Participation Quality Assurance Standards for Community and Stakeholder Engagement and commitment to managing Human Rights Risks and Social Impacts.

RECOMMENDATION 3: The project's Community Engagement and Indigenous Participation Plan has been updated to reflect international engagement standards and independently audited.

RECOMMENDATION 4: The monitoring and reporting of the Project's human rights performance be integrated into the reporting and accountability mechanisms outlined in the Project's Social Impact Management Plan.

RECOMMENDATION 4: The project's response to its human rights recommendations is captured in the Social Impact Performance Report (this document).

RECOMMENDATION 5: Perdaman and the SCJV undertake a review of its internal and external grievance policies.

RECOMMENDATION 5: A review of internal and external grievance policies is currently underway to check alignment against the United Nations Guiding Principles on Business and Human Rights.