

1. The Reporting Entity

This statement has been published and approved by Kerry Logistics (Oceania) Pty Ltd ('Kerry Logistics') (ABN 19 600 672 366) in accordance with the *Modern Slavery Act 2018* (Cth) ('the Act').

This statement outlines the steps which Kerry Logistics have taken during the financial year ending 31 December 2022 to identify and address modern slavery risks within our supply chain.

This is our second statement and reflects the next steps taken after our initial steps taken in 2021 to recognise and address modern slavery risks in our business.

2. Structure, operations and supply chains.

Kerry Logistics is ultimately owned by Kerry Logistics Network Limited (KLN), a publicly listed company on the Hong Kong stock exchange. KLN and its group of companies (the "Group") is an Asia-based, global 3PL carrying out integrated logistics, international freight forwarding (air, ocean, road, rail and multimodal), industrial project logistics, to cross-border e-commerce, last-mile fulfilment and infrastructure investment. KLN is based in 59 countries spanning Mainland China, India, Southeast Asia, the Americas, Middle East and Europe.

The operations of Kerry Logistics in Australia consist of international freight forwarding, customs brokerage, warehousing and transportation;

- International Freight Forwarding – customs clearance, transportation of goods via air and sea for both imports and exports to/from Australia and unpacking and transportation at destination.
- Warehousing – storage of customers goods in third party warehouse, inward and outward goods management and inventory management.
- Transportation – inbound container pick up and delivery of customer goods via third party transport providers.

Kerry Logistics was established in 2014 and has offices in Sydney, Melbourne and Adelaide. The business had 51 employees at 31 December 2022.

Kerry Logistics utilises a network of service providers and subcontractors who provide transportation and cargo handling services;

1. **Shipping Lines**– Kerry Logistics provides freight management services coordinating the purchase of space, both containerised (FCL) and non-containerised (LCL) for the international movement of various cargoes. Kerry Logistics acts as intermediary between cargo owners and the shipping lines.
2. **Airlines** – Kerry Logistics is an IATA Registered and RACA Security Accredited agent, providing customers with access to both passenger and cargo only aircraft for the international movement of cargo.

Depending on the applicable INCO terms agreed between the buyer and seller, this may or may not include additional services to transport, load or unload and or warehouse cargoes. Kerry Logistics is a licenced Customs Broker, holding an Authorised Arrangement with Department of Agriculture, Water and Environment (DAWR) to facilitate the smooth movement of cargo at the border with Australian Customs and Border Control authorities. We also hold an Australian Trusted Trader (ATT) accreditation which is a partnership with Australian Border Force providing our customers with compliant trade practices and a secure supply chain.

3. **Transport providers** – Kerry Logistics does not operate its own domestic transport fleet for movement of cargoes by road and utilises various transport providers across Australia to best match customers'

requirements for the pickup and delivery of international cargo. We carefully select reputable companies who have a strong track record of safety and compliance.

4. **Labour providers** – Kerry Logistics will from time to time utilise external labour hire companies to support additional requirements for the physical handling of cargo, typically related to the packing or unpacking of FCL containers, palletisation of loose cargo and loading or unloading of trucks. All labour providers are vetted to ensure quality, compliance and safety are paramount for all workers entering a Kerry Logistics site.

Kerry Logistics also have an extended offshore document processing team based in Manila, Philippines. This team consists of approx. 30 people and whilst not directly employed by Kerry Logistics, they are dedicated and critical labour to our supply chain. This supplier is committed to limiting the risk of modern slavery occurring within its own business, infiltrating its supply chains or through any other business relationship, and will only do business with organisations who fully comply with their Modern Slavery Policy, or those who are taking verifiable steps towards compliance.

3. Risks of modern slavery practices in Kerry Logistics' operations and supply chains

Our risk assessment of our suppliers considering the location and type of service provided;

3.1 Local Operations

All employees of Kerry Logistics are based in Australia. We therefore have a high visibility over their working conditions and the recruitment process. All employees are paid at award rates or above and working conditions are monitored.

Employees undergo an extensive induction process which is signed off by their manager and also Human Resources. When employees commence, they are provided with the company policy manual which contains our policies on Whistleblowing, Anti bullying and Harassment, Grievance Policy and Anti-Bribery Policy.

Our Whistle blower Policy allows all workers and their families to identify and report genuine concerns about illegal conduct or any improper state of affairs pertaining to the Company, without fear of reprisals and with the option to remain anonymous. An externally managed Whistle blower Policy hotline is also offered for employees to report matters.

Consequently, we have deemed the possibly occurrence of modern slavery in our local operations as low risk.

3.2 International Carriers

Within our supply chain, our major suppliers are shipping lines. Vessel workers 'sea farers' are particularly at risk of modern slavery practices due to the remoteness and isolation of their work. Another contributing factor is the manner in which vessels are owned and managed with vessels not directly owned by the shipping line at higher risk of Modern Slavery practices.

Modern Slavery practices can include unreasonable overtime and working hours, lack of shore leave, lack of medical care, poor drinking water and food, bullying and harassment and isolation due to lack of communication such as internet.

Higher regulation of the shipping industry has, on face value, reduced risks of modern slavery however it is not considered to eliminate total risk.

Two key risk factors are identified;

i) Vessel Management

The competitive nature of the shipping industry and strict cost controls has led to some shipping lines outsourcing the operation of vessels to third parties. This delegation of control can lead to poorer

working conditions for sea farers from excessive overtime, lack of shore leave and poor quality food and water.

However, we note the level of risk can be reduced by shipping line policies to only use reputable carriers after conducting an assessment. Further, the largest supplier for Kerry Logistics took ownership of all vessels in 2022 and is now responsible for crew management which further reduces the risks associated with outsourcing.

ii) Geographic Location

Due to the global nature of shipping, there are operations in areas at higher risk of modern slavery due to political, social, cultural, and economic factors. Some nations may have corruption in governments as well as limited legal protections for employees and individuals seeking assistance.

There is also a higher risk of modern slavery practices within the shipping industry because international waters are not typically covered under by any national labour regulations.

In response to these risks, one key approach adopted by our top suppliers is employee education so there is more chance of spotting human rights violations. Further, having whistleblower policies to encourage employees to speak up if they see any evidence of Modern Slavery can also lead to the identification of risks and human rights violations which can be subsequently addressed.

Further, we found that one major supplier has commenced a mental health support program for its seafarers to combat the mental health issues that can be associated with long periods of isolation.

Regulation of the shipping industry has also been strengthened in recent years and includes;

1. Ensuring vessels have a valid Maritime Labour Certificate (MLC) which involves annual audit including inspection of vessel and interviews with all sea farers.
2. Establishment of the 'Neptune Declaration' which is a global declaration developed by the Maritime Industry Crew Change Taskforce that aims to recognise the essential worker status of sea farers, improve health care of sea farers, increase internet connectivity on board vessels and to also increase collaboration between ship operators and charters around crew changes. The Neptune Declaration also establishes best practice guidance for vessel charterers in operationalising the principles in the Declaration.

3.3 Domestic Transportation

We have assessed the likelihood of modern slavery like practices occurring in our domestic transport supply chain as being low. However, risks remain in respect to subcontractor drivers employed within the supply chain where there is a lack of control by Kerry Logistics over the conditions these subcontractor driver's are employed under. These risks are especially relevant for migrant workers.

3.4 Overseas based Labour Providers

Kerry Logistics outsources document processing tasks to a provider in Manilla, Philippines. We recognise that the Philippines is considered a high-risk geographical area for Modern Slavery practices. While the supplier does not have a published Modern Slavery statement, we have communicated directly with the supplier to understand their practise around limiting Modern Slavery and consequently, are comfortable that the risk is low.

3.5 Other Risks

Computer hardware suppliers and cleaning contractors are two other areas which Kerry Logistics has some involvement with that are deemed to be high risk industries for Modern Slavery. However, given the limited exposure compared to the other groups of suppliers we have not undertaken any further analysis at this stage.

4. Actions taken to assess and address these Modern Slavery risks

4.1 Modern Slavery Policy

Our first action for 2022 was the development of a Modern Slavery Policy. This policy was developed by the Modern Slavery committee and signed off by Executive Management and distributed to key staff. This policy sets out our commitment to comply with the minimum Modern Slavery standards.

Our Modern Slavery policy;

- (a) includes a definition of Modern Slavery and sets out our minimum standards on key Modern Slavery risks.
- (b) includes a commitment that Kerry Logistics will adopt policies and procedures to ensure it is addressing modern slavery and ethical sourcing risks in its operations and supply chains.
- (c) states that Kerry Logistics will, as far as practicable, include in its operational and supplier contract terms, requirements that suppliers comply with all local, national and other applicable laws and regulations in the areas in which they operate.
- (d) states that Kerry Logistics will, as far as practicable, include in its operational and supplier contract terms requirements that suppliers comply with the Minimum Standards.

4.2 Supplier Questionnaire

To obtain more information on the risks within our supply chain, we designed a questionnaire to understand how our suppliers are managing Modern Slavery in terms of risk identification and management. However, we unfortunately received minimal response. Alternative sources of information were able to be obtained as many of our suppliers are large companies with publicly available Modern Slavery information. Therefore, we were still able to obtain sufficient information on Modern Slavery risks for many of our suppliers.

It is our intention to follow further up with certain suppliers in the next period.

4.3 Employee Training

To expand on the information in our Modern Slavery policy we organised training for management, supervisors and key staff involved supplier selection and management. This training session covered provided employees with an understanding of what modern slavery is, identification of risks and our compliance and reporting obligations.

4.4 Customer Contracts

During 2022 we updated our standard terms and conditions to include a Modern Slavery clause. This Clause includes a representation by the customer to not engage in modern slavery and to have policies and procedures in place to support this representation.

5. Assessing the effectiveness of Kerry Logistics' actions

Kerry Logistics is still in the early stages of Modern Slavery management. However, we take the risk of Modern Slavery within our supply chain as a serious matter and are committed to continuing to take steps to reduce the risk.

During 2022, we took steps to build the foundation of our Modern Slavery management process which first involved raising awareness of Modern Slavery by the development and distribution of a Modern Slavery policy. This was followed by increasing the understanding of Modern Slavery amongst our key staff by conducting further training on what Modern Slavery is and how to identify cases. We also have introduced the requirement to consider Modern Slavery risks when selecting a supplier and when assessing their performance. Incorporating considerations other than price and availability when selecting transport providers is a challenge that will be continuously improved upon.

While the information gathered from the Modern Slavery supplier questionnaires was much lower than we expected, we have still been able to take steps forward in our risk assessment which sets our direction moving forward.

6. Future Commitments

In the next 12 months Kerry Logistics commits to address the following further actions towards reducing Modern Slavery risks in our supply chain;

1. Find alternative ways to engage with certain suppliers where the questionnaire was not successful.
2. Develop a Code of Conduct for all suppliers to sign and ensure there is a Modern Slavery clause in any contracts with suppliers.
3. Conduct a risk assessment of our road transport providers.
4. Develop a supplier procurement and assessment policy that includes sustainability factors.

7. Consultation with entities of Kerry Logistics

This statement covers all relevant business units of Kerry Logistics (Oceania) Limited. All business units were consulted in the drafting of this statement.

This statement was approved by the board of Kerry Logistics (Oceania) Pty Ltd on 29 June 2023.



Dawn Beck, Director of Kerry Logistics (Oceania) Pty Ltd