

K&S CORPORATION LIMITED

MODERN SLAVERY STATEMENT 2021/22

Introduction

K&S Corporation Limited ABN 67 007 561 837 and its subsidiaries (collectively “K&S Group”) recognise that modern slavery can occur in many forms. This can include servitude, slavery, forced labour, debt bondage, forced marriage, child labour, human trafficking or exploitation where a person cannot refuse or leave work because of threats, violence, coercion, abuse of power or deception.

K&S Group is committed to acting ethically and with integrity and transparency in its dealings. K&S Group will not tolerate any forms of modern slavery or human rights abuse in its operations or supply chain.

This is the third modern slavery statement published by K&S Group under the *Modern Slavery Act 2018 (Cth)*. The statement covers the year ended 30 June 2022.

Reporting Entity

K&S Corporation Limited (“KSC”) is an ASX listed public company. KSC is the parent company for the K&S Group and submits this statement on its own behalf and also on behalf of each of its wholly owned subsidiaries.

KSC and its wholly owned subsidiaries are operated as an integrated group of businesses with a common executive management team and shared services function. KSC consulted the relevant companies we own in the development of this statement.

Our Business

Our Group

K&S Group is a tier one logistics provider, recognised as a leader in the development and provision of specialist supply chain solutions for its customers. K&S Group operates in Australia and New Zealand.

K&S Group commenced in 1945 in the south-east of South Australia. K&S Group has grown to have transport depots and warehouses in all mainland states of Australia, as well as on both the North and South Islands in New Zealand.

K&S Group has approximately 1,900 employees, a fleet that exceeds 4,000 assets, and a network of more than 300 subcontractors.

The following entities make up the K&S Group:

- K&S Corporation Limited
- Reid Bros Pty Ltd
- Kain & Shelton Pty Ltd
- K&S Freighters Pty Ltd
- K&S Group Administrative Services Pty Ltd
- Kain & Shelton (Agencies) Pty Ltd

K&S Transport Management Pty Ltd
 Blakistons-Gibb Pty Ltd
 K&S Logistics Pty Ltd
 K&S Integrated Distribution Pty Ltd
 K&S Group Pty Ltd
 DTM Holdings (No. 2) Pty Ltd
 Alento Pty Ltd
 DTM Holdings Pty Ltd
 DTM Pty Ltd
 K&S Project Services Pty Ltd
 Regal Transport Group Pty Ltd
 Strategic Transport Services Pty Ltd
 Vortex Nominees Pty Ltd
 K&S Freighters Limited
 Cochrane's Transport Limited
 Scott Corporation Pty Ltd
 Bulktrans Pty Ltd
 Chemtrans Pty Ltd
 Hyde Park Tank Depot Pty Ltd
 Energytrans Pty Ltd

K&S Group's core business is in the management of complex supply chains where linehaul and local transport, export, wharf cartage, bulk transport and storage play key roles.

K&S Group's main operations include:

- Multi-modal linehaul transport;
- Contract logistics;
- Fuel cartage;
- Chemical cartage;
- Local transport;
- Aviation refuelling;
- Heavy haulage;
- Warehousing;
- Fuel wholesaling and retailing.

Our Supply Chain

Key inputs into K&S Group's supply chains are as follows:

Transport:

- Vehicles
- Trailers
- Fuel and lubricants
- Tyres
- Workshop
- Spare parts
- Drivers – employees and agency labour
- Subcontractors – road, rail and sea
- Forklift trucks and other MHE
- PPE / uniforms

Warehousing:

- Warehousing facilities, including racking and pallets

- Forklift trucks and other MHE
- Fuel and LPG
- Employees
- Power and utilities
- PPE / uniforms

Fuel Supply:

- Fuel and lubricants
- Fuel tanks, bowsers and pumping equipment
- PPE / uniforms

Head Office and Administration:

- IT Services
- Employees
- Contractors
- Insurance
- Professional services
- Property services
- Power and utilities
- Cleaning services
- Security services
- Couriers
- Domestic travel and accommodation services

Risk of Modern Slavery in Operations and Supply Chain

K&S Group recognises that while it operates only in the lower risk jurisdictions of Australia and New Zealand, its operations and supply chain are not immune to the risk of modern slavery.

A number of key inputs into K&S Group's operations (eg, vehicles, fuel and MHE) are sourced from reputable multinationals head quartered in Europe, the United States or Australia. K&S Group understands that these suppliers are attuned to the risks of modern slavery and have in place proactive systems and processes to identify and address those risks.

K&S Group has a number of policies to support freedom of association, equal opportunity, WHS, and minimum standards for its employees. This covers all segments of K&S Group's business, including transport, warehousing, workshops, fuel wholesaling and retailing, and head office / administration employees.

When it comes to subcontractors, these can be broken up into the broad categories of road, rail and sea:

- **Road:** K&S Group assesses that there remains a risk of some modern slavery practices within the road subcontractor market. K&S Group has implemented a subcontractor portal to onboard new subcontractors and to ensure compliance with minimum WHS, NHVL/CoR, licensing and insurance requirements. While the subcontractor portal does not guarantee that all drivers supplying subcontracted road transport services are fully compliant with modern slavery laws, the portal does provide some visibility.
- **Rail:** K&S Group assesses the risk of modern slavery practices in the provision of rail linehaul services in Australia as relatively low. K&S Group's main provider of rail linehaul services, Pacific National, is a reporting entity under the *Modern Slavery Act 2018 (Cth)*.
- **Sea:** While domestic sea freight providers operate in a highly regulated and unionised environment, K&S Group also uses the services of foreign flagged vessels under the single voyage permit system for domestic coastal freight forwarding. K&S Group assesses that there is a risk that foreign flagged vessels may engage in modern slavery practices.

K&S Group assesses as relatively low the risk of modern slavery practices in the case of suppliers of professional services, insurance, power and utilities, and domestic travel/accommodation. However, K&S recognises that services

such as cleaning, security and courier services may be susceptible to modern slavery risks. K&S also recognises that the supply chain for PPE / uniforms may create modern slavery risks.

Actions Taken to Assess and Address Modern Slavery Risks

Executive Management Commitment to Addressing Modern Slavery Risks

K&S Group's executive management team has been given training on modern slavery risks and has committed to progressing initiatives to identify and eliminate modern slavery practices that may exist within K&S Group's supply chain.

Modern Slavery Policy

K&S Group has adopted a Modern Slavery Policy. The Modern Slavery Policy is formally endorsed by the board of directors of KSC.

The policy contains a commitment by K&S Group to:

- the identification and elimination of modern slavery practices in its supply chain; and
- acting ethically, with integrity and transparency in all business dealings.

Under the policy, K&S Group is required to respect ethical labour practices, to value and promote diversity, and to take a zero tolerance approach to any form of modern slavery in its operations and supply chain.

The policy has been provided to all employees. The policy has also been provided to all suppliers.

All new contractors and subcontractors to the K&S Group are required to complete and return an ethical sourcing declaration as part of our mandatory pre-qualification process. The ethical sourcing declaration:

- outlines K&S Group's commitment to observing laws in relation to modern slavery, equal opportunity, freedom of association, workplace health and safety, bullying and harassment, and wage theft; and
- requires contractors and subcontractors to confirm that they are in compliance with those laws.

In addition, K&S Group required all contractors / suppliers in the identified potential higher risk areas of cleaning services and the supply of uniforms to complete and return ethical sourcing declarations.

Code of Conduct

K&S Group has adopted a Code of Conduct that is formally endorsed by the board of directors of KSC.

The code contains a commitment by K&S Group to:

- always act legally, safely, professionally and with honesty and integrity and in accordance with the spirit of the law; and
- foster long term relationships with our suppliers that are based upon mutual benefit.

The code has been provided to all employees.

Whistleblower Policy

The K&S Group Whistleblower Policy provides a framework for employees, subcontractors and suppliers to make protected disclosures, including in relation to practices that may comprise modern slavery.

Ethical Trading Contractual Provisions

K&S Group has introduced ethical trading provisions (including specifically addressing modern slavery) in its standard contracts for the procurement of goods and services.

In the case of major suppliers and major customers, the form of the contract with K&S Group is commonly dictated by those suppliers and customers. As the majority of those suppliers and customers are blue chip companies, K&S Group's experience has been that these contracts typically contain robust modern slavery provisions.

Spend Categories

K&S Group has undertaken initial analysis of the breakdown of its spend on suppliers. Further analysis is required to identify and target key supply chain risks.

Road Subcontractors

While K&S Group currently cannot guarantee that its road subcontractors are entirely free from all forms of modern slavery, K&S does monitor and review the driving schedules of its subcontractors to ensure that hours worked while engaged for K&S Group comply with applicable work / rest hours and fatigue provisions under the HVNL.

Assessment and Effectiveness of Our Actions

K&S Group recognises that tackling the risks of modern slavery is an ongoing process. While K&S Group has commenced that process, its framework for the identification and elimination of modern slavery risks in its operations and supply chain is not yet mature and currently does not guarantee that there are no modern slavery practices within its supply chain.

K&S Group intends to establish processes and procedures for:

- a standardised risk assessment tool;
- including modern slavery risk as a standard assessment criteria for capital expenditure;
- further analysis of the make up of K&S Group's supply chain;
- the development of an audit tool to assess the maturity of compliance systems adopted by suppliers.

The immediate priority will be those sectors of the supply chain and suppliers that K&S Group assesses as higher risk. K&S also intends to further promote awareness of modern slavery risks amongst its workforce.

Board Approval

This statement was approved by the principle governing body for K&S Group, the board of directors of K&S Corporation Limited ABN 67 007 561 837.



Tony Johnson
Chairman
K&S Corporation Limited