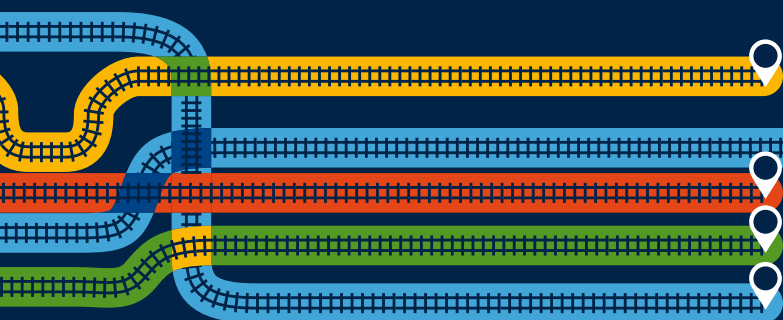




MODERN SLAVERY STATEMENT

STATEMENT FOR 2020-21





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ABOUT THIS STATEMENT

This is Pacific National's second Modern Slavery Statement (**Statement**). This Statement is made under the *Modern Slavery Act 2018* (Commonwealth) for the reporting period 1 July 2020 to 30 June 2021 (**FY2021**).

Reporting Entities

This Statement is made by Australian Logistics Acquisition Holdings Pty Ltd (ABN 28 611 628 909) and numerous subsidiary entities¹. For the purposes of this statement, these entities are referred to as **Pacific National** and this is a joint statement made for those entities.

Consultation with Entities

Pacific National operates as an integrated group – all policies are the same across all entities in the group structure. A central Board, Executive leadership team and the Modern Slavery Working Group provide strategic guidance, governance and risk management for all entities owned or controlled by Australian Logistics Acquisition Holdings Pty Ltd. This joint statement has been prepared in consultation with, and has been approved by, the governing body of the reporting entities.

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Custodians of the land on which we work, live and rail. We pay respect to Elders past, present and future and to the continuation of cultural, spiritual and educational practices of all Aboriginal and Torres Strait Islander peoples.

¹ Australian Logistics Acquisition Holdings Pty Ltd (ABN 28 611 628 909) – the ultimate holding company – and Australian Logistics Acquisition Investments Pty Ltd (ABN 85 611 628 712), Pacific National Holdings Pty Ltd (ABN 26 123 652 862), Pacific National Holdings (Rail) Pty Ltd (ABN 34 123 684 051), Pacific National Rail Holdings Pty Ltd (ABN 72 098 059 137), Pacific National Pty Ltd (ABN 39 098 060 550), Pacific National Services Pty Ltd (ABN 48 052 134 362), Pacific National (Queensland Coal HoldCo) Pty Ltd (ABN 51 130 556 151), Pacific National (Queensland Coal) Pty Ltd (ABN 63 129 529 648), Pacific National (NSW) Pty Ltd (ABN 83 099 150 688) and ACN 106978 330 Pty Ltd, each being subsidiaries of the ultimate holding company.

MESSAGE FROM OUR CEO

Pacific National is proud to present our second Modern Slavery Statement. This statement outlines the progress we have made this year to manage and minimise the risk of modern slavery in our operations and supply chains. In FY2021, this effort has again, been delivered despite the impacts of COVID-19.

As a provider of essential services, our employees ensured critical freight continued to flow across borders throughout the pandemic highlighting more than ever how it is our people who are essential to our operations. Not only the people who make up our workforce, but also our suppliers, customers and the communities in which we operate.

In the same way, the protection of human rights is essential to the success of our business. At Pacific National we believe in running our operations in an economically, socially and environmentally responsible way. The launch of our Environmental, Social and Governance (ESG) Report in May 2021 was an important step in expressing our aspirations to deliver on this principle. Our stakeholders identify modern slavery risks as material to the social pillar of our ESG strategy. In line with this, we will maintain our focus on this key issue.

At Pacific National our purpose is **to deliver what matters** for our people, our customers, and our shareholders. We are integral to keeping Australia's economy moving - we work efficiently to move essential goods and commodities 24 hours a day, seven days a week. Our people are caring, and we care about each other. We care about the communities in which we operate, we care about the work we do, and we care about our customers, our people and our shareholders. Because of this **we care** is Pacific National's core philosophy.

Our commitment to addressing modern slavery is consistent with this philosophy. We will continue to enhance our approach beyond compliance. Taking action to combat modern slavery makes good business sense and it is also the right thing to do.

I am proud of the work we have done at Pacific National towards eradicating modern slavery and raising awareness of this challenge. While assessments of our operations and supply chains to date have not identified any known modern slavery practices, we recognise removing modern slavery risks is an ongoing exercise. We know there is more to do, and we will continue to build our capabilities and understanding of modern slavery to improve the way we conduct business.



A handwritten signature in black ink, which reads "Paul Scurrah". The signature is written in a cursive, flowing style.

Paul Scurrah
Managing Director
and CEO
December 2021

OUR ORGANISATION

As Australia's largest private rail freight operator, Pacific National runs 24 hours a day, seven days a week, 365 days a year to move freight across the country.

We have a broad customer base operating in diverse industries. Pacific National transports millions of tonnes of raw resources, retail goods, manufacturing products, and construction materials that keep Australia's economy, businesses, and households on track.

Pacific National has a history dating back to 1855 and we are proud of the essential role we continue to play in supporting Australia's supply chain. We are a company built on solid foundations with a team of dedicated individuals working together to achieve our vision of being recognised as **Australia's most trusted and respected logistics partner.**

Our PNA – Pacific National Approach

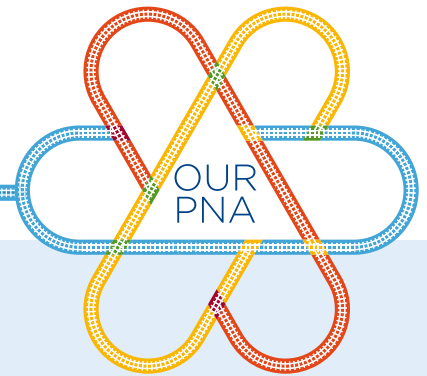
Our Pacific National Approach (PNA) provides clear direction about what is important to us, what we stand for and how we behave – it is our DNA and the essence of Pacific National.

Our culture sets the standards for all behaviour and is what everyone experiences when they interact with us.

Most importantly, at Pacific National we are 100 per cent committed to the safety of everyone we work with. Our care for safety extends to our partners, suppliers, customers, and the community. It is our number one priority above all else.

Our philosophy, priorities and values are fundamental to our commitment to responsible, transparent business practices. Our approach to modern slavery is consistent with our PNA, ensuring that the way we do business acknowledges the protection of the human rights of all people.





OUR PURPOSE

We deliver what matters.
For our people, customers,
and shareholders.


OUR PHILOSOPHY

We care more

OUR VISION

**Australia's most trusted and
respected logistics partner**

OUR PRIORITIES

 <p>Safety</p>	 <p>People and Leadership</p>	 <p>Customers</p>	 <p>Community</p>	 <p>Financial Success</p>
<p>Above all else. Home safely every day.</p>	<p>Inspiring people, leadership excellence and a respectful culture.</p>	<p>Innovating and succeeding together.</p>	<p>Enhancing and caring for the communities we operate in and through.</p>	<p>Controlling our destiny and earning the right to grow.</p>

OUR VALUES

 <p>Make It Simple We reduce complexity.</p>	 <p>Share More We create a learning environment through storytelling and embrace and share diverse experiences.</p>	 <p>Kindness We are thoughtful and show respect in all circumstances.</p>
 <p>Gratitude We show appreciation and express our thanks.</p>	 <p>Curiosity We embrace curiosity at all levels to benefit the safety, wellbeing, and continuous improvement of our workplace.</p>	 <p>Own It We take responsibility, we take action, we own our successes and our mistakes.</p>

OUR FOUNDATIONS

Footprints and Assets | Heritage | Operational Excellence

OUR GOVERNANCE

Pacific National's commitment to transparent business practices is led by our Board of Directors and Executive leadership team, and modern slavery risks are today considered within our broader governance framework.

Board of Directors

Pacific National's Board is responsible for providing strategic guidance, governance and effective oversight of management and the performance of our business. Pacific National's Board Charter details the guiding principles of our Board of Directors and their role in overseeing operations including our modern slavery strategy and action plan.

Further, the inaugural ESG Report published by Pacific National in May 2021 was an important step in expressing our aspirations to deliver a more sustainable business. Our ESG strategy, approved by the Board, identifies modern slavery as a key factor under the social pillar of that strategy. Sustainable sourcing practices, including consideration of human rights issues, are critical to Pacific National's ESG performance.

The Board has approved this statement.



Executive Leadership

Pacific National's Managing Director and Chief Executive Officer, together with the Executive management team, formulate and implement our strategy, as well as attend to the day-to-day management and performance of Pacific National's operations.

Effective day-to-day governance at Pacific National is managed through various policies including our Code of Conduct, Supplier Code of Conduct, Whistleblower, Compliance, Conflicts of Interest, Fraud and Corruption, and various People & Culture policies. These documents are the foundational policies and standards that govern our approach to conducting business and provide a framework for our commitment to addressing human rights and modern slavery practices.

The Executive management team has endorsed this statement.

Modern Slavery Working Group

Pacific National has continued to utilise a cross functional Modern Slavery Working Group to focus on the day-to-day implementation of our modern slavery strategy and our three-year modern slavery action plan. The Working Group is consultative and makes recommendations to the Executive leadership team on the conduct of Pacific National's modern slavery strategy. The group is comprised of members from across the Corporate Affairs and Communications, Commercial and Customer, People and Culture, Legal, Compliance and Corporate Governance, Procurement, and Risk and Audit teams.

The Working Group has endorsed this statement.



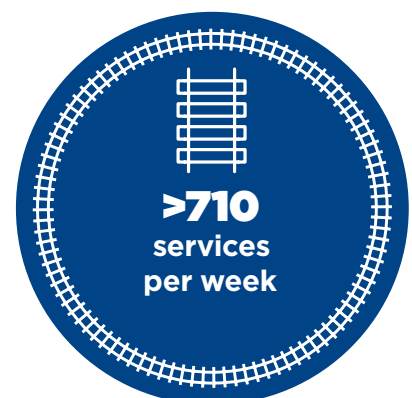
OUR OPERATIONS AND SUPPLY CHAINS

Our Operations

Pacific National is a leading provider of rail freight haulage in Australia, transporting a wide variety of products that support the broader Australian economy. These products are utilised in both domestic and export markets, and include construction and building materials, agricultural products, dry and refrigerated goods, household items, waste, minerals and more.

Pacific National has intermodal rail freight operations with a nationwide footprint which specialise in moving containerised freight between key urban centres. We are also a leading transporter of grain and agricultural products, regional exports, and bulk goods. Pacific National also transports both metallurgical and thermal coal from 'pit to port' for export, connecting regional mines throughout Queensland and New South Wales with domestic and global markets.

Of our 3,300 strong workforce, approximately 2,200 are in frontline operations roles and are covered by collective agreements, with most of these employees being members of various trade unions. With more than 60 per cent of our employees located in regional Australia, Pacific National is also proud of our large footprint in the regions.



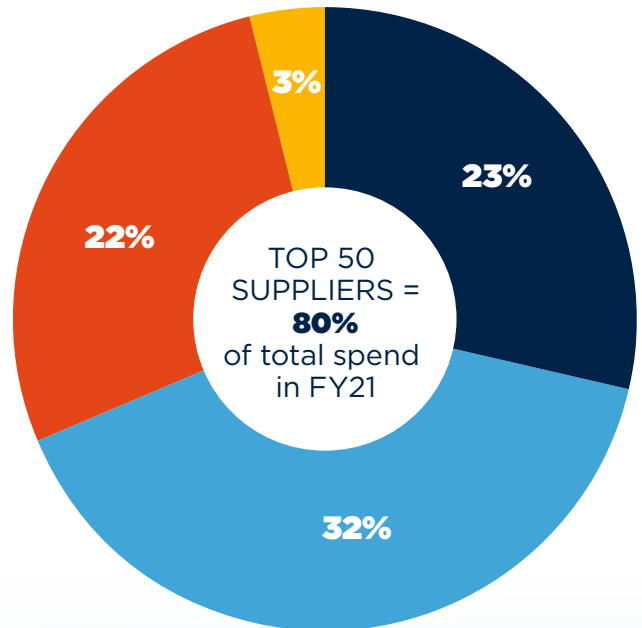
Our Supply Chains

Our suppliers are our partners. Pacific National's supply chains are comprised of the procurement of goods and services, equipment, access to infrastructure, commodities, and energy sources.

Our suppliers play a vital role in creating value within Pacific National's business. We choose our partners carefully and are guided by our internal procurement policies and procedures when we engage them.

While Pacific National does have a global supply chain, the vast majority of our direct procurement spend in FY2021 was with suppliers registered and operating in Australia.

Pacific National believes the area of greatest potential risk of modern slavery for our organisation is through our supply chains.



- FUEL - 11 suppliers and **23%** total spend (one supplier equates to 21% of total spend)
- RAIL ACCESS CHARGES - 11 suppliers and **32%** total spend
- ROLLINGSTOCK MAINTENANCE, EQUIPMENT AND SUPPLIES - 67 suppliers and **22%** total spend
- LABOUR HIRE - 19 suppliers and **3%** total spend

Annual haulage

INTERMODAL:

872,000 TEU*

*TEU - twenty foot equivalent unit

COAL:

138.8M tonnes

BULK AND OTHER FREIGHT:

25.2M tonnes



— Intermodal — Bulk — Coal  Port



MODERN SLAVERY RISKS

At Pacific National we acknowledge the risk modern slavery may be present in our operations and supply chains.

Risk-based approach

In FY2021 we again applied our risk-based approach to identifying, managing and mitigating modern slavery risks. This methodology assessed risk factors (including category of goods and services, country of operation, and type of workforce) and then prioritised areas requiring further monitoring.

Our operations, and the vast majority of our direct suppliers, are located in Australia. However, some of our supplier manufacturing locations are operated in countries associated with a higher risk of modern slavery practices, including but not limited to nations in South East Asia such as China.² Pacific National is also at risk of indirect association with modern slavery practices depending upon where the inputs used in goods may have been sourced from, including goods we acquire in Australia such as uniforms, PPE, rollingstock components and fuel.

2. According to the Global Slavery Index prevalence and vulnerability indices – www.globalslaveryindex.org, suppliers that manufacture in countries associated with a higher risk of modern slavery specifically include China.

Focus areas

With complex and multi-tiered supply chains, we again conducted an assessment based on a set of criteria which prioritised areas of risk. This included prioritisation of:

- **high risk** categories where our **procurement spend** was considered material, also indicating a higher likelihood of a multi-year contracting relationship, rather than a one-off purchase order transaction. This included fuel supply, where there is a potential risk to Pacific National of indirect association with modern slavery practices.
- **high risk** categories where the goods or services were **procured in Australia**, over offshore goods and services. This included labour hire organisations, cleaning, and security services, which were acquired for the first time at material levels during the COVID-19 pandemic.
- **high risk** categories where we had a **direct commercial relationship** with the supplier (known as Tier 1 suppliers) over extended supply chains (including Tier 2 and 3 suppliers).

This assessment enabled us to better understand our potential exposure to modern slavery practices and was used to inform the actions taken under the Pacific National's Modern Slavery Action Plan in FY2021.

Importantly, in FY2021 no actual instances of modern slavery were identified within our operations or supply chains.



ACTIONS TAKEN

In FY2021, we improved our capability to manage modern slavery risks by:



- delivering **education and awareness materials** to upskill our workforce to identify, manage and mitigate modern slavery, including:
 - whole of leadership awareness updates through 'Leaders on Track' newsletters and townhalls
 - targeted employee and management training sessions
 - updated induction materials for recruitment of specific roles at Pacific National
 - enhanced modern slavery awareness publications including an intranet site accessible to all employees and contractors capturing Pacific National guides, policies, codes of conduct and reporting mechanisms, as well as additional external resources



- enhancing **engagement with external stakeholders** by:
 - development of a Human Rights Statement, confirming our commitment to the protection of human rights
 - publication of a Supplier Information Pack detailing Pacific National's approach to modern slavery openly available on our website



- establishing our **supplier monitoring framework** including:
 - conducting modern slavery questionnaires and obtaining information on modern slavery policies from over 400 suppliers
 - updating the Procurement Process Guide to incorporate modern slavery considerations in all procurement transactions
 - incorporating more detailed measures to manage modern slavery risks in outsourcing and labour hire contracts which were recontracted during FY2021, and assessing the effectiveness of their internal controls to manage labour rights



- improving our **business controls and assurance**, including:
 - updating our Enterprise Risk Management and Audit Programs to capture exposure to inappropriate supplier practices within Pacific National's risk framework and risk register
 - incorporating enforcement mechanisms in relevant policies and procedures, most notably the Code of Conduct



- documenting our **remediation considerations** including incorporation of steps into Pacific National's grievance procedures, and review of procurement, finance, risk, and compliance processes to lessen the potential for other considerations to outweigh modern slavery considerations, such as not prioritising cost or shortest delivery time frames, over the assessment of risk to people.

EFFECTIVENESS OF ACTIONS

In FY2021, the quality and extent of our progress has again been overseen and evaluated by the Modern Slavery Working Group, the Executive leadership team and the Board.

The effectiveness of Pacific National's actions is being tracked through the following metrics:

- **Education** – the participation rate of relevant employees in training sessions. To date, all relevant employees and the Board have received training.
- **Awareness** – the provision of appropriate materials to suppliers and employees about Pacific National's approach to modern slavery and access to grievance procedures for reporting purposes. All employees, contractors, customers, and suppliers of Pacific National were given access to relevant information in FY2021.
- **Feedback** – action taken in response to any feedback received from internal and external stakeholders as to the effectiveness of actions taken to identify, manage and mitigate modern slavery risks. In FY2021, no specific feedback was received.
- **Supplier engagement** – the participation rate of suppliers in responding to modern slavery questionnaires. During FY2021, more than 400 suppliers responded.
- **Mitigation** – the timeliness of actions where any grievances have been reported or breach of policies identified. No grievances or breaches were reported in FY2021.

In FY2022, further progress will be monitored through reporting and incorporated into the relevant Board reports. In addition, ethical procurement practices and responsible sourcing, including modern slavery metrics, will be incorporated into Pacific National's ESG dashboard to monitor performance in this area.



OUR FOCUS FOR NEXT YEAR

This year we have continued to focus on identifying and assessing risks of modern slavery in our operations and supply chains.

Our focus for FY2022 will include:

- identifying opportunities for sharing information and resources across our industry
- encouraging Pacific National's suppliers to communicate our modern slavery policies with their suppliers
- improving our supplier monitoring framework by investing in tools to engage with suppliers through more detailed due diligence procedures
- auditing compliance with modern slavery contract provisions for suppliers and labour hire organisations
- integrating modern slavery risk as part of the audit program in FY2022 for contractor management
- developing an action plan for the next three years beyond the conclusion of FY2022.

We believe these actions will improve our approach to modern slavery risks in our operations and supply chains. Taking appropriate action to tackle modern slavery is fundamental to the ongoing success of our business. As such, we are committed to continuously improving our approach and the effectiveness of the steps we are taking to deliver what matters.

FY2022



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