



SILK
LOGISTICS
HOLDINGS

Silk Logistics Holdings Limited

MODERN SLAVERY

STATEMENT

2022

MODERN SLAVERY ACT REPORTING CRITERIA

Identify the reporting entity Page 3

Describe the reporting entity's structure, operations, and supply chains Page 4

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls Page 7

Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes Page 10

Describe how the reporting entity assesses the effectiveness of such actions Page 12

Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement) Page 13

Silk acknowledges the Traditional Owners and Custodians of the lands on which we live and work on. We pay our respects to Elders past, present and emerging and acknowledge their continuing connection to waters, skies, seas and country.

INTRODUCTION

At Silk Logistics Holdings Limited (Silk), we are committed to respecting human rights across our business.

Our people are our greatest asset and our approach to modern slavery and the protection of human rights is underpinned by our values: Safety, Respect, Integrity, Passion, Innovation and Customer-centric, which guide us in our approach to human rights.

This modern slavery statement is made by Silk Logistics Holdings Limited as a joint statement under the Commonwealth Modern Slavery Act 2018 (Modern Slavery Act) for the period 28 June 2021 to 26 June 2022 (the reporting period or FY22).

This statement outlines the steps Silk has taken to understand, assess, mitigate, and address human rights and modern slavery risks within our operations.

Modern slavery includes trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruitment for labour or services, and the worst forms of child labour. Modern slavery has severe consequences for its victims and often disproportionately impacts. Minimising the risk of modern slavery in its supply chains and, in particular, ensuring that individuals can exercise their own choices free from the undue influence that arises in modern slavery, is a critical focus for Silk.

Silk is committed to conducting business, responsibly and ethically to ensure all areas of our operations, supply chains and connected networks are free from any form of slavery. Silk takes a zero-tolerance approach to any form of human rights abuses, including modern slavery in our operations and supply chains and we expect that all our employees, suppliers, subcontractors, and agents uphold these values. We expect our business operations to operate in accordance with all applicable modern slavery laws including those prohibiting unpaid or underpaid servitude, human trafficking and forced labour.

As we continue to grow as a business in an incredibly competitive industry, Silk is committed to collaborating with our people, customers, suppliers, and shareholders to consolidate and improve our ability to manage the challenges that modern slavery presents and protect fundamental human rights for everyone who interacts with us.

SILK'S VALUES



SAFETY



INNOVATION



RESPECT



INTEGRITY



CUSTOMER-CENTRIC



PASSION

SECTION 1

OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

Silk's history extends back more than a century to two formative businesses in Victoria: Hoffmann Transport, a horse and cart operation on Melbourne's waterfront and Kagan Logistics, a textile processing and exporting operation that would eventually become a large warehouse and distribution business. These businesses were consolidated into Silk Logistics Group in 2008, before being acquired in 2014 by the existing management Shareholders, Brendan Boyd (Co-Founder and Managing Director), John Sood (Co-Founder and Chief Customer Officer) and private investment partners.

Silk provides its time certain, specialised, port-to-door logistics offering through two primary divisions and three distinct services – Port Logistics division offering wharf cartage, and Contract Logistics division offering warehousing and distribution services.

Since 2014, Silk has undertaken a number of successful acquisitions.

Our Structure

Silk Logistics Holdings Limited (ACN 165 867 372) is a public company listed on the Australian Securities Exchange (ASX: SLH) with a head office located in Port Melbourne, Victoria.

Silk is a leading Australian logistics provider, with a national, integrated port-to-door service, delivered through best-in-class operating segments, enabled by The Silk Way and tier-one technology. Our focus at Silk has been to create a business that is agile, responsive to customers, capable of adapting to changing market dynamics, and scalable.

Silk has several operating subsidiaries. As these businesses are owned by Silk, their operations are included in this Modern Slavery Statement.

Subsidiary

Silk Contract Logistics Pty Ltd
ACN 006 444 355

Rocke Brothers Pty Ltd
ACN 100 734 469

101Warehousing Pty Ltd
ACN 154 887 715

Our Operations

Silk provides a comprehensive suite of business-to-business ('B2B'), business-to-consumer ('B2C'), and e-commerce fulfilment supply chain solutions. Silk has two primary operating segments: our Port Logistics business provides wharf cartage services, and our Contract Logistics business offers warehousing, e-commerce fulfilment and distribution services.

National Capability



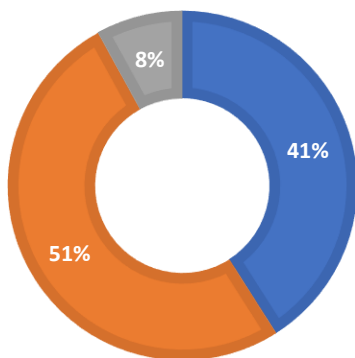
Our Team

Silk employs more than 910 team members in Australia, with the majority employed across Silk’s port logistics and contract logistics business units. The other employees are located at Silk’s Support Office in Port Melbourne and state offices.

Silk engages labour hire contractors, primarily for short-term or ad hoc roles in our contract logistics sites, sub-contractors and fleet operators within our port logistics and distribution business units.

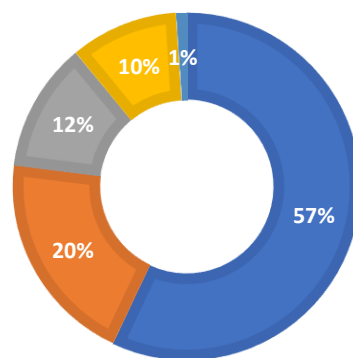
EMPLOYEES BY FUNCTION

■ Port Logistics ■ Contract Logistics ■ Support



EMPLOYEES BY STATE

■ VIC ■ NSW ■ QLD ■ WA ■ SA



Our Supply Chain

Our supply chain is large and complex and includes a diverse range of customers and suppliers. Our supply chain can be broken up into two general categories.

- **Customer Goods** - We handle, store, move, and distribute an extensive range of goods and products for over 500 customers across agriculture, consumer, food, light industrial, packaging, retail, freight forwarding and other. The goods or products are for B2B, B2C and e-commerce fulfillment. The product is handled and stored in QLD, NSW, VIC, SA and WA and can be moved anywhere nationally.
- **Procurement (non-trade)** - We procure an extensive range of goods and services from over 400 direct suppliers. These are non-tradeable goods and services we use to support the running of Silk. Examples include PPE, uniform, maintenance, infrastructure, installation services, hardware, technology, marketing, transport services, construction, labour hire, sub-contractors.



SECTION 2

OUR MODERN SLAVERY RISKS

Modern slavery risks with our customers and supply chain are diverse and complex.

The Australian Government defines modern slavery as situations of ‘serious exploitation’, where ‘coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom.

We understand that modern slavery occurs and that many factors can contribute to drive dangerous or substandard working conditions. In some circumstances, situations of dangerous or substandard working conditions can escalate into modern slavery if not addressed or can be indicators that modern slavery may be occurring.

We have a long history of commercial relationships with our customers, suppliers, and service providers, which has helped build trust and reduce potential risks. While this approach helps mitigate potential risks, it does not guarantee the elimination of these risks altogether.

Risk Profile Operations

Silk’s operations are in Australia and operate in the states of Victoria, New South Wales, Queensland, Western Australia, and South Australia.

Approximately 86% of our employees operate under an enterprise bargaining agreement or Award and we conduct the majority of our own recruitment.

The standards, obligations and worker protections required by Australian labour laws result in a relatively low risk of modern slavery within our operations. These standards include, but are not limited to the:

- Fair Work Regulations 2009
- Fair Work Act 2009
- National Employment Standards (NES)
- National minimum wage
- Registered Agreements
- Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Bill 2022

Specialist contractors are also engaged for specific project or short-term specialist roles in the Support Office from time to time. For these engagements, Silk and the individual contractor negotiate the terms of the agreement. The nature of these engagements and the relative bargaining power of the entities involved means there is a relatively low risk of modern slavery occurring.

Silk engages contractors, primarily for short-term or ad hoc roles, in the contract logistics business. These contractors are made available to Silk via arrangements with labour hire firms.

While the numbers vary for contractors provided via labour hire firms, Silk has entered into agreements with all labour hire firms for the supply of contract labour. The terms of those agreements require the labour hire firm to confirm its compliance with practices to reduce the risk of modern

slavery associated with its operations and that employees are to be paid in accordance with applicable Awards as a minimum.

While Silk considers that the risk of modern slavery associated with this arrangement is very low, as a general principle, the use of third-party labour providers or arrangements that involve the higher prevalence of migrant workers may give rise to an elevated risk of modern slavery.

The presence of one or more of these risk factors may indicate an increased vulnerability to modern slavery but does not necessarily mean modern slavery is occurring.

Goods (non-trade) and services used in Silk's operations, include (listed in no particular order):

- labour hire
- sub-contractor road transport
- offshore services
- PPE and uniform supply
- cleaning services
- other servicing contracts (such as pest control, maintenance)
- stationery and other office consumables
- IT services
- other professional advisory services

The lockdowns and border closures that were implemented by governments to manage the spread of COVID-19 restricted the movement of goods globally. This had significant implications on Silk's direct operations and supply chain. In some instances, this was further compounded by bottlenecks created by additional protocols introduced to ensure the safety of workers.

During the period, there was a significant increase in the demand for sub-contractor drivers across several industries. This rapid and significant rise in demand may have increased modern slavery risks in the transport service sector.

Risk Profile Supply Chain

As a logistics provider, we handle, store, move and distribute customer goods for their operations.

As the supply chains associated with some of our customers products may relate to manufacturing and extend through various geographic locations, there is the potential for modern slavery risks to be present in those supply chains. In other words, Silk's customers supply chains may be directly linked to modern slavery practices.

Silk's view about whether its supply chains may be directly linked to modern slavery practices has been formed having regard to self-disclosed assessments that are undertaken in respect of Silk's customers.

Modern slavery risks are likely to exist in other parts of the customers' supply chains, including suppliers of raw materials (for example, food, steel, chemicals) to factories. To date, Silk has had limited engagement with supply chains providing raw materials to factories that produce goods for our customers. As such, the extent and degree of modern slavery risks are currently unknown but may be higher than other parts of the supply chain. Silk will be undertaking customer self-assessments to understand the risks within the supply chains.

Potential modern slavery risks

Based on the controls detailed within this document, we believe the risk of modern slavery in our own operations is low. The initial assessment did not find examples of modern slavery within the Silk operations and supply chain. However, the assessment did identify several areas where improvements are required to address modern slavery risks more effectively. The findings have been used to develop a Modern Slavery Action Plan, which will be implemented by our internal Modern Slavery Working Group.

SECTION 3

MODERN SLAVERY RISKS, DUE DILIGENCE AND REMEDIATION

Silk has developed a specific Action Plan, detailing Silk’s continuous improvement approach to modern slavery risks, including measurable outcomes and deadlines. This action plan will periodically be reviewed to benchmark effectiveness of our actions.



Our Governance Structure

Silk Board Responsible for approving key policies and the modern Slavery statement.	
Audit and Risk Committee Responsible for overseeing the Risk Management framework and internal risk controls.	CEO & ELT Responsible and accountable for the overall implementation of the framework and policies.
Sustainability Committee Oversees the Group level strategy, including framework and actions. Responsible for reviewing impacts and opportunities and recommending actions to the Board for approval.	
Modern Slavery Working Group Responsible for the day-to-day management of modern slavery risks. The working group consists of senior members from port logistics, contract logistics & fulfillment, distribution, legal, finance, procurement, IT, corporate development, and people & culture.	

Outlined below are the policies, processes and activities undertaken to date to mitigate human rights and modern slavery risks for Silk’s operations and within our supply chain.

Policy Framework

Silk has a comprehensive suite of policies that reflect our core values, and which outline our ways of working and expectations for our employees and suppliers. Policies are reviewed and updated on a regular basis.

The following policies are most relevant to preventing modern slavery:

Modern Slavery Policy	Silk is committed to eliminating the risk of modern slavery occurring within its own business and limiting the risk of modern slavery infiltrating its supply chains or through any other business relationship.
Anti-Bribery and Corruption Policy	This policy prohibits all forms of bribery and corruption and informs that Silk is committed to conducting its business legitimately, ethically and in compliance with the applicable laws.
Code of Conduct	Silk has also adopted a statement of values. The Statement of Values and the Code of Conduct outline how the Company expects its employees and representatives to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards.
Whistleblower Policy	Silk is committed to conducting business legitimately, ethically and in accordance with its core values of Integrity, Respect and Passion. Silk is committed to creating workplace culture which promotes employees and eligible whistleblowers to disclose improper conduct confidentially, anonymously and on reasonable grounds without fear of reprisal or detrimental action.
Recruitment Policy	The policy sets Silk’s recruitment and selection practices to be fair, equitable and free from discrimination. This includes eligibility to work in Australia and compliance with applicable laws and legislation.
Grievance & Dispute Resolution Policy	The Grievance & Dispute Resolution policy provides a framework for workplace grievances (such as discrimination, harassment or bullying in the workplace) to ensure the situation can be dealt with in an effective and prompt manner
Modern Slavery Supplier Code of Conduct	<p>Silk is committed to limiting the risk of modern slavery occurring within its own business, infiltrating its supply chains or through any other business relationship.</p> <p>Silk has adopted a principle-based governance framework designed to promote responsible management and conduct of our company across a range of disciplines.</p>

The policies are available either on the Silk website or the Silk intranet.

SECTION 4

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Silk is continually assessing the effectiveness of initiatives outlined in this statement and broader activities across the business which impact human rights, and to further develop a framework for the ongoing assessment of our performance.

Currently, we assess our effectiveness through the following mechanisms:

Governance & Policy	We review key policies annually to evaluate whether they are fit for purpose.
Risk Management	We have implemented processes to monitor our modern slavery risk framework to ensure it is fit for purpose.
Monitoring	We participate in supply audits with our customers and seek feedback regarding key trends. We have commenced random audit surveys with our suppliers.
Training	We assess the effectiveness of our training through engagement with team members.
Reporting	We have reviewed key third-party benchmarks to understand how our statement compares to wider reporting trends.
Grievance	We assess the effectiveness of our grievance mechanisms and remediation processes against the criteria set out in the United Nations Guiding Principles (UNGP).

SECTION 5

LOOKING AHEAD

Silk is committed to developing a group wide approach to managing and mitigating the risks of modern slavery within our operations and supply chain.

To ensure that the effectiveness of Silk's actions in relation to the minimisation of modern slavery risks in its operations and supply chains continues to improve, the following initiatives are planned for the period ahead:

- implement risk assessments for all suppliers and, where appropriate, audits;
- seek formal assurances from suppliers including fleet operators that they are complying with the requirements of the Modern Slavery Act;
- further examination and understanding of our customers and their supply chains and where appropriate risk assessments and seek assurances that they are complying with the requirements of the Modern Slavery Act;

- expanding the internal processes to further oversee and embed modern slavery processes in our business, drawing representatives from different business units of Silk to form a Modern Slavery Working Group.

SECTION 6

CONSULTATION

Silk is committed to a process of continuous improvement in relation to the protection of human rights and prevention of modern slavery.

The senior management team, in the course of their everyday duties, provide input into the formulation of the Framework and Action Plan and the preparation of this statement. This statement has been reviewed by the Sustainability Committee.

In 2023, actions will include:

1. Continue to develop systems to measure effectiveness of our actions
2. Form a stakeholder working group for Modern Slavery
3. Expand our modern slavery training to management and key positions
4. Continue to work with partners in this area and identify opportunities for sector collaboration
5. Further establish an assessment process for all customers, partners, and supply chain.

This Modern Slavery Statement is made in accordance with the Modern Slavery Act 2018 (Cth) (the Act) for the year ending 26 June 2022.

This Statement was approved by the Board of Silk Logistics Holdings Limited on 12 December 2022.



Terry Sinclair

Chairman, Independent Non-Executive Director



Brendan Boyd

Managing Director and CEO