



1. The Reporting Entity

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

This statement outlines the steps which KLN have taken during the financial year ending 31 December 2024 to identify and address modern slavery risks within our supply chain.

This is our fourth statement and reflects the next steps taken after our initial steps taken in 2021-2023 to recognise and address modern slavery risks in our business.

2. Structure, operations and supply chains.

KLN is ultimately owned by KLN Logistics Network Limited (KLNL), a publicly listed company on the Hong Kong stock exchange. KLNL 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. KLNL is based in 59 countries spanning Mainland China, India, Southeast Asia, the Americas, Middle East and Europe.

The operations of KLN 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.

KLN was established in 2014 and has offices in Sydney, Melbourne and Adelaide. The business had 51 employees as at 31 December 2024.

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

1. **Shipping Lines** – KLN provides freight management services coordinating the purchase of space, both containerised (FCL) and non-containerised (LCL) for the international movement of various cargoes. KLN acts as intermediary between cargo owners and the shipping lines.
2. **Airlines** – KLN 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. KLN 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** – KLN 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** – KLN 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 KLN site.

KLN 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 KLN, 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 KLN 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 KLN 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. Any recruitment company fees and paid by KLO and are never recharged to the employee.

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 KLN 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 KLN over the conditions these subcontractor driver's are employed under. These risks are especially relevant for migrant workers.

3.4 Overseas based Labour Providers

KLN outsources document processing tasks to a provider in Manila, 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 and visit their offices regularly 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 KLN has some involvement with that are deemed to be high risk industries for Modern Slavery. Likewise we also recognise that the provision of security services and uniforms have a higher risk of modern slavery due to the potential of migrant worker

exploitation and the geographic location of uniform production. 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

The following actions have been taken during 2024;

4.1 Supplier Code of Conduct

During the year we updated our Supplier Code of Conduct to expand on the areas related to human rights. We also updated our Modern Slavery questionnaire with a request for more detailed information on areas such as how risks are managed throughout the supply chain. This revised questionnaire also asks for more written information as opposed to a Yes/No responses on areas such as the due diligence processes suppliers follow when they source goods and services. This allows us to assess modern slavery risks further down the supply chain.

4.2 Drafting of Supplier Selection and Assessment Policy

In addition to implementing a revised Supplier Code of Conduct, KLN has drafted a Supplier Selection and Assessment policy. The aim of this policy is to formalise existing practices on supplier set up with an increased focus on social governance matters such as Modern Slavery. This policy;

- i. Establishes a pre-qualification review process of all new suppliers which includes an initial assessment of Modern Slavery compliance with an aim to understand the Modern Slavery risks of the supplier and the industry in which it operates.
- ii. Includes formal review of any published Modern Slavery policies on the supplier's website as well as official Modern Slavery statements lodged online.
- iii. Establishes a mandatory checklist to be completed before we commence trading with a new supplier which incorporates the above. The supplier set up checklist is required to be reviewed by senior management as a final check in the supplier set up process.
- iv. Establishes a formal annual review of supplier performance which incorporates further review of Modern Slavery compliance and the risks that were previously identified.

4.3 Employee Recruitment and Selection Policy

During the year the group formalised an Employee Recruitment and Selection Policy. This policy assists to lower the risk of modern slavery practices by ensuring we have a fair, thorough and non-biased hiring process. This includes checking the immigration status of all new hires and asking for copies of relevant documentation such as passports.

We also only use licensed and reputable labour hire companies and ensure they are checking visa and passport information before they contract the workers to KLN. KLN regularly reviews the pay rates to ensure that labour hire workers are paid at minimum award rates.

5. Assessing the effectiveness of KLN actions

We note that to date no instances of Modern Slavery have been identified however accept that this is not a guarantee that Modern Slavery does not exist at all in our supply chains.

During 2024, we focused more on the formal aspects of managing risks of modern slavery practices by updating current policies to better capture modern slavery risks as well as developing new policies and processes. We

maintain a positive view that our risk of modern slavery in our supply chains are low. However, we can see further improvements in how effectively we manage and respond to Modern Slavery risks in our supply chain from the actions taken in the last year.

However, we could further improve our efforts to reduce modern slavery in our supply chain by educating our entire employee workforce including contractors on understanding what modern slavery is and how it can be identified. This will be our key focus for the next 12 months.

6. Future Commitments

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

1. Finalise and roll out the final Supplier Selection and Assessment and organise training sessions for relevant staff.
2. Extend modern slavery training and awareness programs to increase awareness on Modern Slavery practices and how to identify and report them by;
 - i. Distributing pamphlets to staff;
 - ii. Installing posters around sites;
 - iii. Sending emails to employees.

7. Consultation with entities of KLN

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

This statement was approved by the board of KLN Freight (Oceania) Pty Ltd on 30 June 2025.



Dawn Beck, Director of KLN Freight (Oceania) Pty Ltd