

***pacific*national**

MODERN SLAVERY STATEMENT

2021-22



www.pacificnational.com.au

About this statement

This Modern Slavery Statement, made under the *Modern Slavery Act 2018* (Cth), covers the year ended 30 June 2022 (FY2022).

Reporting entities

This statement is made by Australian Logistics Acquisition Holdings Pty Ltd (ABN 28 611 628 909) and numerous subsidiary entities.¹ 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 and procedures are the same across all entities in the group structure. A central Board of Directors, and Executive leadership team 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.

CONTENTS

ACKNOWLEDGEMENT OF COUNTRY	2
MESSAGE FROM OUR MD AND CEO	3
OUR ORGANISATION	4
Our PNA	4
Governance and policies	5
OUR OPERATIONS	6
Our workforce	6
OUR SUPPLY CHAIN	8
MODERN SLAVERY RISKS	10
Risk-based approach	10
Focus areas	10
ACTIONS TAKEN	11
EFFECTIVENESS OF ACTIONS	12
OUR FOCUS FOR THE NEXT YEAR	13

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.



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 emerging and to the continuation of cultural, spiritual and educational practices of all Aboriginal and Torres Strait Islander peoples.



MESSAGE FROM OUR MD AND CEO



Our purpose, vision, priorities and values define our culture at Pacific National. Our culture sets the standards for all behaviour and is what everyone experiences when they interact with us.

Our approach to modern slavery and the protection of human rights is informed by this culture and our philosophy, that **we care more**.

This was another demanding year during which Pacific National continued to be challenged by a pandemic; devastating floods which damaged critical rail infrastructure across the country; and economic uncertainty which has impacted our domestic and international stakeholders. Despite this, we have kept working towards uncovering any modern slavery practices in our operations and supply chain.

This is our third modern slavery statement which sets out the actions we have taken to manage the risk of such slavery practices this year.

In FY2022 we have taken steps to deepen our understanding of our supply chain, and work with our people to understand the risk of modern slavery in our operations across Australia. We have maintained our focus on awareness and education, engagement, and assurance, to continuously improve the effectiveness of the steps we are taking to eradicate modern slavery practices.

Our assessments again this year identified no known modern slavery practices in our operations or supply chain.

As Australia's largest private rail operator, we take great pride in delivering our best every day. We are proud to be moving Australia's economy and helping our resilient country grow into a sustainable future.

As we build this future, Pacific National is steadfastly committed to working with our people, our customers, our suppliers, and our shareholders to improve our capabilities to combat modern slavery and protect fundamental human rights for everyone who interacts with us.

Paul Scurrah
Managing Director and CEO

OUR ORGANISATION

Pacific National's services span Australia's length and breadth, connecting terminals, paddocks and pits to ports, efficiently moving essential goods and commodities for our customers 24 hours a day.

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**.

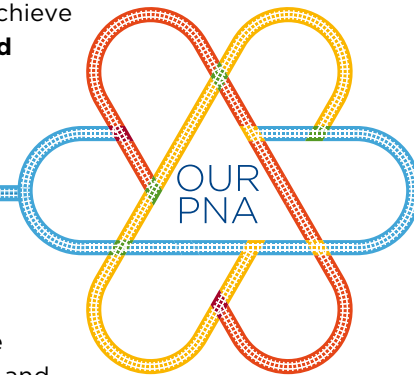
Our PNA

The Pacific National Approach – **our PNA** – gives us clear direction about what is important to us. Our guiding principles play an important part in motivating us all to do our best work.

Pacific National is a trusted corporate citizen. We give back because we should, we want to, and it is the right thing to do. We stand up, support and care for all members of society and strive to bring positive change. These values are fundamental to our commitment to responsible, transparent business practices – and to our approach to modern slavery.

Our relentless focus on safety extends to our partners, suppliers, customers, and the community. As a leader in safe, innovative, and sustainable rail freight solutions, we take our commitment to protect the safety, wellbeing and rights of all people who work with Pacific National seriously.

Safety is our number one priority and integral to our way of being. It is, and must always be, above all else.



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



OUR VALUES



OUR FOUNDATIONS

Footprints and Assets | Heritage | Operational Excellence

Governance and policies

Pacific National is committed to creating a culture that reflects our values and fosters an environment in which people are treated with dignity and respect.

Our modern slavery approach is based on transparent policies and practices that communicate our support for human rights in all our business practices. This commitment is led by our board of directors and executive leadership team.

The Board has approved this Statement. The Executive leadership team has endorsed it.

Effective day-to-day governance at Pacific National is managed through various policies. They also guide our engagement with suppliers. 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 eliminating potential modern slavery practices in our operations and supply chain.

Our **Code of Conduct** sets the standard of behaviour we expect of all who work with us, including employees, officers, directors, and contractors. It embodies our commitment to good corporate governance and responsible business practices, including rejecting all forms of slavery. All employees at Pacific National receive training on their obligations under the Code of Conduct.

The Pacific National **Supplier Code of Conduct** specifies the principles and expectations we have for our suppliers' behaviours and business practices. It also sets out our expectations of our suppliers in respect to modern slavery risks in their businesses and their supply chain. All suppliers to Pacific National are required to review and comply with the Supplier Code of Conduct.

Our **Compliance Policy** details Pacific National's commitment to do what we are supposed to do, when we are supposed to do it. We recognise that effective compliance is fundamental to achieving Pacific National's strategic and operational objectives. We seek to prevent, detect and respond to any violations of law, company policy, and ethical standards by all who engage with Pacific National, including in respect of slavery and human rights.

The Pacific National **Risk Management Policy** establishes the context of risk management and aligns the company's defined risk tolerance and risk attitude.

Our **Whistleblower Policy** empowers employees, suppliers and contractors to raise concerns regarding misconduct, or improper circumstances on a confidential basis. These concerns may include human rights abuses or forms of slavery. Directors, Executive and senior leaders receive training on the process for handling whistleblower complaints they may receive.

OUR OPERATIONS

Pacific National is an important part of the Australian supply chain sector, hauling containerised freight, agricultural products, and bulk commodities such as grain, coal and minerals, to our ports.

Our key operational areas can be aligned with three business units.

- Pacific National's **Intermodal** business is Australia's leading provider of long-distance rail transport services for containerised freight. We operate a nationwide network of terminals and freight yards, supporting Australia's supply chain of crucial goods and materials.
- Our **Coal** business transports metallurgical and thermal coal from mine to port, connecting regional mines throughout Queensland and New South Wales to domestic and global export markets.
- The **Bulk, Regional and IMEX** business includes transporting bulk commodities from regional communities to ports to be exported internationally. These commodities include agricultural products and minerals, grain, sugar, concrete aggregates, and waste.

Our workforce

Pacific National is a people powered business, with a skilled and experienced workforce, trained to deliver what matters.

Of our 3,200 strong permanent workforce, approximately 2,300 are covered by collective bargaining agreements. Pacific National also engages workers through labour hire organisations, and less than 50 people as casual employees.

All employees are engaged in Australia under local employment laws. Recruitment is managed by our internal People and Culture team with external recruiters used in select circumstances. All recruitment and onboarding is overseen by the Pacific National People and Culture team in compliance with our Code of Conduct.

We are committed to providing our workforce with a safe workplace that is free from discrimination, harassment, vilification, and abuse and which promotes health and wellbeing. Our values set the tone for how we work and set the standard for how others work with us.

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

Annual haulage

Intermodal:

849,592 TEU*

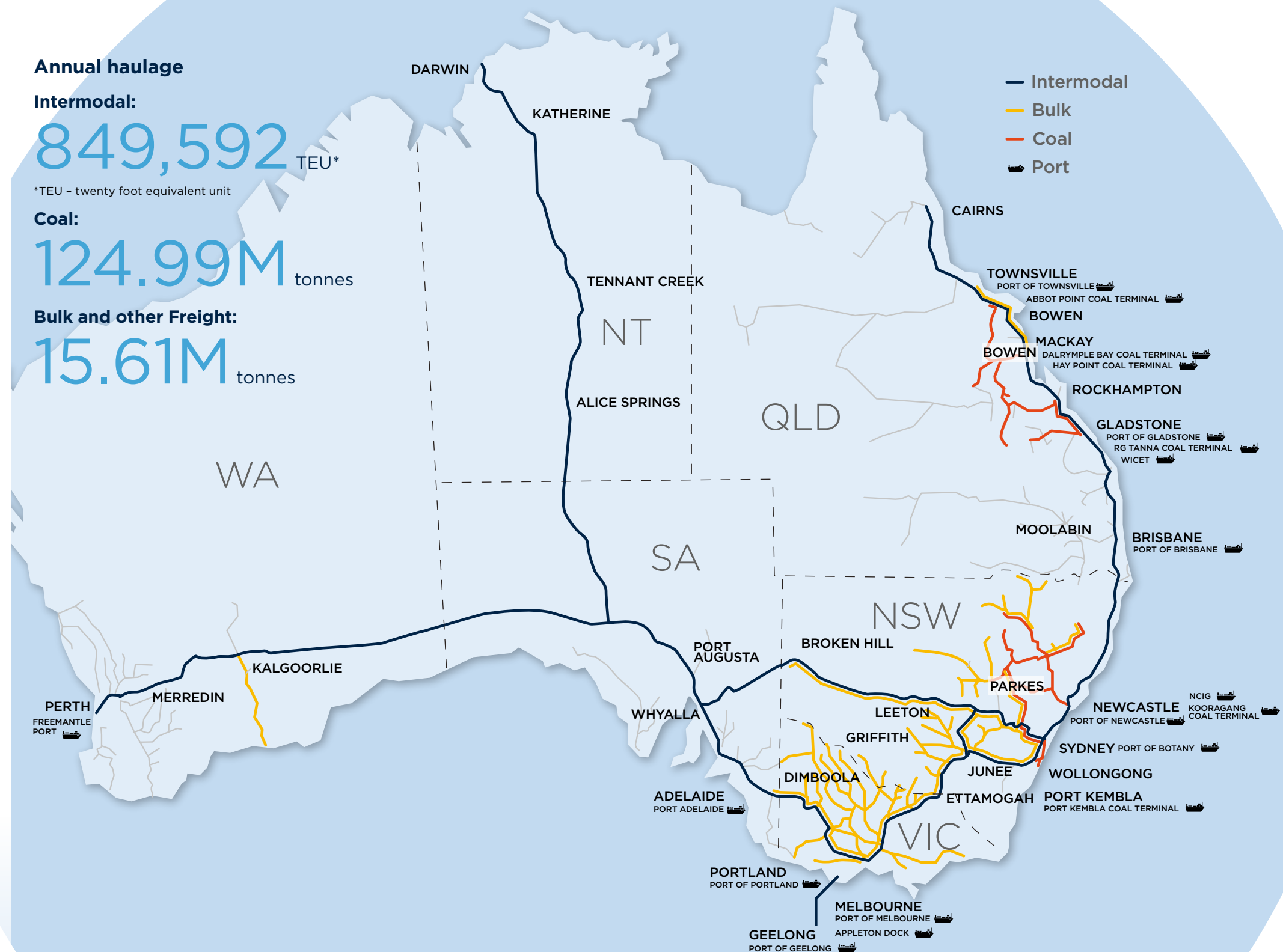
*TEU - twenty foot equivalent unit

Coal:

124.99M tonnes

Bulk and other Freight:

15.61M tonnes



OUR SUPPLY CHAIN



~585
Active locos



~13,228
Active wagons



>3,200 Full Time
Equivalent Employees



>465
Customers



>755 Weekly
revenue train services

Pacific National has a diverse and multi-tier supply chain. We procure various services and goods not for resale including operating equipment, access to infrastructure, and energy sources for our operations.

While Pacific National has a global supply chain, most of our direct procurement spend in FY2022 was with suppliers operating in Australia. However, some of our suppliers' manufacturing locations and headquarters are in countries associated with a higher risk of modern slavery practices, including 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, including goods we acquire in Australia such as uniforms, PPE, rollingstock parts and fuel.

We choose our supply partners carefully and are guided by our internal procurement policies and procedures when we engage them. Pacific National believes that the area of greatest potential risk of modern slavery for our organisation is through our supply chain.



1,500
partner
suppliers



\$1.5 B
procurement
spend



88%
top 50
suppliers

Supplier details

Category	Percentage of total spend	Number of suppliers
Fuel	25%	12
Rail Access	29%	21
Rollingstock assets, parts and services	27%	91
Labour hire (train crew and non-crew)	4%	19
PPE and Safety Equipment	0.1%	3
Cleaning/Accommodation/Security Services	1%	67
IT and Communications	2%	24



MODERN SLAVERY RISKS

Pacific National acknowledges the risk that modern slavery may be present in our operations and supply chain.

There is a risk Pacific National contributes to modern slavery through its operations. The highest risk is the potential exploitation of our workforce. Given the nature of the employment arrangements for our permanent workforce, and the relationship we have with our labour hire organisations including understanding their risk controls, we have assessed the residual risk of exploitation of these individuals as low.

Pacific National has a greater risk of contributing to or being linked to cases of modern slavery in our supply chain. This risk exists in several categories of goods and services we acquire. The risk of forced labour or debt bondage existing in the labour-intensive services Pacific National outsources. These include activities such as cleaning, security services and at our accommodation providers.

The risk associated with other goods Pacific National purchases including PPE and safety equipment; IT and telecommunications equipment; and rollingstock assets and parts, depends largely on where those goods are manufactured and the conditions of employment in those locations and materials used. Modern slavery risks associated with these products include child labour, forced labour and debt bondage.

Risk-based approach

After successfully applying our risk-based approach to identifying modern slavery risks in FY2021, we again used this methodology to assess risk factors and prioritise areas for monitoring in FY2022.

Suppliers were categorised and assessed as high, medium, or low risk for modern slavery practices taking into consideration actual and potential human rights impacts in alignment with the *United Nations Guiding Principles on Business and Human Rights*.

Focus areas

Pacific National's supply chain is complex and multi-tiered. We conducted our assessments throughout the year based on criteria which prioritised areas of risk.

We acknowledge that risks may change over time as our operations and operating context, including participants in our supply chain and business relationships, evolve. Nonetheless, we used the same methodology in FY2022 to identify general areas where the risk of adverse practices was most significant, whether due to the suppliers operating environment including country, the products and services involved, or the workforce engaged by that supplier.

Our focus again highlighted our suppliers who were in:

- **High risk** categories where our **procurement spend** was considered material. This included our 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** included labour hire organisations, cleaning, and security services, which were acquired at material levels throughout 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).

Given the complexity of our supply chain, we do not have visibility over our Tier 2 and 2 suppliers to the same extent as our Tier 1 suppliers. We need to gain greater transparency beyond our direct suppliers to better understand the risk of modern slavery practices in our supply chain. This is an ongoing focus for us.

ACTIONS TAKEN

In FY2022, we embedded our practices delivering education and awareness training, engaging with stakeholders, monitoring suppliers and undertaking assurance. The result of the actions we took were:

- To update modern slavery awareness publications made accessible to all employees and contractors capturing Pacific National guides, policies, and reporting mechanisms, and being used to inform internal decision making and provide transparency to our customers, suppliers and shareholders on our commitment to eradicate modern slavery.
- The approval of our Human Rights Statement clearly reinforcing Pacific National's commitment to protect fundamental human rights.
- The ongoing education and training for our leaders, new employees, suppliers and contractors to upskill them to identify, manage and mitigate modern slavery in Pacific National's operations and supply chain.
- To engage with our suppliers and strengthen our monitoring framework by partnering with our technology provider to utilise their supply chain risk management platform to increase transparency and improve risk identification within our supply chain.

- The completion of more than 500 self-assessment questionnaires by new suppliers being onboarded to provide Pacific National with goods or services, providing greater transparency of the modern slavery policies and actions they are taking to address the risk of modern slavery practices in their businesses.
- The sharing of information about Pacific National's approach to prevent modern slavery practices with rail industry forums and bodies, and at sustainability and supply chain forums.
- An audit of our contract management program including the integration of modern slavery risk assessments into the implementation of that program.

In FY2022 no actual instances of modern slavery were identified through our assessments, due diligence processes or through our grievance procedures or whistleblower processes.



EFFECTIVENESS OF ACTIONS

The effectiveness of Pacific National's actions to address modern slavery risks continue to be 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 to Pacific National were given access to relevant information in FY2022.
- **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 FY2022, feedback was received through our ESG materiality assessment. This feedback was positive and reinforced the approach being taken by Pacific National to address modern slavery risks.
- **Supplier engagement** – the participation rate of suppliers in responding to modern slavery questionnaires increased by 25 per cent in FY2022, with more than 500 suppliers responding.
- **Mitigation** – the timeliness of actions where any grievances have been reported or breach of policies identified. No grievances or breaches were reported in FY2022.

In FY2022 ethical procurement practices and responsible sourcing, including modern slavery considerations, have been incorporated into Pacific National's ESG program and their performance will also be monitored through the delivery of our ESG strategy.

OUR FOCUS FOR THE NEXT YEAR

This year we have focused on embedding the actions we have been taking to address modern slavery risks in our operations and supply chain. We will continue this work to ensure human rights considerations and the elimination of modern slavery are part of the way we work.

Our focus for the coming year will be to clearly identify the adverse human rights impacts that are indirectly linked to our operations and supply chain, even if Pacific National has not contributed to them. We will do this by better understanding our suppliers and their suppliers and using our technology to deliver insights into our business and supply chain risks.

We believe we are taking action to improve our approach to modern slavery risks. This is fundamental to the ongoing success of our business. As such, we are committed to continuously improving, and reviewing the effectiveness of the steps we are taking to **deliver what matters**.

***pacific*national**

Contact us



02 8484 8000



www.pacificnational.com.au



Level 16, 15 Blue Street, North Sydney 2060

Follow us on social media



[linkedin.com/company/pacific-national](https://www.linkedin.com/company/pacific-national)



Instagram: [pacific_national-official](https://www.instagram.com/pacific-national-official)