

Modern Slavery Statement

2022-23

www.pacificnational.com.au



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 First Nations peoples.

About this statement

This Modern Slavery Statement, made under the *Modern Slavery Act 2018* (Cth) responds to s16 of the Act, for the period ended 30 June 2023 (FY23). It identifies and reports on the modern slavery risks present in Pacific National's operations and supply chains, the actions taken to manage those risks, the effectiveness of those actions, and planned future actions to address those risks.

This statement has been approved by Pacific National's Board on the recommendation of the Chief Executive Officer and it is published with their endorsement.

Reporting Entities and Structure

This statement is made by Australian Logistics Acquisition Holdings Pty Ltd (ABN 28 611 628 909) and its 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.

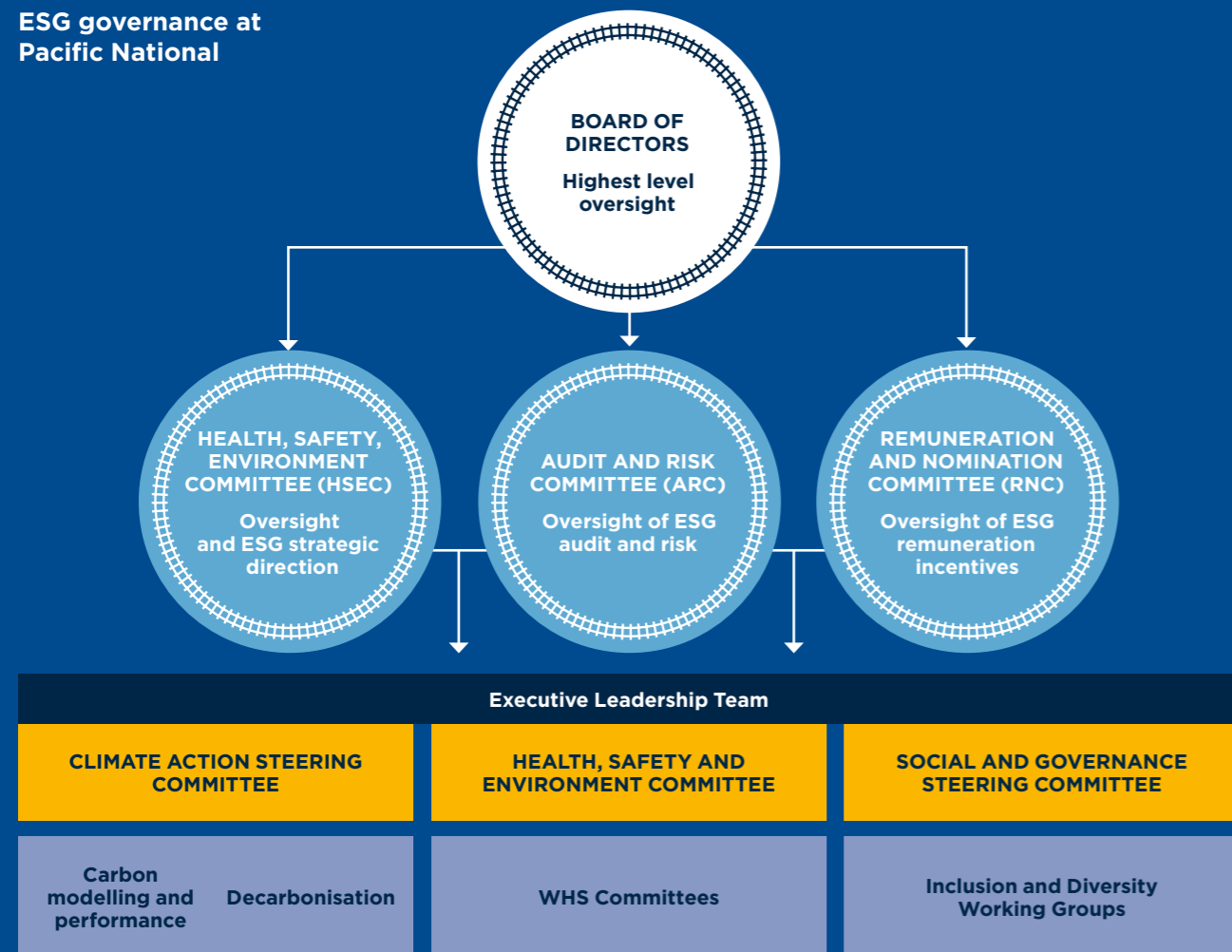
Consultation with Entities

Pacific National operates as an integrated group and 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 approved by, the governing body of the reporting entities.

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.

ESG governance at Pacific National



Introduction

Pacific National continues to support the eradication of modern slavery around the world. In this Modern Slavery Statement we outline and explain:

- the actions we have taken to encourage the reduction of modern slavery throughout our business and supply chain; and
- our focus into the future to build effective and meaningful responses to minimise modern slavery risks.

Pacific National's Purpose is to deliver what matters - we are proud to be an essential service provider helping businesses in a diverse range of industries bring their freight to market all across Australia and for export. We are a fundamental component in keeping Australia's economy moving. Pacific National's Philosophy is that we care more - we care for our people who help provide this essential service, but also the communities we operate in, our supply chain and our customers.

Pacific National is committed to protecting human rights and understands that the eradication of modern slavery is the right thing to do. As a leading Australian rail freight operator with a voice in the industry, we will continue to raise awareness, be accountable for our practices and build and develop means to address and reduce modern slavery risks in our operations and supply chains.

Our Organisation

Pacific National's operational footprint is nationwide. We move essential goods and commodities for our customers 24 hours a day, seven days a week and 365 days a year, from paddocks, ports, and pits through our extensive rail network.

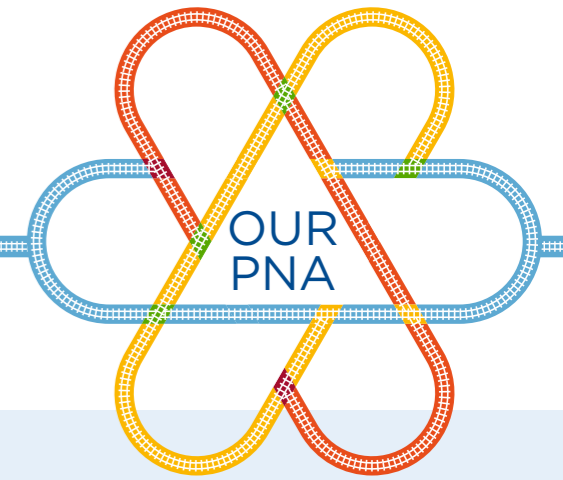
Since our founding in 1855, we are a company built on solid ethical foundations.

The Pacific National Approach (PNA) – our guiding principles – reinforces the values that are fundamental to our commitment to responsible, transparent business practices – and to our approach to modern slavery. Our PNA reinforces Pacific National's continuing responsibility to the protection of human rights, reflects our prioritisation to the safety of all people above all else and running our operations in an economically, socially and ethically responsible way.

Our PNA sets out our purpose (**we deliver what matters**); our philosophy (**we care more**); our vision (**Australia's most trusted and respected logistics partner**) and our priorities (**safety, people and leadership, customers, community, and financial success**).



THE PACIFIC NATIONAL APPROACH



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



Safety

Above all else. Home safely every day.



People and Leadership

Inspiring people, leadership excellence and a respectful culture.



Customers

Innovating and succeeding together.



Community

Enhancing and caring for the communities we operate in and through.



Financial Success

Controlling our destiny and earning the right to grow.

OUR VALUES



Make It Simple

We reduce complexity.



Share More

We create a learning environment through storytelling and embrace and share diverse experiences.



Kindness

We are thoughtful and show respect in all circumstances.



Gratitude

We show appreciation and express our thanks.



Curiosity

We embrace curiosity at all levels to benefit the safety, wellbeing, and continuous improvement of our workplace.



Own It

We take responsibility, we take action, we own our successes and our mistakes.

OUR FOUNDATIONS

Footprints and Assets

Heritage

Operational Excellence

Our Operations

Pacific National is an essential part of the Australian supply chain sector. Our rail network moves containerised freight, agricultural products, and bulk commodities including grain, coal, and minerals.

Our operations are aligned with three key business units.

- The **Intermodal** business is Australia's leading provider of long-distance rail transport services for containerised freight. In order to support our geographically diverse activities, we operate a nationwide network of terminals and freight yards.
- 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. Our Coal team are heavily invested in safe and reliable rail operations in regional communities where our people live and operate.
- The **Bulk and IMEX** business includes transporting bulk commodities ranging from agricultural products and minerals, grain, sugar, concrete aggregates, and waste from regional communities to ports for export. We also provide hook and pull services for track owners, hauling ballast and sleepers for track upgrade works.



~570
Active locos*



~12,700
Active wagons



3,400
Full Time Equivalent
Employees



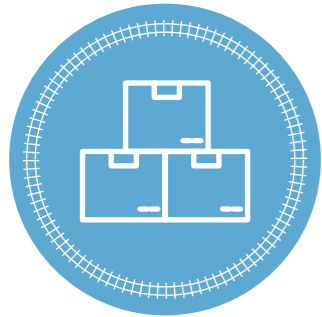
>460
Customers



>720
Weekly revenue
train services

* Active locomotives are all locomotives excluding those that are on hire, scrapped or in storage. Active wagons are all wagons, owned and operated, excluding those scrapped or in storage. Customers are all customers with a transaction during FY23.

Our Operations (continued)



Annual haulage

Intermodal:

781,157 TEU*

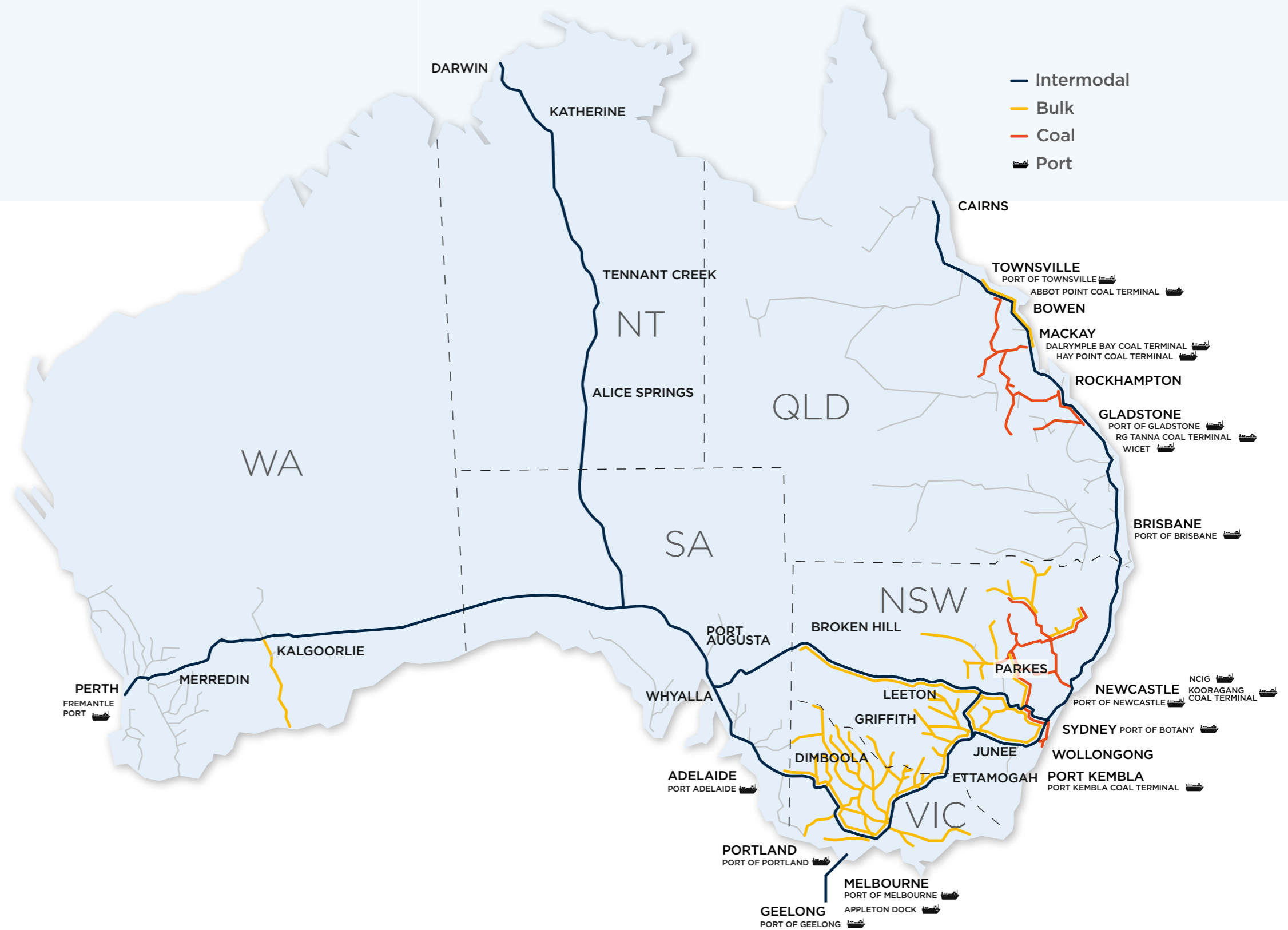
*TEU - twenty foot equivalent unit

Coal:

112.36M tonnes

Bulk and other Freight:

15.95M tonnes



Our Workforce

While our work is important, it is our people who are at the centre of our operations and our ability to deliver on our commitment to our customers. We ensure our people are trained and skilled to deliver the services our customers require of us.

We provide our people with a safe workplace free from discrimination, harassment, vilification, and abuse to promote our people's health and well-being in all locations across Australia. Our values set the tone for how we work and set the standard for how others work with us.

As an employer we are focused on fostering an inclusive and open culture through the provision of support programs and training through our Employee Assistance Program, Peer Connect, partnership with TrackSAFE Foundation and independent reporting services through the Pacific National Whistleblower Hotline run by STOpline.

Of our 3,500 permanent employees, approximately 2,500 are covered by collective bargaining agreements.

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

Our Supply Chain

Pacific National procures various services and goods not for resale including operating equipment, access to infrastructure, and energy for our operations. Over 90% of our procurement spend is in the categories of fuel, access and rollingstock. With fuel and access alone accounting for over 67% of our procurement spend spread across 31 primary suppliers out of more than 1,500 primary suppliers.

Primary Suppliers

These are suppliers we engage with directly, predominantly consisting of suppliers that provide goods and services that are essential to keeping our trains moving at Pacific National, including our fuel, access and rollingstock. Over 95% of our top 100 primary suppliers by spend are located in Australia.

Secondary Suppliers

Although the majority of our primary suppliers are based in Australia, we acknowledge that a number of suppliers and subcontractors of our primary suppliers, including manufacturing plants and sourcing of the raw materials, may be located overseas. Visibility over these suppliers is limited, however Pacific National strives to continue to increase transparency through the use of our supplier engagement tools such as the Modern Slavery Questionnaire and Supplier Code of Conduct.

Local Procurement

Operating all across Australia, Pacific National seeks to engage suppliers located regionally in Australia and support the local communities where we can. A number of our top suppliers are based in locations such as Woolloongabba, Georgetown, Dubbo, Nebo, Broken Hill and East Bendigo² supplying:

- Wagon maintenance and freight services for our rollingstock
- Building Construction and Operational Consumables for our Infrastructure
- IT Consultants and IT Communications

2. Supplier locations are based on their principal place of business.

Our Supply Chain (continued)

Our rollingstock

In FY23, over 25% of our total supplier spend was on rollingstock including our locomotives and wagons. Ensuring the standard of our rollingstock is kept to the highest level is critical to maintaining high quality service to our Customers, ensuring that there are fewer disruptions, delays and interruptions to our services thus enabling us to deliver what matters.

Most of our locomotives and wagons are built in Australia with parts sourced primarily from USA, with some originating from New Zealand and Germany. A large portion of structural steel used to manufacture our rollingstock is sourced from China.

Pacific National continues to engage with its primary rollingstock suppliers to understand the processes they have in place to assess and address the risks of modern slavery, through the establishment of a united and disciplined procurement framework with committed due diligence processes, including the use of supplier screening tools and utilisation of a suite of template commercial contracts with indirect supplier controls.

While our supply chain is global, most of our procurement spend in FY23 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.³ 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.

Supplier details

Category	Percentage of total spend	Number of suppliers
Fuel	37.5	10
Access	30.6	21
Rollingstock	25.3	133
Labour Hire (train crew and non-crew)	4.7	90
IT & Communications	1.2	49
Cleaning/Accommodation	0.4	62
PPE & Safety Equipment	0.1	7



1,500
partner
suppliers



\$1.64 B
procurement
spend



87%
top 50
suppliers

3. 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.

Our Modern Slavery Governance

Our modern slavery approach is based on transparent policies and practices that communicate our support for human rights in all our business practices.

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 working to eliminate 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 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.



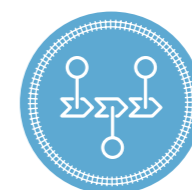
Our **Compliance Policy** details Pacific National's commitment to do what we are supposed to do, when we are supposed to do it. We recognise that effective compliance is fundamental to achieving Pacific National's strategic and operational objectives. We seek to prevent, detect, and respond to any violations 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 **Procurement Policy**, along with our Procurement Standard, guides our people to consider modern slavery risks in each procurement activity with the support of our Procurement Team who are trained in the Chartered Institute of Procurement and Supply Chain (CIPS) Ethical Procurement Certification.

Modern Slavery Risks

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

Our operations

There is a risk Pacific National contributes to modern slavery through its operations. The highest risk is the potential exploitation of our workforce. To ensure our employees are provided adequate and accommodating working conditions that comply with all local laws and imposes fair remuneration and provisions, we engage the majority of our people through Enterprise Agreements (EAs) that the Fair Work Commission approves following the bargaining and voting process. The rest of our employees are engaged through common law contracts.

We monitor our relationships with labour hire organisations and limit the number of contractors engaged, these suppliers are primarily utilised in services such as cleaning and garden maintenance.

We outsource in areas such as Information Technology, Project Management and Recruitment to deliver support to our corporate services. Pacific National takes care in choosing reputable suppliers with a strong presence in Australia and maintains a robust ongoing relationship with these entities. Interacting regularly with these suppliers leads to monitoring and visibility, thus greater transparency and awareness over our supply chain.

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.

Our supply chain

The greatest risk of contributing to or being linked to cases of modern slavery is in our supply chain. This risk exists in several categories of goods and services we acquire. The risks of forced labour, deceptive recruiting for labour and services, or debt bondage exists in the labour-intensive services the company outsources. These include activities such as manufacturing parts required in the production and maintenance of our rollingstock and the rail we use to operate our services, fuel and lubricants supply, cleaning, security services and at our accommodation providers.

In FY23, Pacific National assigned risk ratings to its top 50 suppliers and identified 4 suppliers as being high-risk.

- High Risk – Suppliers of rollingstock parts, wagon parts and fuel
- Medium Risk – Suppliers of locomotive and wagon maintenance, cranes, track maintenance and inspections and building construction

The breadth and complexity of the supply chain for rollingstock and operations equipment makes it difficult for Pacific National to monitor and analyse secondary suppliers in further depth.

The risk associated with other goods Pacific National purchases including PPE and safety equipment; IT and telecommunications equipment, 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

In the previous two reporting years we applied a risk-based approach to identifying modern slavery risks to assess risk factors and priorities areas for monitoring.

In FY23, Pacific National took a similar approach and reassessed the results using the Global Slavery Index. We measured our top 50 suppliers 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*.

In FY23, we were able to apply risk ratings against 24 suppliers previously uncategorised, of whom two are now rated as high risk.

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 evolve, including our supply chain participants and business relationships. We used the same methodology in FY23 to identify general areas where the risk of adverse practices was most significant, because of the supplier's 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.
- **high risk** categories where we had a **direct commercial relationship** with the supplier (known as primary suppliers) over extended supply chains (including secondary suppliers).

Given the complexity of our supply chain, we do not have visibility over our secondary suppliers to the same extent as our primary suppliers. One ongoing focus will be gaining greater transparency beyond our direct suppliers to better understand the risk of modern slavery practices in our supply chain.

Actions Taken

Pacific National is proud of the work it has done in support of the eradication of modern slavery but is conscious that there is still much to do on this journey.

To date, we have:

- improved and communicated our reporting processes through our independent whistleblower hotline;
- conducted analysis of our supply chain and operations to identify the highest areas of modern slavery risk;
- developed a modern slavery action plan;
- convened a cross-functional Modern Slavery Working Group to oversee and implement the action plan;
- updated our Code of Conduct and Supplier Code of Conduct to confirm our expectations in relation to modern slavery for our people and suppliers;
- carried out training on modern slavery risks at various levels of the organisation; and
- updated our supplier contract templates to enhance controls in relation to risks of modern slavery.

FY23

Ethical Procurement Certification – Individuals

In FY23 Pacific National has partnered with the Chartered Institute of Procurement and Supply Chain (CIPS) to include the CIPS Ethical Procurement Certification as part of our mandatory training program for all members of our procurement team.

CIPS is a globally recognised accreditation and membership organisation and is instrumental in driving change, sustainability, and best practice across the procurement sector. The certification is globally recognised and equips individuals and organisations to embed sustainable ethical processes, practices, and standards across all procurement activity.

This annual certification strengthens Pacific National's ability to deliver best practice ethical procurement activity and supports Pacific National's ongoing commitment to delivering improved social outcomes throughout our third-party supply chain.

Procurement Contract Review

Pacific National initially incorporated modern slavery clauses in our contracts in FY20. We subsequently this year undertook a wholesale review of all procurement agreements to standardise processes, including information gathering rights, audit rights, and compliance with Pacific National's Supplier Code of Conduct.

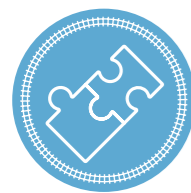
Pacific National continues to ensure modern slavery risks are addressed by all contracting entities in contracts and agreements with suppliers and customers, making every effort to influence and raise awareness across all stages of the supply chain.

Increased engagement with suppliers

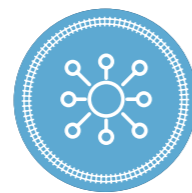
Pacific National has continued to conduct modern slavery questionnaires and obtain information on modern slavery policies. In FY23 our work to further engage with suppliers has led to an increased number of suppliers engaging in this process. In FY23 no instances of modern slavery were identified.

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. The addition of CIPS Ethical Procurement Certification has equipped our procurement team with necessary skills and knowledge to embed sustainable ethical procurement processes when engaging third-party suppliers and better manage modern slavery risks.



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 FY23.



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.



Supplier engagement – we assessed more than 500 suppliers via the Avetta supply chain management and assessment platform. Eighty-nine per cent of Avetta registered suppliers completed our modern slavery assessment questionnaire, improving supply chain management and in particular, access to information on lower value expenditure suppliers. In FY23 Pacific National has also increased the number of suppliers that are engaging in our modern slavery process, and we have seen a 20% increase in the number of suppliers engaged in this process.



Mitigation – the timeliness of actions where any grievances have been reported or breach of policies identified. No grievances or breaches were reported in FY23.

Ethical procurement practices and responsible sourcing, including modern slavery considerations, have been incorporated into Pacific National's ESG program since FY22 and their performance will also be monitored through the delivery of our ESG strategy.

Our Focus for the Next Year



We will focus on gaining greater transparency beyond our direct suppliers to better understand the risk of modern slavery practices in our supply chain.

Education and Awareness

- Increase modern slavery awareness and risk mitigation practices internally by refreshing materials available to Pacific National employees via our intranet and social networking platform.
- Refresh and improve our Supplier Code of Conduct to outline the expectations we have for our suppliers' behaviours and business practices.



Supply Chain and Operations

- Improve the assessment requirements and assessments relating to modern slavery risk of suppliers during the tender process.
- Improve practices relating to supplier modern slavery assessment upon engagement of suppliers.
- Improve the reporting and monitoring of suppliers within the Avetta platform.

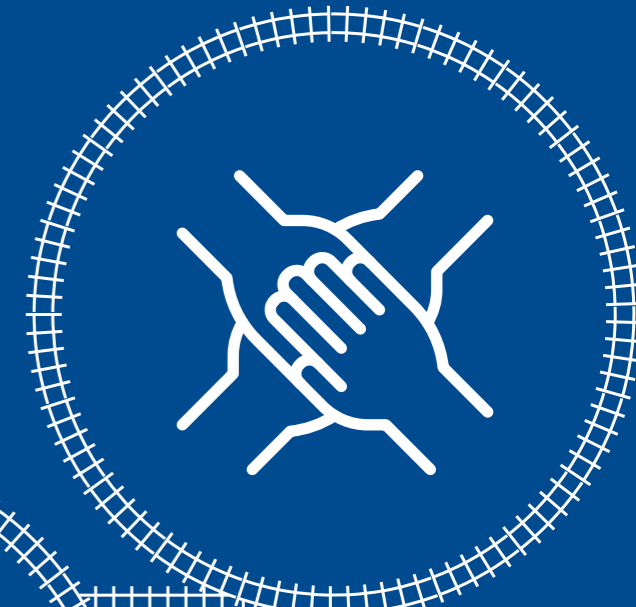


Internal Reporting

- Modern slavery reporting from Avetta to be provided to Pacific National ESG Team and Executive Leadership Team.

Mandatory Criteria

Modern Slavery Statement Mandatory Criteria	Section reference	Page
1. Identify the reporting entity.	Our Organisation	6-7
2. Describe the reporting entity's structure, operations and supply chains.	Reporting Entities and Structure, Our Organisation, Our Operations, Our Workforce, Our Supply Chain, Our Governance	8-17
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities the reporting entity owns or controls.	Modern Slavery Risks	18-19
4. 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.	Actions Taken	20-21
5. Describe how the reporting entity assesses the effectiveness of such actions.	Effectiveness of Actions	22-23
6. Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls.	Consultation with Entities	3



***pacific*national**

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