

## Mainfreight Group – Modern Slavery Statement 2021

### Introduction

This statement has been published and approved by Mainfreight Holdings Pty Ltd (ABN 24 084 637 605) in accordance with the *Modern Slavery Act 2018* (Cth) (**the Act**) on behalf of, and in partnership with, our relevant subsidiaries including:

- ❖ Mainfreight Distribution Pty Ltd (ABN 85 003 840 319);
- ❖ Mainfreight Air & Ocean Pty Ltd (ABN 65 007 252 333);
- ❖ Owens Transport Pty Ltd (ABN 64 060 592 529); and
- ❖ CaroTrans Oceania Pty Ltd (ABN 31 118 822 487),

collectively **Mainfreight**.

Mainfreight are committed to ensuring that we meet our customers' and communities' expectations in relation to assessing, addressing and seeking to reduce any potential modern slavery risks within our supply chains.

Mainfreight respect and adhere to ethical labour practices and ensure that we, as well as any subcontractors or other third parties involved within our operations, are aware of and comply with all relevant laws and labour standards that are applicable where we operate.

This statement outlines the steps which Mainfreight have taken during the financial year ending 31 March 2021 to assess and address modern slavery risks within our supply chains.

### Structure, Operations & Supply Chain

Mainfreight are owned and controlled by Mainfreight Limited (New Zealand Company Number 102720) which commenced operations in Auckland, New Zealand in 1978. Mainfreight Limited has since grown to operate 297 operational branches in 26 countries (across New Zealand, Australia, Asia, the Americas and Europe) with approximately 9,240 team members and owner-drivers which provide a full supply chain offering, which substantially includes:

**Warehousing** → storage of customer's goods, bonded warehouse management, management of inbound/outbound orders and inventory management amongst other value-added services;

**Transport** → domestic road and rail transportation of primarily palletised freight including our specialised dangerous goods division (Chemcouriers);

**Cartage** → movement of containers between customer locations and wharves and storage, fumigation and other ancillary services associated with containers; and

**Air & Ocean** → customs clearance, freight forwarding, transportation of goods by air and sea (domestic and international), packing/unpacking of containers and regulatory clearance.

Mainfreight's Australian operations commenced in 1989 and we now operate 62 branches and employ approximately 1,666 team members within Australia alone. Mainfreight also operate a substantial owner-driver network of 476 subcontractors within Australia in addition to other subcontractors and third parties that are utilised. Owner-drivers are subcontractors which own and operate the vehicles utilised to perform services on behalf of Mainfreight and are a critical component of how Mainfreight drives improvements to quality and service level expectations within our Transport network.



Our owner-driver network is considered an essential part of our supply chain. These subcontractors, as well as other subcontractors and agents which are utilised, provide the majority of services on behalf of Mainfreight in relation to Transport and Cartage services. Outside labour-hire providers may also be engaged to perform certain minimal components of our Warehouse and Air & Ocean services. Other aspects of our supply chain include suppliers of trucks and vehicle components, material handling equipment providers, racking and other fixture providers, computer and IT network providers, uniform suppliers, cleaners, pest control providers as well as food and beverage providers.

Our Air & Ocean brand provide services to customers within Australia and numerous other countries. Many of our overseas agents are also subsidiaries of Mainfreight Limited and the use of external third parties to organise the movement of freight internationally is limited. However, Mainfreight must engage third party shipping companies and airlines to complete any services which involve the movement of freight via sea or air (where Mainfreight are the party responsible to organise such service).

Furthermore, Mainfreight are seeking to be involved in numerous construction projects over the upcoming financial years. This will result in various supply chains within the construction industry also being taken into consideration within Mainfreight's own supply chain.

### Risks of Modern Slavery Within Mainfreight's Operations & Supply Chains

As Mainfreight operate within the global logistics industry, there is a real risk that we may cause, contribute to, or be directly linked to potential modern slavery practices within our operations and supply chain.

Mainfreight's operations can be performed on a global scale. Therefore, there is a risk that we may cause or contribute to modern slavery through the use of labour in countries with lesser employee protections or by using labour-hire providers. However, as the services are primarily controlled by subsidiaries of Mainfreight Limited, we have greater ability to understand practices and implement change so the overall exposure to modern slavery risks which we may directly cause or contribute to is minimised. Furthermore, as there are 4,769 team members and owner-drivers, and approximately 50% of revenue was generated, in Australia and New Zealand (countries with notably strong employee protections) the risk is further reduced.

Mainfreight engage their network of owner-drivers and numerous other subcontractors and third parties to enable the provision of services within Australia and globally. Due to this essential use of third parties, Mainfreight are at an increased risk of causing or contributing to modern slavery risks. The relative risk exposure will be dependent on the country and service which is being performed. There are also risks associated with the provision of other services and goods within Mainfreight's supply chain that vary in severity and are dependent on the service or good provided, where the service is being provided or where the goods have been sourced from.

The continued risk of COVID-19 and actions of governments worldwide contributed to potential modern slavery risks arising. This was of particular concern for our team members based in Victoria, Australia (which accounts for approximately 33% of our total team) due to high community transmission of COVID-19 and severe lockdown restrictions which were imposed for substantial periods of this reporting period. As an essential industry, we were entitled to continue to operate which exposed our team members to an increased risk of contracting the virus during work and potential for excessive hours due to state imposed limits on density requirements and continued volume fluctuations impacted by border closures and other countries workforce restrictions.

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## Actions Taken by Mainfreight to Assess & Address Modern Slavery Risks

### General review

Mainfreight's plan to assessing and addressing modern slavery risks continues to focus on what we consider to be the most immediate and controllable risks and creating sound due diligence and remediation processes to reduce such risks. We will initially consider risks that are apparent in Australia which we have a real ability to control or influence.

We will then gradually seek to assess and address those modern slavery risks which may occur outside of Australia, are less likely to arise, are outside of our control or which we have less influence to rectify.

### Labour hire providers

As mentioned in our 2020 Modern Slavery Statement, Mainfreight are seeking to reduce the use of labour hire providers (**LHPs**) where possible within our supply chains. Reducing the use of LHPs not only ensures that potential modern slavery risks are reduced, it also ensures that our service levels remain high as experienced team members consistently perform the services which are required.

The utilisation of LHPs carries certain risks due to the potential operation by unscrupulous operators. LHPs have been the subject of allegations of exploitation and under payment of workers, including migrant workers, in numerous industries. Although that highlighted risk is not prevalent within our industry, we must still ensure that any LHP utilised is reputable and compliant with all workplace and employment laws.

Victoria, Queensland and South Australia all had legislation in place, during this reporting period, which applied to the LHP industry. Only the Victorian and Queensland legislation is relevant to the industry which Mainfreight operates within, as the South Australian legislation was amended in 2020 to only apply to certain "prescribed work" which is not relevant for our industry. Where LHPs were required to be engaged in Victoria and Queensland, we ensured that only licenced providers were utilised. While required under the relevant legislation, this also provided us with an additional level of comfort that modern slavery risks would be reduced due to the conditions imposed on licence holders in these states.

As a result of our review of the potential modern slavery risks associated with utilising LHPs, we elected to strengthen the terms contained in our contracts with LHPs. In addition to a LHPs standard terms and conditions being agreed, it was a condition of engagement that a contract outlining additional obligations be signed by the LHP. This contract generally contained obligations regarding the fitness of the workers provided and the LHPs acknowledgment of OH&S responsibilities. This contract now includes additional warranties in relation to compliance with:

- labour hire licencing laws;
- National Employment Standards; and
- Awards (if relevant).

An additional clause has also been inserted which specifically relates to Modern Slavery reporting requirements which enables us to request information to ensure compliance is maintained so that modern slavery risks can be reduced.

The inclusion of these clauses brings such issues to the attention of the LHP and our aim is to ensure that all LHPs are compliant with these warranties. This will also ensure that we have adequate contractual rights to require the LHP to be compliant or otherwise risk having their contract terminated.

## Impact of COVID-19

Additional consideration was given to potential modern slavery risks arising in our domestic operations during this reporting period due to the increased level of restrictions imposed by Australian state governments and the increased general risk of infection. As an essential industry, we were able to continuously operate throughout all restrictions, including lockdowns, which were imposed. Our team members were at an increased risk of potentially contracting COVID-19 in the workplace and as such we had to ensure that sufficient personal protective equipment was available, social distancing was adhered to and that work hours were monitored.

We also sourced an external third party to perform thorough cleaning services in our offices and warehouses to protect our team members and subcontractors. However, this increased the risks of modern slavery occurring in our supply chains as the commercial cleaning industry is a high-risk factor for modern slavery.

Following our 2020 Modern Slavery Statement, the risk of modern slavery arising in our supply chains due to COVID-19 and subsequent restrictions was still prevalent in our Air & Ocean operations use of cargo ships and airlines. This specific risk category has been noted as one that requires further scrutiny. However, for the purposes of this reporting period, our focus was on the increased risks which were specifically associated with the pandemic.

## Mainfreight's Assessment & Effectiveness of Actions to Reduce Modern Slavery Risks

Mainfreight understands and appreciates the importance of implementing processes and procedures to assess the effectiveness of our actions to reduce modern slavery risks.

Our focus during this reporting period was to substantially understand the key risks which we could directly control or influence and begin to implement actions to address those risks. As such we do not currently have any data or opinion on the effectiveness of our actions thus far.

Prior to the introduction of the Act, we already had procedures and processes in place to ensure that entities or individuals within our supply chain were compliant with legislative requirements. This was fundamentally undertaken by the relevant procurement team (either at a branch or national level) with input or review from our Training Team or Legal, where required. We will be seeking to implement further onboarding and ongoing compliance requirements to these existing processes which will focus on determining and addressing specific modern slavery risks as part of our due diligence process.

We will also be seeking to introduce contractual auditing rights which will further strengthen our supplier contracts.

## Consultation Between Entities

This statement has been produced based on the collaborative effort of several different areas within Mainfreight. Input has been obtained from Legal, the Training Team (which includes Health & Safety and Compliance) and from our branches. The above teams are shared between the various entities which comprise Mainfreight and are able to effectively communicate any relevant changes which may only apply specifically to one entity.



## Conclusion & Future Plans

As a major full supply chain operator performing services in Australia, Mainfreight understand the importance of reducing modern slavery risks and using their influence to reduce such risks where we are able to do so.

Mainfreight will continue to strive to identify and action other modern slavery risks within our supply chain and implement processes and procedures to effectively assess how are efforts help to reduce such risks from entering our supply chain. We understand that modern slavery is a difficult issue which may not be possible to eradicate entirely from our supply chains. However, we are committed to reducing such risks and removing them wherever possible.

This statement was approved by the principal governing body for Mainfreight, the Mainfreight Holdings Pty Ltd Board, on 15 February 2022.

**Rodd Morgan**  
Country Manager – Australia  
Mainfreight Group

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