

FY2020

38

Years in
the Logistics
Industry



Modern Slavery Act Statement

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*"IT IS OUR RESPONSIBILITY
TO ENSURE RESPECT
FOR HUMAN RIGHTS.*

A MESSAGE FROM THE MANAGING DIRECTOR AND THE DEPUTY MANAGING DIRECTOR

On behalf of the Board of Directors and the Executive team at AAW Global Logistics Pty Ltd (AAW), we are truly proud to present our Modern Slavery Statement in line with the Modern Slavery Act 2018 for the financial year ending 30 June 2020.

We strongly believe our commitment to acting ethically, honestly, and respecting the rights of others, has underpinned our success since we first opened our doors in 1983.

Our values as a company are what drive us to continue learning and improving in every aspect of our business dealings.

This Modern Slavery Statement articulates our commitment to doing business in a way that places the greatest value on human rights and dignity, ahead of profits.

This reporting period has presented our business with a great many challenges, giving us the opportunity to reflect on who we are, and the standards we expect from those with whom we do business.

We are excited by the opportunity to be a positive influence in our industry, and wholeheartedly accept this challenge.



A handwritten signature in black ink, appearing to read 'Barry Misiurak'.

A handwritten signature in blue ink, appearing to read 'Andrew Maguire'.

Barry Misiurak
Managing Director

Andrew Maguire
Deputy Managing Director

This statement has been prepared in consultation with each subsidiary and controlled entity covered by the statement and has been reviewed and approved by the Board of Directors on 31 March 2021.

PURPOSE OF THE STATEMENT

AAW Global Logistics (AAW) recognises the responsibility of understanding and respecting human rights of all people without any discrimination, and are committed to preventing and addressing any risks of adverse human rights impact linked to our operations and supply chain. As part of our commitment to supporting human rights, we take a stand against modern slavery and we are committed to working with all our stakeholders to reduce and eradicate the practice of modern slavery and human trafficking within our operations and beyond.

This Modern Slavery Statement, made pursuant to Australian Modern Slavery Act 2018 (the Act), aims to articulate the risks of Modern Slavery within AAW's operations and supply chains, and the steps we have taken, and will take in subsequent reporting periods, to manage and address these risks.

Our Modern Slavery Statement has been prepared in accordance with the mandatory reporting criteria required by the Act, being:

- A description of AAW entity and its structure;
- An outline of our operations and supply chains;
- An assessment of the potential modern slavery risks in those operations and supply chains;
- Actions taken to assess and address those risks in the reporting period;
- Assessment of the effectiveness of such actions and future steps;
- A description of the process of consultation with the entities owned and controlled by AAW in preparing this Modern Slavery Statement.

UNDERSTANDING MODERN SLAVERY

Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine personal freedoms. Practices that constitute modern slavery can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage and the worst forms of child labour. It does not include practices like substandard working conditions or underpayment of workers, though these practices are also harmful and may be present in some situations of modern slavery.

Modern slavery can occur in every industry and sector and has severe consequences for victims. Modern slavery also distorts global markets, undercuts responsible businesses, and can pose significant legal and reputational risks to entities.

Entities have a responsibility to respect human rights in their operations and supply chains, as outlined in the *United Nations Guiding Principles on Business and Human Rights*. This includes taking steps to assess and address modern slavery risks.

In committing to take action to combat modern slavery in our operations and supply chains, AAW can protect against harm to our business and our client's businesses and improve the integrity and quality of our supply chains, and our client's supply chains.

The Australian Government is taking a global leadership role in combating modern slavery. There is no place for modern slavery in the Australian community or in the global supply chains of Australian goods and services.

OUR STRUCTURE AND OPERATIONS

AAW Global Logistics Pty Ltd (AAW) (ABN: 14 007 257 865) was first established in 1983 as an international freight forwarder. With our Head Office in Melbourne, offices in Brisbane, Sydney, Adelaide, Fremantle, Darwin, Mildura, Auckland, and a warehouse in Brisbane, our company employs almost 80 people.

Over the years, our Company has grown to provide a wide range of services under the auspices of its specialist divisions:



International Freight Forwarding – Global Coverage: Sea & Air

AAW Global Logistics (AAW) is a Freight Forwarding company – offering a variety of expertise throughout Australia / New Zealand & Internationally: Freight Forwarding (Export & Import, Sea & Air, Consolidation Products, Reefer Focus), Customs Brokerage, Warehouse & Fulfilment, 3PL Solutions, Supply Chain Solution (Lighthouse)



Domestic Australian Coastal Cargo Movements & Road / Rail services

Coastalbridge specialises in Sea, Road and Rail movements of dry and refrigerated cargo between all major Australian cities. Coastalbridge's service network extends across Australia including North Queensland, Tasmania and North West WA. Coastalbridge can also offer bespoke door-to-door logistics solutions



ISO Tanks / Flexi-tanks & Specialised 'Dangerous Goods' Forwarding

HOYER Logistics Australia: provides specialised logistics services to the Australian and New Zealand domestic markets. This includes fleet management, domestic transportation of chemical products, foodstuffs and cryogenically liquefied gases. Logistics Services are provided in addition to the leasing of ISO Tank Containers and IBCs. Full service Flexi-tank operations are also provided by the team

HOYER Global Agency Australia: provides full end-to-end international services for the movements of ISO Tanks and Flexi-tanks to worldwide destinations



Regional Australia Specialisation – Fresh Produce and General Cargo

Regional Shipping Services (RSS) specialise in servicing the logistics needs of Regional Australia. With dedicated experienced staff, RSS has technical expertise in Cold Chain logistics and understands the unique challenges facing the many industries in key regional areas of Australia



Specialised Project forwarding, including full vessel charters

AAW Project Logistics is a team of highly skilled & experienced project professionals who develop engineered transport solutions for project cargoes to and from all points of the globe, including cross-trade movements. Services include: Break & Containerized Cargo, Heavy Lift & Modular Cargo, Transport Engineering, Project Management Door to Door, Part & Full Vessel Chartering, Multimodal Freight Solutions, Turnkey Industrial Projects and Project Logistics & Consultancy



Supply Chain Management & Logistics Services

PIL Logistics Australia (PILLA) is a boutique Freight Forwarder, with broad reaching global integrated logistics capabilities. PILLA seeks to build long term partnerships delivering customised services and value for Blue Chip Organisations and specialised SME's markets: FMCG, Agriculture, Chemicals, Raw Materials and Commodities Trading

OUR PEOPLE

AAW employs almost 80 people across our operations. We continuously attract and retain quality staff by taking care of our employees through a commitment to support their personal growth and professional development. In 2020, to continue to support our employees to better balance work and their family life, we introduced the Flexibility at Work Policy. This initiative builds on our commitment to improve the retention of our staff and their well-being, support diversity and continue to build on our *people-first* strategy.

As an employer, AAW takes steps to ensure that all new team members are suitably qualified and permitted to work in their country of employment. Remuneration is set giving consideration to the skills and experience required to perform the role safely, current market salary data, the applicable Modern Awards, and parity with colleagues performing the same or similar role. Salaries are reviewed annually to ensure employees continue to be remunerated fairly and appropriately for their time and efforts, as well as their skills development.

AAW has established relationships with a number of Australian tertiary institutions, periodically offering internships to students, and has historically provided work experience to high school students. In these circumstances, students are engaged under the terms and conditions set by their University or the relevant Education department. Interns who are observing and learning as part of a student or vocational placement are ordinarily not paid, however interns who are undertaking productive work and delivering a commercial benefit are remunerated, consistent with Australia's workplace laws.

OUR SUPPLY CHAIN

As an international freight forwarder, we have established business relationships with suppliers locally and around the world, in order to provide our customers with access to the highest levels of service and efficiency in the transit of their goods. At AAW, we understand the importance of human rights and dignity, and are committed to working with likeminded businesses, so that we do not intentionally contribute to modern slavery as we carry out our role as a player in the international supply chain. AAW's supply chains include:



RISKS OF MODERN SLAVERY IN OUR OPERATIONS

OPERATIONS RISKS

AAW's operations are based in Australia and New Zealand, where there is less of a geographic risk of modern slavery. We do acknowledge that modern slavery does occur in Australia, particularly in relation to vulnerable workers, migrants and/or workers in low-skill positions or in casualised or insecure forms of work.

AAW outsources a small percentage of our operations and accounting functions to the Philippines, which has a high geographic risk of modern slavery according to the Global Slavery Index. Our outsourced operations in the Philippines provides AAW with entry level clerical services. AAW's operations in the Philippines are not in an industry identified by the Global Slavery Index as being an industry with a risk of modern slavery, however AAW is cognisant of the elevated risks in this aspect of our operations. AAW conducts visits to the Philippine office twice a year on average, which enables us to observe workplace conditions.

AAW has agency arrangements with overseas companies and undertakes financial, HR and regulatory due diligence prior to entering into these agency arrangements however we acknowledge that the agreements do not include any specific references which address working conditions of the agent(s) or modern slavery concerns.

LABOUR RISKS

AAW engages workers as permanent full time and part time, temporary and casual employees. Our employees are based in Australia and New Zealand and perform office and warehouse duties. In relation to our operations in Australia:

- 6% of our employees are covered by a Modern Award
- 5% of our employees are engaged as a casual employee
- we engage a total of 4% workers by way of independent contracts

Whilst we do acknowledge that modern slavery can occur in Australia, 95% of our employees are professionals and skilled workers, which reduces the risks of modern slavery. AAW executes an annual salary audit to monitor compliance with employment agreements and ensure all staff are receiving above the National Minimum Wage.

RECRUITMENT

In relation to deceptive recruitment practices, we acknowledge that modern slavery risks are prevalent in this area, even in Australia. AAW does engage workers through labour hire agencies, but only through agencies who are members of Australian and New Zealand recruitment industry associations such as corporate AHRI and RCSA memberships. Labour hire providers are also required to be licensed in several Australian jurisdictions. Workers engaged through labour hire agencies are engaged in Australia to perform warehousing and administrative support work. The entitlements for all temporary labour hire appointments are confirmed in writing, regardless of the type of work an individual is engaged to undertake. During the reporting period, temporary recruitment for skilled IT support was required to assist with setting up remote working for our employees due to the impact of the COVID-19 Pandemic. In this instance, AAW engaged a single recruitment agency with multiple offices across Australia, to ensure our recruitment partnership requirements, and candidate care expectations were consistently met.

From time to time, AAW will engage the services of a recruitment agency for assist with temporary and permanent appointments, and we recognise the inherent risks of outsourcing recruitment. The salary and conditions of all permanent appointments is set and maintained by AAW, and recruitment agencies are predominantly engaged in relation to skilled or senior appointments.

RISKS OF MODERN SLAVERY IN OUR SUPPLY CHAINS



AAW utilises cleaning, catering and security services for our Australian and New Zealand offices through contracting arrangements with companies who supply these services. Whilst the persons who undertake the work in Australia are based in Australia, AAW acknowledges that these industries

have a higher risk of modern slavery even in Australia. AAW will review and consider the contractual arrangements with these services in subsequent reporting periods to ensure there are adequate protections for workers.

AAW utilises IT support services for our operations through a contracting arrangement companies who supply these services. While the companies we engage are based in Australia, their workers might be in a location outside of Australia, which could be a geographical risk of modern slavery. AAW does not have much visibility over this supply chain, and this will be investigated more thoroughly in subsequent reporting periods.

AAW procures giftware promotional products, office supplies and uniforms which may be manufactured in various locations outside Australia, however they are purchased locally in Australia and from reputable office supplies stores and promotional merchandising suppliers. AAW does not have much visibility over this supply chain, however noting that supply chains related to uniforms and branded products may have a high risk of modern slavery, these supply chains will be investigated more thoroughly in subsequent reporting periods and subject to an Ethical Sourcing Policy.

AAW engages freight forwarders and transportation companies based in Australia, New Zealand, Pacific Islands, Asia, USA, Europe, Middle East, and South Africa to manage the importation / exportation of products to and from Australia for the company and its clients. Due to the lengthy and complex nature of international transportation supply chains, there is a risk that modern slavery occurs (or is at a higher risk of occurring) in such supply chains which may not be easily assessed or addressed by AAW.

AAW acknowledges that, as a link of the global supply chain network, our supply chains are lengthy, and we have limited visibility and minimal ability to exert control, particularly in circumstances where key suppliers are far larger than AAW. Some of these larger suppliers have made public commitments regarding human rights and modern slavery, and many are likely to be reporting entities under the Act. Notwithstanding this, in future AAW will endeavour to leverage its longstanding business relationships with larger entities in this industry with a view to encouraging a similar focus on modern slavery.

We have prioritised the risk review of Tier 1 suppliers for this reporting period and are committed to working with our Tier 1 suppliers to assess and address risks of modern slavery further down our supply chains in subsequent periods. This process will be targeted initially at offshore processing services providers, and our key suppliers and agents as we have identified that these supply chains might carry the greatest risk of modern slavery. AAW believes it has the ability to have an impact on these suppliers and effect change.

OUR ACTIONS

POLICY AND STANDARDS

AAW has taken steps to ensure modern slavery is not taking place within our business and supply chain through implementation of policies and procedures. AAW is presently building on this, which will be reported in our next Modern Slavery Statement.

RECRUITMENT

During the reporting period, AAW has continued its practice of engaging recruitment providers and employment agencies predominantly in relation to senior or specialist roles. Engagement of recruitment agencies requires prior approval from the Commercial Director (expense approval) and agency selection and commercial relationship is approved and managed by the Senior HR Business Partner. By limiting the use of recruitment agencies to senior, specialist and difficult-to-fill roles that are well remunerated and skilled, this reduces the risk of AAW contributing to modern slavery in its operations through deceptive recruitment practices on the part of recruitment agents.

AUSTRALIAN TRUSTED TRADER

AAW is an accredited Australian Trusted Trader, which means we continually take steps to ensure we meet the qualification criteria of the *Customs Amendment (Australian Trusted Trader Program) Rule 2015*, and complete annual declarations to confirm this. Relevantly in the context of modern slavery, we:

- Have physical security measures in place to control access to goods stored, and secure the goods against unauthorised movement, alteration or interference during movement of the goods into or out of our premises and while goods are stored in those premises; and
- Have measures in place to keep goods secure and prevent alteration or interference during transportation and reconcile goods moved into or out of our premises with commercial or other documentation
- Actively identify and address specific vulnerabilities or risks to our international supply chain and take measures to mitigate and review the vulnerabilities and risks through a security risk assessment.

Our accreditation is central to our business, however the measures it requires also assists with the prevention and identification of illegal imports and exports and human trafficking.

VISITS TO OUTSOURCED TEAM IN THE PHILIPPINES

We conducted a site visit to our outsourced operations in the Philippines in December 2019 for office visit, site tour and inspection, meetings with management, training and social activities. The visit planned for May 2020 was cancelled due to COVID-19.

EMPLOYEE HANDBOOK

In 2019, we revised our employment handbook consisting of standards, policies and expectation of employees, in compliance with Australian and New Zealand workplace regulations. The handbook is a valuable tool used to develop, strengthen and change the culture of our organisation and reflects our focus on promotion and protection of human rights based on principles of dignity, equality and mutual respect. The Employee Handbook will be updated in subsequent reporting periods to include information about modern slavery, and AAW's commitment to addressing the risks of modern slavery in its operations and supply chains.

BULLYING AND HARASSMENT POLICY

AAW is committed to preventing bullying and harassment and has implemented policies that reflect the company's commitment to provide a safe and healthy work environment. Workplace bullying and harassment will not be tolerated under any conditions.

WHISTLEBLOWER PROTECTIONS POLICY

We are committed to promoting a culture of open and honest communication, corporate compliance and governance. As part of that commitment, AAW has developed a Whistleblower Protections Policy, which serves as a grievance mechanism through which people within and outside our business can register concerns or file reports about any suspected misconduct or an improper state of affairs including unethical, illegal or other inappropriate conduct. The Policy has been made available to all staff via our intranet, and to the general public via our website. We did not receive a Whistleblower report during the reporting period. While our Whistleblower Protection Policy covers offences against laws of the Commonwealth punishable by imprisonment of 12 months or more, which would include modern slavery offences, we are working at updating the policy so as to include more explicit references to modern slavery, and make it more accessible to the community and the employees of our suppliers (and their suppliers) for the purpose of reporting modern slavery risks or concerns directly to AAW so that they can be addressed and remedied.

DUE DILIGENCE

- As part of our commitment to maintain AAW's ethics and integrity in business practices, we monitor and review our internal processes and policies.
- We have developed responsible recruitment practices involving strict pre-employment checks for all employees such as conducting background checks, employment history, and confirmation of appropriate work rights.

We engage reputable labour hire agencies and prior to engagement we identify the type of work to be outsourced, check against relevant Awards, and ensure individuals are remunerated in line with the relevant Award; where the Award is not applicable, we review current market rates to ensure individuals are paid a competitive rate when compared to their peers.

EFFECTIVENESS OF OUR ACTIONS

AAW is fully committed to upholding the Modern Slavery Act to combat modern slavery.

We acknowledge the challenges associated with measuring the effectiveness of our actions, however we are fully committed to continuous improvement.

We commenced employing a risk-based approach to assess the risks of modern slavery by reviewing our business operations and our procurement practices and reviewing our Tier 1 Suppliers.

We regularly review and update policies relating to Equal Employment, Bullying & Harassment, Health & Safety, and disciplinary action.

We regularly review our grievance mechanism and our response process to grievances.

Since the end of the reporting period we have engaged and consulted with experts in the field to understand our obligations and implement strategies to assess and address risks of modern slavery and also assess the effectiveness of our actions.

AAW is presently developing Key Performance Indicators and a two-year plan which will enable us to report more fully in subsequent periods as to how effective AAW has been in addressing modern slavery risks in our operations and supply chains.

DURING COVID

As the effects of COVID19 began to be realised in Australia and New Zealand, AAW took swift action to develop a Crisis Management Team made up of senior leaders in the business. Their brief was twofold: to ensure our people were able to remain safe, while ensuring business continuity. To this end, a program was put in place to ensure all employees, including casual employees, were fully equipped to work from home, even before public health orders mandated this.

AAW also worked closely with our offshore partners based in the Philippines to support and facilitate their shift to a remote working model.

We also recognised that for some of our employees, particularly those new to the business and those with minimal sick leave accrual, there might be decision between taking care of their own health needs, or earning a living. As such, we implemented a Paid Pandemic Leave Policy in March 2020, for all staff including casuals with pre-agreed work commitments, providing 10 days of paid leave should they or a member of their family require care, become sick with the virus, but have insufficient leave available.

Despite the above measures being taken, COVID-19 still had a big impact on our operations and supply chains, and on the steps AAW was able to take in the reporting period to assess and address modern slavery risks.

We have set out below some of the biggest impacts of the pandemic on AAW and its operations and supply chains:

- All employees in Australia and New Zealand have worked from home as per government directives since March 2020.
- AAW's planned efforts to assess and address modern slavery have been delayed, including:
 - the development and implementation of supplier audits and additional policies and procedures;
 - internal training on modern slavery for all staff; and
 - the review of our contractual arrangements to address modern slavery.
- Modern slavery risks associated with our international transport supply chains have been exacerbated by the COVID-19 Pandemic. As a result of the pandemic, the disruption to international trade and transport and the imposition of border control and quarantines by the international community have resulted in issues with repatriation of seafarers and with the voyage limits on seafarers being exceeded, elevating the risk of modern slavery in this key supply chain.
- Planned visits to the office in the Philippines (and reciprocal visit of Filipino staff to AAW's Australian offices) were not able to take place.
- Culture and Pulse surveys of our employees that were planned to take place in 2020 were postponed as a result of the pandemic. This program will be revisited in 2021-2022 with a view to solicit anonymous feedback from our workers to assist AAW to be able to identify and address risks of harassment, coercion, bullying, control, or exploitation.

CONSULTATION

AAW is managed as an integrated group with well-structured policies and procedures that are designed to be applied to all entities. In accordance with this model, our consultation process included engagement with:

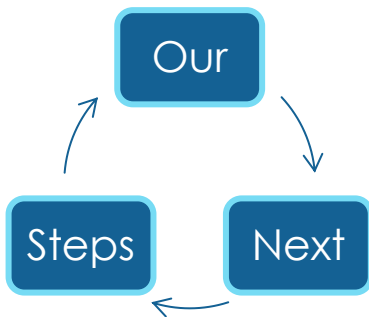
- our Modern Slavery working group which includes representatives from Finance, Human Resources, Procurement and Risk and Compliance who are shared resources working across the entities and business groups identified in this statement under the heading "Our Structure and Operations"; and
- each of the entities owned and controlled by AAW.

During FY20, meetings were held with AAW's Senior Leadership Group, which includes managers from all the entities and business groups identified in this statement under the heading "Our Structure and Operations" and the following was discussed:

- overview of the Act and Modern Slavery Statement;
- details of the reporting requirements;
- information regarding the working group involved in identifying and addressing risks;
- commitment to cooperation with the working group;
- actions to take and actions taken to date and explanation how the anti - modern slavery initiative will promote aspirational and organisational change; and
- this Statement has also been approved by AAW's Senior Leadership Group.

CONTINUOUS IMPROVEMENT

AAW is committed to continuously improve our approach to reduce the risk of modern slavery practices within our supply chains and operations and has set the following priorities for FY21:



Existing Policy Framework Review.

Implementation of Procurement Policy and Ethical Sourcing Policy and Code of Conduct for Suppliers Policy.

Implementation of procurement procedure that will include supplier risk assessment and surveys, development of preferred supplier list.

Deliver modern slavery training to all our staff to raise awareness.

Continue to drive enhanced compliance with workplace rights including pre-employment due diligence and labour hire management.

Review of existing agreements and see to include Modern Slavery clauses.

Publish Modern Slavery Statement by 31st of December each year outlining the steps we have taken to address modern slavery risks.

AAW Global Logistics

ABN 14 007 257 865

Head Office

Street Address

Level 1, 102 Dodds Street
Southbank Vic 3006

Postal Address

P.O. Box 952
South Melbourne 3205

Telephone

61-3-9611 6860

Fax

61-3-9699 8938

Website

www.aawglobal.com.au

