



Freightways Modern Slavery Statement  
1 July 2021 – 30 June 2022

## About this Statement

Freightways Limited (“**Freightways**”) and its subsidiaries set out in Appendix 1 (the “**Freightways Group**”) is publishing this Statement in compliance with Section 16(1) of the Australian Modern Slavery Act 2018 (the “**Act**”).

Freightways, a New Zealand company listed on the New Zealand Stock Exchange, has operations in both New Zealand and Australia, across four core market segments, namely, express package, business mail, information management and waste renewal. In Australia, Freightways only operates in the information management and waste renewal segments.

Freightways owns and operates the businesses The Information Management Group Pty Ltd (“**TIMG**”), LitSupport Pty Ltd (“**LitSupport**”), Shred-X Pty Ltd (“**Shred-X**”), Med-X Pty Ltd (“**Med-X**”), Databank Escrow Services Pty Ltd (“**Databank Escrow**”), and Southwest Onsite Data Backup Management Pty Ltd (“**BackOnline**”) (the “**Relevant Businesses**”).

Freightways Group is the “reporting entity” for the purposes of the Act, and the information contained in this Statement relates to the operations and supply chains of Freightways and the Relevant Businesses only. Freightways has also recently expanded its Australian operations by acquiring Allied Express Transport Pty Ltd (“**Allied Express**”). However, as this transaction occurred after the FY22 reporting period, Allied Express and its wholly owned subsidiaries are not covered in this Statement.

In preparing this Statement, Freightways consulted with its Modern Slavery Working Group (“**MS Working Group**”), which includes key personnel from the Relevant Businesses across four departments, namely People & Culture, Procurement, Compliance and Finance. Through the MS Working Group, Freightways engages with the Relevant Businesses on its action plan and executing the commitments outlined in this Statement.

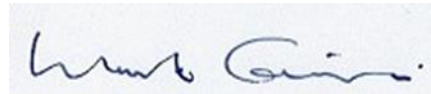
Terms defined in this section shall have those meanings throughout this Statement. References in this Statement to “**we**”, “**us**”, “**our**” and any derivatives are references to the Freightways Group unless the context requires otherwise.

This Statement, covering the 12 months ended 30 June 2022 (FY22), was approved by the Board of Directors of Freightways (“**the Board**”) on 24 November 2022. It was reviewed and endorsed by the management of each business in the reporting entity.



CEO – Mark Troughear

Date: 24 November 2022



Chairman – Mark Cairns

Date: 24 November 2022



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# Freightways

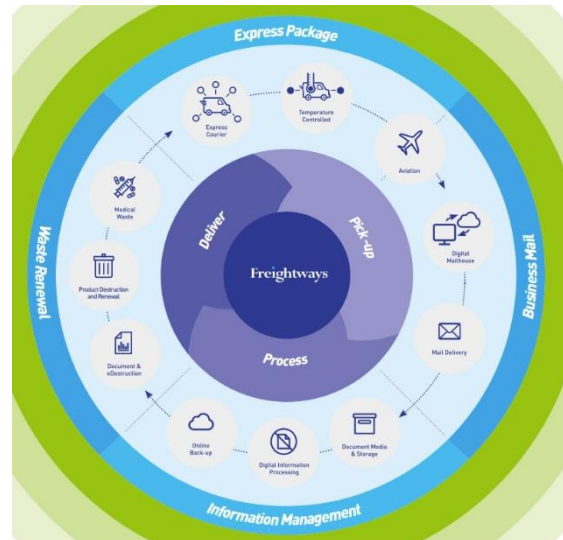
We recognise that, through our operations, supply chains and business relationships, we have the potential to cause or contribute to modern slavery in all its forms. We are committed to respecting and upholding the fundamental rights of our employees and suppliers and seek to combat modern slavery within our business and supply chains through the activities outlined in this Statement.

## Our Business

The Freightways Group provides express package (including chilled delivery), business mail, information management and waste renewal services in New Zealand and Australia. Ours is a long history of consistent, time-sensitive delivery for New Zealanders and Australians across industries, regions, and borders. It is a history that has honed our business skills and appetite for innovation in lateral ways, helping us to build our presence in emerging sectors where our core strengths enable us to compete meaningfully and profitably.

The Freightways Group has always been entrepreneurial. From our core express package and business mail services, we have successfully expanded into information management and waste renewal, building a diverse selection of digital and physical brands in Australia and New Zealand that steadily increase our revenue and scope of operations.

Freightways has achieved growth through both organic and acquisition opportunities. Our core capabilities are in pick-up, processing and delivery. Whether it be packages, mail, waste or data, we understand how to perform these tasks efficiently, accurately and at scale. Freightways has demonstrated the ability to acquire and execute in areas that complement these capabilities to broaden our business. Recently, we have expanded our Australian footprint by acquiring Allied Express, one of Australia's largest independently owned courier and express freight providers. This transaction creates a third horizon of growth for us, marking a significant entry point to the Australian market and enhancing our services with Allied Express' specialised logistics capabilities. Throughout FY23, we will work to consolidate our modern slavery approach with Allied Express and combine our Modern Slavery Statements for the FY23 reporting period.



## Structure

In FY22, the Freightways Group operated many brands across the following service lines:

- **Express package:** New Zealand Couriers, Post Haste, Castle Parcels, NOW Couriers, SUB60, Security Express, Kiwi Express, Stuck, Pass the Parcel, Big Chill Distribution, ProducePronto, Parcelair and Parceline.
- **Business mail:** DX Mail and Dataprint.
- **Information management:** TIMG, BackOnline, Databank Escrow and Litsupport.
- **Waste renewal:** Shred-X, Med-X and TIMG (New Zealand only).

The brands are all supported by a number of internal service provision companies in respect of Information Technology ('IT'), linehaul, property, treasury and corporate services. An overview of our business structure is provided in Appendix 1.

The remainder of this Statement covers only the Relevant Businesses from the FY22 reporting period.

## Australian Operations

The Relevant Businesses which form the reporting entity under the Act include the trading businesses of TIMG, LitSupport, BackOnline, Shred-X, Med-X and Databank Escrow. These trading businesses only operate within the information management and waste renewal segment and are responsible for providing a range of services, including document and digital archiving, physical to digital data conversion, escrow services, print and copy services, secure collection and destruction of documents, e-waste and medical waste, as described below:

Relevant Business	Location of operations	Description of operations
<b>TIMG</b>	National business operating in all states and territories of Australia.	Provides physical storage and information management services as well as digital information processing services such as digitisation, , business process outsourcing, online back-up, escrow services and eDiscovery services.
<b>LitSupport</b>		Sits within TIMG and helps law firms, corporations and government agencies within Australia find, process and present information.
<b>Shred-X</b>	National business operating in all states and territories of Australia.	Offers a Privacy Act compliant service for the collection, transportation and destruction of sensitive data with the most extensive direct service coverage in the industry. The Shred-X service includes document destruction, e-waste, media and hard drive destruction, archive box and purge destruction, textile and product destruction.
<b>Med-X</b>	Victoria, New South Wales and Queensland	Sits within Shred-X and provides safe and secure handling, treatment and disposal of clinical waste and related services including sharps, washroom and hygiene services and chemical waste and pharmaceutical disposal in Australia.

## Operations and People

Our people are fundamental to our business and we work as a family, prioritising their safety and wellbeing and by doing everything we can to ensure they get home safe each day. We strive to create a workplace that welcomes, acknowledges and values diversity in its people. We see the variety of people who work for us – with their many different skills, beliefs, diverse backgrounds and ways of thinking – as key to our past and future success. As of 30 June 2022, we employed 691 people across the Relevant Businesses (Table 1).

Table 1 Freightways Australian Workforce as at 30 June 2022

	Number of Australian Employees	% of Workforce
<b>Full-time</b>	555	80.3%
<b>Part-time</b>	38	5.5%
<b>Casual</b>	98	14.2%
<b>Total employees</b>	691	

TIMG (including Litsupport) Workforce							
	Bureau	Operations	Support	Sales & Marketing	eBusiness	Total	% of Workforce
<b>Full-time</b>	61	91	42	15	65	274	73.8%
<b>Part-time</b>	6	9	2	2	5	24	6.5%
<b>Casual</b>	12	13	-	-	48	73	19.7%
<b>Total</b>	79	113	44	17	118	371	

Shred-X (including Med-X)						
	Production	Service Delivery	Support	Sales	Total	% of Workforce
<b>Full-time</b>	45	135	58	43	281	87.8%
<b>Part-time</b>	3	7	4	-	14	4.4%
<b>Casual</b>	11	12	-	2	25	7.8%
<b>Total employees</b>	59	154	62	45	320	

## Our Suppliers

Freightways' supply chain includes a large and diverse range of suppliers spanning various countries and industries (Table 2). We pride ourselves on our strong supplier relationships and have worked with many of our suppliers for over a decade. We believe these strong relationships are essential for collaborative and effective risk management within the supply chain.

In FY22, our total supplier spend was AU\$77 million across 1,228 suppliers and 16 countries. The majority of our direct (or tier 1) suppliers are located in Australia, with approximately 96.1% of FY22 procurement spend located in Australia, reflecting our commitment to supporting local businesses, both small and large.

Table 2 Freightways' Procurement Goods and Services in FY22

Country	Procurement Category	Spend <sup>^</sup>
Australia	Advertising, Air Freight & Logistics, Apparel Retail, Asset Management & Custody Banks, Auto Parts & Equipment, Retail, Commercial Printing, Communications Equipment, Construction & Engineering, Consumer Finance, Diversified Real Estate Activities, Diversified Support Services, Electric Utilities, Electrical Components & Equipment, Environmental & Facilities Services, Government Administration, Health Care Equipment, Heavy Electrical Equipment, Human Resources, Insurance Brokers, Internet Services & Infrastructure, IT Consulting, Office Services & Supplies, Real Estate Operating Companies, Systems Software, Technology Hardware, Water Utilities	96.1%
United States	Diversified Support Services, Environmental & Facilities Services, Systems Software	2.75%
India	IT Consulting, Diversified Support Services	0.48%
China	Diversified Support Services	0.36%
New Zealand	Diversified Support Services, IT Consulting, Consumer Services Technology Hardware	0.18%
Singapore	Diversified Support Services, Systems Software, Technology Hardware	0.03%
Germany	IT Consulting, Systems Software	0.03%
Canada	Human Resources, Systems Software	0.03%
Israel	Systems Software	0.02%
Austria	Diversified Support Services	0.01%
Pakistan	IT Consulting	<0.01%
United Kingdom	Human Resources	<0.01%
Hong Kong	Technology Hardware	<0.01%
Thailand	Technology Hardware	<0.01%
Philippines	Technology Hardware	<0.01%
Taiwan	Technology Hardware	<0.01%

<sup>^</sup> Spend based on Freightways' FY22 procurement data.

## Modern Slavery Commitment

Freightways has a long history and culture of doing the right thing by our people and our suppliers. Freightways has an established risk management approach to our operation and supply chains, and each of our entities have implemented effective systems and processes to ensure that we are protecting our people, our business, our suppliers and our communities. Freightways' existing processes, including an annual review of our risk register, provides a strong foundation that can be leveraged for effective modern slavery risk management.

Our commitment to modern slavery risk management is guided by our **Freightways' Visions and Principles** (Figure 1) which underpins our approach to managing modern slavery risks in our operations and supply chain. Together these provide the governance and corporate structure required to implement our priority modern slavery actions.

Figure 1: Freightways' Vision & Principles

**Our vision:**  
**Why we do this**

Better outcomes won't just happen. It takes a conscious effort from our team to move things forward for our customers, our team, our shareholders and our communities.

Our "why" is to *move you to a better place.*

**Our principles & capabilities:**  
**How we work**

Three principles guide how our teams and our partners deliver.

- **We take ownership** and responsibility at every level for what we do and what we can improve.
- **We think commercially** about the deals we make so that they make sense for our customers, our contractors, our business and our shareholders.
- **We work as a family** by supporting people, by prioritising their safety and wellbeing and by doing everything we can to ensure they get home safe each day.

## Modern slavery risks in our operations and supply chains

### Operational risks

Due to the nature of our business and the industries in which we operate, the main modern slavery risks in our operations relate to our temporary or casual workforce. While 85.8% of our workforce is employed on a part-time or full-time basis, there is a reasonable percentage of the workforce engaged on a casual basis who provide support during peak periods in both the TIMG and Shred-X businesses, especially within the areas of production, operations and service delivery. Peak periods and temporary labour requirements tend to attract a higher rate of migrant workers, and the time pressures associated with these periods could lead to increased pressure to minimise our costs. We recognise that there are inherent modern slavery risks for part-time, casual, temporary and migrant workers, and without appropriate due diligence processes and remedial actions, the nature of our work could increase these modern slavery risks. Part-time, casual, temporary and migrant workers may not have the knowledge, and bargaining power, to speak up and assert their rights. This often leaves such workers exposed to risks such as deliberate withholding of wages, underpayment, excessive working hours, debt bondage and fraudulent contracting through third-party labour hire arrangements such as recruitment agencies.

Where feasibly possible, Freightways hires its casual labour force directly, rather than hiring a contingent workforce through a recruitment agency. This removes most of the potential risks around the use of recruitment agents, which has been associated with increased risks of forced labour and debt bondage for migrant workers in Australia. Through contingent labour, employees have limited job security and are not afforded the same employment benefits as workers employed on a full- or part-time basis, such as annual leave, sick leave and public holidays. If left uncontrolled, Freightways could face a risk that we are aiding modern slavery ourselves, or contributing to modern slavery through our relationships with recruitment agencies.

We use outsourced labour sparingly from third-party labour providers, allowing us to have increased oversight over our workforce and their employment terms. This minimises any labour rights, security and privacy risks associated with outsourced labour.

### Supply chain risks

In FY22 we engaged an independent consultancy to continue evolving our understanding of the inherent modern slavery risks within our supply chain. This assessment built on a previous risk assessment conducted in FY20, incorporating our latest procurement data and continuing to improve the underlying methodology, data and assumptions around modern slavery risks. The methodology for this assessment can be found in Appendix 2. Key findings from the assessment (Table 3) included:

- None of our suppliers have an inherently low or high risk of modern slavery. Our suppliers were distributed across the medium-low, medium and medium-high categories, reflecting that inherent modern slavery risks reside across all the industries we procure from, but never to an extreme extent.
- 97% of our suppliers have a medium or medium-low inherent risk rating. This is largely due to their location, as most of our suppliers are in Australia which has a relatively low inherent modern slavery risk.
- 3% of suppliers had a medium-high inherent risk rating, representing 31 individual suppliers out of 1,228. This category includes several high-spend suppliers, which amounts to AU\$6 million or 8% of FY22 total spend. The higher risk rating for these suppliers was driven by their industries, with the majority operating in the Technology Hardware sector. Our approach to dealing with these risks and working with these suppliers is outlined in this Statement.

Table 3 Freightways' Supplier Risk Assessment Results in FY22

Risk Threshold	Number of suppliers	% of suppliers	Total spend (AUD)	% of total spend
High	0	0%	\$0	0%
Medium-High	31	3%	\$6 million	8%
Medium	706	57%	\$26 million	34%
Medium-Low	491	40%	\$45 million	58%
Low	0	0%	\$0	0%



The methodology changes since FY20 have driven a change in the risk ratings for Freightways' suppliers. The majority of Freightways' suppliers continue to sit within the medium and medium-low risk category and no suppliers sit within the highest risk categories, as in FY20. However, we have seen a shift of spend moving up from the low-risk category into the medium (27% of spend was in the medium category in FY20, up to 34% in FY22) and medium-high (0.3% in FY20 to 8% in FY22) categories. To be clear, these changes are not driven by changes to Freightways' suppliers or procurement spend, but rather methodology and data refinements that are built into the risk assessment.

The outcomes of this assessment continue to be utilised to inform ongoing due diligence, specifically what activities should be prioritised and what depth of diligence is most appropriate. The medium-high risk suppliers were, for the most part, already being managed more closely by Freightways for modern slavery risks, based on our previous review. This tells us that our remedial actions are focused on the areas of highest exposure.

## What are the highest risk areas in our supply chain?

The majority of our medium-high risk suppliers were in the **technology hardware** category of goods and services. The electronic manufacturing industry has been linked with numerous instances of labour exploitation which present themselves deep within the complex supply chains, from the mining of the raw minerals required to make the components within these products to the manufacture of electronic products. The industry is at higher risk for forced labour and human trafficking throughout its supply chain including the use of migrant labour. Other risks associated with the industry lie in the sourcing of commodities which are associated with forced labour and exploitation, limiting the control over modern slavery risk within the electronic supply chains. Most of our suppliers in this procurement category are located in higher risk countries, so this sector emerged as the most significant driver of modern slavery risks within our supply chain.

There are other high risk industries within our supply chain, beyond technology hardware, that increase inherent modern slavery risks especially when located in higher risk countries. The other procurement categories of our medium-high risk suppliers and the likely indicators that drive their inherent risk rating are:

- **Diversified support services, including cleaning, maintenance and catering services:** Cleaning, catering and maintenance services provide manual-based labour which tends to attract low-skilled, temporary or migrant labour. Workers are often employed on a contingent basis with limited job security and entitlement to employment benefits such as sick leave. Additionally, they are usually contracted to third-party labour agencies which further increases the risk of modern slavery as there is a lack of transparency, accountability and limits visibility into how the workforce is managed. As a result, workers providing these services are vulnerable to labour exploitation and modern slavery.
- **IT Consulting and other services:** The IT consulting and other services industry is at higher risk for forced labour. This risk is further exacerbated when services within this industry are outsourced by a company to service providers based in geographical locations where labour standards and costs are lower. This may pose challenges in monitoring the way the workforce is managed and potential higher risk practices, such as further outsourcing or labour hire.
- **Systems software:** Modern slavery risks exist within the systems software industry mainly due to the outsourcing and subcontracting of work that occurs. The outsourcing and subcontracting often occurs to companies based in countries with a lack of industry regulation and weak labour standards. This presents modern slavery risks by reducing visibility over recruitment practices and working conditions. The modern slavery risks are heightened through deceptive recruitment practices such as the provision of incorrect job descriptions and the imposition of debt or recruiting fees.

Other higher risk industries that exist within our supply chain are listed below. These were less significant drivers of the modern slavery risk ratings because these suppliers were mostly located in low risk countries, primarily Australia.

- **Air freight and logistics:** Insecure forms of employment, specifically jobs characterised by low wages, unstable work arrangements, temporary employment contracts, absence of employment benefits, and a lack of legal and regulatory protections, are common in the air freight & logistics sector. As a result, employees often have less rights and bargaining power and are therefore vulnerable to labour exploitation and modern slavery.
- **Construction and engineering:** Modern slavery risks exist within the sourcing of labour and procurement of building materials and products. With high amounts of subcontracting and possible use of third-party labour agencies, there is limited visibility into hiring processes and working conditions. This is further exacerbated due to the low-skilled nature of work, which is likely to attract migrant labour or others who may not have the knowledge, and bargaining power, to speak up and assert their rights. Companies may also unintentionally



support forced labour through the procurement of building materials due to the complex supply chain involved and a lack of transparency within the full chain of suppliers and vendors.

- **Human resources and employment services:** There is limited visibility on external human resources agency practices which may exclude pre-employment checks and lack awareness of modern slavery during recruitment. This increases the risk of hiring trafficked employees under conditions of debt bondage and forced labour – where victims are put to work against their will without any other option. This is especially relevant for sectors such as logistics, waste management and construction.
- **Office supplies:** Office supplies are considered higher risk for modern slavery due to low profit margins and complex and opaque supply chains. Manufacturing of office supplies is typically outsourced to manufacturing hubs, located in developing countries, where legal protections and regulatory environments are weak. As such, workers are vulnerable to labour exploitation and modern slavery.
- **Health care services and supplies:** The manufacturing of health care supplies has been identified as higher risk of modern slavery due to low profit margins and complex supply chains. A number of recent investigations, stemming from COVID-19, have exposed instances of modern slavery in the supply chains of the world's largest distributors of medical supplies. Manufacturing of these supplies typically takes place in countries with minimal legal and regulatory protections, hence there is less oversight and control of workers and their working conditions. Accordingly, workers in these manufacturing facilities are at risk of labour exploitation and modern slavery. Health care services are also a risk for modern slavery, particularly during the COVID-19 pandemic when working conditions of frontline staff came under significant pressure.

## Our approach to modern slavery risk management

Our approach to modern slavery risk management is driven by our Modern Slavery (MS) Working Group and consists of the actions and processes across the following categories:

### Governance

Freightways is committed to the highest standard of corporate governance and ethical behaviour. The Board are responsible for overseeing the management of risks, including those related to modern slavery. The Board ensures adequate risk management strategies are in place and monitors the integrity of management information and the timeliness of reporting to shareholders and other stakeholder groups. Responsibility for overseeing modern slavery risks is also assigned to the Senior Leadership Team.

Freightways' Chief Financial Officer ("CFO") takes responsibility for assessing and managing modern slavery risks at a corporate level. As part of this role, the CFO reports to the Board and is engaged in structuring Freightways' modern slavery management approach. The CFO works across each business unit to ensure modern slavery considerations are integrated into policies, frameworks and action plans.

Managing modern slavery risks is also a core management responsibility. All management and employees are accountable for employing risk management processes within their area of control.

### Modern Slavery Working Group

Freightways' Modern Slavery Working Group ("Working Group") operates across all business units and is made up of representatives from the Senior Leadership Team. The Working Group members include 2-3 representatives from each of the Relevant Businesses. The Working Group, with support from the CFO is tasked with providing governance, leadership and action to deliver on Freightways' modern slavery commitments.

Throughout FY22, the Working Group met on a regular basis and made the following key achievements:

- **Policies** - Development of our Human Rights Policy and Supplier Code of Conduct, which will be finalised and endorsed in FY23.
- **Training** – the Working Group completed modern slavery training and went through a selection process to choose an appropriate training platform for wider staff. Once the platform was selected, training was rolled out to senior and middle management, along with key stakeholders including HR and procurement teams.
- **Supplier due diligence** – Development of a tailored supplier questionnaire to address modern slavery risk, which was rolled-out to high-risk suppliers.

In FY23, we will work to strengthen our governance and establish a charter for the Working Group which will include clear roles and responsibilities, reporting mechanisms, key actions and metrics.

## Policies

We have several policies and procedures in place that give effect to our commitment to combatting modern slavery within our operations and supply chain. The Working Group, senior management and the Board are responsible for driving regular reviews and updates to each policy. These policies are available on the Freightways website and include:

- Code of Ethics
- Disclosure & Communication Policy
- Diversity and Inclusion Policy
- Protected Disclosure (Whistleblower) Policy (one each for New Zealand and Australia)
- Recruitment Policy
- Risk Management Policy

New policies drafted during FY22 included the Human Rights Policy and the Supplier Code of Conduct. These documents are being prepared for implementation in FY23. Once the Supplier Code of Conduct has been finalised, we will include it in supplier sourcing and tender documentation, as well as ensure it is included in the new supplier onboarding process.

## Due diligence

While our existing operational and supply chain due diligence has not been specifically deployed to manage modern slavery risks, our current policies and procedures provide a strong foundation for us to build our approach on. Our Australian entities have continued to review and improve our due diligence approach throughout FY22 to ensure our systems are appropriately identifying, assessing and addressing modern slavery risks and impacts in their operations and supply chains.

### Risk Identification and Assessment

#### **Operations**

To ensure compliance with the requirements of the Fair Work Act and the National Employment Standards, our People and Culture team perform thorough checks during recruitment to make sure applicants have the right to work and are of the appropriate age. For foreign labour, we confirm applicants meet their visa requirements and have been granted the right to work in Australia. Our approach to the recruitment process is outlined in our Recruitment Policy.

If undertaking an acquisition, Freightways performs thorough due diligence activities prior to purchase to ensure the acquisition target meets our requirements. Following acquisition, and leveraging this due diligence process, Freightways reviews and updates all existing employment contracts so that they align with the minimum award.

Our People & Culture team will continue to assess the English proficiency of all new recruits and, if required, look to translate employment contracts and relevant employee documentation, such as the Employee Handbook and Code of Ethics, to ensure all employment rights and conditions are clearly understood.

#### **Supply chains**

In order to identify and assess risks within our supply chain, each of our Australian entities have a supplier self-assessment questionnaire. In FY21, due to poor response rates from suppliers, Freightways developed a targeted and shorter questionnaire to specifically understand our modern slavery exposure for existing or new suppliers. The revised questionnaires were rolled out to 78 suppliers in FY22 and 47% of these questionnaires were completed. While this is still a relatively low response rate, the responses we received included some of our highest risk suppliers, enabling us to tackle the areas of highest risk first. The other suppliers identified as medium-high risk procurement are the focus area for receiving questionnaire responses, and beyond this Freightways will continue to work with tier 1 suppliers, particularly in the high-risk industries identified above, to improve the response rate.

The methodology and underlying data were updated as part of the FY22 supplier risk assessment to provide more insight into the risks within our supply chain. This has established a clear, high-level overview of our high-risk suppliers, industries and countries. The next step to obtain more granularity over the risks involves expanding the assessment to tier 2 suppliers of our highest risk tier 1 suppliers and adding an overlay of product and region-specific insights where possible. This will enable us to continue gaining oversight of the risks down our supply chain to the source.

## Risk Mitigation

### **Operations**

Recognising the risks associated with a temporary workforce, we ensure that the majority of our workforce is directly hired by the business, rather than employed through a third-party labour provider. This approach ensures that we have sufficient oversight to monitor and manage the working conditions of our employees and ensure all relevant labour standards are met.

The People & Culture team has systems in place to monitor employee working hours. Our site managers are responsible for reconciling employees working hours to ensure the business is aligning with the industry award and no employee is working excessive hours. To manage risks associated with our migrant workforce, we monitor visa compliance to ensure our employees are abiding by their visa conditions. If an employee's visa expires and they lose the right to work, the People & Culture team will be alerted via the ticketing system and will perform an investigation to remediate the issue.

Payroll systems also generate audit trail reports which are regularly reviewed by the respective accounting teams, in addition to the use of technology such as finger scanners (TIMG and Freightways) and timesheets (Shred-X).

The People & Culture team has recently implemented a new HR system that will further enhance our knowledge of our workforce and allow for better monitoring of potential risks.

To further strengthen our process, a specific third-party training programme has been selected and implemented to upskill employees across the Australian businesses to increase their awareness of modern slavery in our supply chains. This modern slavery training is mandatory for employees in roles that have regular touchpoints with potential human rights risks throughout our supply chains, for example, procurement and recruitment functions.

In FY22, we continued providing training, mostly targeting the senior and middle management team, along with key stakeholders including those involved in procurement, HR and recruitment functions. Out of these staff, we achieved an 84% completion rate of the modern slavery training prescribed.

### **Supply chain**

Freightways continues to implement and strengthen its systems and processes to further assess the risks of modern slavery in our existing direct suppliers and take steps to mitigate identified risks and remediate impacts. Our businesses regularly engage with our suppliers to maintain strong relationships. These relationships are pivotal to preventing and mitigating risks in our supply chains. Ongoing supplier performance management processes are implemented throughout the Relevant Businesses to ensure that supplier performance is measured and analysed throughout the contract period.

Leveraging upon the existing supplier performance management processes, we intend to continue using these capabilities to perform due diligence on high-risk suppliers going forward. So far, the due diligence has consisted of suppliers completing a questionnaire aimed at assessing their policies and practices to identify, assess and mitigate modern slavery risks in their supply chains and operations. As mentioned previously, the response rate in FY21 and FY22 has been low, but those that we have received have mostly come from high-risk suppliers, which has given us more oversight over potential risks. Going forward, the responses will allow us to estimate a residual risk rating for each supplier and identify any suppliers with a medium-high or high residual risk, which may trigger further review. The respective business will then work in collaboration with the supplier to address any weaknesses in their modern slavery risk management approach.

## Grievance Mechanisms and Remediation

We recognise the importance of providing a formal grievance mechanism to bring about effective remediation, should instances where we have caused or contributed to modern slavery be identified. Freightways has a Protected Disclosure (Whistleblower) Policy that applies to all subsidiary entities within the Group. All employees and contractors are able to raise grievances directly to managers or delegated persons, or via the Whistleblower hotline. The Policy sets out the Company's internal procedures for how a protected disclosure can be made and how the disclosure will be investigated. Where adverse impacts in operations or supply chains are identified (either directly or indirectly), we recognise the need to engage with affected stakeholders to remediate any harm caused.

No modern slavery related complaints were received via the hotline or any other channels during FY22. Freightways recognises that given the inherent modern slavery risks identified in our supply chain, it is possible that there were grievances around modern slavery during FY22 which were not communicated via the hotline or other channels. It is likely that the grievance mechanism requires continuous monitoring and improvement to ensure its accessibility and functionality.

To continue improving the accessibility and functionality of the mechanism, the Protected Disclosure (Whistleblower) Policy was reviewed and updated in FY22. All employees within the Relevant Businesses received training in FY22 on the Whistleblower Policy, specifically the process of lodging a grievance, and all managers received training on processing grievances and the requirements of a fair hearing.

In FY23, we will continue to provide training to staff to increase their ability to identify instances of modern slavery and how to respond to these using our grievance mechanism. This ensures that staff and suppliers understand what can be raised through the hotline.

## Evaluating Effectiveness

We recognise the value of understanding how effective our actions are in addressing modern slavery risks. The key actions we implemented in FY22, and a description of how they help us to measure our effectiveness, are provided below. To better assess our progress, we are also considering quantifiable metrics, such as the number of responses to our supplier questionnaire and percentage of high-risk suppliers engaging in corrective actions. These are a focus area for FY23.

Measures implemented in FY22	How this helps us to measure our effectiveness
Updated supplier risk assessment process and risk dashboard to include controversy risk and the inclusion of a maximum risk approach.	Helps to proactively address new risks. For example, increasing due diligence in regions with higher controversy risk.
Established periodic reviews between the CFO and MS Working Group to discuss modern slavery response and progress.	Helps enable dialogue around progress to promote accountability and proactive response to modern slavery.
Expanded on implementation of our modern slavery training programme to increase awareness of modern slavery risks and ensure that all relevant staff have done the training. This specifically targeted senior and middle management, along with key stakeholders within procurement, HR and recruitment.	Assists in monitoring steps taken and their impact over time.

## The Way Forward

We recognise that we are only part way through our journey and acknowledge that more needs to be done in the short, medium and long term to improve our approach to modern slavery risk management. Our current and future approach is described below.

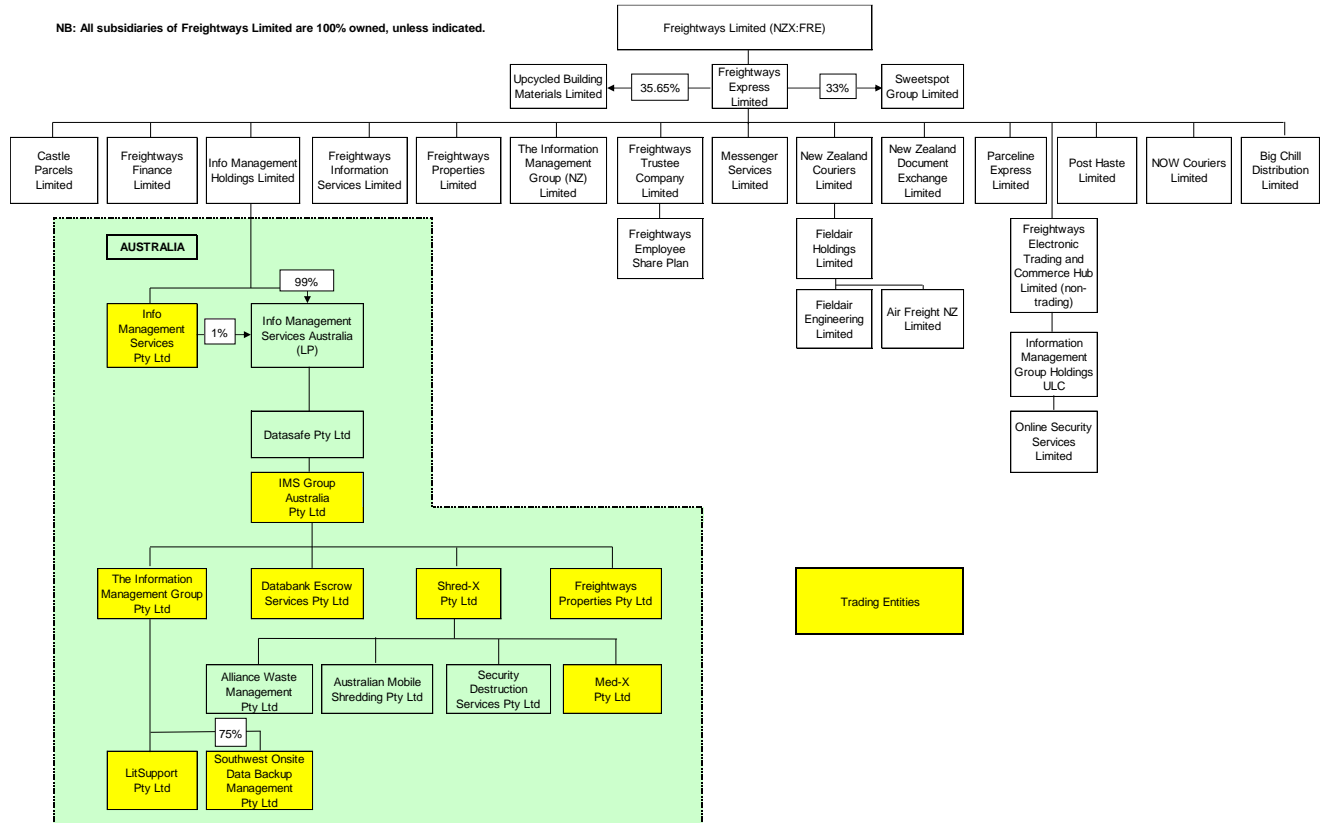
FY21 Commitment	Progress in FY22	Updated FY23 Commitment	Longer term goals
<b>Review and update as relevant our commitment to addressing and combatting modern slavery within our operations and supply chains.</b>	Freightways has continued reviewing and updating its commitment to addressing and combatting modern slavery.	<ul style="list-style-type: none"> <li>Address and combat modern slavery within our operations and supply chains through implementation of our actions and reporting on key achievements.</li> <li>Establish key metrics to track our performance and set tangible targets in the FY23 Statement.</li> </ul>	<ul style="list-style-type: none"> <li>Formalise the process to report on status of due diligence activities and operational and supplier performance to the Leadership Team.</li> <li>Collaborate with civil society and other initiatives to cross-share expertise and support, such as Know the Chain, Stronger Together.</li> </ul>

FY21 Commitment	Progress in FY22	Updated FY23 Commitment	Longer term goals
<p><b>Ensure that the MS Working Group, with representatives from the relevant businesses, continuously reviews existing processes and suggests ways to strengthen our risk identification and management.</b></p>	<p>The MS Working Group met on a regular basis throughout the year. The key achievements of the working group in FY22 include the draft Human Rights Policy, Supplier Code of Conduct, and rolling out modern slavery training.</p>	<ul style="list-style-type: none"> <li>• Ensure that the Working Group, with representatives from the relevant businesses, continuously review existing processes and suggests ways to strengthen our risk identification and management.</li> <li>• Establish a charter for the Working Group</li> </ul>	<ul style="list-style-type: none"> <li>• Continue modern slavery awareness training, access to whistleblowing policies and resources within onboarding process for all hires, especially migrant hires.</li> <li>• Set up a formal mechanism/forum to engage periodically with supplier/vendor/stakeholder networks and understand concerns relating to modern slavery engagement. This may be an expansion of the existing Working Group.</li> <li>• Invest in creating a modern slavery roadmap, consisting of review plans on effectiveness of policies and procedures. This may include outcomes measurement on long term goals, as opposed to setting KPIs.</li> </ul>
<p><b>Perform regular due diligence over our highest risk suppliers, as identified in the risk assessment.</b></p>	<p>Freightways prepared a tailored supplier questionnaire to be completed by all high-risk suppliers.</p>	<ul style="list-style-type: none"> <li>• Continue to perform regular due diligence over our highest risk suppliers, as identified in the risk assessment.</li> <li>• Leadership Team and Working Group continue to form an action plan for engaging with non-conforming suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce a tiered due diligence framework with corrective actions for low/medium/ high risk suppliers.</li> <li>• Obtain independent audit over high-risk suppliers' processes where it's feasibly possible.</li> </ul>
<p><b>Strengthen the new supplier selection and induction process and ensure a consistent approach is applied to supplier evaluation across the Relevant businesses.</b></p>	<p>The draft Supplier Code of Conduct and supplier questionnaire are being established to address this commitment.</p>	<ul style="list-style-type: none"> <li>• Review and include Supplier Code of Conduct in supplier sourcing/tender documentation and in new supplier onboarding processes and procedures.</li> <li>• Include communications to educate supplier and vendor network of changes due to the Supplier Code of Conduct.</li> </ul>	<ul style="list-style-type: none"> <li>• Include clauses on modern slavery considerations within supplier tender process.</li> <li>• Leveraging our strong supplier relationships, map tier 2 suppliers of our material highest risk tier 1 suppliers and perform an assessment of risk where it's feasibly and practically possible.</li> </ul>
<p><b>Develop a risk-based supplier management framework for Australian entities that will inform management controls required for suppliers.</b></p>	<p>While limited progress was made on this commitment, Freightways continues to leverage upon its Group Risk Management Policy and framework to address all business risks. This commitment has been re-stated for FY23.</p>	<ul style="list-style-type: none"> <li>• Develop a risk-based supplier management framework for Australian entities that will inform management controls required for suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• Formalise the framework by FY24</li> </ul>

FY21 Commitment	Progress in FY22	Updated FY23 Commitment	Longer term goals
<p><b>Annually review the Protected Disclosure (Whistleblower) Policy to make sure it provides an adequate cover to manage potential modern slavery risk.</b></p>	<p>The Protected Disclosure (Whistleblower) Policy was updated in FY22, demonstrating regular review and revisions.</p>	<ul style="list-style-type: none"> <li>Continue to review the Protected Disclosure (Whistleblower) Policy annually.</li> <li>Review the effectiveness of the grievance mechanism.</li> </ul>	<ul style="list-style-type: none"> <li>People &amp; Culture to translate the Protected Disclosure (Whistleblower) Policy into the languages of migrant employees and disseminate to all employees upon onboarding.</li> </ul>
<p><b>Finalise and roll-out the Suppliers' Code of Conduct that will be shared with all suppliers and be well understood by them.</b></p>	<p>Freightways has developed a draft Supplier Code of Conduct but it is not yet finalised or shared with suppliers.</p>	<ul style="list-style-type: none"> <li>Finalise the Supplier Code of Conduct in FY23 and share it across the supplier network.</li> </ul>	<ul style="list-style-type: none"> <li>Work towards having all of Freightways' tier 1 suppliers signed up to the Supplier Code of Conduct, starting with the highest risk suppliers.</li> </ul>
<p><b>Update all new and existing supplier contracts, as required, to integrate modern slavery clauses.</b></p>	<p>Limited progress was made on this commitment in FY22, and it has been re-stated for FY23</p>	<ul style="list-style-type: none"> <li>Include modern slavery clauses in all new supplier contracts</li> <li>Progressively update existing supplier contracts as they come up for renewal with modern slavery clauses</li> </ul>	<ul style="list-style-type: none"> <li>Remediate any non-compliances with the modern slavery clauses in the supplier contracts</li> </ul>
<p><b>Work with suppliers to check how they are progressing with any actions they have put in place to address modern slavery risks.</b></p>	<p>Freightways is still in the early stages of this commitment, given the low response rate to supplier questionnaire.</p>	<ul style="list-style-type: none"> <li>Assess how many suppliers have responded to the supplier questionnaire and include an update on this in the Statement.</li> <li>Commit to having the majority of Freightways' tier 1 suppliers signed up to the Supplier Code of Conduct, based on spend.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to summarise and develop modern slavery documents and policies in different languages (where practical) that migrant employees speak - this ensures initiatives to curb modern slavery risks are accessible.</li> </ul>
<p><b>Roll-out modern slavery training to the Australian leadership team and middle management, along with key employees who are involved in procurement and recruitment of all personnel.</b></p>	<p>Freightways rolled out modern slavery training to senior and middle management, as well as key stakeholders, with an 84% completion rate.</p>	<ul style="list-style-type: none"> <li>Roll-out modern slavery training to Allied leadership team and middle management, along with key employees who are involved in procurement and recruitment of all personnel.</li> <li>Continue to develop material/refresher sessions/lunch and learn sessions relating to Modern Slavery 101.</li> </ul>	<ul style="list-style-type: none"> <li>Invest in long term training and awareness-raising across the business.</li> </ul>

## Appendices

### Appendix 1: Freightways Group Structure







## Appendix 2: Supplier risk assessment methodology and changes since FY20

The risk assessment is based on a high-level review of modern slavery risks including forced labour, human trafficking, child labour and forced marriage. Risk ratings for each of these modern slavery risks are assigned to each supplier based on the following types of analysis:

1. **Country risk analysis:** Human rights databases, indexes and reports from internationally recognised bodies, including the Global Rights Index, the International Labour Organization, and the World Bank, were leveraged and each country within the operations and supply chains were assigned a risk rating.
2. **Industry risk factor analysis:** An industry-specific assessment of the likelihood and impact of known modern slavery risk factors for both operations and supply chains against several factors including, for example, labour intensity, migrant labour and opaque intermediaries.
3. **Controversy risk analysis:** Assessments of the likelihood of social, political and environmental controversies impacting the operations and supply chains. Examples include anti-money laundering measures, corruption and human trafficking controversies.

The methodology and underlying data has continuously improved since the FY20 assessment, driving some changes to our risk findings. The key improvements since FY20 included the integration of controversy risk within the risk assessment on top of the country and industry risks, along with applying a maximum risk approach instead of an average risk approach. The maximum risk approach scores each supplier/vendor by flagging the highest risk that a supplier faces against any of the modern slavery risks (i.e. forced labour, human trafficking, child labour and forced marriage), as opposed to the average risk rating across the risks. This helps Freightways to identify suppliers who are exposed to any type of modern slavery risk.

### Appendix 3: Australian *Modern Slavery Act 2018* Index

Freightways Group prepared its 2022 Modern Slavery Statement in accordance with the mandatory criteria listed in s16(1) of the Australian *Modern Slavery Act 2018*. The table below lists the criteria and the sections in our Statement that address each.

Reference	Australian Modern Slavery Act 2018 (Cth) mandatory reporting requirement	Location of information
s 16(1)(a)	Identify the reporting entity	Page 1 – About this Statement Page 3-4 – Australian Operations
s 16(1)(b)	Describe the structure, operations, and supply chains of the reporting entity	Page 1 – About this Statement Page 3 – Our Business
s 16(1)(c)	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Page 6-8 – Modern slavery risks in our operations and supply chains
s 16(1)(d)	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	Page 8-11 – Our approach to modern slavery risk management
s 16(1)(e)	Describe how the reporting entity assesses the effectiveness of such actions	Page 11 – Evaluating Effectiveness
s 16(1)(f)	Describe the process of consultation with: i) any entities that the reporting entity owns or controls; and ii) in the case of a reporting entity covered by a Statement under section 14 – the entity giving the Statement	Page 8-9 – Modern Slavery Working Group
s 16(1)(g)	Include any other information that the reporting entity, or the entity giving the Statement, considers relevant	Page 5 – Modern Slavery Commitment Page 11-13 – The Way Forward Page 14 – Appendix 1: Freightways Group Structure Page 15 – Appendix 2: Supplier risk assessment methodology and changes since FY20