CTI Logistics Limited

MODERN SLAVERY STATEMENT 2022

Contents

Introduction

This is the third Modern Slavery Statement ("Statement") for the CTI Logistics Limited group of companies ("CTI") issued in accordance with the Australian Modern Slavery Act 2018. It covers the reporting period ending 30 June 2022.

The purpose of this Statement is to outline CTI's approach to ensuring that the CTI group has robust management systems and processes in place to minimise the risk of human rights abuses and modern slavery in CTI's business operations and supply chains.

CTI recognises that modern slavery can occur in many forms, as considered in the Act. This can include slavery, servitude, human trafficking, forced marriage, forced labour, debt bondage, child labour and deceptive recruiting practices.

The board of CTI is fully committed to operating responsibly in accordance with the highest ethical standards and will not tolerate any form of modern slavery or abuse of human rights in the group's business operations and supply chains.

CTI's Business

CTI has been providing transport, logistics and business services since its inception in Western Australia in 1973. CTI was listed as a publicly listed company in 1987. In recent years the company has expanded its footprint to become a true nationwide transport and logistics service provider, with transport depots and warehouses in all mainland Australian states.

The CTI group of companies now has:

- A workforce of over 1,450 people, comprising 1,000+ employees and 450+ full-time subcontractor drivers across Australia.
- A fleet of more than 750 vehicles on the road, ranging from small courier vehicles to large 3-trailer road trains.
- A nationwide network of CTI-operated transport depots - covering all mainland capital cities as well as all regional centres in the NW and SW of Western Australia.
- Warehouse facilities in all Australian mainland capital cities that provide high quality storage and distribution services for a wide range of products.
- Australia's largest distribution network for the floorcoverings sector.
- Supply base and quarantine facilities to service the needs of the minerals and energy sector in the NW of Western Australia.
- The largest independent A1 grade security monitoring station in Western Australia and is a leading player in the WA market for residential and small to medium commercial alarms, CCTV and access control systems.
- Confidential document and media storage, including archiving, imaging, and secure destruction services.

Structure, Operations and Supply Chains

Entities	Main Operations	Supply Chains
Transport	Couriers and Taxi Trucks Parcel services Metro distribution Regional distribution Interstate linehaul	Motor vehicles Trailers and ancillaries Tyres Spare parts Fuel and oil Vehicle Servicing Labour Hire Subcontractor drivers
Warehousing	Receivals and unpacking Warehouse storage Picking and despatch Supply base operations Wrapping and quarantine services	Material Handling Equipment LPG and fuel Labour Hire Racks and racking Pallet hire
Security	Alarm monitoring Supply and installation of security systems	Equipment suppliers Agents
Records Management	Archive services Confidential records destruction	Equipment suppliers Cartons and packaging
Common to all Entities	IT services Administration and compliance Property management	IT software and hardware Stationery and Office supplies Cleaning Uniforms and work attire PPE Insurance Maintenance

Policies and Procedures

As a publicly listed company, CTI has sound experience in maintaining the highest standards of management surveillance and risk management. CTI has a strong and long-serving board and senior management team that is supported by an experienced compliance team.

CTI believes that a well-structured framework of policies and procedures, with sound management practices requiring high standards of compliance, creates a strong cultural foundation in which corrupt practices and the abuse of human rights will not flourish.

CTI has policies and procedures in place that promote ethical and legally compliant business conduct. The policies contribute to CTI's commitment to prevent violations of human rights such as modern forms of slavery.

Actions and Developments - Reporting Period Ending 30 June 2022 (FY22)

Modern Slavery Policy

CTI developed and published a new Modern Slavery Policy (POL-0050) in FY20 that contained a commitment to eliminating all aspects of modern slavery within CTI's operations and supply chains. It defined the scope of unfair, unethical and illegal practices that underlie modern slavery and the responsibilities and accountabilities for implementing CTI's commitment to eliminating modern slavery from CTI's supply chains. This policy was reviewed in FY21 and again in FY22 to ensure it comprehensively addressed all relevant issues.

Whistleblower System

CTI has a comprehensive Whistleblower system and Policy (POL-0049). This includes the ability to refer Whistleblower complaints directly in confidence to an independent third party. The system is supported by a company-wide awareness program. The system and policy was reviewed in FY22.

Issue Resolution Procedure

CTI developed a new Issue Resolution Procedure (PRC-0266) in FY22 that forms an integral part of CTI's communications between staff and management. This procedure incorporates the principles of Natural Justice and Just Culture and is supported by additional procedures that provide mechanisms for staff members to report and consult on human rights and other issues. These include new procedures and systems for incident and hazard reporting; communication, consultation and reporting; lodging suggestions for improvement; legal and compliance obligations; and employee discipline.

ISO Certification

During FY22 CTI gained ISO certification for Health and Safety (ISO 45001), Quality (ISO 9001) and Environmental Management (ISO 14001). These standards embody additional rigour in the engagement of staff, contractors and suppliers, in regard to fair wages and employment conditions, and the provision of safe and healthy working environments.

Actions and Developments – Reporting Period Ending 30 June 2022 (FY22)

Consultation within the CTI Logistics group

CTI has a number of wholly-owned subsidiary companies (listed on attachment A) which are all Australian based and operate solely within Australia. CTI does not have any other part-owned or controlled companies.

CTI actively engaged and consulted with all of the CTI-owned subsidiary companies in the development of this Statement. The potential risks that could arise from their operations and supply chains were assessed and incorporated into the overall risk assessment for the CTI group.

Risk Analyses

CTI's Audit and Risk Committee continually undertakes a wide-ranging program of risk assessment across all CTI entities and operations. These risk assessments were updated in FY22 and reviewed and approved by CTI's Audit and Risk Committee.

They indicated that most CTI operations and supply chains do not or are unlikely to create opportunities for the abuse of human rights and modern slavery to develop. CTI maintains a high level of centralised control, especially over those aspects of its operations that could pose risks of non-compliance with human rights standards. This centralised control includes payroll management and the engagement of suppliers.

CTI's major suppliers are typically large multinationals or Australia-wide organisations with sound reputations (e.g. motor vehicles, fuel, tyres, IT equipment). Many of these organisations have published their own Modern Slavery Statements.

The risk assessments identified some possible risk areas within CTI's operations that need continuing oversight. The main risk that was identified is in the use of subcontractor drivers, where CTI does not have full visibility of the arrangements between subcontractor vehicle owners and the drivers they engage to drive their vehicles. This requires continuing vigilance and CTI's investigations during the reporting period provided satisfactory evidence that these drivers were being paid in accordance with legislated requirements.

Actions and Developments – Reporting Period Ending 30 June 2022 (FY22)

Building Awareness

CTI has developed an e-learning lesson that defines the scope of CTI's modern slavery program and explains the risks of such practices developing. The lesson contains a guide of what to look for to identify any possible risks of modern slavery practices and it plays a key role in building awareness among CTI's management team.

All of CTI's staff from supervisory levels and upwards are required to complete this training. Toolboxes were conducted during the reporting period to raise awareness of modern slavery among staff members and subcontractors.

Supply Chain

CTI sources nearly all of the products and services it requires from suppliers within Australia. A small amount of software and electronic equipment is sourced from European suppliers.

CTI compiled a Modern Slavery Self-Assessment Questionnaire and Declaration and sent this as an on-line survey to the supply chain providers that were identified as being in medium and higher risk industry sectors.

The objective of this exercise was to build awareness and understanding of the risks of modern slavery within the supply chain and develop commitment and compliance.

CTI received modern slavery declarations from a wide range of key suppliers. The completed assessments and declarations were reviewed by CTI and judged as compliant and did not reveal any areas of risk that required further investigation.

During FY22, CTI conducted a special investigation into the suppliers of workwear clothing and PPE. This found that all of the products procured by CTI were either made in Australia or sourced from reputable multi-national companies with established credentials in modern slavery compliance.

Actions and Developments – Reporting Period Ending 30 June 2022 (FY22)

Mitigation – Contractual Obligations

CTI has included contract clauses in all relevant documents that include a commitment for CTI suppliers and customers to not engage in modern slavery and to implement policies and procedures to ensure compliance with this undertaking. These clauses are also included in CTI's printed and web-site terms of trade.

Effectiveness of Actions

CTI has assessed the effectiveness of our actions across four key performance areas:

- **Governance and due diligence**. Enhanced and updated Risk Analyses were compiled that covered all of CTI's operations. These were reviewed by the CTI Audit and Risk Committee and no instances of non-compliance with modern slavery and human rights issues were identified.
- **Procurement and supply chain**. Our on-line survey of suppliers generated 71 responses and the review of the completed assessments and declarations did not reveal any areas of risk that required further investigation.
- **HR practices, training and education**. An average of 1,074 e-lessons per month were completed by staff members during the first half of 2022. This e-learning program includes lessons on identifying the risks of modern slavery in the workplace and with suppliers.
- **Grievances and reporting**. No grievances were reported during FY22, but various initiatives from CTI to build awareness of the importance of reporting have resulted in significant increases in the reporting of safety incidents and hazards (up by 129% and 200% respectively).
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Future Commitments

Over the next year CTI will focus on:

- Continuing to review our governance, risk management and due diligence systems.
- Reviewing and updating risk analyses, using a standard format across all CTI companies in accordance with ISO principles.
- Refreshing and expanding the awareness training program.
- Continuing to build awareness by expanding and repeating the program of obtaining the Modern Slavery Self-Assessment Questionnaire and Declaration from suppliers and customers.
- Developing greater visibility of the arrangements between subcontractors and their staff and sub-subcontractors.
- Developing an enhanced supplier management system that identifies approved and preferred suppliers for each category of products and services.
- Requiring suppliers to comply with our new Supplier Code of Conduct that includes obligations for modern slavery and related human rights matters.
- Building awareness of our new grievance and incident reporting and management systems.
- Improving HR systems to include more detailed pre-engagement screening, and exit interviews for those who leave.

Board Approval

This Statement was approved by the board of
CTI Logistics Limited.

David R. Watson
Chairman
December 2022

CTI LOGISTICS LIMITED (Parent Company) and Subsidiary Companies

This list covers CTI Logistics Limited (ABN 69 008 778 925) and all of its controlled entities. All of the subsidiary companies listed are fully owned by CTI Logistics Limited. The registered address for CTI Logistics Limited and all subsidiary companies is 1 Drummond Place, West Perth, Western Australia 6005. CTI Logistics Limited was founded in 1973 and the company was listed on the ASX in 1987 (CLX).

Registered name	ABN	Trading name(s)	Services
CTI Freight Systems Pty Ltd	66 009 472 628	CTI Logistics Warehousing & Distribution CTI Minerals & Energy Logistics	Warehousing, Distribution Supply base logistics, Quarantine services
CTI Transport Services Pty Ltd	44 009 238 439	CTI Warehousing & Distribution (SA)	Warehousing, Distribution
CTI Logistics (NSW) Pty Ltd	82 153 063 382	CTI Warehousing & Distribution (NSW)	Warehousing, Distribution
CTI Logistics (VIC) Pty Ltd	26 063 795 568	CTI Warehousing & Distribution (VIC)	Warehousing, Distribution
CTI Transport Systems Pty Ltd	76 009 139 315	CTI Taxi Trucks	Taxi Trucks, Fleet management
CTI Freightlines Pty Ltd	22 009 291 310	CTI Logistics Regional Freight Broome Freightlines	Freight, Line haul
CTI Nationwide Logistics Pty Ltd	86 009 265 347	CTI Logistics Interstate	Interstate Freight, Line haul

CTI LOGISTICS LIMITED (Parent Company) and Subsidiary Companies

CTI Xpress Systems Pty Ltd	45 067 742 714	CTI Xpress Systems	Freight, Parcels, Taxi Trucks, Warehousing
Foxline Logistics Pty Ltd	96 086 449 952	Foxline Express Parcels Foxline Taxi Trucks	Freight, Parcels, Taxi Trucks
CTI Freight Management Pty Ltd	34 009 391 431	CTI Logistics Regional Freight, Bunbury Freight Services, Stirling Freight Express	Regional Freight
CTI Couriers Pty Ltd	17 051 430 338	CTI Couriers	Couriers, Taxi Trucks
Bring Transport Industries Pty Ltd	73 008 767 155	Bring Couriers	Couriers, Taxi Trucks
Mercury Messengers Pty Ltd	21 008 779 093	Mercury	Couriers, Taxi Trucks
Action Logistics (WA) Pty Ltd	74 009 151 008	Action Couriers	Couriers, Taxi Trucks
CTI Taxi Trucks Pty Ltd	82 008 777 731		Couriers
CTI Security Systems Pty Ltd	72 009 302 032	Securus	Security services
CTI Security Services Pty Ltd	83 009 236 104	ARM Security	Security Monitoring
CTI Records Management Pty Ltd	71 083 767 999	CTI Records Management	Records Management
G.M.Kane & Sons Pty Ltd	17 000 408 800	GMK Logistics	National Warehousing, Distribution