



Mainfreight Group – Modern Slavery Statement 2020

Introduction

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

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

collectively **Mainfreight**.

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

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

This statement outlines the steps which Mainfreight have taken during the financial year ending 31 March 2020 to assess and address modern slavery risks within our supply chains.

Structure, Operations & Supply Chain

Mainfreight are owned and controlled by Mainfreight Limited (New Zealand Company Number 102720) which commenced operations in Auckland, New Zealand in 1978. Mainfreight Limited has since grown to operate 282 operational branches in 26 countries (across New Zealand, Australia, Asia, the Americas and Europe) with approximately 8,631 team members and owner-drivers which provide a full supply chain offering, which substantially includes:

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

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

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

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

Mainfreight's Australian operations commenced in 1989 and we now operate 56 branches and employ approximately 1,557 team members within Australia alone. Mainfreight also operate a substantial owner-driver network of 474 subcontractors within Australia in addition to other subcontractors and third parties that are utilised. Owner-drivers are subcontractors which own and operate the vehicles utilised to perform services on behalf of Mainfreight and are a critical component of how Mainfreight drives improvements to quality and service level expectations within our Transport network.

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Special company*



AMERICAS



ASIA



AUSTRALIA



EUROPE



NEW ZEALAND



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

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

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

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

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

Mainfreight's operations can be performed on a global scale. Therefore, there is a risk that we may cause or contribute to modern slavery through the use of labour in countries with lesser employee protections or by using labour-hire providers. However, as the services are primarily controlled by subsidiaries of Mainfreight Limited, we have greater ability to understand practices and implement change so the overall exposure to modern slavery risks which we may directly cause or contribute to is minimised. Furthermore, as there are 4,483 team members and owner-drivers, and approximately 51% of revenue was generated, in Australia and New Zealand (countries with notably strong labour conditions and protections) the risk is further reduced.

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

The emerging risk of COVID-19 and actions of governments worldwide contributed to potential modern slavery risks arising. Although the impact was not as strongly felt within Australia during this reporting period, as many restrictions did not commence until mid to late March, there were increased risks which were specific to our Air & Ocean operations (due to the involvement of cargo ships/airlines and restrictions imposed on their movement). The primary risk within Australia, during this reporting period, involved the potential for our team members to contract the virus during work and potential for excessive hours due to volume fluctuations impacted by border closures and other countries workforce restrictions.

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Actions Taken by Mainfreight to Assess & Address Modern Slavery Risks

General review

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

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

Owner-drivers and subcontractors

Mainfreight deem this category to be one of the most immediate and controllable risks which we can assess and address to reduce the risk of modern slavery occurring. Mainfreight's selection and implementation process for owner-drivers and subcontractors (**Transport Contractor**) was already comprehensive prior to the requirements of the Act commencing. This would involve, at a minimum, ensuring that the relevant Transport Contractor had the appropriate insurances and that they, or their team members or other subcontractors (where allowed), met Australian legal requirements to work.

As part of our review, we discovered that there could be an increased risk of modern slavery where the Transport Contractor further subcontracted those services or utilised a team member to complete those services (except where specifically approved prior to appointment). Although there were minimal instances of the services being further subcontracted, there were numerous Transport Contractors who utilised a team member to perform the services on a casual or regular basis.

Contractually, the Transport Contractor was required to obtain Mainfreight's consent prior to any subcontracting or use of a team member to perform the services. However, these checks were primarily focussed on ensuring the relevant person was legally able to operate the vehicle and legally entitled to work in Australia.

The key risks we determined could arise were that there was a possibility that the Transport Contractor could:

- utilise additional personnel without obtaining our approval (in breach of their contract); and
- implement pay or working conditions which were below the legal minimum or were otherwise unfavourable.

As a result of this review, we implemented stronger procedures around our approval processes for additional drivers or subcontractors and amended the standard wording in the Transport Contractor contracts. The updated contract now includes warranties from the Transport Contractor that any additional personnel, which may perform the services, will be paid in accordance with, or above, the relevant award applicable to their employment and that the Transport Contractor will comply with any applicable legislation in relation to that personnel's employment. Furthermore, a warranty was included that any personnel would be legally entitled to work within Australia.

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

Whistleblower Policy

Mainfreight's Whistleblower Policy was updated in December 2019 to ensure ongoing compliance with the *Corporations Act 2001* (Cth). As part of the roll-out, team members were notified of the updated policy and it was uploaded to our global website. This reinforced to team members that there are processes and mechanisms in place for them to raise issues anonymously, without fear of retribution.

Labour hire providers

An initial review into the risks posed by using labour hire providers (LHPs) was undertaken during this reporting period. However, as we have taken steps over previous years to significantly reduce our use of LHPs, we elected to complete a more in-depth review in the financial year ending 31 March 2021. We anticipate that we will implement additional procedures which are aligned with our Transport Contractors.

Impact of COVID-19

As previously mentioned, the key risk of modern slavery arising in our supply chain due to COVID-19 and subsequent restrictions was primarily centred around our Air & Ocean operations use of cargo ships and airlines. This specific risk category has been noted as one that requires further scrutiny. However, for the purposes of this reporting period, our focus was on the increased risks which were specifically associated with the pandemic.

Our role as a freight forwarder provides us with little influence over the vessel or airline operator, as ultimately, we require freight to be moved and there are only a finite number of operators which we can select. Despite this, we endeavoured to utilise operators that had documented Codes of Ethics and fundamentally chose operators of large scale. We considered the increased risks which seafarers may be subjected to due to border closures and restrictions to limit the spread of COVID-19. However, we were confident from our initial review, that our chosen operators were continuing to minimise such risks arising wherever possible.

From the perspective of our domestic operations, we ensured that sufficient personal protective equipment was available, social distancing was adhered to and that work hours were monitored. As previously noted, the full impacts on COVID-19 restrictions were not realised during this reporting period.

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

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

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

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



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

Consultation Between Entities

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

Conclusion & Future Plans

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

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

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

Rodd Morgan
Country Manager – Australia
Mainfreight Group

