



Direct
Freight Express
...when it's Urgent!

MODERN SLAVERY STATEMENT

1 July 2021 - 30 June 2022

The Direct Freight group of companies acknowledges it has both a legal and a moral responsibility to promote transparency in its operations and implement procedures that minimise the chances that modern slavery practices could exist within its business and supply chain.

This Joint Modern Slavery Statement (**Statement**) is made pursuant to sections 14 and 16 of the *Modern Slavery Act 2018* (Cth) (**the Act**).

The entities covered by this statement are:

a) Direct Freight Express Pty Ltd (ABN 66 060 136 870) (**Direct Freight Express**);
and

b) Direct Freight (Aust) Pty Ltd (ABN 32 071 822 172) (**Direct Freight Aust**).

(These will be referred to as “Direct Freight” unless specifically identified otherwise)

Each of these entities has an annual consolidated revenue of over 100 million in its financial year from 1 July - 30 June each calendar year.

Direct Freight Express does not have any employees. Rather, it deals with operational matters such as the assets that Direct Freight Aust uses on a daily basis, as well the maintenance of those assets, and is responsible for the purchasing of fuel, parts and other essentials. The Statement covers the reporting period from 1 July 2021 to 30 June 2022 and addresses the mandatory reporting criteria, as required by section 16 of the Act.

A. Structure, operations and supply chains of Direct Freight

Direct Freight is an independent, wholly Australian owned operation, with its core business providing premium express road transport services throughout Australia. With the Head Office based in Sydney, Direct Freight has around 60 separate depots across Australia.

In essence, Direct Freight is a goods delivery business. Whether that be delivering small parcels to a residence or transporting large items, Direct Freight aims to move domestic and commercial goods from point A to point B.

The services provided by the Direct Freight Group include:

- **Bulk Freight distribution:** categorised as pallet, bulky and heavy item movements to destinations throughout Australia.
- **Premium Express Parcel distribution:** categorised as parcels, items generally handled without mechanical aids with the inherent requirement that the goods be delivered in a timely manner to its destination throughout Australia.
- **Specialised Logistic Services:** which includes warehousing and customer specialised freight and transport requirements.

During the 2021/22 financial year, the Direct Freight group of companies comprised:

- A nationwide network of transport depots of over 50+ locations, located strategically throughout Australia.
- A workforce of over 2000 people, comprising of 1800+ employees and 200+ independent contract drivers.
- A fleet of over 2000 vehicles, comprising of 1200+ trucks, 150+ prime movers, 350+ trailers and 350+ forklifts.

Supply Chains

The Direct Freight supply chain is extensive, comprising 1000+ suppliers and contractors. This includes suppliers of the following:

- a) Agent Distribution Services;
- b) Cleaning Contractors;
- c) Equipment Hire;
- d) Fleet Maintenance; Vehicle repairs, Vehicle parts, Tyres, Fuel and Gas Suppliers;

- e) Information Technology Services;
- f) Insurance;
- g) Labour Hire;
- h) Linehaul Services;
- i) Plant and Equipment Maintenance;
- j) Professional Services; Legal, Medical, Recruitment, Security; and
- k) Property Maintenance.

The Direct Freight group presence is wholly Australian, and it only delivers, whether by bulk or individual parcels, within Australia. As such, all Direct Freight employees, and all sub-contractors engaged to assist in the delivery of goods are based in Australia.

B. Risks of modern slavery practices in the operations and supply chains, and any entities the Business owns or controls.

Direct Freight does not consider that it has a high risk of directly causing or contributing to modern slavery practices. In particular, given that Direct Freight has high visibility over its own employees and must comply with Australian workplace laws, including the *Fair Work Act 2009* and work health and safety legislation, Direct Freight is confident there are no modern slavery practices within operations directly under its control.

However, Direct Freight recognises its obligation to consider and assess whether there are risks of modern slavery that within its supply chain network. When considering its network, Direct Freight cannot rule out that there is not a level risk relating to modern slavery practices. This is because Direct Freight does not have the same level of oversight over its contractors and suppliers that it can exercise over its own employees and operations.

These risks could foreseeably include that suppliers to Direct Freight are not paying their employees the relevant minimum conditions of employment or sub-contractors are not being paid legally compliant rates for their work. It also is acknowledged that subcontracted labour across all operations (such as contracted drivers and cleaners) may expose those employees to sham contracting arrangements and deceptive recruiting practices.

Finally, Direct Freight delivers cargo and parcels that originate from all around the world. Direct Freight has absolutely no control or visibility over the manufacture of the items it delivers or how the products get into Australia if they did come from overseas. Direct Freight's role is purely to deliver the goods once they are unloaded from the plane or ship on which they came. Often times, Direct Freight does not know what is inside the parcels that it is delivering.

C. Actions by Direct Freight to assess and address those risks, including due diligence and remediation processes.

Direct Freight ensures that its employees receive at least the minimum entitlements under the National Employment Standards (**NES**), such as annual leave, personal / carer's leave etc and it pays employees at least the minimum modern award rate for each hour worked as well as the relevant penalties, such as shift allowances, overtime and weekend penalty rates, where they are applicable. For the vast majority of employees, they are paid well above the relevant modern award rates to ensure it can attract and retain the best employees in the industry to the organisation.

Over the last several years, Direct Freight has given employees wage increases that are well above the increases given by the Fair Work Commission and even further above CPI, sometime as high as 6%. These have been dictated by market forces in the transport industry and need to be paid in order for Direct Freight to retain and attract staff.

Direct Freight also has the relevant systems and processes in place to ensure matters such as taxation, superannuation, workers compensation and all other statutory and contractual entitlements are properly attended to. Direct Freight regularly engages with external legal counsel in order to ensure it is meeting its various legal obligations.

In the 2021/2022 financial year, Direct Freight has assessed the modern slavery statements of its suppliers across the Insurance and Labour Hire industry to understand their risks of modern slavery and ensure our suppliers are also complying with their obligations.

In its 2020/2021 statement, Direct Freight planned to implement a variety of actions to assess and mitigate its risk. Since its previous statement, Direct Freight has:

- Implemented an Anti-Modern Slavery Policy
- Introduced updated contractor agreements
- Implemented a whistle blower policy to ensure inclusion of protections for any notifications of the Act's modern slavery breaches

Future Actions

In the 2022/23 financial year, Direct Freight is committed to planning detailed due diligence, implementing a more ethical supply chain framework and increasing engagement with

suppliers to identify and assess risks of modern slavery risks within its operations and the operations of its supply chain to the extent it is reasonably able.

Actions that Direct Freight is planning to implement to assess and mitigate risk within the broader Direct Freight Group, and in its supply chain, moving forward include:

- assessing modern slavery statements of suppliers in the Equipment Supplier industry;
- developing a supplier code of practice with information on modern slavery;
- working with suppliers and subcontractors to strengthen their internal policies and procedures that relate to ending modern slavery practices;
- building awareness amongst our suppliers of the Direct Freight Group's ethical business practice expectations;
- training our employees' awareness of how to identify risks of human rights issues and modern slavery;
- facilitating audits of our suppliers through a questionnaire and declaration the specifically addresses modern slavery related matters; and
- using Direct Freight's leverage to work with those in its supply chain to implement solutions that meet human rights standards.

Direct Freight is open to discussing any and all possibilities to attempt to eradicate modern slavery risks from its supply chain.

To mitigate and identify such risk, there is a need for the Direct Freight to conduct further dialogue with its suppliers on these matters. The assessments and qualifications the Direct Freight Group shall undertake to mitigate and identify possible risks are:

- prepare a questionnaire and declaration form requiring suppliers to outline what steps they are taking to ensure no modern slavery practices exist in their operations; and
- working towards updating our supplier agreements to ensure they meet Direct Freight's ethical business practice expectations, including that suppliers comply with all laws related to anti-modern slavery and prohibited business practices.

Direct Freight acknowledges that its processes and procedures in terms of its modern slavery obligations are a work in progress and require continuous diligence.

D. How Direct Freight assesses the effectiveness of such actions.

For Direct Freight's own employees, Direct Freight employs payroll specialists to ensure that all employees are being paid at least the appropriate minimum rates of pay as well as the

applicable overtimes and penalty rate, allowances, loadings etc. Direct Freight also seeks external legal advice from specialist employment lawyers to ensure that its employees receive the correct entitlements.

These are effective to the extent that very rarely do Direct Freight, and the broader Direct Freight, have any issues around the under payment of staff or complaints about the non-payment of other entitlements such as annual leave, long service leave etc.

Contractors and Suppliers

Direct Freight enters into commercial contracts with its sub-contractors and negotiates rates at or above industry standard. Direct Freight has rigorous accounting and invoicing processes that ensure bills are paid within a reasonable period to Direct Freight suppliers and sub - contractors.

For the 2022/23 financial year, Direct Freight plans to implement systems and processes with our suppliers, contractors and business partners so that we can effectively assess the compliance with respect to our required business ethical standards.

Actions planned to be undertaken to assess the effectiveness include:

- reviews and audits of suppliers and contracts of engagement;
- engaging with our suppliers ensuring their understanding of the Modern Slavery requirements when dealing with the Direct Freight Group and/or other contractors in the supply chain; and
- engaging with employees and reinforcing their roles and responsibilities in relation to Modern Slavery by providing employees with Modern Slavery fact sheets and training.

E. Process of consultation between Direct Freight

For consultation purposes, the Direct Freight reporting entities, Direct Freight Express and Direct Freight (Aust) have common directorships across reporting entities. This Statement has been reviewed and approved by the directors of both Direct Freight entities.

This Statement was developed and reviewed by executive/senior management group comprising representatives of both Direct Freight Express and Direct Freight Aust.

F. Further information

Future Commitments

Direct Freight is committed to acting with integrity in all business dealings and relationships. Direct Freight is also committed to ongoing work on its systems and controls to assess and manage modern slavery risks in our operations and supply chains.

Direct Freight recognises the importance of developing and implementing a model of continuous improvement by assessing and addressing risks stemming from our business.

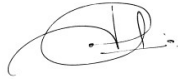
Direct Freight understands internal systems and processes need to be regularly reviewed and improved to effectively mitigate against risks of modern slavery in its supply chain.

BOARD APPROVAL

This Statement was approved by the boards of each of the two reporting entities covered by this Statement.

The board of Direct Freight Express Pty Limited approved this statement on 23 December 2022.

The board of Direct Freight (Aust) Pty Ltd approved this statement on 23 December 2022.



Giuseppe Catania, Director
Direct Freight (Aust) Pty Ltd
23 December 2022



Joseph Catania, Chief Financial Officer
Direct Freight Express Pty Limited
23 December 2022



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