

# MODERN SLAVERY STATEMENT 2020



# INTRODUCTION

This is the first Modern Slavery Statement (“Statement”) for the CTI Logistics Limited group of companies (“CTI”) in accordance with the Australian Modern Slavery Act 2018.

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 1974. 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 1,200 people, comprising 800+ employees and 400+ full-time subcontractor drivers across Australia
- A fleet of more than 800 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

CTI's structure, main operations and supply chains are as follows:

Entities	Main Operations	Supply Chains
<b>Transport</b>	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
<b>Warehousing</b>	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
<b>Security</b>	Alarm monitoring Supply and installation of security systems	Equipment suppliers Agents
<b>Records Management</b>	Archive services Confidential records destruction	Equipment suppliers Cartons and packaging
<b>Common to all Entities</b>	IT services Administration and compliance Property management	IT software and hardware Stationery and Office supplies Cleaning Uniforms and work attire PPE Insurance

## 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.

# FY2020 ACTIONS AND DEVELOPMENTS

---

## Modern Slavery Policy

CTI developed and published a new Modern Slavery Policy (POL-0050) 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 its elimination.

## Whistleblower System

CTI updated and improved CTI's Whistleblower system and Policy (POL-0049). Among other enhancements this now includes the ability to refer Whistleblower complaints directly in confidence to an independent third party. The launch of the new system was supported by a company-wide awareness program.

## Risk Analyses

CTI conducted a wide-ranging program of risk assessment across all CTI entities. Each business unit was required to assess the potential risks that could arise from their operations and supply chains. A broad format and directions were provided by CTI's compliance team to assist the various entities to focus on risks that might possibly cause or contribute to modern slavery practices - even if inadvertently. The outcomes from the assessments were consolidated and reported to CTI's board and executive management team.

The risk assessments 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's major suppliers are typically large multinationals or Australia-wide organisations with sound reputations (e.g. motor vehicles, fuel, tyres, IT equipment). CTI believes that these organisations will have sound business practices and have made their own programs to identify and eliminate modern slavery for their own supply chains. Many of these organisations have published their own Modern Slavery Statements that confirm this belief.

The risk assessments identified some possible risk areas within CTI's operations that need further examination. One of these is 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 will be explored in more depth during the next reporting period.

## Building Awareness

CTI has developed an e-learning lesson that defined the scope of CTI's modern slavery program and explained the risks of such practices developing, even inadvertently, within CTI's operations and supply chains. The lesson contained a guide of what to look for to identify any possible risks of modern slavery practices.

The e-lesson was completed by all of CTI's staff from supervisory levels and upwards. A future version will be designed for lower level staff members and implemented in the next reporting period.

## Mail out of Declarations

CTI compiled a Modern Slavery Declaration and sent this to the supply chain providers that were identified as being in medium and higher risk industry sectors. These documents included customer service agreements and supplier agreements including those with labour hire providers.

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.

## Mitigation - Contractual Obligations

CTI compiled and included new contract clauses in all relevant documents that included a commitment for CTI suppliers and customer to not engage in modern slavery and to implement policies and procedures to ensure compliance with this undertaking.

This initiative will be extended to cover CTI's printed terms of trade and websites during the next reporting period.

## FUTURE COMMITMENTS

Over the next year CTI will focus on:

- Reviewing and updating the risk analyses - with a focus on the areas of potential risk identified in FY2020
- Expanding the awareness training program to lower level workers and subcontractors
- Expanding, refreshing and repeating the exercise in obtaining Modern Slavery Declarations from suppliers and customers
- Developing greater visibility of the arrangements between subcontractors and their staff and sub-subcontractors
- Widening the inclusion of modern slavery clauses into CTI's trading terms and websites

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



David R. Watson

Chairman

December 2020