

MODERN SLAVERY STATEMENT 1 July 2021 to 30 June 2022

Friesian and McColl's Transport: structure and operations

Friesian Pty Ltd (ACN 625 545 995) (**Friesian**) is the company that owns and operates the McColl's Transport business (**McColl's**). To date, the investments that Friesian has made relate to the purchase of, and continued investment in, the McColl's business. Accordingly, this statement will focus on the McColl's business.

McColl's Transport (www.mccolls.com.au) started operations with a single truck in 1952. Today, McColl's is a modern logistics company and the largest independent carrier in Australia of dairy, food and industrial chemicals.

McColl's has a fleet of more than 250 prime movers and 750 bulk tankers based at 23 sites around Australia. McColl's plays a pivotal role in the bulk liquid transport infrastructure in Australia and employs approximately 550 people. Its head office is in South Geelong, Victoria.

McColl's has three divisions:

- Farm milk collection – transports milk from farms to dairy processing facilities;
- Bulk food transport – moves liquid food products between factories; and
- Bulk chemical transport – transports specialised chemicals between industrial users.

McColl's is a values-driven organisation and it is vital that McColl's personnel reflect our core values. To deliver a transport service unmatched in quality, safety and reliability, McColl's has fostered a company culture based on five core values:

- Safety first;
- Honesty and integrity;
- Consistency;
- Mutual respect; and
- Commercial responsibility.



To carry out its operations, Friesian has 100% ownership of 12 legal entities within the Friesian / McColl's group (**FM Group**). This statement is reporting on behalf of all of these entities, who are listed in Appendix One. The most active of those entities include McColl's Operations Pty Ltd (ACN 630 416 867), McColl's Equipment Pty Ltd (ACN 630 416 894) and McColl's Transport Pty Ltd (ACN 052 199 167).

The entities in the FM Group share common directors and officers, meaning that the directors and officers are identical for each company in the FM Group. The companies operate as a group and not independently. As such, the process of consultation with all members of the FM Group is to assess each group member's risk, and then to ensure that the directors and officers are aware of the obligations and practices are applied consistently.

Friesian's supply chains

To deliver its services, Friesian has an extensive network of suppliers and subcontractors providing products and services, including prime movers and tankers, fuel, parts and maintenance, tyres, road tolls, cleaning services, property maintenance, recruitment and training, insurances, uniforms and personal protective equipment, professional services, utilities and IT software and hardware.

Context of this Modern Slavery Statement

Per the Australian Government's Department of Home Affairs: "Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and the worst forms of child labour."

Friesian abhors and, if identified, would take a zero-tolerance approach to any form of Modern Slavery as defined by the *Modern Slavery Act 2018* (Cth) (**Act**) in its operations and supply chains. This position is supported by Friesian's approach to compliance, policies and values. Friesian's Board has empowered its management team to take all actions necessary to comply with the Act and to mitigate the risk of modern slavery within its operations and supply chains. One of the key outcomes of this has been Friesian continued commitment to vigilance regarding the risks of modern slavery, and cooperation and information sharing with industry partners and organisations within Friesian's supply chain.

As set out above, this Modern Slavery Statement covers the reporting period from 1 July 2021 to 30 June 2022.

Risks in Friesian's operations and supply chain

Friesian has carefully considered the extent to which it may cause, contribute to or link with modern slavery practices. This analysis included a comprehensive assessment of the:

- number, industry, location and spend with particular suppliers;
- review of legal relationships with these suppliers;
- products or services procured; and
- overall consideration of the risks of modern slavery.

For context, Friesian only operates within Australia and had approximately 950 suppliers of

goods and services during the reporting period. These suppliers are a mix of public and private companies, and sole-traders.

Friesian's analysis found that over 99% of these suppliers were either Australian businesses or we were dealing directly with the Australian-based arm of a multi-national corporation. Accordingly, Friesian considers its geographic risk of modern slavery to be relatively low.

Following analysis, Friesian considers that its risk of causing or contributing to modern slavery are low. Among other steps taken to mitigate this risk, Friesian has regularly committed itself (through contracts with customers and key major suppliers) to upholding legally and ethically compliant practices, and reporting and managing any concerns of non-compliance. In the reporting period, Friesian did not report or manage any such concerns.

Friesian's business and industry (primarily transport and logistics, though Friesian services the dairy, food and chemicals industries) has not substantially changed in this reporting period, despite the asset acquisitions referred to below. Friesian's risks and key considerations are similar to the previous reporting period.

During the reporting period, Friesian made a significant investment by purchasing assets (primarily tankers and prime movers) and taking over a number of employees of another bulk liquids transport provider in the dairy industry, Peter Stoitse Transport. Through this transaction, Friesian engaged with new and existing customers, and also employed new people and appointed new sub-contractors to operate this equipment. After analysis, it was clear that this extension of Friesian's operations did not materially alter the risk of modern slavery due to the similar industry and geographic environment, together with the overlap with existing McColl's operations partners. However, in addition to the actions highlighted in this statement, specific due diligence and contractual interventions have been deployed to manage risks presented by new third party partners.

One specific area of high risk in the transport and logistics industry continues to be labour conditions. Friesian mitigates this risk in a number of key ways, including by continuing to:

- engage all employees on employment agreements that comply with the National Employment Standards, and regularly review these agreements through enterprise bargaining with the relevant Union (where relevant), and for legal compliance with expert advisors;
- provide a safe environment for work, including training, and ensuring compliance by all personnel engaged with our business;
- obtaining accreditation in, and operate in accordance with, the Heavy Vehicle National Law (HVNL) and ensuring our staff, contractors and customers comply. Amongst other things, the HVNL sets standards around managing fatigue and use of heavy vehicles to promote the safety of all personnel engaged with our business;
- have written contracts with all regularly engaged transport sub-contractors that pass on our expectations, safety requirements, and all other required standards, and then

auditing those contractors as required; and

- provide access to company procedures for complaint handling, including a confidential Whistleblower service for any complaints that personnel do not wish to handle through the company's ordinary procedures.

However, it's noted that contractors who perform work for Friesian are not directly controlled by it, and Friesian is therefore unable to have oversight over, or control, all working conditions at all times. This is particularly the case given the nature of our business which involves a degree of long-distance and remote operations. Therefore, there remains a risk, albeit low, that some workers may be victims of modern slavery.

Friesian accepts there is greater risk that a business such as its may be linked to (rather than directly cause or contribute to) modern slavery practices through the activities of someone it has a business relationship with. In particular, Friesian accepts that there is higher risk where products are sourced from particular industries (for example uniforms / textiles) or other countries (for example where conflict or governance standards have created weaker regulation and/or poverty).

Following analysis, Friesian considers there are some steps it can take to further minimise the risk of modern slavery in these areas of its supply chain. These are addressed below.

Steps taken or proposed to address risks in Friesian's operations and supply chain

In previous reporting periods, Friesian has assessed its baseline risks and sought to ensure that key areas within its direct control were addressed.

In this reporting period, Friesian has continued discovery of risks within its contractor network, as well as training key personnel in the optimal way to identify and minimise the risk of modern slavery.

Friesian has:

- Completed its consultation within the FM Group and with key partners and developed a Modern Slavery Policy that formalises its position against modern slavery;
- Continued to train key personnel responsible for our operations and management of supply chain in the risks of modern slavery; and
- Sought positive compliance statements from contractors to ensure there is a meaningful, legal commitment to Friesian to maintain compliance.

For context, the Modern Slavery Policy adopted binds all employees, representatives, contractors and sub-contractors to:

- act ethically and with integrity in all business dealings to prevent modern slavery from occurring in the business and supply chains;

- comply with the Act and other relevant legislation;
- participate in reporting (to the extent applicable) under the Act; and
- immediately report to the Company's senior leadership team if any concerns of modern slavery are identified within our operations or supply chain, and/or to the Company's STOPLine (Whistleblower service).

Over the next reporting period, Friesian has determined that it will aim to take the following steps:

- Ensuring that its Modern Slavery Policy is clearly communicated to all staff, contractors and suppliers, and to embed it in our workplace training for staff;
- Evolve the key personnel training to ensure that they can identify and minimise the risks of modern slavery in Friesian's supply chains;
- Review and where necessary amend contracts with Friesian's sub-contractor fleet to ensure compliance;
- Engage with major suppliers in industries of greater potential risk to understand how they manage modern slavery risks and to seek confirmation of compliance with legal standards. Areas of focus may include;
 - uniform supply;
 - tyres, repairs and maintenance;
 - facility maintenance, including cleaning, building and yards; and
 - heavy vehicle equipment supply.

Friesian will assess the effectiveness of our actions through procurement reviews, deeper education, growth of industry awareness, and audits of suppliers where necessary. The potential impact of modern slavery on our operations and supply chain will be monitored and reviewed regularly by Management, and reported to the Board.

This statement has been approved by the Board of Friesian Pty Ltd.



Simon Thornton
CEO and Managing Director
21 December 2022

Appendix One – Friesian / McColl’s Group Entities

This Modern Slavery statement is made on behalf of the following entities.

1. Friesian Pty Ltd ACN 625 545 995
2. Friesian McColls Pty Ltd ACN 625 547 588
3. McColl’s Operations Pty Ltd ACN 630 416 867
4. McColl’s Equipment Pty Ltd ACN 630 416 894
5. McColl’s Group Holdings Pty Ltd ACN 105 314 609
6. McColl’s Transport Pty Ltd ACN 052 199 167
7. McColl’s Transport (Equipment) Pty Ltd ACN 052 968 260
8. Prestige Tankers Pty Ltd ACN 077 696 327
9. McColl’s Services Pty Ltd ACN 096 000 832
10. Pure Logistics Cold Chain Pty Ltd ACN 000 437 856
11. McColl’s Plant & Equipment Pty Ltd ACN 105 314 823
12. McColl’s Tankers Pty Ltd ACN 081 354 529
13. McColl’s Northern Victoria Dairy Pty Ltd ACN 616 444 510