

Modern Slavery Statement for financial year ending 31st December 2021

Introduction

This Statement is submitted on behalf of DB Schenker Australia Pty Ltd (**DB Schenker Australia**) (ACN:000410 211) under section 13 of the *Modern Slavery Act 2018* (Cth) (**MSA**) to cover the second reporting period of 1 January 2021 to 31 December 2021.

Modern slavery is a term used to describe serious exploitation. It describes a situation/s where offenders use coercion, threats or deception to exploit victims and undermine their freedom.¹

The United Nations and Walk Free Foundation estimate there are approximately 40 million victims of modern slavery around the world.²

Practices that constitute modern slavery include:

- human trafficking;
- slavery;
- servitude;
- forced labour;
- debt bondage;
- forced marriage;
- the worst forms of child labour (“Modern Slavery”);

and often have severe consequences for the victim and also the entity responsible.

DB Schenker Australia, and the greater DB Group, take a zero-tolerance approach to any form of Modern Slavery, unethical labour practices and human rights abuses within our operations and supply chains.

Structure, Operations and Supply Chains

DB Schenker Australia is a wholly owned subsidiary of Schenker AG, a German government owned entity, and part of the Deutsche Bahn Group (**DB Group**). DB Schenker Australia is a proprietary limited company with no subsidiaries or controlled entities. DB Schenker Australia is registered at 72 – 80 Bourke Road Alexandria NSW 2015, Australia with our head office in Sydney.

DB Schenker Australia’s Business includes distribution by air, ocean and land, and logistics services and services in specialist areas such as fairs, exhibitions and projects. We provide full end to end supply chain services including Air and ocean freight management, clearance and cartage, warehouse management, domestic transport management, sensitive freight services, project and event logistics, reverse logistics. DB Schenker Australia has storage and transport facilities in Sydney, Melbourne, Adelaide, Brisbane, Perth and in Auckland and Christchurch in New Zealand. DB Group is a global business with a broad global customer base operating in more than 700 locations around the globe.

¹ *Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities*, Appendix 1.

² *Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities*, page 16.

DB Schenker Australia employs 2,200 staff members of which approximately 54% are permanent employees, 46% are employed through an agency. We also have some workers on visa arrangements.

In the 2021 reporting period, DB Schenker Australia engaged approximately 836 suppliers directly (**direct suppliers**). We are still in the process of mapping our supply chain but we source from a rigorously selected group of predominantly Australian domestic suppliers. Our Procurement team also has a heavy Environmental, Social Governance (ESG) focus when selecting supply partners.

Our direct suppliers provide us with a range of goods and services including: transport, freight and logistics services; machinery and equipment; labelling, packaging and storage goods and services; temperature control goods and services; pest control services; fire and safety services; environmental services; postage and couriers; legal and accounting services; telecommunications; insurance; food and groceries; cleaning and maintenance services; stationary and furniture; information and technology hardware and software.

We also utilise labour hire companies primarily to assist us with increased demand when required.

We acknowledge that our supply chain extends past our direct suppliers and will endeavour to gain further knowledge as to the depths of our supply chain in future reporting periods.

Risks of Modern Slavery in our Operations and Supply Chains

DB Schenker Australia understands that due to the prevalence and nature of modern slavery, every entity has risks of modern slavery in its operations and supply chains. We continue to carefully consider the ways in which we may have risks of causing, contributing to, or being directly linked to modern slavery practices so that we can take more effective action to assess and address those potential risks in future reporting periods.

Operational Risks

Our operations cover a large geographical scope and we acknowledge that our global operations also carry exposure to risk though we are only required to report on DB Schenker Australia's operations.

DB Schenker Australia is of course in the transport business; therefore, a lot of our operations include involvement at ports of entry to our country – both via air and sea. We understand the special role that ports of entry can play in the practices of modern slavery around the world, and these are commonly the places where slavery first reaches Australian shores. We do not have control or oversight over the management of these ports but we understand that simply by having a regular business presence at these locations we may be exposed to risks of modern slavery. We are comforted by the knowledge that the Australian Border Force and Australian Maritime Safety Authority have a strong presence at these ports and oversee activities at these sites. We also know that in comparison to other geographic locations in our region, the prevalence of modern slavery in Australia is low.

We acknowledge that our casual employees, and particularly employees on visa arrangements are more vulnerable than our permanent employees due to their employment relationships being less secure. Particularly workers on visas, whereby their presence (and sometimes their family's presence) in the country is often tied to their employment. DB Schenker utilises sourced labour, subcontracting and agents in various geographical

locations. We acknowledge that this practice of out-sourcing labour increases any entity's risks of exposure to modern slavery, as our oversight surrounding worker conditions and rights is reduced if careful policies and processes are not put in place to ensure greater transparency over these arrangements.

We note that under the MSA we are not required to report on modern slavery risks associated with how our clients use our services but wish to acknowledge this potential risk. We do not manufacture or produce goods ourselves but a key part of our operations is the transportation of our clients' goods. Our clients are involved in a diverse range of sectors and so we acknowledge that through the carriage of those goods we may be indirectly linked to modern slavery.

Supply Chains

DB Schenker Australia engaged approximately 836 direct suppliers during the subject reporting period. We understand this is a medium sized cohort for an entity of our scale requiring increased diligence to maintain visibility over those suppliers to reduce the risk of modern slavery within same.

We are still in the process of mapping our supply chain, and will endeavour to understand, based on the geographic locations of each supplier and the category of goods/services they provide to us, where our higher risk areas are.

The vast majority of our direct suppliers are based in Australia which we understand from the literature to be a geographic location with a low risk of modern slavery.

Our direct suppliers provide us with a range of goods and services including the following that we understand from the literature may pose a higher risk of modern slavery for various reasons: machinery and equipment; labelling, packaging and storage goods and services; food and groceries; cleaning and maintenance services; stationary and furniture; information and technology hardware and software.

COVID-19 Pandemic

DB Schenker Australia understands the pandemic has caused unprecedented pressure on operations and supply chains around the world and the impacts are ongoing. We are aware that around the world there has been business closures, budgetary tightening, increasing unemployment, decreased job stability, shifts in consumer sentiment and demand, order cancellations, wage-cuts, decreased air-freight capacity, increased freight and transport costs and port congestion. DB Schenker also appreciates that the covid-19 pandemic crisis can have a disproportionate impact on women, migrant workers, people of colour and other vulnerable workers. We are mindful that these mechanisms all act to place many more workers in the kinds of vulnerable conditions where they are pushed closer to, or into modern slavery.

Actions to Assess and Address Risks

DB Schenker Australia has continued to take action to assess and address the risks of modern slavery that we have identified within our operations and supply chains. We are aiming to continually improve in our approach over time.

Steering Committee and Working group

In 2020, after a modern slavery scoping exercise and numerous workshops, DB Schenker Australia committed to a high-level 3 year program to review its operations, supply chains and those of our suppliers for the prevalence of modern slavery. DB Schenker Australia established a Steering Committee made up of legal, HR, procurement, and senior leaders of the business. DB Schenker Australia also established a Working Group to:

- Identify legal and regulatory requirements to adhere to the MSA;
- Review subcontractors, suppliers, and agents, and to categorise them into different risk- types, as detailed further below.

Our Staff

Many of our employees work under an enterprise agreement approved by the Fair Work Commission, and others also have clear employment contracts which makes clear their various rights and protections and is consistent with the *Fair Work Act 2009* (Cth). This avoids any doubt regarding our employees' entitlements including leave, working hours, break times, wages, superannuation etc.

In 2020, DB Schenker Procurement and HR team entered a national tender for all blue collar and white collar, permanent and temporary contracts. Modern Slavery and labour compliance was a key metric in the tender approval process. Our new labour contracts have strong compliance provisions relating to labour standards and a prohibition on Modern Slavery and human rights breaches.

As above, we utilise recruitment companies on occasion primarily to assist us with increased demand. We provide extensive training equally to these agency workers as to all other workers.

Internal Policies and Procedures

At DB Schenker, we proudly adhere to the ethical business standards that our company has valued for over 150 years. We are committed to complying with international and national laws and delivering the highest level of ethical and legal standards in all that we do.

DB Schenker has implemented a holistic Compliance Management System for ensuring ethical conduct and for acting as a fair and reliable partner for our customers. Our *DB Code of Conduct* provides guidance and an internal framework for all DB employees and executives, across all business transactions and customer contacts.

Our Code of Conduct provides that the DB Group complies with the internationally recognised human rights and fundamental freedoms in accordance with the principles of the UN Global Compact, and that we help to protect and promote these rights and freedoms within our actions. The Code of Conduct states that we reject child labour and any form of forced labour. DB Schenker Australia understands that Modern Slavery includes only the most severe forms of exploitation. However, we also know that the existence of substandard workplace conditions can be a precursor of Modern Slavery. Our *Code of Conduct* also includes requirements and expectations of our staff in relation to Corporate Social Responsibility, Equal Opportunities, Cooperation, Occupational Health and Safety, Environmental Protection, Behaviour, Confidentiality, Conflicts of Interest, Invitations and Gifts, Corruption, Politics, Donations/Sponsoring, Competition and Cartel Laws, Reporting, Insider Trading, Data Protection and Money Laundering.

We understand that staff play a key role in our due diligence. In December 2019, DB Schenker Australia adopted a new version of its long-standing Whistle-blower policy. This Policy serves as a potential mechanism through which staff can report breaches of our *Code of Conduct* or modern slavery. The policy also included a strong marketing campaign during January 2020 and internal training for key stakeholders. Clause 5 of the policy includes a section on the Deutsche Bahn Business Keeper Monitoring system (“BKMS”). The system allows for anonymous reports to be disclosed in over 22 languages. The policy also permits telephone and written disclosures. This provides a voice to our staff and suppliers.

DB Schenker Australia has commenced training for key stakeholders (including middle managers and senior leaders) of the business. DB Schenker Australia accepts that the success of its Modern Slavery compliance and all of the policies and processes listed above will be largely dependent on a well-educated workforce

Supply Chain Mapping

Our Working Group has begun to map our supply chain utilising the following categories:

- Type 1 – Australian company, listed on the ASX;
- Type 2 – Australian company, not listed on the ASX, single director companies, suppliers with high risk category services or products (e.g. uniforms, cleaning, temps workers);
- Type 3 – International company, low risk on Global Slavery Index (“GSI”), category of services or products, geographical locations risk is low;
- Type 4 – International company, high risk on GSI, category of services or products, geographical location risk is high.

Audits

In our previous reporting period, DB Schenker Australia sent Modern Slavery questionnaires and compliance forms to all Type 2-4 DB Schenker Suppliers using the CENTRAL MSA360 electronic Modern Slavery platform. The audit found no significant risks of modern slavery. Learnings from this audit included a need for increased supplier participation, heightened accuracy of responses as well as highlighting technological constraints with the chosen compliance platform; all of which are to be addressed in future audit and compliance rounds. We endeavour to build upon these learnings and conduct further audits in future reporting periods.

Supplier Contracts

In our previous reporting period, as part of our ongoing reinforcement of the MSA and all it encompasses, a modern slavery clause was included in our standard terms of agreement used in our supplier approval process. This clause requires our suppliers to comply with all applicable anti-slavery and human trafficking laws, including the MSA and to maintain policies and procedures to ensure continuing compliance, and not to engage in any activity, practice or conduct that would constitute Modern Slavery.

DB Schenker’s Code of Conduct for Business Partners (COCBP)

All DB Schenker Australia suppliers must sign up to and abide by the COCBP. The COCBP requires our suppliers to carry out their business activities with integrity, to comply with the law, including human rights laws. We advise our suppliers that we have committed to compliance with the Ten Principles of the UN Global Compact. The COCBP requires our suppliers to respect commonly accepted human rights and to reject child labour and comply

with applicable laws on the prohibition of child labour, and to not tolerate any form of forced labour. Through DB Schenker Australia's COCBP, we ensure that all our suppliers live and share the same values.

COVID-19 Pandemic

Further to the above, we are aware that whilst restrictions around the pandemic have eased there are some continued vulnerabilities of our workforce and our suppliers' workforces to exploitation due to the pandemic. We have put protective systems in place to ensure our workers and the workers that interact with our operations are not put at any heightened risk. DB Schenker Australia continues to be compliant with all legislative mandates regarding vaccination and COVID-19 risk mitigation and as these laws change our business operations change to reflect the new dynamics.

Assessing the Effectiveness of Our Actions

DB Schenker Australia is committed to taking strong steps to ensure that our Modern Slavery policies, audit and assessment are effective at identifying and removing and Modern Slavery from our operations, supply chains and that of our suppliers. We acknowledge that risks in this space are fluid and require constant reassessment as the world around us and our supply chains and operations shift.

DB Schenker's Modern Slavery Steering Committee and Working group continue to meet on a regular basis and is tasked with:

1. Reporting and making recommendations on the roll-out of Modern Slavery policies and procedures;
2. Reporting on internal and external audits of supply chains, the type or scope and frequency of the audit;
3. Reports and makes recommendations to the board on new Moderns Slavery compliance measures.

To date, DB Schenker believes the success of its Modern Slavery policies and procedures roll-out has been largely as a result of a strong and committed global workforce (including members from Legal, Compliance, HR, and Procurement) working seamlessly in tandem to ensure its success.

Consultation

DB Schenker Australia does not own or control any other entities.

Other relevant information

DB Schenker Australia and the greater DB group is committed to transparent operations, supply chains, and suppliers. It is actively working together with its group partners, to rid/prevent Modern Slavery from occurring within its global operations, supply chains and suppliers. Schenker Limited (UK) has filed a Modern Slavery Statement in accordance with the United Kingdom Modern Slavery Act 2015.³

³ <https://www.dbschenker.com/resource/blob/533416/ac77d2d6612045ec1c07f306fef25312/msa-schenker-uk-v2-data.pdf>.

From Our Principal Governing Body

DB Schenker Australia makes this statement in accordance with section 13 of the *Modern Slavery Act 2018* (Cth). DB Schenker Australia's Board of Directors is the principal governing body under the MSA.

This modern slavery statement was considered and approved of by the Board of DB Schenker Australia.

Signature

Mark Rodgers – Director and Company Secretary