



# Mercedes-Benz Financial Services Australia

Modern Slavery Statement

30 June 2023

Mercedes-Benz  
Mobility



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# A message from the Managing Director

Modern Slavery and human rights violations remain a constant in an ever changing world. It is a problem that Mercedes-Benz Financial Services Australia, alongside the wider Mercedes-Benz Group, strictly oppose. We remain committed to observing all human rights obligations and the general objectives of the Australian Modern Slavery Act in all courses of business.

As a member of the Mercedes-Benz Group, Mercedes-Benz Financial Services Australia has locally incorporated and enacted global initiatives that have been implemented by our ultimate parent company, Mercedes-Benz AG (“Mercedes-Benz”).

The ongoing commitment to fundamental human rights is highly respected within our own business, as well as by our business partners and suppliers. Our standards and expectations with each of our suppliers are clearly defined and set out in our Integrity Code, Supplier Sustainability Standards, tender processes and supplier agreements. We are continually improving and developing best practices to identify, monitor, manage and report on Modern Slavery in our operations and supply chains.

This statement was approved by the Mercedes-Benz Financial Services Australia’s Board of Management on 29 June 2023 and has been made in accordance with the requirements of the Modern Slavery Act 2018 (Cth), which covers the financial year ending 31 December 2022.

A handwritten signature in black ink, appearing to be 'Ilka Fuerstenberger', written in a cursive style.

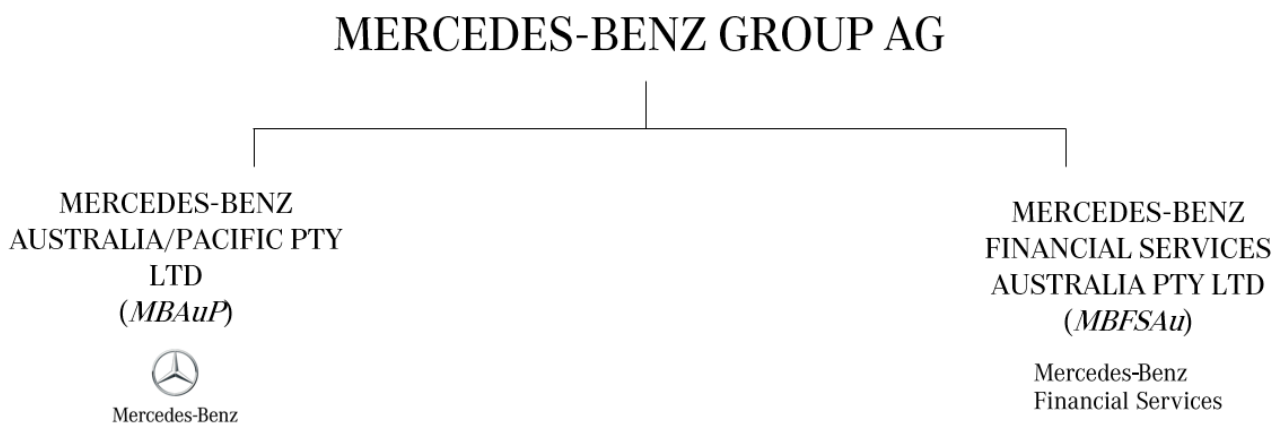
Ilka Fuerstenberger  
Managing Director & Chief Executive Officer  
Mercedes-Benz Financial Services Australia Pty Ltd

## Section 1

# Introduction

Mercedes-Benz Financial Services Australia Pty Ltd (“**MBFSAu**”) is pleased to provide our statement under the *Modern Slavery Act 2018* (Cth) (the “**Act**”) in recognition of the global concern about Modern Slavery in supply chains. This is the third Statement made under the Act and covers MBFSAu activities over the financial year ending 31 December 2022.

MBFSAu has been operating in the Australian market since 1996 and is responsible for providing a comprehensive range of automotive financial services. The products range from leasing and financing options for Retailers and the management of commercial fleets to insurance, banking services and innovative mobility services to Australian businesses and consumers.



## OVERVIEW OF STRUCTURE IN AUSTRALIA

MBFSAu also operates alongside Mercedes-Benz Australia Pacific (MBAuP). The ultimate parent company of both entities is Mercedes-Benz AG, and as such, both entities are part of the worldwide Mercedes-Benz Group. The Head Office of both MBFSAu and MBAuP is located in Mulgrave, Victoria, with MBFSAu employing 152 full time staff (as at 31 December 2022).

For the purposes of this statement, the term “**Modern Slavery**” is used to describe the most serious forms of exploitation and encapsulates, but is not limited to:

- **Child slavery** – includes child trafficking, child soldiers, child marriage and child domestic slavery. Child slavery is often confused with child labour. Whilst child labour is harmful for children and hinders their education and development, child slavery occurs when a child is exploited for someone else’s gain.
- **Debt bondage** – occurs when people borrow money they cannot repay and are required to work to pay off the debt. This causes people to lose control over the conditions of both their employment and the debt.
- **Descent-based slavery** – occurs when people are born into slavery because their ancestors were captured and enslaved and therefore they remain in slavery by virtue of descent.

- **Domestic servitude** – when employees work in private homes and are forced or coerced into serving and/or fraudulently convinced that they have no option to leave.
- **Forced and early marriage** – when someone is married against their will and cannot leave the marriage. Child marriages can be considered as a form of slavery.
- **Forced labour** – involves any work or services which people are forced to do against their will under the threat of some form of punishment.
- **Human trafficking** – involves transporting, recruiting or harbouring people for the purpose of exploitation; using violence, threats or coercion.
- **Sex trafficking** – involves people, including children, being forced into the commercial sex industry and held against their will by force, fraud or coercion.

Globally, it is Mercedes-Benz Group's goal to bring transparency to its supply chains. This presents a great challenge, as transparency cannot be achieved at the press of a button. For this reason, experts from various specialist departments at a global level, such as Procurement & Supplier Quality, Compliance and Corporate Responsibility, work closely to progress the topic from a variety of perspectives. This strategy, both globally and locally, puts Mercedes-Benz Group on a path towards ensuring respect for human rights in its supply chains.

This statement outlines the measures taken in 2022 to strengthen local policies and procedures to ensure we play our part in the detection and mitigation of Modern Slavery risks.

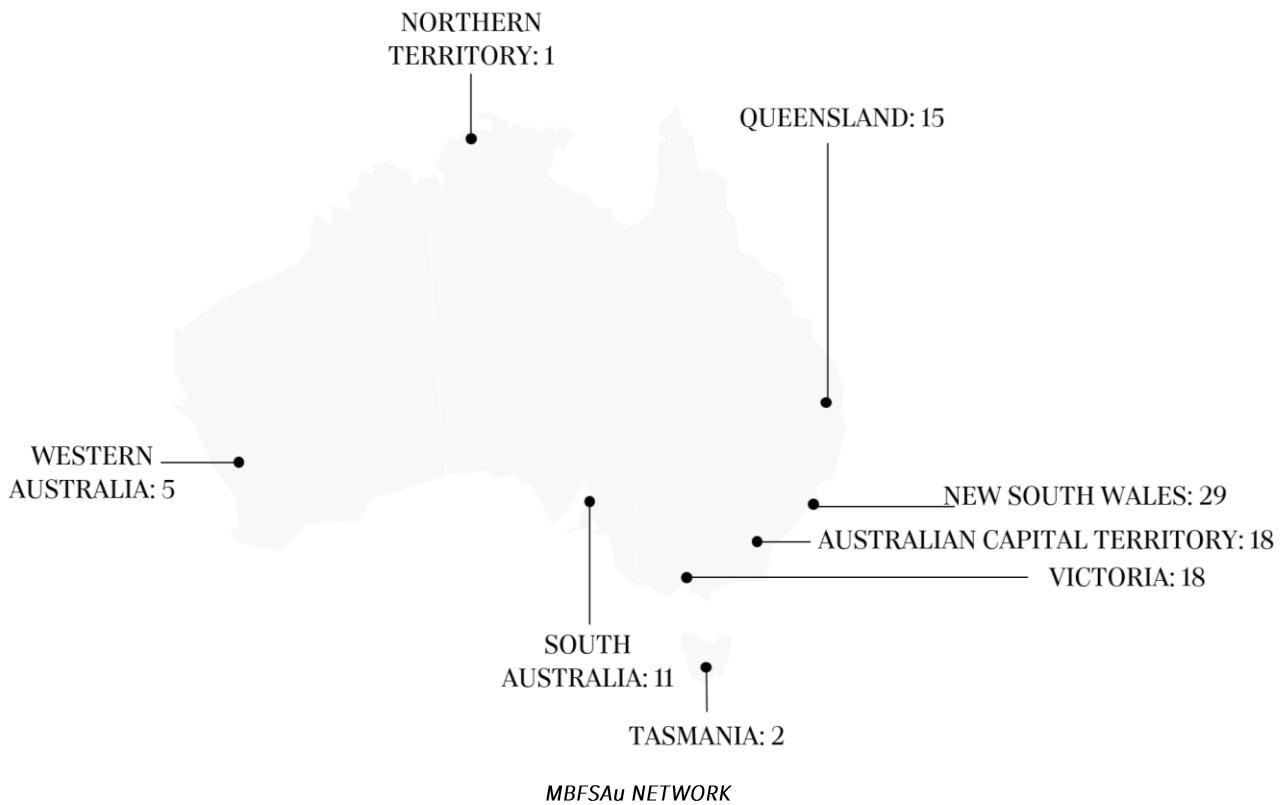
## Section 2

# Overview of supply chain

MBFSAu are committed to upholding respect for human rights, which is a central aspect of its sustainable business strategy. MBFSAu endeavours to ensure these fundamental rights are respected and that measures are implemented to address Modern Slavery both within its own business and throughout its supply chain.

The Mercedes-Benz Group are the importers, distributors and wholesalers of a range of component parts and vehicles, with MBAuP being the local distributor.

Tailor-made financial solutions are offered through MBFSAu including credit applications, protection products, payment estimators as well as leasing and financing options. These solutions are offered from the MBAuP Agent Network of over 150 Retailers throughout Australia, as well as via the Mercedes Me App.

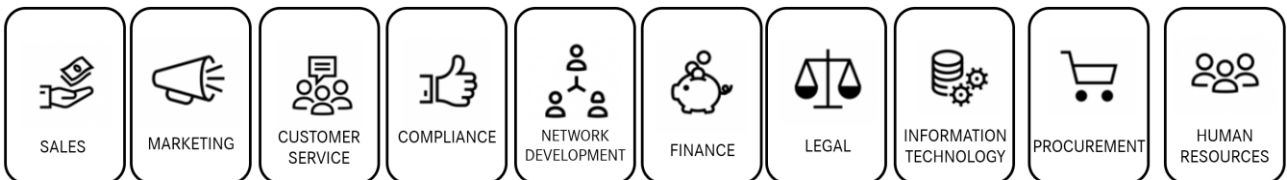


From an operations perspective, MBFSAu and MBAuP work collectively with suppliers for goods and services located both domestically and overseas.



## Overview of Operations

These suppliers play an essential role to MBFSAu’s internal operations as they help support the offering of financial solutions, which includes but are not limited to: government departments, settlement payment to retailers (Dealers and third party suppliers) and operating expenses vendors.



These goods and services are sourced through a policy-defined process. For internal purchasing requirements, every purchase begins as a Purchase Requisition raised and approved by the respective business unit’s Manager and Controller.

The Procurement department will undertake a sourcing process for Purchase Requisitions within their scope where a Purchase Order or Purchase Contract will be issued to the selected third-party supplier.

Meanwhile, for Purchase Requisitions outside Procurement’s scope, including small and special buys, the requesting business unit undertakes the sourcing process following the policy. Once the respective business unit’s Manager has reviewed this, a Purchase Order is issued to the selected third-party supplier.

## Section 3

# Identifying potential risks in our supply chains

MBFSAu have not identified any severe risk of Modern Slavery in its local supply chains thus far. Generally, there is a low risk in direct product lines, however, risks remain when procuring wider services such as clothing, food and electronics.

In order to fulfil the supply chain due diligence obligations, MBFSAu employs a diverse range of measures. These include supplier screenings, audits, risk-based due diligence analyses and qualification modules for suppliers of production materials.

Below is a snapshot of some potential risks MBFSAu consider may be associated to the supply chain:

Risk	Description
Raw materials	There are a range of raw materials that are used in our products, which can include steel, rubber, plastic and mica. Some of these materials have a heightened risk of Modern Slavery, such as child labour and debt bondage.
Lack of visibility	MBFSAu recognise a decreased visibility over contracted and subcontracted labour, and third party manufacturing, which increases the risk of Modern Slavery, such as forced labour. Following the COVID-19 pandemic, this risk is expected to have increased.
Labour exploitation	Although not direct risks, MBFSAu are aware of and recognise the risks of labour exploitation in various sectors we are associated with, such as the resources sector.

Locally, MBFSAu continually aims to identify potential risks of Modern Slavery within its immediate supply chain. As part of this process, all new suppliers, as well as continuing suppliers, are subject to MBFSAu's due diligence processes which include the following:

## *Integrity Checks*

As a part of the compulsory pre-screening process, MBFSAu conducts **integrity** checks on suppliers to ensure they are not listed on any international sanctions lists. Once approved, these active direct suppliers are also exposed to a routine portfolio check to ensure they are subject to continuous monitoring. If there are any concerns raised by the integrity check, these are escalated to the Local Compliance and Legal teams, and then to the Executive Committee, who will decide on a case by case basis, depending on mitigating factors, whether or not to engage with the prospective supplier.

## *Modern Slavery Supplier Questionnaire*

After completing our **Integrity** checks, but before entering into any new agreement to conduct business with a prospective supplier, the supplier must complete a Modern Slavery Supplier



Questionnaire (“**Questionnaire**”) as part of a compulsory pre-screening process to ensure all Modern Slavery risks are identified prior to engagement. In 2021, this questionnaire was integrated into the Vendor Creation Form to encourage completion by all prospective direct suppliers.

MBFSAu also requires its existing suppliers to complete the Questionnaire annually to ensure MBFSAu are continually able to identify and assess Modern Slavery risks. This includes at the time of renewing any agreement with existing suppliers, to ensure no new risks have developed within the existing supplier’s operations.

The Questionnaire assesses whether the supplier is aware of or has identified, assessed and addressed any risks of Modern Slavery within its supply chains. If a supplier indicates any risk of Modern Slavery within its supply chains, this is escalated to our Legal team, and then to our Executive Committee, who will decide on a case by case basis, depending on mitigating factors, whether or not to engage with the prospective supplier.

### **Questionnaire Response Analysis**

Many suppliers confirmed they had implemented ongoing measures to continuously identify, assess and address Modern Slavery. This included measures such as having policies in place related to human rights or Modern Slavery specifically, wider codes of conduct or compliance measures, ethical sourcing policies, due diligence processes, on-boarding and audit processes, contract requirements in standard templates, training, and other forms of risk assessments.

Suppliers of larger corporations with more extensive supply chains have dedicated procurement functions, ensuring their processes are legal, ethical, socially responsible and comply with all regulatory requirements. It was also found that suppliers did not only implement preventative measures to address external risks, but were also proactive to addressing internal risks.

For suppliers of smaller businesses and/or sole traders, it remained consistent that they were not subjected to the same risks as those that came with a larger amount of employees or extensive supply chains.

### **Global Risk Analysis**

At a global level, Mercedes-Benz Group has implemented processes to assist in identifying risks in its global supply chains. Mercedes-Benz Group published the Sustainability Report for 2022 (“**Report**”) in March 2023, outlining processes forming part of Mercedes-Benz Group’s risk management strategy, which have been locally adopted by MBFSAu.

As part of Mercedes-Benz Group’s general risk assessment, it was found that twenty four (24) critical raw materials presented potentially higher risks of Modern Slavery and required a more in-depth risk analysis. This comprehensive human rights assessment on raw materials is a longer term project, with the aim of completion by 2028.

Mercedes-Benz Group values human rights and have also implemented the following initiatives:

**1) Human Rights Respect System (“HRRS”)**

This allows for risk-based and systematic assessments of human rights in the Mercedes-Benz Group and its supply chains.


**2) Social Compliance Department**

This is the area set up specifically to lead the implementation of Mercedes-Benz Group's human rights due diligence approach for the Mercedes-Benz Group.

**3) Integrity Code**

This provides all Mercedes-Benz Group employees with information about human rights and raises general awareness of the corresponding risks.

Both locally and globally, there is a continual expansion and improvement to the due diligence processes to protect human rights, and ensure potential risks of Modern Slavery are identified within supply chains.



*“Our aim is to ensure that fundamental human rights are respected in our own business, as well as by our business partners and suppliers”*

Ilka Fuerstenberger  
MD & CEO  
Mercedes-Benz Financial Services Australia

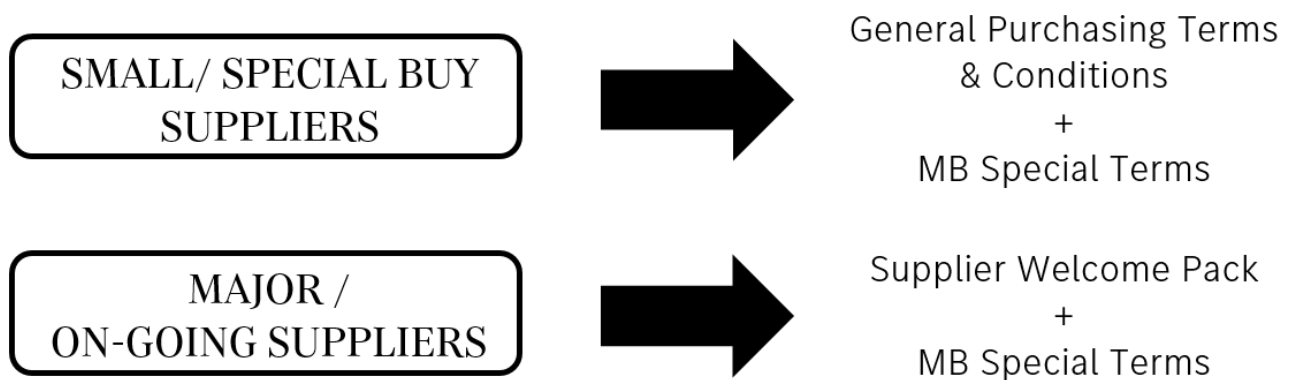
## Section 4

# Actions taken to assess and address identified risks

MBFSAu has implemented the following processes, policies and practices to assess and address any potential and identified Modern Slavery risks.

## Procurement

All new suppliers, as well as continuing suppliers, are subject to our due diligence process.



## Supplier Welcome Pack

After a supplier passes the compulsory Integrity check outlined in Section 3 of this statement, they are issued with a 'Supplier Welcome Pack'. This pack contains information regarding Mercedes-Benz Group's Integrity Code (further information below), the Mercedes-Benz Group Sustainability Standards and General Purchasing Terms and Conditions.

### Mercedes-Benz Sustainability Standards (MBSS)

The Mercedes-Benz Group expectations for sustainability management in the supply chain is outlined in the MBSS. The expectations are grounded in reliability, transparency, communication and sustainability. The purpose of the MBSS is to establish a common standard of performance, to educate and to encourage commitment to responsible business operations.

Based on its sustainability standards for suppliers and its Integrity Code, the Mercedes-Benz Group has also developed the Compliance Awareness Module. This publicly available training module helps suppliers to handle possible integrity and compliance-related risks in a responsible manner. All suppliers can access this module via the Supplier Portal at any time. In addition, the Mercedes-Benz Group points out to them the possibility of recommending the module to their own business partners in the supply chain.

The MBSS refers to international standards such as the United Nations Global Compact and the International Labour Organisation's International Labour Standards. Whenever the provision of

national or international laws, industry standards and the MBSS address the same subject, the stricter regulation applies.

## General Purchasing Terms and Conditions

Supplier engagement is generally governed by our General Purchasing Terms and Conditions.

This document contains a clause requiring the supplier not to engage in Modern Slavery and/or child and forced labour. At the time of publication of this statement, Suppliers are required to warrant that they:

1. Will **NOT ENGAGE IN MODERN SLAVERY** in performing the services;
2. **DO NOT PROCURE GOODS OR SERVICES** from organisations *that engage in, or are reasonably believed to engage in, Modern Slavery*;
3. Will *implement appropriate measures* to **CONTINUOUSLY IDENTIFY, ASSESS AND ADDRESS RISKS** of Modern Slavery in their supply chains; and
4. Will **PROMPTLY NOTIFY MBFSAu** if they become *aware of suspected or actual Modern Slavery* in their supply chains, in which case they will **TAKE ALL REASONABLE STEPS TO PROPERLY ASSESS AND ADDRESS** the actual or suspected Modern Slavery to our reasonable satisfaction; and
5. Will place **SIMILAR CONTRACTUAL OBLIGATIONS** on their own suppliers and subcontractors.

Similar warranties have also been included in our standard form supplier agreement and tender documentation as well as within process, to ensure that any new suppliers and relationships align with the MBSS.

## Mercedes-Benz Special Terms

Mercedes-Benz Group have introduced Mercedes-Benz Special Terms (“**MBST**”), which must be implemented by MBFSAu and form part of our contracts with our suppliers.

The MBST define the standards and criteria that Mercedes-Benz Group suppliers must meet, including the prohibition of child labour and forced labour. The supplier must certify that no exploitative child labour is or was involved in producing the products or services to be delivered to or used by the relevant Mercedes-Benz Group entity. The MBST further mandates that a supplier must not employ anyone against their will or force them to work, and that employees must be free to leave their employment with the supplier on provision of reasonable notice. The supplier must also forward the MBSS to its suppliers, placing similar contractual obligations on their own suppliers and subcontractors and further monitor and assess compliance in their own supply chain.

MBST provides MBFSAu with audit rights to confirm a supplier’s compliance with their Modern Slavery obligations.

The Supplier Welcome Pack and contractual clauses relating to Modern Slavery are continuously reviewed and updated to ensure they meet legal and regulatory requirements and to ensure the latest regulations and expectations of MBFSAu are reflected.

## Mercedes-Benz Group Policies & Training

### Mercedes-Benz Integrity Code

The Mercedes-Benz Integrity Code (“Code”) was enacted by Mercedes-Benz Group worldwide in November 2003.

The Code covers all laws and regulations related to our business as well as providing a guideline for corporate principles and behaviour. The Code includes guidelines on:

- respect for human rights;
- environmental protection;
- protection of personal data;
- maintaining appropriate relationships with government officials and suppliers;
- protection of company assets; and
- corporate social responsibility.

### Compliance Awareness Module

The Mercedes-Benz Group have developed the Compliance Awareness Module (‘Module’) based on the MBSS and Integrity Code. This web-based Module provides an overview to our partners of the integrity and compliance principles that guide the Mercedes-Benz Group, as well as outlining expectations of suppliers, including respect to human rights. This Module is available publicly and can be accessed by all suppliers on the Supplier Portal.

### Whistleblowing / Treatment of Violations Policy

The Mercedes-Benz Group Whistleblower System was established by Mercedes-Benz (previously Daimler) in 2006.

In addition, as mandated by section 1317AI of the *Corporations Act 2001* (Cth) (“**Corporations Act**”), MBFSAu has a policy outlining the protections that will be afforded to employees, directors and/or suppliers who report serious wrongdoing at MBFSAu in accordance with Part 9.4AAA of the Corporations Act.

The Whistleblowing Policy supports employees and third parties reporting concerns regarding unethical or illegal conduct, including any relation to Modern Slavery.

Employees may elect to report violations to their manager, or if they wish to remain anonymous, employees and external whistleblowers are able to report to our Business Practices Office in Stuttgart, Germany (“BPO”), via phone, email or an online portal.

After receipt of the report, the BPO conducts an initial risk-based assessment of the potential violation. For all high-risk reports to the BPO, an initial legal review of the report is carried out. If the review finds that the suspicions are substantiated, the case is assigned to the appropriate Mercedes-Benz investigative unit with specific orders to conduct an investigation into and report on the matter.

### All staff training on the Code and Treatment of Violations Policies

Every MBFSAu employee must complete a compulsory e-Learning module on the Code and Whistleblowing / Treatment of Violations Policy every year.

In addition, every MBFSAu employee must sign a confirmation that they will comply with the Code before commencing their employment.

### Specialised training for Procurement Team

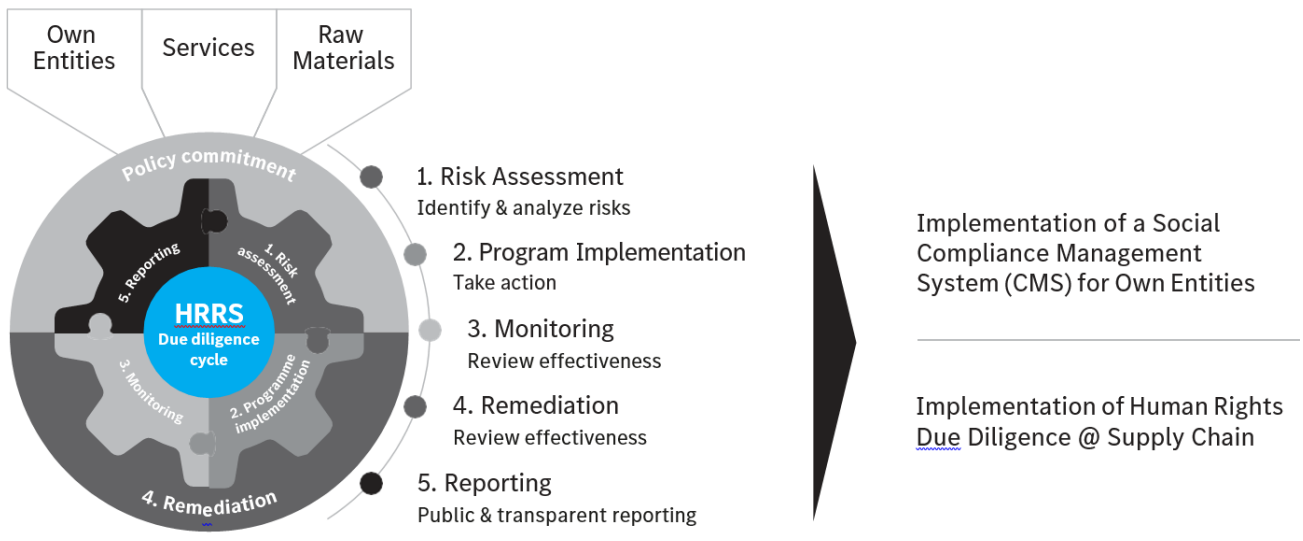
The ‘front-line’ nature of the work of our Procurement team makes them one of the most important layers of protection for MBFSAu in assessing the risk of Modern Slavery to the business. As such, it is recognised that there is a need to educate and empower the team to identify risks or instances of Modern Slavery and take the actions required to assess and/or escalate these findings appropriately.

The Mercedes-Benz Group assigns the mandatory Integrity & Compliance e-Learning Module to all employees within the International Procurement Services division every three years as well as upon joining the department. This Module outlines the unique integrity and compliance risks Procurement employees may face when working with business partners, including suppliers.

### The Mercedes-Benz HRRS

As mentioned in Section 3 above, Mercedes-Benz Group has developed a HRRS that helps the Mercedes-Benz Group identify and avoid systemic risks in our supply chains and potential negative consequences of our business activity on human rights.

The HRRS is based on the group-wide Compliance Management System. Mercedes-Benz conduct audits as part of this, through a risk based approach. It comprises four steps in order to make the highly complex issue of human rights easier to manage:



Section 5

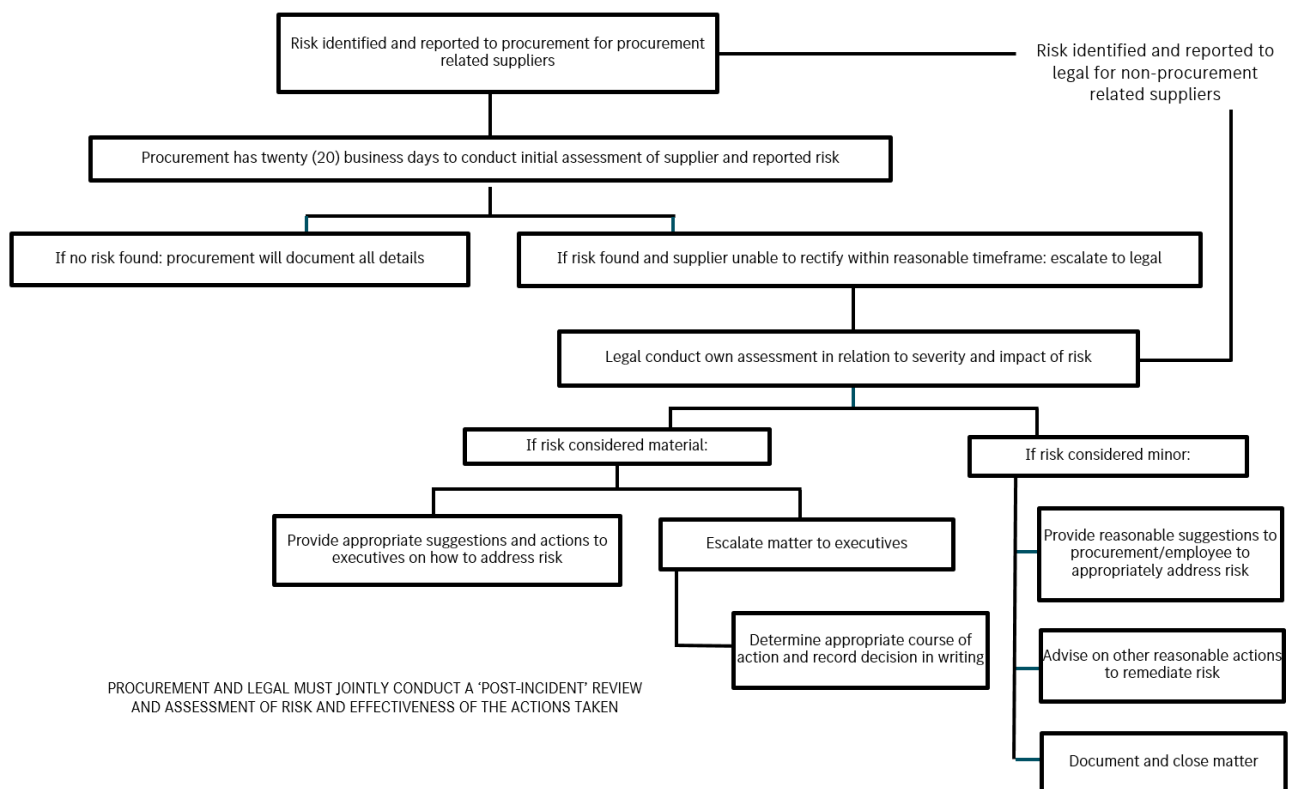
# How we assess the effectiveness of actions taken

While MBFSAu and the Mercedes-Benz Group are taking a multifaceted approach to mitigating the risks of Modern Slavery within the supply chains, there are currently no agreed units of measurement or international standards to effectively and credibly measure the efficacy of our approach.

## Modern Slavery Risk Reporting Process

Notwithstanding this challenge, MBFSAu has implemented a Modern Slavery Risk Reporting process and conducts active and ongoing reviews of every Questionnaire response received from a supplier, as outlined in Section 3 above.

MBFSAu is committed to investigating, assessing, and appropriately handling Modern Slavery risks within its business, including any infiltration through its supply chain. The Modern Slavery Risk Reporting Process has been developed to provide a uniform understanding on what constitutes a Modern Slavery risk and the process for reporting and handling such risks.





## Section 6

# Process of consultation with subsidiary entities in preparing the statement

MBFSAu consulted with representatives from the Mercedes-Benz Group, including MBAuP, in preparing this statement.

MBFSAu and the Mercedes-Benz Group recognise the need for a coordinated approach to addressing the risk of Modern Slavery in its distinct and shared work force and supply chains.



## Mercedes-Benz Mobility

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