

DAIMLER TRUCK

Financial Services



DTFSAU MODERN SLAVERY STATEMENT 2023

Date: 30 June 2024

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30 June 2024

A message from DTFSAu

Daimler Truck Financial Services Australia Pty Ltd ACN 651 056 825 (“**DTFSAu**”) is pleased to provide our first statement under the *Modern Slavery Act* 2018 (Cth) (“**Act**”) in recognition of the global concern about Modern Slavery in supply chains.

DTFSAu is part of the global Daimler Truck Group of Companies (“**Daimler Truck Group**”) and as part of this there are various local and global initiatives that have been implemented to assist in identifying, monitoring, managing and reporting Modern Slavery. DTFSAu and the Daimler Truck Group recognise that Modern Slavery cannot be eradicated immediately, but are committed to observing human rights obligations and the general objectives of the Act.

People first is one of our core convictions. We aim to ensure that fundamental human rights are respected in our own business as well as by our authorised dealerships and our suppliers.

This statement has been approved by the DTFSAu Board of Management being the principal governing body of DTFSAu.

A handwritten signature in blue ink, consisting of several loops and strokes, enclosed within a circular outline.

Craig Cubitt
Managing Director & CEO
Daimler Truck Financial Services Australia Pty Ltd

Section 1. Introduction

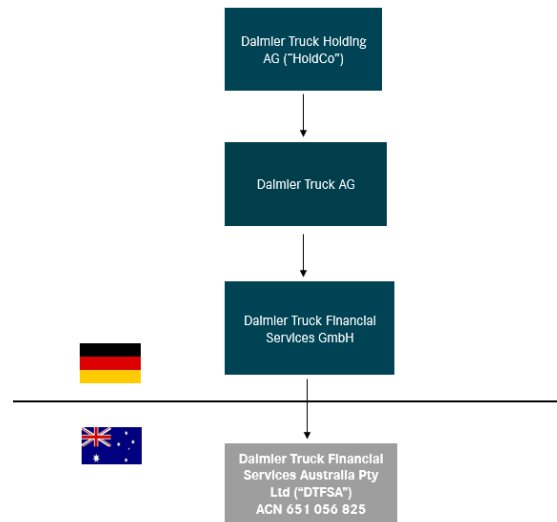
This Modern Slavery statement covers DTFSAu’s activities over the financial year from 1 January 2023 to 31 December 2023 and also outlines some of our priorities for the future. Previously, DTFSAu was not required to report as it did not meet the relevant threshold. It has been prepared to comply with the requirements of the Act in order to meet the mandatory criteria as outlined in the Australian Border Force publication *Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities*.

DTFSAu has been operating in the Australian market since December 2021 and DTFSAu was created as part of the global spin off of Daimler Truck from Daimler AG (since renamed Mercedes-Benz AG). DTFSAu is a commercial finance company and provides a range of commercial finance products primarily relating to commercial vehicles. Our customers include dealer/wholesale, corporate fleets and retail customers.

DTFSAu is part of the worldwide Daimler Truck Group, with its ultimate parent company being Daimler Truck Holding AG based in Leinfelden-Echterdingen, Germany and listed on the German stock exchange. Daimler Truck Australia Pacific Pty Ltd (**DTAuP**) is also located in Australia and is part of the worldwide Daimler Truck Group and issues its own separate Modern Slavery statement.

An overview of our corporate structure is available below. In relation to mandatory reporting criteria 6, we note that DTFSAu does not own or control any other entities other than DTFSAu.

OVERVIEW OF STRUCTURE



DTFSAu EMPLOYEE OVERVIEW IN AUSTRALIA

Location	Number of employees
Mulgrave Head Office	61 (As of 31.12.2023)

DEFINING MODERN SLAVERY

For the purposes of this statement the term “**Modern Slavery**” is used to describe the most serious forms of exploitation and encapsulates, including but 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 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.

As a result of Modern Slavery, there are an estimated...

49.6 MILLION PEOPLE enslaved **around the world**,
with 27.6 million people in forced labour.¹

In the 2022-23 financial year, the Australian Federal Police received ...

340 reports of modern slavery and human trafficking in Australia.
An increase of **46 reports** compared to the 2021/22 financial year.²

¹ Information sourced from <https://www.walkfree.org/projects/global-estimates-of-modern-slavery/> on 20 April 2024.

² Based on AFP report dated 8 December 2023, available at: <https://www.afp.gov.au/news-centre/media-release/human-trafficking-reports-continue-increase-australia>.

Globally, it is Daimler Truck's goal to bring transparency to its supply chains. This presents a great challenge, as transparency cannot be achieved automatically. For this reason, experts from various specialist departments at a global level, such as Procurement & Supplier Quality, Legal and Compliance (includes the Group Sustainability Management & Human Rights Compliance Department within the Legal & Compliance Unit), work closely together to progress the topic from a variety of perspectives. This strategy, both globally and locally, steers us in a positive direction with the aim of minimising human rights violations in our supply chains.

This statement outlines the measures we have taken in 2023 to strengthen our local policies and procedures to ensure we play our part in the detection and mitigation of Modern Slavery risks within our supply chains.

Section 2. Overview of Supply Chain

DTFSAu is committed to upholding respect for human rights. DTFSAu endeavours to ensure these fundamental rights are respected and measures are implemented to address Modern Slavery both within its own business and throughout its supply chain.

DTFSAu offers commercial financing and leasing solutions and ancillary solutions to commercial customers in Australia (dealer/wholesale, corporate fleet and retail customers). DTFSAu is a captive financier and uses an authorised dealership model whereby each authorised dealership must have at least one Daimler Truck franchise and relevant agreements are signed by our authorised dealerships.

DTFSAu sources goods and services from suppliers located both domestically and overseas. DTFSAu follows the Daimler Truck global procurement policy when sourcing goods and services.

These suppliers play an essential role to DTFSAu internal operations as they help support the relevant business units to deliver our product offering. Examples of some of the suppliers we use (but not limited to) include: information technology providers, marketing agencies, mercantile agents, credit reporting agencies, government departments etc.

OVERVIEW OF OPERATIONS - DTFSAU BUSINESS UNITS



Section 3. Identifying Potential Risks in Our Supply Chains

DTFSAu have not identified any severe risk of Modern Slavery in our local supply chains. Generally, there is a low risk in relation to our direct products offered (given that DTFSAu is a commercial finance company and offer various commercial financing, leasing and ancillary solutions). However, there could be risks in relation to procurement/use of wider services such as clothing, food, and electronics. Generally, DTFSAu does not engage in a large scale of procurement and most of its suppliers are longer standing who we have ongoing relationships and agreements with.

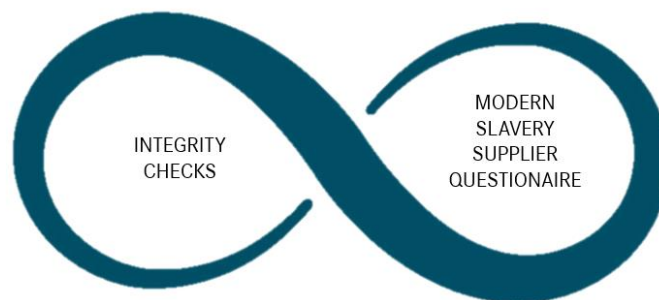
Below is a snapshot of some potential risks we consider may be associated to our broader supply chain:

Risk	Description
Raw materials	Range of raw materials for example in relation to clothing which may have a heightened risk of Modern Slavery, such as child labour and debt bondage.
Lack of visibility	We recognise we have decreased visibility over contracted and subcontracted labour and third party manufacturing, which increases the risk of Modern Slavery, such as forced labour.
Labour exploitation	Although not direct risks, we are aware and recognise the risks of labour exploitation in various sectors e.g. clothing sector.

Locally, DTFSAu continually aims to identify potential risks of Modern Slavery within its immediate supply chain. As part of this process, DTFSAu’s suppliers go through various due diligence processes, outlined below:

Check Against Sanctions check (CAS check) on Suppliers

As a part of our compulsory pre-screening process, DTFSAu conducts a check on suppliers to ensure they not listed on any international sanctions lists. If there are any concerns raised by the integrity check, these are escalated to our Legal and Compliance team, who will decide on a case-by-case basis in conjunction with Senior Management and/or our Internal Controls Committee, depending on mitigating factors, whether or not to engage with the prospective supplier.



Annual Modern Slavery Supplier Questionnaire

DTFSAu requests its active suppliers to complete the Questionnaire annually to ensure DTFSAu are continually able to identify and assess potential Modern Slavery risks within its supply chain.

The Questionnaire asks a variety of questions including whether the supplier is required to submit a Modern Slavery Statement, whether the supplier is aware of any general or specific modern slavery risks in its operations or supply chains and any actions taken to address such risks. All responses are reviewed by the Legal team. If needed the Legal team can escalate any supplier responses for discussion with the Local

Compliance Officer and/or the Internal Controls Committee for consideration of next steps e.g. whether further questions should be raised with the supplier, further steps taken or whether engagement with the supplier can continue.

In 2023, DTFSAu sent a questionnaire to a total of 279 active suppliers. There were a total of 25 responses which were reviewed by the Legal team. There were no substantive concerns arising and there was no need for further escalation from the Legal team. Suppliers shared some of the measures they have in place, for example using only Australian suppliers, contractual compliance clauses, training; supplier codes of conduct and supplier vetting processes, active monitoring or auditing of supply chains where needed etc.

DTFSAu also sent a supplier questionnaire in 2022 and will issue its annual questionnaire again in 2024.

Internal Controls Committee

DTFSAu's Internal Controls Committee is the relevant body that looks at a wide variety of risk, governance and compliance topics and includes all of DTFSAu Executive Committee (which includes all directors of DTFSAu), the Local Compliance Officer for DTFSAu as well as various members of management. Modern Slavery will form a formal standing item in the regular meetings starting from Q2 2024, although compliance, governance and risk topics have been a part of this meeting prior to this date.

Other initiatives

Globally, the Daimler Truck Group values and is committed to human rights protection. Below are a number of initiatives that have been implemented across the Daimler Truck Group:

(1) Human Rights Compliance Management System (HRCMS)

This allows for risk-based and systematic assessments of human rights risks in the Daimler Truck Group and its supply chains and is based on requirements from internationally recognised standards, e.g. UN Guiding Principles. This is an annual process and was completed for DTFSAu in 2023. Please see <https://www.daimlertruck.com/en/sustainability/social/human-rights-compliance-management-system> for further information.

(2) Human Rights Compliance Training

This training was sent to all active employees of the administration of Daimler Truck AG and controlled Daimler Truck Group companies in the areas of Purchasing, HR, Communication, and Legal & Compliance (e.g. Legal & Compliance Officers (LCOs)), and the CEOs of the local entities. The training provides information about human rights in general, the possible risks for human rights violations, and the relevance of human rights at Daimler Truck. This online training is sent to the target employee group every three (3) years and is mandatory to complete within sixty (60) days of receipt.

(3) Compliance Awareness modules

- *DTFSAu staff* - Web-based compulsory modules are issued to DTFSAu staff as part of annual training requirements and aim to develop awareness about various compliance relevant topics such as data compliance, fair competition and consumer protection, and anti-bribery, fraud and corruption prevention.
- *Authorised dealerships* - Web-based compulsory modules are issued by DTFSAu to authorised business managers at dealerships as part of initial onboarding and then annual training/accreditation requirements and aim to develop awareness about various compliance relevant topics such as data compliance, fair competition and consumer protection, and anti-bribery, fraud and corruption prevention. In addition, there is another web-based module available for dealerships on similar topics issued by the Daimler Truck Group.
- *Suppliers* - the Daimler Truck Group also made a Compliance Awareness module available to its Suppliers. In August 2023 (see also section 4 below), DTFSAu sent an update to all its active suppliers with the latest version of the Daimler Truck Business Partner Standards which includes the link to the Compliance Awareness module.

(4) Sustainability Management & Human Rights Compliance Department (part of the Legal and Compliance Unit)

This department is responsible for the development and steering of the Human Rights Compliance Management System (HRCMS). It is also responsible for providing legal advice on human rights issues within the Daimler Truck Group and works closely with departments that are responsible for the operational implementation of human rights due diligence within the Daimler Truck Group - in particular human resources and purchasing.

(5) Code of Conduct

The Code of Conduct expresses Daimler Truck Group's commitment to human rights. In addition, it provides all Daimler Truck Group employees with information about human rights and raises general awareness of the corresponding risks. The Code of Conduct is available to view at: <https://www.daimlertruck.com/en/company/compliance/daimler-truck-code-of-conduct>.

(6) Declaration of Principles on Social Responsibility and Human Rights at Daimler Truck (**Declaration of Principles**)

Daimler Truck Group's General Works Council, World Employee Committee and IndustriALL Global Union have agreed on the Declaration of Principles, available to view at: <https://www.daimlertruck.com/en/sustainability/s-social/human-rights/declaration-of-principles>. It describes the approach and processes taken to respect and support human rights at Daimler Truck Group. The Declaration of Principles supplements the commitment to human rights in the Daimler Truck Code of Conduct and forms the basis for how we realize our social responsibility.

(7) UN Global Compact Membership

Daimler Truck Group continues to participate in the United Nations (UN) Global Compact and are committed to the UN Guiding Principles for Business and Human Rights. We place particular importance on the International Bill of Human Rights as well as the core labour standards of the International Labor Organization (ILO).

(8) Agreements with our Suppliers and Authorised dealerships with key compliance obligations

DTFSAu has relevant Modern Slavery and human rights compliance relevant clauses in its supplier agreements (outlined in more detail in section 4). In terms of DTFSAu's authorised dealerships, relevant compliance contractual clauses are also present in our agreements with our authorised dealers.

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

Section 4. Actions taken to Assess and Address Potential and Identified Risks

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

PROCUREMENT

DTFSAu has locally enacted the Daimler Truck Group global procurement policy which DTFSAu follows for its local purchasing activities from Suppliers. Different categories of purchases are defined under the policy with different requirements that the purchasing department must adhere to e.g. the requirement to get a number of supplier quotes for certain types of purchases. After going through the policy defined procurement process and after a supplier passes the CAS check mentioned in Section 3 above, they are issued with relevant materials as follows:

- Ongoing suppliers to DTFSAu are issued with a Supplier Agreement and in addition generally receive Purchase Orders for the relevant engagements under the Supplier Agreement. Each Purchase Order is also subject to our General Purchasing Terms and Conditions (including the Daimler Truck Business Partner Standards).
- One off or ad hoc suppliers to DTFSAu are issued with a Purchase Order for relevant engagements. Each Purchase Order is subject to our General Purchasing Terms and Conditions (including the Daimler Truck Business Partner Standards).
- In August 2023, DTFSAu sent an update to all its active suppliers with the latest version of the Daimler Truck Business Partner Standards.

These materials are continuously reviewed and updated to ensure they meet local legal requirements and also Daimler Truck Group compliance requirements which are communicated by the Daimler Truck Group to DTFSAu from time to time. More information on the Modern Slavery relevant protections in these materials are detailed below.

Ongoing suppliers – Supplier Agreement

Ongoing suppliers are generally on an ongoing Supplier Agreement. Most of our ongoing suppliers would generally be on a Supplier Agreement on our December 2021 version which contains important clauses requiring a supplier not to engage in Modern Slavery and/or child and forced labour and a warranty from the Supplier 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 US** 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.

The Supplier Agreement also contains an ability for DTFSAu to audit the Supplier's compliance with the Supplier Agreement.

As mentioned, the Supplier Agreement document used for Suppliers is updated from time to time as required. The current version is the June 2023 version which was updated with further Daimler Truck Group compliance

requirements on suppliers in terms of compliance with laws including in relation to human rights. Suppliers that fall due for renewal will also sign up to the to the June 2023 updates.

General Purchasing Terms and Conditions

Suppliers are generally issued with purchase orders by DTFSAu for each purchase with standard Terms and Conditions that apply to the purchase. Our General Purchasing Terms and Conditions are also made available on our website and are updated from time to time as required (the current version is the April 2024 version and the previous version is the March 2023 version). Our website contains a link to our current version ([general-purchasing-terms-and-conditions—dtaup-and-dtfs-apr24—copy.pdf \(daimlertruck.com.au\)](https://www.daimlertruck.com/fileadmin/user_upload/dokumente/unternehmen/compliance/daimler-truck-business-partner-standards-april-2022.pdf)).

The General Purchasing Terms and Conditions contain a similar clause to the Supplier Agreement mentioned above requiring the supplier not to engage in Modern Slavery and/or child and forced labour along with the relevant warranties referred to above for our ongoing Supplier Agreements. In addition, DTFSAu has the ability to audit the Supplier's records in relation to the agreement.

Daimler Truck Business Partner Standards and Daimler Truck Special Terms

The General Purchasing Terms and Conditions incorporate the Daimler Truck Business Partner Standards (available at https://www.daimlertruck.com/fileadmin/user_upload/dokumente/unternehmen/compliance/daimler-truck-business-partner-standards-april-2022.pdf) and the Daimler Truck Special Terms which our Suppliers must also adhere to.

These standards/terms define the standards and criteria that suppliers must meet, including the prohibition of child labour and forced labour. Suppliers are required to share these requirements with their own employees, suppliers and subcontractors and ensure compliance with these requirements.

DTFSAu is also provided with audit rights to confirm a supplier's compliance with their Modern Slavery obligations.

DAIMLER TRUCK GROUP POLICIES & TRAINING

Daimler Truck Code of Conduct

The Code of Conduct ("**Code**") was adopted by the Daimler Truck Group following the spin off referred to earlier. Most recently, the Code was updated in April 2024 and is available to view at https://www.daimlertruck.com/fileadmin/user_upload/documents/company/compliance/Daimler-Truck-Code-of-Conduct-english.pdf.

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.

Whistleblowing Policy

The Whistleblower System was established by Daimler AG in 2006 and adopted by the Daimler Truck Group from December 2021 following the spin off mentioned earlier.

In addition, as mandated by section 1317A1 of the *Corporations Act 2001* (Cth) ("**Corporations Act**"), DTFSAu has a policy outlining the protections that will be afforded to employees, directors and/or suppliers who report serious wrongdoing at DTFSAu 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 in relation to Modern Slavery.

Employees may elect to report violations to their manager or HR, or if they wish to remain anonymous, employees and external whistleblowers are able to report to via phone, email or online utilising the SpeakUp whistleblowing platform (“SpeakUp”).

After receipt of the report, the Speak Up team conducts an initial risk-based assessment of the potential violation. For all high-risk reports to SpeakUp, 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 Daimler Truck investigative unit with specific orders to conduct an investigation into and report on the matter.

All staff training on the Code

Every DTFSAu employee must complete a compulsory e-Learning module on the Code (which includes a Human Rights chapter) once every three (3) years. In addition, every DTFSAu employee must sign a confirmation that they will comply with the Code before commencing their employment.

New starter training on Modern Slavery

Every new DTFSAu employee is scheduled into an induction day which includes a section to alert them of Modern Slavery more broadly and the Modern Slavery Reporting Process that can also be found on the internal social intranet site.

INTERNAL CONTROLS COMMITTEE

DTFSAu’s Internal Controls Committee is the relevant body that looks at a wide variety of risk, governance and compliance topics and includes all of DTFSAu Executive Committee (which includes all directors of DTFSAu), the Local Compliance Officer for DTFSAu as well as various members of management. Modern Slavery will form a formal standing item in the regular meetings starting from Q2 2024, although compliance, governance and risk topics have been a part of this meeting prior to this date.

Section 5. How we assess the effectiveness of those actions taken

DTFSAu and the Daimler Truck Group take a multifaceted approach to mitigating the risks of Modern Slavery within our supply chains. Some of the ways we assess the effectiveness of those actions are outlined below.

HRCMS effectiveness testing of measures

Part of the HRCMS involves effectiveness testing of the human rights measures assigned to entities within the Daimler Truck Group. This effectiveness testing is completed annually across the Daimler Truck Group as part of the HRCMS. In 2023, DTFSAu was marked as fully implemented for its assigned measures.

Additional Modern Slavery Risk Reporting at a local level

Outside of the HRCMS process, if we are notified of a risk ad hoc or via the reviews of questionnaire responses received, these would be escalated for discussion in the first instance between the DTFSAu General Counsel (Legal team) and the DTFSAu Local Compliance Officer. Where needed, the matter will then be further escalated to DTFSAu's Internal Controls Committee. So far, no risks have been reported.

Section 6. Our priorities for the future

Some of DTFSAu's priorities for the future include the following:

- looking at our internal staff, dealer, and supplier training for potential improvements/enhancements
- regular discussion on Modern Slavery management within our Internal Controls Committee
- looking at our current supplier onboarding and lifecycle management processes for potential improvements/enhancements
- issuing our annual supplier questionnaire to identify and assess Modern Slavery risks
- completing the annual HRCMS for DTFSAu
- reviewing other captive financier Modern Slavery statements on the public register from a continuous learning perspective
- reviewing and implementing further or updated Daimler Truck Group global initiatives
- monitoring any potential legislative next steps following the Modern Slavery Act 3 year review.

These priorities and their status will be discussed on a quarterly basis in our Internal Controls Committee meetings.