

# DAIMLER TRUCK

Australia Pacific



MODERN SLAVERY STATEMENT

(2022)

# CONTENTS

- Section 1. Introduction..... 3
- Section 2. Overview of Supply Chain ..... 5
- Section 3. Identifying Potential Risks in Our Supply Chains ..... 7
- Section 4. Actions taken to Assess and Address Identified Risks ..... 11
- Section 5. How we assess the effectiveness of those actions taken..... 16
- Section 6. Process of consultation with subsidiary entities in preparing the statement ..... 17
- Section 7. Our strategy for the future ..... 17

## A message from the CEO

Daimler Truck Australia Pacific Pty Ltd (“**DTAuP**”) is pleased to provide our second annual statement under the *Modern Slavery Act 2018* (Cth) (“**Act**”) in recognition of the global concern about Modern Slavery in supply chains.

DTAuP is part of the wider Daimler Truck Group of companies (“**Daimler Truck Group**”); and as part of this DTAuP has locally incorporated and enacted global initiatives that have been implemented by our ultimate parent company, Daimler Truck Holding AG (“**Daimler Truck**”). DTAuP and the wider Daimler Truck Group of companies recognise that Modern Slavery cannot be eradicated immediately, but are committed to observing human rights obligations and the general objectives of the Act. People are at the core of our business. Our aim is to ensure that their fundamental human rights are respected in our own business, as well as by our business partners and suppliers. To assist us to uphold these values, we set out our standards and expectations with each of our suppliers, including in our Code of Conduct, Business Partner Standards, purchase order terms, tender processes and supplier agreements.

DTAuP is committed to continually improving and developing best practices in identifying, monitoring, managing and reporting on Modern Slavery in our operations and supply chains.

This statement was approved by DTAuP’s Board of Management on 30 May 2023.



Daniel Whitehead  
Chief Executive Officer and Director  
Daimler Truck Australia Pacific Pty Ltd

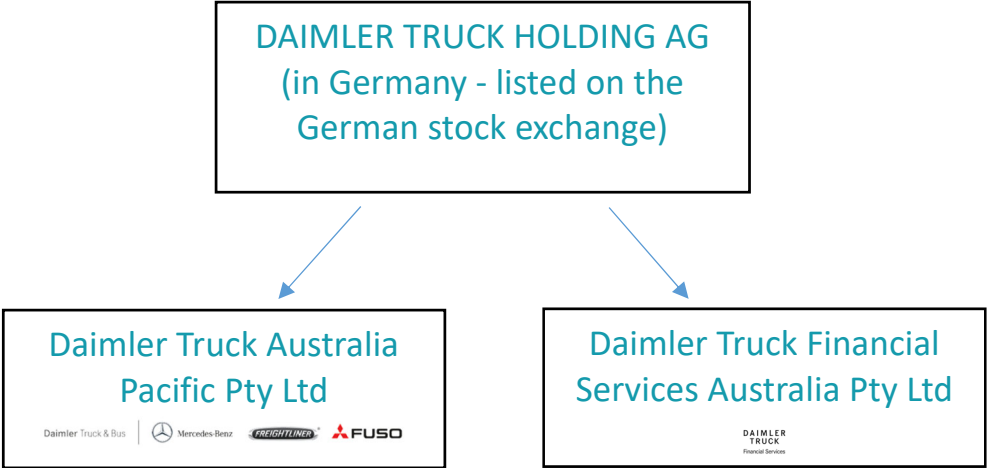
# Section 1. Introduction

This Modern Slavery statement is made pursuant to the *Act* and covers DTAuP activities over the financial year 1 January 2022 to 31 December 2022. 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*.

DTAuP has a rich history in the Australian market dating back to the 1970's, and has been operating under the current legal entity since 1 October 2017, following a corporate restructure in Australia. The company is responsible for importing, distributing and wholesaling component parts and vehicles from Mercedes-Benz, Freightliner and Fuso brands to Australian businesses and consumers. It is further responsible for importing, distributing and wholesaling component parts and vehicles from Mercedes-Benz and Freightliner brands to New Zealand businesses and consumers. In 2022, DTAuP changed its name from 'Daimler Truck and Bus Australia Pacific' to 'Daimler Truck Australia Pacific'.

Locally, DTAuP also operates alongside Daimler Truck Financial Services Australia Pty Ltd ("**DTFSAu**"). The ultimate parent company of both entities is Daimler Truck based in Stuttgart, Germany, and as such, the entities are part of the worldwide Daimler Truck Group.

### OVERVIEW OF STRUCTURE IN AUSTRALIA



Daimler Truck has been operating as an independent company since 1 December 2021, dedicated to trucks and buses, and was listed on the German stock exchange on 10 December 2021. Prior to this, the commercial vehicle (trucks and buses) business and the passenger cars and vans business operated under one parent company, Daimler AG. In Australia this corporate restructure has meant DTAuP is no longer in the same group of companies as its previously reported related entities, Mercedes-Benz Australia/Pacific Pty Ltd and Mercedes-Benz Financial Services Australia Pty Ltd.

## DTAuP EMPLOYEE OVERVIEW IN AUSTRALIA

Location	Number of employees
Mulgrave Head Office	185
SelecTrucks (used vehicle business)	6
NSW Regional Office	20
Brisbane Regional Office	7
Port Kembla Technical Services (NSW)	1

### 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.

According to the latest Global Estimates of Modern Slavery in 2022 from Walk Free, the International Labour Organization and the International Organization for Migration...

**49.6 MILLION PEOPLE** live in Modern Slavery **around the world**, with roughly a quarter of these victims being children.. and around 22 million of these victims being in forced marriages..

In the 2021-22 financial year, the Australian Federal Police received **294 reports** of modern slavery and human trafficking, **an increase from 224 in the previous financial year.**

**The Covid-19 pandemic only exacerbated the conditions that lead to modern slavery.**

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, Compliance and Corporate Responsibility, work very closely together to progress the topic from a variety of perspectives. This strategy, both globally and locally, puts us on an excellent path towards ensuring respect for human rights in our supply chains.

This statement outlines the measures we have taken in 2022 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**

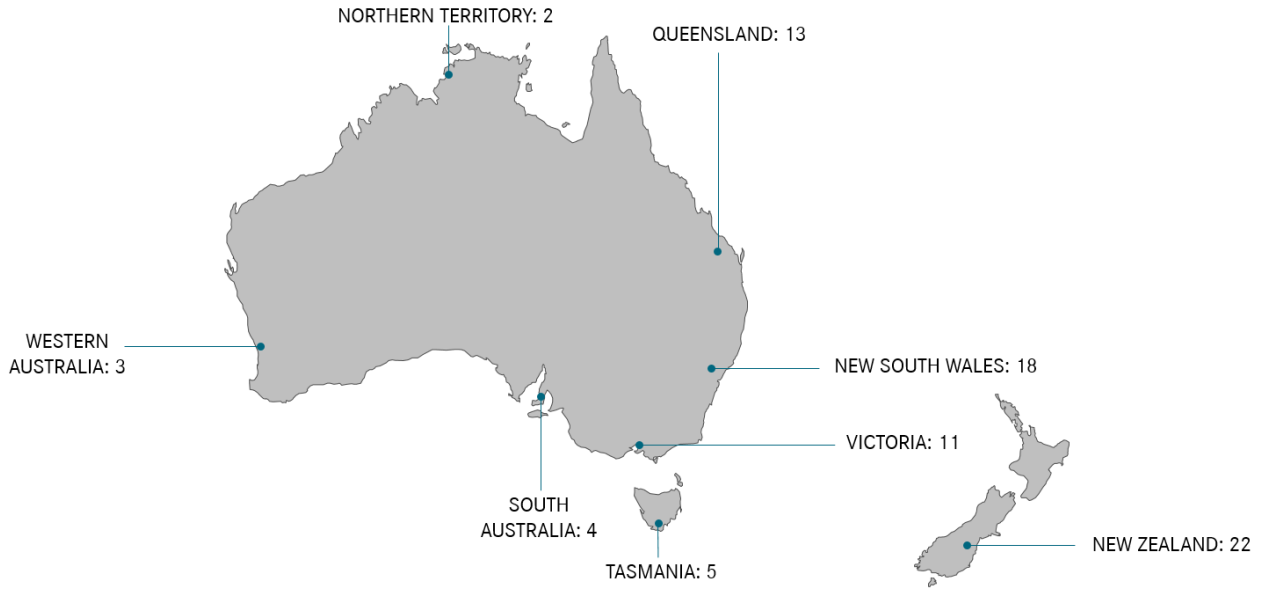
DTAuP are committed to upholding respect for human rights, which is a central aspect of its sustainable business strategy. DTAuP endeavours to ensure these fundamental rights are respected and measures are implemented to address Modern Slavery both within its own business and throughout its supply chain.

The Daimler Truck Group are the importers, distributors and wholesalers of a range of component parts and vehicles.

Mercedes-Benz, Freightliner and Fuso commercial vehicles, as well as Mercedes-Benz and Fuso buses are distributed through DTAuP. These component parts and vehicles are sourced from three key suppliers' who are part of the Daimler Truck Group: Daimler Truck, Daimler Trucks North America LLC ("**DTNA**") based in the United States of America, and Mitsubishi Fuso Truck and Bus Corporation ("**MFTBC**") based in Japan.

These vehicles and parts are distributed to both DTAuP's warehouse in Laverton, as well as the 56 dealerships across Australia and 22 dealerships in New Zealand.

## DTAuP DEALERSHIP NETWORK



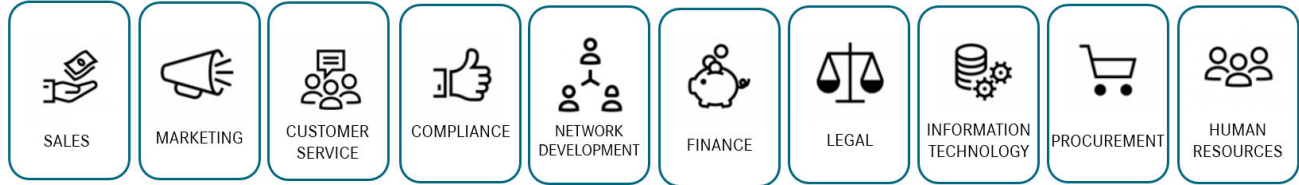
From an operations perspective, locally DTAuP work collectively with suppliers for goods and services located both domestically and overseas.

## WORLDWIDE SUPPLY PARTNERS



## OVERVIEW OF OPERATIONS

These suppliers play an essential role to DTAuP’s internal operations as they help support business units, which include but are not limited to: marketing and information technology, government departments, settlement payment dealers (dealers and third party suppliers) and operating expenses vendors.



These goods and services are sourced through a policy-defined process, where third party suppliers are issued purchase orders typically after a sourcing process.

### Section 3. Identifying Potential Risks in Our Supply Chains

DTAuP have not identified any severe risk of Modern Slavery in our local supply chains thus far. Generally, there is a low risk in our direct product line, however, we consider there to be risks when procuring wider services such as clothing, food, vehicle parts and electronics.

The COVID-19 pandemic had significant impact on DTAuP’s supply chain with disruption and delays continuing well into the year of 2022. The international and local lockdowns, restrictions and border closures that had been implemented by governments globally, restricted the movement of employees and goods. This in turn would have increased the potential risks of Modern Slavery in the global Daimler Truck supply chain, especially due to the increased vulnerability of workers, fear of loss of income, and increased demand and subsequent overtime caused by supply chain shortages. At a local level, DTAuP is conscious of such risks, however, at times have a much smaller impact on the global supply chain.

Below is a snapshot of some potential risks we consider may be associated to our broader 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	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 we are associated with, such as the resources and mining sector.

Locally, DTAuP 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 DTAuP's due diligence processes which include the following:



#### Integrity Checks

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

#### Vendor Creation Form

As part of the final step of setting up a supplier in DTAuP's systems for payment, the supplier is required to complete the Vendor Creation Form. This form has been updated to include the Modern Slavery Questionnaire so each new supplier is automatically assessed for any Modern Slavery risks. This assists in identifying any concerns at the earliest stage prior to receiving any products or services.

#### 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. The Questionnaire has now been embedded into the Vendor Creation Form so that it can capture all new suppliers being established in our internal systems for payment.

DTAuP also requires its existing suppliers to complete the Questionnaire annually to ensure DTAuP 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 Board

of Management, who will decide on a case by case basis, depending on mitigating factors, whether or not to engage with the prospective supplier.

In 2022, DTAuP sent out a total of 1,497 questionnaires to local suppliers, of which approximately 177 questionnaires bounced back.

Of the responses received, 30 suppliers provided a URL link to their own Modern Slavery statement for the previous financial year and overall, 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 code of conducts or compliance measures, ethical sourcing policies, review of raw materials sourcing, setting up working groups solely for assessing modern slavery risks, visiting their supplier factories, due diligence processes, on-boarding and audit processes, contract requirements in standard templates, annual compliance training, annual reviews, and other forms of risk assessments. Suppliers of larger corporations with more extensive supply chains had dedicated procurement functions, ensuring their processes are legal, ethical, socially responsible and comply with all regulatory requirements.

We only had a handful of suppliers that responded saying they may have potential risks of Modern Slavery in their supply chain, however, these were only in reference to low risks which were actively being assessed or in consideration for suppliers being utilised in higher risk countries. The majority of suppliers we received responses from were not aware of any specific risks, but had general awareness of Modern Slavery and recognised risks of indirect exposure to Modern Slavery. For most of our suppliers, it was consistent that their general Modern Slavery risks lied indirectly within their supply chains. For our suppliers of smaller businesses and/or sole traders, it was consistent that they were not subjected to the same risks as those that came with a larger amount of employees or extensive supply chains. Interestingly however, there were 3 suppliers that responded specifically stating that they have not taken any action to address Modern Slavery in their supply chains, nor have they investigated it, however, these were deemed as low risk to the business. Some responses from suppliers were also left incomplete which made it difficult to assess further.

#### Modern Slavery Committee

In April 2022, DTAuP set up a brand new committee with members from across the business, including from the three brands, procurement, and legal, who were each nominated by DTAuP's board of management. The committee was created as an internal initiative to operate as an ongoing project committed to upholding human rights. The purpose of this taskforce is not to eradicate Modern Slavery, but more to work together as a group to implement further actions in relation to identifying, assessing and addressing Modern Slavery.

Globally, Daimler Truck values and is committed to human rights protection. It has implemented the following initiatives across the Daimler Truck Group:

#### (1) Human Rights Compliance Management System ("HRCMS")

This allows for risk-based and systematic assessments of human rights in the Daimler Truck Group and its supply chains, and is based on requirements from internationally recognised standards, e.g. UN Guiding Principles.

(2) Human Rights Compliance Training

This training was sent to all employees across the Daimler Truck Group, and it provides information about human rights in general, the possible risks for human rights violations, and the relevance of human rights at Daimler Truck.

(3) Compliance Awareness Module for Sales Business Partners and Suppliers

This web-based module was created to explain how Daimler Truck anchors compliance with its partners in everyday business and included, among other things, topics such as data compliance, fair competition and corruption prevention.

Although not initiatives carried out in this reporting period, it is important to note Daimler Truck's continuing support of the following:

(4) Social Compliance and Sustainability Departments

These areas are set up specifically to lead the implementation of Daimler Truck's human rights due diligence approach for the Daimler Truck Group.

(5) Code of Conduct

This provides all Daimler Truck Group employees with information about human rights and raises general awareness of the corresponding risks.

(6) Principles of Social Responsibility and Human Rights ("**Principles**")

The Principles were originally developed by Daimler AG under the previous corporate structure, however, Daimler Truck continues to support the position, which ultimately outlines Daimler Truck's holistic approach to the protection of human rights.

(7) Formal commitment to the UN Guiding Principles on Business and Human Rights and the German Government's National Action Plan for Business and Human Rights

This commitment guides the overall actions of Daimler Truck, including wherever appropriate, striving to work together with various associations, organizations, and competitors to promote the responsible procurement of raw materials.

(8) Business Partner Standards and Special Terms

These standards define the requirements for our business partners to respect and uphold internationally recognised human rights. For example through this it is ensured there is no forced or compulsory labour performed and that none of our business partners profit from modern slavery.

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

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

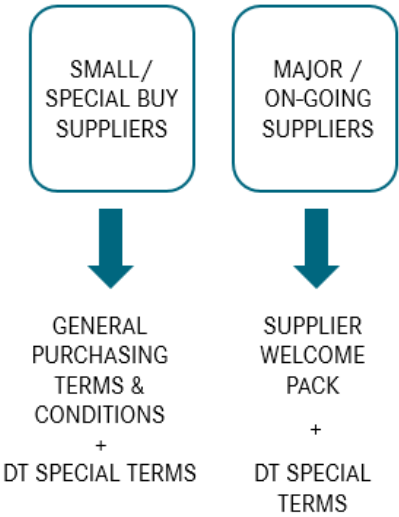
DTAuP has implemented the following processes, policies and practices to assess and address any potential and identified Modern Slavery risks.

### NEW MODERN SLAVERY COMMITTEE

As mentioned in Section 3 above, DTAuP set up a brand new committee to implement further actions in relation to not only identifying, but assessing and addressing Modern Slavery. This committee will be able to collectively manage modern slavery risks that are identified, and further collaborate to find ways to reduce DTAuP’s exposure to modern slavery risks.

### PROCUREMENT

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



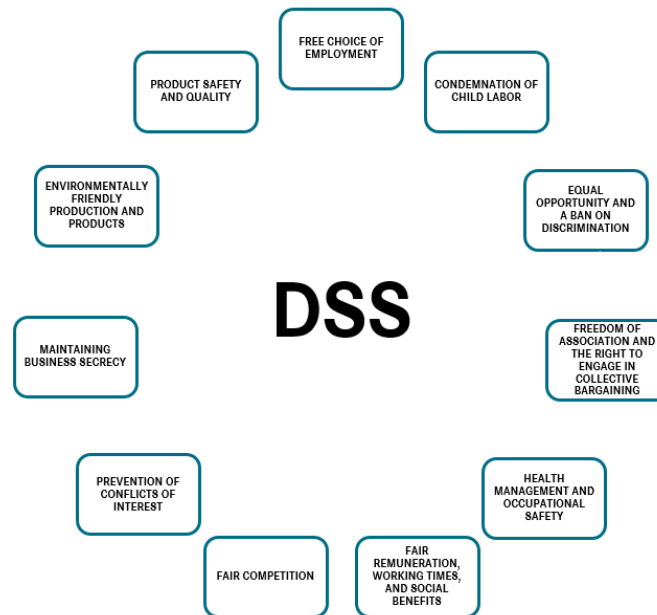
#### Supplier Welcome Pack

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 the Daimler Truck Group’s Code of Conduct (further information below), the Daimler Truck Sustainability Standards and our General Purchasing Terms and Conditions.

#### *Daimler Truck’s Sustainability Standards (DSS)*

Daimler Truck’s expectations for sustainability management in the supply chain is outlined in the DSS, adopted originally from Daimler AG. The expectations are grounded in reliability, transparency, communication and sustainability. The purpose of the DSS is to establish a common standard of performance, to educate and to encourage commitment to responsible business operations.

The DSS sets standards and clearly describes our expectations with regard to:



Our suppliers must ensure that the DSS is observed by all their subcontractors and suppliers. We rely on direct suppliers to communicate and actively promote the DSS through their entire supply chain.

The DSS 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 DSS 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 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.

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

–

The Supplier Welcome Pack and our 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 DTAuP are reflected.

### Daimler Truck Special Terms (“DTST”)

Daimler Truck has enshrined the DTST into regular practice across the Daimler Truck Group, whereby they must be implemented by DTAuP and form part of our contracts with our suppliers. The DTST define the standards and criteria that Daimler Truck’s 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 Daimler Truck entity. The DTST 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 DSS to its suppliers, placing similar contractual obligations on their own suppliers and subcontractors and further monitor and assess compliance in their own supply chain.

DTST provides DTAuP 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 enacted by Daimler AG worldwide in November 2003 and adopted by Daimler Truck from December 2021 following the global restructure of companies.

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 / Treatment of Violations Policy

The Whistleblower System was established by Daimler AG in 2006 and adopted by Daimler Truck from December 2021 following the global restructure of companies.

In addition, as mandated by section 1317A1 of the *Corporations Act 2001* (Cth) (“**Corporations Act**”), DTAuP has a policy outlining the protections that will be afforded to employees, directors and/or suppliers who report serious wrongdoing at DTAuP 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 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 Daimler 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 DTAuP employee must complete a compulsory e-Learning module on the Code and Whistleblowing / Treatment of Violations Policy once every two years.

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

#### New starter training on Modern Slavery

Every new DTAuP and 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.

#### 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 DTAuP in assessing the risk of Modern Slavery to our business. As such, we recognise the need to educate and empower our team to identify risks or instances of Modern Slavery and take the actions required to assess and/or escalate these findings appropriately.

We provided our Procurement team with an inaugural tailored training on Modern Slavery risk identification and due diligence processes in 2020. The training covered the following:

- an **OVERVIEW OF MODERN SLAVERY** and the forms this can take;
- the **NEW LEGISLATION** and **MANDATORY REPORTING CRITERIA** in Australia;
- a snapshot of our **CORE MANUFACTURER PARENT COMPANY INITIATIVES** in Germany, North America and Japan;
- GENERAL UPDATES** to **internal documents** and **supplier terms**; and
- the **ESCALATION PROCESS** if any Modern Slavery risks are **identified**

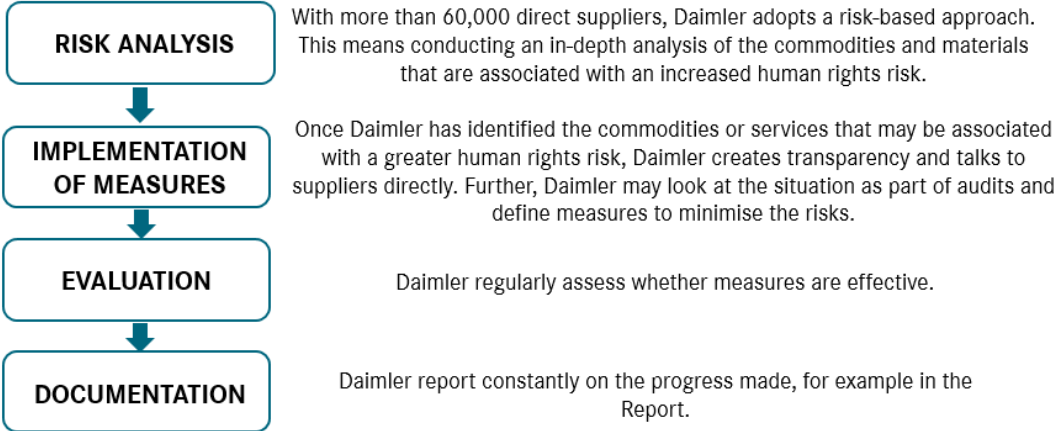
General training for top executives of DTAuP

Outside of the procurement team, DTAuP also saw the need for the executive management team and senior managers of DTAUP to be aware of the risks of Modern Slavery to our business. Accordingly, another training was rolled out in 2021 to educate and empower the group to identify risks or instances of Modern Slavery and take the actions required to assess and/or escalate these findings appropriately. It was then those senior employees' responsibility to ensure their teams also were aware of Modern Slavery risks and the reporting process that has been implemented which applies to all employees.

The Daimler Truck HRCMS

As mentioned in Section 3 above, the HRCMS that helps the Daimler Truck Group identify and avoid systemic risks in our supply chains and potential negative consequences of our business activity on human rights.

The HRCMS is based on our group-wide Compliance Management System. Daimler Truck 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 those actions taken

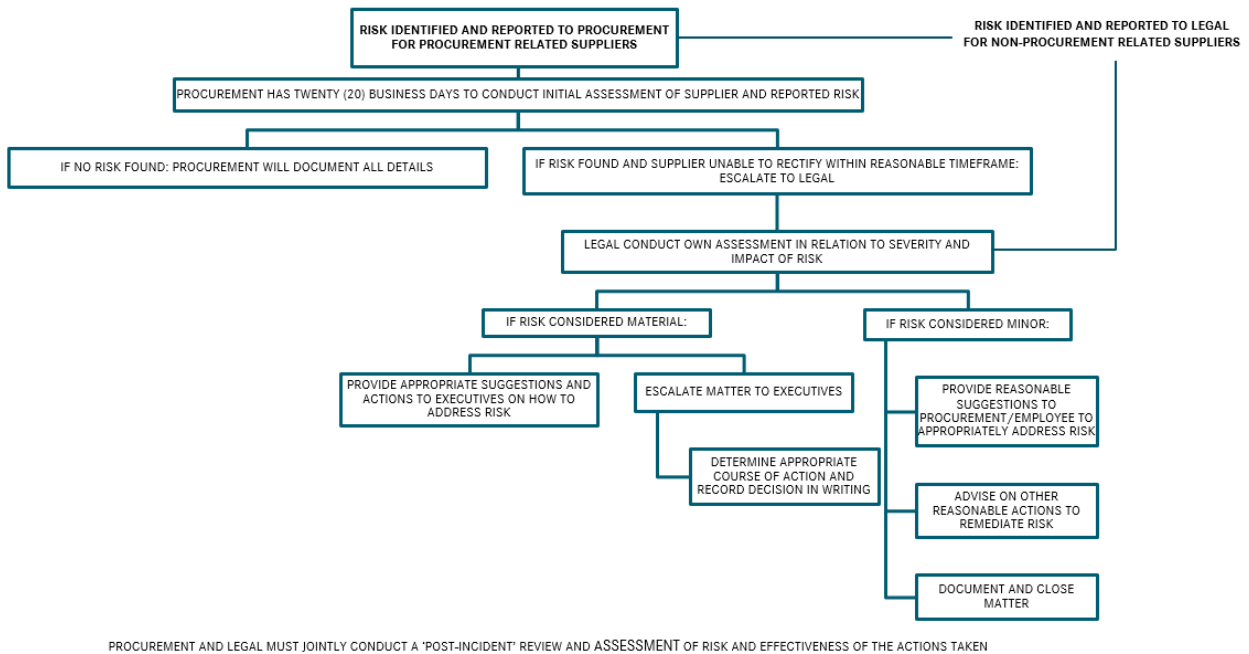
While DTAuP and the Daimler Truck Group are taking a multifaceted approach to mitigating the risks of Modern Slavery within our supply chains, there are currently no agreed units of measurement or international standards to effectively and credibly measure the efficacy of our approach.

### Modern Slavery Risk Reporting Process

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

DTAuP is committed to investigating, assessing, and appropriately handling Modern Slavery risks within its business, including any infiltration through its supply chain. Our 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.

At a high level, the process is as follows:



## **Section 6. Process of consultation with subsidiary entities in preparing the statement**

DTAuP consulted with representatives from the Daimler Truck Group in preparing this statement.

DTAuP and the Daimler Truck 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.

## **Section 7. Our strategy for the future**

At the time of drafting this Statement, DTAuP's priorities for the 2022 reporting period include the following initiatives (some of which are continuing initiatives from this reporting period):

- further engagement of the internal Modern Slavery Committee in developing new initiatives to manage modern slavery risks across the business;
- raising further awareness by providing an overview of modern slavery to all new starter employees as part of induction training delivered by the legal team quarterly;
- ongoing monitoring of internal policies and procedures to manage modern slavery risks; and
- continuing to send supplier questionnaires to identify and assess modern slavery risks.