

Modern Slavery Statement for financial year ending 31st December 2020



Schenker Australia Pty Ltd
www.dbschenker.com.au

Introduction

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”);³

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

DB Schenker, 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. Through DB Schenker’s Code of Conduct for Business Partners (COC BP), we ensure that all our suppliers live and share the same values.

Structure, operations and supply chains

DB Schenker in Australia is represented by Schenker Australia Pty Ltd, an Australian proprietary limited company with no subsidiaries or controlled entities. It is a wholly owned subsidiary of Schenker AG (a German government owned entity), and part of the Deutsche Bahn Group (DB Group). The company is registered at 72-80 Bourke Road Alexandria NSW 2015, Australia. This Statement has been published in accordance with the Modern Slavery Act 2018 (Cth) (MSA or Act). It identifies the steps Schenker Australia Pty Ltd and the DB group are required to take for year ending 31 December 2020 (F20).

DB Schenker’s business includes the distribution by air, ocean and land, and logistics services and services in specialist areas such as fairs, exhibitions, and projects. Our Australian head office is based in Sydney and this Statement applies to all Australian operations and global supply chains.

Schenker’s supply chains comprise the provision of goods and services for the delivery and operation of logistics services. This includes utilising suppliers, subcontractors and agents. We procure our goods and services from a rigorously selected group of predominantly Australian domestic suppliers. We do not simply buy goods or services solely based on cost.

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

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

³ s 4 Modern slavery Act 2018 (Cth).

Australian Business Overview

We are a significant established Australian operation

- 1,300 employees
- Offices in every capital city
- Established in 1962
- Full end to end supply chain including:
 - Air and Ocean Freight Management
 - Clearance and cartage
 - Warehouse Management
 - Domestic Transport Management
 - Sensitive Freight Services
 - Project and Event Logistics
 - Reverse Logistics




A Global Business

DB Schenker is a Global Network Business. Our size provides economies of scale and is supported by 73,000 committed spirits.

- We have a broad global customer base
- We specialise in industry verticals with SMEs at your service
 - Electronics
 - Consumer and Retail
 - Industrial
 - Aerospace
 - Health



A Significant Freight Forwarder

We operate in more than 700 locations around the globe

- We have more than 700 locations worldwide
- We are ranked # 3 globally in Air and Ocean
- We are ranked # 1 in Land transport



Strong Contract Logistics Heritage

Our size delivers committed space and long term agreements. Our size provides flexibility with land based services

- Globally we are the 5th biggest warehouse provider
- In APAC we have more than 484 CL locations in 20 countries
- And we have over 300,000m² undercover storage in ANZ

Warehousing

We complete a variety of warehouse services., including

- Multi user sites
- Dedicated sites
- In house services



Solutions

We integrate our warehouse offer by adding procurement logistics, distribution logistics, VMI, reverse logistics, LLP and ecommerce

- Our solutions are integrated with



Value added Services

Our value added services set us apart from the competition

- We complete
- Merge in Transit
 - Inventory Management
 - Re-packing
 - Re-labelling
 - Fulfilment management



- We continue to develop, to build a strong foundation with our customers.

| | Number of Facilities | Total SQM | Planned Expansion |
|--------------|----------------------|----------------|-------------------|
| Sydney | 8 | 158,000 | 30,000+ |
| Melbourne | 5 | 81,500 | 35,000+ |
| Brisbane | 2 | 40,500 | 6,000 |
| Adelaide | 1 | 2,500 | |
| Perth | 1 | 14,000 | 5,000 |
| Canberra | 1 | 600 | |
| Auckland | 2 | 5,000 | 3,000 |
| Christchurch | 1 | 3,500 | 1,500 |
| Total | 21 | 305,600 | |




Risks of modern slavery practices in the operations and supply chains

Considering the services provided, the large geographical locations in which these services are provided, and the fact that Modern Slavery can occur in any sector or industry, DB Schenker recognises the risk of encountering Modern Slavery in our operations and supply chains.⁴

Operations

DB Schenker acknowledges that some of its global operations carry exposure to risk, including sourcing labour, subcontractors and agents in geographical locations with limited and inadequate protections against Modern Slavery. While DB Schenker in Australia is part of the global network of freight forwarders and logistic providers, a vast majority of its domestic suppliers are Australian based, limiting the geographical risk of encountering Modern Slavery.

Considering the strong labour policies and procedures in place, the audit results from its labour providers, DB Schenker assessed its operations as having nil or low chance of encountering Modern Slavery.

Supply Chain

While DB Schenker puts all suppliers through a robust due diligence process, it identified the supplier/subcontractor relationship as a possibility for encountering Modern Slavery practices. With the strict requirement that all DB Schenker suppliers, subcontractors and agents agree to abide by our COC BP, strong Modern Slavery clauses in our contracts, and a commitment to review, assess our Supply chains for Modern Slavery on a continuous basis; DB Schenker hopes and is committed to not only removing any form of Modern Slavery from its operations and supply chains but also that of our business partners.

Impacts of Covid-19 on DB Schenker's Operations and Supply chain

In the first half of 2020, the number of ships called from China was down 12.3 per cent compared with the first half of 2019. However, the number of ships returned to normal levels in the second quarter.⁵ The industry experienced a sharp decline in airfreight as nations closed borders and introduced strict compliance requirements. From June 2019 to June 2020, international passenger services were down 98 per cent to 65,000 passengers carried, with international air freight volumes experiencing a decrease of 23 per cent over the same period.⁶

⁴ Commonwealth Modern slavery Act 2018 Guidance for Reporting Entities, p40.

⁵ <https://www.lloydslistintelligence.com/services/data-and-analytics/data-services>.

⁶ <https://www.freightaustralia.gov.au/annual-report/the-year-that-was/covid-19-impacts-on-freight>.



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DB Schenker appreciates that the covid-19 pandemic crisis can have a disproportionate impact on women, migrant workers, people of colour and other vulnerable workers.⁷ DB Schenker is committed to engaging its workforce with better and clear policies, expert training for key managers on how to identify and resolve any Modern slavery, poor labour policies or human rights abuses.

Actions taken to assess and address risks, including due diligence and remediation processes

Steering Committee and Working group

In 2020, After a modern slavery scoping exercise and numerous workshops, DB Schenker committed to a high-level 3 years program to review its operations, supply chains and those of our suppliers for the prevalence of Modern Slavery. DB Schenker established a Steering Committee made up of legal, HR, Procurement, and senior leaders of the business. DB Schenker also established a working group to:

- Identify legal and regulatory requirements to adhere to the MSA;
- Review subcontractors, suppliers, and agents, and to categories them into different Tiers;
 - Tier 1 – Australian company, listed on the ASX.
 - Tier 2 – Australian company, not listed on the ASX, single director company's, suppliers with high risk category services or products (e.g. uniforms, cleaning, temps workers).
 - Tier 3 – International company, low risk on Global Slavery Index (“GSI”), category of services or products, geographical locations risk is low.
 - Tier 4 – International company, high risk on GSI, category of services or products, geographical location risk is high.

2020 Audit; Outcomes and learnings.

In December 2020, DB Schenker sent Modern Slavery questionnaires and compliance forms to all Tier 2-4 DB Schenker Suppliers using the CENTRL MSA360 electronic Modern Slavery platform. The audit found no significant risk 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.

Labour Contracts

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.

Supplier Contracts

Further, in 2020, as part of our ongoing reinforcement of the MSA and all it encompasses, a 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, not to engage in any activity, practice or conduct that would constitute Modern Slavery.

DB Schenker’s Code of Conduct for Business Partners

Furthermore, all DB Schenker suppliers must sign up to and abide by the COC BP. The COC BP requires its suppliers to carry out their business activities with integrity, to comply with the law, including human right law and the core labour. On page 2, it specifically prohibits DB Schenker suppliers from using or tolerating, in any form whatsoever, slave labour, forced or indentured labour, bondage, human trafficking or involuntary labour. They ensure that employees are not subject to inhuman or degrading treatment, corporal punishment etc. (ILO Conventions 29 and 105).

⁷ <https://www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-counteracting-the-regressive-effects#>.



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Whistle-blower Policy

On December 2019, DB Schenker adopted a new version of its long standing Whistle-blower policy. 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 for our staff and suppliers.

If we find that a supplier is non-compliant with our policies or contractual requirements relating to anti-slavery or provides inadequate information, we will, depending on the circumstances, either terminate the arrangement without delay, or work with the relevant supplier to improve their performance. BKMS and the other methods of reporting anonymously greatly assist DB Schenker to monitor its operations, including those of its suppliers, on a continuously fair and equitable manner.

How we assess the effectiveness of such actions

DB Schenker is committed to taking strong steps to ensure that our Modern Slavery policies, audit, and assessment are effective at identifying and removing Modern Slavery from our operations, supply chains and that of our suppliers.

DB Schenker’s Modern Slavery Steering Committee and Working group 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 tier or scope and frequency of the audit;
3. Reports and makes recommendations to the board on new Modern Slavery compliance measures.

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

Process of consultation with any of the reporting entities or controlled entities

N/A – this process is not applicable to DB Schenker.

Include any other information that the reporting considers relevant

What is the DB Group doing?

DB Schenker 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 its global operations, supply chains and suppliers. To assist with this effort, Deutsche Bahn and the following group members have filed Modern Slavery Statements:

- [Deutsche Bahn Group](#);
- [DB Cargo \(UK\) Limited](#);



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- Schenker limited.⁸

Next reporting Period

In 2021-22, DB Schenker is committed to:

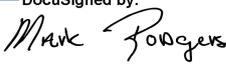
1. Expanding relevant internal and external stakeholders in our Modern Slavery Steering Committee and Working Group;
2. Engaging expert external counsel to assist with the review of our operations, supply chains with an emphasis on our high-risk geographical locations, global suppliers and their supply chains;
3. Settle on a compatible electronic platform that periodically distributes Modern Slavery questionnaires, records and assesses the results, and supports with any required mitigation; and
4. Adopting a mitigation and reporting procedures for when Modern Slavery is detected in its operations, supply chains or its suppliers' supply chains.

Board endorsement

This Statement is made on behalf of Schenker Australia Pty Ltd. It has been reviewed and approved by its board of directors, on 30 June 2021.

Mark Rodgers

Company Secretary – Schenker Australia Pty Ltd

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⁸ these entities are not controlled by Schenker Australia Pty Ltd.

1) Appendix

Please see below mandatory reporting requirements pursuant to s 16 of the MSA and relevant page numbers:

| Mandatory criteria for modern slavery statements | Schenker Australia Pty Ltd Statement | DB Schenker code of conduct for Business Partners |
|---|---|--|
| Identify the reporting entity | See page 1 | N/A |
| Describe the structure, operations and supply chains of the reporting entity | See page 2-3 | N/A |
| Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls | See page 4 | See Page 2 |
| Describe the actions taken by the reporting entity and any entity that the reporting owns or controls, to assess and address those risks, including due diligence and remediation processes | See page 4-5 | See page 1-2 |
| Describe how the reporting entity assess the effectiveness of such actions | See page 6 | N/A |
| Describe the process of consultation with any of the reporting entities or controlled entities | N/A | N/A |
| Include any other information that the reporting considers relevant | See page 6 | N/A |



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