

MODERN SLAVERY STATEMENT

PENSKE AUSTRALIA JOINT STATEMENT FOR FINANCIAL YEAR 2022





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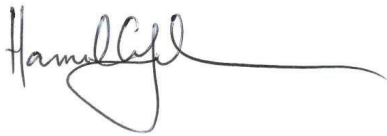
MANAGING DIRECTOR'S FOREWORD

At Penske we are committed to upholding human rights and creating, as well as sustaining, an environment where our employees, customers, and business partners are treated with respect, equality, and fairness. In recognition of this and in accordance with our obligations under the *Modern Slavery Act 2018* (Cth), Penske Transportation Group International Pty Ltd is pleased to be publishing its third Modern Slavery Statement.

Penske is consistently working to ensure modern slavery does not occur within our operations or in our supply chain. Penske remains committed to identifying opportunities to refine our procedures and processes to gain further visibility of and minimise risks of modern slavery in our complex supply chain.

Penske supports the intent of the UN Guiding Principles on Business and Human Rights as well as related international conventions, treaties, and protocols. We are committed to protecting our organisation and workers from risks of modern slavery or human trafficking.

This Joint Modern Slavery Statement is approved by the Board of Penske Transportation Group International Pty Ltd ACN 164 850 355 on behalf of the reporting entities.



Hamish Christie-Johnston
Managing Director
June 2023

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REPORTING ENTITY

This Modern Slavery Statement is made by Penske Transportation Group International Pty Ltd ACN 164 850 355 (PTGI) for the reporting period 1 January 2022 to 31 December 2022 for the purposes of the *Modern Slavery Act* (Cth) 2018 (Act).

This statement covers the following entities (together referred to as Penske):

- Penske Transportation Group International Pty Ltd ACN 164 850 355
- Penske Australia Pty Ltd ACN 073 690 990

Penske Australia Pty Ltd (PAU) is the sole operating entity within Australia. The Board of PAU comprises of two Directors of PTGI. The Penske entities are centrally governed and managed and have a common registered office at 72 Formation Street, Wacol, Queensland.

This statement refers to elements of the Penske New Zealand operations despite this entity not meeting the definition of “reporting entity” under the Act. Penske Australia and Penske New Zealand are subject to the same central governance structure and management as Penske Transportation Group International Pty Ltd.

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REPORTING ENTITY'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

3.1 Structure

Penske is wholly owned by international transportation services company, Penske Automotive Group, Inc. (NYSE: PAG), and operates independently to provide exceptional standards of service to its customers. Penske's primary operating subsidiary in Australia is Penske Australia Pty Ltd and in New Zealand is Penske New Zealand (company number 107518).

3.2 Operations

Penske Australia and Penske New Zealand supply heavy-duty trucks, diesel and gas engines, and energy systems across Australia and New Zealand. Its key brands are Western Star Trucks, MAN Truck & Bus, Dennis Eagle, MTU, Detroit, Allison Transmission, Bergen, Deutz and Sauer Compressors. Penske Australia and Penske New Zealand also represent aftermarket products from leading oil, coolant, and filter brands.

Its customers operate in the Asia-Pacific region's most critical and dynamic markets, including on-highway and off-highway transportation, mining, oil and gas, power generation, construction and industrial, rail, marine, agriculture and defence.

Commercial vehicles

Penske imports trucks in an assembled condition. Penske then certifies the vehicles to Australian standards and upfits or modifies the vehicles in-country to customer specifications. Modifications may include bullbars, guard systems, air conditioning, electrical upgrades, hydraulics, paint or fitting equipment manufactured by bodybuilders.

Buses are imported as a rolling chassis, which are sent to third-party body building production facilities for body building as part of the final assembly process.

Power systems

Penske's energy solutions business supplies generator sets as well as complete turnkey solutions from design, engineering and manufacturing through to installation, commissioning and aftersales support. Penske's equipment range includes diesel and gas gensets for continuous power, prime power, emergency standby power and mobile applications, cogeneration and trigeneration, as well as energy storage and control systems. Penske provides tailored solutions including small scale through to multi megawatt applications to suit unique customer requirements.

Penske Remanufacturing is unique with its in-house capability offering innovative engine remanufacturing, advanced research and engineering to produce the finest quality remanufactured engines and componentry. Penske's engine-remanufacturing centre located in Sydney is the only facility of its type in the southern hemisphere.

Network

Penske's Australian operations are headquartered in Wacol, Brisbane. Penske Australia operates 13 retail branches in capital cities and regional towns across Australia and a world-class parts distribution facility located in Wacol. Penske also operates a fleet of vehicles which provide mobile technical support to customers across the country. In New Zealand, Penske operates three state-of-the-art dealerships in Auckland, Tauranga and Christchurch.

Penske's customers are supported by its significant investments in its dealer networks across Australia and New Zealand, and Penske's four regional training centres (including a dedicated facility in Glendenning, Sydney) which deliver factory-backed technical training. Penske's dealer network comprises of Penske owned as well as independently owned and operated dealership businesses.

Penske Australia dealership businesses represent Western Star Trucks, MAN Truck & Bus and Dennis Eagle trucks, as well as Detroit engines at selected locations. The majority of the Penske dealerships provide full vehicle retail sales, maintenance and repair services, and parts supply. Only 2 of the dealerships provide vehicle parts and maintenance and repair services. All these locations also provide retail sales and servicing of Detroit engines.

Employees

As at 31 December 2022, Penske employed over 1,200 employees across Australia and New Zealand under employment contracts.

3.3 Supply chains

Throughout the Australian and New Zealand operations, Penske sourced its products and services from various suppliers across the globe but predominantly from within Australia and New Zealand, followed by USA and Germany (when assessed based on volume rather than spend). A large proportion of our supply base comprises long standing and reputable suppliers who have worked with Penske to create supply chain synergies and stable partnerships. Penske procure products, parts and accessories to support their Original Equipment Manufacturer (OEM) distributed products along with all of the products and services you would expect to see in large-scale distributor business operations.

% of spend based on location

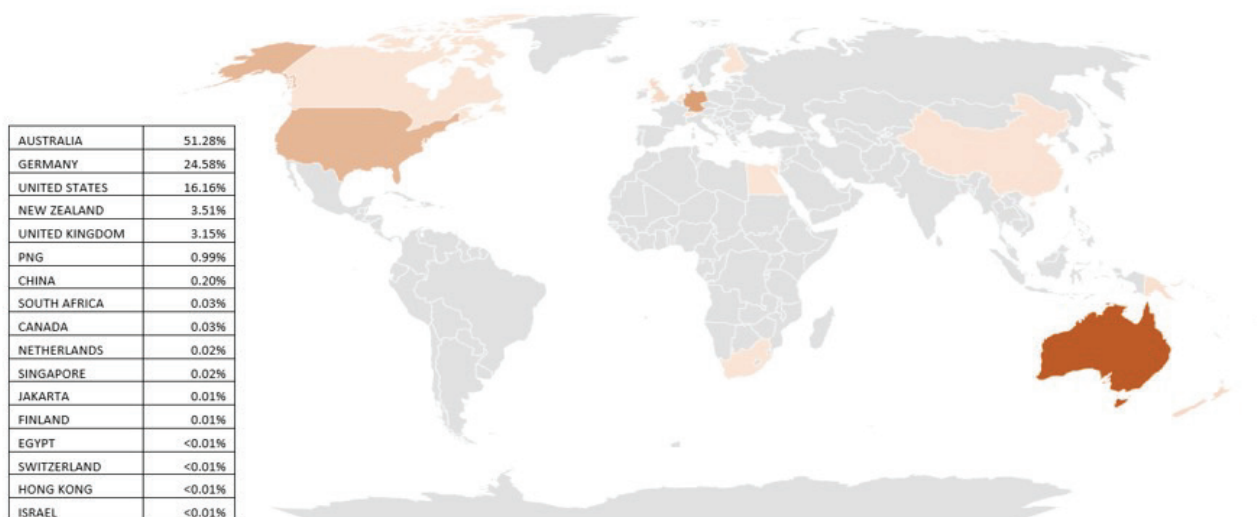


Fig. 2: Geographical distribution of suppliers (by spend of suppliers based on location)

Penske's operations are supported by a network of independent dealers located, as follows:

Country	Type	Number of dealers	Number of locations
Australia	Independent	39	55
NZ	Independent	10	14
Philippines	Independent	1	1
PNG	Independent	1	1
Indonesia	Independent	1	1

Penske's commercial vehicles business imports and distributes the following truck and bus brands:

Brand	Product	Ownership	Headquarters	Manufacturing locations
Western Star Trucks	Trucks	Daimler Trucks North America LLC	Portland, Oregon, USA	USA
MAN Truck & Bus	Trucks and buses	MAN Truck and Bus SE	Munich, Germany	Germany; Poland; other parts of Europe depending on customer specifications
Dennis Eagle	Refuse collection trucks	Terberg RosRoca SA	Spain	United Kingdom

Penske's power systems business principally distributes engines, transmissions, energy storage and associated power equipment from the following global manufacturers:

Brand	Product	Ownership	Headquarters	Manufacturing locations
Allison Transmission	Automatic transmissions	Carlyle Group	Indianapolis, USA	USA; India
Bergen	Gas engines	Langley Holdings plc	Bergen, Norway	Bergen, Norway
Detroit	Diesel engines	Daimler AG	Detroit, Michigan, USA	USA
Deutz	Diesel and natural gas engines	DeutzAG	Cologne, Germany	Germany
Donaldson	Air filters	Donaldson Company, Inc.	Bloomington, Minneapolis, USA	NSW Central Coast, Australia
Mercedes-Benz	Diesel engines	Daimler AG	Mannheim, Germany	Germany; Brazil
MTU	Diesel and gas engines; battery storage systems; Kinetic UPS	Rolls-Royce Holdings	Friedrichshafen, Germany	Germany; Spain; USA
Rolls-Royce Berlin	Energy storage and control systems	Rolls-Royce Holdings	Berlin, Germany	Germany
Sauer Compressors	Compressors	JP Sauer GmbH	Kiel, Germany	Germany

Penske's ancillary activities include promotion of Mercedes-Benz Financial Services, Volkswagen Financial Services and other financial products through their retail locations. Finance is offered by third-party brokers which operate out of Penske's Brisbane retail branch.

Penske's workforce across the business comprises of less than 1.5% of labour hire personnel. Labour hire is used mainly in warehouse and production to cover fluctuations in capacity and demand.

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DESCRIPTION OF RISKS

4.1 Operations risk

Penske has assessed its operations as being at low risk of modern slavery. This is on the basis that:

- It operates in Australia and New Zealand which are classed as low prevalence, high regulation countries for Modern Slavery according to the Global Slavery Index 2018 which was used for Penske's supplier risk profiling in 2022;
- Its industry is specialised and the employees are highly trained technicians and professionals;
- Employees are engaged under contracts of employment. Internal processes ensure sighting of labour hire licences in applicable states whenever engaging labour hire;
- The workforce is further safeguarded by Penske's Human Rights Policy and recruitment procedures, which define and require ethical recruitment practices and prohibit any form of forced labour, child labour, debt bondage or human trafficking.

4.2 Supply chain risk

The sectors from which Penske draws labour and goods from are diverse and complex. Penske recognises that the breadth and depth of these supply chains makes it challenging to effectively manage and mitigate the risks of modern slavery below the first tier of its supply chain. However, Penske's principal products and its associated spare parts are sourced from reputable and long-standing OEMs with manufacturing facilities located in low geographic risk regions for modern slavery.

In 2022 Penske completed a review of the policies and procedures its key OEMs have in place to address modern slavery and human trafficking. Some of the common findings from the review are as follows:

- Penske's OEMs have a due diligence process which must be completed prior to engaging with suppliers and business partners;
- Penske's OEMs provide training to employees who have oversight into human rights related concerns;
- Penske's OEMs work with their suppliers to implement mitigation and remediation measures in case of potential violations committed by suppliers;
- Penske's OEMs have a Code of Conduct and relevant policies which suppliers and business partners must adhere to whilst doing business with them; and
- Penske's OEMs have a speak up hotline for raising concerns regarding unethical or illegal conduct, including modern slavery.

Within the four high risk sector categories marked with • in Figure 3 below:

- Financial services comprised of 24 suppliers, all domiciled in Australia associated with banking, lending and insurance
- Hospitality; tourism, catering; cleaning comprised of 39 suppliers of which 36 are Australian and 3 New Zealand. These suppliers consist of car hire, hotels, and travel related activities. The balance consists of cleaning companies of which the majority are long standing.
- Textiles; clothing; leather; footwear comprised of 35 suppliers of which 32 domiciled in Australia and 3 in New Zealand. Majority of these suppliers are uniform related services, garments and cleaning.
- Health services comprised of 30 suppliers, 28 of which are Australia based and 2 from New Zealand. Most of these suppliers are for WorkCover injury assessment and Drug & Alcohol Screenings.

The above products or services were sourced from companies located in Australia and New Zealand. The total expenditure within these sectors equated to 1.35%, which is a reduction from the prior year.

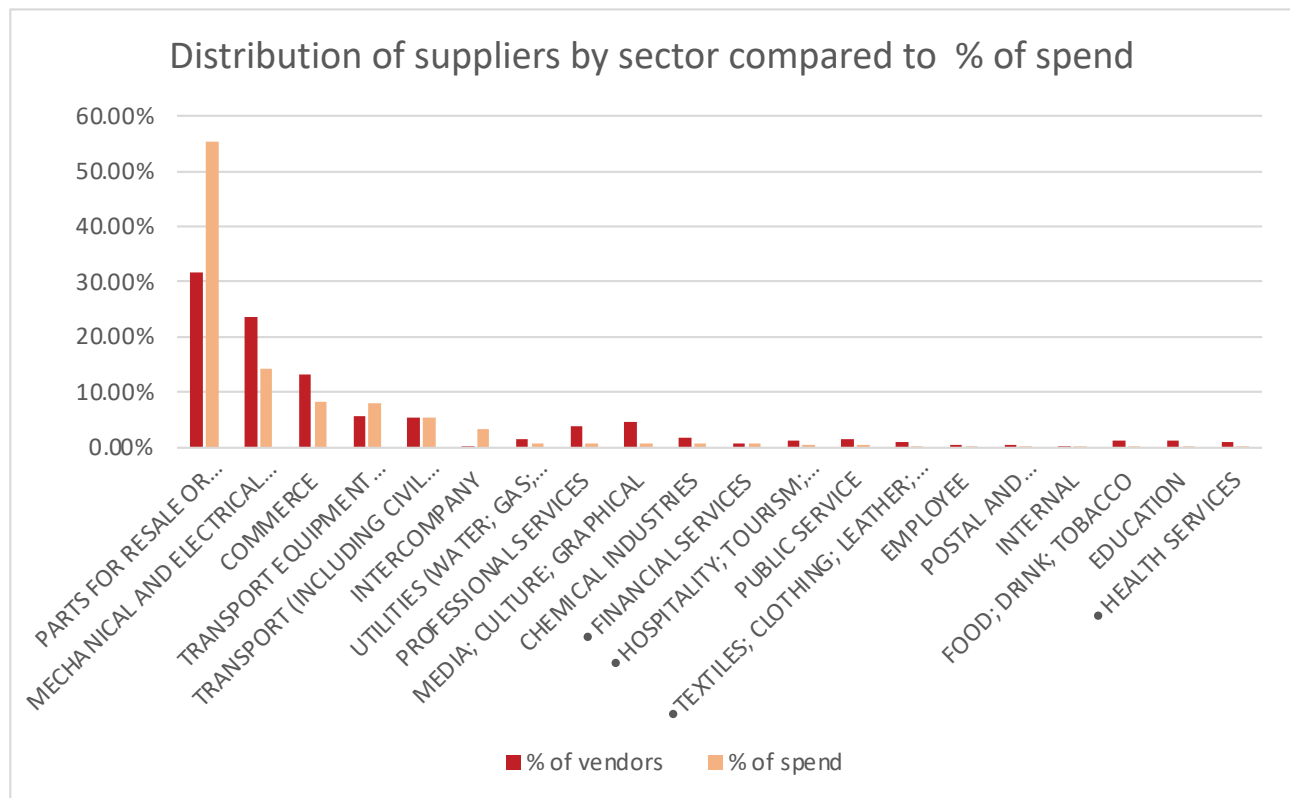


Fig 3: Sector distribution of suppliers by percentage of total expenditure (sector groups drawn from International Labour Organisation Industries and Sectors)



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DESCRIPTION OF ACTIONS TAKEN

At a glance:



Review of Penske's Human Rights and Procurement Policies.



Review modern slavery risk management of original equipment manufacturers.



Review supplier risk profiles and underlying risk impact parameters.



Review and update of the compliance questionnaire including modern slavery assessment of suppliers.



Review and update of the modern slavery training module.



Regular communication of the availability and means of accessing the Whistleblower Hotline.

5.1 Policy

Penske adheres to a Code of Ethical Conduct under which the principles of probity and ethical behaviour governs the conduct of all procurement activities. All procurement and purchasing personnel must comply with the standards of integrity, probity, professional conduct, and ethical behaviour set out in Penske's Procurement Policy and document the procurement process to demonstrate that decisions and purchases were made in accordance with the policy.

Penske has in place a Human Rights Policy which underpins the company's commitment to upholding human rights. The Policy takes guidance from the UN Guiding Principles on Business and Human Rights and ILO General Principles for Fair Recruitment and is publicly available at www.penske.com.au.

All new and renewing dealers are required to comply with Penske's Human Rights Policy under dealer agreements.

5.2 Training

Penske recognises that awareness raising is a critical feature of instigating change. Penske developed and implemented a tailored online modern slavery training module, including realistic and business specific quiz scenarios, in conjunction with leading international law firm, Ashurst. The modern slavery training module is mandatory for all employees to complete at the commencement of their employment with Penske. The objective of the module is to raise awareness amongst the Penske workforce of what modern slavery is, how they might encounter it in their work and what they should do if they encounter any signs of modern slavery. Penske keeps a record of all employees who have completed the training module.

5.3 Supplier obligations

As part of engaging with suppliers and using Penske's influence to mitigate the risk of modern slavery in the supply chain, Penske included contract clauses into its supplier contracts. These contract clauses require suppliers to:

- act in a manner which is consistent with the principles contained in Penske's Human Rights Policy and have adequate procedures and policies in place to act against modern slavery aligned with Australian and recognised international standards, including the UN Guiding Principles on Business and Human Rights;
- provide information about their labour practices and provide reasonable access to audit those practices; and
- communicate to their employees and their family members that Penske's Australian Whistleblower Policy and hotline are available to them.

Collectively these obligations are termed "modern slavery obligations" in this document.

Where Penske decides to accept contract conditions prepared by prospective suppliers in relation to significant purchase items, Penske has sought to include its ethical business clause into the contract.

5.4 Risk assessment, due diligence and remediation plan

Penske has adopted a multi-tiered approach to investigating and remediating ethical and human rights issues. The supplier base was profiled using rankings from the following recognised sources:

- Geographical prevalence – "Estimated prevalence of modern slavery by country", Appendix 2, Part B, Table 4, Global Slavery Index 2018, Walk Free Foundation.
- Geographical vulnerability – "Vulnerability to modern slavery by dimension for 167 countries", Appendix 2, Part A, Table 14, Global Slavery Index 2018, Walk Free Foundation.
- Sector risk – Modern Slavery Risks, Rights & Responsibilities Guide for Companies and Investors, February 2019 and International Labour Organisation sector analysis.
- Commodity risk – 2020 List of Goods Produced by Child, Labor or Forced Labor, US Department of Labor.

Penske used these rankings to assign scores and categorise the supply base into three key categories: low, medium and high risk.

Our 2022 supplier due diligence revealed 161 tier-one suppliers which were categorised as medium risk. As was the case in 2021, our due diligence did not profile any tier-one suppliers as high-risk. Given the increased vulnerability to modern slavery risks in the information technology and financial services sector categories, Penske concentrated its enquiry into suppliers in these categories and sought completion of a compliance questionnaire. Penske also scoped in textile; clothing; leather; footwear suppliers previously not assessed for modern slavery risks as part of Penske's compliance due diligence exercise.

The following common themes can be observed from the responses received from these suppliers:

- Almost all suppliers had policies in place prohibiting any forms of forced labour and upholding human rights;
- Most provide training to their employees regarding modern slavery, compliance, legal and ethical behaviours;
- Most had a speak up system in place for employees to anonymously submit complaints;
- The greater part of the suppliers published a modern slavery statement; and
- Most monitor and audit adherence to modern slavery compliance, legal and ethical behaviours.

Penske's independently owned dealers are subject to a separate but extensive due diligence process using a similar compliance questionnaire prior to engagement and at every renewal. Rather than scoring and categorising dealers, given their importance to the Penske network, Penske assesses and investigates each independent dealer's responses individually.

5.5 Whistleblowers

Penske recognises the importance of whistleblowers in alerting conduct posing a modern slavery risk to attention for remediation. Penske has an established Speak Up program backed by an Australian Whistleblower Policy and anonymous reporting hotline, which is available to all employees, contractors and their families. Penske's standard ethical business clause in its supplier facing contracts requires suppliers to communicate to their employees and their family members that Penske's Australian Whistleblower Policy and hotline are available to them. Information about the Speak Up program is widely publicised throughout Penske and a training video is provided to new employees which informs them of the program and how it can be accessed.

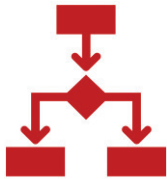
Any whistleblower reports received are treated seriously, anonymously (if requested by the disclosing person) and investigated by a dedicated Whistleblower Review Group involving senior leaders of Penske. Outcome of the investigations are reported to the Compliance Risk Review Board and to Penske Automotive Group, Inc.'s Audit Committee.

5.6 Sanctions lists

Penske prohibits any business dealings with countries and entities, which are subject to UN Security Council Sanctions and Australia's autonomous sanctions, as published by the Australian Government Department of Foreign Affairs & Trade.

5.7 Future Goals

Penske's future goals in relation to its modern slavery program are captured below.



Supplier Code of Conduct

- Implement and communicate a Supplier specific Code of Conduct.



Supplier Risk Assessment

- Continue risk profiling of Penske's supplier base.
- Investigate means to increase efficiency and reliability of supplier due diligence methodology.
- Enhancing relationships with suppliers to increase cooperation in relation to modern slavery risk management including increase in due diligence participation.
- Review results of supplier risk profiling exercise and identify target group of suppliers for due diligence. Develop remediation measures as required and appropriate in the relevant context.



Training

- Maintain relevant and engaging awareness training for staff.
- Explore extension of modern slavery awareness training to independently owned dealerships.



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ASSESSING EFFECTIVENESS

The table below outlines how Penske proposes to assess the effectiveness of its modern slavery program. These may be adjusted to adapt to changes in its risk profile and to ensure reporting is relevant and responsive.

Area	Assessment
1. Policy	Review of Human Rights Policy and other policies identified as affecting modern slavery risk regularly on an as needed basis.
	Extent to which suppliers are required to comply with Penske's Human Rights Policy standards.
2. Training	Continued awareness training for all Penske staff and relevant contractors.
	Extent to which modern slavery training is made available to dealers and suppliers.
	Annual review of relevance and currency of training material.
3. Supplier	Extent to which supplier contracts contain clauses to require suppliers to implement procedures and policies to act against modern slavery and to provide Penske with information about their practices.
	Proportion of and response to supplier commitment to comply with Penske's Human Rights Policy via questionnaire.
4. Risk assessment and remediation	Annual risk assessment of Penske operations for modern slavery risk.
	Extent to which suppliers are profiled for modern slavery risk.
	Number and proportion of suppliers identified as posing modern slavery risk.
	Extent to which due diligence is completed on suppliers meeting relevant risk threshold.
	Extent to which remediation actions are required and types of remediation taken.
	Extent to which remediation actions have been implemented and complied with.
5. Detection	Extent to which Penske's Speak Up/Whistleblower program is available and publicised.
	Number of reports of conduct posing a modern slavery risk.

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PROCESS OF CONSULTATION

The Penske entities are centrally governed and managed with largely common directors across the companies. Penske's operational functions are supported by national teams for Finance, Procurement, Human Resources, Supply Chain, Information Technology, Legal, Compliance and Governance ensuring a consistent approach and shared efficiencies.

A diverse and consultative approach was taken with the various national teams mentioned above and the different business divisions to understanding Penske's operational and supply chain risks and developing an appropriate modern slavery program and statement in response.

Prior to being presented to the Board for review and approval, this statement was reviewed by relevant members of the Executive Management team including the Managing Director, Chief Operating Officer, General Manager – Legal and Compliance, and General Manager – People and Culture.

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COVID-19 IMPACT

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries during the pandemic have caused minor disruption to businesses and economic activity of Penske.

Throughout 2022, Penske maintained its usual criteria for appointing suppliers. Penske maintained its existing suppliers and continued to collaborate with them on various challenges such as freight issues affecting air and sea freight networks worldwide, large supply constraints, and availability of products.

Some of the measures taken included increased stock holding, changing freight methods, moving to express freight carriers, seeking products from alternate suppliers within its existing supply chain, placing forward orders, communicating more frequently with suppliers and internal customers on the limitations of the supply of goods and services.

Thank you for reading this report.



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