

# MODERN SLAVERY STATEMENT

PENSKE AUSTRALIA JOINT STATEMENT





ABUS 10t

# 1

## MANAGING DIRECTOR'S FOREWORD

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Penske Australia is pleased to be publishing its second Modern Slavery Statement in accordance with the *Modern Slavery Act 2018* (Cth). 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.

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 2022**

# 2

## REPORTING ENTITY

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This Modern Slavery Statement is made by Penske Transportation Group International Pty Ltd ACN 164 850 355 (**PTGI**) for the reporting period 1 January 2021 to 31 December 2021 for the purposes of the *Modern Slavery Act* (Cth) 2018 (**Act**).

This statement covers the following entities (together, **Penske**):

- Penske Transportation Group International Pty Ltd ACN 164 850 355
- Penske Australia Pty Ltd ACN 073 690 990
- Penske Commercial Vehicles Pty Ltd ACN 010 827 022
- MAN Automotive Imports Pty Ltd ACN 008 416 402

To achieve operational and system efficiencies, all assets and liabilities of Penske Commercial Vehicles Pty Ltd and MAN Automotive Imports Pty Ltd were assumed by Penske Australia Pty Ltd on 1 June 2021 and Penske Australia Pty Ltd solely operated the Australian business to 31 December 2021. We anticipate that subsequent Modern Slavery Statements will only refer to Penske Transportation Group International Pty Ltd (PTGI) and Penske Australia Pty Ltd as the covered reporting entities.

The Boards of each of the Penske entities include two Directors of PTGI, and the Penske entities are centrally governed and managed. The Penske entities have a common registered office at 72 Formation Street, Wacol, Queensland.

This statement does not explicitly refer to other wholly owned entities within the PTGI group of companies which did not meet the criteria for a reporting entity under the Act. It is noted, however, that all wholly owned entities are subject to the same central governance structure and management as the Penske group.

# 3

## 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 subsidiaries are Penske Commercial Vehicles Pty Ltd, Penske Australia Pty Ltd, MAN Automotive Imports Pty Ltd, and 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's commercial vehicles business 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 power generation 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 sets 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 operates two engine-remanufacturing centres located in Sydney and Perth, which service the specialist demands of our on-highway and off-highway customers. The only facilities of their type in the southern hemisphere, these bespoke, innovative engine remanufacturing centres conduct advanced research and engineering to produce the finest quality remanufactured engines and componentry.

## Network

Operating under the brand 'Penske Australia', Penske's Australian operations are headquartered in Wacol, Brisbane. Penske Australia operates 9 retail branches in capital cities and regional towns across Australia and a world-class parts distribution facility located in Wacol. Penske Australia also operates a fleet of vehicles which provide mobile technical support to customers across the country. Under the 'Penske New Zealand' brand, 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 owned dealership businesses operate as Penske Australia and represents 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

Penske employs over 1,100 dedicated staff engaged under contracts and under applicable awards.

### 3.3 Supply chains

Penske sources its products and services from 2,662 suppliers globally, predominantly from within Australia followed by USA and Germany. 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.

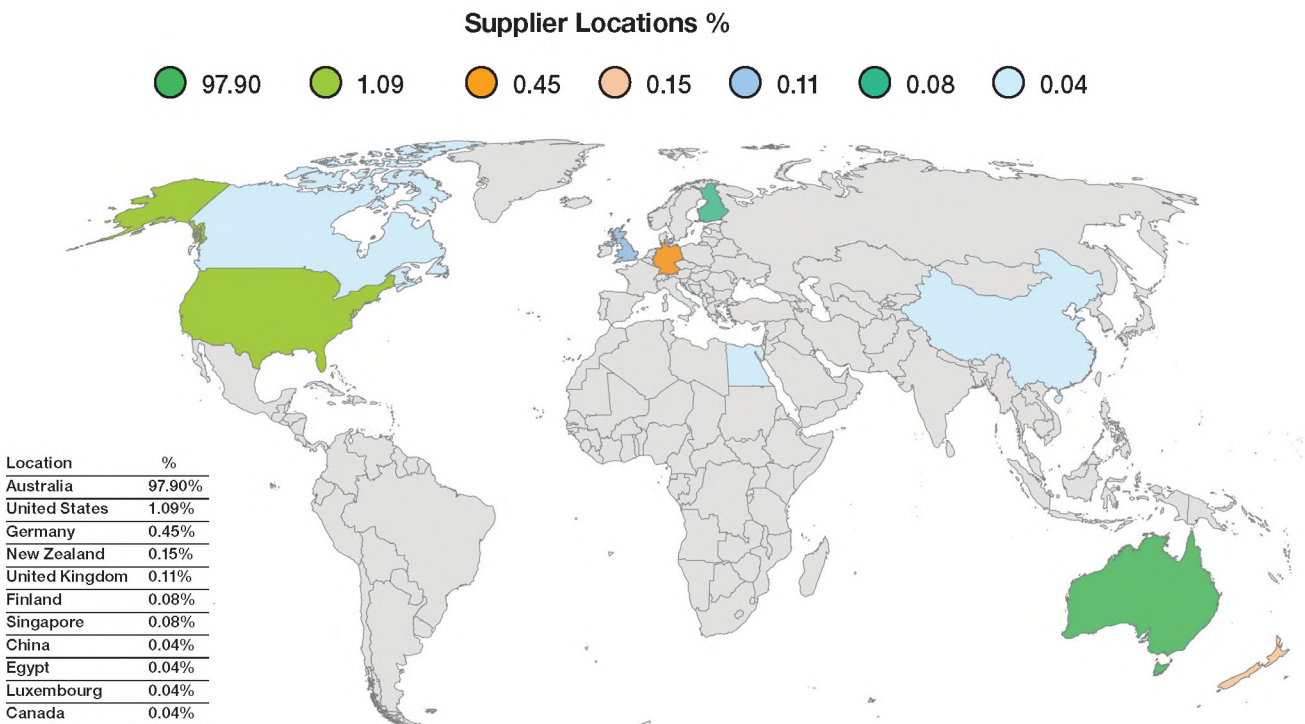


Fig 2: Geographical distribution of suppliers (by number of suppliers)

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	52
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 business distributes engines, transmissions, energy storage and associated power equipment from a number of global manufacturers, principally:

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	Deutz AG	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 (previously Quinous)	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 a third-party broker which operates 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.

# 4

## DESCRIPTION OF RISKS

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### 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;
- Its industry is specialised and the employees are highly trained technicians and professionals;
- Employees are engaged under contracts and under applicable awards. 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.



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

- **Financial services** comprised 18 Australian based banking and lending services, insurance suppliers and contract staff.
- **Hospitality; tourism, catering; cleaning** comprised 21 suppliers varying from facility cleaners and cleaning consumable suppliers, to travel (hotels, airlines, taxis and booking services). Out of these supplier, 9 are cleaning companies.
- **Textiles; clothing; leather; footwear** comprised 30 apparel and uniform cleaning suppliers.
- **Health services** comprised 22 WorkCover injury assessment and Drug & Alcohol Screening suppliers.

The above products or services were sourced from companies located in Australia. The total expenditure within these sectors equated to 3.4%, which is a reduction of at least 9% from the prior year.

### Distribution of suppliers by sector compared to % of spend

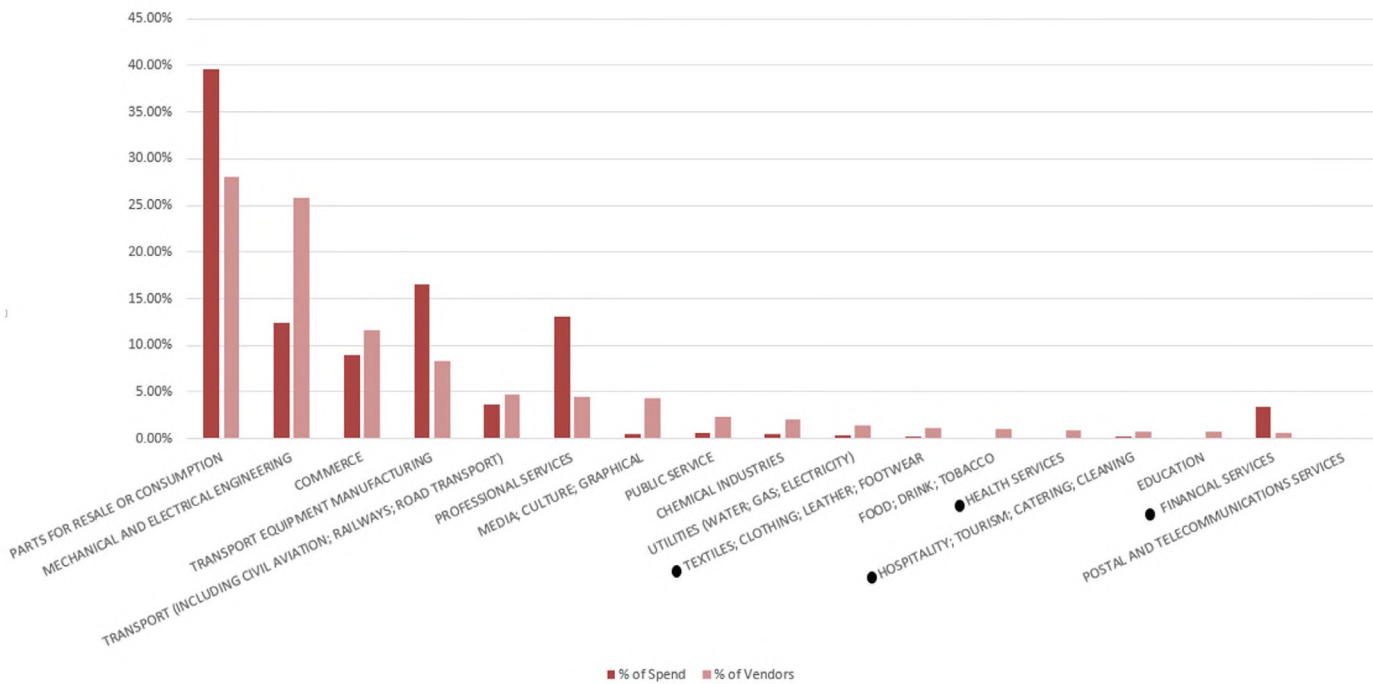


Fig 3: Sector distribution of suppliers by percentage of total expenditure (sector groups drawn from International Labour Organisation Industries and Sectors)



# 5

## DESCRIPTION OF ACTIONS TAKEN

### At a glance:



Human Rights Policy to guide our practices impacting human rights.



Modern slavery contract clause to manage modern slavery risks in dealer and supplier contracts.



Risk assessment matrix to identify and categorise low, medium, and high-risk suppliers.



Compliance questionnaire including modern slavery assessment of suppliers may provide basis for remediation measures.



Modern slavery training module to raise awareness amongst staff.



Whistleblower Hotline made publicly available on [penske.com.au](https://www.penske.com.au), through our facilities and on our dealer communication portal.

### 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](https://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 module was rolled out to all employees and contract staff as an online learning module with the aim of raising awareness and directing staff accordingly if they need to know more.

As at 31 March 2021, due to Penske's awareness raising campaign, the completion rate achieved for training of staff was 99%.

### 5.3 Supplier obligations

As part of engaging with suppliers and using influence to mitigate the risk of modern slavery in the supply chain, Penske developed new contract clauses, which requires 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.

The new clauses have been introduced into Penske's standard supplier contracts in 2021. Penske will also seek to include these obligations in supplier contracts, which come up for renegotiation.

### 5.4 Risk assessment 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 – combination of Australian Council of Superannuation Investors' Modern Slavery Risks, Rights & Responsibilities Guide for Companies and Investors, February 2019; and International Labour Organisation sector analysis.
- Commodity risk – 2018 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.

Penske approached suppliers in the high and medium categories using a detailed questionnaire to understand their businesses and modern slavery vulnerabilities more thoroughly. Penske has also developed a program for further enquiry and standard remediation steps, followed by escalation to the Compliance Manager and Executive for evaluation of suppliers with a high risk of modern slavery.

In 2021, supplier due diligence results revealed 96 tier-one suppliers were profiled into the medium risk category. There were no tier-one suppliers profiled into the high-risk category, which is a reduction on the prior year's results. Penske further investigated suppliers from the **textiles; clothing; leather; footwear** sector given the sector's vulnerability to modern slavery risk. Responses from these suppliers revealed that they mostly had policies prohibiting any forms of forced labour and upholding human rights. The following common themes can be observed from the responses:

- All suppliers had less than 100 employees;
- All were domiciled in Australia;
- None of the textile suppliers had short term or seasonal workers;
- Majority had selection and evaluation processes in place for their suppliers and contractors; and
- 50% of the suppliers dealt with Australian Government entities.

Dealers are subject to a separate but extensive due diligence process using a similar 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 responses individually and independently.

## 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. As part of Penske's contract clauses roll out, it 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 the Penske and a training video is available to employees informing them of the program and how it can be accessed.

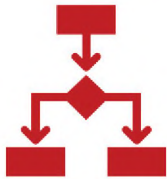
Any whistleblower reports received are treated seriously, anonymously (if requested by the disclosing person) and investigated by a dedicated Whistleblower Review Group involving senior leaders of Penske. Outcome of the investigations are reported to the Compliance Risk Review Board and to Penske Automotive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



### Supplier Risk Assessment

- Continue risk profiling of Penske's supplier base.
- Review and refine supplier due diligence methodology as required.
- 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 third party supplier organisations.



# 6

## 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	Annual review of Human Rights Policy and other policies identified as affecting modern slavery risk.
	Extent to which suppliers are required to comply with Penske's Human Rights Policy standards.
2. Training	Continued awareness training for relevant staff and 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 standard supplier contracts contain modern slavery and whistleblowing clauses.
	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 operations for modern slavery risk.
	Extent to which suppliers are profiled for modern slavery risk.
	Number and proportion of suppliers identified as having a high, medium and low risk of modern slavery.
	Extent to which due diligence questionnaires are issued to suppliers.
	Response rate of suppliers to due diligence questionnaire.
	Types of remediation actions taken.
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.
	Steps taken by suppliers in response to remedial actions.

# 7

## 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 Penske's General Manager – Legal and Compliance and General Manager – People and Culture.

# 8

## 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 2021 have caused minor disruption to businesses and economic activity of Penske. Penske was an essential service throughout the 2021 pandemic and therefore all segments of the business continued to remain operational and the results of operations remained stable despite the pandemic.

Throughout 2021, and as a result of COVID, Penske has modified certain business practices to conform to government restrictions and best practices encouraged by government and regulatory authorities. In all of its locations, it implemented enhanced cleaning procedures, enforced social distancing guidelines and took other precautions to protect its employees and customers.

Throughout the period, 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 for hand sanitiser, cleaning products and general personal protective equipment.

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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