

2021 Modern Slavery Statement

LeasePlan Australia Limited

ABN 57 006 923 011

2021 Modern Slavery Statement

This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) by LeasePlan Australia Limited (ACN 006 923 011) (**LeasePlan, we, us, our**) for the year which ended 31 December 2021 (**Reporting Period**).

We remain committed to ethical business conduct and contributing to the global efforts to eradicate modern slavery. This statement outlines the modern slavery risks identified through our ongoing assessment of our operations and supply chain, our approach to addressing those risks and how we plan to assess the effectiveness of our actions going forward.

This statement was approved by the Board of SG Fleet Group Limited on 22 May 2022.



Andrew Reitzer
Chairman
22 May 2022

1. Structure, Operations and Supply Chain

Structure

LeasePlan is incorporated in Australia with its registered office located at Building 3 Level 2, 20 Bridge Street, Pymble NSW 2073.

LeasePlan is an unlisted public company incorporated in Australia in 1988. We are a provider of vehicle leasing and fleet management services.

At the commencement of the Reporting Period, LeasePlan was a wholly-owned subsidiary of LeasePlan Corporation N.V (**LeasePlan Corporation**). On 1 September 2021, SG Fleet Group Limited ACN 167 554 574 (**SG Fleet Group**) acquired (indirectly, through its wholly-owned subsidiary) 100% of the shares in LeasePlan from LeasePlan Corporation (**Transaction**). As part of post-acquisition integration, LeasePlan is changing to the Australian Financial Year and LeasePlan's next statement will be as part of the SG Fleet Group's joint statement in line with the SG Fleet Group reporting cycle.

LeasePlan has no subsidiaries of its own. Accordingly, it was not necessary for us to address the mandatory reporting criteria requiring every statement to "describe the process of consultation with any entities the reporting entity owns or controls".

Operations

LeasePlan is a provider of vehicle leasing (including novated leases) and fleet management services to corporate, government and small business customers across all industry sectors.

Our core business involves managing the entire vehicle life-cycle for our customers, taking care of everything from purchasing, insurance and maintenance to car re-marketing. LeasePlan purchases, leases and manages new vehicles for its customers, providing a complete end-to-end service for a typical contract duration of three to four years.

Our operations are located, and take place, entirely in Australia.

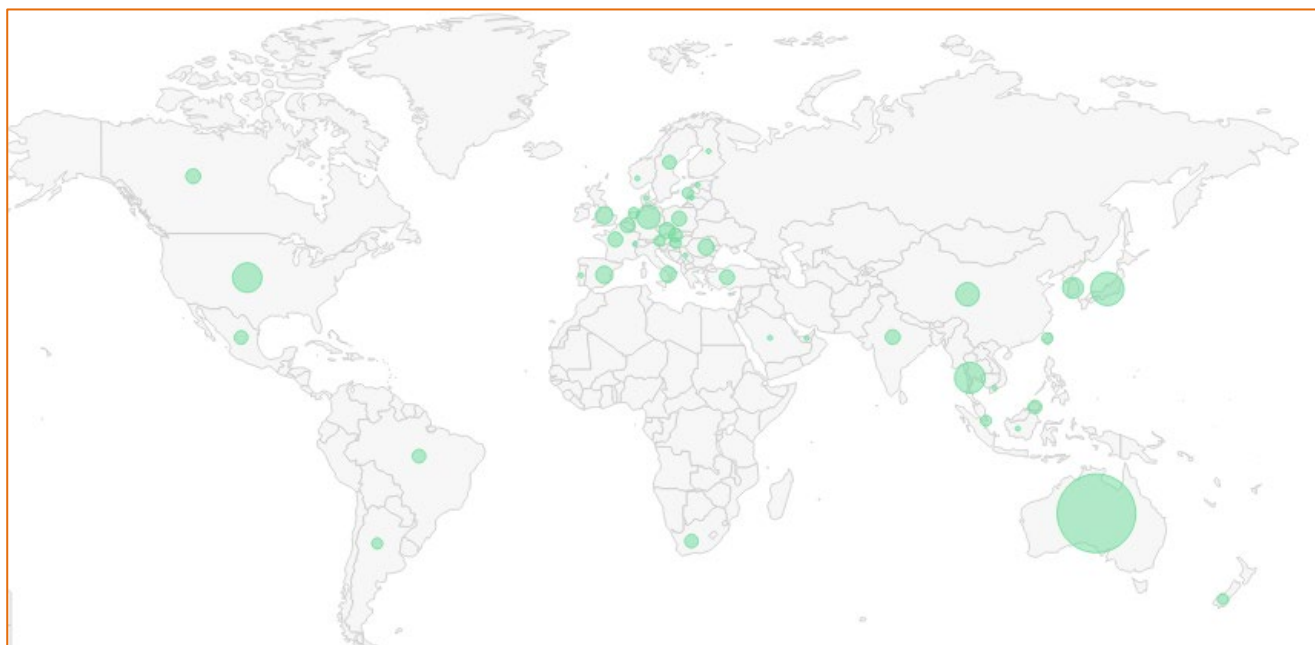
As at 31 December 2021, LeasePlan employed 384 employees, of which 20 are fixed-term and the remainder permanent employees, with offices in Melbourne, Sydney, Brisbane, Adelaide, Perth and Hobart, and managed approximately 100,000 vehicles for corporate, government and small business customers across all industry sectors. All employees perform office-based functions.

Supply Chain

Our supplier base contains a mixture of short term and longer term business relationships. Our longer term business relationships are predominantly subject to written contracts, however, we transact with a number of suppliers on an ad hoc basis.

Our supply chain includes vehicle manufacturers, importers and vehicle transporters, dealers, traders and distributors, fuel management companies, service maintenance and repair suppliers, tyre suppliers, accident and rental management companies and suppliers in other supporting areas such as property leases, office supplies and corporate services, IT, professional services and marketing.

The majority of our suppliers are located in Australia with some IT support procured from suppliers located in Singapore, USA, UK and Germany. We also procure motor vehicles and fuel from domestic suppliers with operations located internationally. From the information provided by our suppliers whilst answering our modern slavery questionnaire in 2020, the geographic footprint of the suppliers who responded is shown below:



2. Risks of Modern Slavery in our Operations and Supply Chain

Based on our risk assessment of our industry, country of operations and the policies and procedures we have in place in respect of our workforce, we consider the risk of modern slavery in our operations to have remained low during the Reporting Period.

In order to better understand the risks of modern slavery in our supply chain, we continued the practice commenced in our first reporting period of issuing a modern slavery questionnaire (**MSQ**) via a third party platform to suppliers of new vehicles that have been invited to participate in a request for tender and which provided goods and/or services to us during the Reporting Period. More information in relation to the MSQ process is outlined under Part 3 of this statement.

Through our screening process of our supply chain we identified that the potential for exposure to modern slavery exists in the following industries:

- Manufacturing

- Electricity, Gas, Water and Waste Services
- Construction
- Retail Trade (Fuel Retailing)
- Transport, Postal and Warehousing
- Information Media and Telecommunications
- Repair and Maintenance

Further to the above list, as with many businesses of similar scale and sector to ours, we have inherent risks of modern slavery in the office supplies we purchase, IT hardware, telecommunications equipment, corporate merchandise, facilities management, travel and catering.

The top six countries where our suppliers have business operations are: Australia, Japan, US, Thailand, Germany and China. The Global Slavery Index and other studies have reported on increased modern slavery risks in certain countries around the world. Through the MSQ process, we identified that some of our suppliers operate in higher risk countries such as China, India, Indonesia, Mexico, Saudi Arabia, Turkey, South Africa, Thailand and Vietnam. Within the later tiers of our supply chain, there are modern slavery risks in connection with the electric vehicles and IT hardware that we purchase. We have become aware of these risks from various media reports that have been published in recent years. Electric vehicle, laptop and smart phone batteries require minerals such as cobalt and lithium that have been associated with poor mining practices and human rights abuses, including the worst forms of child labour and forced labour.

In our 2020 Modern Slavery Statement we identified that motor vehicles form a large component of our annual procurement spend. LeasePlan does not select the vehicles that it acquires for the use of its customers, who make their own purchasing decisions. LeasePlan's procurement of vehicles takes place predominately via vehicle dealerships across Australia, rather than directly with the original equipment manufacturer (OEM).

As described in our 2020 Modern Slavery Statement, there have been reports of labour rights abuses concerning freedom of association/union rights, living wage and forced labour (in manufacturers and their supply chains) in the automotive sector. Raw material sourcing deep in the supply chain of automotive companies has also been scrutinised.

3. Existing Measures in Place to Assess and Address Risks

In our operations

All new employees are subject to police checks and all non-permanent residents are subject to Visa Entitlement Verification Online (VEVO) checks prior to employment.

We are transparent in managing the remuneration of our employees. In order to ensure employees are remunerated in a fair and equitable way, LeasePlan bases remuneration on the duties and responsibilities of each position. The remuneration range for a position is based on market positioning as determined by external advisors. Any decision to remunerate outside that range requires authorisation from the director of our human resources department.

LeasePlan conducts its business in accordance with various policies, including the following which address human rights and ethical employment practices:

- Anti-Discrimination, Bullying and Harassment Policy.
- Corporate Social Responsibility Policy.
- Domestic Violence Policy.
- Health & Wellbeing Incentive Policy.

We also have a number of policies that set out in a transparent manner our employees' rights to remuneration and a safe working environment. These policies include:

- Fair Treatment Policy.
- Flexible Working Policy.
- Leave Policy.
- Occupational Health and Safety Policy.
- Overtime Policy.
- Recruitment Policy.
- Remuneration Policy.
- Performance and Disciplinary Processes Policy.

Our employees are required to complete online training to familiarise them with modern slavery laws in Australia and highlight how these developments affect us as a purchaser of goods and services.

In our supply chain

As noted in Part 2, we recognised the need for an informed and structured risk assessment in order to determine our supply chain priorities and respond appropriately. The UN's Guiding Principles on Business and Human Rights recognises that prioritisation of risk is often essential for companies with extensive supply chains. In our first reporting period, we determined that the MSQ approach (sent out via ethiXbase) was the most appropriate means by which to undertake our risk assessment. The MSQ was designed with five key risk areas in mind:

- Country of origin risk
- Industry/product risk
- Utilisation of vulnerable workers
- Prior human rights impact assessment
- Implementation of policies, procedures and systems

The MSQ features automated analytics that generates a modern slavery risk rating (high, moderate and low) for each supplier based on responses to the weighted questions. The datasets underpinning the analytics are driven by global indices on modern slavery and human rights risks.

4. Actions taken to Assess and Address Risks

As noted in Part 3 of this statement, we have a comprehensive policy framework. During the Reporting Period, with the assistance of an external expert, we enhanced our existing policy framework by:

- introducing a Human Rights Policy formalising our commitment to respecting human rights in our operations and our supply chain; and
- updating some of our existing policies to take into account human rights considerations following the gap analysis of our policy suite we performed in the previous reporting period.

As described in our 2021 Modern Slavery Statement, we did not identify any instances of modern slavery through our due diligence process, however, it brought to our attention suppliers that needed to be the subject of further due diligence during our second reporting period. The two suppliers that were subject to that further due diligence operated in the following industries:

- Commercial Office Cleaning (**Cleaners**)

- Glass and windscreen supply (**Glass Supplier**)

An overview of the results of our further engagement with the suppliers follows.

Glass Supplier

The Glass Supplier completed our MSQ and was assessed as having an inherent higher risk of modern slavery arising from the jurisdiction of its operations, activity (industry) and workforce. However, those risks were offset by the relevant policies and systems in place to mitigate modern slavery risks.

The Glass Supplier's 2020 modern slavery statement identified labour conditions and child labour in its own supply chain of key materials (including glass, aluminium and timber) as areas with the higher risk of modern slavery. The Glass Supplier noted that it sources its glass from its parent company and relied on the due diligence conducted by the parent company in the sourcing of glass. Our further engagement with our Glass Supplier has confirmed that:

- the glass products use raw materials (including silica sand, soda ash, dolomite, limestone and cullet) which are sourced from China and Thailand. It has commenced mapping to its tier 3 suppliers to identify the countries supplying the raw materials to make the glass products supplied to LeasePlan, but this mapping remains a work in progress.
- the glass products are processed, manufactured and assembled as finished products in China, but the factories being used in China have been specifically audited to ensure that they do not use workers sent to them as part of the government's labour transfer program thereby mitigating the risks of forced labour of minority groups.

Cleaner

Our 2020 risk assessment identified that a cleaning & services supplier, who provided cleaning services to one of LeasePlan's offices, had returned a medium risk rating based on the MSQ response. During this Reporting Year, LeasePlan did not receive any services from this supplier and issued the MSQ to its replacement office cleaner. The responses from the alternate cleaner returned a low risk rating overall with higher risk arising from its activity and workforce being mitigated by its operations in a lower risk country and relevant policies and systems in place, including active considerations of human rights exposure.

Moderate risk ratings

Overall, there were a number of suppliers that received a moderate risk rating. This was largely driven by the inherent industry risk profile in sectors such as retail trade, postal, transport and warehousing, construction and manufacturing. However, this risk was mitigated by the presence of controls, codes and policies and the jurisdiction in which the supplier operates.

Remediation

Our Whistleblower Policy sets out the mechanisms by which our employees can raise grievances. The policy includes protections for the whistleblower's confidentiality, as well as preventing their victimisation. No complaints related to modern slavery were reported via our whistleblower channels during the Reporting Period.

We remain committed to providing effective remedies where our operations cause or contribute to adverse human rights impacts. Our approach to remediation is to engage directly with affected persons, and work with our business partners and other stakeholders to remediate any such impacts and consider how our internal processes can be improved to prevent similar impacts in the future.

5. Assessing the effectiveness of our actions

Progress from 2020 Modern Slavery Statement

In our first year of reporting, we identified certain goals that we wished to achieve in our second year of reporting under the *Modern Slavery Act 2018* (Cth). These were:

- **Supply Chain:** *Sharing our Modern Slavery Statement with suppliers as a way of communicating the importance we place on addressing modern slavery risks in our business and supply chain.* LeasePlan made its 2020 Modern Slavery Statement available on its website.
- **Employees:** *Rolling out modern slavery training to the majority of our people across Australia.* Modern slavery awareness e-learn was rolled out to all employees across Australia and we achieved a completion rate of 82% by employees. Specific face-to-face training was provided to 75% of the employees in our legal and procurement teams. The remainder were unable to attend at the scheduled time.
- **Procurement:** *Include modern slavery considerations as part of the procurement RFT process.* We included modern slavery risk assessments in the procurement process and updated our standard terms and conditions to include modern slavery obligations.

Plan for 2022 reporting period

During the next reporting period, we plan to collaborate and integrate our approach to identifying, mitigating and remediating the risk of modern slavery in our supply chain with the policies and procedures of the SG Fleet Group. As part of that process, we will develop group-wide strategies to assess effectiveness of our actions taken in 2022.

6. Other relevant information

LeasePlan's next reporting period will be for the 2021-2022 financial year and will be made as a related entity of SG Fleet Group Limited ABN 40 167 554 574.

Annexure – Mandatory Reporting Criteria & Page Numbers

	Mandatory criteria	Page number(s)
a)	Identify the reporting entity	1
b)	Describe the reporting entity's structure, operations and supply chains.	1
c)	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	2
d)	Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	4, Remediation 5
e)	Describe how the reporting entity assesses the effectiveness of these actions.	6
f)	Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	N/A
g)	Any other information that the reporting entity, or the entity giving the statement, considers relevant.	6