

Modern Slavery Statement
Evolution Rail Unit Trust and
Evolution Rail Holdings Unit Trust

FY 2023

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Introduction

What is modern slavery?

“Modern slavery” refers to various forms of exploitation and coercive practices that deprive individuals of their freedom, rights and dignity. It encompasses situations where individuals are forced or coerced into labour, servitude or human trafficking against their will.

Walk Free assesses that 49.6 million people were living in modern slavery in 2021, which is an increase of 10 million people in comparison to 2016¹. In times of crisis (be it the COVID-19 pandemic, the growing climate crisis or ongoing armed conflict) the world’s most vulnerable people are hit the hardest and fastest.

Our vision

Evolution Rail aims to support a sustainable, globally-competitive export rail manufacturing and operations industry, building bigger and better trains to support Melbourne’s rapidly growing population. In achieving this goal Evolution Rail is conducting its business with high levels of ethical and professional standards and is committed to recognising and respecting human rights.

Evolution Rail recognises that the nature of our business means there is a chance that we might be exposed to instances of modern slavery in our supply chains.

We are committed to ongoing engagement with our stakeholders to better collaborate in respecting human rights and to identify and take steps to prevent modern slavery.

[1] Walk Free 2023, The Global Slavery Index 2023, Minderoo Foundation. Available from: <https://walkfree.org/global-slavery-index/>

Reporting Entities

This joint statement covers:

- ▼ Evolution Rail Unit Trust; and
- ▼ Evolution Rail Holdings Unit Trust (together, “Evolution Rail”).

This Modern Slavery Statement covers Evolution Rail’s reporting period of 1 January 2023 to 31 December 2023.

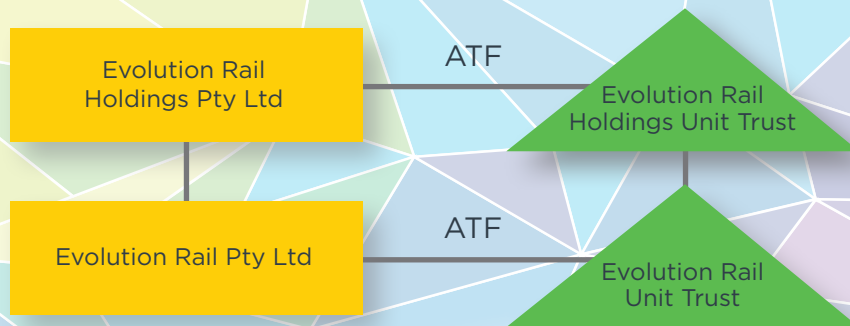


Our Structure, Operations and Supply Chains

Our Structure

Evolution Rail is a special purpose vehicle (SPV) incorporated specifically for the delivery and maintenance of the High Capacity Metro Trains (HCMT) during a concession period of 35 years (to March 2054).

The structure of the SPV is as follows:



The Evolution Rail shareholders are comprised of Downer, CRRC, Partners Group and Plenary.

The management of Evolution Rail has been contracted to Plenary Asset Management Pty Ltd via a Management Services Deed for the period of the concession.

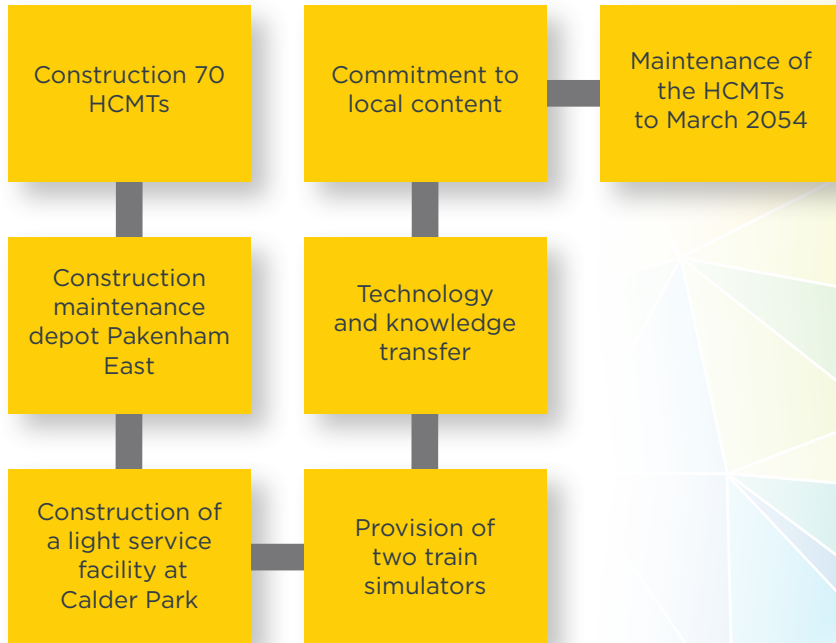
Our Operations

The Evolution Rail consortium has been contracted by the Victorian Government, as part of a Public Private Partnership (PPP), to deliver the \$2.3 billion HCMT Project.

As part of this Project, Evolution Rail will finance, design, build and maintain 70 new high capacity trains for the metropolitan network. Evolution Rail is also responsible for the construction of a train maintenance facility in Pakenham East (which was completed in 2020) and a light service facility in Calder Park as part of the Project.

Evolution Rail's operations consist of:

- ▼ construction of 70 high capacity metro trains;
- ▼ construction of a state-of-the-art maintenance depot at Pakenham East;
- ▼ construction of a light service facility at Calder Park;
- ▼ provision of two train simulators to support the training of drivers;
- ▼ \$800m of investment in the Victorian supply chain;
- ▼ technology and knowledge transfer;
- ▼ a commitment to local content that will deliver jobs and industry growth; and
- ▼ maintenance of the HCMTs to March 2054.



Plenary Asset Management Pty Ltd has been engaged by Evolution Rail, via a Management Services Deed, to oversee the delivery and operations of the HCMT project. Plenary Asset Management has a management team of four dedicated people to deliver the current management services scope in addition to various corporate support staff providing various financial, legal and commercial management services.

Evolution Rail has entered into a subcontract with Downer EDI Rail Pty Ltd and CRRC Changchun Railway Vehicles Co. Ltd in a joint venture (together “**the HCMT Supplier**”). The HCMT Supplier provides delivery activities to Evolution Rail, including design and manufacture of the HCMT fleet, simulators and construction of the two maintenance facilities.

Evolution Rail has also entered into a subcontract with Downer Victoria PPP Maintenance Pty Ltd (“**the Maintenance Subcontractor**”). The Maintenance Subcontractor provides maintenance services for the HCMT Fleet throughout the concession period.

In pursuing our business objectives and strategies, Evolution Rail engages with a multitude of stakeholders, clients and partners from a diverse range of sectors. We build long-term relationships with our stakeholders built on a foundation of trust and fairness, delivering outstanding results for clients, partners and communities.

Our Supply Chains

The major direct (tier 1) suppliers to Evolution Rail are:

- ▼ International Transport Management Group Pty Ltd being the Secured Creditors' Independent Verifier – headquartered in Australia;
- ▼ Mott McDonald Australia Pty Ltd being the Independent Reviewer and Sub-Independent Reviewer – headquartered in Australia;
- ▼ CRRC Changchun Railway Vehicles Co. Ltd being the HCMT Supplier – headquartered in China;
- ▼ Downer EDI Rail Pty Ltd, being the HCMT Supplier – headquartered in Australia;
- ▼ Downer Victoria PPP Maintenance Pty Ltd being the maintenance sub-contractor headquartered in Australia;
- ▼ Plenary Asset Management Pty Ltd being the provider of management services – headquartered in Australia.

Our key suppliers operate in the following sectors:

- ▼ Manufacturing
- ▼ Accommodation and food service activities; and
- ▼ Construction

All tier 1 suppliers are based in Australia, noting that the HCMT Supplier is considered an Australian entity.

Risk of Modern Slavery Practices in Our Operations and Supply Chains

As part of our analysis to consider the risk of modern slavery practices in our supply chains, we referred to resources such as the Global Slavery Index 2023², materials and information on risks of modern slavery produced by the International Labour Organization and the Property, Construction & Modern Slavery report³.

We also sought external advice and considered relevant risks of modern slavery practices by reference to a range of intersecting factors such as business activities, labour force structure, social, political and environmental conditions in the countries in which we and our suppliers operate.

As part of our continuous improvement, we used a third-party tool, the iPRO Modern Slavery Assessment Tool (iPro Tool), for the first time to assess modern slavery risks in our supply chain. We engaged iPRO during the reporting period to conduct a bulk assessment of our key tier 1 suppliers.

Previously we sent out modern slavery questionnaires to our tier 1 and tier 2 suppliers, but the implementation of the iPro Tool assists in providing insights into the supply chain by measuring risk inherent to a supplier's operations and supply chain as well as the risk that remains after accounting for modern slavery risk controls that have been implemented. Since we implemented this tool for the first time, we limited the assessment to the tier 1 supply chain.

Our Operations

In 2023 Evolution Rail's operations concerned delivery activities for design and manufacturing of the HCMTs as well as maintenance activities for the HCMTs operating in passenger service.

The HCMT Supplier has subcontracted the construction of the 70 high capacity metro trains (HCMTs) and two train simulators to CRRC Changchun Australia Rail Pty Ltd and the construction of the depot and light service facility has been subcontracted to Downer EDI Works Pty Ltd. These two subcontractors below the HCMT Supplier are both Australian based entities. The Maintenance Subcontractor has subcontracted certain Maintenance Activities to Spotless Facility Services Pty Ltd.

Evolution Rail considers the risk of modern slavery across its operations to be low, given the HCMT Supplier's subcontractors and the maintenance subcontractor comply with all relevant Australian legislation, which ensures a safe working environment for personnel engaged on the Project.

The iPro tool, used to assess modern slavery risks in our supply chain, supported this assessment.

[2] Walk Free 2023, The Global Slavery Index 2023, Minderoo Foundation. Available from: <https://walkfree.org/global-slavery-index/>

[3] KPMG, Australian Human Rights Commission, 2020, Property, construction & modern slavery - Practical responses for managing risk to people.

Our Supply Chains

Our suppliers operate, produce, and source across several different sectors. Some of these sectors can be described as high-risk. High-risk sectors are those in which human trafficking activities are known to occur and were identified in the Global Estimates of Modern Slavery and child labour exploitation that were separately identified in Child Labour: Global Estimates 2020 Trends and the Road Forward⁴.

The below graphics show the high-risk sectors of operation, production, and sourcing for our suppliers. The numbers in the following graphics describe how many assessed suppliers are in the corresponding sectors.

High-risk Sectors of Operation



Production of goods in High-risk Sectors



Sourcing goods in High-risk Sectors



The tier 1 suppliers that participated in the assessment all have low-risk for incidences of modern slavery.

[4] ILO and UNICEF, 2021.

Actions Taken by Evolution Rail to Assess and Address Modern Slavery Risks

Assess

As set out above Evolution Rail used a third-party tool, the iPro Modern Slavery Assessment Tool, to assess modern slavery risks in our supply chain.

Participating suppliers were asked to complete a self-assessment questionnaire online. After each supplier completed and submitted the questionnaire, their responses were assessed to determine their modern slavery risk scores and associated risk category.

Each supplier that completed the assessment was assigned one of the following risk categories:

- ▼ High-risk (high levels of inherent risk)
- ▼ High-risk (inadequate risk control)
- ▼ Medium-risk (partial risk control)
- ▼ Low-risk (adequate risk control)
- ▼ Low-risk (low levels of inherent risk)

The self-assessment questionnaire completed by the selected suppliers allowed us to determine the appropriate risk category of the modern slavery risk for each supplier.

The Inherent Risk Score was determined by evaluating the risks inherent to a supplier's operations, production and sourcing. The Inherent Risk Score was calculated based on the geographical, type of goods, industry sector, and workforce parameters that the supplier indicated in the Modern Slavery Assessment Tool (MSAT).

Next, the Unmitigated Risk Score was evaluated. This score was calculated based on the policy and procedure responses on the questionnaire. A supplier's Unmitigated Risk Score determined whether they were categorised as having inadequate, partial, or adequate risk control.

Then, the risk scores for each assessed supplier were aggregated and averaged, resulting in an Aggregated Inherent Risk Score and an Aggregated Unmitigated Risk Score for the overall supply chain.

Address

Suppliers that completed the self-assessment were given action items to complete post-assessment. The action items provided to each supplier were based on their responses to the questionnaire, and if implemented, will reduce the unmitigated risks identified during the assessment. The action items can be impactful, but will not materially reduce the inherent risk scores of key tier 1 suppliers as these are already low. Action items were also aggregated, giving Evolution Rail a focused view of the most impactful actions that could be taken by suppliers across the supply chain.

Evolution Rail aims to continue working with its suppliers and their supply chain to ensure continued awareness of risks of modern slavery and will check in with its supply chain to see whether any of the suggested action items from the assessment have or will be implemented in the future.

We are not aware of any allegations of modern slavery in the Evolution Rail supply chain during the reporting period.

Remediation processes

Evolution Rail is committed to investigating any reports of potential incidences of modern slavery occurring anywhere in our operations or supply chains.

In line with our vision and values we confirm that we would take all appropriate steps to rectify any confirmed incidences of modern slavery in our operations or supply chains. Evolution Rail would work collaboratively with its suppliers and, if necessary, their suppliers, to achieve these goals. If, for any reason, progress in this regard was not possible, Evolution Rail would consider a range of appropriate responses including potentially taking the necessary steps to sever its connections to the offending supplier or sub-supplier.

Assessing the Effectiveness of Actions Being Taken to Assess and Address Modern Slavery Risks

We utilise the benchmarking and KPI's in the iPRO Modern Slavery Assessment Tool to assess the effectiveness of our actions.

As this is the first year we have used the platform to conduct our assessments and due diligence, we will be able to objectively measure the effect when the assessments are completed during the next reporting period.

The main KPI's we are using to benchmark our efforts are the risk scores that are generated as part of the assessment process.

Each organisation who completed the assessment questionnaire was assessed and given 2 risk scores.

▼ Inherent Risk Score

▼ Unmitigated Risk Score

The Inherent Risk Score measures modern slavery risks that are intrinsic/built-in to the operations of an organisation. This is determined by asking which countries, regions, sectors, and high-risk goods are part of their operations, production, or supply chain.

The Unmitigated Risk Score measures the organisation's risk that is still present (remains) after accounting for modern slavery risk controls that have been implemented. This is determined by asking suppliers about the policies, processes, and procedures in place to reduce modern slavery risks.

Evolution Rail is provided an aggregated risk score of all the assessed suppliers, and we use this aggregated score to measure the risk on an overall supply chain level.

We aim to continuously improve on these KPI's.

As we take actions within our organisation, and with our suppliers, we will be able to assess the effectiveness of our modern slavery action plan to reduce the Unmitigated Risk Score by introducing relevant policies and procedures.

We also measure the effectiveness of our engagement with suppliers and will continue to encourage participation in our assessment programme to better identify and mitigate modern slavery risks in our supply chain.

Aggregated Supply Chain Risk Scores

Inherent Risk Score	50 / 100
Unmitigated Risk Score	0.8 / 100

An inherent risk score of 50% is considered moderate to high, however the unmitigated risk is less than 1% and means the supplier's risk controls are adequate.

With an aggregated Unmitigated Supply Chain Risk Score of 0.8% Evolution Rail is comfortable that its key tier 1 suppliers have adequate risk controls in place, but will continue to monitor and ensure best practice is adopted.

Consultation

Evolution Rail's structure is set out earlier in this Statement.

The relevant Evolution Rail entities are integrated and form part of the HCMT Project and have the same Company Secretary. The corporate support functions of legal, finance and communications have all been involved in the preparation of this Modern Slavery Statement and have provided relevant information which is included in this Statement.

Additional Information

We are committed to working to improve our assessment and addressing of modern slavery risks and will continue to engage on awareness of modern slavery risks with current stakeholders during 2024.

This will allow Evolution Rail to better assess and address:

- ▼ further supply chain risks based on the findings from the previously implemented measures;
- ▼ engagement with suppliers on actions to further reduce their risk of incidences of modern slavery;
- ▼ the possibility of partnering with industry groups.

Approval

This joint Modern Slavery Statement is made in accordance with section 14 of the Modern Slavery Act 2018 (Cth).

This statement was prepared by Evolution Rail Pty Ltd (as trustee of the Evolution Rail Unit Trust) and Evolution Rail Holdings Pty Ltd (as trustee of the Evolution Rail Holdings Unit Trust) and has been approved by the Boards of Directors of both Evolution Rail Pty Ltd and Evolution Rail Holdings Pty Ltd.



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Signed for and on behalf of Evolution Rail Unit Trust and Evolution Rail Holdings Unit Trust

Glenn Hay
Chair, Evolution Rail Pty Ltd
Chair, Evolution Rail Holdings Pty Ltd

