



Modern Slavery Statement

Reporting Year 2021

"Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom."

Modern slavery can take many forms including:

- slavery;
- servitude;
- human trafficking;
- forced labour;
- debt bondage;
- forced marriage;
- the worst forms of child labour; and
- deceptive recruiting for labour or services (each a form of **Modern Slavery**).¹

MTR Corporation (Sydney) SMCSW Pty Limited acknowledges the Traditional Owners of the land on which we live and work. We pay our respects to their Elders, past, present and emerging, and recognise their continuing connection to country.

¹ Australian Government, Department of Home Affairs:
<https://www.homeaffairs.gov.au/criminal-justice/Pages/modern-slavery.aspx>

Modern Slavery Statement

This statement has been published in accordance with the *Modern Slavery Act 2018* (Cth) (the **Act**) by MTR Corporation (Sydney) SMCSW Pty Limited (ACN 615 158 122) (**MTR SMCSW**). MTR SMCSW is a “reporting entity” required to provide a modern slavery statement under the Act.

This statement describes the risks of, and actions taken to assess and address the risks of, modern slavery within the operations and supply chains of MTR SMCSW during the 2021 reporting year.

It also addresses measures MTR SMCSW implements to monitor the effectiveness of its actions and ongoing improvements.

This modern slavery statement was approved by the Board of MTR Corporation (Sydney) SMCSW Pty Limited in their capacity as the principal governing body of MTR Corporation (Sydney) SMCSW Pty Limited on the 28 of June 2022.



(Signed with approval of the Board)

Name: Raymond Lap Hang Yuen

Position: Director and Chief Executive Officer

Introduction by the CEO

MTR SMCSW recognises the risks of modern slavery and the importance of the Act in introducing measures to tackle the existence of modern slavery in the operations and supply chains of significant businesses in Australia. MTR SMCSW is committed to taking action in accordance with, and in the spirit of, the Act to identify and eliminate instances of modern slavery in its operations and supply chains.

In doing so, MTR SMCSW is aligned with the commitments of its ultimate Hong Kong based parent company MTR Corporation.

MTR SMCSW is proud of the steps that it has taken, and continues to take, to identify and remove unacceptable modern slavery practices from its operations and supply chains.

Our business

MTR group is a global leader in safe, reliable and green railway transit. With more than 50,000 dedicated staff around the globe in 2021, MTR group carries over 10 million passengers worldwide every weekday in Hong Kong SAR, the United Kingdom, Sweden, Australia, Macao SAR and the Mainland of China.

MTR SMCSW is part of a consortium appointed by the NSW Government to deliver the trains, systems, operations and maintenance of Sydney Metro City and Southwest project (**SMCSW Project**). Together with Metro Trains Sydney Pty Ltd, MTR SMCSW is one of the two core contractors engaged by NRT CSW Pty Ltd for the delivery of these works. MTR SMCSW is responsible for the delivery of 23 trains, as well as key signalling, central control, communications, and other systems, for the SMCSW Project.

Our structure, operations and supply chains

MTR SMCSW's ultimate parent company is MTR Corporation from Hong Kong. (MTR SMCSW is fully owned by MTR Corporation (UK) Limited which is fully owned by MTR Corporation.)

Operations

MTR SMCSW currently employs over 160 employees, as well as a range of contracted consultants.

The operations of MTR SMCSW are primarily based in Sydney, Australia, with a small number of employees and contractors providing services interstate and in Hong Kong. There are a number of Hong Kong headquarters-based employees who support the SMCSW Project on both a regular and as-needs basis and a few secondees from Hong Kong headquarters who work on the SMCSW Project in Australia.

The MTR SMCSW workforce comprises engineers, subject matter experts and non-engineer employees. The substantial majority are specialist rail engineers and other specialists in the construction space. The workforce also includes a commercial team as well as support in the safety and compliance, legal, human resources and IT areas.

MTR SMCSW conducts comprehensive checks on prospective employees throughout the interview process. The recruitment process consists of use of an online platform, reference checks, relevant visa checks, checking right-to-work status via VEVO (visa entitlement verification online), obtaining all relevant documents at the onset of the recruitment process including passport, relevant visa documentation and educational transcripts.

Recruitment agencies are used relatively infrequently, on as-needs basis. These agencies are reputable, mostly based in Australia and are specialised in recruiting for professional workers.

The workforce is substantially professional in composition, although the right to freedom of association is conveyed to employees in their induction training.

There are a small number of individuals who work with MTR SMCSW on a full-time basis and are contracted independently as consultants. These are professional roles.

MTR SMCSW is committed to ensuring its employees and contractors are paid in accordance with all laws and applicable awards, and to acting ethically in its dealings with them. Employees are engaged on written common-law contracts.

Supply chains

MTR SMCSW's works on the SMCSW Project include the delivery of highly specialised and sophisticated rail equipment, including trains and other complex systems. The supply chains underpinning these works are complex, and include substantial inputs from around the world, including substantial inputs from entities based in Europe, India and China.

The most substantial suppliers to MTR SMCSW are its four key subcontractors set out below:

- Alstom Transport Australia Pty Limited – supplying the trains and signalling systems;
- Thales Australia Limited – supplying the central control and communications systems;
- UGL Engineering Pty Ltd – supplying radio systems; and
- Gilgen Door Systems AG – supplying platform screen door systems.

MTR SMCSW has a substantial number of other suppliers, primarily local Australian entities supplying other works, systems and services (including consultancy services) in support of delivery of MTR SMCSW's works on the SMCSW Project. This focus on Australian suppliers aligns with commitments made by MTR SMCSW in its contractual arrangements for the SMCSW Project supporting engagement of local industry.

Risks of modern slavery in operations and supply chains

Operations

The majority of the operations of MTR SMCSW is based locally in Australia. Employees of MTR SMCSW are typically professionals engaged via written common law contracts, in which MTR SMCSW has sought to ensure that all legal entitlements are provided for. Checks are conducted throughout the recruitment process, as mentioned in the section 'Our structure, operations and supply chains' above, and appropriate induction training is provided to all employees which among

other things advises them of our policies and their rights. As a result, the risk of modern slavery within the operations of MTR SMCSW is considered low.

Supply chains

High-risk categories of services identified are typically engaged in low-skill manual tasks and non-technical or skilled labour hire providers such as service desk providers. Often without union representation or enterprise agreements and/or from disadvantaged backgrounds, this is an example of potential for unsafe work practices or exploitation.

High-risk categories for goods, materials and spare parts are goods manufactured or sourced from overseas suppliers and categories where imported or manufactured raw materials or components are used. This is particularly true for suppliers without strong company policies and procedures or who are sourced from high risk countries as defined by the Global Slavery Index.²

The key supply chain risks of modern slavery identified by MTR SMCSW are in the complex supply chains underpinning the supply of complex specialised rail equipment, which involve multiple supply chain layers underneath the entities directly supplying MTR SMCSW in connection with the SMCSW Project, and which involve suppliers from different parts of the world which are ultimately combined into the end product.

MTR SMCSW's current practice is to gain visibility into suppliers that we directly engage through our supplier pre-qualification program as set out in the MTR (Australia) Purchasing & Procurement Procedure, which is reviewed from time to time. This procedure covers both local and overseas sourced suppliers. MTR SMCSW undertakes a scheduled audit program of its suppliers, as discussed in the section 'Our approach - Actions taken by MTR SMCSW to assess and address risks' below, which has provided additional insight into risks of modern slavery in our supply chains.

Maintaining supplier relationships through good communication and robust contract management has been very important through the COVID-19 pandemic. MTR SMCSW needs its most substantial suppliers to be able to carry on business to support our continuing operations. MTR SMCSW has not observed any significant changes in supply chain or increased modern slavery risks within our most substantial suppliers that can be directly related to the COVID-19 pandemic.

In 2020, MTR SMCSW investigated a potential risk with a secondary subcontractor that has links to factories in China alleged to be using forced labour. The affected subcontractor confirmed it was not aware of any breach of labour laws and advised that all of its suppliers, including the relevant secondary subcontractor, are subject to a rigorous process. The subcontractor further advised that a site visit by the subcontractor and an independent audit procured by the subcontractor did not identify any evidence of child, illegal or forced labour. This incident was reported upon more fully in our modern slavery statement for the reporting year 2020.

We have continued to engage with the subcontractor including reviewing its modern slavery statement for the year ended 31 March 2021 (and its related policies) and requiring further information on whether it has detected potential risks of modern slavery within its supply chain in the 2021 reporting year. The subcontractor's responses indicate no further potential risks emerged during the 2021 reporting year.

² <https://www.globallslaveryindex.org/>

Our approach - Actions taken by MTR SMCSW to assess and address risks

The MTR management system is developed and integrated to address such things as modern slavery as they also impact on health, safety, and sustainability issues. As such we approach modern slavery with a risk-based approach and in a systematic manner. This begins at the organisational governance level.

Since 2020, MTR SMCSW has conducted systematic sustainability audits of our four key “significant” contractors on the SMCSW project.

Two such sustainability audits were conducted of our key “significant” contractors in 2021 which included modern slavery in their scope. There were no significant issues or non-compliances identified against modern slavery. However, we recognise that given the nature of our sector and supply chain, the risks of modern slavery would more likely be occurring deeper within the supply chain. We will continue to work with our direct suppliers and contractors to gain insights into their supply chains to address this issue.

We are currently in the process of centralising our sustainability audit programme. The intention is for all our significant contractors to be audited once a year. Additionally, we are reviewing all sustainability audits to ensure that modern slavery is included in the scope of all sustainability audits going forward. Audits that incorporate modern slavery have been included in MTR’s 2022 Audit Plan.

We are committed to ensuring that workers employed in our supply chains are treated fairly and equitably. In doing so, suppliers (as applicable) are required to confirm compliance with the Modern Slavery Act 2018 in accordance with MTR (Australia) Purchasing & Procurement Procedure prior to engagement.

This above approach is reflected in our Ethical Sourcing and Modern Slavery policy, which acknowledges the risks of modern slavery in our operations and supply chain, and records our commitment to combatting modern slavery through (amongst other things) risk assessments and due diligence in our supply chain, and working with our supply chain to agree on measures to mitigate modern slavery risks (including through the use of reporting and audits).

In our modern slavery statement for the reporting year 2020, we described our future plans for progressing work in addressing modern slavery risks in our operations and supply chains, which included:

- introducing express obligations in appropriate supplier contracts that will support our ability to detect and act on any occurrences of modern slavery in our supply chains, appreciating that many of our contracts with substantial suppliers and sub-contractors are long-term and pre-date the Act;
- implementing broader training across the organisation to ensure awareness, prevention, detection and response to modern slavery risks in our supply chains and operations;
- examining our policies and practices to ensure they continue to be supportive of our actions to prevent and mitigate instances of modern slavery.

We report the following progress against these plans:

- we were not in a position to review any of our major supplier contracts in 2021 due to their long-term nature. We will continue with this work as the opportunity arises in future years.

- we did not commence broader training in the 2021 reporting year. However, we have commenced this part of our plan in 2022 which will be reported on in our modern slavery statement for coming years.
- our Ethical Sourcing and Modern Slavery policy was reviewed after the end of the 2021 reporting year and we will report on this review in our modern slavery statement for the coming 2022 year.

Our approach – Actions taken by MTR SMCSW to assess the effectiveness of our actions

To ensure we are able to effectively track our progress in the key areas outlined in this statement going forward, we intend to monitor the number of suppliers identified as high-risk engaged with through our audit system. We began this action in 2021 and are pleased to report that in that year there were no significant issues or non-compliances identified against modern slavery.

Consultation with entities owned and controlled

MTR SMCSW does not own or control any other entities.

Looking forward

Our future plans in moving forward with our work in addressing modern slavery risks in our operations and supply chains include:

- To continue to seek opportunities to introduce express obligations in appropriate supplier contracts that will support our ability to detect and act on any occurrences of modern slavery in our supply chains, appreciating that many of our contracts with substantial suppliers and sub-contractors are long-term and pre-date the Act.
- To implement broader training across the organisation that will include awareness training as part of the induction process for all employees and more detailed training extending to prevention, detection and response to modern slavery risks in our supply chains and operations for personnel more directly involved in the management of these risks.
- To regularly review our policies and practices to ensure they continue to be supportive of our actions to prevent and mitigate instances of modern slavery.
- To implement systematized due diligence upon selection and at regular points during our relationships with direct suppliers and contractors to include enhanced monitoring and verification, adopting a risk-based approach having regard to: geography; sector; product and service; and the mitigating actions reported by the specific entity under due diligence.