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Modern Slavery Statement for the April 2023-March 2024 Financial Year

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1. ABOUT THIS STATEMENT

voestalpine Railway Systems Australia Pty Ltd (voestalpine) has developed this Modern Slavery Statement (Statement) for the purposes of reporting under the Modern Slavery Act 2018 (Cth) (Modern Slavery Act). This Statement applies to our financial year beginning on 1st April 2023 and ending 31st March 2024. This is the fourth period in which we met the consolidated revenue threshold for reporting under the Modern Slavery Act. We are pleased to outline the progress we have made over the last financial year regarding our approach to identifying and managing modern slavery risk in our operations and supply chains.

During this reporting period, we have taken steps to progress in our modern slavery journey, including implementing compulsory modern slavery training for voestalpine staff with modern slavery responsibilities, commencing supplier risk assessments through our newly established Supplier Questionnaire, and rolling out on-site inspections of key suppliers as part of our supplier onboarding process. We are committed to further enhancing our response to modern slavery over the course of our 2024-2025 financial year.

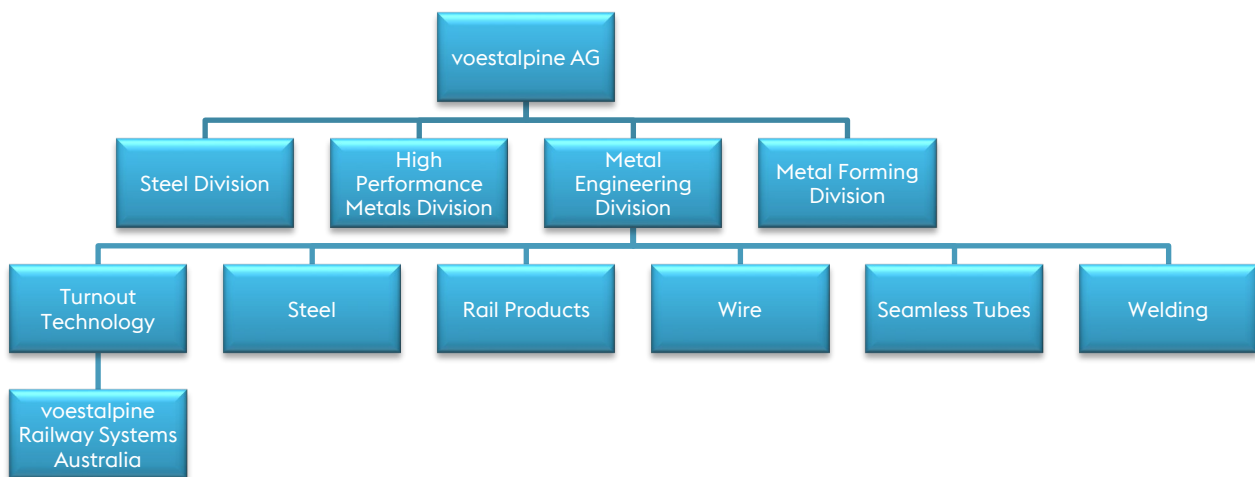
This Statement covers the seven mandatory criteria for reporting under the Modern Slavery Act 2018 (Cth). The table below indicates where within this Statement each criterion is addressed.

Mandatory criteria for modern slavery statements	Section
Identify the reporting entity	1
Describe the reporting entity's structure, operations and supply chains	2
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	3
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
Describe how the reporting entity assesses the effectiveness of these actions	5
Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	2
Any other relevant information	5

2. STRUCTURE, OPERATIONS, AND SUPPLY CHAINS

STRUCTURE

Our structure remains the same as in the last reporting period. We do not own or control any entities. We are ourselves part of the voestalpine AG network (voestalpine Group), the global leader for railway infrastructure system solutions. voestalpine Group is based in Linz, Austria and is listed on the Vienna Stock Exchange. Our position within the voestalpine Group is as follows:



OPERATIONS

We provide railway infrastructure system solutions, products, logistics and services for rails, turnout, signalling and monitoring applications.

We operate factories in Mackay and Bathurst and have an office in Sydney. We have not opened any other factories or premises over the course of the last financial year. Our factories manufacture turnouts, crossings, and switches for railways, metros, and tramways (including light rail).

At the time of submitting this Statement, we have a total of:

- 140 full-time, part-time, and casual employees.
- 8 labour hires at Mackay and Bathurst.
- 7 apprentices and trainees.

SUPPLY CHAIN

In the reporting period, approximately 90% (by spend and transactions) of our goods and services were procured locally in Australia. The remaining goods and services were procured from Europe and the USA – all of which were from companies within the voestalpine Group.

Key products and services that we procure include steel, concrete, transport, facilities management, and contracted labour in Australia. Overseas procurement includes rail switch machinery and parts (Germany), deep head harden rails and switch rails (Austria), rail switch locks and operating rods (Germany), grooved rails (Germany) and grooved rail switches and turnouts (Germany).

3. APPROACH TO IDENTIFYING MODERN SLAVERY RISK

voestalpine engaged external human rights specialists to support the identification of inherent modern slavery risks in our operations and supply chains in 2021, and this process has guided our modern slavery approach in the years since.

The following areas comprise our known salient modern slavery risks, however, we have not completed further risk identification exercises since 2021 and acknowledge that the modern slavery risk presented by these areas may have changed over time. There also may be other areas of the business where modern slavery risk may have increased since the initial risk identification exercise.

OPERATIONAL RISK

- **Workforce:** voestalpine regularly engages workers in categories that are known to be associated with heightened modern slavery risk, including international workers, employees with particular visa conditions, contract employees, workers recruited through third party recruitment agencies/labour hire companies (e.g. to support manufacturing) and service providers (e.g. catering, cleaning and maintenance services). We understand that vulnerable populations comprise a significant portion of people employed in contract roles, and those who are hired through recruitment agencies and labour hire companies, which elevates the risk of these workers experiencing some form of forced labour, particularly debt bondage. Our recruitment model seeks to mitigate some of this risk (see section 4: *Workforce and Capability Building*).

SUPPLY CHAIN RISK

- **Business-critical suppliers:** a significant portion of our procurement is of specialist materials and products, for which suppliers are limited. We understand that business-critical procurement in niche industries can present higher modern slavery risk, as our leverage to require supplier conformance in modern slavery risk management and incident response is more limited comparative to more competitive markets.
- **Property and facilities:** we operate factories in Australian regional hubs in Bathurst (NSW) and Mackay (QLD) and lease a corporate office in Sydney (NSW). We prioritise small, local companies for procurement of property and facilities management services in our regional sites, as this aligns with our intention to support the communities in which we operate. Property and facilities management is

known for its exposure to multiple modern slavery risk factors in Australia, due to the prevalence of low-skilled labour and often-poor visibility over the labour contracting relationship.

- **Transport:** Air, sea and road freight services represent a significant spend category, with 52% of our bulk freight moved by rail (predominately Australian East Coast Rail), 15% by sea freight, 30% by road freight and less than 3% by air freight. We understand that these sectors are particularly susceptible to modern slavery risk. This is due to a variety of intersecting factors, including isolated working conditions, prevalence of vulnerable workers from high-risk geographies, and constrained operational costs which can result in cost-cutting measures affecting working conditions.
- **Uniforms and PPE:** The production of uniforms and PPE can often involve low-skilled labour in high-risk geographies; these products are a known area of modern slavery risk. voestalpine sources uniforms and PPE locally from suppliers in Bathurst and Mackay. These products are manufactured in China and southeast Asia by a short list of Tier-2 suppliers, all but one of which are reporting under the Modern Slavery Act. We plan to further interrogate this risk in FY24-25.
- **Steel, foundry, and concrete production:** As specified above, we procure a large amount of steel and concrete both domestically and through our parent company, based in Austria. voestalpine Group identifies forced and child labour as a particular risk in the supply chain for raw materials such as iron, sand and cement based on known risk factors for those materials, including the countries of origin of voestalpine Group's suppliers. voestalpine does not have direct visibility over Tier-2 and below suppliers sourced from through Group, however, we understand Group has a modern slavery risk management strategy for this supply chain (see 4. *Approach to addressing modern slavery risk*).






4. APPROACH TO ADDRESSING MODERN SLAVERY RISK

We have updated our approach to modern slavery since the previous financial year as we continue to work towards reaching our FY23-24 goals. Actions taken in FY23-24 include:

- Drafting a human rights commitment statement (drafted, has been externally reviewed, but not yet adopted);
- Updating our policy suite to include more explicit references to modern slavery;
- Establishing a Modern Slavery Risk Working Group;
- Finalising our supplier questionnaire and beginning our first round of supplier on-site inspections; and
- Working to implement enhanced, mandatory training for employees on human rights and modern slavery.

In the context of voestalpine Group's modern slavery approach, we are aware that modern slavery is regularly discussed at board level although it is not currently a formal standing agenda item. We further understand that Group's risk assessment process for suppliers, which comprise the totality of our offshore procurement, is unchanged. See 'Supplier Engagement' in this Statement for further information on our approach to managing modern slavery risk within our domestic supplier base.

At the local level, our Modern Slavery Risk Working Group meets on a quarterly basis to discuss developments relating to modern slavery in our supply chain and operations. The Working Group monitors Group-level directives relating to human rights and modern slavery and works towards discrete modern slavery goals. In FY23-24 these goals included (as committed to in our FY22-23 Modern Slavery Statement):

FY22-23 Goal	Status at end FY23-24	
<p>1. Develop localised modern slavery training for all our staff, focused on obligations under the Australian Modern Slavery Act.</p>		<p>Status: progressed from FY22-23</p> <p>Australia-based training partner identified, mandatory training program currently in development.</p>
<p>2. Develop our own Human Rights Policy tailored to our business and the Australian context and make an explicit policy commitment to addressing modern slavery.</p>		<p>Status: progressed from FY22-23</p> <p>In place of a Policy, we drafted a Human Rights Commitment Statement, which is currently undergoing review for publication (scheduled for June 2024).</p>
<p>3. Operationalise our CSR Questionnaire and develop a screening process that assesses supplier modern slavery risk based on the intersection of modern slavery risk factors.</p>		<p>Status: progressed from FY22-23</p> <p>Supplier questionnaire has been deployed in our supply chain in 2023, inherent risk screening rescheduled as a goal for FY24-25.</p>
<p>4. Communicate our organisational chart that outlines modern slavery accountabilities.</p>		<p>Status: achieved</p> <p>Our organisational chart has been communicated internally and is shared with new employees as part of the onboarding process.</p>
<p>5. Formalising our Human Rights Commitment Statement.</p>		<p>Status: progressed from FY22-23</p> <p>Progress made on Human Rights Commitment Statement (see 2.).</p>

POLICY AND GOVERNANCE

We have drafted a local human rights commitment statement during this reporting period, which is currently undergoing review for publication. This statement will align with and complement the human rights and modern slavery commitment published by voestalpine Group in its 2022 *Corporate Responsibility Report* and requires us to apply the Group Code of Conduct, which prohibits forced and child labour, to our own operations. Our Code of Conduct also states that we regard human rights as fundamental values that must be observed by all employees, in accordance with the International Bill of Rights, the UN Guiding Principles on Business and Human Rights, the principles of the UN Global Compact, and the core labour standards of the International Labour Organisation (ILO).

Our Board is responsible for our ongoing response to the Modern Slavery Act, with operational responsibilities resting with the Modern Slavery Risk Working Group. The Group is chaired by our Financial Controller and supported by our newly appointed Modern Slavery Risk Coordinator, our Human Resources Manager and HSEQ Manager.

SUPPLIER ENGAGEMENT

We require suppliers to agree to conform to the expectations laid out in the Group Code of Conduct, including the sections related to forced and child labour. Supplier contracts include requirements for conformance to the Group Code of Conduct, and require a right to audit and implement corrective action measures where non-conformance is found.

In 2023, we finalised and commenced deployment of our Corporate Social Responsibility Questionnaire (Questionnaire) and on-site supplier assessments to our existing supplier base. Three suppliers have completed the Questionnaire to date, and a further three suppliers have received the Questionnaire to complete in 2024. One supplier on-site inspection has occurred to date, and one is planned for later in 2024. Suppliers were selected for Questionnaire completion and on-site assessment based on business criticality and volume of supply. We aim to deploy the Questionnaire based on inherent modern slavery risk once we have established a repeatable approach for identifying this risk (see FY24-25 key steps in Section 5). We require suppliers to complete the Questionnaire in line with our *Code of Conduct for Business Partners voestalpine Railway Systems Australia* (Code of Conduct). Through these on-site inspections, we seek to understand the processes and procedures our suppliers are following, and collect information around how they are managing their facilities. We have written a detailed report of the first supplier we inspected this year. This process has helped us identify and understand potential risks, and overall understand how our suppliers are complying with their human rights-related policies. voestalpine's supplier base comprises a small collection of suppliers with whom we have worked for many years, and new suppliers are relatively rare, so we have not yet needed to deploy the Questionnaire as part of supplier selection or onboarding processes.

The Questionnaire includes questions to support our understanding of our suppliers' policies and processes for managing modern slavery risk, including whether they report under the Modern Slavery Act. We understand that inherent risks lie at all stages of the supply chain. While the Questionnaire invites suppliers to outline details of their use of sub-contractors in manufacturing, we do not have full visibility over the supply chain and associated human rights-related risks. Our newly implemented supplier site inspection process assesses potential supplier risk, which highlights any potential risks with the supplier and the criticality of identified risks. Both the Questionnaire and site inspection processes contribute to rating supplier risk via a traffic light system. There is not currently a process for handling suppliers that receive yellow and red risk ratings, this has been identified as a key action for FY24-25.

WORKFORCE AND CAPABILITY-BUILDING

Every employee receives a contract that is compliant with Australian labour laws and awards, and a one-off mandatory online training on the voestalpine Group Code of Conduct as part of their onboarding with voestalpine. The online training is broad and covers topics across procurement, supply chain, recruitment, and child labour. It includes a mandatory assessment at both local and Group levels. The human rights learning module was also developed at Group level in FY21-22 and added to the learning plans of staff across the broader voestalpine Group, including our own personnel here in Australia. During the reporting period it was completed by 67 employees.

New employees involved in procurement undertake further training that is tailored to their role and responsibilities. This training includes content on human rights and modern slavery issues. In this reporting period we had 15 team members complete the induction training, with the same 15 due to complete refresher training before the end of the next reporting period.

We are in the process of developing a broader staff training program on modern slavery, which will differ based on the employee's role. We are currently working with an external consultant to develop this personalised training which will focus on the Australian context and obligations under the Modern Slavery Act, and further empower employees to identify modern slavery risk flags in their daily roles.

Our model for the hire and onboarding of contractors mitigates modern slavery risk. We engage two recruitment companies in the process for employing contract staff and work closely with these companies to hire contractors on long-term contracts rather than short-term. Recruitment companies go through the same supplier agreement and the employment process is at no cost to candidates. We ensure that employees are remunerated in accordance with the applicable legal regulations and collective agreements and provide clear guidelines on employee working hours. We also ensure that contractors receive the same onboarding processes and wages as our employees. We offer ongoing employment options to contractors once they have completed their contract period. Workers in labour roles at our factories are required to provide their own uniform. If they do not have suitable clothing, they may purchase their uniform and pay via wage deduction over a period of time. This is the only potential cost to employees at onboarding.

GRIEVANCE AND REMEDY

voestalpine's Group-level whistle-blowing procedure and a hotline number is made available to employees, and is contained within several policy documents including the *Code of Conduct* and *Code of Conduct for Business Partners* that are provided to suppliers. The committee procedure for whistle-blowing remains unchanged since the last reporting period. The whistle-blowing hotline is displayed on television screens in select areas, made accessible to employees on site. As well as a hotline, the Group-level whistle-blowing system includes a web-based portal dedicated to receiving human-rights-related concerns.

Our *Complaints Handling Procedure* outlines the process for submitting a formal complaint and affects all employees of voestalpine. There have been no updates to our procedures in this reporting period. The committee structure also remains unchanged. During the reporting period, there were no modern-slavery- or human-rights-related grievances recorded that related to voestalpine. We understand that while we have these systems in place, we lack an action plan for grievance and remediation handling particularly for issues that lie outside the organisational structure of voestalpine.

5. BUILDING MATURITY AND ASSESSING EFFECTIVENESS

In FY23-24 voestalpine's focus has been on implementing our newly developed frameworks for working with suppliers, as well as deploying training to those with modern slavery responsibilities. In future years, we hope to develop a clear process for measuring the effectiveness of our current approach to managing modern slavery risks.

GOALS FOR THE NEXT FINANCIAL YEAR:

FY23-24 was a year in which voestalpine matured our approach to managing modern slavery risk in our supply chain, including via supplier due diligence and engagement. FY24-25 will be a year when we continue to develop a deeper understanding of how our suppliers align with our modern slavery approach and expectations. This will also be a standing item on the Modern Slavery Risk Working Group agenda moving forward. We are looking forward to outlining our progress in further maturing our modern slavery response in our next Modern Slavery Statement.

Key steps for FY24-25	Actions
Develop a clear action plan for handling grievances	<ul style="list-style-type: none"> Take steps to establish a plan for responding to any modern slavery incidents that may arise. We are conscious that with our enhanced supplier engagement approach the likelihood of identifying modern slavery incidents in our supply chain also increases and want to be prepared for these situations.
Delve deeper into understanding and managing modern slavery risk	<ul style="list-style-type: none"> Develop a repeatable approach to identification of supplier inherent risk. Develop a risk management process for those suppliers identified as high- and medium-risk.
Expand modern slavery training to all employees and workers, and develop role-specific training	<ul style="list-style-type: none"> Develop tailored training to further support employees with modern slavery responsibilities to grow their knowledge and skillset. Extend existing general modern slavery training to all employees. Work with training providers to develop resources that can be provided to workers not captured by compulsory training, such as labour hire workers.

While we have made progress on the goals we committed to in FY23-24, we acknowledge that we have a long journey ahead to achieve comprehensive modern slavery risk management practice. By striving to achieve our key actions (as identified above) in FY24-25, we will continue to grow our maturity in modern slavery risk management.

6. BOARD APPROVAL

This statement was submitted and approved by the board of voestalpine Railway Systems Australia Pty Ltd on 3 June 2024.

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 Kylie Huth
 Chief Executive Officer