

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

FY 2021

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Introduction

What is modern slavery?

The term “modern slavery” is used to describe situations in which coercion, threats or deception are used to exploit victims and undermine their freedom. Modern slavery can take many forms including slavery, servitude, forced labour, debt bondage, deceptive recruiting for labour or services, the worst forms of child labour (where children are exploited through slavery like practices or exposed to hazardous work) and forced marriage.

Based on the Global Slavery Index¹ an estimated 40.3 million people are trapped in slavery worldwide, with women and girls disproportionately affected. The Covid-19 pandemic of 2020/2021 has impacted on State responses to modern slavery and the protection of victims and has exacerbated vulnerabilities to modern slavery.²

Our vision

Evolution Rail aims to support a sustainable, globally-competitive export rail manufacturing industry, building bigger and better trains to support Melbourne’s rapidly growing population. In achieving this goal Evolution Rail is committed to 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 with a focus on continuous improvement. We are also committed to undertaking further work to identify and take steps to prevent modern slavery.

[1] Global Slavery Index 2018.

[2] Modern Slavery & Human Rights, Policy & Evidence Centre, Good practice in protecting people from modern slavery during the Covid-19 pandemic, 2

Reporting Entities

For the purposes of this joint Modern Slavery Statement the reporting entities are Evolution Rail Unit Trust and Evolution Rail Holdings Unit Trust (together, “**Evolution Rail**”).

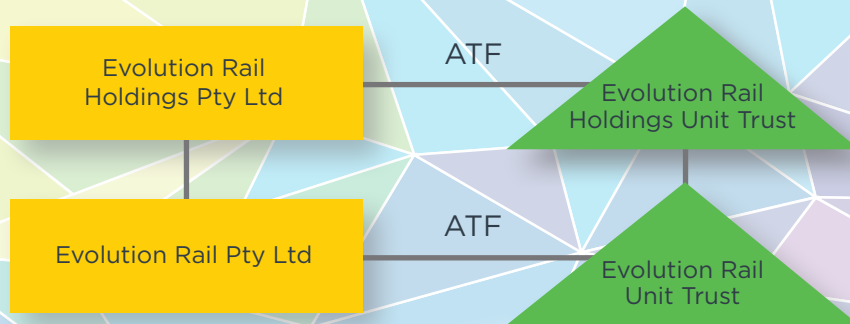
This Modern Slavery Statement covers Evolution Rail’s reporting period of 1 January 2021 to 31 December 2021.

Our Structure, Operations and Supply Chains

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 2053).

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.

Operations

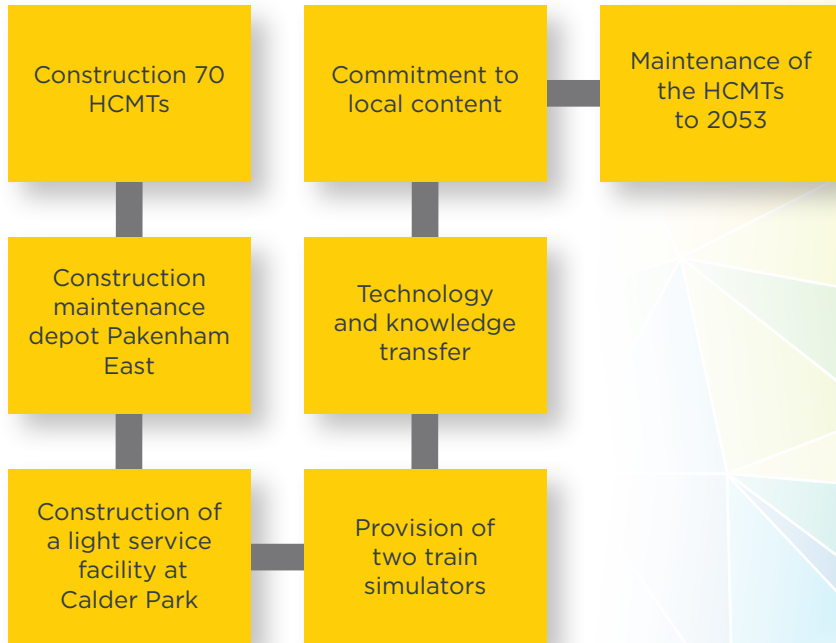
The Evolution Rail consortium has been contracted by the Victorian Government, as part of a public-private partnership (PPP), to deliver the HCMT Project. As part of this Project, Evolution Rail will finance, design, build and maintain 70 new high capacity trains for the metropolitan network for 35 years.

Construction of the train maintenance facility in Pakenham East and a light service facility in Calder Park is also being delivered as part of the Project.

Evolution Rail is responsible for the delivery of the \$2.3 billion HCMT Project and our 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 to support operation of the HCMTs on the Sunbury line;
- ▼ 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 2053.

Evolution Rail has engaged Plenary Asset Management Pty Ltd to manage the delivery and operations of the HCMT Project. Plenary Asset Management Pty Ltd has engaged a management team of eight dedicated people to deliver the management services scope.



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 will provide delivery activities to Evolution Rail, including design and manufacture of the HCMT fleet and 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 35 year 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.

Evolution Rail manages the whole of the HCMT Project as it is responsible for the financing, design, construction and maintenance of the HCMTs.

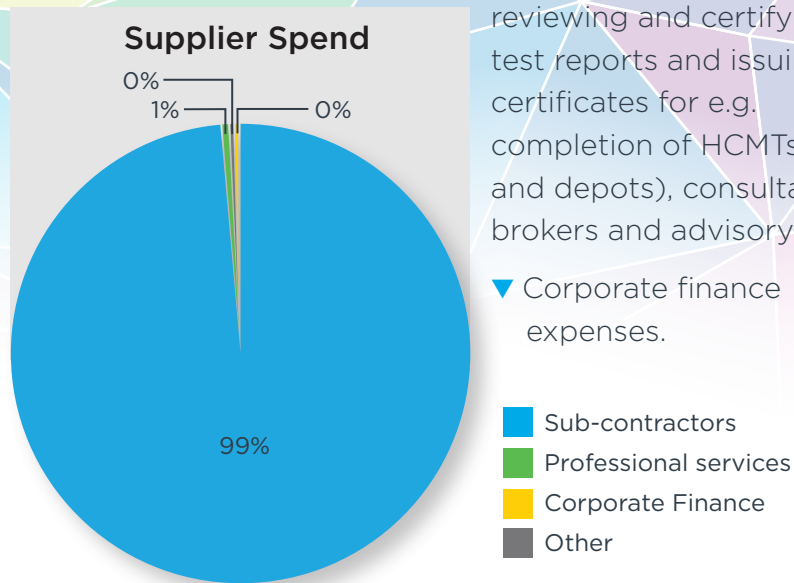


Supply Chains

In the 2021 financial year Evolution Rail spent approximately \$242 m with 26 suppliers.

The main areas of supplier spend were:

- ▼ Subcontractors: for example costs for the HCMT Supplier, the Maintenance Subcontractor, their subcontractors and management services.
- ▼ Professional Services: including expenses for auditors, the independent reviewer (responsible for verifying the services that need to be delivered under the Project Agreement, reviewing the progress of delivery activities, reviewing and certifying test reports and issuing certificates for e.g. completion of HCMTs and depots), consultants, brokers and advisory costs.
- ▼ Corporate finance expenses.



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; and
- ▼ Plenary Asset Management Pty Ltd being the provider of management services - headquartered in Australia.

All payments are made to Australian suppliers, noting that the HCMT Supplier is considered an Australian supplier.

Risk of Modern Slavery Practices in Our Operations and Supply Chains

While conducting the analysis for our inaugural Modern Slavery Statement we referred to resources such as the Global Slavery Index 2018, the Australian Council of Superannuation Investors' Modern Slavery Report Guide for Investors, materials and information on risks of modern slavery produced by the International Labour Organization. We have also sought external advice and referred to the "Good practice in protecting people from modern slavery during the Covid-19 pandemic" report.³

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

We also asked our tier 1 suppliers and our main tier 2 suppliers to complete a modern slavery questionnaire. In addition to the information obtained from the publicly available resources, the responses to the modern slavery questionnaire were helpful to further assess the risk of modern slavery practices in our operations and supply chains.

Operations

In 2021 Evolution Rail's operations mainly concerned delivery activities for design and manufacturing of the HCMTs as well as the commencement of maintenance activities for 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.

[3] Modern Slavery & Human Rights, Policy & Evidence Centre, Good practice in protecting people from modern slavery during the Covid-19 pandemic, 2.

Supply Chains

In preparing this statement we focused on our suppliers with whom we have a direct contractual relationship (i.e. tier 1 suppliers) as well as our main tier 2 suppliers. However, we acknowledge that incidences of modern slavery can exist throughout supply chains at any level and we are committed to assessing and reporting risks further in our supply chain in future years and statements as part of our process for continuous improvement.

As a next step, following our initial desktop assessment and modern slavery questionnaires from tier 1 suppliers last year, we asked our tier 1 suppliers to report on their practices and procedures for assessing and managing human rights in 2021. We also asked our tier 1 suppliers to obtain modern slavery questionnaire responses from our main tier 2 suppliers. This assessment indicated that there are certain risk factors present in our supply chains which may increase the potential for risks of modern slavery practices.

We have identified the following risk factors in our supply chains:

- ▼ The construction sector presents elevated risks of modern slavery as a result of factors such as potentially unsafe conditions, use of low-skilled labour, long and complex supply chains and tight project deadlines.

Evolution Rail partners with the HCMT Supplier which has lengthy and complex supply chains spread across different geographies.

The HCMT Supplier's two subcontractors have both provided insight in the processes they have in place to manage the risk of occurrence of modern slavery. Both subcontractors have standards of business conduct in place and request their suppliers and subcontractors to comply with relevant legislation. One of the subcontractors is also member of several ethical initiatives and requests its subcontractors to comply with the same high standards as it holds itself to.

There is a risk that somewhere in these supply chains there might be instances or risks of modern slavery practices, for example in relation to the procuring of raw materials or in relation to the manufacturing of components necessary to construct the HCMTs.

- ▼ Raw materials and components that are procured from potentially high risk geographies. The two subcontractors to the HCMT Supplier and the Maintenance Subcontractor are not aware of any investigations related to a breach of legislation by their subcontractors.

▼ Services procurement (such as cleaning, site security, waste management, etc.). Although Evolution Rail recognises that these can be potential high risk areas, the majority of such services which it procures are from Australian based contractors who comply with applicable Australian laws. Evolution Rail seeks to ensure that the values and ethics of these contractors reflect those of Evolution Rail wherever possible.

The Maintenance Subcontractor and its main supplier are Australian based entities which incorporate sustainable procurement practices including a focus on human rights and modern slavery.

Despite the existence of these risk factors in our supply chains with our direct suppliers, we are not aware of any

reported instances of modern slavery which have occurred with any of our tier 1 or main tier 2 suppliers during the reporting period. All tier 1 and the main tier 2 suppliers reported on their practices and the majority of these have processes in place to manage the risk of modern slavery practices.

As part of our continuous improvement program we are committed to further examining and assessing our supply chains. We recognise the potential for instances of modern slavery practices occurring further down our supply chains and we will strive to analyse and report on lower levels of our supply chains (i.e. beyond tier 2) in our next modern slavery statement.

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

Actions

In FY 2021 Evolution Rail has taken steps to assess and address the risks of modern slavery practices occurring in our operations and supply chains including:

- ▼ The revision and update of our modern slavery policy which applies to and has been communicated to all directors and officers of Evolution Rail and which makes clear that Evolution Rail adopts a zero tolerance approach to all forms of modern slavery.
- ▼ The further mapping of our supply chain, up to the main suppliers at tier 2 level, and assessment of the risk factors present in those supply chains. The compliance, risk, legal and finance teams reviewed the data provided from last year's desktop analysis as well as the suppliers' input to update the available information of our supply chains.
- ▼ The revision of our modern slavery questionnaire which asks information about:
 - ▽ whether the supplier is required to report under existing modern slavery legislation;
 - ▽ whether the supplier has a written policy, procedure or value statement in relation to modern slavery, human rights or ethical trading risks and the impact on their business;
 - ▽ whether the organisation is a signatory to, or a member of any modern slavery initiative or charter;
 - ▽ the extent to which work is outsourced;
 - ▽ how the supplier conducts due diligence for modern slavery risk;
 - ▽ whether there have been any concerns in relation to modern slavery in their business or supply chains; and
 - ▽ whether the organisation or its agents/subcontractors have been investigated or charged with breaches of legislation relating to modern slavery.
- ▼ The completion of the modern slavery questionnaire by all our tier 1 suppliers and main tier 2 suppliers in relation to calendar year 2021.
- ▼ In 2020 it was alleged that CRRC, one of the HCMT Suppliers, potentially benefited from the use of Uyghur workers. KTK Group, a provider of train components to CRRC and to a lot of businesses in the train manufacturing sector, was named as employing Uyghur workers in Changzou.

Evolution Rail has asked the HCMT Supplier to make additional enquiries into KTK Group as a supplier to CRRC

and the HCMT Project. The HCMT Supplier provided a comprehensive response, including substantive evidence that it does not in fact employ any workers of Uyghur ethnicity and has appropriate modern slavery, forced labour and other employment policies in place.

Evolution Rail is aware of these allegations and continues to monitor this risk.

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 take 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

Evolution Rail has reviewed its modern slavery policy and modern slavery questionnaire in 2021 to ensure that they remain accurate, up to date and effective. Evolution Rail commits to review both these documents on an annual basis to ensure they continue to align with our business.

As outlined earlier in this statement, Evolution Rail has requested that all of its tier 1 and main tier 2 suppliers complete and return modern slavery questionnaires for FY 2021 and through the responses has been able to assess how its tier 1 and main tier 2 suppliers consider and approach human rights issues in their operations.

Evolution Rail aims to set up processes to discuss and review engagement and feedback between key areas of its business in relation to modern slavery.

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. Their legal, finance and communications functions 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

Evolution Rail is committed to working to improve its assessment and addressing of modern slavery risks and as such is committed to implementing the following measures in FY 2022:

- ▼ communication and engagement with current stakeholders on our modern slavery policy;
and
- ▼ the roll out of our modern slavery questionnaire to suppliers beyond the main tier 2 level.

After implementation of the above measures Evolution Rail will be better placed to assess and address:

- ▼ further supply chain risks based on the findings from the previously implemented measures;
- ▼ potential internal audits;
- ▼ the possibility of partnering with industry groups; and
- ▼ potential inclusion of modern slavery clauses in new contracts with relevant stakeholders to ensure Evolution Rail has sufficient leverage to influence stakeholders to change their practices where necessary.

Approval

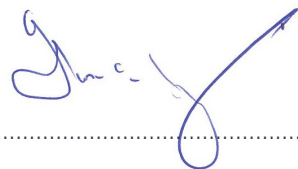
This joint Modern Slavery Statement is made in accordance with section 14 of the Modern Slavery Act 2018 (Cth).

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

John Fitzgerald
Director, Evolution Rail Pty Ltd



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Signed for and on behalf of Evolution Rail Holdings Unit Trust

Glenn Hay
Director, Evolution Rail Holdings Pty Ltd

