

# Modern Slavery Statement

ComfortDelGro Corporation Australia Group

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Reporting Period—Calendar Year 2022

## 1. Reporting Entity

This Statement is made on behalf of ComfortDelGro Corporation Australia Pty Ltd (ACN 002 072 004) with its registered office at 28 Prosperity Street, Truganina, Victoria 3029, and its related bodies corporate as defined in section 50 of the *Corporations Act 2001* (Cth) (collectively, '**CDC**'). CDC is a wholly owned subsidiary of ComfortDelGro Corporation Limited, a company incorporated in Singapore and listed on the Singapore Stock Exchange.

CDC has a zero-tolerance approach to modern slavery and is committed to implementing and enforcing effective systems and controls to prevent and address modern slavery in its operations and supply chains.

This modern slavery statement ('**Statement**') sets out the steps CDC has taken to prevent modern slavery in its businesses and supply chains for the year 1 January 2022 to 31 December 2022 ('the **reporting period**'). No complaints regarding any actual or suspected modern slavery practices were received by CDC through its reporting mechanism during the reporting period.

This Statement has been prepared in line with the requirements of the *Modern Slavery Act 2018* (Cth) ('the **Act**') and for the purposes of this Statement, "modern slavery" has the meaning given in section 4 of the Act.

## 2. CDC's Business

### 2.1. Operations

CDC is a major provider of land transport services across Australia. It operates a fleet of over 3,000 buses and 200 non-emergency patient transport vehicles across the six states of Australia. Its operations include the provision of public bus services, school bus services, special services, charter services, taxis, and non-emergency patient transport services. As part of its operations, CDC employs around 4,800 people including drivers, maintenance staff, support staff, administration, and management staff. A brief overview of its operations in Australia is as follows:

- a. public bus services and school bus services under government and other contracts in New South Wales, Victoria, the Northern Territory and Queensland;
- b. special school services in the Australian Capital Territory, Victoria and New South Wales;
- c. non-emergency patient transport services in New South Wales, Victoria and Western Australia;
- d. charter bus services across Victoria, NSW and Queensland.

### 2.2. Supply Chain

CDC's supply chain is diverse in terms of the types of products and services it procures and the size of supplier entities it utilises for its operations (being large-scale operators to small and medium local suppliers). The majority of CDC's supplier relationships are long-term and well-established. CDC is required by its contracts with various government organisations to prioritise local suppliers wherever possible. Therefore, CDC's suppliers are primarily located in Australia.

CDC's supply chain mainly consists of its 'Direct Suppliers' ('**Direct Suppliers**') with whom CDC has a direct contractual relationship for providing the products and services required for its operations. CDC's supply chain also comprises 'Indirect Suppliers' ('**Indirect Suppliers**') who are: (a) suppliers of CDC's Direct Suppliers (such as suppliers of raw materials used in the production of goods procured by CDC); and (b) subcontractors of CDC's Direct Suppliers.

CDC's Direct Suppliers provide the following major goods and services:

- a. products and services, such as fuel, oils, lubricants, spare parts, tyres, uniforms, cleaning services, utilities (including telecommunications services) and information technology systems and services;
- b. maintenance services, such as those for chassis/body repairs, windscreen repairs, and general tradesperson works;
- c. capital purchases, such as the purchase of assets (buses and other vehicles) for construction and property; and
- d. professional services such as advisory services for financial, legal and other technical matters in support of projects (such as acquisitions and/or tender responses, and audit services);
- e. advertising material, such as print signages for transit advertising on buses.

### 3. Risks of Modern Slavery Practices in CDC's Business

In 2021, CDC conducted an initial scoping exercise ('the **exercise**') to gauge the extent of possible modern slavery risks in its business. In respect of its operations, CDC identified the location of its employees and contractors to determine which (if any) were connected with a geography that may present a heightened risk of modern slavery. CDC then categorised the nature of the roles performed by employees and contractors to determine which, if any, were connected with a product or service which may present a heightened risk of modern slavery.

In respect of its supply chain, CDC first identified its major Direct Suppliers. It then considered their (a) geographic location; (b) the nature of the products and services provided by them; and (c) information available in the public domain about their business. This process was undertaken in line with guidance published by the Department of Home Affairs. In addition, CDC provided its Direct Suppliers with a due diligence questionnaire through which it obtained more information on the measures they had in place to assess and address modern slavery risks.

This exercise did not bring to light any actual instances of modern slavery within CDC's operations or supply chain. Consequently, CDC is not aware of any modern slavery practices or allegations against its suppliers. CDC also found that some suppliers had similar or comparable policies within their own supply chains.

#### 3.1. Operational Risks

CDC operates in Australia and all its employees are in Australia. The risk of CDC causing, contributing to, or being directly linked to modern slavery practices is highly improbable and realistically minimal because CDC is governed by Australia's high employment standards and statutory safeguards for fair and safe working conditions.

As a matter of routine reasonable due diligence, CDC monitors its businesses to ensure its operations are undertaken in a safe environment and workers are treated fairly and in accordance with law and applicable industrial instruments. Given below are some of the key steps CDC takes in furtherance of its responsible business practices:

- a. CDC's recruitment process verifies prospective employees' age (ensuring they meet the minimum age to be eligible for employment) and that they are legally eligible to work in Australia;
- b. CDC's induction training for new employees clearly outlines expected workplace behaviour including mandatory work, health and safety training;
- c. CDC's contractual and statutory obligations in respect of work, health and safety ensures CDC is held to a very high standard for protecting its workers' health and safety.

### 3.2. Supply Chain Risks

CDC's risk assessment during the exercise determined that CDC's Direct Suppliers present less risk of modern slavery than its Indirect Suppliers because its Direct Suppliers are subject to more rigorous screening and scrutiny as part of their selection and engagement with CDC. Specifically, CDC uses documents such as requests for tender, contracts, code of conduct, contract management and reporting mechanisms to stay vigilant and monitor, among other things, the risk of modern slavery in its direct supply chains.

Some key conclusions of CDC's risk assessment of its Direct Suppliers were that most Direct Suppliers posed almost no to relatively low modern slavery risk because they possessed one or more of the following characteristics:

- a. they operate predominantly in Australia; approximately 90% of CDC's Direct Suppliers are headquartered in Australia;
- b. they deliver equipment/s, product/s or machinery that are technical or require sophisticated engineering and are therefore expected to have been sourced from countries posing low modern slavery risk and not involving the use of raw materials and/or practices commonly associated with modern slavery;
- c. they operate in industries that are subject to significant regulation with strong measures for employee protection.

CDC's supply chain has multiple tiers and CDC acknowledges that there are certain industries, products, services and geographic regions which carry a higher risk of modern slavery. While CDC can and does conduct due diligence for its Direct Suppliers, it has relatively less visibility and influence over its Indirect Suppliers. Based on guidance from the Department of Home Affairs and the Global Slavery Index 2018, CDC arrived at the reasonable conclusion that although low, the supply of the following general categories of goods carried with it some inherent risks of concealed modern slavery practices along the supply chain which CDC may not be able to reasonably track, identify, assess and address:

- a. *Uniform and Personnel Protective Equipment*: The apparel industry is associated with vulnerable populations in higher risk geographies;
- b. *Information Technology (IT) equipment*: Potential risk that the sourcing material used in the manufacture of IT equipment is linked to modern slavery practices;
- c. *Fuels and lubricants*: Potential risk that extraction of raw material is associated with vulnerable populations in higher risk geographies and the vessels used to transport fuels can expose the crew to forced labour and/or unacceptable working conditions;
- d. *Spare parts (such as tyres)*: Potential risk that the sourcing of raw materials used to manufacture some types of tyres, natural rubber etc. is associated with modern slavery practices since the process is labour-intensive and known to be associated with vulnerable populations in higher-risk geographies.

CDC has a limited ability to engage with its Indirect Suppliers and is therefore unable to assess or monitor their practices to ensure compliance with human rights regulations, including modern slavery. Consequently, CDC's direct and immediate focus in the reporting period and in the near future is to prioritise compliance by its Direct Suppliers which includes contractual commitments to cascade compliance through the supply chain to its Indirect Suppliers. As this process matures, CDC may develop capabilities to expand its reach beyond such contractual requirements.

## 4. Actions Taken to Address Modern Slavery Risk

The [United Nation's Guiding Principles on Business and Human Rights](#) (the **Guiding Principles**) make it clear that the way an organisation responds to its modern slavery risks will depend on whether it is causing, contributing to or is directly linked to each risk. Pursuant to the afore-mentioned exercise and in line with Guiding Principles, CDC has undertaken the following measures:

#### 4.1. Due Diligence

CDC is committed to an ongoing process to identify, prevent and mitigate actual or potential adverse human rights impacts in its business, including modern slavery compliance. During the reporting period, CDC undertook the following due diligence measures:

- Continuing the integration of the findings of the exercise across the entire organisation and taking appropriate action to address impacts by introducing internal training on modern slavery and processes for incident reporting. Specifically, these included the following:
  - a. revising CDC's Code of Conduct (**'Employee CoC'**) by incorporating specific modern slavery provisions to strengthen awareness and sensitise all employees to the gravity of modern slavery practices and CDC's zero-tolerance approach. The new provisions encourage all employees to freely raise concerns about any likely modern slavery breaches in any part of CDC's business, at the earliest possible stage by referring these to CDC's General Manager-Procurement ('the **GM**') or under [CDC's Whistleblower Policy](#) ('the **Policy**');
  - b. reviewing and updating [CDC's Supplier CoC](#) (**'Supplier CoC'**) to reinforce CDC's zero-tolerance approach to modern slavery, including potential termination actions for modern slavery practices. The updated Supplier CoC requires all suppliers to include in their contracts with their indirect suppliers: (a) commitments to assess and address modern slavery within their supply chains; (b) warranties that they have not been convicted of modern slavery offences; and (c) undertakings to complete their own due diligence for ensuring compliance. It also encourages disclosure of suspected or actual breaches to the GM or to the persons/services under the Policy;
  - c. revising tender documents and standard supplier contracts so as to require suppliers to warrant that they have no knowledge of any actual or suspected modern slavery practices in their organisations or supply chains and that they will continue to take reasonable steps to identify, report, and prevent actual or suspected modern slavery practices in their operations;
  - d. publicly communicating the Employee CoC and the Supplier CoC and circulating on an organisation-wide basis for wide dissemination with an aim to raise awareness and sensitise all employees and suppliers to the gravity of modern slavery practices;
  - e. conducting modern slavery training for all CDC employees who have approved limits of financial authority under CDC's internal policies. During the reporting period, the training was completed by eighty-eight (88) CDC employees. The training required all employees to submit a declaration to evidence and register completion.

#### 4.2. Remediation

The exercise did not bring to light any actual or suspected instances of modern slavery. Additionally, it helped ascertain that CDC does not cause or contribute to modern slavery nor is it directly linked to adverse impacts of modern slavery. Consequently, it did not necessitate any noteworthy remediation measures.

CDC's grievance mechanism for modern slavery is contained in the Policy. Some salient features of the Policy which also serve to address modern slavery risks are as follows:

- a. It covers a wide range of scenarios and instances which constitute reportable conduct. Disclosures under the Policy can be made to external, independent providers and it establishes a hotline for the same;

- b. The Policy covers a wide range of eligible persons including suppliers and the supplier's employees or contractors as well as relatives, dependants or spouses of eligible persons and encourages all eligible persons to report any actual or suspected wrongdoings;
- c. It assures protections and safeguards to the whistleblower, guaranteeing them that their complaints will be handled confidentially, anonymously and without reprisal.

## **5. Effectiveness of Actions Taken and Future Objectives**

### **5.1. Assessing Effectiveness**

CDC will assess the effectiveness of its actions (and the actions of the entities it owns or controls) to both identify and address modern slavery risks by a combination of the following actions:

- a. regularly checking CDC's risk assessment process to ensure it remains up to date should CDC commence operations in another country or introduce new suppliers;
- b. conducting prequalification checks of potential suppliers to determine if mitigation measures have been consistently and appropriately actioned;
- c. exploring the possible use of KPIs to measure the effectiveness of CDC's anti-slavery actions (for example, whether the training program(s) undertaken by CDC's senior employees were sufficiently detailed and comprehensive and whether such program(s) should be targeted at a broader audience).

### **5.2. Future Objectives**

CDC acknowledges and understands that addressing modern slavery risks is a continuous, ongoing process and in many cases, it is difficult to assess effectiveness where visibility along the supply chain is limited or not possible. CDC's processes are being continuously refined. In the long term, CDC aims to strengthen the maturity of its modern slavery compliance through a combination of some of the following actions:

- a. increasing the number or quality of modern slavery training and awareness programs delivered during the reporting period;
- b. empirical measurement of the levels of awareness among staff pursuant to internal training;
- c. improving staff awareness and continuing to build internal capacity to identify modern slavery risks through the provision of legal advice on the application of the Act across the CDC group;
- d. reviewing CDC's supplier audit processes to identify improvements; in particular, how to assess risks beyond the first tier of the supply chain and exploring the availability/use of commercially available auditing tools, particularly in relation to offshore procurement.


## 6. Consultation with CDC's Related Bodies Corporate

In consultation with the entities that CDC owns or controls, it was determined that CDC would take a group-wide approach to identify and manage modern slavery risk in its operations and supply chains. This approach is considered appropriate and adequate since there are no material differences in the supply chains of CDC's entities. Therefore, this Statement covers all related bodies corporate of CDC for the reporting period.

## 7. Approval

This Statement was approved by the Board of Directors of CDC on 24 May 2023.

Signed



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**Soon Hua Nicholas Yap**

Chief Executive Officer and Director

ComfortDelGro Corporation Australia Pty Ltd