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Modern Slavery Statement for the April 2022 - March 2023 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 2022 and ending 31st March 2023. This is the third 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 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. We are committed to further enhancing our response to modern slavery over the course of our 2023-2024 financial year.

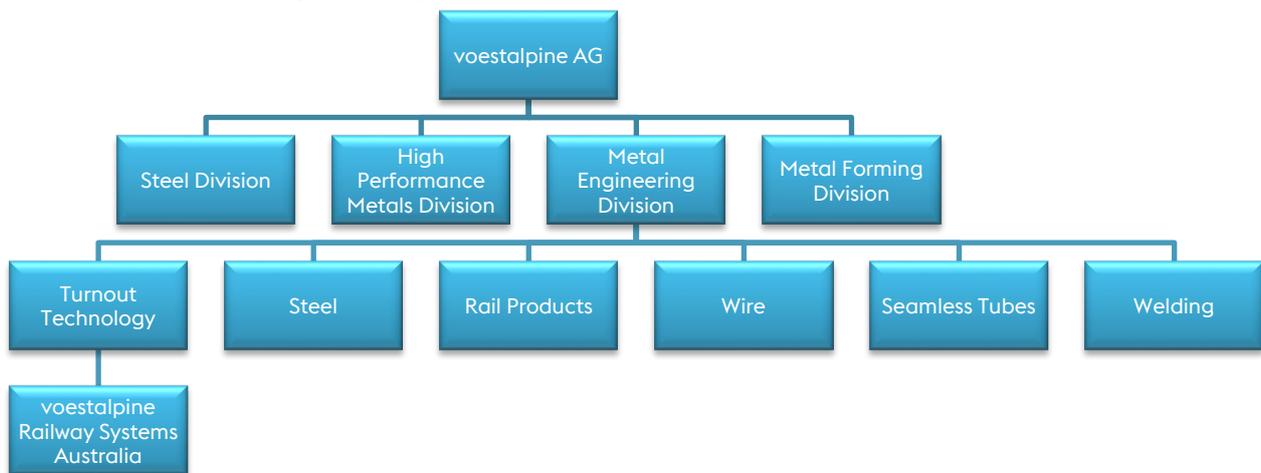
This Statement covers the seven mandatory criteria for reporting under the *Modern Slavery Act 2018* (Cth). The table below indicates where within this Statement each criterion is addressed.

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)	N/A
Any other relevant information	6

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 rails).

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

- 134 full time employees.
- 4 labour hires at Mackay and Bathurst.
- 6 apprentices and trainees.

SUPPLY CHAIN

In the reporting period, 85% of our goods and services were procured locally in Australia. The remaining 15% of our 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

In 2021 voestalpine engaged external human rights specialists to support the identification of modern slavery risks in our operations and supply chain. The assessment considered four key risk factors that indicate a higher risk of modern slavery occurring: vulnerable populations; business models structured around high-risk work practices; high-risk product and service sectors; and engagement in high-risk geographies.

We have not taken further action to assess our modern slavery risk profile in FY22-23, and to the best of our knowledge our material risk profile is unchanged.

voestalpine's identification of inherent modern slavery risks in our operations and supply chains has highlighted the following salient risk areas:

OPERATIONAL RISK

- **Workforce:** our workforce comprises various categories of employees, contractors and suppliers including labour hire companies (e.g. to support manufacturing) and service providers (e.g. catering, cleaning and maintenance services). We understand that the use of contracted and sub-contracted labour and services in Australia often overlaps with vulnerable populations, although our contracting model mitigates some of this risk (see section 4: *Workforce and Capability Building*).

SUPPLY CHAIN RISK

- **Property and facilities:** we operate factories in Bathurst and Mackay and lease a corporate office in Sydney. We prefer to procure property and facilities management services in Bathurst and Mackay from smaller companies, as this aligns with our intention to support the local communities in which we operate. Property and facilities management is known for its exposure to multiple modern slavery risk factors in Australia, including low-skilled labour and poor visibility over the labour 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 because of a variety of factors, including isolated working conditions, vulnerable employees from high-risk geographies, and constrained operational costs which can result in cost-cutting measures affecting employees.
- **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 from suppliers in Bathurst and Mackay
- **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. Group has conducted an assessment of human rights risk and 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.

4. APPROACH TO ADDRESSING MODERN SLAVERY RISK

Given that our overseas procurement of engineered goods is wholly from voestalpine Group companies, it is important to note that in FY22-23 voestalpine Group implemented a risk assessment process and published a Group-wide 2022 *Corporate Responsibility Report* on key risks including modern slavery. voestalpine Railway Systems Australia Pty Ltd will consider how to incorporate this information into our modern slavery approach and reporting for the next financial year.

In the Australian context, our approach to managing modern slavery risk has not changed over the last financial year as we continue to work towards our FY21-22 goals. Actions taken in FY22-23 include drafting a human rights commitment statement (not yet adopted at time of submission), updating our policy suite to include more explicit references to modern slavery, and working to implement enhanced training for employees on human rights and modern slavery.

POLICY AND GOVERNANCE

voestalpine Group published a human rights and modern slavery commitment in its 2022 Corporate Responsibility Report. We must apply the Group Code of Conduct, which prohibits forced and child labour, in our own operations. We also drafted our own human rights commitment statement during this reporting period, to be published in FY23-24.

Our Board is responsible for our ongoing response to the *Modern Slavery Act 2018* (Cth), 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 Health, Safety, Environment and Quality Manager. A modern slavery organisational chart has been drafted for the purpose of clearly identifying the individuals across our business with responsibilities for modern slavery risk management, along with governance accountability.

SUPPLIER ENGAGEMENT

We have not conducted modern slavery due diligence on suppliers but do monitor for compliance with health and safety requirements.

We require suppliers to agree to comply with the expectations laid out in the Group Code of Conduct, including the clauses related to forced and child labour. Supplier contracts include requirements for compliance with the Group Code of Conduct as well as provision for audit and implementation of corrective action measures where non-compliance is found. We have not yet invoked these clauses.

In 2021 we developed a Supplier Questionnaire covering organisational structure and financial details. We also drafted a Corporate Social Responsibility Questionnaire (CSR Questionnaire) that, when operationalised, will ask suppliers questions relating to modern slavery and human rights. During the reporting period, the Supplier Questionnaire and CSR Questionnaire were not yet operationalised. The Supplier Questionnaire is currently awaiting final approval. We aim to have it approved in FY23-24.

In FY21-22 voestalpine Group conducted a Sustainable Supply Chain Management Project (SSCM) to assess raw material suppliers for compliance to the Group's Code of Conduct for Business Partners, which includes human rights and modern slavery commitments. Findings from the SSCM were not disclosed during the reporting period, however we are hopeful that the results will assist us with understanding modern slavery risk in our supply chain sourced directly from voestalpine Group.

WORKFORCE AND CAPABILITY-BUILDING

Every employee receives a contract that is compliant with Australian labour laws and awards, and mandatory online training on the voestalpine Group Code of Conduct as part of their onboarding with voestalpine. A 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 joining our Procurement team 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 10 team members complete the induction training, with the same 10 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 2018* (Cth), 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. 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.

GRIEVANCE AND REMEDY

voestalpine's Group-level whistle-blowing procedure and a hotline number is made available to employees. The existence of the hotline number is not actively communicated for the purposes of modern slavery incident reporting, however, it is also contained within several policy documents including the *Code of Conduct* and *Code of Conduct for Business Partners* that are provided to suppliers. 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. There have been no updates to our procedures in this reporting period. In this reporting period voestalpine did not receive any grievances relating to modern slavery.

5. BUILDING MATURITY AND ASSESSING EFFECTIVENESS

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 FY22-23 these goals included (as committed to in our FY22 Modern Slavery Statement):

Goal	Status at end FY22-23
Immediate Steps FY21-22	
1. Develop localised modern slavery training for all our staff, focused on obligations under the Australian Modern Slavery Act.	In Progress: Australia-based training partner identified, mandatory training program in development.
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.	In Progress: Drafted a human rights commitment statement, undergoing review for publication.
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.	In Progress: Supplier questionnaire updates have been drafted. Distribution to suppliers planned for FY23-24.
4. Communicate our organisational chart that outlines modern slavery accountabilities.	In Progress: Drafted, undergoing review for publication.
Further steps	
<ul style="list-style-type: none"> Formalising our Human Rights Policy and communicating the Policy internally and externally. 	In Progress: See no.2 in Immediate Steps FY22-23 above.
<ul style="list-style-type: none"> Embedding modern slavery training into our induction program for new employees and other targeted training. 	In Progress: Online modern slavery training has been incorporated into onboarding for Australian employees and contractors; tailored training being developed as per no.1 in Immediate Steps FY22-23 above.
<ul style="list-style-type: none"> Developing a formalised approach to managing modern slavery risk across the supplier lifecycle including risk assessment, supplier engagement and risk monitoring. 	Achieved

In FY22-23 voestalpine's focus has been on developing the systems and procedures required to conduct modern slavery risk management in our supply chain and operations, and therefore we have not yet developed a process for measuring the effectiveness of our modern slavery risk management approach. This is an area we hope to develop in future years.

6. FUTURE STEPS

We acknowledge that we have a long journey ahead to achieve comprehensive modern slavery risk management practice. We regret that we have not yet completed all of the steps that we committed to in FY22-23 and will continue to pursue completion of the above goals in FY23-24.

FY22-23 was the year that voestalpine put our policies in place, and FY23-24 will be the year when we start to get to know our suppliers better and develop a much deeper understanding of how well they fit into our overall modern slavery approach. This will also be a standing point on the Modern Slavery Working Group agenda moving forward. We are looking forward to outlining the steps taken to enhance our modern slavery response in our next modern slavery statement.

7. BOARD APPROVAL

This statement was submitted, and approved by the board of voestalpine Railway Systems Australia Pty Ltd 14th June 2023.

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Franz Sodja, CEO