



CRRC Changchun Australia Rail Pty Limited

Modern Slavery Statement
for the reporting period
1 January 2021 to 31 December 2021

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Modern slavery takes many forms. The *Modern Slavery Act 2018* (Cth) defines eight serious forms of exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services.

We acknowledge that modern slavery can occur in every industry and sector and strive to improve the ethical standards both within our business and in our supply chains by working in partnership with our suppliers to minimise the risk of modern slavery.

Our commitment to identifying and addressing the risks of modern slavery in our operations and supply chains is ongoing, and in the future we will continue to strengthen our approach to assessing and addressing the risk of modern slavery.

Reporting entity

This Modern Slavery Statement ("Statement"), covers the activities of CRRC Changchun Australia Rail Pty Limited ACN 615 414 072 ("we", "our" and "CRRC Australia") in accordance with the Modern Slavery Act 2018 (Cth) (the "Act").

This is our first Statement under the Act and sets out the actions we have taken to assess and address modern slavery risks in CRRC Australia's operations and supply chains during the reporting period of 1 January 2021 to 31 December 2021 ("Reporting Period").

Our structure

CRRC Australia is a company incorporated in Australia and headquartered in Melbourne.

CRRC Australia is a wholly owned subsidiary of CRRC Changchun Railway Vehicles Co., Ltd ("CRRC Changchun"), headquartered in Changchun, Jilin Province, China. CRRC Changchun is one of the biggest subsidiaries of the world's largest rolling stock manufacturer, CRRC Corporation Limited, and its activities extend to the entire life-cycle services of rail transit passenger transport equipment, including R&D and testing, new construction, operation, overhaul and maintenance.

CRRC Australia does not have any owned or controlled entities.

Our operations

CRRC Australia is committed to supporting design, manufacturing and maintenance of rolling stock in Australia. Our core operations include the involvement in Victoria's High Capacity Metro Train ("HCMT") project to build bigger and better trains to support the needs of Melbourne's rapidly growing population.

We are proud to be part of the HCMT project which aims to design, build and maintain 70 new high capacity trains for the metropolitan network over the next 35 years.

We are involved in the HCMT project as a subcontractor of the joint venture between Downer EDI Rail Pty Ltd and CRRC Changchun Railway Vehicles Co. Ltd (together "**the HCMT Supplier**").

CRRC Australia is responsible for the core part of the HCMT project, including:

- the design, manufacture, testing & commissioning and delivery of the 70 HCMTs; and
- the design and manufacture of two simulators for drivers' training purposes.

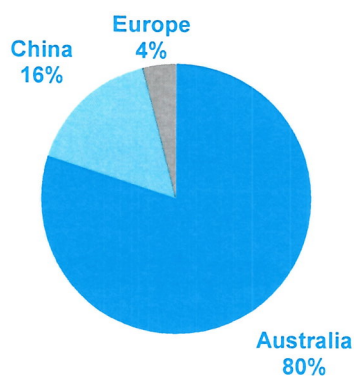
We have approximately 100 employees based in Melbourne.

Our supply chains

We are also committed to supporting local jobs and industry growth. CRRC Australia works closely with local suppliers and partners to build local capability.

Under the HCMT project we have a number of contracted direct suppliers (who provide the different parts or materials for manufacturing of the trains). Among these direct suppliers, there are approximately 80% from Australia. We endeavour to source as much of our supply chain as possible from across Australia and within Victoria.

Approximately a further 16% of our direct Suppliers are from China and the remainder from Europe, around 4%.



Risk assessment

As this is our first Modern Slavery Statement, we have spent our first reporting period learning about the guidance and suggestions from publicly available information and consultants to build an understanding of the potential modern slavery risks and identifying and assessing the risks of modern slavery in our operations and supply chains accordingly. We have considered a number of types of risks, including those risks that may:

- see our operations directly cause modern slavery practices;
- contribute to modern slavery practices from our operations and/or actions in supply chains; and
- may be directly linked to modern slavery practices in that our operations, products or services may be connected to modern slavery through the activities of another entity with whom we have a business relationship.

We have also considered a number of indicators of modern slavery risks including but not limited to sector and industry, the type of products and services and geographical location.

Our initial risk assessment has indicated that our operations and supply chains have a low potential for modern slavery risks. However, we acknowledge that there are potential risk factors that may expose operations and supply chains to modern slavery, which we identified preliminary as below:

Risk of modern slavery practices in our operations and supply chains

Risk of modern slavery practices in our operations and supply chains

Risk profile

Risk	Description of risk
Sector / Industry	The manufacturing sector may present elevated risks of modern slavery as a result of factors such as potentially unsafe conditions, use of low-skilled labour, etc..
Product / Service	<p>There might be potential risks or instances of modern slavery practices in supply chain, such as those associated with manufacturing of components necessary to construct the HCMTs.</p> <p>We are not aware of any investigations or reported cases related to a breach of legislation by our main direct suppliers during the reporting period.</p>
Geographic	Our supply chain is predominantly located in Australia which has a lower level of modern slavery risk. As noted above, approximately 20% direct suppliers are outside of Australia, which we acknowledge may have an elevated risk of modern slavery. However, our overseas suppliers are assessed closely to ensure they meet high ethical standards.
Specific Entity	We have not identified any particular companies or businesses that have a poor human rights record, and not aware of any reported instances of modern slavery practices that have occurred involving our direct suppliers during the reporting period

Operations

Due to CRRC Australia's localized operational structure and qualified, matured local partner, the fact that all employees are post-criteria qualified and engaged with formal employment contracts in compliance with applicable laws and legislation, and CRRC Australia's codes and policies (see *Policies and procedures* below) put in place in order to keep business management process controlled, modern slavery risks are perceived to be low within our operations. Up to now, we are not aware of any modern slavery events reported.

Supply Chains

CRRC Australia strives to engage suppliers with a good reputation, strong ethics and reliable business practices, and accordingly we implemented a robust supplier selection process. We commit that we do not knowingly contract with or engage any suppliers that are involved in modern slavery or human trafficking, while at the same time we understand that there are always some risks that may contribute to, result in or link to modern slavery practices as being part of a supply chain.

With the categorizing of our direct suppliers based on geography and supplying scale, together with the preliminary internal discussion and assessment of information available regarding the suppliers, we think the modern slavery risks in our supply chain are low. However, we will continue to examine and assess risks in our supply chains.

Actions

We understand the importance of raising awareness to help identify risks and address modern slavery practices. In this reporting period, CRRC Australia has made efforts towards understanding and upskilling in respect of the Act, and focused on our reporting obligations, including the collaborative reviewing and checking of our business activities, code of conduct and policies.

Due diligence

As noted above, we undertook an initial risk assessment to identify any key modern slavery risks that may exist within our operations and supply chains.

We prioritised further risk assessment on those factors that identified as relatively 'high-risk' during our initial risk assessment, and did not identify any instances as presenting a modern slavery incident. We also keep working and communicating with all overseas based suppliers closely to ensure they meet high ethical standards.

Governance and accountability

Modern slavery compliance is embedded into the responsibilities of each manager who is required to report on modern slavery compliance to the CRRC Australia general manager.

Actions

Policies and procedures

CRRC Australia has a number of policies and procedures which ensure we have strong frameworks to enable us to assess and address modern slavery risks, including

- **CRRC Code of Business Conduct:** applies to all business activities of CRRC Australia and seeks to ensure legal compliance and protect human rights, religion and race, as well as providing an avenue for internal complaints and suggestions, and which forbids Modern Slavery.
- **Employee handbook:** all employees of CRRC Australia have signed a confirmation letter of the employee handbook, confirming their understanding of their rights and responsibilities as employees including relevant laws, regulations and the code of business conduct. This handbook includes strong protections for equal employment, discrimination, workplace health and safety, harassment. The policy also reinforces our commitment to an ethical workplace and provides employees with an avenue to make complaints.
- **Workplace safety code in employee manual:** defines how we make our work environment both a physical and mental safe place.
- **Code of ethics:** defines how CRRC Australia deals with all forms of discrimination and harassment. It also defines the reporting system and investigation procedure when an action of discrimination or harassment is identified.

These policies operate alongside other procedures which seek to address modern slavery including:

Actions

- **Supplier questionnaire:** supplier questionnaire was firstly prepared in 2021 and subsequently issued to our key direct suppliers in 2022. The responses to this questionnaire assist us to ensure compliance and identify any potential issues and escalate them to senior management. CRRC Australia is continuing to develop our supplier questionnaire, recognising that it should not remain a static form document.

We also review and check the compliance of suppliers. This includes requiring suppliers to self-check and confirm their compliance commitment for compliance with applicable laws, workplace ethics, human rights including use of child labour, forced or involuntary labour, or any labour practices prohibited by local laws.

Training

Awareness of the Act and potential risks are communicated to employees of CRRC Australia through internal meetings. More targeted training is provided to compliance management staff to ensure the requirements of the Act are understood.

Remediation Processes

CRRC Australia is committed to investigating any reports that come to our attention regarding potential incidences of modern slavery occurring in our operations or supply chains. Further, we confirm that we would take all appropriate and necessary steps to rectify any confirmed modern slavery cases should it occur in our operations or supply chains.

Effectiveness of our actions

CRRC Australia is committed to reviewing its internal policy and improving our existing actions within our next reporting period, so as to ensure the effective mitigation of modern slavery risks.

Specific measures that we have in place to measure the effectiveness of our actions include:

- senior management meeting annually to consider whether we are appropriately identifying and evaluating our modern slavery risks; and
- undertaking a general review and assessment of our existing processes, particularly when there are material changes to existing supplier arrangements, or during the introduction of new operations or a new supplier.

We will also pay close attention to indicators including:

- the number of suppliers we have asked to complete a questionnaire and their responses; and
- the number of suspected or identified modern slavery incidents.

Consultation

CRRC Australia does not own or control any entities so this criterion is not applicable.

CRRC Australia has internally consulted with our procurement, finance, and commercial functions and HR in preparation of this Modern Slavery Statement. They have provided relevant information which is included in this statement. This statement has also been circulated to all our directors for review, comment and approval.

Approval

This statement was prepared by CRRC Australia and has been approved by the Board of Directors of CRRC Australia in their capacity as the principal governing body of CRRC Australia on 27 June 2022.



Chairman of the Board of CRRC Australia

This statement is signed for and on behalf of CRRC Australia by Sun Xuguo in his role as director and Chairman of CRRC Australia on 27 June 2022.