



Modern Slavery Statement

Reporting Year 2022

“Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom.”

Modern slavery can take many forms including:

- slavery;
- servitude;
- human trafficking;
- forced labour;
- debt bondage;
- forced marriage; and
- the worst forms of child labour (each a form of **Modern Slavery**).¹

MTR Corporation (Sydney) SMCSW Pty Limited acknowledges the Traditional Owners of the land on which we live and work. We pay our respects to their Elders, past, present and emerging, and recognise their continuing connection to country.

¹ Australian Government, Attorney General’s Department: <https://modernslaveryregister.gov.au/about/>

Modern Slavery Statement

This statement has been published in accordance with the *Modern Slavery Act 2018* (Cth) (the **Act**) by MTR Corporation (Sydney) SMCSW Pty Limited (ACN 615 158 122) (**MTR SMCSW**). MTR SMCSW is a “reporting entity” required to provide a modern slavery statement under the Act.

This statement describes the risks of, and actions taken to assess and address the risks of, modern slavery within the operations and supply chains of MTR SMCSW during the 2022 reporting year. It also addresses measures MTR SMCSW implements to monitor the effectiveness of its actions and ongoing improvements.

This modern slavery statement was approved by the Board of MTR Corporation (Sydney) SMCSW Pty Limited in their capacity as the principal governing body of MTR Corporation (Sydney) SMCSW Pty Limited on the 23 June 2023


_____ (Signed with approval of the Board)

Name: Raymond Lap Hang Yuen

Position: Director and Chief Executive Officer

Introduction by the CEO

MTR SMCSW recognises the risks of modern slavery and the importance of the Act in introducing measures to tackle the existence of modern slavery in the operations and supply chains of significant businesses in Australia. MTR SMCSW is committed to taking action in accordance with, and in the spirit of, the Act to identify and eliminate instances of modern slavery in its operations and supply chains.

In doing so, MTR SMCSW is aligned with the commitments of its parent company MTR Corporation. MTR SMCSW is proud of the steps that it has taken, and continues to take, to identify and remove unacceptable modern slavery practices from its operations and supply chains.

Our business

MTR group is a global leader in safe, reliable and green railway transit. With more than 50,000 dedicated staff around the globe in 2022, MTR group carries over 10 million passengers worldwide every weekday in Hong Kong SAR, the United Kingdom, Sweden, Australia, Macao SAR and the Mainland of China.

MTR SMCSW is part of a consortium appointed by the NSW Government to deliver the trains, systems, operations and maintenance of Sydney Metro City and Southwest Project (**SMCSW Project**). Together with Metro Trains Sydney Pty Ltd, MTR SMCSW is one of the two core contractors engaged by NRT CSW Pty Ltd for the delivery of these works. MTR SMCSW is responsible for the delivery of 23 trains, as well as key signalling, central control, communications, and other systems, for the SMCSW Project.

Our structure, operations and supply chains

Structure

MTR SMCSW's ultimate parent company is MTR Corporation from Hong Kong (MTR SMCSW is fully owned by MTR Corporation (UK) Limited which is fully owned by MTR Corporation).

Operations

MTR SMCSW currently employs over 140 employees, as well as a range of contracted consultants. The operations of MTR SMCSW are primarily based in Sydney, Australia, with a small number of employees and contractors providing services interstate and in Hong Kong. There are also a number of Hong Kong headquarters-based employees who support the SMCSW Project on both a regular and as-needs basis and a few secondees from Hong Kong headquarters who work on the SMCSW Project in Australia.

The MTR SMCSW workforce comprises engineers, subject matter experts and non-engineer employees. The substantial majority are specialist rail engineers and other specialists in the construction space. The workforce also includes a commercial team as well as support in the health, safety, environment and quality (**HSEQ**) and sustainability, legal, human resources and IT areas. Recruitment agencies are used relatively infrequently, on an as-needs basis. These agencies are reputable, mostly based in Australia and are specialised in recruiting for professional workers.

The workforce is substantially professional in composition, although the right to freedom of association is conveyed to employees in their induction training.

There are a small number of individuals who work with MTR SMCSW on a full-time basis and are contracted independently as consultants. These are professional roles.

MTR SMCSW is committed to ensuring its employees and contractors are paid in accordance with all laws and applicable awards, and to acting ethically in its dealings with them.

Supply chains

MTR SMCSW's works on the SMCSW Project include the delivery of highly specialised and sophisticated rail equipment, including trains and other complex systems. The supply chains underpinning these works are complex, and include substantial inputs from around the world, including substantial inputs from entities based in Europe, India and China.

The most substantial suppliers to MTR SMCSW are its four key subcontractors set out below:

- Alstom Transport Australia Pty Limited – supplying the trains and signalling systems;
- Thales Australia Limited – supplying the central control and communications systems (note this business has been transferred to Ground Transportation Systems Australia Pty Ltd pending a potential sale of that company to Hitachi Rail);
- UGL Engineering Pty Ltd – supplying radio systems; and
- Gilgen Door Systems AG – supplying platform screen door systems.
(together the **Significant Contractors**)

MTR SMCSW has a substantial number of other suppliers, primarily local Australian entities supplying other works, systems and services (including consultancy services) in support of delivery of MTR SMCSW's works on the SMCSW Project. This focus on Australian suppliers aligns with commitments made by MTR SMCSW in its contractual arrangements for the SMCSW Project supporting engagement of local industry.

Risks of modern slavery in operations and supply chains

Operations

The majority of the operations of MTR SMCSW is based locally in Australia. Employees of MTR SMCSW are typically professionals engaged via written common law contracts, in which MTR SMCSW has sought to ensure that all legal entitlements are provided for.

MTR SMCSW conducts comprehensive checks on prospective employees throughout the recruitment process where it is considered necessary. The recruitment process consists of use of an online platform, reference checks, relevant visa checks, checking right-to-work status via VEVO (visa entitlement verification online), obtaining all relevant documents at the onset of the recruitment process including passport, relevant visa documentation and educational transcripts. Furthermore, appropriate induction training is provided to all employees which among other things advises them of our policies and their rights.

As a result, the risk of modern slavery within the operations of MTR SMCSW is considered low.

Supply chains

High-risk categories of services identified are typically engaged in low-skill manual tasks and non-technical or skilled labour hire providers such as service desk providers. Often without union representation or enterprise agreements and/or from disadvantaged backgrounds, this is an example of potential for unsafe work practices or exploitation.

High-risk categories for goods, materials and spare parts are goods manufactured or sourced from overseas suppliers and categories where imported or manufactured raw materials or components are used. This is particularly true for suppliers without strong company policies and procedures or who are sourced from high-risk countries as defined by the Global Slavery Index.²

The key supply chain risks of modern slavery identified by MTR SMCSW are in the complex supply chains underpinning the supply of complex specialised rail equipment, which involve multiple supply chain layers underneath the entities directly supplying MTR SMCSW in connection with the SMCSW Project, and which involve suppliers from different parts of the world which are ultimately combined into the end product.

MTR SMCSW's current practice is to gain visibility into our supply chain that we directly engage through our supply chain pre-qualification program as set out in the MTR (Australia) Purchasing & Procurement Procedure, which is reviewed from time to time. This procedure covers both local and overseas sourced supply chain entities. MTR SMCSW undertakes a scheduled audit program of its supply chain, as discussed in the section 'Our approach - Actions taken by MTR SMCSW to assess and address risks' below, which has provided additional insight into risks of modern slavery in our supply chains.

Maintaining supply chain relationships through good communication and robust contract management was very important through the COVID-19 pandemic and beyond. MTR SMCSW needs its most substantial supply chain entities to be able to carry on business to support our continuing operations. MTR SMCSW has not observed any significant changes in its supply chain or increased modern slavery risks within our most substantial supply chain entities that can be directly related to the COVID-19 pandemic.

Our approach - Actions taken by MTR SMCSW to assess and address risks

The MTR management system is developed and integrated to address such things as modern slavery as they also impact on HSEQ (including sustainability) issues. As such we approach modern slavery with a risk-based approach and in a systematic manner. This begins at the organisational governance level.

Since 2020, MTR SMCSW has conducted systematic sustainability audits of our Significant Contractors on the SMCSW project.

Four such sustainability audits were conducted in 2022 which included modern slavery scope. There were no significant issues or non-compliances identified against modern slavery. We recognise however, that given the nature of our sector and supply chain, the risks of modern slavery would more likely be occurring deeper within the supply chain. We will therefore continue to work with our direct supply chain to gain insights into their supply chains to address this issue.

² <https://www.walkfree.org/global-slavery-index/>

We have recently completed the centralisation of our sustainability audit programme (in line with our 2021 Modern Slavery Statement), which mandates auditing of our Significant Contractors once per year. Additionally, all sustainability audit questionnaires of our Significant Contractors have been reviewed to ensure that modern slavery is included in the scope.

Audits that incorporate modern slavery have been included in MTR SMCSW's 2022 Audit Plan. We are committed to ensuring that workers employed in our supply chains are treated fairly and equitably. In doing so, our supply chain (as applicable and where appropriate) are required to confirm compliance with the Modern Slavery Act 2018 in accordance with MTR (Australia) Purchasing & Procurement Procedure prior to engagement.

This above approach is reflected in our Ethical Sourcing and Modern Slavery policy, which acknowledges the risks of modern slavery in our operations and supply chain and records our commitment to combatting modern slavery through (amongst other things) risk assessments and due diligence in our supply chain, and working with our supply chain to agree on measures to mitigate modern slavery risks (including through the use of reporting and audits).

In our Modern Slavery Statement for the reporting year 2021, we detailed our commitment for progressing work in addressing modern slavery risks in our operations and supply chains, which included:

- to continue to seek opportunities to include express obligations in appropriate supply chain contracts that will support our ability to detect and act on any occurrences of modern slavery in our supply chains, appreciating that many of our contracts with substantial suppliers and sub-contractors are long-term and pre-date the Act;
- implementation of training across the organisation to ensure awareness, prevention, detection and response to modern slavery risks in our supply chains and operations;
- regularly reviewing our policies and practices to ensure they continue to be supportive of our actions to prevent and mitigate instances of modern slavery; and
- implementing systematised due diligence for direct suppliers and contractors upon selection and at regular intervals thereafter.

We report the following progress against the aforementioned commitments:

- MTR SMCSW has updated and incorporated appropriate modern slavery provisions in our standard form agreements;
- Training has been implemented over a number of differing sessions including:
 1. Awareness training for the workforce generally; and
 2. More detailed training for management and those involved in procurement;
- Our Ethical Sourcing and Modern Slavery policy was reviewed and an updated policy introduced in May 2022; and
- MTR SMCSW has updated its prequalification questionnaire for prospective contractors to enable MTR SMCSW to assess risks of modern slavery in the operations and supply chains of prospective contractors at the procurement stage. MTR SMCSW has also completed centralisation of our sustainability audit programme and undertaken systematic audits as detailed above in this statement.

Our approach – Actions taken by MTR SMCSW to assess the effectiveness of our actions

One of the key activities carried out by MTR SMCSW to effectively track our progress in the key areas outlined in this statement, is to monitor the number of supply chain entities identified as high-risk, which is carried out through our audit system.

MTR SMCSW began this action in 2021 and are pleased to report that there have been no significant issues or non-compliances identified against modern slavery in the 2022 reporting period.

Consultation with entities owned and controlled

MTR SMCSW does not own or control any other entities.

Looking forward

Our future plans in moving forward with our work in addressing modern slavery risks in our operations and supply chain include, but are not limited to:

- To continue to review our policies and practices to ensure they continue to be supportive of our actions to prevent and mitigate instances of modern slavery, and including in respect of any changes to the Act.
- To undertake continuous due diligence upon selection and at regular points during our relationships with our direct supply chain to include enhanced monitoring and verification, adopting a risk-based approach having regard to geography, sector, product and service and the mitigating actions reported by the specific entity under due diligence.