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Modern Slavery Statement for the April 2021-March 2022 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 2021 and ending 31st March 2022. This is the second 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.

We are also pleased to outline the steps we have taken to address modern slavery risk in our operations and supply chains over the course of the last financial year.

During this reporting period, we engaged external human rights specialists to assist us with:

- identifying key modern slavery risk areas in our operations and supply chains;
- assessing our current management systems and controls against voestalpine Group commitments; and
- enhancing our approach to modern slavery risk management in response to Australian modern slavery reporting obligations.

However, we recognise that we are still at an early stage of our modern slavery journey. We are committed to further enhancing our response to modern slavery over the course of our 2022-2023 financial year.

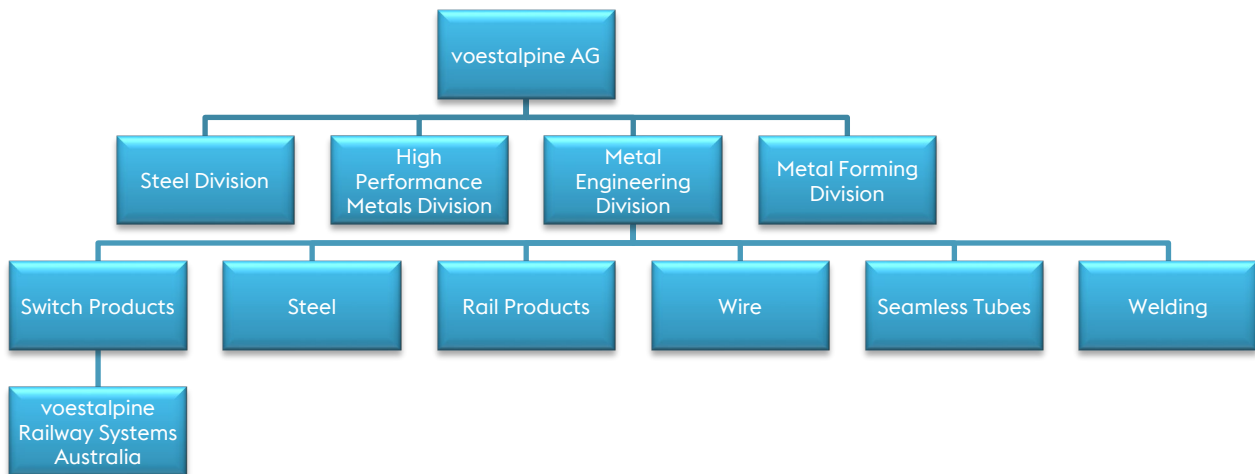
This Statement covers the seven mandatory criteria for reporting under the Modern Slavery Act. The table below indicates where within this Statement each criterion is addressed.

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)	2
Any other relevant information	6

2. STRUCTURE, OPERATIONS, AND SUPPLY CHAINS

STRUCTURE

We are part of the voestalpine AG network (voestalpine Group). voestalpine Group is the global leader for railway infrastructure system solutions. voestalpine Group is based in Linz, Austria and is listed on the Vienna Stock Exchange. We do not own or control any entities. 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 continue to 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:

- 121 full time employees.
- 8 labour hires at Mackay and Bathurst.
- 5 apprentices and trainees.

SUPPLY CHAIN

In the reporting period, 80% of our goods and services were procured locally in Australia. The remaining 20% of our goods and services were procured from Europe and the USA – all of which were from companies within the voestalpine Group.

There was an increase of 3% in goods and services procured from overseas since the last reporting period due to specific project demands. We recognise that increased overseas procurement can be associated with higher modern slavery risk but are also aware that procuring locally is not a guarantee of lower risk.

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

Conducted in collaboration with external human rights specialists, our risk identification process considered four key risk factors that indicate that modern slavery is more likely to occur or already be occurring: vulnerable populations; business models structured around high-risk work practices; high-risk product and service sectors; and engagement in high-risk geographies.

Where these risk factors intersect, there is an increased possibility that actual harm to people is being experienced. We have identified the following salient areas of modern slavery risk in our operations and supply chains.

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, including migrant workers, who represent a significant modern slavery risk category.

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 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. This is due to factors such as high demand for low-skilled labour; poor visibility over complex supply chains and low-tier suppliers operating in high-risk geographies.
- **Transport:** Air, sea and road freight services represent a significant spend category. 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.
- **Steel, foundry, and concrete production:** We procure a large amount of steel and concrete. We understand that construction materials such as these can be at risk of being processed or manufactured in high-risk geographies by base-skill workers - an intersection of risk factors that represents significant modern slavery risk.
- **Uniforms and PPE:** The production of uniforms and PPE can often involve base-skill labour in high-risk geographies; these products are a known area of modern slavery risk.

We are committed to addressing the above identified modern slavery risk areas and further risks in our operations and supply chains.

4. APPROACH TO ADDRESSING MODERN SLAVERY RISK

The human rights specialists we engaged conducted a modern slavery diagnostic assessment (Assessment). This Assessment was used to identify and analyse the maturity of our approach to detecting and managing human rights risk, with a particular focus on modern slavery. Given that we have just commenced our modern slavery journey, the human rights specialists found that we did not have a formalised approach to modern slavery risk management and developed a roadmap for improving our approach to modern slavery risk management. This includes developing our own human rights commitment and policies focused on human rights and modern slavery.

POLICY COMMITMENT

At Group level, voestalpine Group includes human rights and modern slavery commitments in its annual Corporate Responsibility Report – which also serves to fulfil the UN Global Compact reporting requirements – in addition to its Code of Conduct and Code of Conduct for Business Partners. These Group-level policies and commitments apply to our own operations.

In this reporting period, we developed our own draft Corporate Social Responsibility Policy (CSR Policy) that outlines our commitment to human rights. The CSR Policy also outlines our expectations of vendors, sub-contractors, and business partners to prevent modern slavery. The CSR Policy is due to be approved just after this reporting period.

MANAGEMENT SYSTEMS AND CONTROLS

ACCOUNTABILITIES

Our Board is responsible for our ongoing response to the Modern Slavery Act, with operational responsibilities resting with the Financial Control and Procurement functions. We have developed a refreshed organisational chart to clearly identify those individuals across our business with responsibilities for modern slavery risk management, along with governance accountability. The chart is due to be approved just after this reporting period.

RISK ASSESSMENT AND SUPPLIER ENGAGEMENT

All our suppliers receive, and are expected to comply with, the Group's Code of Conduct for Business Partners, which includes human rights and modern slavery commitments. At Group level, voestalpine has established a Sustainable Supply Chain Management Project (SSCM) to screen raw material supply chains from the bottom up. This includes factors such as child labour and forced labour. The Steel Division of voestalpine Group has already completed the SSCM supply chain project based on analysis of source countries, suppliers and mining conditions related to the raw materials in question.

We conduct due diligence to assess our own suppliers' compliance with some of the expectations laid out in the Code and from this decide whether we need to conduct enhanced due diligence processes on the supplier. Supplier contracts include requirements for compliance with the Code as well as provision to audit and implementation of corrective action measures where non-compliance is found.

We currently distribute a Group-level Supplier Questionnaire Form to all suppliers that covers organisational structure and financial details. We have also drafted a Corporate Social Responsibility Questionnaire (CSR Questionnaire) that, when operationalised, will ask suppliers questions relating to modern slavery and human rights. At the time of submitting this Statement, the CSR Questionnaire is awaiting approval from the Managing Director.

CAPABILITY-BUILDING

Everyone who works for us receives mandatory online training on the voestalpine Group Code of Conduct. In FY22, a human rights learning module was developed at Group level and in April 2022 will be added to the learning plans of staff across the broader voestalpine Group, including our own personnel here in Australia.

New employees joining our Procurement team also undertake induction training that is tailored to the responsibilities of that team. This induction training includes content that raises awareness of human rights and modern slavery issues. In this reporting period we had one team member complete the induction training, with another three due to complete the training before the end of May 2022.

Our broader staff training does not yet include modern slavery. As noted below, we are considering developing our own training focused on the Australian context and obligations under the Modern Slavery Act. This will be on the agenda for our recently established Modern Slavery Risk Working Group mentioned below in Section 5.

GRIEVANCE MECHANISMS

voestalpine's Group-level whistle-blowing procedure encourages all employees and third parties to report incidents and concerns relating to antitrust law, corruption, fraud, and conflicts of interest. There is an intention to expand the whistle-blowing procedure to encompass incidents and concerns relating to human rights in the future. voestalpine also offers a Group-level email address, dedicated to receiving human-rights-related concerns.

We have a Complaint Handling Procedure that outlines the steps that must be taken to issue a formal complaint. There have been no updates to our procedures in this reporting period.

5. ASSESSING EFFECTIVENESS

As noted above, in FY22 we retained human rights specialists to identify and analyse our approach to detecting and managing human rights risk, with a particular focus on modern slavery. As part of their Assessment, the human rights specialists recommended that we establish a Modern Slavery Working Group to monitor the effectiveness of the modern slavery program of work, and incorporate issues and learnings from monitoring activities into annual modern slavery statements.

During late FY22, we established a Modern Slavery Risk Working Group (due to be given formal approval just after this reporting period). The Working Group will meet on a quarterly basis where members will discuss any developments and changes relating to modern slavery in our supply chain and operations. The Working Group will also track training status among key staff and monitor group-level directives relating to human rights and modern slavery.

6. FUTURE STEPS

We acknowledge that we are still at the start of our journey in formalising and operationalising a comprehensive modern slavery risk management framework. We regret that we have not yet taken all of the steps that we committed to in FY2021 but are determined to enhance our response to managing modern slavery risk over the next reporting period. We therefore plan to take the following immediate steps:

1. Develop localised modern slavery training for all our staff, focused on obligations under the Australian Modern Slavery Act.
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.
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.
4. Communicate our organisational chart that outlines modern slavery accountabilities.

We will then work towards:

- Formalising our Human Rights Policy and communicating the Policy internally and externally.
- Developing a formalised approach to managing modern slavery risk across the supplier lifecycle including risk assessment, supplier engagement and risk monitoring.
- Embedding modern slavery training into our induction program for new employees and other targeted training.

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 8th June 2022.

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Franz Sodja, CEO