



Metro Trains Melbourne

Modern Slavery Statement

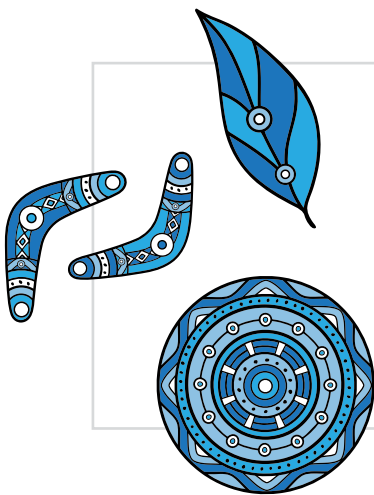
2021/2022

(For financial year 1 July 2021 to 30 June 2022)

“Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery can include:

- human trafficking
- slavery
- servitude
- forced labour
- debt bondage
- forced marriage, and
- the worst forms of child labour”

Australian Government, Department of Home Affairs¹



Metro acknowledges the Victorian Traditional Owners of the land on which our rail network operates, the Wurundjeri Woi Wurrung and Bunurong peoples of the Kulin Nation. We pay respect to their Elders, past, present and emerging, and to their cultural and spiritual connections to Country and Waters. We recognise that our trains move people every day through a landscape that holds the footprints and stories of thousands of generations of Aboriginal Victorian communities.

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¹<https://www.homeaffairs.gov.au/criminal-justice/Pages/modern-slavery.aspx>



ABOUT

METRO TRAINS MELBOURNE

Metro Trains Melbourne (Metro) operates and maintains the metropolitan rail service in Melbourne, transporting up to 800,000 passengers each day prior to the COVID-19 pandemic. Since the easing of restrictions and the move towards flexible working arrangements, the number of passengers have increased, though not to pre-COVID levels.

Metro is a consortium of rail and construction businesses that operates the metropolitan rail service on behalf of the State Government of Victoria. Our shareholders are MTR Corporation, John Holland Group and UGL Rail. We commenced operating the rail network in 2009 and in 2017 were awarded a new franchise to continue to 2024.

Operating more than 230 six-carriage trains on over 1,000 kilometres of track, Metro aims to support a liveable Melbourne by providing seamless transport to keep individuals connected. With 16 lines and 222 stations, Metro

delivers services seven days a week. From train drivers and station employees, to engineers, signallers and network controllers, Metro employs almost 7,000 people from diverse backgrounds and fields of expertise.

As the Accredited Rail Operator, Metro is a key partner in the safe and successful delivery of transformative rail infrastructure projects. The Victorian Government is making an unprecedented investment to transform Melbourne's metropolitan rail network. This includes delivering new infrastructure and assets, like new trains and stations, to enhance safety, increase passenger capacity and improve the reliability of services. Metro works with multiple partners to support the delivery of key projects such as the Metro Tunnel, the Level Crossing Removal Project and the Melbourne Airport Rail.

Metro does not own or control any other entities.



CEO MESSAGE

Metro's vision is connecting people and places for a growing Melbourne. With our large operational footprint, Metro has an important responsibility to the community we serve. This includes playing our part in helping to prevent modern slavery.

The harm caused by modern slavery is incompatible with the values that Metro lives by: Caring, Zero Harm, Dependable, One Team and Make a Difference.

This is Metro's third Modern Slavery Statement. Our first Statement provided a benchmark as we lay foundations for work across our sphere of influence. Our second Statement shared how we work, both inside Metro and with our suppliers.

In this Statement we detail our ongoing work and also new initiatives such as the implementation of a new contract management framework this year. The

new framework includes requirements to monitor and mitigate risks, such as risks associated with people and subcontracting, throughout the contract life cycle.

Through the reach we have with Metro's 1,100 suppliers, we are increasing awareness, prevention and detection of modern slavery issues.

We are pleased to be playing our part in eradicating modern slavery.

Raymond O'Flaherty
CEO Metro Trains Melbourne
December 2022

METRO OPERATIONS AND SUPPLY CHAIN

Operations

Metro has three primary delivery teams to operate and maintain the metropolitan rail network and be a key partner in significant rail infrastructure projects.

The Operations & Passenger Delivery team is focused on the end to end management of network performance, from strategic planning to daily delivery.

Network Assets & Assurance is responsible for the management, assurance and performance of our network assets.

Projects Delivery supports the Victorian Government's 'Big Build' program – working with multiple partners as the Accredited Rail Operator to undertake works such as the removal of dangerous and congested level crossings around Melbourne, building the Metro Tunnel, and ongoing upgrades and improvements to the network.

These delivery teams are supported by Corporate Affairs, Finance & Commercial and People & Safety.



Supply chain

Metro engages directly with over 1,100 suppliers, including 150 critical suppliers who account for around 80 per cent of Metro's spend. These suppliers provide a range of goods and services to help us operate, maintain and upgrade the metropolitan rail network.

Goods and services include:

- Infrastructure construction, maintenance and renewals
- Rolling stock maintenance, renewals and spare parts
- Engineering, professional, scientific and technical services
- Electricity and other utilities
- Manufactured goods, spare parts and materials
- Plant, machinery, security and labour hire
- Buses and taxis to help manage passenger disruptions
- Graffiti removal, vegetation management and facilities management for rolling stock, stations, depots and rail corridor
- Technology, operational control and management systems software, hardware and services
- Office leases and telecommunications
- Banking, insurance, travel, marketing and consultancy services

**Metro engages
directly with over
1,100 suppliers**

**Metro's supply chain
is predominantly
drawn from Australia
and New Zealand**

Metro's supply chain is predominantly drawn from Australia and New Zealand. This is in line with Local Industry Development Plan commitments, which are part of our agreement with the State Government.

Where Metro sources items from overseas, these are mainly specialised technical equipment such as electronics, signalling equipment, Original Equipment Manufacturer (OEM) and rolling stock spares. For other imported goods, Metro's preference is to source from well-established local distributors or directly from the OEM.



RISKS

Operational risks

Due to Metro's localised operational structure, and a high degree of union membership and common law contracts, modern slavery risks are perceived to be low within our organisation.

Front line employees of our operations are entitled to union representation and remunerated via negotiated enterprise agreements. These agreements, in turn, are verified by Fair Work Australia. Around 70 per cent of all Metro employees are remunerated under one of these enterprise agreements.

The remaining employees are typically professionals and engaged via common law contracts providing all legal entitlements and requirements.



Exiting COVID-19 lockdown

Metro as an essential service provider ran a full-service network throughout the COVID-19 pandemic. After lifting of restrictions in late 2021, Metro welcomed back passengers to the network with adherence to the State's recommendations and restrictions to ensure safety of passengers and employees.

Public-facing, operational, network and train maintenance and construction employees are continuing work on site while observing COVID-19 safety measures and in accordance with clear COVID-Safe worksite plans.

In line with public health advice in early 2022, Metro's office based employees returned to office with flexible work arrangements. Measures were put in place to ensure a safe return and help support the safety and wellbeing of our employees.

Supply chain risks

More than 90 per cent of Metro's goods and services expenditure for operations and maintenance of train network is with local suppliers or distributors located within Australia or New Zealand.

Identified high-risk categories of locally sourced services are typically engaged in manual tasks that do not require qualified professionals. This includes non-specialist cleaning, security services and non-technical or skilled labour hire providers where workers can be replaced easily.

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 for goods sourced from high risk countries as defined by the Global Slavery Index. Data indicates that these represent about seven per cent of Metro's expenditure.

Metro primarily has visibility of its first-tier suppliers. Through Avetta, our supplier pre-qualification platform, Metro gathers data of source countries for goods and services via directly engaged suppliers. This includes both local and overseas sourced suppliers.

Metro primarily has visibility of its first-tier suppliers



Global impacts of the pandemic and Russia-Ukraine war

While local inflation has increased cost of local suppliers, many of Metro's critical suppliers that rely on overseas supply chain are greatly impacted by unavoidable cost increases, delays in global freight and disrupted operation due to COVID-related labour shortages.

Throughout this time of uncertainty, Metro maintained open communications and supported our critical suppliers to mitigate and/or delay the negative impacts to ensure ongoing operations and prevent the worsening of financial distress.

ACTIONS

Metro submitted its 2020/21 Modern Slavery Statement in December 2021. As well as it being included as part of the online register of Statements, it is published on the Metro website and was posted with a link to the Statement via LinkedIn. Internally, the Metro Senior Leadership Group received a targeted email, and the published Statement was communicated to all employees via the Metro internal newsletter MetroExpress.

Metro has reviewed, consolidated and made readily available its internal and external whistleblowing and complaint channels on the external Metro website to improve access and streamline the reporting process.

Managing risks within Metro's operations - ongoing practices

- Metro's Workplace Bullying Discrimination and Harassment Procedure, Employee Wellbeing & Assistance Programs are in place to support employees.
- Return-to-office was planned in accordance with clear COVID-Safe worksite plans and flexible work arrangements.

Managing risks within Metro's supply chain

Since the establishment of the Supplier Commercial Management and Governance functions, Metro's procurement processes have been further strengthened via:

- A new contract management framework has been implemented during 2021/22 to set standard for contract management approach and to provide structured support and governance for post-contract activities. It covers the requirements to monitor and mitigate risks including risks associated with people and subcontracting, throughout the contract life cycle.
- Due diligence guidance notes have been produced to support the sourcing process. Due diligence work can be rather extensive based on the risk profile of the supply and the respective suppliers. It covers considerations to risk assess and detect modern slavery and unethical labour practices prior to contract award. The primary aim is to ensure Metro only engages reliable and capable suppliers of good reputation and integrity, hence reducing the risk of modern slavery within Metro's supply chain.

A critical supplier hyper care approach was implemented to mitigate the impacts of the global pandemic and the conflict in Europe towards Metro's overseas supply chain.

The key measures include:

- Maintain good communication and be ready to work with suppliers in resolving issues as they arise
- Increase local stock holdings and accept early delivery
- Provide suppliers with forecasts and greater visibility into Metro's requirements

These measures supported the suppliers with job security and flexibility to plan for productions with reduced financial stress.

A new contract management framework has been implemented

Ongoing practices include:

- Supplier on-boarding with ongoing monitoring processes via Avetta to assess a supplier's OH&S statistics, offences pending resolution, labour hire licence and subcontractor management where applicable. A vast majority of Metro's suppliers are monitored on the Avetta platform.
- Collection of data via Avetta platform about suppliers' Modern Slavery Act compliance obligations and the source countries of goods and services supplied to Metro. New suppliers have their awareness of the Modern Slavery Act raised through this exercise.
- Sourcing and tender processes for high risk categories stipulate restrictions on subcontracting of works, assess the reasonableness of labour cost/rates, review past and current offences or litigations pending resolution and corporate policies concerning workers as considerations for selection.
- Legal contracting template contains restrictions on subcontracting of works, audit rights and reporting/information requirements relating to labour hours and pay to support Metro's compliance and anti-modern slavery efforts.
- Monitoring compliance with the Labour Hire Licencing Act (LHLA) and promoting adoption of the LHLA scheme as a risk mitigation measure for high risk categories, with guidance issued to supply chain and business areas.
- Allowing suppliers to remediate any irregularities uncovered from on-going supplier monitoring and/or contract management activities via remedial plans with subsequent follow-up by Metro or a Metro representative.
- Capturing lessons learnt from uncovering and remediating irregularities to take into consideration during future sourcing and contract management activities.
- Utilising CreditorWatch for financial due diligence for contracting processes and monitoring of supplier financial health.



ASSESSING EFFECTIVENESS

During this reporting period, Metro has been focusing on raising awareness and training with the contract management teams, while managing impacts of the pandemic and Russian-Ukraine war on our suppliers and employees. Metro's processes to review the effectiveness of measures in place are still in their infancy and will continue to develop in the coming years.

- New labour intensive contracts have been implemented without impacting workers and inclusion of measures to manage risks of labour exploitation. Metro will continue to reduce any impact on vulnerable workers in future supplier changeovers which impact major labour related categories.
- The modern slavery question set on the Avetta platform reached 95 per cent of Metro's supplier base (1,000+). This raises awareness of the Modern Slavery Act across that portion of the supplier base and is gathering valuable data on source countries of goods and services procured by Metro.
- Of the 1,000+ suppliers who responded, more than 80 per cent responded effectively with quality data about modern slavery. This is a significant increase from 67 per cent in the previous year.
- Since the roll-out of the new contract management framework and its associated training, approximately 400 employees with involvement in contract management completed the training.
- The hyper care approach with select suppliers has mitigated impacts and ensured the continuity of Metro's supplies from critical suppliers and the employment of their workforce without causing disruptions to Metro's operations.
- Metro was recognised by the Australasian Rail Industry Awards for its employment engagement initiatives that focused on protecting the mental health of 6,500 staff during the lockdowns and was commended for keeping employees safe in the world's most locked down city.



The modern slavery question set on the Avetta platform reached 95 per cent of Metro's supplier base

LOOKING FORWARD

Metro will review its multi-year post COVID-19 roadmap. The review aims to provide greater clarity on expectations and required measures that meets Metro's Modern Slavery risks management objective.

Metro will continue mapping source countries of procured goods and services to gain greater insights of the supply chain and ensure suppliers sourcing from high vulnerability countries are managing risks.

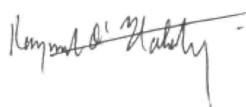
Metro will continue to raise modern slavery obligations with suppliers. This will be managed through Metro standard terms, procurement policy, sourcing and ongoing contract management processes.

Where suppliers do not practice proactive risk management, a plan for remediation will be put in place and its progress will be tracked by either a Metro contract manager or an independent auditor. Termination of that supplier, while possible, is not the preferred outcome as this can lead to unintended consequences through the supplier's supply chain.

Metro will continue reviewing and updating its policies, processes and frameworks to increase the awareness, prevention, detection and response to modern slavery issues across the organisation.

This Statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth) and has been approved by the Board of Metro Trains Melbourne on 26 October 2022.

Signed,



Raymond O'Flaherty
CEO Metro Trains Melbourne
December 2022





Mandatory criteria

Section heading and page number

a. Identify the reporting entity.	Front, About Metro Trains Melbourne – pg 1, Back
b. Describe the reporting entity's structure, operations and supply chains.	Metro operations and supply chain – pg 3-4
c. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	Risks – pg 5-6
d. 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.	Actions – pg 7-8
e. Describe how the reporting entity assesses the effectiveness of these actions.	Assessing effectiveness – pg 9
f. Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	About Metro Trains Melbourne – pg 1
g. Any other information that the reporting entity, or the entity giving the statement, considers relevant.	Looking forward – pg 10

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