



Metro Trains Melbourne Modern Slavery Statement 2019/2020

(For Financial Year 01 July 2019 to 30 June 2020)



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 Traditional Owners of the land on which our rail network operates, the Woiwurrung (Wurundjeri) and Boonwurrung groups who form the Kulin Nation. We pay respect to their Elders, past, present and emerging, and to their cultural and spiritual connections to country. We recognise that our trains move people every day through a landscape that holds the footprints and stories of thousands of generations of Aboriginal communities.

Contents

ABOUT METRO TRAINS MELBOURNE	2
CEO MESSAGE	3
METRO OPERATIONS AND SUPPLY CHAIN	4
OUR APPROACH	6
ACTIONS	8
ASSESSING EFFECTIVENESS	11
LOOKING FORWARD	13



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

About Metro Trains

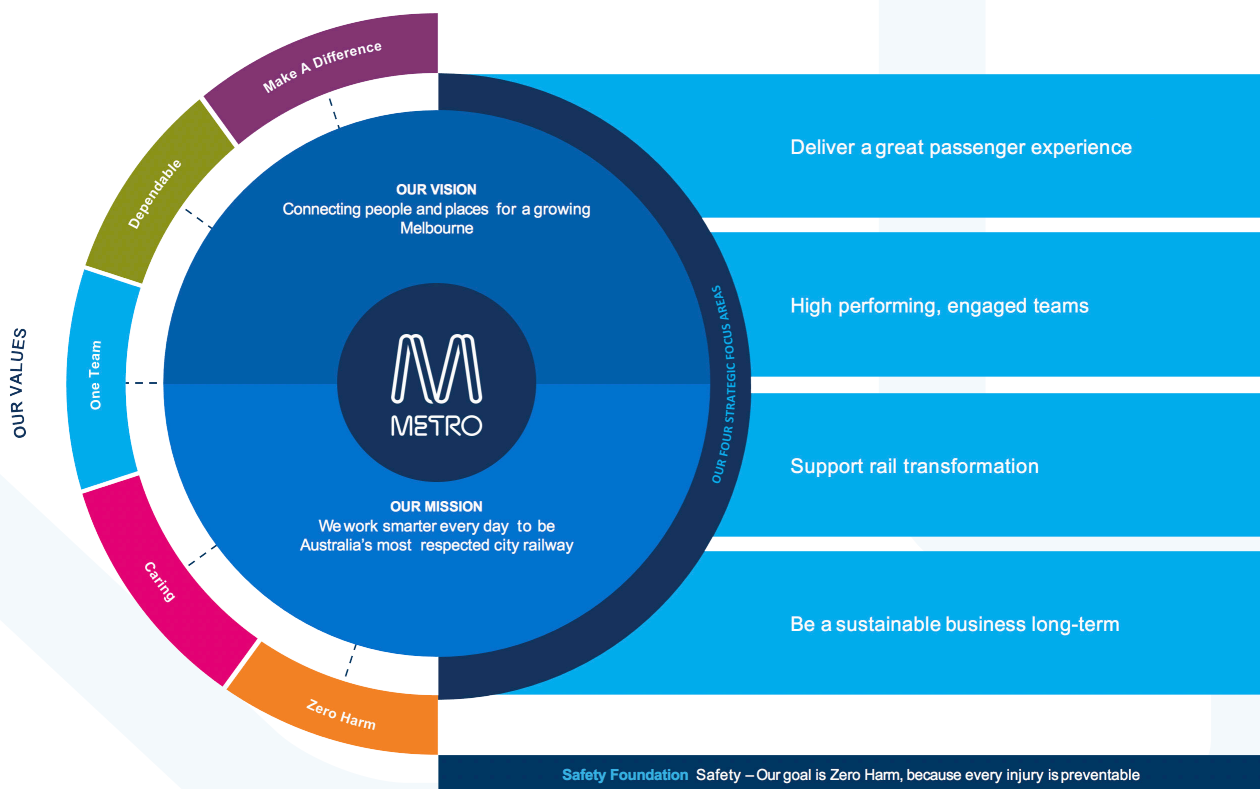
Metro Trains Melbourne (Metro) operates and maintains the metropolitan rail service in Melbourne, transporting up to 800,000 passengers each day.

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 until 2024.

Operating more than 230 six-carriage trains across more than 1,000 kilometres of track, we aim to support a liveable Melbourne by providing seamless transport to keep individuals connected. With 16 lines and 222 stations, we deliver our services

seven days a week. From train drivers and station employees, to engineers, signallers and network controllers, Metro employs more than 6,000 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 significant rail infrastructure projects. The Victorian Government is making a substantial investment to transform Melbourne's metropolitan train network. This includes delivering new infrastructure projects and assets, like new trains and stations, to enhance safety, increase passenger capacity and improve the reliability of train services. Metro works with multiple partners to support the delivery of key projects such as the Metro Tunnel and the Level Crossing Removal Program.



CEO Message



Raymond O'Flaherty CEO Metro Trains Melbourne

Metro's vision is to connect people and places for a growing Melbourne. With an operational footprint that impacts employees, suppliers and the community amongst others, Metro has an important responsibility to do what it can to prevent modern slavery anywhere throughout our sphere of influence. The harm caused by modern slavery is completely incompatible with the values that we live by: Caring, Zero Harm, Dependable, One Team and Make a Difference.

Metro recognises that modern slavery is something that can occur in every industry and has serious consequences for victims. It cannot be ignored or thought of in terms of 'that would never happen in Australia.' It does.² And it also happens close by to us. The Asia and Pacific region is thought to be home

to more than 60 per cent of the world's modern slavery, impacting some 25 million people.³

This first Modern Slavery Statement provides a benchmark of where Metro is currently as we work to ensure our operations in no way provide a modern slavery risk to our own employees, or through our suppliers and onto the broader community.

While content captured in this Statement has primarily focused on sharing our existing practices, and introducing some new initiatives, the bulk of the focus during this reporting period has been on laying the foundations for the future. We have documented our approach for Modern Slavery Act compliance, reviewed what our risks are and identified how to combat them, and continued implementing measures concerning ethical labour supply. We have raised awareness of modern slavery at a strategic level of the organisation and begun building capability so that we are able to call out risks and take action.

We are proud to play our part in the global efforts to reduce modern slavery. Every action matters.

²<https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>

³<https://www.globalslaveryindex.org/2018/findings/regional-analysis/asia-and-the-pacific/>

Metro operations and supply chain

Operations

Metro is organised into two primary delivery teams as we work to operate and maintain the metropolitan Melbourne rail service and be a key partner in significant rail infrastructure projects.

Passenger Delivery is responsible for running the network – the daily timetable of trains and maintenance and renewal of the infrastructure and rolling stock, as well as operational control and management systems.

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

These Delivery teams are supported by teams in Finance & Commercial, People, Network Integration, Corporate Affairs and Zero Harm.



Projects Delivery supports the Victorian Government's 'Big Build' program of work



Supply chain

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

Examples of these 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.



Our 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 computers, 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.



Our approach

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



COVID-19 IMPACT ON METRO'S OPERATIONS

Metro is an essential service provider and has continued to run the network amidst the COVID-19 pandemic. A significant effort has occurred to create a safe working environment within the new constraints of physical distancing and other protocols. Measures have been put in place to ensure the health and safety of employees as we observe the State's recommendations and restrictions. These measures are assessed as having effectively curbed the chance of modern slavery risks within our operations during the COVID-19 pandemic.



FRONT-LINE EMPLOYEES

Public-facing, operational, network and train maintenance and construction workers are continuing work on site while observing COVID-19 safety measures as per advice of the Victorian Department of Health and Human Services and Metro's Chief Health Officer. Employees are encouraged to discuss concerns and provide flexibility in work arrangements where needed. Personal Protection Equipment (PPE) and face coverings have been sourced from local suppliers.



OFFICE-BASED EMPLOYEES

Metro has mobilised sufficient ICT hardware and cloud-based software applications to support working from home. Regular contact is maintained to ensure employees remain connected and supported by peers and managers.



COMPANY POLICY

An Epidemic and Pandemic People Policy has been cascaded and implemented within Metro for employees to access additional leave if needed. Regular, interactive communications have also been provided to keep employees informed.

Supply chain risks

Metro spends more than 85 per cent of its supply chain goods and services expenditure with local suppliers or distributors located within Australia or New Zealand.

High-risk categories of locally sourced services identified are typically engaged in low-skill manual tasks such as non-specialist cleaning, security services and non-technical or skilled labour hire providers. Often without union representation or Enterprise Agreements and/or from disadvantaged backgrounds (as defined by the Victorian Government Disadvantaged Workers Strategy), 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 for suppliers without strong company policies and procedures or sourced from high risk countries as defined by the Global Slavery Index.⁴

Metro primarily has visibility into our first tier of suppliers only, representing a supply chain risk. Our current practice (FY19/20) is to gain visibility into suppliers that Metro directly engages through our supplier pre-qualification program. This includes both local and overseas sourced suppliers.



COVID-19 IMPACT ON METRO'S CRITICAL SUPPLIERS

Maintaining supplier relationships through good communication has been very important during this period. Metro needs critical suppliers to support our continuing operations. We implemented a Critical Suppliers Outreach program during this time. Metro has not observed any significant changes in supply chain or increased modern slavery risks within our critical suppliers that can be directly related to COVID-19 pandemic. We have worked with suppliers where they have raised issues through our Outreach program. This work is designed to support their business continuity while implementing COVID-19 measures and accommodating changes with Metro's requirements.



DISRUPTED OPERATION

Some suppliers' overseas facilities or supply chain ceased operation temporarily due to lockdown measures by local governments. Such suppliers either relied on material stock holdings on hand, sought alternative sources of materials or localised the manufacturing to meet Metro's requirements with COVID-19 measures in place.



FINANCIAL STRESS

A few suppliers have liquidity concerns that pose business continuity risk and hence potentially increases modern slavery risks. Metro has worked with these suppliers to assist them through expediting payment and providing visibility on our volume of work.



LOGISTICS

Our suppliers have been impacted by restrictions on transportation of goods, such as decreased air freight capacity, and disruptions to distribution centres. Logistics is not a core capability of impacted suppliers and this has required them to outsource logistics in a different way.



ADDITIONAL REQUIREMENTS

The sudden surge of PPE and sanitisation requirements were accommodated through our existing supplier base. Suppliers of industrial PPE leveraged their vast supply chain network to meet the increase in demand with additional time allowance. Additional sanitisation services were met by cleaners released from cancelled contracts or reduced scope by other customers.

Actions

Laying foundations

During FY19/20, Metro has laid foundations within the organisation to ensure we comply with the Modern Slavery Act and that our practices are supportive of driving anti-modern slavery behaviours.

- We have undertaken a comparison of Metro's current practice of managing the supply chain against the United Kingdom's best practice model for sustainable and ethical supply chain. This included liaising with rail operators in the UK, such as MTR Elizabeth Line, to understand their practices.
- A Preliminary Impact Assessment and Considerations of Adoption were undertaken through the frame of the UN Guiding Principles on Business and Human Rights so that we better understand and know how to prevent and remedy human rights breaches.
- We have engaged company leadership about modern slavery and requirements under the Modern Slavery Act. We have participated in information sessions and workshops and gathered information concerning modern slavery risks, supply chain mapping and Modern Slavery Act requirements.
- Metro chaired a working group with its supplier pre-qualification partner, Avetta, and others of Avetta's clients, to design a modern slavery pre-qualification question set. These questions will collect data concerning Modern Slavery Act compliance obligations of the supplier, their policies and procedures on human rights as well as information about non-local produced parts or materials. These questions are now being used on the Avetta platform and suppliers will be required to update them annually from next year.



Ongoing practices

Metro has a range of ongoing practices in place relating to anti-modern slavery.

- Metro's Workplace Bullying Discrimination and Harassment Procedure provides guidelines for employees to report and address poor behaviours.
- Our supplier on-boarding process via Avetta generally assesses the supplier's OH&S statistics, citations over the past three years and, where applicable, ensures the collection of labour hire licence details and/or appropriate sub-contractor management documentation are in place.
- As consideration for selection, the sourcing and tender process for high-risk categories stipulates restrictions on sub-contracting of works, assesses the reasonableness of labour cost/rates, reviews past and current offences or litigations pending resolution and reviews corporate policies concerning workers. Our yearly audit program monitors local suppliers in high risks categories (high spend, low skill, labour intensive) and industries which may be open to exploitation such as those that generally attract workers who may have lower English skills, different cultural norms and lower awareness of locals laws.
- Metro's standard purchasing contract templates contain restrictions on sub-contracting of works, audit rights and reporting/information requirements relating to labour hours and pay.
- In September 2018, we set up the Ethical Labour Supply Supplier Risk Profile for our top 150 spend suppliers with risk assessment matrix and scoring. Results are considered as part of the yearly audit program. The data collection for 2019 and 2020 is to be completed and analysed for changes and audit program planning. Data collection has not yet extended beyond the first group of approximately 150 suppliers. These 150 critical suppliers collectively represent around 80 per cent of Metro's spend with suppliers.
- Suppliers are provided with the opportunity to remediate any irregularities uncovered via remedial plans with subsequent follow-up by Metro or a Metro representative. Lessons learnt from such discoveries are captured and taken into consideration for future sourcing and contract management activities.



- We have raised awareness of the Victorian Labour Hire Licensing Act with Metro's supplier base and business areas, a scheme that aims to protect labour hire workers from exploitation and improve the integrity and transparency of the labour hire industry. We have included a monitoring mechanism for labour hire licensing validity for applicable suppliers as per their self-assessment on the Avetta platform.

- As Metro is in the early stages of supply chain mapping, it is recognised that a more thorough assessment of our supply chain will identify, prevent, mitigate and take account of modern slavery risks. This will be carried out progressively over the next few years with a focus on monitoring as supply chain mapping matures. We will also do selected deeper examinations into the second layer (our supplier's suppliers) where risks are deemed to be higher.

yearly audit program

**monitors local
suppliers in high
risks categories**



COVID-19 IMPACTS ON ACTIONS TO ADDRESS MODERN SLAVERY RISKS

The urgent response required to the COVID-19 pandemic has caused some necessary diversions in priorities and resources. Supply chain mapping and anti-modern slavery initiatives were amongst those areas that experienced slow down. Some actions intended for this reporting period have been postponed and will now be tackled over the next few years. The current assessment of modern slavery risks will rely on existing due diligence measures with findings to be addressed via remedial plans and regular follow-ups for the next 12 months.



AVETTA ROLL-OUT

Implementation of modern slavery questions on Avetta was delayed due to both technical issues and diversion as a result of COVID-19. Roll-out was completed in May. This set back the timeframe for data collection by a year.



AWARENESS RAISING

Cross-functional leadership teams were contacted and asked to be alert for potential impacts of COVID-19 on modern slavery risks in the supply chain. A channel for feedback or further enquiries was established.

Assessing effectiveness

Foundations

Activities that Metro has undertaken to lay foundations for progress have helped gain a much better understanding of the Modern Slavery Act compliance requirements and started to build capacity across the organisation for the future.

This includes the work to look at how other organisations have approached this problem and measures they have put in place to manage modern slavery risks.

Supplier assessment questions introduced into the Avetta platform will be worthwhile not just for Metro, but for other clients of Avetta and for suppliers themselves. The modern slavery questions were based on understanding and ideas gathered via workshops and information sessions. We will continue to monitor this piece of work to make sure we are asking questions designed to collect the most useful data.

Improvement across existing practices

Metro has been focusing on its tier one high-risk categories including cleaning, security and labour hire services. This has been guided by the general understanding of vulnerabilities of workers in these industries.

- By implementing LHLA (Labour Hire Licensing Act 2018 Victoria) compliance measures, coupled with the work of the LHA (Labour Hire Authority), it is anticipated that labour hire workers are protected by law and will be treated appropriately. As a responsible corporate citizen, Metro is collaborating with the State by implementing compliance measures and using only licensed labour hire providers. Specific assessments of this will be available in time via State Government data.
- Contracted cleaning and security services suppliers are covered by a cyclical audit program and follow-ups on any significant findings. Audit findings and lessons learnt over years of contract management and monitoring has meant an improvement in compliance and quality of records of those suppliers. Metro has incorporated lessons into tender evaluations and contractual requirements for these categories to promote alignment in ethical sourcing and an increased

accessibility of records for audit. Improvements have also been observed via the willingness of suppliers to accept related contract clauses and more transparency and co-operation with audit requests and provision of records, as well as quality and timeliness of records provided.

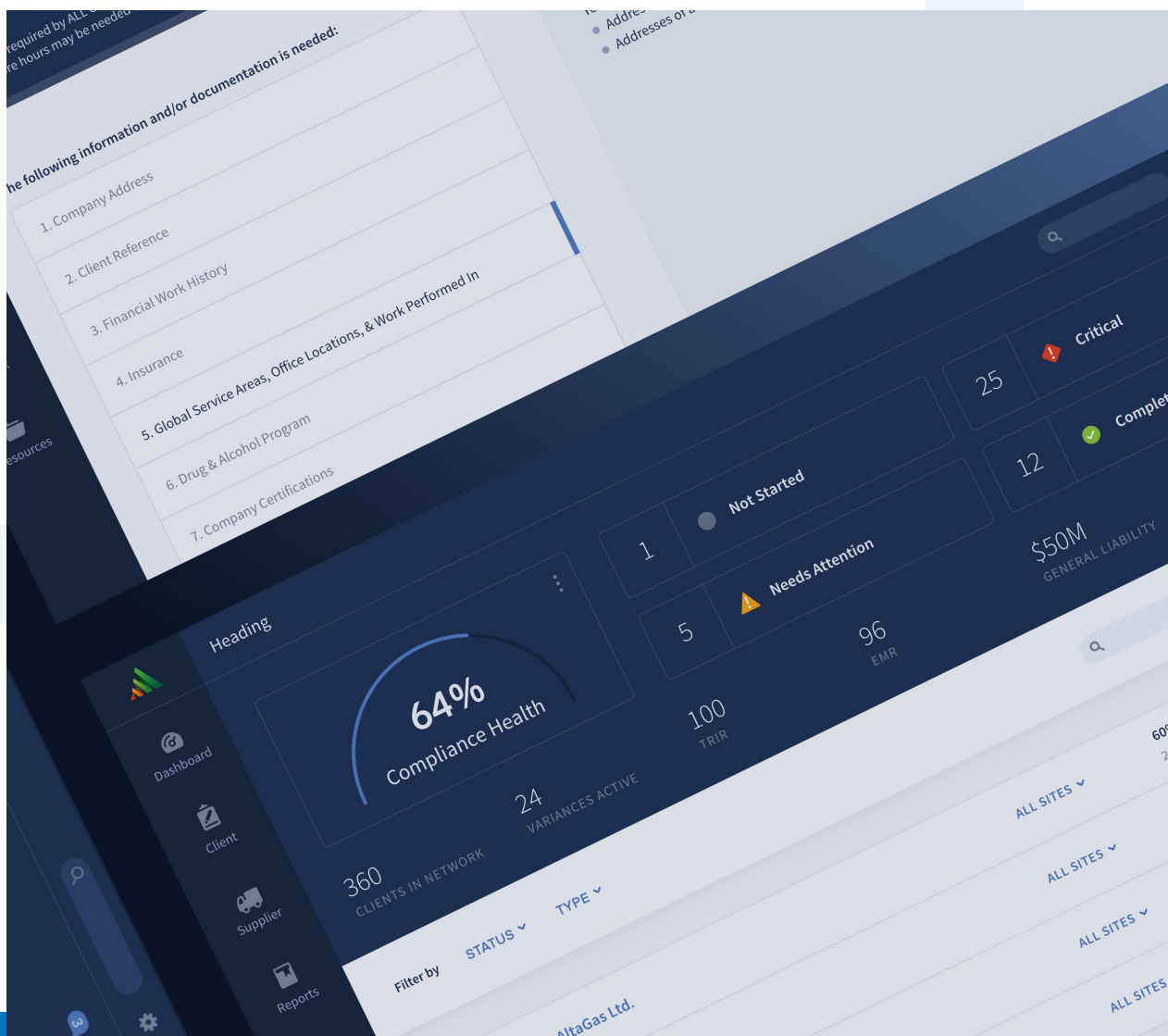
- Restrictions on sub-contracting of works has reduced risks of sham contracting and improved job security of workers, especially for labour intensive services contracts.



New measures introduced

- It is anticipated the modern slavery questions now in use on the Avetta platform will reach at least 80 per cent of Metro's direct suppliers. This will raise awareness and improve visibility of Metro's supply chain.
- Metro has commenced further supply chain mapping by extracting information from the Critical Suppliers Outreach information undertaken during COVID-19 to further understand international supply chains. It is also anticipated that our Engineering Type Approval Equipment Register, capturing country of manufacturer, will help build a strong picture. While we are in the early days of supply chain mapping, data gathered in the coming year will be assessed based on regions of origin and industry's inherent risks to make sure that we identify and prioritise anti-modern slavery practices.

**AVETTA
PLATFORM**
**will reach
at least
80%**
**Metro's
direct suppliers**



Looking forward

Metro has endorsed a multi-year post COVID-19 road map to reduce the risk of Modern Slavery in our supply chain.

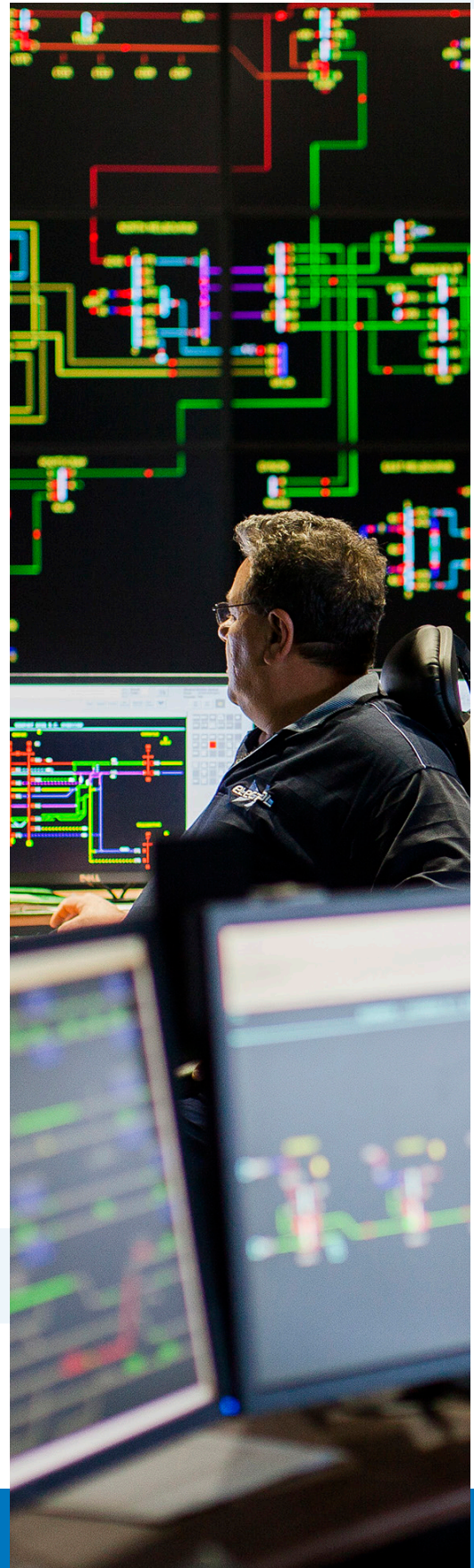
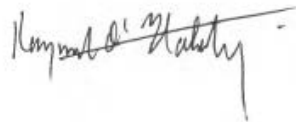
We will use our best endeavours to progress the road map that includes the establishment of ongoing supply chain mapping, and assessment and monitoring of our high risk tier one suppliers. We will review current due diligence processes that penetrate into the supply chain to ensure deeper coverage.

We will begin to implement training to ensure awareness, prevention, detection and response to modern slavery issues across the organisation. We will put in place a channel to report concerns or make further enquiries about modern slavery risks and embed those into business practices. Finally, we will examine our policies and procedures with a human rights lens to ensure they continue to be supportive of our actions to prevent modern slavery.

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 24 February 2021.

Signed,

Raymond O'Flaherty
Chief Executive Officer
March 2021





M METRO

WERRIBEE
LINE

PLATFORM

UPFIELD
LINE

PLATFORM

BROADMEADOWS
LINE

PLATFORM

ST ALBANS
LINE

PLATFORM

ALTONA
LINE

PLATFORM

www.metrotrains.com.au

Metro Trains Melbourne Pty Ltd ABN: 43 136 429 948