

Metro Trains Melbourne

Modern Slavery Statement 2020/2021

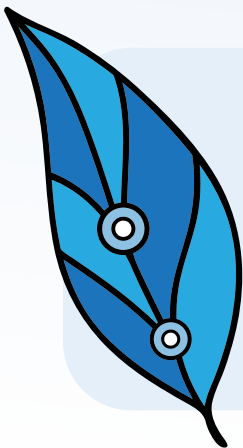
For financial year 1 July 2020 to 30 June 2021



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:

Australian Government, Department of Home Affairs¹

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



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.

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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 network in Melbourne, typically moving up to 800,000 passengers each day. In more recent times, the impacts of COVID-19 in Melbourne have led to a significant drop in passenger numbers as people heed public health advice.

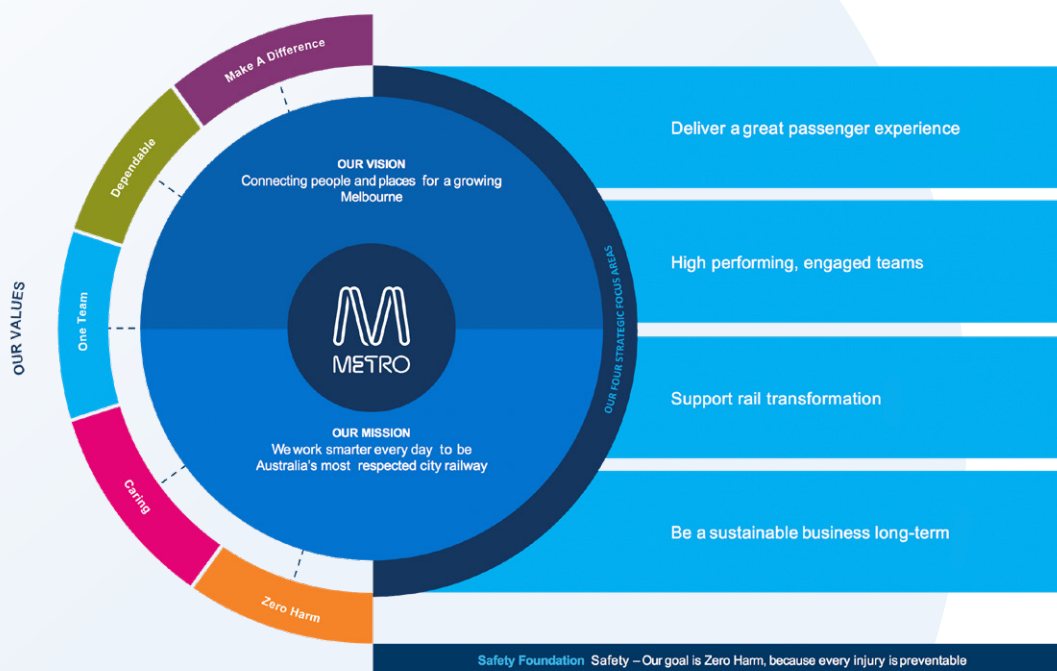
Metro is a consortium of rail and construction businesses that operates the metropolitan rail service on behalf of the State Government of Victoria. Our shareholders are MTR Corporation, John Holland Group and UGL Rail. We commenced operating the rail network in 2009 and in 2017 were awarded a new franchise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

Operating more than 230 six-carriage trains across more than 1,000 kilometres of track, we aim to support the liveability of Melbourne by providing seamless transport to keep people 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 6,500 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 and the Level Crossing Removal Project.

Metro does not own or control any other entities.



CEO Message



Connecting people and places for a growing Melbourne is Metro's vision. With a large operational footprint, Metro has an important responsibility to the community we serve. This includes to do what we can to prevent modern slavery.

We know that modern slavery can, and does, occur within Australia. We know that it can exist in any industry and that it has serious consequences for anyone impacted.

As I have said previously, 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 second Modern Slavery Statement. Our first statement provided a benchmark as we lay foundations for work across our sphere of influence in this area.

Our second statement shares how we work, both inside Metro and with our suppliers. How we identify and take action where we see risk. How we have supported our suppliers throughout the COVID-19 pandemic. And how we are adapting our own processes, policies and frameworks to make sure we are doing the best we can to eliminate modern slavery.

The majority of our suppliers have now given information through our Avetta supplier management platform about operations in high risk countries as well as advising compliance with ethical employment standards. Raising awareness of risks associated with modern slavery and working with our suppliers to directly improve their practices is how Metro can make a meaningful contribution in this area.

Through the important work we are doing, Metro is increasing awareness, prevention, detection and response to modern slavery issues – both across the business and through our supply chain.

We are proud to be active participants in eradicating all forms of modern slavery.

Raymond O'Flaherty
CEO Metro Trains Melbourne
December, 2021



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

1,100
Suppliers

90%
Local Content

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 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.

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.

COVID-19 impact on Metro's operations

Metro is an essential service provider and has continued to run a full service network during the COVID-19 pandemic, while adhering to the State's recommendations and restrictions. By doing this, we support essential workers to get where they need to go and ensure communities can access essential goods and healthcare.

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.

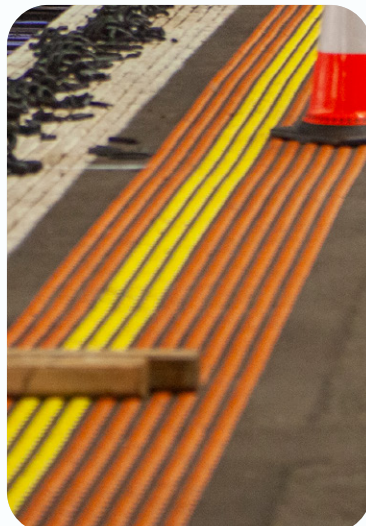
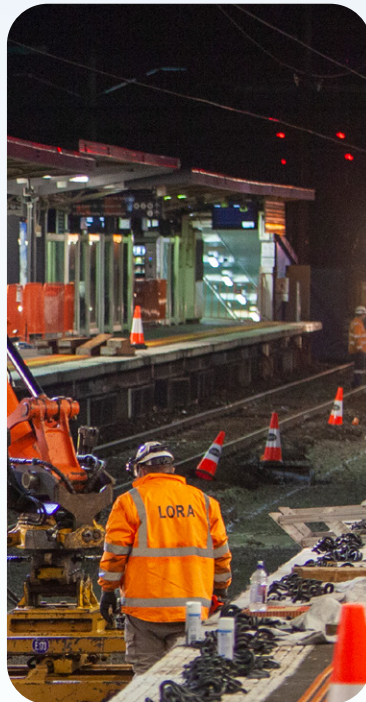
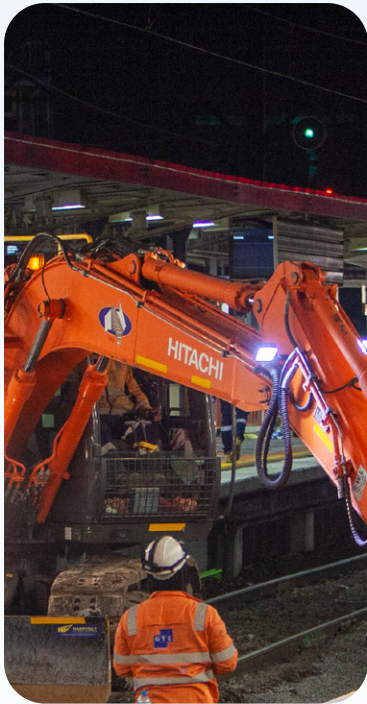
In line with public health advice in early 2021, Metro mobilised return-to-office for employees who had been working from home during the pandemic. Measures were put in place to ensure a safe return, including reduced density limits, and support was available for employees to move easily between working from home and from an office. With further lockdowns occurring in Melbourne during 2021, Metro continues to follow the relevant health advice around workforce return-to-office.

A range of measures have been put in place to help support the safety and wellbeing of our employees including:

- Employees are encouraged to continue to take annual leave as an important wellbeing measure;
- As essential workers, Metro's front line employees have priority access to the COVID-19 immunisation program; and
- Metro's COVID-19 Response Communications program keeps everyone up to date and informed about changes to restrictions and work arrangements. We have an important "Staying Connected" wellbeing program available to all employees. We have also consistently encouraged employees to reach out to our Employee Assistance Program (EAP) if they, or family members, feel extra support is needed. This has led to an increase in usage of EAP among employees.



Supply chain risks

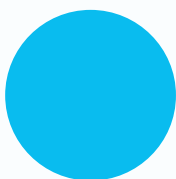


Around 90 per cent of Metro's supply chain goods and services expenditure is with local suppliers or distributors located within Australia or New Zealand.

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. These represent a small segment of Metro's expenditure.

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





COVID-19 impact on Metro's critical suppliers

Metro's Critical Supplier Outreach program ensured we maintained good communications with our critical suppliers and supported them during this period.

Issues that arose during the early period of COVID-19 around logistics, disrupted operation and other requirements are now relatively well-managed and have become business as usual. However, financial stress associated with ongoing lockdowns, coupled with slow recovery of sales, continues to impact business continuity for some of Metro's suppliers.

Metro has now enabled an online procure-to-pay system for the majority of our supplier base. This helps to shorten order-to-pay cycle time and is welcomed by our suppliers.



Metro also endeavours to reduce negative impact on workers in high risk categories when we discontinue a supplier.



Case Study - Transitioning to new suppliers during a pandemic

Two of Metro's critical suppliers in different high risks categories were discontinued and replaced at short notice over the past year. Between them, the suppliers deployed some 230 workers for Metro's contracts.

Recognising this was a high risk time for those workers, Metro engaged with the new suppliers to ensure vacancies were advertised to employees of the former suppliers. Most of the employees servicing Metro's contract, then secured jobs with the new suppliers.

This transition has been evaluated as successful, despite a short transition time. One of the suppliers has improved the gender balance of the employee base for Metro's contract. As well, rostering flexibilities have been introduced. Performance and quality of contract delivery has also improved.

Metro supported both transitions with training and ongoing monitoring, ensuring the safety and wellbeing of the individuals servicing the rail network.



Actions

During 2020/21, Metro continued to lay foundations to ensure compliance with the Modern Slavery Act and to support anti-modern slavery practices.

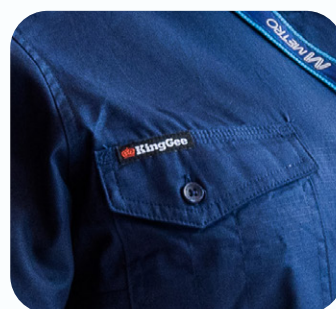
Metro's first Modern Slavery Statement was published on our website, as well as being included on Australian Border Force's online register of statements.

The Metro Senior Leadership Group received specific communication about modern slavery, along with the opportunity to undertake online awareness training. General communication across the organisation occurred via our online newsletter MetroExpress when the statement was published.

The Procurement team led conversations and work across the organisation to raise awareness of the obligations Metro has under the Act. We also reviewed and took learnings from Modern Slavery Statements lodged by other companies in order to improve the approach, measures and effectiveness of Metro's own anti-modern slavery efforts.

A group of Sourcing, Contract Managers and Commercial Managers met quarterly to discuss any concerns and share experiences about ethical labour and modern slavery. Matters discussed included Modern Slavery Act awareness, high risk categories, COVID-19 impacts, risks associated with the portfolio of contracts under their care, raising awareness with suppliers, and the visibility and management of sub-contracting arrangements.

The Supplier Commercial Management and Governance functions were recently established and will deliver a Contract Management Framework. This will strengthen Metro's contract and supplier management including managing ethical labour risks and modern slavery exposure throughout the contract life cycle.





Managing risks within Metro's Operations

- Metro's Workplace Bullying Discrimination and Harassment Procedure provides guidelines for employees to address and/or report those behaviours.
- Wellbeing programs and EAP are made available to support employees.
- Return-to-office employee surveys were distributed to gather concerns and preferences as input for return-to-office and flexible work arrangements.

Managing risks within Metro's supply chain

- Metro's supplier on-boarding and ongoing monitoring processes via Avetta assess a supplier's OH&S statistics, offences pending resolution, labour hire licence and subcontractor management where applicable.
- This year Metro has implemented a revised supplier on-boarding procedure and is working towards having its full supplier base on the Avetta platform.
- We are progressing with collection of data about suppliers' Modern Slavery Act compliance obligations as well as seeking to understand the source countries of goods and services supplied to Metro. This data collection is facilitated through Avetta using the modern slavery question sets developed in 2020. This work also raises awareness of the Modern Slavery Act among Metro's supplier base. Collected data is used to identify and prioritise suppliers for further enquiry into their internal modern slavery processes.



- Company policy and procedures were reviewed and new work and leave-related procedures introduced to provide flexibility. This has been done with the intent to accommodate different working arrangements in the post-COVID-19 era for the health, safety and wellbeing of the employees.



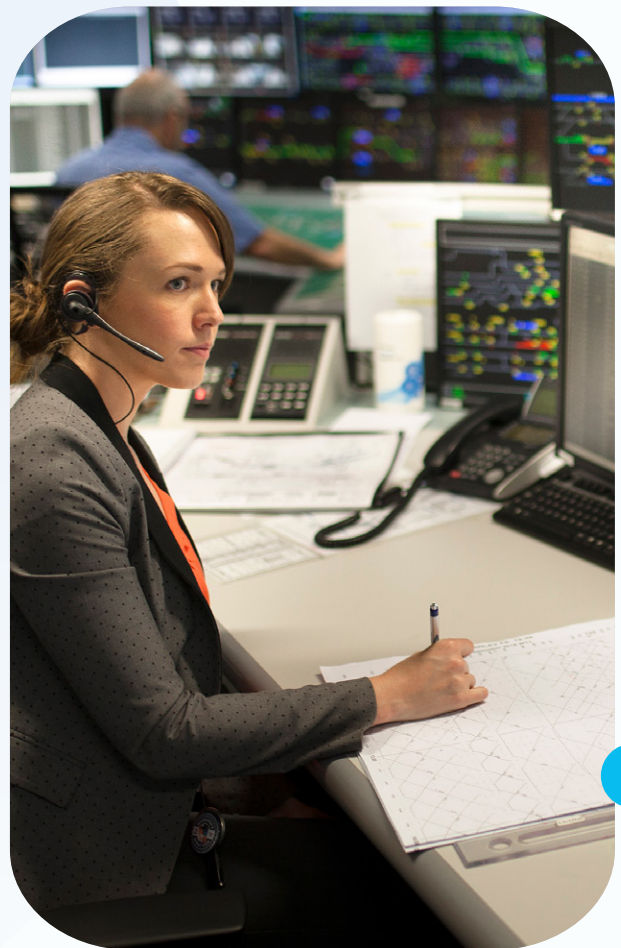
- Our sourcing and tender processes for high risk categories stipulate restrictions on sub-contracting of works, assess the reasonableness of labour cost/rates, review past and current offences or litigations pending resolution and corporate policies concerning workers as considerations for selection.
- We have implemented a legal contracting template that contains restrictions on sub-contracting of works, audit rights and reporting/information requirements relating to labour hours and pay. This will support Metro's compliance and anti-modern slavery efforts.
- Metro is 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.
- Suppliers are provided with the opportunity 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.

- We are capturing lessons learnt from uncovering and remediating irregularities to take into consideration during future sourcing and contract management activities.
- Creditor Watch Alert has been engaged to monitor the financial health of suppliers. This aims to enable early detection of suppliers impacted by COVID-19 or in financial distress. Where possible, Metro then works with that supplier to try to support its business.
- Metro is part of the alliances which deliver Victoria's Big Build program. Alliance policies and procedures have been updated to reflect ethical labour and modern slavery requirements and processes.



Case Study - Embedding ethical labour and anti-modern slavery measures

A major sourcing event for one of Metro's high risk categories took place during this reporting period. The event impacted around 450 workers. This was an opportunity to ensure that ethical labour and anti-modern slavery measures were embedded throughout Metro's sourcing process.

One of the steps taken was an independent audit on preferred suppliers. This was to ensure accurate payroll practices, compliance with the applicable industry award as well as to find any sub-contracting risks for employment of non-specialised workers.

We also used Metro's legal contracting template and put additional requirements on employee and sub-contractor transfer during demobilisation. There were KPIs established such as reporting requirements on employee training, literacy, rights to work and pay equality.

Finally, a Metro project manager was put in place for the mobilisation of the new contract. This was to ensure a smooth transition, including that embedded measures are implemented and redundant workers transferred to the new supplier.



Assessing effectiveness

During this reporting period, Metro has been focusing on collecting data to assess and better understand modern slavery risks within our supply chain, while managing impacts of the pandemic on our suppliers and employees. Metro's processes to review the effectiveness of the measures are still in its infancy and will continue to develop in the coming years.

- We have had positive outcomes relating to supplier changeover including through embedding ethical labour practices and anti-modern slavery measures. Metro will continue to look to reduce any impact on vulnerable workers in future supplier changeovers which impact major labour related categories.
- Learnings and ideas from other organisations help with confirming and adjusting Metro's approach to managing modern slavery risks. This includes reviewing and updating our own policies, processes and frameworks as we progress.
- The modern slavery question set on the Avetta platform reached 95 per cent of Metro's supplier base (approximately 1,000). This has meant we have raised awareness of the Modern Slavery Act across that portion of the supplier base and are gathering valuable data on source countries of goods and services procured by Metro.
- Of the 1,000 suppliers who responded, 67 per cent responded effectively, meaning we were able to capture quality data about modern slavery for a large percentage of our supplier base. Using the Global Slavery Index



vulnerability scale, we have prioritised 17 suppliers initially for further data collection. This examination will determine whether relevant procedures and processes are in place to assess and manage modern slavery risks within their own supply chain. It is planned that question sets will be undertaken by the remaining suppliers, some of which will need to be done manually outside of Avetta, before end June 2022.

Looking forward



Metro will use its best endeavours to progress its multi-year post COVID-19 roadmap to reduce the risk of modern slavery in our supply chain and organisation.

We will progress with mapping source countries in our supply chain and prioritise risk assessment of suppliers sourcing from high-vulnerability countries.

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

We will review and assess suppliers who source from high-vulnerability areas as to whether they are sufficiently managing their own supply chain modern slavery risks. Where Metro does not feel that actions being undertaken by a supplier are sufficient – a plan for remediation will be put in place. Progress will be tracked by either a Metro contract manager or independent auditor. Termination of that supplier, while possible, is not the preferred outcome as this can lead to unintended consequences back through that supplier’s chain.

Through reviewing and updating Metro policies, processes and frameworks, we will increase the awareness, prevention, detection and response to modern slavery issues across the organisation. This will include a clear channel being embedded into business practice to report concerns or make further enquiries about modern slavery risks.

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 27 October 2021.

Signed,

Raymond O’Flaherty
CEO Metro Trains Melbourne
December, 2021

Mandatory criteria	Section heading and page number
a. Identify the reporting entity.	Front, About Metro Trains Melbourne, Back – pg 1, 3, 15
b. Describe the reporting entity’s structure, operations and supply chains.	Metro operations and supply chain – pg 5-6
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.	Our Approach – pg 7–9
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 10-12
e. Describe how the reporting entity assesses the effectiveness of these actions.	Assessing effectiveness – pg 13
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 3
g. Any other information that the reporting entity, or the entity giving the statement, considers relevant.	Looking forward – pg 14



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