



Modern Slavery Statement

Reporting Year 2023

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.

“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**).

Modern slavery is a term used to describe serious exploitation. It does not include practices like substandard working conditions or underpayment of workers, although these practices are also harmful and may be present in some situations of modern slavery.¹

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 2023 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 27th of June 2024



_____ (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

The MTR group is a world-class operator of sustainable rail transport services. The group's ultimate parent, MTR Corporation Limited, is headquartered in the Hong Kong Special Administrative Region and listed on the Hong Kong Stock Exchange. MTR Corporation Limited's operations consist of the construction and operation of a mass transit passenger railway network in Hong Kong, with a number of subsidiaries with similar core businesses of constructing and operating rail systems in markets including the Mainland of China, Macao, Australia, Sweden and the United Kingdom.

MTR group is recognised as a global leader in safe, reliable and sustainable railway transit. With more than 50,000 dedicated staff around the globe, MTR carries over 10 million passengers worldwide every weekday.

MTR SMCSW (a subsidiary within the broader MTR group) 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 Limited, which is based in 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 engineer and non-engineer employees, including subject matter experts. 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 legal, human resources and IT areas.

The workforce is substantially professional in composition, although the right to freedom of association is conveyed to employees in their induction training and through policies and procedures that govern their employment with MTR.

Recruitment agencies are used relatively infrequently, on an as-needs basis. These agencies are reputable, mostly based in Australia and are specialised in recruiting professional workers.

There are a small number of individuals who work with MTR SMCSW on a full-time basis and are contracted independently as consultants. These individuals are employed in 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;
- Hitachi Rail GTS Australia Pty Ltd – supplying the central control and communications systems (note this was previously provided by Thales Australia Limited, but the contract was novated to Hitachi Rail GTS Australia Pty Ltd (formerly Ground Transportation Systems Australia Pty Ltd) as part of a sale of certain Thales businesses 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 relevant passport details, visa documentation and educational transcripts. Furthermore, appropriate induction training is provided to all employees and every employee is provided with the Fair Work Information Sheet upon commencement among other things advising 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 notes no relevant procurement was undertaken in reporting year 2023.

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.

Through these processes, MTR SMCSW has not identified any risks of modern slavery that we cause, contribute to or have been linked to in the reporting year 2023.

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

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.

MTR SMCSW conducts an annual modern slavery compliance assurance on its significant contractors involved in the SMCSW project. This is to ensure that these contractors are aware of and manage the risk of modern slavery in their business. We recognise, that given the nature of our sector and supply chain, the risks of modern slavery would most likely be occurring deeper within the supply chain. We will continue to work with our direct supply chain to gain insights into their supply chains to address this issue.

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 on 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).

To elevate awareness of the risks of modern slavery in our operations and supply chains and ensure our people are trained appropriately, we implemented training for MTR personnel, including awareness training for the workforce generally and more detailed training for management and those involved in procurement. That training is pre-recorded and is available to new personnel on an ongoing basis.

In our Modern Slavery Statement for the reporting year 2022, we detailed our commitment for progressing work in addressing modern slavery risks in our operations and supply chains, which included:

- 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.

We report the following progress against the aforementioned commitments:

- We are in the process of updating our Ethical Sourcing and Modern Slavery policy again, to enhance its linkages to other relevant policies and procedures within the business, as well as to improve clarity on reporting mechanisms available where a concern relating to modern slavery is identified (aligning with the training MTR provides to its personnel).
- As part of MTR SMCSW continuous due diligence, a risk-based approach has been adopted to assure compliance with the policy. In 2023, no new procurement processes were executed, and the risk level associated with modern slavery was deemed low. Therefore, self-assessments by supply chain entities were prescribed in line with the risk exposure instead of audits. These assessments did not indicate any issues or concerns regarding compliance with the MTR Modern Slavery Policy.

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 assurance process.

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 2023 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. We are continuing to monitor changes, and potential changes to the Act, and will align our policies and practices to any such changes, in addition to any other opportunities for improvement we identify.
- Adopting a risk-based approach having regard to geography, sector, products and services to be delivered in the 2024 reporting year, a similar risk-based assurance approach is expected to apply through 2024 and beyond.
- We are also considering the potential implementation of further modern slavery assessment tools into our assurance processes – either tools available in the market, or bespoke processes created for MTR – in order to streamline modern slavery assurance, risk identification and targeted investigation and reporting.

MTR also notes the statutory review of the Act commenced by the Australian government in 2022 and the resulting Review Report released in June 2023, which contained 30 recommendations, including introducing non-compliance penalties, strengthening specificity in reporting and introducing due diligence requirements on reporting entities. Subsequently, the government has introduced the role of the Anti-Slavery Commissioner whose functions include promoting compliance with the Act and supporting Australian entities and entities carrying on business in Australia to address risks of modern slavery practices in their operations and supply chains. We will ensure we remain abreast of outcomes from the review to remain compliant with the Act now and in the future and welcome the important contribution of these developments to enhancing transparency and accountability in addressing and reporting on modern slavery.