

MODERN SLAVERY STATEMENT 2021

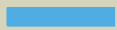


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1 INTRODUCTION

Modern slavery is estimated to affect more than 40 million people worldwide in the form of forced labour, debt bondage, human trafficking and child slavery to name a few. Of these forms, forced labour is the most prevalent, with an estimated 25 million people affected in many countries, including Australia.

At ARTC, we strongly believe that all people around the world have the right to live free from exploitation. We are committed to doing our part to ensure that slavery in any form does not occur within our supply chain.

This document outlines our approach to preventing slavery within our supply chain, provides an update on the actions we committed to in 2020 and how we will build on these foundations in 2021.

1.1 OUR BUSINESS

Established in 1998, ARTC is one of the largest freight and passenger rail network owners in Australia.

We operate and maintain 8,500km of the national rail network across five different states – NSW, Victoria, Queensland, WA and SA.

We are an integrated manager of critical Australian infrastructure comprising:

- The Hunter Valley heavy-haul coal network;
- The Interstate mainline network (intermodal and general freight); and
- The construction and operation of Inland Rail

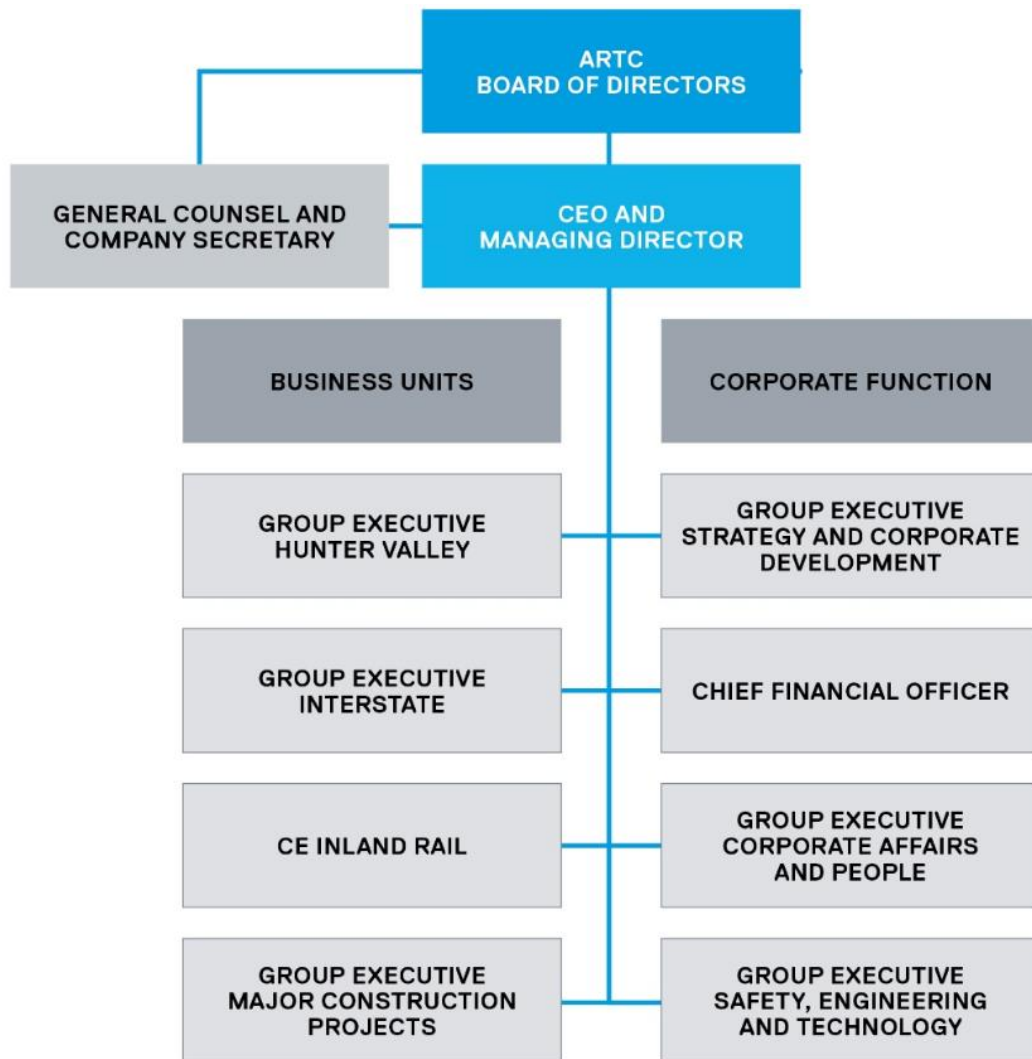
We employ more than 1,900 people in 30 regional and city-based locations around Australia, and we manage the transit of around 450 trains per day on our network.

1.2 STRUCTURE

We are a company incorporated under the Corporations Act 2001.

Our shares are owned by the Commonwealth of Australia, represented by the Minister for Infrastructure, Transport and Regional Development, and the Minister for Finance.

We are governed by a Board of Directors appointed by the Shareholder Ministers.



1.3 SUPPLY CHAIN

ARTC’s supply chain comprises the provision of goods and services to allow us to maintain and improve the national rail infrastructure that we are responsible for. Our procurement activities take place in Australia and our suppliers are predominantly Australia-based, with some goods and services also sourced from the US and Europe.

Our major areas of supplier spend are rail infrastructure costs, including rail, sleepers, turnouts, electrical components, labour and civil construction works.

Importantly, all activities undertaken by ARTC – including appropriate standards for doing business with ARTC and principles of conduct and behaviour – are governed by our Statement of Business Ethics and our Code of Conduct.

Over the past 12 months we conducted an assessment of our supply chain which determined that 99.7% of the suppliers we contract with directly are located in Australia and over 90% of our goods and services are sourced or manufactured in Australia. .



Country	Risk 0-10	% of total spend
Australia	1.9	99%
United States	2.3	<1%
United Kingdom	2.9	<1%
Singapore	3.4	<1%

* geographic risk data provided by ndevr human rights

1.4 RISK MANAGEMENT OF MODERN SLAVERY

Due to the nature of our business, risk management – especially regarding the safety and wellbeing of our employees and contractors – is extremely important.

ARTC is committed to continually improving and upholding our policies and procedures to make sure we only source from suppliers who meet our pre-qualification requirements. This helps ensure we only do business with ethical suppliers who look after their employees and sub-contractors.

In 2020 our Board and Executive committed to a number of actions to manage the risks of modern slavery inherent within the 3,000 suppliers that provide goods and services to ARTC. Those actions were;

- A more detailed **RISK ANALYSIS** of our supply chain to identify areas of risk in relation to modern slavery
- Review supply **CONTRACT TEMPLATES** to ensure all our suppliers are made aware of, and are compliant with, Australia’s modern slavery legislation
- Update our supplier **PRE-QUALIFICATION** process to request information and evidence of compliance to modern slavery legislation
- Refine our **PROCUREMENT POLICIES** to make them relevant with reference to modern slavery (manual, code of conduct/ethics)
- Provide **AWARENESS TRAINING** for our people to ensure all relevant employees are familiar with modern slavery requirements.

1.4.1 RISK ANALYSIS

Over the past year ARTC has assessed the risks inherent in its supply chain. The assessment pulled data from over 10 data sets including geographic, product, service, industry and sector risk.

Key findings include;



ARTC has assessed 100% of its Tier 1 supply chain and determined there is a low degree of geographic slavery risk exposure, in large part because most suppliers are retailers and distributors in Australia.



ARTC has begun the assessment of its Tier 2 supply chain which captures the suppliers that our suppliers contract with. So far we have assessed 50% of our Tier 2 suppliers.



Emerging areas of risk have been determined for ARTC in agricultural products, construction and materials, waste management & cleaning, labor hire services and maintenance & repairs.

1.4.2 CONTRACT TEMPLATES

ARTC has updated its contract templates and pre existing agreements have been amended to ensure our suppliers are aware and committed to their obligations in accordance with the modern slavery legislation in Australia.

1.4.3 PRE QUALIFICATION

All ARTC suppliers are required to complete a pre qualification process that includes questions on modern slavery amongst others. Suppliers are requested to provide evidence of either their modern slavery statement as required under Australian legislation or where they are not subject to these rules to provide evidence of their commitment to modern slavery mitigation in their supply chain.

1.4.4 PROCUREMENT POLICIES

One of the key guiding principles for the ARTC procurement policy is to demonstrate and engage in ethical behaviour and practices. This combined with the other actions identified drives the accountability through our supply chain.

1.4.5 AWARENESS TRAINING

Modern slavery awareness training has been developed for ARTC employees and is being rolled out across the organisation. By December 2021 all relevant employees will be required to have completed this training.

1.5 ASSESSING EFFECTIVENESS

To ensure our activities are effective, we also commit to:

- Periodic auditing of suppliers who provide services considered to be high risk in relation to modern slavery
- Non-compliance reported to senior management with remediation steps applied, including termination of supply with immediate effect as appropriate
- Ongoing review of training and awareness for our employees
- Ongoing engagement and consultation with stakeholders to prevent slavery within our supply chain.

1.6 FUTURE COMMITMENT

ARTC remains dedicated to upholding and further strengthening practices to continuously reduce any exposure to slavery and human trafficking risks. Over the next year, our focus will be on:

- Complete risk assessment for 80% of our Tier 2 suppliers
- All relevant employees to have completed modern slavery training
- Top 50 suppliers identified as high risk following our review in 2020 will be subject to further investigation and engagement strategies designed to limit the risk of modern slavery in ARTC's supply chain.

This statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth) and has been approved by the ARTC Board.

Signed



Mark Campbell
Chief Executive Officer and Managing Director