

**Brookfield**

BPIH Pty Ltd and Arc Infrastructure Pty Ltd

# Modern Slavery — Statement 2020



# Background

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This Modern Slavery Statement (**Statement**) is made by BPIH Pty Ltd (**BPIH**) on behalf of itself and its subsidiary, Arc Infrastructure Pty Ltd (**Arc**), together the Reporting Entities, in accordance with the *Modern Slavery Act 2018* (Cth) (**Act**), for the financial year ended 31 December 2020 (**Reporting Period**). The Reporting Entities are opposed to human trafficking and slavery both within their businesses and supply chains and fully support the objectives of the Act.

The Reporting Entities are part of the global Brookfield Asset Management Inc. (**Brookfield**) group, which in Australia consists of diverse real estate, infrastructure, and private equity portfolios across key cities. Globally, Brookfield is a leading global alternative asset manager, focused on investing in long-life, high-quality assets across real estate, infrastructure, renewable power, and private equity. The Reporting Entities and their related entities represent a diverse portfolio of critical infrastructure assets, including transport, utilities and data. Brookfield seeks to employ best-in-class corporate social responsibility practices, mindful of the important role this plays in fostering long-term value creation. In Australia, the Reporting Entities follow the same principles in day to day business activities.

In this Statement, references to “we”, “us” or “our” refer to the Reporting Entities. The Reporting Entities largely operate the same processes, supply chain management practices and operating systems.

# Structure, operations and supply chains

## REPORTING ENTITY

## STRUCTURE & OPERATIONS

## SUPPLY CHAIN

### BPIH Pty Ltd

ACN: 100 364 234

Brookfield Place

10 Carrington St

Sydney NSW 2000

- BPIH’s ultimate parent is Brookfield Asset Management Inc.
- BPIH employs approximately 21 people who are employed to provide asset management services, and are predominately located in Sydney.
- BPIH is the head entity of a consolidated group which engages in the following activities:
  - corporate services, including administration, finance, treasury, tax, internal audit, information technology, company secretarial, compliance, sourcing/procurement
  - investment in infrastructure assets
- BPIH has a non-controlling interest in:
  - Natural Gas Pipeline Company of America LLC (**NGPL**). This foreign asset is managed by an American entity.
- BPIH also has interests in the following entities that are operated by separate management teams either through other third-party management arrangements on a contractual basis, or businesses that operate independent processes and management structures from BPIH.
  - ENE.HUB Pty Limited (**ENE.HUB**) plans, funds, builds, maintains and manages connected networks of SMART products – sophisticated smart city enablers which are integrated into lighting structures and other street furniture. ENE.HUB has operations in Australia.
- To differing degrees, each of these entities operate independently of BPIH, accordingly, they have been dealt with separately in this Statement in relation to the assessment of risk and actions taken. The entities are not reporting entities for the purposes of the Act.

BPIH’s suppliers are primarily Australia based companies although some of the goods and services that they supply may originate from outside Australia.

Suppliers outside Australia are predominantly located in North America (USA and Canada) and Europe and are engaged to deliver professional services. Spend is distributed across approximately 30 vendors and several categories.

The main types of goods and services procured by BPIH are:

- Professional services including auditing, accounting, tax, legal, recruitment and advisory services primarily from top tier organisations
- Shared services provided by Brookfield related entities including Treasury, IT, marketing, office and cleaning services
- Utilities and insurances

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**Arc Infrastructure  
Pty Ltd (ACN 094  
721 301)**

- Arc is a railway infrastructure manager and access provider in Western Australia with a long-term lease on the rail freight network from the State of Western Australia.
- Arc operates and maintains approximately 5,500 kilometres of standard, narrow and dual gauge rail infrastructure across the State.
- Arc employs over 400 staff who work across the following functions within Western Australia:
  - Administration (finance, human resources, risk and compliance, communications, information technology, procurement, commercial and regulatory, business support and facilities management)
  - Health, safety and environment
  - Track maintenance
  - Track signalling and communications
  - Engineering
  - Projects
  - Network operations
  - Asset Strategy and Planning
- Arc has two subsidiaries: Arc Infrastructure NarrowGauge Pty Ltd and Arc Infrastructure StandardGauge Pty Ltd. The former is the lessee entity that holds all the narrow gauge assets. The latter is the lessee entity that holds all the standard gauge assets. Both companies do not engage any suppliers.

The majority of Arc's tier one suppliers are Australia-based companies, although some of the goods and services that they supply originate from other countries. Arc's annual spend is distributed across approximately 1,000 suppliers and several categories, including:

- railway infrastructure materials, equipment and services
- engineering and project management services
- building construction, repair and maintenance services
- software and IT services
- electronics
- travel and accommodation services
- work wear and personal protective equipment (PPE)
- building cleaning and security human resources services

Arc's largest categories of supplier spend relate to rail infrastructure costs, including rail, electrical components, labour, rail maintenance and civil construction services.

# Modern slavery risks in operations and supply chains

Employees of the Reporting Entities are based in Australia primarily in Western Australia and New South Wales. Human Resource policies, procedures and processes are in place and designed to ensure that staff are remunerated in accordance with applicable laws and awards and/or agreements and are working of their own free will, including their rights under the employment agreements and maintaining processes for reporting and resolution of staff concerns' and grievances. Accordingly, we consider that there is a low risk of modern slavery in our employees.

The Reporting Entities conducted a risk-based assessment of suppliers that provided goods or services during the Reporting Period. Potential risks were determined according to indicators such as industry sector, type of goods/services, geographic location and workforce profile.

Through this process, we identified the following categories of higher risk for modern slavery that may be applicable to the Reporting Entities or its owned or controlled entities:

<b>BPIH</b>	<b>Arc</b>
Cleaning and janitorial services	Cleaning and janitorial services
Electronics	Electronics
Catering and hospitality services	Landscaping and ground maintenance
Security services	Catering and hospitality services
Suppliers that potentially employ or contract vulnerable populations (such as migrant or base skilled workers)	Security services
	Building, construction, maintenance and repair services <sup>1</sup>
	Suppliers that potentially employ or contract vulnerable populations (such as migrant or base skilled workers)

This category-based assessment was a first step to understanding the potential for modern slavery risk within our operations and supply chains.

We recognise that each of our suppliers have their own supply chains risks and our vendor assessment sought to factor in these risks to the extent possible.

<sup>1</sup> Suppliers providing highly specialised trades or services which require employees to be skilled or licensed are excluded as they typically operate within highly regulated industries in Australia and thereby risk for modern slavery is deemed low.

# Approach to mitigation and remediation

The Reporting Entities are in the process of identifying and implementing their approach to mitigation and remediation of modern slavery. The Reporting Entities are committed to continuously enhance and improve their activities to address risks of modern slavery in their operations and supply chain.

The Reporting Entities strive to embed the protection of human rights throughout our core business activities, through training, communications, contracts, and due diligence processes as appropriate. These practices extend to our interactions with our key vendors and other business partners.

The processes and frameworks outlined in this section below were not applicable to ENE.HUB, an entity owned by BPIH, during the Reporting Period and some of the measures will be implemented in the next reporting period.

## POLICY FRAMEWORK

To consistently communicate our expectations surrounding the prohibition of child and other forced labour we have a comprehensive framework of policies applicable to the Reporting Entities. These policies describe the principles and requirements for our employees and for our vendors to follow and include:

- **Australian Anti-slavery and Human Rights Policy**  
This recently adopted policy applies to employees of the Reporting Entities. This policy provides a definition for modern slavery and outlines the benefits of eradication, details our risk assessment approach, related policies and procedures and approach for communication, training, reporting and continuous improvement.
- **Code of Business Conduct and Ethics (Code)**  
This Code was updated in 2020 and applies to all officers, employees and temporary workers. It clearly states our commitment to, and expectations of, conducting business in an ethical and responsible manner and prohibiting child and other forced labour.
- **Procurement and Payment Policy and Control Principles**  
These documents describe the process for sourcing, exercising due diligence and monitoring new and existing vendors with the intention of managing risks including modern slavery. It applies to all employees of the Reporting Entities.
- **Vendor Management Framework**  
This document describes the framework when purchasing goods or services for, or on behalf of, the Reporting Entities and sets out the standards to which we expect each of our suppliers to adhere. These standards include avoiding, causing, or contributing to adverse human rights impacts.

## RISK MANAGEMENT AND DUE DILIGENCE

The Vendor Risk Management Framework is consistent across its related entities. This framework details a process for vendor risk identification and appropriate due diligence based on the risk identified. As part of this assessment, vendors are assessed as high, medium or low risk. This assessment includes consideration of potential modern slavery risks.

Arc further vetted its suppliers via a third party online platform to conduct desktop due diligence to identify whether a supplier is potentially involved in any human rights or similar violations based on material available online.

During the next reporting period, high-risk vendors from a modern slavery perspective will be required to complete and satisfy a modern slavery screening questionnaire to qualify and to provide services to the Reporting Entities. Each survey will be reviewed by a member of the procurement and risk teams as part of the approval process. Following this second level assessment, all approved vendors will receive a risk rating against an established criterion which determines ongoing performance management and due diligence. This process is planned for roll out to all existing vendors as well as to prequalify new vendors during 2021.

## **MITIGATION STRATEGIES**

We have developed mitigation strategies for high-risk vendors on an individualised basis -- such as specific contract clauses in legal agreements, requesting the vendor to provide their modern slavery statement and evidence of their modern slavery mitigation strategies. The strategies may also include audits of their internal processes and policies and establishing grounds for spot audits. All our vendors are subject to ongoing monitoring. All of our vendors' risk rating and their compliance with mitigation strategies is reviewed periodically. We will continue to engage with our vendors on the risk of modern slavery and actively encourage continuous improvement in their performance over time.

## **TRAINING AND EDUCATION**

To support the roll out of our updated Code and ensure that the principle of protecting human rights and preventing modern slavery is understood, we have rolled out training to all employees. The training includes the definition of modern slavery, why modern slavery is an important issue for the Reporting Entities and our employees, and the relevance to our operations and supply chains including example scenarios.

We recognise the importance of our team understanding the risk of modern slavery so that they are equipped and confident to talk to vendors and help them uplift their performance.

## **GRIEVANCES AND REMEDIATION**

The Reporting Entities maintain an anonymous Reporting Hotline for its employees, vendors and other interested parties to anonymously report any matters relating to unethical business conduct or violations of Laws. The Brookfield Ethics Hotline is available toll-free, 24 hours a day, 7 days a week and may be accessed by phone or by Internet. Modern slavery is reportable on this hotline.

Our Reporting Hotline is managed by an independent third party and allows anyone to call anonymously to report in English and other languages. The Reporting Hotline is included in Master Service Agreements and communicated to all our vendors.

Remediation is approached on a case-by-case basis with the aim of protecting the victim from further harm. Our plan for remediation follows the process and principles of observation, information, notification, and continuation at all times. We aim to improve the practices of our vendors and ceasing business with a vendor suspected of non-conformance is a last resort.

# Assessing the effectiveness of actions taken

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The Reporting Entities acknowledge that modern slavery is a key risk within operations and supply chain and as such is treated through our risk management process which monitors and assesses the effectiveness and gaps of our modern slavery program:

- Regular engagement and feedback are provided between core departments such as Portfolio Management, Risk Management, Finance, Legal and Human Resources
- Facilitated by Head of Governance and Risk, and Senior Vice President, risks are monitored and reported to management directors through operational risk and Board reporting framework
- Key risks, including of modern slavery, steps identified to mitigate those risks and the progress are reported to the executive team and directors
- All reports to Ethics Hotline are handled by independent third party and are investigated by the Internal Audit department. Trends in reporting are assessed, including modern slavery risk (if present)

We are developing an annual evaluation framework to monitor and assess the effectiveness of our actions to prevent and mitigate the risk of modern slavery, which will include:

- Review of the actions taken in response to modern slavery risks identified, including reporting from the outsourced management teams, and validating that key mitigating strategies identified are being implemented
- Assess and reassess risks of modern slavery if exposed to new business operations (through acquisitions or expanding the activities), changes in business model and expanding to other jurisdictions

# Process of consultation and approval

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This Statement was prepared by the Reporting Entities through a consultation process involving senior members of the management team from BPIH and Arc.

This Statement has been approved by the board of directors of BPIH and Arc on 24 June 2021.



Jonathon Sellar

Director

BPIH Pty Ltd



Murray Cook

Chief Executive Officer

Arc Infrastructure Pty Ltd