

## **MODERN SLAVERY STATEMENT**

### **FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020 (FY 2020)**

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#### **1. Reporting entities**

Sydney Desalination Plant (**SDP**) is committed to assessing and reducing the risks of modern slavery in our business and supply chains.

This is a joint statement made in accordance with the *Modern Slavery Act 2018* (Cth) on behalf of the following entities:

- SDP Holdco Pty Limited (ACN 158 076 843)
- Sydney Desalination Plant Pty Limited (ACN 125 935 177)
- SDP Australia No 3 Pty Limited (ACN 158 077 411) as the trustee for SDP Pipeline Trust (ABN 70 739 015 449)

For the purposes of this statement, the above reporting entities and the other companies and trusts in SDP noted on page 2 will be collectively referred to as SDP.

#### **2. Structure, operations and supply chains of the reporting entities**

##### **2.1 Operations**

SDP is jointly owned by the Ontario Teachers' Pension Plan Board and Utilities Trust of Australia. The Sydney Desalination Plant (the Plant) is a critical asset that assists Sydney Water in its delivery of reliable, high quality drinking water for consumers in Sydney. The Plant is Sydney's only non-rainfall dependent source of drinking water and it operates according to rules set by the NSW state government. It's current primary role is as a drought response asset. The Plant also plays a role as an emergency response asset and assists in times of natural disasters such as bushfires and floods. At full production, the Plant can produce up to 250 million litres of water a day, roughly 15% of Sydney's drinking water supply.

##### **2.2 Structure**

SDP Holdco Pty Limited (ACN 158 076 843) and Sydney Desalination Plant Pty Limited (ACN 125 935 177) are proprietary companies and the SDP Australia No 3 Pty Limited as the trustee for SDP Pipeline Trust, is a trustee of a trust.

In total, SDP as referred to in this statement has 7 companies and 4 trusts in the structure, including:

- Sydney Desalination Plant Pty Ltd
- SDP Holdco Pty Ltd

- SDP FinCo Pty Ltd
- SDP Australia No 1 Pty Limited, the Trustee for SDP Pipeline Hold Trust
- SDP Australia No 2 Pty Limited, the Trustee for SDP Assets Hold Trust
- SDP Australia No 3 Pty Limited, the Trustee for SDP Pipeline Trust
- SDP Australia No 4 Pty Limited, the Trustee for SDP Assets Trust
- SDP Assets Hold Trust;
- SDP Pipeline Hold Trust
- SDP Assets Trust
- SDP Pipeline Trust

Other than SDP Holdco Pty Ltd owning 100% of Sydney Desalination Plant Pty Limited, the remaining companies and trusts in SDP's structure are distinct entities and no one entity owns or controls the other entities in the SDP structure.

At 30 June 2020, SDP employed 7 permanent staff and one contractor in Australia. SDP does not have any overseas employees.

### 2.3 Supply Chain

SDP's supply chain is relatively simple totalling approximately 30 suppliers and with some suppliers engaged on a long-term contract basis and other suppliers engaged on an ad-hoc or as-needed basis.

SDP's largest expenditure category relates to the operation and maintenance of the plant and associated assets. The supply chain of products and services that contribute to SDP's operations include the supply of energy, chemicals, and general services related to maintenance and operation of the plant including labour, general consumables, spare parts and replacement assets, and other ad hoc professional services. Excluding energy, for the most part products and services related to the operation and maintenance of the Plant are supplied by or through our long-term contracted plant operator, Veolia Water Australia Pty Ltd.

In the financial year ending 30 June 2020, SDP engaged directly with approximately 30 suppliers from Australia including, but not limited to:

- operations and maintenance of our assets (including chemical suppliers, maintenance operators and spare parts suppliers)
- waste services (commercial waste providers for the Plant)
- energy providers (electricity and gas suppliers)
- legal advisors and consultancy services (professional services firms providing legal or other consultancy advice)

- financial services (banks and other financial services firms providing financial advice or banking services)
- office suppliers (including the provision of office IT equipment such as computers, phones, printers and photocopiers as well as stationary, tea and coffee and occasional office catering).

### 3. **Risks of Modern Slavery in SDP's operations and supply chains**

In FY2020, SDP committed to developing an internal strategy to identify and assess the potential risks of modern slavery in our operations and supply chain. SDP understands that modern slavery risks can be categorised into the following types of risks:

- Sector and industry risks
- Product and services risks
- Geographic risks
- Entity risks

SDP, with assistance from its legal advisor, is undertaking an initial risk mapping and assessment of its direct suppliers, including that:

- SDP's suppliers that consist of legal advisors and other consultancy services are low risk for all four modern slavery risk categorisations
- SDP understands that some office supplies are high risk products in particular computers and other electronics
- Some of SDP's long term contractual relationships are with entities who also need to comply with the Modern Slavery Act and SDP will review their statements to assess the steps they have taken to assess and address modern slavery in their supply chains and operations
- The majority of SDP's suppliers are Australian suppliers and therefore are low risk in terms of entity risk, as well as geographic risk due to Australia's employment laws and good governance. To the best of its knowledge and belief, SDP is not aware of any poor working conditions of any of its direct Australian suppliers. During SDP's next financial year, SDP is committed to developing and implementing a supplier due diligence questionnaire to help undertake due diligence of its supplier's working conditions.

By 31 December 2021, SDP intends on further developing its risk assessment methodology and is committed to continuously improving its supply chain risk assessment including by assessing tier 2 suppliers and beyond.

#### 4. **Actions taken to assess and address risks of modern slavery, including due diligence and remediation processes**

There are a number of actions that SDP has taken to assess and address the risks of modern slavery throughout SDP's operations and supply chains. SDP is also committed to continually reviewing and improving these actions in future years.

##### 4.1 **Policies**

SDP is committed to minimising the risk of modern slavery in its operations and supply chains. SDP's stance on respecting and honouring human rights is clearly indicated in its policies.

SDP reviewed its Procurement Policy in 2019 to include a detailed modern slavery section which sets out SDP's commitment to reducing the risk of modern slavery in its business and the expectation of suppliers to do the same.

The Procurement Policy includes a commitment by SDP to:

- obtain advice regarding our obligations under the Modern Slavery Act 2018 (Cth)
- conduct a review and assessment of existing supplier terms and our contractual documentation to update and incorporate specific prohibitions against any undertakings in respect of modern slavery, in line with this policy

SDP also has a Whistle-blower Policy, under which officers and employees are able to raise allegations of misconduct (including modern slavery incidents or risks) in a safe manner.

SDP also has employee policies and procedures in place with respect to the hiring of employees that are compliant with Australian labour and employment laws and payment standards, which ensure that slavery, forced labour or human trafficking is not occurring in SDP's direct hiring processes. SDP does not have any overseas employees.

All SDP staff are made aware of the expectation that they will be familiar with and comply with SDP's policies. An induction pack, which includes all of SDP's policies is provided to new employees. Refresher sessions on the policies and necessary training are conducted on an ongoing basis to ensure all SDP staff are aware of the requirements of the policies.

##### 4.2 **Existing Suppliers**

SDP has relatively simple supply chains of approximately 30 direct suppliers. Some of these suppliers are on long-term contracts, for example, operations and maintenance of the assets, waste services and energy providers. Other suppliers are engaged on an *ad-hoc* or as needs basis, for example, legal advisors and other consultancy services.

SDP is committed to developing an internal strategy for engaging existing suppliers to raise awareness and seek assistance from suppliers to assist SDP assess and reduce risks of modern slavery in its operations and supply chains. By 31 December 2021, SDP will issue all existing suppliers with a notification letter setting out SDP's obligations under the Modern Slavery Act and setting out SDP's expectations of existing suppliers including providing reasonable assistance to SDP to assess and verify sources of products and services in SDP's supply chains and operations.

#### 4.3 Due diligence

During the financial year from 1 July 2019 to 30 June 2020 (FY2020), SDP committed to developing an internal strategy to undertake due diligence on its suppliers and strengthen SDP's mitigation against potential risks to human rights in its procurement and supply chain management practices.

During SDP's next financial year, SDP is committed to developing and implementing a supplier due diligence questionnaire into all of its procurement processes for new suppliers. This questionnaire will include a section on human rights and modern slavery to help SDP assess the risks of modern slavery in all new suppliers or suppliers who are being engaged on an ad-hoc or needs basis.

In the financial year from 1 July 2020 to 30 June 2021 (FY2021), SDP has also developed a set of model clauses addressing modern slavery and human rights issues which will be incorporated in new contracts.

#### 4.4 Training and awareness-raising

During FY2020, SDP committed to developing an internal strategy to increase employee awareness and education with regard to modern slavery. This training has been undertaken in FY2021 and is detailed further in section 7 below.

#### 4.5 Remediation - whistle-blower process

Under SDP's Whistle-blower Policy, officers and employees are encouraged to raise allegations of misconduct (including modern slavery incidents or risks) in a safe manner. This will allow SDP to address any raised incidents or risks of modern slavery by involving the appropriate law enforcement agencies.

#### 4.6 Modern Slavery Action Plan

SDP has also committed to implementing a three year Modern Slavery Action Plan to ensure our continuous improvement over subsequent reporting years. This Modern Slavery Action Plan includes employee training and awareness-raising (which is detailed further in section 4.4 and 7).

### 5. How SDP assesses the effectiveness of the actions taken to address the risks of modern slavery

During FY2020, SDP committed to developing an internal strategy of assessing the effectiveness of the actions taken to address the risks of modern slavery in our operations and supply chains.

In FY2021, SDP intends to assess the effectiveness of its actions as follows:

- Regularly reviewing policies and contracts to ensure that they are addressing modern slavery risks in the most appropriate and effective manner
- Engaging legal advisors to provide advice on compliance and develop a Modern Slavery Action Plan setting out a roadmap of actions for the next three financial years
- Auditing the number of contracts we issue with modern slavery clauses

- Auditing the number of supplier questionnaires we issue with modern slavery questions and assessing our suppliers' answers and responses to those questionnaires
- Auditing the number of notification letters issued to existing suppliers and assessing our existing suppliers' response to those letters
- Obtaining employee feedback on SDP's actions including in relation to employee training and awareness-raising

#### 6. **Process of consultation**

Each reporting entity covered by this group statement has engaged in consultation with each other to ensure that they are aware of SDP's commitment to the reduction of modern slavery risk in its operations and supply chain. Other than SDP Holdco Pty Ltd owning 100% of Sydney Desalination Plant Pty Limited, the remaining companies and trusts in SDP's structure are distinct entities and no one entity owns or controls the other entities in the SDP structure.

Specifically, the directors and key employees of the reporting entities have been consulted and engaged to produce this modern slavery statement.

#### 7. **Other relevant information and the impact of COVID-19**

The other companies and trusts in section 2 of this statement that are not reporting entities under the Act are governed by the same corporate policies and governance as the reporting entities covered by this statement. In FY2021, the other companies and trusts in section 2 of this statement will be formally opting in to the Act so that all companies and trusts of SDP will be reporting entities covered by a joint statement in subsequent statements.

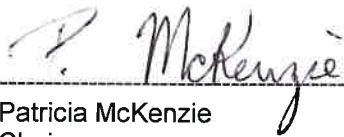
All SDP staff have recently received detailed and in-person training in Modern Slavery by an experienced Modern Slavery external legal advisor. All our staff are aware of our commitment to Modern Slavery prevention, have been equipped with the knowledge required to understand the risks and responsibilities, and are committed to implementing further actions during FY2021 to improve SDP's approach to assessing and addressing modern slavery in our operations and supply chains.

SDP has considered how the impacts of COVID-19 may have increased the vulnerability of workers in its operations and supply chains to modern slavery. Throughout COVID-19, SDP has sought to maintain supplier relationships, pay suppliers on time to help ensure on-going cash flow and honour existing contracts, to help its direct suppliers support their workers during COVID-19. COVID-19 also slightly delayed the implementation of some of SDP's planned actions to combat modern slavery, including face to face training of SDP staff.

**Approval**

This joint statement has been approved by the:

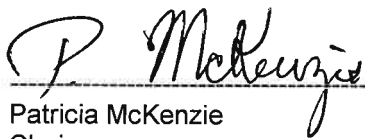
- Board of SDP Holdco Pty Ltd (ACN 158 076 843) on 26 March 2021.
- Board of Sydney Desalination Plant Pty Ltd (ACN 125 935 177) on 26 March 2021.
- Board of SDP Australia No 3 Pty Limited (ACN 158 077 411) as the trustee for SDP Pipeline Trust (ABN 70 739 015 449) on 26 March 2021.



Patricia McKenzie  
Chair  
SDP Holdco Pty Ltd



Patricia McKenzie  
Chair  
Sydney Desalination Plant Pty Limited



Patricia McKenzie  
Chair  
SDP Australia No 3 Pty Limited as the Trustee of SDP Pipeline Trust

