

## **Joint Modern Slavery Statement 2024**

### **Waterco Limited and Davey Water Products Pty Ltd**

#### **(1) Introduction**

Consequent to Waterco Limited, ABN 62 002 070 733 (Waterco) acquisition of Davey Water Products Pty Ltd, ABN 18 066 327 517 (Davey) on 1<sup>st</sup> September 2023, this fourth Modern Slavery Statement is a joint statement (Statement). It covers Waterco and Davey, and is made in accordance with Sections 14 and 16 of the Modern Slavery Act 2018 (Cth). Both Waterco and Davey are reporting entities under the said Modern Slavery Act.

This Statement relates to the actions for the financial year ended 30 June 2024. It sets out the steps we have taken to identify, assess, mitigate and remediate modern slavery risks within our internal operations and when engaging with suppliers.

#### **(2) Guiding Principles**

We aim to do the right thing, no matter where we are or who we are dealing with. This principle is fundamental to maintaining the trust that our people, customers, suppliers and stakeholders place in us. Doing the right thing includes respecting and upholding human rights of our people and the people we work with. Our approach to

human rights is guided by the United Nations Guiding Principles on Business and Human Rights.

### **(3) Identity (Mandatory Criteria 1)**

#### **(3a) Waterco Limited**

Waterco Limited was founded by Soon Sinn Goh in 1981 to manufacture, distribute and retail products in the water industry. It is an Australian public company limited by shares and is listed on the Australian Securities Exchange (ASX: WAT). Headquartered in Sydney, it has local offices in Brisbane, Melbourne, Adelaide and Perth, and international offices in New Zealand, Malaysia, Vietnam, China, Europe, United States, Canada, Singapore and Indonesia.

Since its founding, the company has evolved into a technological and manufacturing powerhouse that makes products more energy and water efficient, and easier to maintain. The brand “Waterco” is recognized in over 40 countries for designing and manufacturing filtration and sanitisation innovations for the swimming pool, spa, aquaculture and water purification sectors. More information about Waterco, a leading Australian company in pool system, filtration and water treatment systems, can be found on their website at [www.waterco.com](http://www.waterco.com)

#### **(3b) Davey Water Products Pty Ltd**

Davey Water Products Pty Ltd had its beginnings in June 1934, during the “Great Depression”. In an automotive electrical shop at Carlton, Victoria, Frank W Davey repaired and serviced the vehicles of the vegetable growers and buyers at the Victorian markets. Recognising the economic consequences of a vehicle breakdown to his customers, he offered them “same morning” repair service. Since then, the business expanded and grew to an electric motor and generator manufacturer, and finally to the manufacturer of Australia’s own world famous, Davey pump! Headquartered with a manufacturing facility in Melbourne, it has local offices in Sydney, Brisbane and Perth, and international offices in New Zealand and France.

Accompanied by a large research and development team in Australia involved in engineering and product development to deliver water scarcity, energy efficient and

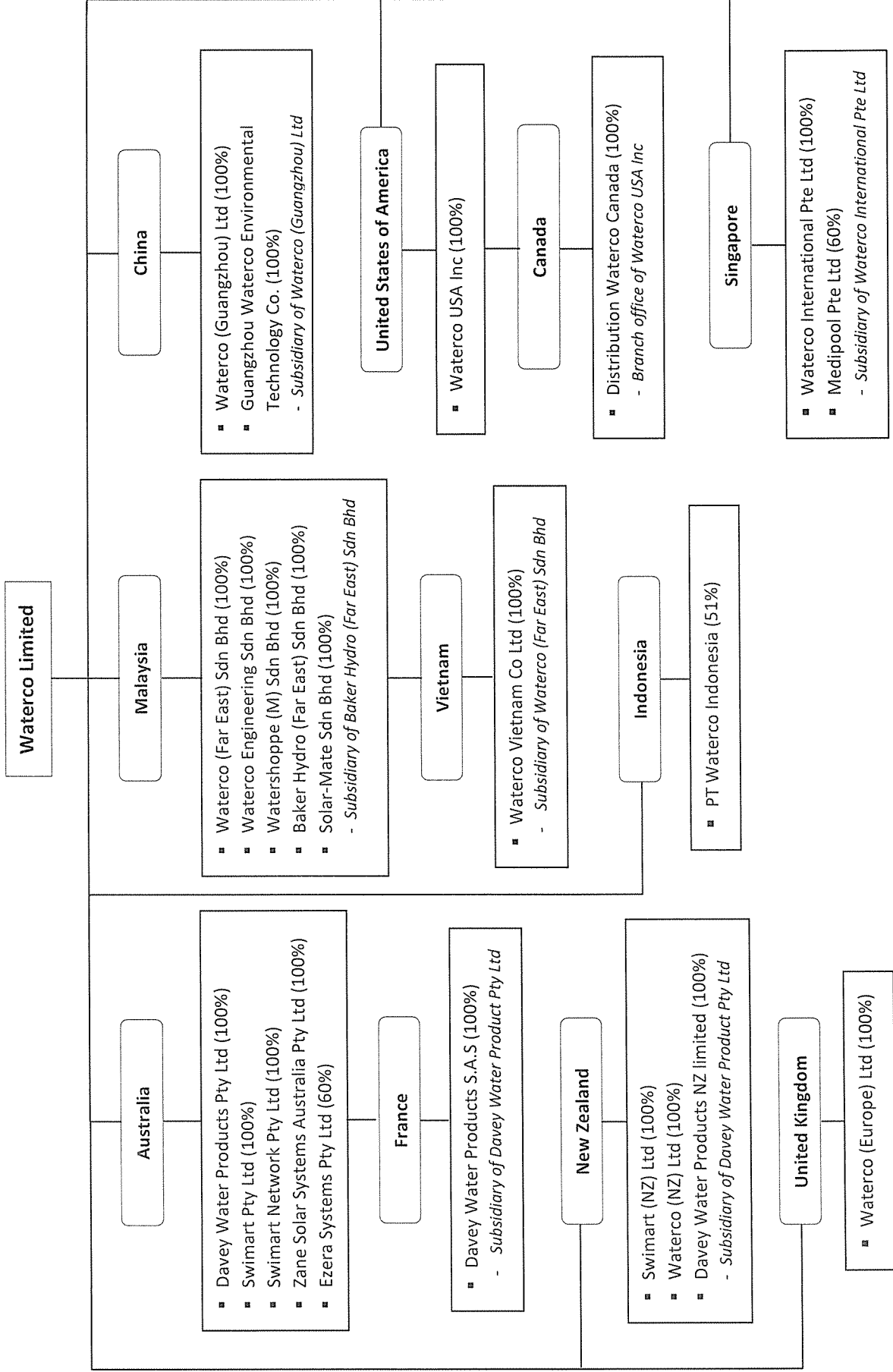
smart connected innovative products that provides real value to customers, Davey exports to more than 50 countries offering water solutions, including pumps and filters for homes and gardens, farms and irrigation, pools and spas, fire protection, commercial irrigation, wastewater removal and water treatment. Working towards lean manufacturing, Davey is ISO9001 certified and ISO14001 certified for quality management and environmental management respectively. More information about Davey, a leading Australian company in the manufacture of residential and commercial pumps, can be found on their website at [daveywater.com](http://daveywater.com)

Both Waterco and Davey products are used in residential, commercial, industrial and rural sectors and sold around the world, directly and through the distributors, dealers and subsidiaries.

#### **(4) Structure, Operations and Supply Chains (Mandatory Criteria 2)**

Waterco Limited operates globally and has control over its subsidiaries located in Australia, New Zealand, Malaysia, Vietnam, China, United Kingdom, France, United States, Singapore and Indonesia. Other than Davey Water Products Pty Ltd, none of the controlled subsidiaries is a reporting entity under the Australian Modern Slavery Act 2018 (Cth) or the United Kingdom's Modern Slavery Act 2015. Waterco and Davey operate as if they are a single economic entity with a single senior executive management team and separate Boards of Directors, of which Soon Sinn Goh and Bryan Goh are common directors. As at 30<sup>th</sup> June 2024, the corporate structure of the Waterco Limited and its controlled entities (the Waterco Group) is diagrammed overleaf. Waterco USA Inc has a branch office in Quebec, Canada. The manufacturing facilities are in Australia, Malaysia, China and United States.

The business operations are on the design, manufacture and distribution of (i) equipment and accessories for filtration, conditioning, conservation and treatment of water in the swimming pool, spa pool, aquaculture, irrigation, farm, and fire protection industries, and (ii) solar water heating systems for swimming pools, residential and commercial buildings. It also includes the franchise of retail outlets and mobile operators for sale, service and maintenance of equipment, accessories and swimming pools, and the formulating, packing and distribution of swimming pool chemicals to the independent pool stores and stores in the Swimart franchise network.



People are central to our business, and employing a global workforce of 976 people across 11 countries, of which 351 are in Australia, with diverse skills and cultures, we not only strive to respect differences in beliefs, ethnicity and ideas to foster an inclusive workplace where people are valued and treated with respect and dignity, but are also committed to provide a safe and healthy work environment, where discrimination (based on race, colour, age, gender, sexual orientation, religion), bullying, harassment and vilification of any kind (physical, verbal, mental, sexual) are not tolerated.

We respect human rights and do not accept any form of modern slavery and human exploitation in our operations and supply chains, and are committed to:

- (i) Act professionally, ethically and responsibly;
- (ii) Comply with all applicable laws and regulations in the manufacture and distribution of products to meet customers expectation;
- (iii) Contribute to the community and create shareholder value;
- (iv) Implement policies and procedures on the identification, assessment and management of modern slavery risks and to continuously improve our systems and processes; and
- (v) Source products and services from suppliers and service providers that provide safe working conditions, treat workers with respect and dignity, and comply with modern slavery laws.

Our supply chain is diverse and global, and ranges from suppliers of raw materials and products for the manufacture and trading of equipment and accessories. It also includes services, non-trade and capital items for the business operations. The majority of the raw materials, products and services are sourced from Australia, New Zealand, Malaysia, China, Hong Kong, Taiwan, Thailand, Japan, Korea, Singapore, Indonesia, United Kingdom, France, Italy, Germany, Spain, United States and Canada.

In seeking to establish a transparent and long-term business relationship with our suppliers, we expect them to comply with all applicable laws and regulations regarding modern slavery and human rights, and to use their best endeavours to ensure that there

is no modern slavery in their operations and supply chains. In the event suppliers identify any occurrence of modern slavery and disregard for human rights in their operations and supply chains, they are to take practical and effective steps to address that occurrence, and notify us.

**(5) Risks of Modern Slavery Practices in the Operations and Supply Chains (Mandatory Criteria 3)**

Given the prevalence of modern slavery globally, we recognise that the risk of modern slavery exists in both our Australian and overseas operations and supply chains. The inherent risks were identified and assessed by reviewing what products, services, industry sectors, countries and workforce (i.e., type of labour involved in the production of products and delivery of services) pose the highest risk according to the risk factors, categories, sectors and countries provided by the Walk Free’s Global Slavery Index 2023 report<sup>1</sup>. In a survey of 180 countries, the country-by-country ranking of the above-mentioned 18 source countries supplying us with raw materials, products and services, in respect of on the level of vulnerability to modern slavery and estimated prevalence of modern slavery are tabulated in the tables below.

No	Source Country	Rank as the Most Vulnerable to Modern Slavery (Out of 180 Countries)	Vulnerability Percentage
1	Indonesia	77th	49%
2	Thailand	89th	46%
3	China	91st	46%
4	Malaysia	113th	37%
5	South Korea	121st	29%
6	Hong Kong	122nd	28%
7	United States	126th	25%
8	Singapore	127th	24%
9	Italy	130th	22%
10	Taiwan	131st	21%
11	United Kingdom	141st	14%
12	France	143rd	13%

Source Country	Rank as the Most Prevalence of Modern Slavery (Out of 180 Countries)	Prevalence per 1,000 Population
Indonesia	62nd	6.7
Malaysia	72nd	6.3
Thailand	79th	5.7
China	111th	4.0
South Korea	117th	3.5
United States	122nd	3.3
Italy	123rd	3.3
Hong Kong	132nd	2.8
Spain	136th	2.3
Singapore	138th	2.1
France	139th	2.1
Canada	144th	1.8

<sup>1</sup> Walk Free, The Global Slavery Index 2023, available at <https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>

No	Source Country	Rank as the Most Vulnerable to Modern Slavery (Out of 180 Countries)	Vulnerability Percentage	Source Country	Rank as the Most Prevalence of Modern Slavery (Out of 180 Countries)	Prevalence per 1,000 Population
13	Japan	145th	11%	United Kingdom	145th	1.8
14	Canada	147th	11%	Taiwan	146th	1.7
15	Germany	148th	11%	New Zealand	148th	1.6
16	Spain	149th	10%	Australia	149th	1.6
17	New Zealand	153rd	8%	Japan	152nd	1.1
18	Australia	155th	7%	Germany	158th	0.6

In conclusion, we have 4 source countries, namely Indonesia, Thailand, China and Malaysia that have high potential for modern slavery risks. Hence, suppliers in these 4 source countries are our top priority in our actions to assess and address modern slavery risks. The other 14 source countries have medium to low potential. The main concerns in Indonesia, Thailand, China and Malaysia are forced labour, excessive overtime, bonded labour, human exploitation, freedom of association, access to grievance mechanisms, living conditions and weak governance.

In identifying, analysing and evaluating the risks, (i) self-assessment questionnaires on modern slavery were sent to the managers in operations (i.e., the purchasing and human resource functions) and top suppliers by spend for their completion and return, and (ii) on-site audits on high-risk suppliers were conducted. The questionnaire responses and on-site audit findings tell us the following:-

#### **(5a) In Respect of the Operations**

We have a high level of direct control and visibility over our operations. The Waterco Group, in compliance with all applicable local labour laws, and with a range of human resource policies, controls, and grievance mechanisms in place, provide safe working conditions, treat the employees humanely, fairly and with dignity, respect their human rights, and recruit migrant workers responsibly and ethically. With robust safeguards against modern slavery practices, the residual risks of us causing or contributing to incidents of modern slavery across our operations is low.



As to the recruitment of migrant workers by our manufacturing subsidiaries in Malaysia and Australia, we recognise that migrant workers and low skilled workers are the most vulnerable groups with regards to labour exploitation, abuse and oppression in the private sector. Thus, in compliance with the company policies and procedures on preventing modern slavery in the operations, all migrant workers are recruited ethically and are paid no less than the legal minimum wage and are not indebted or coerced/forced to work. They retain their passports, have freedom of movement and enjoy the protection of local employment laws, such as working hours, overtime rates, limits of overtime hours, annual leave, sick leave and paid holidays. Overtime work is voluntary, and they can terminate their employment by providing the specified notice according to their employment contracts without fear of retaliation or physical threat. Wages are paid directly to the workers bank accounts and there is no underpayment or withholding of wages, deceptive recruitment, labour exploitation, and child labour. Living accommodation provided is clean, safe, hygienic, not crowded and meet basic human needs without risk to health.

The manufacturing subsidiaries in China and United States do not hire migrant workers, and consequent to the risk assessment performed on the subsidiaries in these 2 countries, it is affirmed that their operations are not engaged in modern slavery.

#### **(5b) In Respect of the Supply Chains**

We recognise that the highest area of risk is within the supply chain. Hence, our goal is that only suppliers that satisfy the qualifying criteria of capacity and capability to produce and deliver on time quality products and services in conformity with technical specifications at competitive prices, and who state that they comply with all applicable laws and regulations on modern slavery and human rights are onboarded, and engaged. The Waterco Group have 2,164 reputable local and overseas suppliers, from which we source a wide range of products and services under purchase orders with standard terms and conditions.

In light of the nature of the products purchased and services rendered (such as the purchases of raw materials, tooling, parts, machineries, equipment, ICT hardware (servers, desktop computers, laptops and telephones), stationeries, uniforms, high visibility safety vest, safety shoes, personal protective equipment, corporate gifts,



beverages, procurement of transportation (sea, land and air), public relations, office cleaning, waste disposal, security guarding, groundskeeping, third party labour providers and engagement of contractors to carry out maintenance, repairs and renovation works), we acknowledge the potential to inadvertently contribute to or be directly linked to modern slavery practices. The inadvertent contribution or direct linkage are through:

- (i) Suppliers and third-party suppliers operating in high-risk countries where it is reported to have high prevalence of modern slavery and human rights violations due to discrimination, low wages and lack of laws governing modern slavery, albeit that there may be local labour laws to protect workers against injustices;
- (ii) Suppliers sourcing materials to process and fabricate their products from manufacturers involved in modern slavery and human trafficking;
- (iii) Suppliers, third-party suppliers and contractors engaging migrant workers and children, and paying below the minimum wage to manufacture, renovate and deliver the goods and services; and
- (iv) Lack of visibility in the procurement process, workforce profile and working conditions of third-party suppliers.

#### **(6) Actions Taken to Assess and Address Modern Slavery Risks Including Due Diligence and Remediation Processes (Mandatory Criteria 4)**

We expect all our employees and suppliers in the operations and supply chain to comply with the provisions in the Modern Slavery Act 2018 (Cth). The assessment of modern slavery risks is based on the potential to cause, contribute to or directly linked to modern slavery, as set out in the United Nations Guiding Principles on Business and Human Rights. We have the following systems and procedures in place to assess and address modern slavery risks.

##### **(6a) Policies and Procedures**

As strong policies and procedures is one of the key controls to ensure all employees comply with laws and regulations and conduct themselves ethically and professionally, the Board of Directors have adopted the below mentioned key policies and procedures

to promote well-being and professional behaviour for all employees to take cognizance of and to observe attentively in letter and spirit.

- (i) Modern Slavery Policy;
- (ii) Code of Conduct;
- (iii) Statement of Values;
- (iv) Anti-Corruption Policy
- (v) Diversity Policy;
- (vi) Work, Health and Safety Policy;
- (vii) Workplace Harassment Policy;
- (viii) Workplace Bullying Policy;
- (ix) Grievance Resolution Policy; and
- (x) Whistleblowing Policy and Procedure.

#### **(6b) Due Diligence**

The Group Corporate Assurance and Advisory Department (GCAAD) is responsible to undertake ongoing due diligence to:

- (i) Check and ensure compliance with the Modern Slavery Policy;
- (ii) Identify, assess and respond to modern slavery risks;
- (iii) Review the suppliers' responses to the self-assessment questionnaire;
- (iv) Work with the relevant people to address and remediate any violation of modern slavery and human rights across the company's operations and supply chains; and
- (v) Perform on-site supplier audits.

#### **(6c) Risk Registers**

Heads of Entities and Heads of Departments are responsible to identify risks and opportunities that affect the achievement of objectives (including the objective of not to cause, contribute to and directly linked to modern slavery) and document them in the risk registers. The identified risks are assessed in terms of impact and likelihood, evaluated, prioritised and treated by designing and implementing controls to mitigate

the risks. Annual follow-ups are conducted to ensure that the designed controls are working and effective to mitigate the risks.

#### **(6d) Self-Assessment Questionnaire**

To assess whether or not our suppliers are engaged in modern slavery practices, we request suppliers to complete a Self-Assessment Questionnaire. The Questionnaire consisting of 18 questions requests the suppliers to:

- (i) Identify the types of modern slavery risks in their operations and supply chains;
- (ii) Report the actions they took to address those risks; and
- (iii) Provide a copy of their Modern Slavery Policy.

A total of 335 Questionnaires and a copy of our Modern Slavery Policy were sent out to the selected suppliers of products and services in Australia, New Zealand, Malaysia, China, Europe, United States and Canada. Basis of selection is the top 50 highest spend suppliers in each major Waterco entity, excluding those who have responded in previous years.

In spite of repeated reminders (two reminders were sent), a total of 114 suppliers (or 34% of the total sent out) responded to the Questionnaire. Those who did not respond, we will continue to touch base with them by resending the Questionnaire to them next year. Among the 114 responders, 15 did not complete the Questionnaire. Of the 15;

- (i) 2 stated that the Questionnaire is not applicable to them because they are not located in Australia and their countries, although do not have modern slavery laws, they do have labour laws to protect the rights of the workers, including the need to treat the workers fairly in the workplace, or that they are a small company with a consolidated revenue of less than AUD100 million;
- (ii) 1 stated that they do not wish to comment or participate in the survey; and
- (iii) 12 stated that we will find the answers to the Questionnaire and their compliance with modern slavery laws in their Modern Slavery Statement.

The answers the suppliers gave in the returned Questionnaires, including their Modern Slavery Policy, Modern Slavery Statement and Code of Ethics, were reviewed and assessed. There were a few non-conformances, however, they were of low risk.

#### **(6e) On-Site Supplier Audits**

To gain a first-hand account of our suppliers, GCAAD physically meet the suppliers to perform on-site audits, and to converse with them on how they produce and source goods and services, and how they identify, assess, and address modern slavery risk in their operations and supply chains. Currently, only suppliers considered to have high inherent risk of modern slavery are audited. GCAAD audited 6 suppliers, namely 3 in Malaysia with labour intensive manufacturing operations and hire migrant workers, and 3 in China with labour intensive manufacturing operations. There was no non-conformance to modern slavery laws identified.

#### **(6f) Conduct Online Searches on Suppliers**

The manufacturing subsidiary in China subscribes to a commercial query platform to do online searches on their suppliers for any violation of local labour laws.

#### **(6g) Modern Slavery Clause in all Purchase Orders**

The terms and conditions in the purchase orders include a modern slavery clause that compels the suppliers to put in place policies and procedures to prevent modern slavery in their operations and supply chains.

#### **(6h) Onboarding of New Suppliers**

Onboarding of new suppliers are vetted by the purchasing team and approved by Management in order to become an approved supplier. As awareness of the Modern Slavery Act 2018 (Cth) becomes the norm and compliance increases, the purchasing team intends to expand its vetting processes to require prospective suppliers to answer a brief prequalification questionnaire on modern slavery and submit their latest Modern

Slavery Statement (if any). At that stage, only suppliers that indicate they are committed to and have policies and procedures in place on ethical sourcing and to prevent modern slavery and human rights abuse in their operations and supply chains will be onboarded.

**(6i) Reporting Suspected Violations of Modern Slavery and Human Exploitation**

Recognising the importance of making it safe for all stakeholders (employees and third parties) to freely raise concerns, we have developed a grievance mechanism and uploaded the Whistleblower Policy and Procedure on the Waterco website. The policy and procedure apply to all stakeholders and contains details on how a person, in good faith, can make a confidential and anonymous report on any actual or suspected violations of modern slavery and human exploitation or any presumed improper conduct allegedly committed by the Waterco Group or suppliers without fear of reprisal, intimidation, victimisation or detrimental action. We use an external provider to independently manage the whistleblower hotline to ensure all grievances are handled in a systematic, fair, transparent and timely manner. They are empowered to investigate reports of wrongdoings received via email or postal mail. The results of their investigations are submitted to the Audit Committee for determination on the appropriate course of action. In the financial year ended 30<sup>th</sup> June 2024 there have been no issues raised internally or externally concerning modern slavery and human exploitation.

**(6j) Training and Awareness**

Fundamental to tackling and managing the risk of modern slavery, is raising awareness and instilling knowledge among our employees and suppliers about modern slavery and human rights, and encouraging them to voice their concerns without fear of retribution. In this instance, the Human Resource team is responsible for training the employees on their roles and responsibilities to ensure that the operations and supply chains are free from modern slavery. The training, delivered in a diverse range of mediums such as online courses, e-learning modules, video session with Management and Heads of Departments, and written resources, focus on what is modern slavery, how to identify and recognize different types of modern slavery practices, assess the risks, and what they should do to address and how to report modern slavery risks.

## **7 Assessing the Effectiveness of the Actions Taken to Assess and Address Modern Slavery Risks (Mandatory Criteria 5)**

We recognise the need to continually assess the effectiveness of our actions to address modern slavery risks. Accordingly, the effectiveness of our actions outlined in Section 6 are assessed by:

- (i) The number of suppliers completing and returning the Self-Assessment Questionnaire, and the number and nature of critical non-conformances and the actions they have put in place to address the non-conformance;
- (ii) The information gathered and verified through observations and interviews with suppliers in the on-site supplier audits;
- (iii) The number of local labour law violations in the online search on the commercial query platform;
- (iv) The audit findings on modern slavery raised by GCAAD in their internal audit reports to the Audit Committee;
- (v) The number of suppliers removed due to non-compliance with the laws and regulations on modern slavery; and
- (vi) The number of people who make whistleblowing reports on issues of modern slavery and human rights through the whistleblowing hotline.

During the financial year ended 30<sup>th</sup> June 2024, no critical non-conformance was identified and no whistleblowing report was made.

## **8 Consultation with Other Entities (Mandatory Criteria 6)**

All entities in the Waterco Group are required to comply with modern slavery laws and to be on the same page with the parent company on modern slavery. In light of this and as part of the consultation process, the Manager of the Group Corporate Advisory and Assurance Department engage internally with all the entities in the Waterco Group to identify, assess, address and remediate modern slavery risk in the operations and supply chains. The entities collaborate by sending out the Self-Assessment Questionnaire to selected suppliers and sending reminders to those who have yet to respond, performing modern slavery due diligence on new suppliers before onboarding them, and updating


their risk registers. In the process of developing this Statement, a draft copy was made available to each entity and their comments and feedback were incorporated in the fair copy submitted to the Audit Committee.

## **9 Other Information (Mandatory Criteria 7)**

We are committed to continuous improvement in all aspects of our business operations, and this extends to refining the risk assessment procedures and response processes, and to building trust with suppliers to enable a transparent supply chain in tackling modern slavery and human exploitation. Towards this end, we will favour suppliers with strong anti-slavery commitments, and continue to engage with suppliers who do not comprehend that modern slavery and human exploitation for personal and commercial gain is a crime against humanity, and that they too have a responsibility to ensure that their materials, products and services are not manufactured and provided by slaves.

## **10 Board Approval**

This Statement was reviewed by the Audit Committee and approved by the Board of Directors of Waterco Limited on 25<sup>th</sup> October 2024.



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Soon Sinn Goh  
Chairman and Group Chief Executive Officer

Date: 28 October 2024