

MODERN SLAVERY STATEMENT

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023 (FY 2023)

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) (**the Act**) 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)
- SDP Australia No.1 Pty Limited (ABN 78 624 985 316) as the trustee for SDP Pipeline Hold Trust
- SDP Australia No.2 Pty Limited (ABN 24 771 467 876) as the trustee for SDP Assets Hold Trust
- SDP Australia No. 4 Pty Limited (ABN 43 885 660 358) as the trustee for SDP Assets Trust
- SDP Finco Pty Limited (ABN 27 158 077 073)

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. The Plant was initially conceived and constructed primarily as a drought response asset, however recent changes to the Plant operating licence conditions in line with the government's Greater Sydney Water Strategy has resulted in a change from drought response to flexible full-time operation. The Plant is now set to continue to play a role to provide a non-rainfall dependent source of water to secure Sydney's water supply against the effects of climate change, population growth and drought and otherwise to assist in the reliable provision of drinking water to Sydney. At full production, the Plant can

produce up to 250 million litres of water a day on average, 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 2023, SDP employed 12 permanent staff in Australia. SDP does not have any overseas employees.

During the 2023 reporting period, in order to reiterate its commitment to this process, SDP chose to opt-in all entities in its corporate structure to the SDP Modern Slavery Statement.

2.3 Supply Chain

SDP's supply chain is relatively simple totalling approximately 106 suppliers of services (not including debt providers), with approximately 50 suppliers making up 99% of spend. Some suppliers are engaged on a long-term contract basis and other suppliers engaged on an ad-hoc or as-needed basis.

The supply chain of products and services that contribute to SDP's operations include, but are not limited to, the supply of;

- operations and maintenance of our assets (including supply of chemicals, operations and maintenance personnel, spare parts consumables and replacement assets),
- waste services (commercial waste management for the Plant)
- energy (electricity suppliers)
- legal advisors and consultancy services (professional services firms providing legal, technical, governance, risk 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).

Excluding energy, for the most part products and services directly 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 (VWA). We have concentrated on VWA in the FY2023 reporting period to better understand tier two suppliers, and how VWA manage Modern Slavery risks (refer to section 4.2 for further details).

Figure 1 provides a breakdown of percentage spend by cost category or business group by SDP over the 2023 financial year (FY2023). Our expenditure categories have not changed appreciably in FY2023. SDP's largest expenditure categories relate to the operation and maintenance of the plant and associated assets, supply of energy to produce desalinated water, debt financing predominantly related to the capital cost of the asset, and insurance costs. These four categories account for over 90% of SDP's expenditure, and the service providers are all reporting entities under the Act.

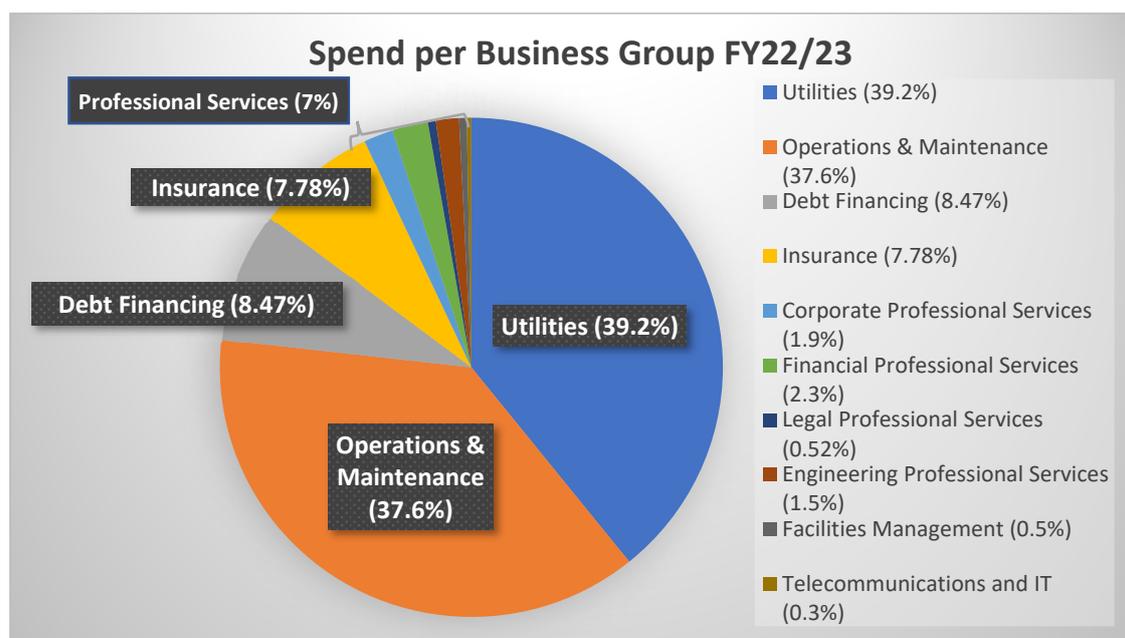


Figure 1: Spend per business group/cost category in FY2023 (%)

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

SDP has developed 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: certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes
- Product and services risks: certain products and services may have high modern slavery risks because of the way they are produced, provided or used
- Geographic risks: some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty
- Entity risks: some entities may have particular modern slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations

Since the 2020 reporting period, SDP with assistance from its legal advisor, has undertaken risk mapping and assessment of its direct suppliers through general engagement, gathering of detailed information through issue and assessment of a supplier questionnaire, and review of supplier modern slavery statements. SDP's understanding of its supply chain has matured, and includes the following insights;

- The bulk of SDP's suppliers, consisting of legal advisors and other professional 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. While it will continue to engage with suppliers of these products, due to SDP's small size and low expenditure on these items, its influence is limited.
- Some of SDP's long term contractual relationships, in particular those with the highest proportion of annual expenditure, are with entities who also need to comply with the Act, and therefore have a high level of awareness of modern slavery impacts, and are more mature in relation to their governance in assessing and addressing modern slavery risks. SDP has further reviewed these suppliers' Modern Slavery Statements in the 2023 (and previous) reporting period to understand and evaluate 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 based in entirety, and therefore are low risk in terms of entity and 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.
- The majority of SDP's suppliers consist of highly educated and skilled professionals, that are at low risk of exploitation, and who understand their rights in regards to working conditions.

Following the initial risk mapping and assessments of all direct suppliers, SDP has ascertained there is no high-risk procurement in its supply chain. A number of medium-risk procurement activities have been identified. It is important to note that the assessment of medium-risk procurement is due to uncertainty, incomplete visibility, or insufficient information on whether risks are involved in these areas (i.e. SDP has found no evidence of concern, but SDP has assessed it does not yet have sufficient evidence to rule out the existence of modern slavery risk).

SDP has engaged with a subset of these entities further to better understand the potential risks and, as a result, has revised down the risk level related to a subset of its suppliers. We will systematically continue to refine our assessment through further engagement in subsequent reporting periods. SDP has also engaged with our Plant Operator VWA to understand more regarding tier two suppliers. (see section 4.2).

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.

Procurement Policy

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 has reviewed its Procurement Policy in June 2022 and strengthened its due diligence undertaking through a requirement for new suppliers, that are assessed as being in medium to high risk industries, to be engaged through contracts or agreements that:

- incorporate clauses that have been developed by SDP and its legal advisors to address modern slavery and human rights issues, and
- require them to complete SDP's modern slavery due diligence questionnaire to provide SDP with better visibility in respect of the suppliers it engages.

Whistle-blower Policy

SDP 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. An independent hotline number has been established in order to facilitate this process anonymously should it be required.

Industrial Relations Policies

SDP has employee policies and procedures in place that are compliant with Australian labour and employment laws with respect to the hiring of employees and payment standards. This ensures 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.

Policies are regularly reviewed with governance of the process extending to Board level engagement.

4.2 Existing Suppliers

SDP has relatively simple supply chains of approximately 106 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 has developed an internal strategy for engaging existing suppliers to raise awareness, and to seek assistance from suppliers to support SDP's assessments and actions to reduce risks of modern slavery in its operations and supply chains. SDP is committed to continue to improve and refine this strategy.

On a risk weighted basis, SDP periodically contacts its suppliers in writing setting out SDP's obligations under the Act, and 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. It has made it clear in communications that SDP is not transferring all responsibility for mitigating modern slavery risks to its suppliers, rather it is committed to working with and supporting its suppliers where appropriate to manage any risks.

SDP developed and implemented a supplier due diligence questionnaire to raise awareness and help better understand its supplier's working conditions, governance, and to identify any areas we need to further monitor and/or assist our supply chain in reducing modern slavery risks.

SDP has further reviewed its suppliers where modern slavery risks have been assessed at above 'low' level procurement rating (noting that in many, if not all, cases this assessment is driven by insufficient information rather than specific concerns). As a result, SDP has revised its assessment of Modern Slavery Risks for some suppliers. SDP is committed to continuously improving its supply chain risk assessment.

SDP has further engaged and consulted with our largest supplier (by scope), Veolia Water Australia (VWA), regarding their Modern Slavery risks and response. VWA publish their own Modern Slavery Statement, independent of SDP, which SDP reviews in detail. We have worked with VWA to better understand their approach to managing supply chain risk, and to provide greater insights on our tier two suppliers. Due to the nature and wide variety of the services VWA provide, it is most appropriate that we continue to engage with VWA, however it must be noted VWA are a large and sophisticated business, with wide ranging reach and international

corporate experience. VWA are acutely focused on understanding supply chain risks, and have a strong commitment to identify, manage and mitigate the risks of modern slavery.

As part of our consultation process, we have ensured inclusion of modern slavery requirements in VWA's site specific Procurement Plan, and confirmed the existence of modern slavery clauses used in Veolia's contracts or purchase order terms. We have also included clauses relating to modern slavery into headline agreements between SDP and VWA.

4.3 Due diligence

SDP continues to be committed to implementing its 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.

A key approach is to continue to use our supplier due diligence questionnaire for relevant new suppliers. SDP will directly engage with all suppliers on at least a 3 yearly basis under the SDP Modern Slavery Action Plan, to continue to assess the risks of modern slavery in its supply chain. On a risk weighted basis, this may include a refresher of the due diligence questionnaire, a shorter but more targeted questionnaire, or a letter that outlines SDP's responsibilities and supplier expectations in regards to modern slavery. The full questionnaire includes sections on supply chain, policy settings and training, plus general information on human rights and modern slavery to help SDP assess the risks of modern slavery in its supply chain. All engagements with suppliers act to increase awareness of modern slavery and related issues.

Additionally, SDP will continue to incorporate, where appropriate, the model clauses it has prepared addressing modern slavery and human rights issues in new contracts and in any review of current contracts.

4.4 Training and awareness-raising

SDP is committed to implementing an internal strategy to increase employee awareness and education with regard to modern slavery. SDP undertook training for all staff in FY2023, continues to raise awareness through its policies and procedures and procurement practices, and intends to provide further refresher training in FY2025.

SDP displays a fact sheet on modern slavery in a prominent position in its offices.

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. The process includes an independent hotline in which any concerns can be communicated anonymously.

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, a continued commitment to raising awareness among our suppliers, and further engagement to better understand our supply chains and risks.

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

SDP continues to develop and implement its internal strategy and the best ways to assess the effectiveness of the actions taken to address the risks of modern slavery in our operations and supply chains. Currently the best way to assess these actions is through maturity and continuous improvement within the business in using our assessment tools.

During FY2023, SDP assessed 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
- Implement Year 1 of our three-year Modern Slavery Action Plan, developed with assistance from our legal advisors, setting out a roadmap of actions for the period July 2022 to June 2025
- Considering the number of contracts we issue with modern slavery clauses, the use of follow-up/full supplier questionnaires for new suppliers and existing suppliers on a 3 yearly basis to improve our knowledge of modern slavery risks in our supply chains, and the engagement by suppliers with the modern slavery consultation process through review of their Modern Slavery Statements or engagement with us on modern slavery matters.
- Tracking the number of suppliers assessed at above 'low risk', and whether we have processes or actions in place to either address risks, or to source further information to allow us to downrate the risk to 'low'.
- Obtaining employee feedback on SDP's actions including in relation to employee training and awareness-raising
- Revising the Supplier Modern Slavery Risk Assessment and determine follow-up actions based on risk weighted outcomes of the assessment

In FY2024, SDP intends to continue to assess the effectiveness of its actions in the same way, and to continue to implement its 3-year action plan.

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.

In the FY2022 reporting period, all SDP entities opted-in to submitting a joint Modern Slavery statement.

7. **Other relevant information**

In the FY2022 reporting period, all SDP companies and trusts have formally opted in to the Act so that all companies and trusts of SDP will be reporting entities covered by a joint statement in this statement, and in subsequent statements. All entities are governed by the same corporate policies and governance. In short, the other entities, although not legally required to report, are equally compliant in respect to the Act.

In FY2023, all SDP staff 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 FY2024 (and on an ongoing basis) to improve SDP's approach to assessing and addressing modern slavery in our operations and supply chains.

During the FY2022 reporting period SDP took a keen interest in the government's call for a Review of the Commonwealth Modern Slavery Act 2018 (announced in March 2022). SDP will continue to monitor this review, and any changes that are made following the review, to ensure it remains compliant and committed to modern slavery and human rights best practice.

SDP read with interest the report of the Human Rights Law Centre, entitled *Paper Promises? Evaluating the early impact of Australia's Modern Slavery Act* (published in February 2022) in order to improve its own compliance with, and practices, relative to Modern Slavery.

Approval

This joint statement has been approved, on 7 December 2023 by the:

- SDP Holdco Pty Ltd (ACN 158 076 843).
- Sydney Desalination Plant Pty Ltd (ACN 125 935 177).
- SDP Australia No 3 Pty Limited (ACN 158 077 411) acting in its capacity as the trustee for SDP Pipeline Trust (ABN 70 739 015 449).
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- SDP Finco Pty Limited (ABN 27 158 077 073)

Jan Brand

Jan Brand (Dec 18, 2023 16:09 GMT+11)

Jan Brand

Director

On behalf of SDP Holdco Pty Ltd;
Sydney Desalination Plant Pty Limited;
SDP Australia No 3 Pty Limited as the Trustee of SDP Pipeline Trust;
SDP Australia No.1 Pty Limited as the Trustee for SDP Pipeline Hold Trust;
SDP Australia No.2 Pty Limited as the trustee for SDP Assets Hold Trust;
SDP Australia No. 4 Pty Limited as the Trustee for SDP Assets Trust; and
SDP Finco Pty Limited.