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Modern Slavery Statement 2020

This Modern Slavery Statement is prepared and issued by WR Carpenter No.1 Pty Limited (ACN 34 118 630 461) (**WRC**). It is made in accordance with the requirements within the Australian *Modern Slavery Act 2018* (Cth) (the **Act**) and covers the period from 1 January 2020 to 31 December 2020 (the **Reporting Period**).

This Statement provides detail on WRC's approach to assessing and addressing risks of modern slavery across our operations and supply chains.

This Statement has been endorsed by the Board of WRC.



Chairman of the Board

25 June 2021

WRC's Ownership Structure

WRC was developed under the direction of General Electric Group Pty Ltd (**GE**). In 2015 Spirit Super, Prime Super and Telstra Super (together **Project Manning Pty Ltd as trustee of the Project Manning Investment Trust**) acquired 49.9% stake in WRC from GE. In 2016, GE sold the remaining stake to NSW Treasury Corporation (as trustee for T-Corp Direct Investment Fund B) (33.3%) and Fengate Worsley Holdings Pty Limited (as trustee of Fengate Worsley Investment Trust (16.7%) respectively.

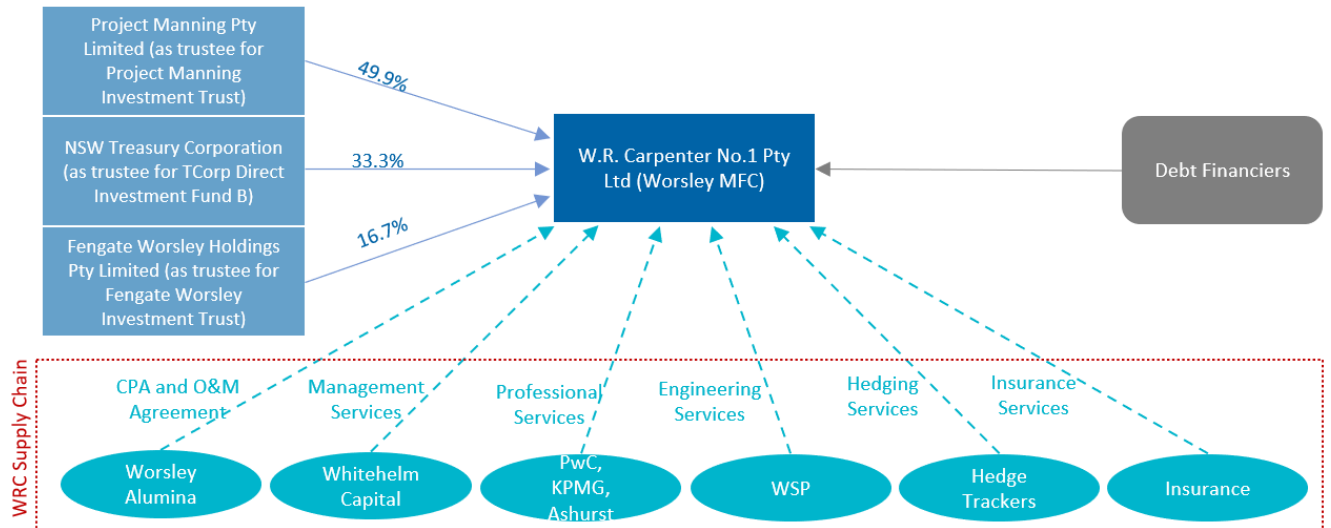
Operations

WRC has a Capacity Purchase Arrangement (**CPA**) with Worsley Alumina Refinery (**Worsley Alumina**), which operates the Worsley Multi-Fuel cogeneration plant (**Worsley MFC**) in Western Australia. Worsley MFC is a two-unit multi-fuel cogeneration plant which generates both electricity and steam fired by coal and biomass. The plant functions with 2 circulating fluidised bed boilers and two back pressure non-condensing steam turbines. It is capable of overloading its production to 110% steam flow. All the operation and maintenance activities are outsourced to Worsley Alumina. WRC is responsible for procuring insurance in relation to property, business interruption and other insurances (e.g. directors liability). WRC does not have any direct employees.

Supply chain

The ownership structure and key supply chains of WRC are summarised in Figure 1 below.

Figure 1: WRC Ownership Structure, Operations and Key Supply Chains



Our activities are subject to supervision by regulatory agencies in Australia. As at 31 December 2020, our consolidated revenue was \$109.3 million.

Key supply chains

WRC has a long term CPA with Worsley Alumina. Under the CPA, WRC is required to distribute all electricity and steam generated to Worsley Alumina. Worsley Alumina also provides fuel (i.e., coal and other fuel types) to Worsley MFC. WRC and Worsley Alumina have also entered into a long term Operations and Maintenance Agreement (**O&M Agreement**) which outsources all day-to-day operations and maintenance functions for Worsley MFC to Worsley Alumina. Thus, the main supply chain of WRC is through the CPA and O&M Agreements with Worsley Alumina.

Worsley Alumina is one of the world's largest and lowest cost alumina refineries globally. It is a joint venture between South32, Japan Alumina Associates Pty Ltd and Sojitz Alumina Pty Ltd which own 86%, 10% and 4% respectively. Its operations are primarily managed by South32.

Other supply chain functions

Other supply chain functions of WRC include:

- **Management Services:** WRC has entered into a Management Services Agreement (**MSA**) with Whitehelm Capital Pty Ltd (**Whitehelm Capital**). Under the MSA, Whitehelm Capital is responsible for the day-to-day management functions of WRC including administration of project documents and loan contracts, overseeing payments, administering board meetings, procuring, and maintaining insurance, providing all notices and reports under financing documents and preparing budgets and operating reports etc.
- **Professional services:** WRC engages PricewaterhouseCoopers (**PwC**) to provide ongoing compliance services relating to the maintenance of accounting records and preparation of financial statements and board papers for WRC. WRC also engages KPMG to provide audit services, and Allens and Ashurst as legal advisors.
- **Engineering services:** WRC engages with WSP for technical advice regarding the operations of Worsley MFC and potential areas for improving operational and environmental efficiency.

- **Hedging services:** WRC has entered into CPI and interest rate swaps to mitigate the market risk associated with movements in inflation and interest rates. This requires hedge accounting in accordance with Australian Accounting Standards which is conducted by consultant Hedge Trackers on a monthly basis.
- **Insurance services:** WRC engages insurance broker AJ Gallagher to source and administer the insurance coverage for WRC, which is a requirement under the CPA. WRC has entered into a 2-year insurance agreement with US based specialist insurance provider FM Global in April 2021. FM Global also provides a significant proportion of insurance for Worsley Alumina.
- **Debt financiers:** WRC is currently funded by 5, 7 and 10 year debt tranches from lenders across Australia, Europe, China, Korea, and Japan.

Risks of modern slavery practices in the operations and supply chains of WRC

Modern slavery and forced labour can exist in the operations and supply chains of most businesses and in every region of the world. At WRC, we take the risk of modern slavery in our operations and supply chains seriously and we do not want to be complicit in perpetuating modern slavery.

We have assessed modern slavery risk by reference to the operational footprint of WRC and its supply chain partners across higher risk jurisdictions (as identified by the Walk Free Global Slavery Index) and higher risk sectors (as identified in the toolkit prepared by Responsible Investment Association Australasia). Given the nature of WRC's business and the lack of its operations in any jurisdictions or sectors assessed as being high risk for modern slavery, we consider the risk of modern slavery or forced labour in WRC's day-to-day operations to be low. While we have not identified any instances of modern slavery in WRC's operations or direct supply chains, we are conscious of the potential for risk of modern slavery practices through WRC's broader supply chains.

The key modern slavery risk that has been identified is in relation to WRC's CPA and O&M Agreements with Worsley Alumina due to the operational footprint of South32 who owns 86% of the Worsley Alumina joint venture and manages the day-to-day operations of Worsley Alumina.

South32 is a globally diversified mining and metals company with exposure across bauxite, alumina, aluminium, energy and metallurgical coal, manganese, nickel, silver, lead and zinc in a number of countries including in Southern Africa and South America. Some of these countries have been identified as having a higher risk of modern slavery by the Walk Free Global Slavery Index however based on the FY20 annual Modern Slavery Statement published by South32 no modern slavery incidences have been identified by South32.

Actions taken by WRC to assess and address modern slavery risks

WRC regularly engages with each of the entities in its key supply chains as outlined above. It particularly pays close attention to media briefings and reports published by South32 including sustainability reports which outline South32's modern slavery risk assessment (as it is a publicly listed company), and WRC follows up on any areas of concern with the relevant contacts within South32. In FY20 we did not have any areas of concern with South32 in respect to Modern Slavery issues.

WRC is comfortable with South32's actions in relation to modern slavery based on the FY20 annual Modern Slavery Statement published by South32 in which it advised that no modern slavery incidences were identified in its operations or supply chains globally.¹ The conclusion was based on screening desktop assessments conducted for modern slavery risks on 401 higher risk suppliers which was supplemented by independent audits on 6 suppliers and 5 sub-suppliers (i.e., suppliers of suppliers) identified as being higher risk.² No incidence of modern slavery was found, however, improvement opportunities were identified in areas such as pay practices, excessive overtime, inadequate rest days, freedom of association, unlawful discipline procedures and inadequate grievance and redress

¹ South32 Modern Slavery Statement 2020, Page 2

² South32 Modern Slavery Statement 2020, Page 10

mechanisms which if left unmanaged can lead to conditions of forced labour, which is a form of modern slavery.³

South32 is working closely with its suppliers and sub-suppliers to address these issues. It has agreed to 6 development plans with its suppliers following the independent audits. We understand from South32's public reporting that all actions from its FY19 audits have also been closed or suppliers have demonstrated good performance against the agreed actions in the development plans.

In addition to the independent audits and resulting development plans, South32 also offers complaints and grievance mechanisms through its whistleblowing policy 'SpeakUp' which was developed in FY20 and outlines how to speak up and the process that is undertaken when a business conduct concern is reported. It also offers a 24/7 independent confidential helpline, EthicsPoint, for employees, workers within the supply chain and general community to report concerns about human rights including modern slavery. Once alerted, South32 works swiftly with its teams to investigate and implement appropriate actions to address the concerns in accordance with laws and its Code of Business Conduct. For example, in FY20 South32 received claims on issues such as payment of wages, overtime, freedom of movement and access to benefits which were investigated swiftly and appropriate actions were taken such as developing an agreed plan with a supplier for FY20 following an EthicsPoint claim.⁴

Other processes for identifying human rights risks within South32 include anti-bribery and corruption due diligence checks conducted on higher risk suppliers and customers, ensuring employees are paid fairly and in compliance with the labour laws, and integrating human rights considerations into operations risk assessments (such as through social impact assessments, human rights impact assessments and audits and security and human rights assessments).⁵

WRC also has its own Whistleblower Policy. To protect anonymity and uphold integrity in the whistleblowing process, the whistleblowing portal is managed by a Certified B Corporation third-party service provider. WRC's whistleblower provisions are central to our commitment to an open culture in which concerns and issues are raised in a supportive environment. The Board of Directors are updated on an annual basis on WRC's whistleblowing program, inclusive of reports, investigations, and results.

In terms of investment activity, our existing due diligence and risk management processes require risk assessment prior to investing through ESG due diligence which aims to identify issues of modern slavery risk.

WRC's investment manager, Whitehelm Capital, is a signatory to the United Nations Principles for Responsible Investing (**UNPRI**) and a member of GRESB infrastructure. Whitehelm Capital was awarded an A+ rating by the UNPRI for its overall strategy and governance approach to responsible investment. In addition, Whitehelm Capital supports the Paris Agreement and UN Global Compact. Together these agreements have informed the way in which Whitehelm Capital seeks to identify and manage human rights impacts across its investment portfolio.

We will continue to assess the effectiveness of our actions and from there, identify future actions for prioritisation. Further information on how we assess the effectiveness of our actions is set out below. We intend to focus on embedding our standards consistently across our operations and supply chains, as well as improving our ability to identify, manage, address, and remediate modern slavery risks and impacts. As our supply chains and investee company's reporting improves over time, we expect to have further insight on risk assessment.

WRC's assessment of the effectiveness of these actions

At WRC, we recognise that it will take time and efforts globally to address modern slavery. In practice, this means that change will be incremental. However collectively, incremental change will drive global awareness and improvement.

³ South32 Modern Slavery Statement 2020, Page 8

⁴ South32 Modern Slavery Statement 2020, Page 9,11,15

⁵ South32 Modern Slavery Statement 2020, Page 17

We understand the subject matter expertise required to comply with the legislation and complexity of assessing risks in relation to modern slavery and have engaged external experts to guide our approach.

We also encourage reporting through our whistleblower hotline. Reports from the hotline are aggregated and reported to the Board.

Our current activity is focused on assessing modern slavery risk and our frameworks to address risk. From there, we intend to identify further relevant actions which we anticipate may include ensuring supplier contracts include appropriate modern slavery clauses.

We will continue to engage with the industry and more broadly to ensure we keep up to date on global trends and monitor the impacts on WRC's operations, supply chain and investments.

WRC's process of consultation with other entities

This Modern Slavery Statement is made by WRC. In preparing this Modern Slavery Statement, relevant directors, officers, and suppliers of WRC were consulted and provided with an opportunity to review the Statement prior to its approval.

WRC does not own or control any other entities.