

## **MODERN SLAVERY STATEMENT**

### **FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021 (FY 2021)**

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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 2021, SDP employed 10 permanent staff in Australia. SDP does not have any overseas employees.

### 2.3 Supply Chain

SDP's supply chain is relatively simple totalling approximately 50 suppliers, with some suppliers 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 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 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.

In the financial year ending 30 June 2021, SDP engaged directly with approximately 50 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, technical, governance 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).

In FY2021, SDP has mapped and categorised its supply chain, and considered its expenditure by business group with the following insights.

- Our four largest expenditure categories relate to the supply of energy to produce desalinated water, debt financing predominantly related to the capital cost of the asset, operation and maintenance of the plant and associated assets, and insurance costs.

- These top four categories account for over 90% of SDP's expenditure, with the service providers all reporting entities under the Modern Slavery Act.
- The next four largest cost categories relate to Corporate, Legal, Financial and Engineering professional services by predominantly Australian based service providers.
- These top 8 categories relate to 99% of SDP's expenditure.

### 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:** 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

In the 2020 and 2021 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 generally low risk for all four modern slavery risk categorisations, with the exception that a subset have offices in medium risk countries in the Asia Pacific.
- 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 Modern Slavery Act, and therefore have high awareness of modern slavery impacts and more mature governance in assessing and addressing modern slavery risks. SDP has further reviewed these suppliers' Modern Slavery Statements in the 2021 reporting period to 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 has been identified and SDP will engage with these entities further to try and address these risks, understand more regarding tier two suppliers, and monitor compliance (see section 4.2).

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 completely rule out the existence of modern slavery risk).

#### 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 is due to review its Procurement Policy in FY 2022 where we will seek to strengthen our due diligence undertaking through requiring that new suppliers in assessed medium to high risk industries that we engage through contracts or agreements:

- accept model clauses addressing modern slavery and human rights issues in these contracts or agreements, and
- complete SDP's modern slavery due diligence questionnaire to raise awareness of modern slavery issues and to allow us to better assess any modern slavery risks.

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.

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 50 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.

SDP has contacted all existing suppliers in writing setting out SDP's obligations under the Modern Slavery 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.

During this reporting period, 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.

In the next reporting period, SDP intends to further follow up with our 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). SDP is committed to continuously improving its supply chain risk assessment.

#### 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.

In the financial year from 1 July 2020 to 30 June 2021 (FY2021), SDP developed a supplier due diligence questionnaire which it has distributed to all current suppliers. This questionnaire will also be utilised in its procurement processes for new suppliers. The 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 all new suppliers or suppliers who are being engaged on an *ad-hoc* or needs basis. The questionnaire also acts to increase awareness of modern slavery and related issues, particularly in suppliers that are not reporting entities under the Act.

Additionally, SDP has developed a set of model clauses addressing modern slavery and human rights issues to be incorporated in all new contracts and where appropriate, included in any review of current 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. 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 the risks.

### 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.

During FY2021, 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
- 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
- Tracking the engagement by suppliers with the modern slavery consultation process (i.e. number of suppliers that complete the questionnaire) with the assumption that engagement with the process correlates to awareness and therefore better mitigation of modern slavery risk
- Auditing the number of notification letters issued to existing suppliers and assessing our existing suppliers' response to those letters
- 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

In FY2022, SDP intends to continue to assess the effectiveness of its actions in the same way.

**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 short, the other entities, although not legally required to report, are equally compliant in respect to the Act. In FY2022, 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 years.

All SDP staff have 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 FY2022 (and on an ongoing basis) 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 had impacts in SDP's own modern slavery response, such as delaying the implementation of some of SDP's planned actions to combat modern slavery including face to face training of SDP staff.

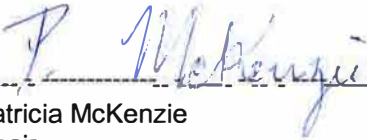
**Approval**

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 15 December 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