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## **Modern Slavery Statement 2021**

### **Introduction**

This Modern Slavery Statement is the first prepared by Waterco Limited. It covers the company Waterco Limited (ABN 62 002 070 733) as a single reporting entity, and it is prepared in accordance with the Modern Slavery Act 2018 (Cth). It outlines the actions taken in the financial year ended 30<sup>th</sup> June 2021 to identify, assess, address and remediate modern slavery risks in the company's operations and supply chains.

### **Identity (Mandatory Criterion 1)**

Waterco Limited is a listed public company incorporated in Australia in 1981. The company is headquartered in Sydney and has branch offices in Brisbane, Melbourne, Adelaide and Perth.

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

Waterco Limited has control over its subsidiaries located in Australia, New Zealand, United States, United Kingdom, China, Malaysia, Singapore and Indonesia. The operations of the Waterco Group of Companies (hereinafter referred to as Waterco) include the design, purchase, manufacture, sales and distribution of equipment and accessories for the swimming pool, spa, aquaculture and water purification sectors. Employing over 700 people across the group it has manufacturing plants in Malaysia, China and United States.

Waterco's products are sold around the world, directly and through the distributors, dealers and subsidiaries.

Waterco do not tolerate any form of modern slavery and human exploitation, and is committed to act fairly, ethically and responsibly in sourcing, manufacturing and distributing the products, and to continually improve its systems and processes to prevent modern slavery and human rights violations in its operations and supply chains.

Waterco's supply chain is diverse and ranges from suppliers of raw materials and products for the manufacture and trading of equipment and accessories for sales and distribution. It also includes the provision of services and supplies, such as transportation, office cleaning, security personnel, groundskeeping, housing and IT equipment. The majority of the raw materials, products and services are sourced from Malaysia, China and Australia.

Waterco, in seeking to establish long term business relationships with all of its suppliers, requires its suppliers to comply with all applicable laws regarding modern slavery and human rights. If Waterco becomes aware of credible information about any form of modern slavery in its operations and supply chain, it will conduct an investigation and, if appropriate, take corrective measures. Consequently, if arising from the audit, deficiencies were noted in the supply of products and services, Waterco will support the supplier in developing corrective action plans. Waterco will review their progress in implementing the remediation activities to ensure that the deficiencies are mitigated. However, if the supplier failed to remediate the identified deficiencies, the business relationship with the supplier will be ended. All new suppliers are vetted by the purchasing team in order to become an approved Waterco supplier. The purchasing team looks at price, quality, capability, capacity and modern slavery issues.

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

Waterco identifies and assesses potential risk of modern slavery in its operations and supply chains by reviewing the product and service, country and industry risk indicators provided by the International Labour Organisation. In addition, self-assessment questionnaires on

modern slavery were sent to operations and top suppliers for their completion and return. These self-assessment questionnaires inform Waterco whether the company and its suppliers are engaged in modern slavery in producing and providing the products and services, and the actions taken to remediate, if there were instances of modern slavery. Arising from their responses Waterco acknowledges the following:-

**(1) In Respect of the Operations**

The residual risks of Waterco causing modern slavery through its operations, including the engagement of third party labour providers to provide security, cleaning and building renovations and the Malaysian subsidiary employment of migrant workers<sup>1</sup> on the factory floor is low. The company conducts training of its employees on the harm caused by modern slavery and complies with all its policies and procedures (Modern Slavery, Code of Conduct, Statement of Values, Diversity and Equity, Workplace Harassment, Workplace Bullying, Work Health and Safety, Anti-Corruption, and Whistleblower), and monitors and addresses issues of modern slavery and human rights.

**(2) In Respect of the Supply Chains**

Waterco has over 1,300 reputable local and overseas suppliers, from which it sources a range of raw materials, products and services under purchase orders with standard terms. As such, each of these commodities and sourcing countries presents a different set of modern slavery risks and challenges.<sup>2</sup>

Based on the nature of the commodities, Waterco has identified that there were inherent risks that it may contribute or linked to modern slavery and human trafficking through the purchase of uniforms for its workers, and materials used by suppliers in

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<sup>1</sup> Waterco recognizes that migrant workers are one of the highest risk groups to exploitation in the private sector. Thus, in compliance with the company's policies and procedures on preventing modern slavery in the operations, all migrant workers in Waterco are not indebted or coerced/forced to work. They retain their passports, have freedom of movement and enjoy the protection of local employment laws, which Waterco fully abides. Overtime work is voluntary and they can terminate their employment without fear of retaliation or physical threat. There is no child labour in Waterco.

<sup>2</sup> To comprehend the risks and challenges, Waterco propose to dialog with high-risk suppliers to understand how, where and from whom the raw materials, products and services were produced and sourced. An audit program with the objective of determining whether modern slavery and human exploitation were taking place in any part of the supplier's operations has been drafted for likely use in the next financial year.

the manufacture of products. The risks are through (i) suppliers operating in high-risk countries where it is reported to have high prevalence of modern slavery and human rights violations due to 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; and (iii) suppliers and contractors using migrant workers and paying below the minimum wage to manufacture, construct and provide the products and services.

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

Waterco expects all its employees in the operations and supply chain including the suppliers to comply with the provisions in the Modern Slavery Act 2018 (Cth). To identify and mitigate risks, Waterco has the following systems in place:

##### **(1) Modern Slavery Policy**

As strong policies and procedures is one of the key controls to manage potential or actual risks of modern slavery in the operations and supply chains, Waterco has developed and uploaded on the website its Modern Slavery Policy. The policy sets out the company's attitude towards modern slavery and the procedures to prevent modern slavery within its operations and supply chains.

##### **(2) Self-Assessment Questionnaire**

Waterco audit its suppliers for compliance with modern slavery laws by way of requesting them to complete a Self-Assessment Questionnaire. The Questionnaire requires 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 302 Questionnaires and a copy of the Waterco's Modern Slavery Policy were sent out to the selected suppliers of products and services. Basis of selection is the top 50 suppliers based on purchase value or all the suppliers if the entity has less than 50 suppliers.

Of the total of 302 Questionnaires sent out, 113 suppliers (or 37.4% of the total) completed the Questionnaire. The answers the suppliers gave in the returned Questionnaires were reviewed and assessed. Where the answers raised a concern, the supplier will be subjected to continuous monitoring. The company will work with the supplier to provide a corrective action plan and the required time frame to remediate the identified risk, and subsequently follow-up with the supplier on the effectiveness of the corrective action plans. From the answers given by the 113 suppliers, there were no major concerns.

Revisions had been made to the Questionnaire especially on whether the supplier caused, contributed to or is directly linked to modern slavery, and in the next financial year ending 30<sup>th</sup> June 2022, Waterco plans to send out the revised Questionnaire to the next top 50 suppliers and resend to those suppliers in the current top 50 who did not respond and to those who responded with minor concerns for follow-up on the status of their corrective action plans.

**(3) Purchase Orders**

Waterco incorporates a modern slavery clause in all its purchase orders. This clause imposes obligations on the suppliers to comply with modern slavery laws.

**(4) Onboarding of New Suppliers**

Onboarding of new suppliers are vetted by the purchasing team in order to become an approved Waterco supplier. The vetting processes requires the suppliers to answer a brief prequalification questionnaire on modern slavery. Only suppliers that can demonstrate that they have policies and procedures in place, and are committed to prevent modern slavery in their operations and supply chains, are onboarded.

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

Waterco has developed and uploaded on the website its Whistleblowing Policy. The policy applies to all stakeholders (employees and third parties) and contains details on how to make an anonymous report on any suspected violations of modern slavery and human exploitation without fear of reprisal, intimidation or detrimental action, among others. Waterco uses an external provider to independently manage the whistleblowing hotline and they are empowered to investigate reports of wrongdoing

received via email, intranet or postal mail. The results of their investigation are submitted to the Audit Committee for determination on the appropriate course of action. In the financial year ended 30<sup>th</sup> June 2021 there was no report of any violation of modern slavery and human exploitation.

#### **(6) Training**

Fundamental to eradicating modern slavery, is raising awareness and instilling knowledge among the people 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 a deeper understanding of the modern slavery legislation, ways to identify and recognize different types of modern slavery risks, and what they should do to address and how to report modern slavery risks. The training is delivered in a diverse range of mediums, such as online courses, video session with Management and Head of Departments, and written resources.

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

Waterco assesses the effectiveness of modern slavery risk management in the following ways:-

- (i) the number of suppliers completing and returning the Self-Assessment Questionnaire, and the number and nature of critical breaches and the speed of remediation; and
- (ii) 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 2021, no critical breach was identified and no whistleblowing report was made.

#### **Consultation with Other Entities (Mandatory Criterion 6)**

All the entities in the Waterco Group worked together with the Head of Group Corporate Advisory and Assurance Department to identify, assess, address and remediate modern

slavery risks in the operations and supply chains. Feedback was obtained from each of the entities on the Modern Slavery Statement and their comments were incorporated in the Statement.

#### **Other Information (Mandatory Criterion 7)**

The Covid-19 pandemic has increased the vulnerability of workers through loss of income, excessive overtime and contracting the virus. During the reporting period, Waterco took action to mitigate the impact of the said risks by (i) retaining the workers; (ii) working within the local legal limit on overtime hours; (iii) providing workers rest days; (iv) providing hand sanitizers and personal protective equipment (PPE) to all workers; and (v) making it mandatory on the workers to adhere to the Standard Operating Procedures created by the local health authorities to prevent the transmission of the virus, and observe the local government's directive to work from home. However, Waterco has no control over the workers unsafe and unhygienic practices perpetrated in their leisure time after office hours and at home.

#### **Board Approval**

This Statement has been approved by the Board of Directors of Waterco Limited.



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Soon Sinn Goh  
Chairman and Group Chief Executive Officer  
Date: 1<sup>st</sup> July 2021