

Adoption date: 1 July 2020

1. INTRODUCTION

1.1 Background

- (a) Waterco has a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in all of its operations and implementing effective systems and controls to ensure that modern slavery is not taking place in its operations and supply chains.
- (b) Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour, forced marriage, debt bondage and human trafficking, whether adults or children, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. Modern slavery is defined in detail at clause 1.5.
- (c) Modern Slavery is a category of criminal offences defined under the Commonwealth of Australia *Modern Slavery Act 2018* ("**Act**"). The Act requires entities which have annual consolidated revenue of over AUD\$100 million to submit a Modern Slavery Statement to Australian Border Force setting out the actions taken by the entity to identify and address modern slavery risks in its operations and supply chains.

1.2 Purpose of policy

1.3 The objective of this Modern Slavery Policy (**Policy**) is to ensure that the Waterco Group of companies (**Waterco**):

- (a) has transparency in its own business and in its approach to tackling modern slavery throughout Waterco's supply chains, consistent with Waterco's disclosure obligations under Australian modern slavery legislation;
- (b) sources products and services in accordance with legal obligations and stakeholders' expectations while working with suppliers and subcontractors to improve their human rights practices; and
- (c) acts to prevent, mitigate and where modern slavery is uncovered, remedy modern slavery in its operations and supply chains.

1.4 Who does this policy apply to?

- (a) This Policy applies to all persons working for Waterco or on its behalf in any capacity, including employees at all levels directors, officers, agency workers, seconded workers, volunteers, interns, agents, suppliers, contractors, external consultants, third-party representatives and business partners.

- (b) This Policy does not form part of any employee's contract of employment and Waterco may amend it at any time.

1.5 Modern slavery definition

- (a) **Modern slavery** describes situations where coercion, threats or deception are used to exploit victims and undermine their freedom. It includes:
- (i) *trafficking in persons*, meaning the recruitment, harbouring and movement of a person for exploitation through modern slavery;
 - (ii) *slavery*, meaning situations where the offender exercises powers of ownership over the victim, including the power to make a person an object of purchase and use their labour in an unrestricted way;
 - (iii) *servitude*, meaning situations where the victim's personal freedom is significantly restricted and they are not free to stop working or leave their place of work;
 - (iv) *forced marriage*, meaning situations where coercion, threats or deception are used to make a victim marry or where the victim does not understand or is incapable of understanding the nature and effect of the marriage ceremony;
 - (v) *forced labour*, meaning situations where the victim is either not free to stop working or not free to leave their place of work;
 - (vi) *debt bondage*, meaning situations where the victim's services are pledged as security for a debt and the debt is manifestly excessive or the victim's services are not applied to liquidate the debt, or the length and nature of the services are not limited and defined;
 - (vii) *deceptive recruiting for labour or services* meaning situations where the victim is deceived about whether they will be exploited through a type of modern slavery; and
 - (viii) *the worst forms of child labour*, meaning situations where children are subjected to slavery or similar practices or engaged in hazardous work.

2. GOVERNANCE AND RESPONSIBILITY FOR THIS POLICY

2.1 The Waterco board of directors has overall responsibility for ensuring this Policy complies with Waterco's legal and ethical obligations, and that all those under Waterco's control comply with it. The Waterco board of directors is also responsible for approving the annual modern slavery statement and ensuring that it complies with Waterco's disclosure obligations under Australian modern slavery legislation.

2.2 The Human Resource Department of each Waterco entity is responsible for:

- (a) implementing this policy, monitoring its use and effectiveness and dealing with any queries about it (in conjunction with the manager of each Supply Chain/Purchasing Department);
- (b) monitoring, consulting and auditing internal controls and procedures to identify risks of modern slavery practices in Waterco's operations under Australian modern slavery legislation;

- (c) monitoring and consulting with Waterco's suppliers, contractors and business partners to identify risks of modern slavery practices in its supply chains;
 - (d) developing measures to assess and address any risks of modern slavery practices, including through due diligence in Waterco's contractual relations;
 - (e) ensuring that the entity is in compliance with this Policy and all relevant local laws and regulations; and
 - (f) reporting to the Head of GCAAD the results of their actions.
- 2.3 The Supply Chain/Purchasing Department of each Waterco entity is responsible for:
- (a) carrying out verifications to ensure all the suppliers and subcontractors are in compliance with this Policy, the Supplier Code of Conduct Policy and all relevant local laws and regulations; and
 - (b) reporting the results of their actions to the Head of GCAAD.
- 2.4 The Head of GCAAD is responsible for:
- (a) reviewing the reports of actions taken by the Human Resource and Supply Chain/Purchasing Departments; and
 - (b) preparing and submitting each Modern Slavery Statement to the Audit Committee.
- 2.5 Management at all levels are responsible for ensuring those reporting to them understand and comply with this Policy and are given adequate and regular training on it and the issue of modern slavery in supply chains, including any areas of Waterco's business and supply chains which are identified as at risk of modern slavery practices.
- 2.6 You are invited to comment on this Policy and suggest ways in which it might be improved. Comments, suggestions and queries are encouraged and should be addressed to kktay@waterco.com.my.

3. COMPLIANCE WITH THE POLICY

- 3.1 You must ensure that you read, understand and comply with this Policy.
- 3.2 The prevention, detection and reporting of modern slavery in any part of Waterco's business or supply chains is the responsibility of all those working for Waterco or under its control. You are required to avoid any activity that might lead to, or suggest, a breach of this Policy.
- 3.3 You must notify your manager and the Head of GCAAD as soon as possible if you believe or suspect that a conflict with this Policy has occurred, or may occur in the future.
- 3.4 You are encouraged to raise concerns about any issue or suspicion of modern slavery in any parts of Waterco's business or supply chains of any supplier tier at the earliest possible stage.
- 3.5 If you believe or suspect a breach of this Policy has occurred or that it may occur, you must notify your manager and the Head of GCAAD as soon as possible.

- 3.6 If you are unsure about whether a particular act, the treatment of workers more generally or their working conditions within any tier of Waterco's supply chains constitutes any of the various forms of modern slavery, raise it with your manager and the Head of GCAAD.
- 3.7 Waterco aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy. Waterco is committed to ensuring no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that modern slavery of whatever form is or may be taking place in any part of Waterco's own business or in any of its supply chains. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform your manager immediately. If the matter is not remedied, and you are an employee, you should escalate it to the Head of GCAAD.

4. FAIR TREATMENT AND RESPECT

- 4.1 Waterco is to be a place of mutual trust and respect, which embraces diversity, and values everyone for their merits. A place where everyone is treated fairly, has equal opportunity and has their human rights respected.
- 4.2 All employees deserve to be treated with dignity and respect and free from discrimination and harassment, be it physical, sexual, psychological or verbal. Violence at work is unacceptable, regardless of the reason.

5. VOLUNTARY EMPLOYMENT

- 5.1 The use of any form of modern slavery is absolutely forbidden. Employees are employed under their free will and are free to terminate their employment at any time, subject to meeting the requirements in their employment contract, or in the absence of an employment contract, the relevant local laws and regulations.
- 5.2 Waterco may elect to continue a relationship with a supplier in the event it discovers modern slavery but will not utilise suppliers and subcontractors that refuse to work to eliminate modern slavery or engage in any regular or systematic modern slavery practices.

6. WAGES

- 6.1 Compensation paid to employees will comply with all applicable local laws, including those relating to minimum wages, overtime hours and legally mandated benefits.

7. FREEDOM OF MOVEMENT

- 7.1 Waterco will not restrict workers' freedom of movement through confinement, imprisonment or detention during or outside work hours at any location, including at a work station or the worker's residence.

8. COMMUNICATION AND AWARENESS OF THIS POLICY

- 8.1 Waterco's commitment to addressing the issue of modern slavery in its business and supply chains must be communicated to all suppliers, contractors and business partners at the outset of Waterco's business relationship with them and reinforced as appropriate thereafter.

- 8.2 Waterco practices an open door policy to encourage open communication. Employees can raise their workplace concerns openly with management without fear of harassment, intimidation, penalty or reprisal.

9. ACCOMMODATION

- 9.1 If accommodation is provided to an employee, the living conditions will be clean, hygienic, safe, and have proper sanitation, sufficient to meet basic human needs without risk to health or degradation to the dignity of the employee.

10. BREACHES OF THIS POLICY

- 10.1 Any employee who breaches this Policy will face disciplinary action, which may result in dismissal for misconduct or gross misconduct.
- 10.2 Waterco may terminate its relationship with other individuals and organisations working on its behalf if they breach this Policy.

11. EVALUATION

- 11.1 This Policy will be reviewed periodically as and when necessary to meet the operational requirements of Waterco and changes in law.

12. REFERENCES

- 12.1 *Modern Slavery Act 2018* (Commonwealth of Australia).
- 12.2 Waterco's Whistleblower Policy and Procedure.