

Brookfield

BPIH Pty Ltd and Arc Infrastructure Pty Ltd

Modern Slavery — Statement 2021



Background

This Modern Slavery Statement (**Statement**) is made by BPIH Pty Ltd (**BPIH**) on behalf of itself and its subsidiary, Arc Infrastructure Pty Ltd (**Arc**), together the Reporting Entities, in accordance with the *Modern Slavery Act 2018* (Cth) (**Act**), for the financial year ended 31 December 2021 (**Reporting Period**). The Reporting Entities are opposed to human trafficking and slavery both within their businesses and supply chains and fully support the objectives of the Act.

The Reporting Entities are part of the global Brookfield Asset Management Inc. (**Brookfield**) group, which in Australia consists of diverse real estate, infrastructure, and private equity portfolios across key cities. Globally, Brookfield is a leading global alternative asset manager, focused on investing in long-life, high-quality assets across real estate, infrastructure, renewable power, and private equity. The Reporting Entities and their related entities represent a diverse portfolio of critical infrastructure assets, including transport, utilities and data. Brookfield seeks to employ best-in-class corporate social responsibility practices, mindful of the important role this plays in fostering long-term value creation. In Australia, the Reporting Entities follow the same principles in day to day business activities.

In this Statement, references to “we”, “us” or “our” refer to the Reporting Entities. The Reporting Entities and controlled assets largely operate the same processes, supply chain management practices and operating systems.

Structure, operations and supply chains

REPORTING ENTITY	STRUCTURE & OPERATIONS	SUPPLY CHAIN
<p>BPIH Pty Ltd ACN: 100 364 234 Brookfield Place Level 19, 10 Carrington St, Sydney NSW 2000</p>	<ul style="list-style-type: none">• BPIH’s ultimate parent is Brookfield Asset Management Inc.• BPIH employs approximately 18 individuals who are employed to provide asset management services and are predominately located in Sydney.• BPIH is the head entity of a consolidated group which engages in the following activities:<ul style="list-style-type: none">- corporate services, including administration, finance, treasury, tax, internal audit, information technology, company secretarial, compliance, sourcing/procurement- investment in infrastructure assets• BPIH has a non-controlling interest in:<ul style="list-style-type: none">- Natural Gas Pipeline Company of America LLC (NGPL). This foreign asset is managed by an American entity.• BPIH wholly owns ENE.HUB Pty Limited, which is operated by a separate management team independently from BPIH.• ENE.HUB Pty Limited (ENE.HUB) plans, funds, builds, maintains and manages connected networks of SMART products – sophisticated smart city enablers which are integrated into lighting structures and other street furniture. ENE.HUB has operations in Australia.• To differing degrees, each of these entities operate independently of BPIH, accordingly, they have been dealt with separately in this Statement in relation to the assessment of risk and actions taken. The entities are not reporting entities for the purposes of the Act.	<p>BPIH’s suppliers are primarily Australia based companies although some of the goods and services that they supply may originate from outside Australia.</p> <p>Suppliers domiciled outside Australia are predominantly located in North America (USA and Canada) and Europe and are engaged to deliver professional services. Spend is distributed across approximately 30 vendors and several categories.</p> <p>The main types of goods and services procured by BPIH are:</p> <ul style="list-style-type: none">• Professional services including auditing, accounting, tax, legal, recruitment and advisory services primarily from top tier organisations• Shared services provided by Brookfield related entities including Treasury, IT, marketing, office and cleaning services• Utilities and insurances

Arc Infrastructure Pty Ltd

ACN: 094 721 301

Level 3, 1 George Wiencke Drive

Perth Airport WA 6105

- Arc is a railway infrastructure manager and access provider in Western Australia with a long-term lease on the rail freight network from the State of Western Australia.
- Arc operates and maintains approximately 5,500 kilometres of standard, narrow and dual gauge rail infrastructure across the State.
- Arc employs approximately 492 staff where:
 - 95% are employed on a full-time basis, 3% on part-time and 2% on casual
 - 85% are permanent workers, 13% are contract workers and 2% are casual workers
 - 21% are female workers and 79% are male workers
- Arc has a number of offices spread across the Perth metropolitan area and the regional areas within the southern half of Western Australia. Its head office is based at Perth Airport.
- Staff are employed across the various offices in the following functions:
 - Administration (finance, human resources, risk and compliance, communications, information technology, procurement, commercial and regulatory, business support and facilities management)
 - Health, safety and environment
 - Track maintenance
 - Track signalling and communications
 - Engineering
 - Projects
 - Network operations
 - Asset Strategy and Planning
- Arc is part of the Arc Infrastructure WA Pty Ltd reporting group including 8 entities with Arc being the operating entity who engages with all of Arc’s suppliers.

The majority of Arc’s tier one suppliers are Australia-based companies, although some of the goods and services that they supply originate from other countries. Arc’s annual spend is distributed across approximately 1,000 suppliers and several categories, including:

- railway infrastructure materials, equipment and services
- engineering and project management services
- building construction, repair and maintenance services
- software, IT and telecommunications services and hardware
- electronics
- travel and accommodation services
- work wear and personal protective equipment (PPE)
- building cleaning and security human resources services
- logistics

Arc’s largest categories of supplier spend relate to rail infrastructure costs, including rail, electrical components, labour, rail maintenance and civil construction services.

Modern slavery risks in operations and supply chains

In the Reporting Period, the Reporting Entities did not identify any instances of modern slavery in our operations or supply chain. We acknowledge that this does not mean modern slavery was not present, and that we are still evolving our ability to identify modern slavery instances in our operations and supply chain.

MODERN SLAVERY RISKS IN OUR DIRECT WORKFORCE

We consider the risks of modern slavery practices within our direct operations and workforce as low. Employees of the Reporting Entities are based in Australia (primarily Western Australia and New South Wales), which is ranked 163 out of 167 countries for modern slavery prevalence by the Global Slavery Index. Additionally, human resource policies, procedures and processes are in place and designed to ensure that staff are remunerated in accordance with applicable laws and awards and/or agreements and are working of their own free will, including their rights under the employment agreements and maintaining processes for reporting and resolution of staff concerns' and grievances.

MODERN SLAVERY RISKS IN OUR SUPPLY CHAINS

During the Reporting Period, we continued to review the potential risk of modern slavery practices across our supply chain. We are committed to conducting our business in an ethical and responsible manner, including by carrying out our own business activities in a way that respects and supports the protection of human rights through striving for the prohibition of modern slavery, including child and forced labor. We have embedded these standards into our core business activities, including contracts, due diligence processes, training and communications, as appropriate.

We continue to take a risk-based approach to identifying our areas of highest modern slavery risk. Based on indicators including industry sector, type of goods/services, geographic location and workforce profile, the following categories, among others, continue to be our main areas of exposure to modern slavery risks within our supply chains:

Cleaning and janitorial services

Electronics and IT hardware and devices

Catering and hospitality services

Security services

Suppliers that potentially employ or contract vulnerable populations (such as migrant or base skilled workers)

Building, construction, maintenance and repair services', and materials

Logistics

Office supplies (tea/coffee, stationery and other consumables)

We recognise that each of our suppliers have their own supply chains risks and our category-based assessment sought to factor in these risks to the extent possible.

Approach to mitigation and remediation

The Reporting Entities are committed to continuously review, enhance and improve their activities to address and proactively mitigate the risks of modern slavery in their operations and supply chain.

The Reporting Entities strive to embed the protection of human rights throughout our core business activities, through training, communications, contracts, and due diligence processes as appropriate. These practices extend to our interactions with our key vendors and other business partners.

The processes and frameworks outlined in this section below were not applicable to ENE.HUB, an entity owned by BPIH, during the Reporting Period and some of the measures will be implemented in the next reporting period.

POLICY FRAMEWORK

To consistently communicate our expectations surrounding the prohibition of child and other forced labour we continue to have a comprehensive framework of policies applicable to the Reporting Entities. These policies describe the principles and requirements for our employees and for our vendors to follow and include:

- **Australian Anti-slavery and Human Rights Policy**
This policy applies to employees of the Reporting Entities. This policy provides a definition for modern slavery and outlines the benefits of eradication, details our risk assessment approach, related policies and procedures and approach for communication, training, reporting and continuous improvement.
- **Code of Business Conduct and Ethics (Code)**
This Code outlines our commitment to, and expectations of, conducting business in an ethical and responsible manner and prohibiting child and other forced labour. It applies to all officers, employees and temporary workers, with annual certification of compliance.
- **Procurement and Payment Policy and Control Principles**
These documents describe the process for sourcing, exercising due diligence and monitoring new and existing vendors with the intention of managing risks including modern slavery. It applies to all employees of the Reporting Entities.
- **Vendor Risk Management Framework**
This document describes the framework when purchasing goods or services for, or on behalf of, the Reporting Entities and defines the processes to assess, monitor and mitigate vendor risk. This includes modern slavery risks..
- **Environmental, Social and Governance (ESG) Report**
This document describes our approach to ESG principles, incorporating these considerations into our investment decisions.

As the manager of the state's freight rail network, Arc recognises the responsibility it has to ensure the sustainability of this critical asset for future generations. Arc undertook a major review of its corporate strategy and has positioned sustainability as a key focus area within its operations. Over the Reporting Period, Arc developed its sustainability strategy which aims to embed and enhance sustainable practices across the business over the next ten years. Monitoring, assessing and preventing modern slavery is one aspect of this new strategy.

Over the Reporting Period, Arc also undertook the development of a draft Supplier Code of Conduct (**Supplier Code**). This new Supplier Code outlines Arc's expectations and minimum standards of its suppliers with respect to legal, ethical, environmental and social matters. It requires suppliers to comply with applicable modern slavery laws, manage modern slavery risks within their own supply chains, and also ensure that their own suppliers are similarly taking active steps to address and minimise the risks of modern slavery within their supply chains. Specific standards are detailed in relation to matters such as working conditions, wages, working hours, subcontracting and how to report concerns via Arc's complaints or whistleblowing mechanisms. The Supplier Code will also reserve Arc's right to request information from suppliers and to undertake due diligence and risk assessments to verify supplier compliance. It is intended that the Supplier Code will be finalised and published on Arc's website in the next reporting period. Upon publication, Arc's procurement contract templates will also be updated to include a requirement for Arc's suppliers to comply with the Supplier Code.

RISK MANAGEMENT AND DUE DILIGENCE

Our due diligence processes that form part of our Vendor Risk Management Framework continue to assess and respond to human rights and modern slavery risks. Going forward we will actively assess vendors at an earlier stage

of the procurement process to reduce modern slavery risks.

All vendors are given a risk rating against an established criterion which determines their ongoing performance management and due diligence. Additional assessment and vendor engagement is conducted on vendors that are determined to be potentially high risk for modern slavery. Such vendors may be required to complete and satisfy a modern slavery screening questionnaire to qualify and to provide services to the Reporting Entities, which is reviewed by a member of the procurement and risk teams as part of the vendor risk assessment and vendor approval process. Where modern slavery is identified within a vendor, the procurement and risk teams will work with the impacted business unit to decide on the most appropriate remedy.

Arc continues to vet and monitor its vendors via a third party online platform to identify whether a vendor is potentially involved in any human rights or similar violations based on material available online. During the Reporting Period, this platform was further customised to help Arc to record its assessed modern slavery risk rating for each vendor to assist with data reporting.

During the Reporting Period, Arc conducted enhanced due diligence on four vendors falling into specific high-risk industry sectors, with the findings and identified risks presented to the Audit & Risk Committee. As part of this process, the adequacy of the vendors' management systems and policies and procedures relating to modern slavery, human trafficking and related workers' rights issues were reviewed. The Audit & Risk Committee were comfortable with the vendors' approach and steps taken to mitigate modern slavery risks within their supply chain. Arc aims to continue this assessment process on a bi-annual basis to ensure that we continue to understand our high-risk suppliers' management systems and control measures in place and to ensure that we are only engaging with companies that have adequate processes in place to mitigate the risks of modern slavery.

In undertaking enhanced due diligence on one of Arc's high-risk vendors during the Reporting Period, Arc identified that one of Arc's vendor's parent entity was linked to child labour litigation within its supply chain whilst another vendor's parent entity was linked to alleged complicity in human rights abuses. Upon further assessment, Arc found no evidence that Arc's operations or its products or services that it sourced from its vendors being directly linked to these alleged modern slavery occurrences. However, due to Arc's relatively small order quantities with one of these vendors and its minimal leverage with this vendor to make any effective change, Arc has taken steps to reduce its spend with this vendor and is currently in the process of reviewing alternative vendors with a lower risk profile that may be capable of providing suitable alternative solutions for Arc to fully transition to. Arc will continue to monitor the potential risks associated with the other vendor, but accepts that the current risks posed are offset by their status as a reputable major brand and industry leader with a strong commitment to eliminating modern slavery risks from its operations and supply chain.

MITIGATION STRATEGIES

We continue to develop and implement mitigation strategies for high-risk vendors on an individualised basis - such as specific contract clauses in legal agreements, requesting the vendor to provide their modern slavery statement and evidence of their modern slavery mitigation strategies. The strategies may also include audits of their internal processes and policies and establishing grounds for spot audits.

During the Reporting Period, the legal teams for the Reporting Entities incorporated modern slavery specific clauses into all procurement contract templates and vendor purchase order terms and conditions. These provisions prohibit modern slavery practices by the vendor and require them to do all things necessary to mitigate or reduce risks of modern slavery within the vendor's operations or supply chain. Going forward, all procurement contracts up for renewal are being updated with modern slavery provisions.

Those of our vendors considered to be potentially high risk of impacting human rights continue to be subject to ongoing monitoring. All of our vendors' risk rating and their compliance with mitigation strategies is reviewed periodically. We will continue to engage with our vendors on the risk of modern slavery and actively encourage continuous improvement in their performance over time.

TRAINING AND EDUCATION

Over the course of the Reporting Period, we delivered mandatory training to all employees to educate them on the principle of protecting human rights and modern slavery. The training was provided via an eLearning module and covered the definition of modern slavery, why modern slavery is an important issue for the Reporting Entities and our employees, and the relevance to our operations and supply chains including example scenarios. It also advised employees on how to report a known or suspected modern slavery risk.

We continue to recognise the importance of our teams understanding the risk of modern slavery so that they are equipped and confident to talk to vendors and help them uplift their performance. We are committed to ensuring that regular annual training and education is provided to support this.

GRIEVANCES AND REMEDIATION

The Reporting Entities maintain an anonymous Reporting Hotline for its employees, vendors and other interested parties to anonymously report any matters relating to unethical business conduct or violations of Laws. Modern slavery is reportable on this hotline. During the Reporting Period, no complaints related to modern slavery were reported via our Reporting Hotline or the whistleblower system.

The Reporting Hotline forms part of our Code of Business Conduct and Ethics, which has been designed to provide protection to disclosers, ensure reports are dealt with appropriately, and protect disclosers from victimisation and retaliation. It is available toll-free, 24 hours a day, 7 days a week and may be accessed by phone or by Internet. It is managed by an independent third party and allows anyone to call anonymously to report in English and other languages.

Remediation is approached on a case-by-case basis with the aim of protecting the victim from further harm. Our plan for remediation follows the process and principles of observation, information, notification, and continuation at all times. We aim to improve the practices of our vendors and ceasing business with a vendor suspected of non-conformance is a last resort.

Assessing the effectiveness of actions taken

The Reporting Entities acknowledge that modern slavery is a key risk within operations and supply chain and as such is treated through our risk management process which monitors and assesses the effectiveness and gaps of our modern slavery program:

- Regular engagement and feedback are provided between core departments such as Portfolio Management, Risk Management, Finance, Legal and Human Resources
- Facilitated by Department Heads, risks are monitored and reported to management directors through operational risk and Board reporting framework
- Key risks, including of modern slavery, steps identified to mitigate those risks and the progress are reported to the executive team and directors
- All reports to Ethics Hotline are handled by independent third party and are investigated by the Internal Audit department. Trends in reporting are assessed, including modern slavery risk (if present)

We will continue to review and report on a number of indicators to assess the effectiveness of our modern slavery risk management and processes, seeking to review and enhance measurement indicators in line with continuous improvement. These include:

Incidences of modern slavery in our operations	In the Reporting Period, we had no reported incidents of modern slavery in our operations.
Incidences of modern slavery in our supply chain	In the Reporting Period, we had no reported incidents of modern slavery in our supply chains. Note: Whilst Arc’s due diligence identified allegations of modern slavery relating to the parent entities’ of two of its vendors, Arc found there was no evidence of Arc’s operations or its products or services that it sourced being directly linked to these alleged modern slavery occurrences.
Incidences of modern slavery reported to our Reporting Hotline	In the Reporting Period, there have been no incidents of modern slavery reported through our Reporting Hotline.
Number of staff received modern slavery training	In the Reporting Period, all staff received training on modern slavery as part of their annual mandatory Code of Conduct training.

Within our next Reporting Period, the Reporting Entities will seek to continue:

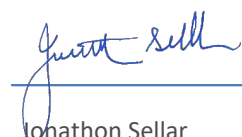
- to regularly review and improve our supplier risk assessment processes where possible
- continuous monitoring and due diligence processes on suppliers
- the roll out of modern slavery clauses into current supplier contracts
- to engage and educate stakeholders regarding the risks of modern slavery, as well as their approach to assessing and addressing modern slavery
- reviewing our actions taken in response to modern slavery risks identified and validating that key mitigating strategies identified are being implemented; and
- assessing and reassessing risks of modern slavery if exposed to new business operations (through acquisitions or expanding the activities), changes in business model and expanding to other jurisdictions.

In addition to the above, Arc will seek to finalise and publish its new Supplier Code of Conduct and continue to undertake enhanced due diligence on select suppliers that fall into specific high-risk industry sectors. Arc also seeks to further expand its understanding of its highest modern slavery risks that may be present within its supply chain, including with respect to Arc’s procurement of solar panels.

Process of consultation and approval

The Reporting Entities took a cross-functional approach to preparing and drafting this Statement. A consultation process involving discussions with members of core departments, as well as the Directors, of the Reporting Entities was undertaken. The board of each Reporting Entity was given an opportunity to consider and provide comments to the Statement prior to publication.

This Statement has been approved by the board of directors of BPIH and Arc on 30 June 2022.



Jonathon Sellar

Director

BPIH Pty Ltd



Murray Cook

Chief Executive Officer

Arc Infrastructure Pty Ltd