

Modern Slavery Statement '22



Sydney
WATER





Letter from the Sydney Water Board of Directors

The Commissioner
Australian Border Force
Department of Home Affairs
November 2022

We are pleased to submit Sydney Water's third *Modern Slavery Statement* to the Department of Home Affairs. This statement, covering the financial year 2021-22, has been written by Sydney Water Corporation (ABN 49 776 225 038) and approved by the Board of Directors at their October 2022 meeting on 26 October 2022.

Sydney Water supports the objectives of the *Modern Slavery Act 2018* (Cth) which closely align with our core corporate values. We are strongly committed to ensuring that our operations and supply chain are free from modern-day slavery practices; that as a business we do not profit from exploitation of others; and that the products and services we deliver to our nearly 5.3 million customers are ethically sourced.

This statement builds on the significant work achieved so far by Sydney Water's enterprise-wide modern slavery working group.

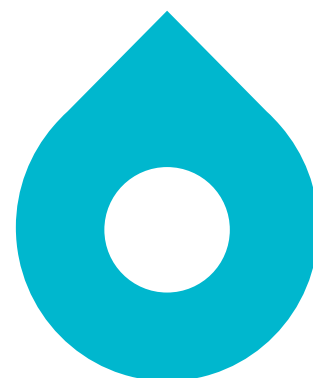
We have published the latest Modern Slavery Statement on our website, and our 2021-22 Annual Report includes a list of activities we have undertaken to demonstrate our deep commitment to ensuring modern slavery practices are reduced and, ultimately, eradicated.



Grant King
Chair



Roch Cheroux
Managing Director



1. Who we are

This Modern Slavery Statement is made by Sydney Water Corporation (ABN 49 776 225 038) (**Sydney Water**) pursuant to the *Modern Slavery Act 2018* (Cth) (**the Modern Slavery Act**) for the 2021–22 financial year. We are a statutory State-Owned Corporation established under the *Sydney Water Act 1994* (NSW) and wholly owned by the New South Wales Government. We operate within the state of New South Wales and our head office is located at 1 Smith St Parramatta NSW.

The main services of Sydney Water are to provide drinking water, recycled water, wastewater and stormwater management (in limited areas) to its customers in Greater Sydney, the Illawarra, and the Blue Mountains. In addition to these fundamental services, Sydney Water provides associated services, such as sewer service diagrams via the Sydney Water Tap in™ service. Sydney Water engages in research and development projects related to the water industry and plays a key role in urban development within its area of operations. Our area of operations covers almost 13,000 km² of land, extending from the Hawkesbury River in the north to Gerroa in the south, and from the Pacific Ocean in the east to Mount Victoria in the Blue Mountains in the west. Within this area we have two head offices, one laboratory, 16 wastewater treatment plants, 14 water recycling plants, 153 water pumping stations, 695 wastewater pumping stations, 9 water filtration plants and 11 recycled water pumping stations.

Sydney Water has played an integral role in helping to

build the modern city we see today, and we are proud of our 130-year heritage and contribution to Sydney's liveability which we achieve by focusing on our three equal principal objectives:

- protect public health
- protect the environment; and
- be a successful business.

Our vision

Our vision is creating a better life with world-class water services. Water is an essential part of daily life. It's the way we use water that helps our city thrive and supports the productivity and prosperity of our economy. By delivering world-class water services, we can create a better life for our people, our business partners and our communities.

Our strategy 2020–2030 helps Sydney Water deliver on our vision. It sets out four strategic outcomes that will direct our activities over the next decade – all underpinned by our core values. Being the first choice of our customers and partners, supported by a high-performance culture, and successful and innovative business practices will help us deliver thriving, liveable and sustainable cities for generations now and in the future.

This Modern Slavery Statement reflects our core values – to act with integrity, and to care for each other and the community.



Figure 1. Sydney Water Strategic Outcomes and Values

2. Our structure, operations and supply chains

2.1 What we do

Every day, we supply nearly 5.3 million customers with safe, high-quality drinking water. We also treat wastewater, recycled water from specific wastewater treatment plants and provide some stormwater services, ensuring our communities can enjoy healthy rivers and clean beaches. We construct, operate, manage, and maintain systems and services for:

- storing and supplying water (including drinking water and recycled water);
- providing wastewater (sewerage) services and disposing of treated wastewater; and
- providing stormwater drainage services in some areas.

We conduct these operations within the area of operations indicated in figure 2.

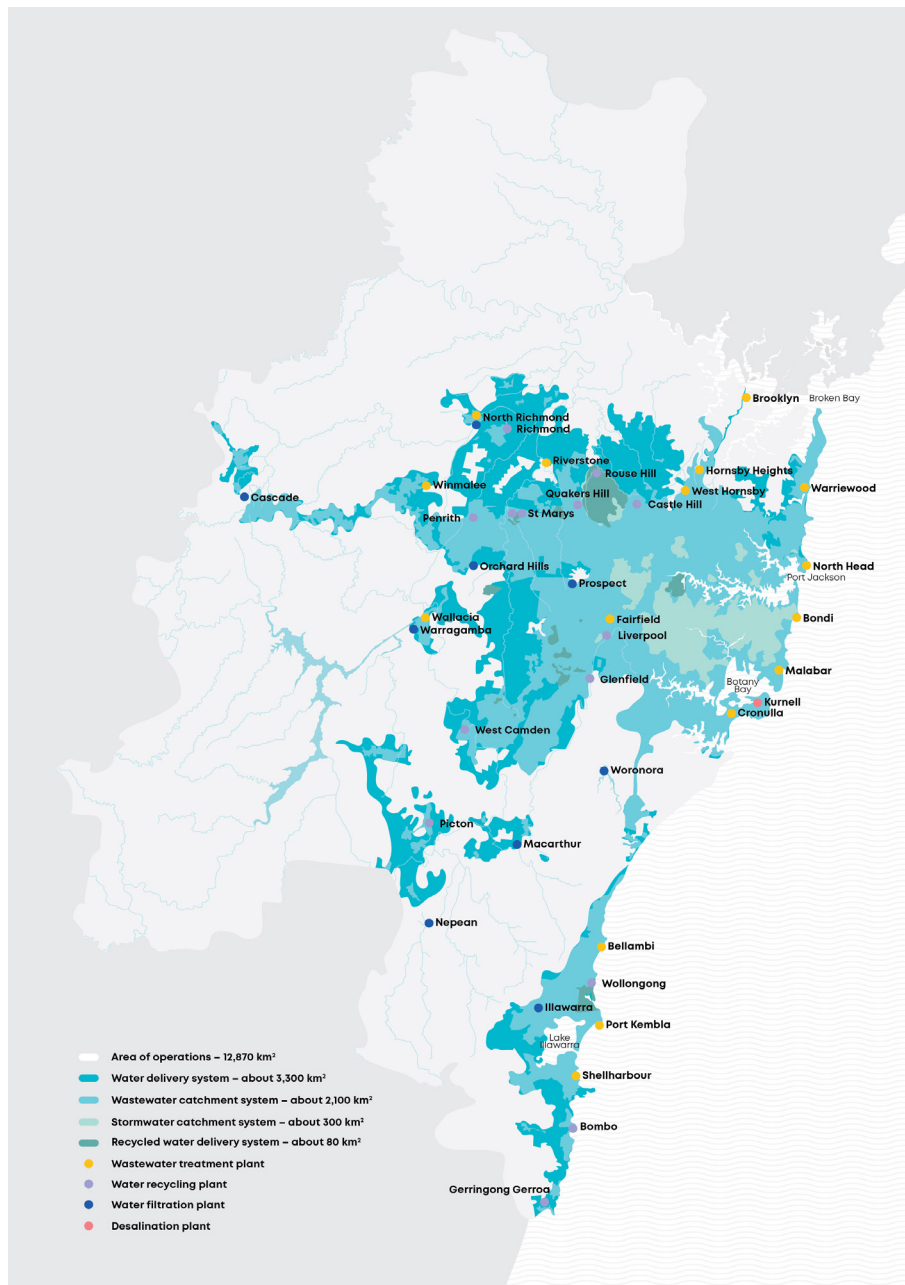


Figure 2. Our areas of operation



2.2 Operations

In 2021-22, Sydney Water employed 2849 permanent employees (i.e. 2747 full-time equivalent permanent and 102 part-time equivalent permanent), 203 fixed term and 224 agency-hire employees. Sydney Water employees are employed under an enterprise agreement and/or individual contract of employment and are employed to supply the following services:

Drinking Water

Every day, we supply about 1.5 billion litres of safe drinking water to our customers. We purchase bulk water from WaterNSW with most of the water supply coming from Warragamba Dam. Sydney Desalination Plant is another source of water that doesn't rely on rain. When Sydney's total dam storage falls below 60%, the plant is turned on and at full capacity can supply 250 million litres a day, 15% of Sydney total water supply.

Dam water is treated at one of nine water filtration plants and supplied to our customers through a network of:

- 22,707 kilometres of water pipes;
- 251 reservoirs; and
- 153 drinking water pumping stations.

Recycled water

We take wastewater that has been used in homes and businesses and put it through a multi-step treatment process to remove impurities so it can be safely used again for its intended use. Water recycling reduces demand on water supplies. This leaves more water in our dams for drinking. It also reduces the amount of wastewater we need to treat.

Each day, we recycle about 103 million litres of water through our network of 11 recycled water pumping stations and 14 water recycling plants.

Wastewater

We collect and treat about 1.9 billion litres of wastewater each day. This is through a network of:

- 26,639 kilometres of wastewater pipes;
- 695 wastewater pumping stations; and
- 16 wastewater treatment plants.

After collecting and treating wastewater, we re-use it or release it into rivers or the ocean. Inland plants treat wastewater to a high level so it can be released into the environment. The biosolids we produce and capture in the treatment process are used in agriculture, composting or land rehabilitation.

Stormwater

Stormwater is rainwater that runs from roofs, roads and parks into stormwater drains. It then enters our waterways via creeks and rivers, and eventually reaches the harbour and ocean. We provide stormwater services to about 640,168 properties through 454 kilometres of stormwater channels and pipes. These are mainly in south and south-west Sydney. We also manage flood-prone areas and trunk drainage at Rouse Hill. In the rest of Greater Sydney, we work with local councils and agencies to manage the stormwater system.

Our activities

Our employees and contractors deliver these services through various activities including:

- managing our asset lifecycle, which encompasses planning, developing, designing, building, and maintaining network infrastructure;
- delivering our customer services and end-to-end customer experience through water supply and production, laboratory services, networks field operations, water resource recovery, retail and business customer relations, billing and revenue collection services, and our contact centres; and
- operating equipment and control systems to deliver reliable services to our customers.

2.3 Our supply chain

Supply chain

Sydney Water procures goods and services in accordance with our corporate and procurement policies, processes, and procedures. These policies and processes are applicable to all employees and contractors involved in externally obtaining goods, services, and any other procurement activities, for or on behalf of Sydney Water. They set out how we plan, source, and manage supply agreements and suppliers throughout the procurement lifecycle.

Procurement activities are dependent on business requirements. These can range from purchase orders and purchasing cards for low-risk purchases to formal multimillion-dollar contracts using our "source to contract" process for high risk and high spend projects.

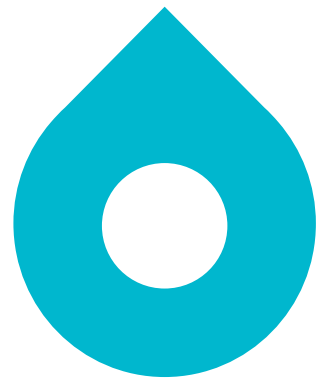
Our expenditure during 1 July 2021 to 30 June 2022 was in the following categories (from most to least spend):

- construction and works represented 31.2% of the total spend. These include construction project management services, construction services and professional engineering services;
- water supply and testing services represented 17.4% of the total spend, with the biggest spend on Sydney Desalination Plant and WaterNSW;
- employee expenses, reimbursements and benefits was the 3rd largest category of expenditure, representing 13.7% of the total spend. For the purpose of analysing our supply chain, we have excluded this category;
- outsourced treatment services represented 6.9% of the total spend covering outsourced treatment plants and networks, wastewater treatment and water filtration treatment services;
- corporate services represented 6.6% of the total spend, comprising corporate support, financial and insurance services, fleet, human resources, legal and judicial services, management and professional services, marketing and communication, real estate management and revenue collection;
- operational and facility services made up 5.9% of the total spend, covering energy generation plants, environmental services, facilities management and recovered materials management services;
- information technology represented 4.4% of the total spend, covering IT hardware, IT network and infrastructure, IT services, IT software and telecommunications;
- civil services represented 4.3% of the total spend, covering construction materials, equipment hire, network repairs and maintenance.

The remaining expenditure related to chemicals, maintenance and equipment, utilities, regulatory fees and government charges.

Sydney Water publishes the details of any **active contract** between Sydney Water and a private sector contractor signed after 1 July 2010 that is above the value of \$150,000 and involves the contractor doing a specific project such as construction, infrastructure or property development, the contractor agreeing to provide specific goods or services, or the transfer or lease of real property.





Geographical distribution of suppliers

More than 99% of our total spend was within Australia. The remaining expenditure can be attributed to various international suppliers in countries with a low prevalence of and low to medium vulnerability to modern slavery. We acknowledge however that there is a possibility that the source countries for these goods and services may be countries with a higher prevalence of or vulnerability to modern slavery. The majority of the spend with our international suppliers is in the software, data intelligence, cloud computing, research and publishing industries.

Table 1 sets out the modern slavery prevalence and vulnerability scores with respect to the main countries from which Sydney Water procured goods and/or services:

Country	Prevalence**	Vulnerability*	Total spend %
Australia	0.6	4.3	99.7%
New Zealand	0.6	1.9	0.0005%
United States	1.3	15.9	0.04%
UK	2.1	11.1	0.04%
Norway	1.8	4.5	0.03%
Canada	0.5	10.2	0.0004%
Israel	3.9	36.4	0.02%
Ireland	1.7	10.4	0.1%
Singapore	3.4	13.4	0.004%
Netherlands	1.8	6.1	0.01%
Slovakia	2.9	27.2	0.0003%
Hong Kong	1.4	24.7	0.002%

Table 1. Modern Slavery Prevalence and Vulnerability scores in Sydney Water's Supply Chain based on Global Slavery Index 2018.

*Vulnerability measures the potential drivers of modern slavery, such as corruption, conflict, adverse environmental change etc. – the bigger the number, the higher the levels of vulnerability and vice versa.

**Prevalence measures victims of modern slavery per 1,000 population.

(spectrum: darker green shows the countries with least prevalence and vulnerability and lighter green mean higher prevalence and vulnerability to modern slavery)

3. Risks of modern slavery practices in our operations and supply chains

Operations

At Sydney Water, 87% of our employees work on permanent arrangements. 6.8% of our workforce are casually employed while 6.2% are fixed-term employees on secondment or long-term leave. We operate entirely in Australia with offices located around Greater Sydney.

Sydney Water has introduced various policies to address the risks of modern slavery, which include:

- Remuneration policy to ensure the remuneration of all employees, permanent and temporary, is managed on a fair and equitable basis and in line with organisational objectives.
- Safety, Health and Wellbeing policy, which aims to create an environment in which people have the autonomy to use their insight, knowledge and expertise to keep themselves, their colleagues and the community safe, healthy and well. This policy applies to all workers including contractors, visitors, customers, partner agencies and others who may be involved in or affected by Sydney Water activities.
- Flexible Working policy to encourage positive physical and mental health, support people with carer responsibilities and make Sydney Water a great place to work with high engagement, wellbeing and job satisfaction.
- Parental Leave policy to provide employees with access to parental leave, including paid leave, on the occasion of the birth or adoption of a child into their immediate family.
- Overtime policy to work reasonable overtime outside of usual hours of work.
- The Terms and Conditions of our Enterprise Agreement provide for limitations on hours of work to ensure rest breaks and minimal fatigue for our workforce.

The risk of modern slavery in our own operations is therefore very low.

Supply chains

Sydney Water conducted a benchmarking exercise and comprehensive risk assessment of our supply chain in 2020-21. We identified the following modern slavery risks in our supply chain:

Construction and works pose a high risk of modern slavery, as the production of these products and the services required rely on multi-tiered construction supply chains that may draw on labour and materials from countries with little regulation, coupled with a high proportion of low skilled, migrant workers from socio-economically vulnerable groups.

Information Technology includes IT Hardware, IT Network and Infrastructure, IT Services, IT Software and Telecommunication. The Global Slavery Index has labelled laptops, computers and mobile phones as the highest risk product for modern slavery because the manufacture of most of these products is in China and Malaysia where the Index has identified forms of modern slavery.

Uniforms and Personal Protective Equipment includes the purchase of uniforms, and hard hats as well as hand, body and respiratory protection. We purchase these goods from suppliers that could be sourcing and manufacturing goods overseas with relatively high modern slavery risks.

Catering, event management and venue hire is another high-risk area of our spend as the hospitality and fresh fruits industries may involve poor working conditions including, but not limited to, wage theft and inadequate record keeping, especially for people on temporary workers visas and migrant workers.

Recruitment services may involve recruitment of potentially vulnerable people such as new migrants, temporary work visa holders, international students and undocumented workers. Recruiters may also exercise coercive control by withholding workers' identity documents to limit their freedom of movement and socially isolate them from community or other supports.

Cleaning and hygiene services is another high-risk category of our spend that could involve workforces with a high proportion of low skilled migrant workers who may have limited English language skills and understanding of rights under Australian law.

4. Actions taken to assess and address modern slavery risks

4.1 Risk assessment

Last year we conducted a comprehensive benchmarking exercise and risk assessment and we adopted a methodology consistent with the 2018 Global Modern Slavery Index. We considered the locations of our suppliers and compared that to the Global Slavery Index ratings for vulnerability and prevalence of modern slavery. In this reporting period, we refreshed the risk assessment based on last year's benchmarking exercise and risk assessment. We summarise below our assessment conducted this year in the above risks areas:

Construction and works

Construction and works represent the biggest portion of Sydney Water's spend in 2021-22, comprising 31.2% of total spend. The majority of spend in the Construction and Works category was from our three Regional Delivery Consortias (RDC) across the North, South and West regions. They are responsible for delivering water solutions and infrastructure in the areas of design, construction, maintenance and facilities management. All suppliers contracted by these RDCs must go through Sydney Water's registration process in which they must confirm whether they have read, understood and agreed to comply with both the Modern Slavery Act and Sydney Water's Supplier Code of Conduct which contains a section on modern slavery, labour and human rights. In addition, they must go through a prequalification process where they must confirm and prove that they meet Sydney Water's minimum requirements. As part of the process, we ask suppliers to confirm whether they have a modern slavery policy or program in place and, where possible, to provide evidence to substantiate their claim.

Outside of the three RDCs, a big portion of our spend in the Construction and Works category is with a company involved with Construction Project Management Services. This company has submitted their 2020-2021 Modern Slavery statement and has taken several steps to develop their Modern Slavery Framework. The steps include requiring their suppliers to identify modern slavery risks in their respective supply chains, developing and launching training to educate their employees on modern slavery and updating their modern slavery questionnaire to assist suppliers in uncovering further details on modern slavery risks within their businesses.

Information Technology

Our top three suppliers in the IT Hardware sector have submitted their latest modern slavery statements and the top two suppliers also participated in our Supplier Risk Assessment – Modern Slavery questionnaire conducted last year. These two suppliers have published policies on their commitment to international labour and human rights standards as well as mechanisms for their suppliers to comply with standards on human rights, supply chain working conditions, forced labour and human trafficking.

Uniforms and Personal Protective Equipment

The two biggest suppliers of this spend have submitted their latest modern slavery statements through their parent company and were also included in our Supplier Risk Assessment – Modern Slavery questionnaire conducted last year. From their latest modern slavery statement, steps taken to address modern slavery risks include engaging Ethical Clothing Australia, an accreditation body working with local textile, clothing and footwear businesses to protect and uphold the rights of Australian garment workers, and establishing an assurance and quality control team to perform regular audits of their direct suppliers in Asia to ensure that they meet standards in relation to human rights and conditions of work.

Catering, event management and venue hire

Our spend in these categories is relatively small. We deal with a number of small businesses, some of which have provided their responses to our Supplier Risk Assessment – Modern Slavery questionnaire. These suppliers have also read, understood and agreed to comply with the Modern Slavery Act and our supplier code of conduct which contains a section on modern slavery, labour and human rights.

Recruitment services

Our biggest supplier in this category participated in our Supplier Risk Assessment – Modern Slavery questionnaire conducted last year. This supplier has indicated that their labour practices and standards aligned with global initiatives such as the International Labour Organisation (ILO) Convention, the UN Guiding Principles on Business and Human Rights, and the World Employment Confederation. They have a zero-tolerance policy in relation to human trafficking and slavery.

Cleaning and hygiene services

The majority of spend in this category is with a local company which has read, understood and agreed to comply with the Modern Slavery Act and our supplier code of conduct which contains a section on modern slavery, labour and human rights.



4.2 Procurement Framework

We are continuing to refine and enforce our Procurement Framework in order to mitigate modern slavery risks across our procurement lifecycle. Our Procurement Framework sets out the foundation, scope and structure of the procurement process at Sydney Water. It is segmented into four layers, including:

1. Planning: to ensure that the Procurement Framework stays relevant and aligns with Sydney Water's overall objectives and strategic outcomes.
2. Policy and Governance: the Procurement Policy and sub policies provide guiding principles on how procurement and related activities are to be conducted to ensure that we achieve our objectives. The Procurement Policy takes into consideration the requirements of Modern Slavery Act. Policies are enforced and compliance is measured through a governance management regime.
3. Processes and Procedures: these are enacted and continuously reviewed to ensure that our people can achieve the policy objectives.
4. Operational Capabilities and Support: we have created and implemented tools that will support our people to achieve our objectives effectively and efficiently.



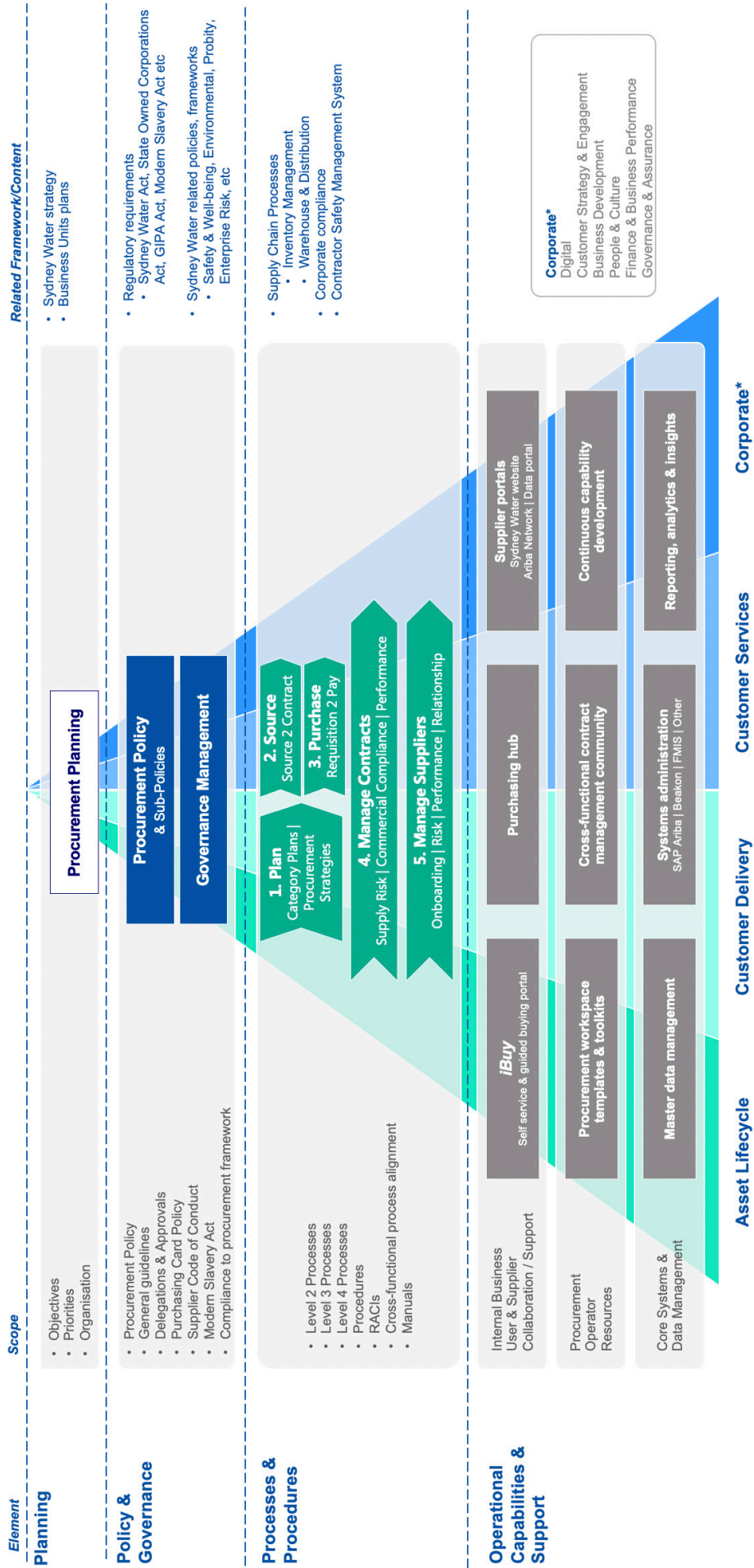


Figure 3. Sydney Water Procurement Framework

Our annual procurement spend is governed by a procurement framework which regulates and provides guidance on our activities to ensure that our buying power promotes our corporate social responsibilities.

The Procurement Policy applies to all employees and contractors who are involved in the procurement of goods, services, and construction activities for Sydney Water.

Our Procurement Policy sets out the following objectives:

- obtain value for money through a balanced assessment of financial and non-financial factors;
- ensure a robust supply market by promoting fair and open competition, underpinned by principles of transparency, probity, and fairness;
- ensure ease of doing business with Sydney Water

operating an effective and efficient procurement process;

- enable Sydney Water to work smarter to support its operational and strategic business requirements by encouraging innovation; and
- contribute to economic development, social outcomes, and sustainability by ensuring that impact to the economy, community and environment are considered throughout the procurement lifecycle.

Procurement processes

As part of our Procurement Framework, we have defined processes across the procurement lifecycle from planning, sourcing, and purchasing to managing contracts and suppliers.

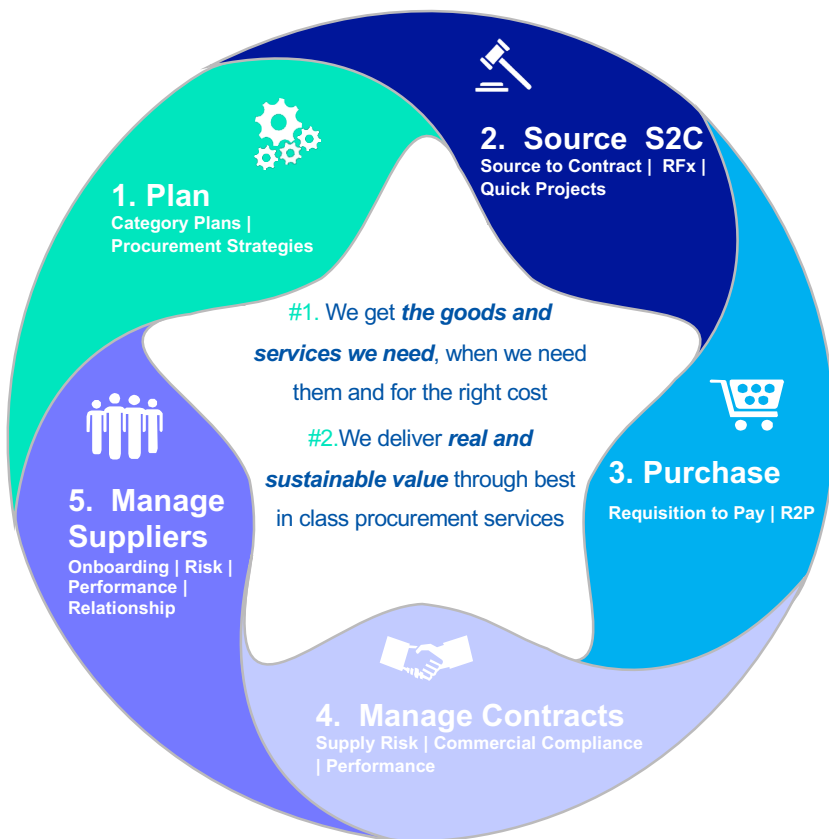
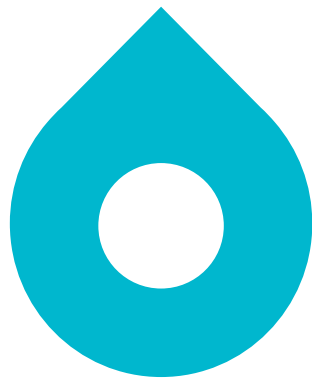


Figure 4. Procurement processes at Sydney Water





1. Plan

As part of the planning stage, we take the opportunity to conduct a risk assessment. The outcome of the risk assessment together with the total value of the procurement is used to work out the most appropriate procurement pathway or market approach. In addition to risk assessments, a procurement strategy may be required for medium or high risk and/or high value procurement activity. The procurement strategy outlines the market analysis and evaluation criteria that takes modern slavery risks into consideration where appropriate. The procurement strategy is subject to approval in accordance with Sydney Water's delegations manual.

2. Source

When a tender exercise is conducted, the tender document sets out the requirement for suppliers to comply with relevant Sydney Water policies. This includes our Supplier Code of Conduct, which explicitly states that *"We also recognise the importance of protecting human rights and oppose all forms of slavery and forced labour. Suppliers must not engage in or be complicit in any practices of slavery"*.

3. Purchase

As part of our pay process, approval in accordance with our delegations manual is required before a purchase requisition is converted to a purchase order. This approval step exists and is enforced for numerous reasons, including ensuring that the purchase order complies with and meets the objectives set out in the Procurement Policy.

4. Manage Contracts

Sydney Water has been implementing a Contract Management Operating Model. The model is designed to enable Sydney Water to manage contracts effectively and consistently across the organisation. The model will enable Sydney Water to achieve the optimal benefits from the contracts while effectively mitigating risks associated with the contracts. The Contract Management Operating Model consists of:

Contract Management Framework, which defines contract management processes across the whole of contract lifecycle as illustrated in figure 5 below.



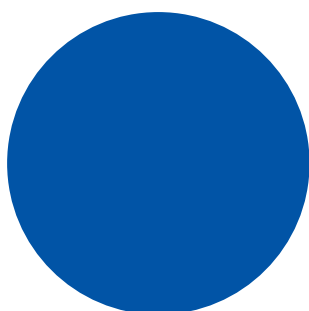
Figure 5. Contract Management Framework

Contract management roles and responsibilities,

where key roles within contract management processes have been defined and identified. This includes the:

- business owner, who is ultimately accountable for the outcome of the contract;
 - contract manager, who is responsible for day-to-day management of contract; and
 - procurement lead, who is tasked with providing commercial support and advice to contract manager throughout contract lifecycle.
- **Contract management practice**, which is a structured collaboration and communication channel, where contract managers across Sydney Water gather to keep themselves up to date with contract management tools, templates, processes and policies, exchange ideas and share learnings and best practice. The aim of the Contract Management Practice is to:
 - improve contract management capability by sharing knowledge and best practice ideas amongst contract managers, educating practitioners about our operating model and compliance requirements, and informing employees and contractors about upcoming training sessions, system changes, and productivity tools;
 - increase collaboration between contract managers and procurement teams and other business groups, and improving engagement and enhance communication amongst contract managers;
 - improve contract management performance to achieve best practice through positive improvements towards meeting KPIs across the enterprise and creating a network to support implementation; and
 - build a community of interest, gather ideas, and feedback, and keep everyone informed and aligned.

Through these initiatives, Sydney Water will have better visibility over our contract activities, the suppliers we engage with, and the practices within the community.



Sydney Water has also implemented Modern Slavery clauses in our supplier contracts. These clauses include requirements that the supplier:

- not engage in activities and practices that would constitute an offence under Modern Slavery laws inside or outside of Australia;
- comply with obligations under the Modern Slavery laws and equivalent legislation;
- implement processes, procedures and compliance systems to ensure compliance with Modern Slavery laws; and
- provide information to enable Sydney Water to comply with its own Modern Slavery requirements.

5. Manage suppliers

As part of our supplier management process, we have implemented the following processes:

Supplier due diligence

Sydney Water has engaged a third-party provider to conduct due diligence on our suppliers. The due diligence process provides information on the location of the supplier, its controlling entity and any legal action pending against the supplier or its directors. This information may prompt Sydney Water to further assess the supplier's Modern Slavery risk.

Supplier registration

For any supplier to transact with Sydney Water, they must complete our supplier registration process to create their profile on our Procurement system. As part of the registration process, suppliers are required to confirm that they have read, understood, and agree to comply with the Modern Slavery Act. Non-compliance is subject to review by the procurement team and may result in a supplier's registration being denied. In addition, suppliers are also required to confirm that they have read, understood and comply with Sydney Water's Supplier Code of Conduct which includes Sydney Water's expectations with respect to modern slavery, labour and human rights.

Supplier prequalification

We have implemented a supplier prequalification process where suppliers are required to confirm and prove that they meet Sydney Water's minimum requirements. As part of the process, we ask suppliers to confirm if they have a Modern Slavery Policy or program in place and where possible, to provide evidence to substantiate their claim.

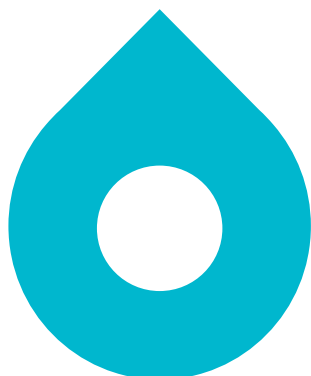
4.3 Risk Monitoring and Remediation processes

Although we have not been made aware of any modern slavery incidents that we need to take actions to remediate, we are continuously monitoring the modern slavery risks in our supply chain by;

- Monitoring news and market updates that may involve modern slavery incidents with suppliers that we are currently using or in our database;
- Conducting modern slavery risks assessments prior to the award of a contract;
- Including modern slavery as part of corruption hotline triage and reporting. The **corruption hotline** is publicly available on our website.

Once we identify a modern slavery risk or incident, we would then apply a remediation process depending on the source of the risk or incident identification. The remediation process can be one of the following:

- If the risk or incident is identified through a news or market update or the corruption hotline, the information will be shared with relevant stakeholders, including the modern slavery working group, procurement manager and contract manager for the relevant supplier and contract. The responsible stakeholders will be identified and required to validate the risk or incident with the supplier, conduct potential impact assessment, and work with the supplier to mitigate the risk or address the incident. If the supplier fails to mitigate the risk or resolve the incident, Sydney Water may suspend or terminate our engagement with the supplier;
- If the risk is identified through pre-contract award risk assessment, the responsible purchasing officer will be required to obtain all necessary information about the supplier's practices and operations in regard to modern slavery. The supplier may be asked to fill in a modern slavery questionnaire that we developed last year. The questionnaire addresses a number of areas, including the following:
 - Whether the company has offshore operations;
 - Source countries of the products and services to be supplied;



- Whether the company has a process or procedure for workers to report without fear of retaliation on matters related to slavery and human trafficking; and
- Whether workers are fairly compensated and work in safe conditions, free from discriminatory practices, as well as have the right to join a trade union.

The information together with the supplier's response to the questionnaire would be reviewed by the procurement effectiveness team. Procurement effectiveness will then issue a recommendation to the purchasing officer to:

- (a) Work with the supplier to mitigate any identified modern slavery risk, or
- (b) Not award the contract to the supplier based on the modern slavery risks identified.

4.4 Raising Awareness of Modern Slavery Internally

Building a strong modern slavery awareness within our organisation is a key to Sydney Water's commitment to combat modern slavery. This year, to mark the International Day for the Abolition of Slavery, a company-wide communication from our General Manager of Finance & Business Performance, was sent out to all employees to emphasise the seriousness of slavery and our commitment to addressing any potential instances of modern slavery in our operations and supply chains. We have also added modern slavery as a recurring topic on our internal communications site to remind everyone that an important step in stopping modern slavery is to increase our knowledge of this practice, to require all of our people to be educated and aware of modern slavery legislation and the implications of modern slavery. Importantly, we are also training our staff on how to avoid contributing to the inadvertent exploitation of others.

4.5 Launching Modern Slavery eLearning Module to All Employees

Last year, we launched a modern slavery eLearning module for relevant employees in the procurement and supply chain teams, supplier relationship managers, contract managers and project managers. Our Learning and Development team together with our modern slavery working group worked closely with an external consultant to create materials to educate employees about all types of modern slavery – human trafficking, slavery, servitude, forced labour, debt bondage, deceptive recruitment and the worst forms of child labour and forced marriage, including through examples and real-life stories.

The training module included ways to support suspected victims of modern slavery. This year, all employees of Sydney Water were provided with the opportunity to complete the eLearning module. The module includes the following components:

- a definition of modern slavery;
- the extent of modern slavery today;
- physical and behavioural signs indicating someone may be a victim of modern slavery;
- causes of modern slavery in supply chains; and
- modern slavery legislation and what it sets out to achieve.

Raising awareness through internal communication and training will remain a primary focus for Sydney Water to ensure that recognising, avoiding and ultimately, eradicating modern slavery is embedded in our day-to-day activities.

4.6 Raising Awareness of Modern Slavery Externally

In addition to raising awareness internally, we have also conveyed our commitment to zero-tolerance for modern slavery to our suppliers. Prohibition of modern slavery is built into Sydney Water's Supplier Code of Conduct, which clearly states that we are committed to implementing a robust strategy to understand and address the risks of modern slavery in our supply chains and meet our obligations under Australian legislation. Our open tenders posted on various external websites including the NSW Government eTendering, Supply Nation and Sydney Water websites now include our commitment to ensuring that individuals are not exploited in the provision of goods and services to or on behalf of Sydney Water, that we want to eliminate the risk of modern slavery in our supply chain, and we only do business with people who share our values.

4.7 Integrating Modern Slavery Risk Assessment in Our Tendering Process

This year, we have incorporated a modern slavery questionnaire into our official tender documents issued to all suppliers interested in doing business with us. The questionnaire helps identify potential modern slavery risks within suppliers' operations and supply chains at the earliest stage of engagement, including:

- risk of offshore operations;
- risk of products and/or services sourced from countries other than Australia;
- plans or actions to further mitigate modern slavery risks;

- how the supplier tracks the effectiveness of actions taken to address modern slavery risks; and
- a given supplier's commitment to work with Sydney Water to address modern slavery risks.

As part of our management control, answers to the questionnaire and information provided by suppliers are analysed by the Procurement team and, based on the assessed risk for each supplier, the team then recommends proceeding unconditionally, proceeding with conditions or not proceeding at all.

4.8 Supplier Prequalification Process Enhancement

We have an online supplier prequalification process where suppliers must confirm and prove they meet Sydney Water's minimum requirements, including those related to modern slavery risks. This year, we have simplified and streamlined the process and updated the sections related to modern slavery. We have focused more on approved policies, procedures and relevant local and international laws outlining a supplier's approach to modern slavery mitigation and reporting in their operations and supply chain, as well as requiring evidence of their approach. All information and relevant documentation are collected. Potential modern slavery risk is flagged to the Procurement team as part of management control. The Procurement team further assesses the risk and recommends whether to proceed to the next step of the prequalification process.



5. How we assess the effectiveness of our actions

The Sydney Water modern slavery working group continues to meet regularly to discuss our actions to eradicate modern slavery practices. The working group is composed of representatives from different areas of the business including Procurement, Legal, Corporate Compliance, Enterprise Risk, Learning and Development, and Communications. We continuously assess the effectiveness of our initiatives to make sure that we are up to date with the requirements of the legislation and current events in this area.

Sydney Water applies an Assurance Management Framework to measure the effectiveness of our controls to manage modern slavery risk. Assurance is coordinated through the three lines of assurance (3 LOA) model. These are:

- **Line 1 - Management control** – assurance activities done at a local level, eg inspection and monitoring or project/contract audits. These are completed at an operational level by relevant subject matter experts or those who can verify technical controls are in place and working eg team leaders, technicians or inspectors.
- **Line 2 - Management oversight** – assurance activities such as management system audits on the delivery of our products, processes and services. External parties and certification bodies engaged by Management Systems teams complete audit forms as part of our 2LOA. These programs are based on risk and provide insights on how well work is being done within set strategies, policies, procedures and compliance obligations.
- **Line 3 - Independent oversight** – are assurance activities completed by the Internal Audit Team, including contractors, with an independent and objective view.

For modern slavery risk, our management controls are:

- The modern slavery questionnaire is part of the supplier onboarding process. Suppliers are required to state their compliance with the Modern Slavery Act 2018 (Cth) and describe the modern slavery risk in their supply chain and operation and actions taken or being taken to mitigate the risks at most steps throughout the supplier onboard process. This includes supplier registration step, pre-qualification step and tender participation step. The supplier's response to these questionnaires is reviewed by the business service team and escalated to Procurement for any modern slavery risk identified from the control. The supplier will not be able to transact with Sydney Water unless they have gone through at least one step and been approved in our Procurement System.
- Our procurement and business services team have been made aware of and are required to

notify a centralised mailbox if anyone suspect that someone is in slavery within Sydney Water's operations and/or supply chain. The mailbox is monitored by the Procurement effectiveness team.

- Our procurement dashboard provides almost-real time information about suppliers that we used, are currently using, or may be considering using, along with associated contracts or purchase orders and relevant or responsible business unit within Sydney Water. This information allows us to identify relevant stakeholders and to conduct an impact assessment as soon as we come across a modern slavery risk or incident.

To measure the effectiveness of our actions to identify and combat modern slavery in our supply chain, Sydney Water:

- Continually assess whether our training is fit for purpose, kept up to date with amendments to the Modern Slavery Act 2018 (Cth), and effective at raising awareness among staff.
- Monitor the modern slavery awareness training participation rate across Sydney Water.
- Monitor supplier's confirmation of their compliance with the Modern Slavery Act 2018 (Cth) prior to the onboarding confirmation.
- Monitor supplier-prequalification approval rate. The pre-qualification approval takes into consideration whether suppliers have approved policies, procedures that outline their approach to mitigate and report on Modern Slavery in their operations and supply chain.
- Continually assessing our engagement processes with suppliers and taking a step to strengthen the process to identify and manage modern slavery risk as early as possible.
- Monitor a purposely created centralised mailbox for anyone to report any suspicion of modern slavery incidents .
- If Sydney Water is made aware of any supplier that may be subject to a modern slavery risk or incident within their operations or supply chain, Sydney Water will contact the supplier to seek further information. Sydney Water will monitor the supplier's responsiveness and ability and willingness to work with Sydney Water to validate and address the modern slavery risk or incident.
- Planned to commence our broader engagement with the Water Services Association of Australia where we can start comparing and measuring each other's activities in managing modern slavery risks.

6. Consultation

Sydney Water does not own or control any other entities, form part of any other trading entity or engage in joint ventures.

7. Other relevant information

The NSW Parliament passed an amendment Act which fixed 1 January 2022 as the commencement date of the Modern Slavery Act 2018 (NSW) (the NSW Act). The NSW Act makes provisions with respect to slavery, slavery-like practices and human trafficking and provides for the appointment and functions of an Anti-slavery Commissioner.

The NSW Act places the following further obligations on Sydney Water:

- a statement to be included in the Sydney Water Annual Report on the steps taken to ensure goods and services procured were not the product of modern slavery and addressing any issues raised by the Anti-slavery Commissioner;
- publish a copy of the Modern Slavery Statement on our website each year;
- give the Anti-Slavery Commissioner written notice that the statement has been published on our website.

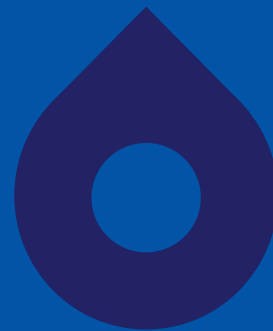
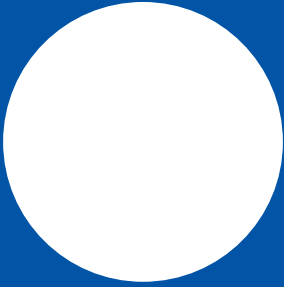
We will include a Modern Slavery section that addresses the NSW Act requirement in the Sydney Water Annual Report starting from 2021-22 onwards.

Sydney Water continues to collaborate with Hunter Water and WaterNSW in sharing information and best practice around eradicating modern slavery. In the next fiscal year, we are also engaging with Water Services Association of Australia, the urban water industry's peak industry body to facilitate collaboration, knowledge sharing, networking and cooperation with respect to reducing the risk of modern slavery.

8. Approval

This Modern Slavery Statement was approved by the Sydney Water Board of Directors at their 26 October 2022 meeting.





Contact us

Call us on 13 20 92

Write to us at Sydney Water PO Box 399, Parramatta NSW 2124


Report a leak or fault on 13 20 90

Visit us online at [sydneywater.com.au](https://www.sydneywater.com.au)

Follow us

 facebook.com/sydneywater

 [@SydneyWaterNews](https://twitter.com/SydneyWaterNews)

 [sydneywater](https://www.instagram.com/sydneywater)