

Hunter Water



Modern Slavery Statement

2023-24



Acknowledgment of Country

Hunter Water acknowledges the Traditional Countries of the Awabakal, Darkinjung, Geawegal, Wonnarua and Worimi peoples and the Countries on which we operate and beyond where our water flows.

We recognise and respect the cultural heritage, beliefs and continuing connection to the lands and waters of our Traditional Custodians and pay respect to their Elders past, present and emerging.



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Our commitment

At Hunter Water, we are committed to creating a sustainable water future for all, and this includes ensuring that we are proactively taking steps toward combating modern slavery in our operations and our supply chains.

Modern slavery is a critical issue that affects millions of people globally, including supply chains linked to Australian businesses.

We aim to ensure that we do not commence or continue partnerships or agreements where modern slavery exists or where modern slavery practices are facilitated or tolerated in partner operations and our supply chains.

We seek to work in collaboration with industry and supply partners to establish coordinated approaches and enact appropriate protocols for managing identified or potential modern slavery risk, and for minimising harm.

Eradicating modern slavery from our supply chains and in our operations is our objective. Our fifth Modern Slavery Statement demonstrates the foundational advancement we have made in progressing this commitment, and the actions we have undertaken to embed modern slavery risk management into our corporate practices, procedures and behaviours.

We recognise that there is still much to do. We commit to continuing to monitor and improve our practices; engage with our stakeholders to better inform and take meaningful action to address modern slavery risks in our operations, supply chains and external environment; and contribute to the global fight against exploitation.

A letter from the Hunter Water Board of Directors



Geoff Crowe
Chair



Darren Cleary
Managing Director

Dear Commissioner

We are pleased to submit Hunter Water Corporation's fifth Modern Slavery Statement to the Australian Government Attorney General's Department for publication on the Online Register for Modern Slavery Statements as required in accordance with the *Modern Slavery Act 2018* (Cth).

Hunter Water Corporation operates to deliver reliable, safe, quality water and wastewater services to our community in partnership with our landholders, suppliers and stakeholders.

Our fifth Modern Slavery Statement demonstrates our ongoing commitment to identifying, assessing, and addressing modern slavery risks throughout our operations and supply chain. Our approach to understanding and combating modern slavery requires commitment from the highest levels of our organisation and is given a priority focus from our Executive Management Team and Board of Directors.

During the 2023-24 reporting period, we have continued to build on the efforts undertaken during the previous four reporting periods, strengthening and implementing measures from our Modern Slavery Action Plan and Road Map. This has included building on our awareness training for our people and for our key supply partners, and embedding principles of modern slavery risk management into our procurement activities to ensure that this is not just a priority for Hunter Water, but intentionally actioned and measurably delivered by our supply chain as well.

This statement has been approved by our Executive Management Team and the Hunter Water Board of Directors.

A handwritten signature in black ink that reads "Geoff Crowe".

Geoff Crowe
Chair

A handwritten signature in black ink that reads "Darren Cleary".

Darren Cleary
Managing Director

Who we are

Hunter Water is proud of the important and significant contribution we make to the health, wellbeing and prosperity of our region. Initially established in the 1880's to protect public health for the City of Newcastle, we have grown to be the trusted provider of high-quality water services for a population of over 630,000 across the Lower Hunter region.

This proud history has put us in good stead to meet the challenges that lay ahead – a growing population, a more variable climate, and growing economic pressures to name a few. And while the future is uncertain, with it comes great opportunity, particularly in areas such as digital transformation, innovation, and new technology. Customers and community are at the heart of all we do, and we have been talking with our customers and community to understand what is important to them; for today as well as the future. We are reflecting these values and views in the decisions we make so that we deliver outcomes they trust and value. We aim to anticipate their diverse and changing needs and will always do what we say we will do.

At Hunter Water, our people are passionate about water. We aspire to be a trusted, innovative organisation, underpinned by our values of learning, leading, trust, inclusion, and wellbeing. We are committed to building trusted relationships with our people, partners, stakeholders, customers, and community so that together, we can deliver a sustainable, resilient, and prosperous future for our region.

Our structure

Hunter Water is governed by a Board of Directors appointed by voting shareholders, the NSW Treasurer and Minister for Finance and Small Business. Under the Hunter Water Act 1991, the Hunter Water Board of Directors comprises up to nine members including the Managing Director, Chair and seven independent Non-Executive Directors.

We have a strong corporate governance framework that underpins our strategic objectives and commitment to our customers, and the community.

Our values

Our values: Learning, Inclusion, Leading, Wellbeing, Trust, define the culture we want to embed in everything we do at Hunter Water. They are who we are as an organisation and how we behave. Our values help guide our decisions, balance our priorities, connecting us to achieve our vision. They are part of everything we do.

Our vision and purpose

Water is life. We are creating a sustainable water future for all.

- We are here for our customers and community.
- We are passionate about water
- We care about our people
- We aspire to be trusted partners
- We are champions for a sustainable future

What we do

Hunter Water provides safe, reliable, high-quality drinking water to more than 630,000 people in homes and businesses across the Lower Hunter. We also provide wastewater, stormwater, trade wastewater, recycled water and raw water services.

Hunter Water is a regulated provider of essential services. We were the first State-Owned Corporation (SOC) to be proclaimed within New South Wales pursuant to the *State Owned Corporations Act 1989* and operate under a set of rules and regulations from a range of government agencies, including the NSW Environment Protection Authority (NSW EPA), NSW Health, Safework and the Independent Pricing and Regulatory Authority (IPART).

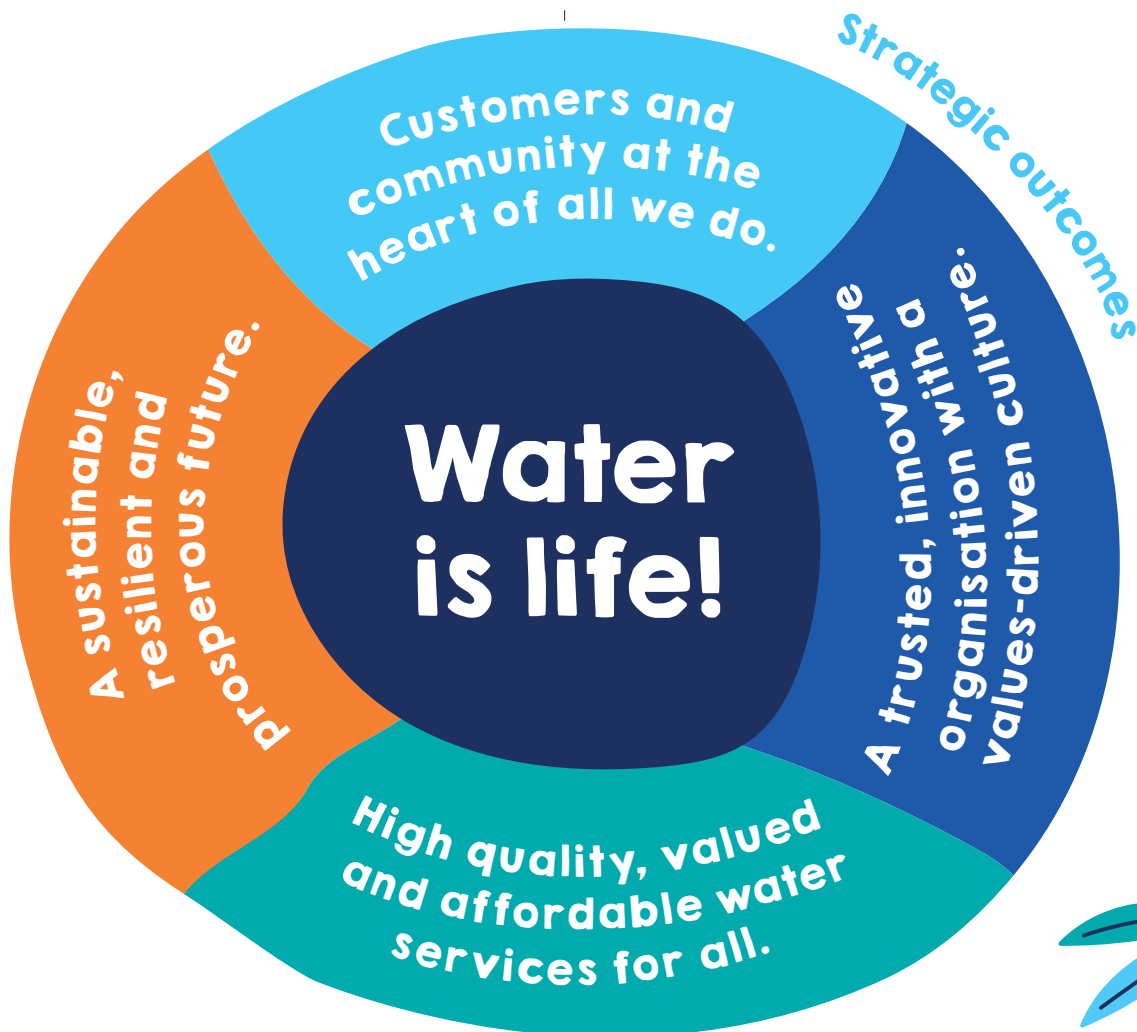
Our area of operations is 6,671km² and includes the local government areas of Cessnock, Dungog, Lake Macquarie, Maitland, Newcastle, Port Stephens, and a small part of Singleton. The Lower Hunter is a vibrant, diverse and growing community. From a thriving metropolis to small towns; from new arrivals to the most ancient culture of all. From some of the world's largest companies to our smallest sporting clubs and community groups – everyone relies on water.

For more than 130 years we have worked with and in our community to deliver trusted services, innovating to meet the changing needs of our growing region, while protecting its health for future generations.

Our employees help deliver the life our communities desire, working closely with contractors, stakeholders and the community to manage an asset base of over \$3.6 billion of water, wastewater and recycled water infrastructure. Our highest priority is, and always will be, the health, safety and wellbeing of our people, contractors and community.

Our vision and purpose

Water is life.
We are creating a sustainable water future for all.



Map of area of operations and Traditional Boundaries



Our commitment to the United Nations Sustainable Development Goals (SDG)



Hunter Water is committed to advancing the United Nations Sustainable Development Goals (SDGs). Through our Corporate Strategy, Miromaliko Baato, and its supporting strategies, we are helping to make our region more liveable, economically and environmentally sustainable, and more supportive for those facing social challenges.

Hunter Water is a member of the Hunter Region SDG Taskforce, a group of motivated businesses, non-for-profits, local councils, and other government bodies who share an ambition to achieve the United Nations' SDGs.

Through its strategies and partnerships, Hunter Water is advancing the following SDGs:



No poverty – we aim for our water to be affordable for all; with programs in place to provide assistance to those in need



Sustainable cities and communities – we are future focused; a more sustainable water future for all underpins our vision and purpose



Good health and wellbeing – high quality water services underpin the public health of our community and help provide green spaces for everyone's health and wellbeing



Responsible consumption and production – water is precious and we'll continue to champion the true value of water



Clean water and sanitation – building on our 130 year legacy, we are focused each day on delivering safe, reliable and affordable water services



Climate action – we're committed to a net zero target, and will continue to collaborate with partners and stakeholders to respond to the impacts of climate change



Affordable and clean energy - we're taking advantage of renewable energy opportunities through our solar and waste to energy programs



Life below water – we are committed to reducing our impact on waterways; by minimising what we take and the sustainable management of wastewater flows



Industry, innovation and infrastructure - we're working closely with our industry partners to provide the right solutions at the right time to support the prosperity of the region



Life on land – we are committed to minimising our impacts and maximising opportunities to protect and restore the environment



Reduced inequality – we recognise equality and diversity creates better outcomes for all. Inclusion is one of our core values.



Partnerships for the goals – we're focused on building trusted partnerships with our people, partners, customers and community to deliver great outcomes for our region



In our organisation

Hunter Water has undertaken detailed reviews to understand the extent of Hunter Water's exposure to modern slavery in our supply chains. This has included identifying potential high-risk areas for modern slavery, with consideration to geographical risk, sectoral risk and supplier risk. We review and revise these risks periodically to ensure that they remain up to date and effectively managed over time.

The *Modern Slavery Act 2018* (Cth) Guidance identifies the following organisational risk indicators:

- The use of unskilled, temporary, seasonal labour or child labour
- The use of short-term contracts and outsourcing
- The use of foreign workers, temporary or unskilled workers, to carry out functions that may be less visible such as night work or remote locations
- Recruitment strategies that target marginalised or disadvantaged communities
- The use of labour from countries that have a high prevalence of modern slavery or human rights violations or countries that have not ratified international conventions relevant to modern slavery.

According to the Global Slavery Index, the risk of modern slavery in Australia is lower than many other jurisdictions. The workforce composition at Hunter Water is Australian-based. All of Hunter Water's employees are engaged under either a Fair Work Commission approved enterprise agreement or a common-law individual contract that has been developed so as to address Australian employment standards and practices.

From time to time, we have a number of university students undertaking work experience roles in accordance with Australian workplace laws.

A Labour Hire Panel Contract arrangement is in place for short-term contract-based employees. It contains requirements for contract employees' employment conditions to be in accordance with Australian workplace legislative requirements. Labour hire suppliers were appointed to the Panel following a detailed assessment of their recruitment and labour practices to ensure any labour risks, including modern slavery, were appropriately mitigated. There are also a small number of individual contractor arrangements in place where the terms and conditions meet procurement standards.

As a result of our employee profile and practices, we have assessed our organisational modern slavery risk as low.






In our supply chains

During 2023-24, Hunter Water payments to suppliers totalled \$371 million. Almost all of Hunter Water's spend is undertaken with suppliers based in Australia, where the risk of modern slavery is low.

There are, however, categories of goods and services that Hunter Water procures that have a higher risk of modern slavery. This is based on the geographic origin and/or industry sector as identified and categorised under the globally recognised modern slavery risk assessment approach employed by the Global Slavery Index. These suppliers and their supply chains will continue to require ongoing engagement to ensure that modern slavery risks are identified, assessed, and addressed.

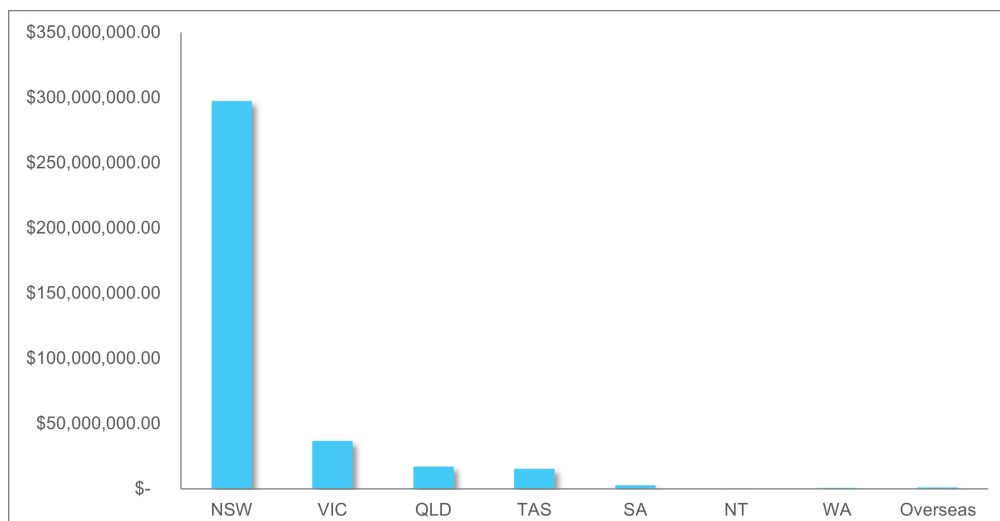


Hunter Water's key categories of procurement spend

Category	Includes but not limited to	% of total procurement spend
 Infrastructure & construction	Capital Infrastructure Projects	36%
 Maintenance & operations	Costs to operate and maintain infrastructure and include maintenance services; meters, associated services and equipment; fleet; chemicals; energy; traffic management services; pipes, accessories and consumables; plant and equipment hire.	32%
 Corporate services	Professional services; facilities and site management; contingent labour; marketing and media; logistics; freight; postage; financial services; learning and development; catering; uniforms; stationery; travel; insurance.	26%
 Information Technology	Computer hardware and accessories; software and licensing (including as a service); managed services.	5%
 Waste services	Waste management services	1%

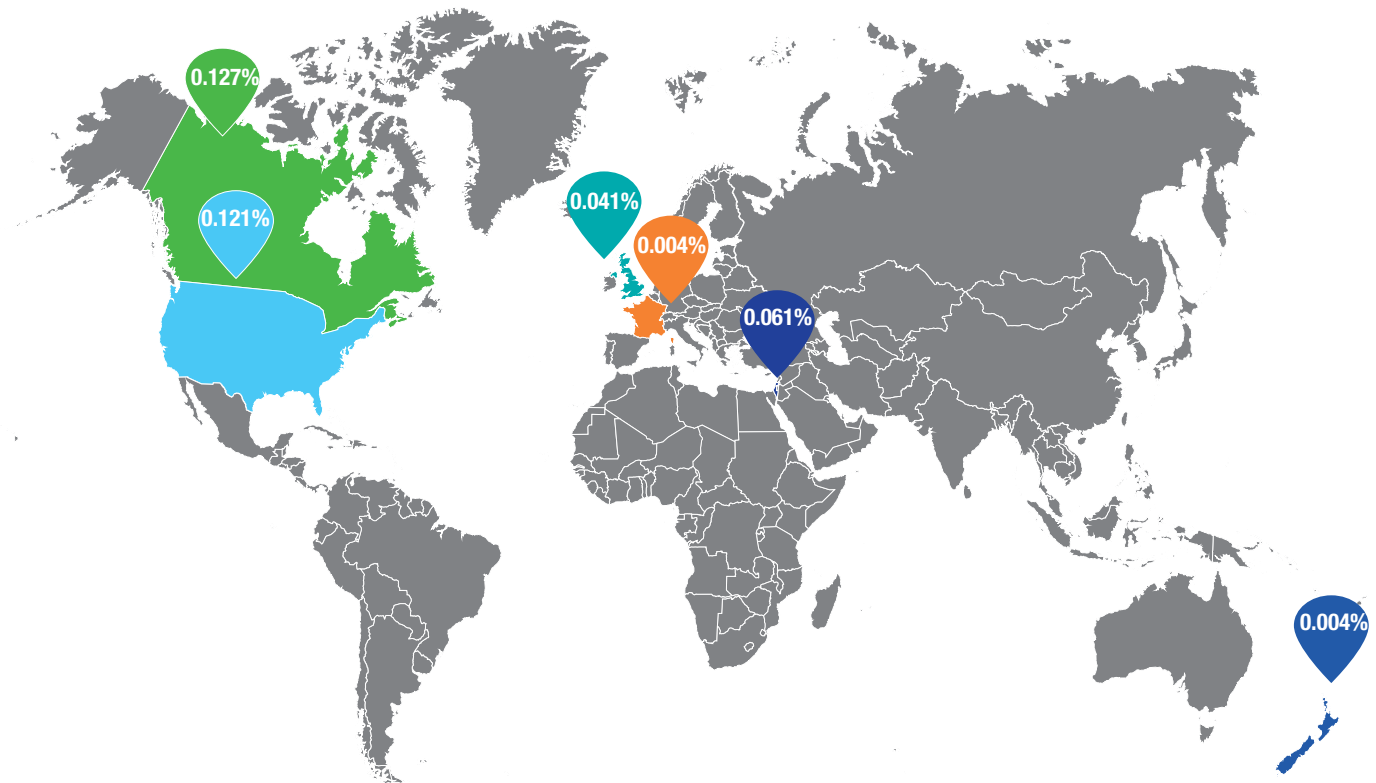
Hunter Water maintained a supplier base of 1,075 suppliers during the reporting period. Hunter Water are committed to procuring goods and services from local suppliers, and as evidenced by the data below, approximately 99.7% of our \$371 million supplier spend in 2023-24 was with suppliers located in Australia.

Hunter Water's spend at a glance



The remaining 0.26% is attributed to a total of 6 overseas suppliers located across the following regions: North America; Europe; Middle East; and Asia Pacific.

FY2024 overseas spend at a glance



Global supply environment and modern slavery risks

Over 2023-24 and previous reporting periods, we have generally observed global manufacturing disruptions, freight and logistics delays and product and raw materials shortages as well as high inflation. This has led to an escalating risk of;

- increased supplier insolvency risks
- higher supply costs and
- increased product lead times
- lack of product availability

To address the above risks, we have occasionally needed to source alternative products or engage alternative suppliers. This has the potential to increase our modern slavery risk profile in our supply chains.

In recognition of the increased risk, Hunter Water has taken the following actions to mitigate this risk:

- Updating policies and procedures to include modern slavery compliance requirements.
- Continuing our delivery of training programs to increase awareness of modern slavery risks and capacity among our people and suppliers.
- Amending contract templates to include modern slavery compliance requirements.
- Incorporating modern slavery risks in tender scope development and evaluation criteria.
- Developing and embedding our Supplier Partnership Principles and Supporting Supplier Assessment Schedules as detailed in our Modern Slavery Action Report Card.
- Participating with our industry to develop a Modern Slavery Risk Assessment tool as detailed in our Modern Slavery Action Report Card.
- Conducting supplier briefing sessions on the Supplier Partnership Principles and Supplier Assessment Schedules to explain the purpose and clarify expectations.
- Ensuring our grievance mechanisms, such as our Whistle blower service, remain accessible and effective for our people, suppliers and the public.



Our modern slavery action plan

What we have done

During the 2023-24 reporting period, we continued to build on our achievements reported in the previous submissions as well as identifying new and future actions. Our maturity towards integrating modern slavery risk management across our operations and supply chain are highlighted in the Modern Slavery Report Card, as shown on the following page.

What we will do

Our Modern Slavery Report Card continues to guide our modern slavery due diligence processes which are core in ensuring an effective approach to identify, prevent, mitigate and account for modern slavery risks in our operations and supply chain.

Our Modern Slavery Report Card includes the actions we have completed, are currently progressing as well as the actions we aim to achieve over the next reporting period. These are broadly categorised into five focus areas covering:

Risk identification and planning



Awareness and training



Collaboration and engagement



Governance and risk mitigation



Resources



While we have undertaken a number of actions across the last five reporting periods, we recognise that to achieve our goal of ensuring that our operations and supply chain are free from modern slavery that more work is needed to drive continuous improvement of our modern slavery risk management. We also recognise that embedded change and improvements requires dedicated time and effort.

Hunter Water has commenced recruitment for a dedicated Supply Chain Manager, charged with embedding and enhancing modern slavery risk management toward best practice in our policies and procedures, and in partnership with our supply chain. This ongoing position is set to commence from January 2025.

Modern slavery report card



Focus area	Action	Details	Year	Status	
Risk Identification and Planning	Gap Analysis	Undertake detailed organisational gap analysis and a supplier data analysis to identify potential modern slavery risks and mitigation actions within our operations and supply chains	2019-20	100%	
	Modern Slavery Action Plan	Develop, implement and report on an organisational-wide modern slavery Action Plan Road Map based on the gap analysis learnings to build and continually improve our modern slavery mitigation activity over a 3-year period. To be endorsed by the Executive Management Team	2019-20	100%	
	Modern Slavery Risk Supplier Assessment	Establish a tool and set of questions/criteria for assessing supplier modern slavery risk and a hierarchy of risk management actions based on risk assessment. *See case study 1 for details	2021-22	100%	
Awareness and Training	Awareness Training	Implement Modern Slavery Awareness training for members of our Executive Management Team and key Contract Managers/Procurement Staff.	2024-25	0%	
	Supplier Partnership Principles	Establish and launch the Supplier Partnership Principles to set out our expectations of our partner suppliers and require our suppliers to provide information regarding the identification and mitigation of modern slavery risks, including hidden labour exploitation.	2019-20	100%	
	Awareness and Training	Develop and implement mandatory training module for all staff and contractors at Hunter Water.	2020-21	100%	
	Supplier Forum	Develop and deliver supplier awareness training to our key construction, civil and electrical maintenance works supply partner.	2020-21	100%	
Collaboration and Engagement	Water Utility Sector Collaboration	Establish/join collaborative industry sector groups to facilitate collaborative modern slavery information sharing and action. *See Section 5 Collaborative Action for details.	2020-21	100%	
	Hunter Water Inter Department Collaboration	Establish a Sustainable Procurement Working Group with representatives from across several functions within our business who are responsible for the implementation and ongoing monitoring of sustainable procurement objectives, including the Modern Slavery Action Plan.	2020-21	100%	
Governance and Risk Mitigation	Sustainable Procurement Working Group	Establish a Sustainable Procurement Working Group with representatives from across several functions within our business who are responsible for the implementation and ongoing monitoring of sustainable procurement objectives, including the Modern Slavery Action Plan. The Working Group will have accountability to the Group Manager Commercial & Procurement and provide progress updates to the Procurement Committee.	2020-21	100%	
	Supplier Sustainability Assessment Schedule	Hunter Water established this assessment process to assess supplier maturation on a number of sustainability focus areas including labour practices, modern slavery risk management and compliance in support of the Supplier Partnership Principles.	2019-20	100%	
	Governance and Risk Mitigation	Establish an independent and confidential Whistle Blower Service to facilitate reports of misconduct, including actual or suspected instances of modern slavery, for all employees, contractors, tenderers, suppliers, agents, and their employees.	2020-21	100%	
	Contracts and Policy Review to Include Modern Slavery Legislative Requirements	Amend Hunter Water suite of Contracts to include clauses for compliance with modern slavery requirements, scaled to the relative risk and value associated with the contract terms. Amended Hunter Water internal policies and procedures to embed consideration of modern slavery risks into our business, such as the Conflicts of Interest policy.	2024-25	25%	
	Labour Hire Panel	Establish a Labour Hire Panel tender to ensure tender responses incorporated consideration of the robustness of processes to mitigate the risk of modern slavery, labour exploitation, and human rights abuses of the respondents.	2020-21	100%	
	Modern Slavery Enterprise Risk Management Incorporation	Establish a Modern Slavery Risk Management approach incorporated into Hunter Water's Enterprise Risk Management Framework and tool. *See case studies for details	2020-21	100%	
	Modern Slavery Risk Triage Protocol	Establish organisational protocols for triage, response, and investigation and close of actual or suspected incidents of modern slavery in Hunter Water Supply Chains	2020-21	100%	
	Modern Slavery Audit	Commission of a review into the level of maturity in embedding modern slavery risk management commitments into Hunter Water practices	2022-23	100%	
	Modern Slavery Audit recommendations	Review, prioritisation and implementation of recommendations from the Modern Slavery Audit are being undertaken with key actions to be incorporated into the 23-24 Modern Slavery Action Plan. Focus will be given to the following areas ranked as Improving under the Modern Slavery Maturity Model of Assessment in the audit:*See case studies for details	2023-24	25%	
		Risk Management Integrate Human Rights and Modern Slavery into the Enterprise Risk Management (ERM) Principles. Conduct a comprehensive modern slavery risk assessment, establish mutually exclusive and collectively exhaustive controls, and define clear governance for managing modern slavery risks.			
		Supply Chain Management Ensure procurement controls are comprehensive and exclusive. Enhance due diligence for high-risk suppliers, embed industry and geographic risk ratings into procurement systems, and assess high-risk suppliers for potential modern slavery or human rights abuses.	2023-24	50%	
		Monitoring and remediation Align grievance mechanisms with UNGP principles: develop collaboratively with stakeholders, ensure rights compatibility and accessibility, and integrate lessons learned into operational changes. Require suppliers to report any modern slavery instances in their operations and supply chains. *See case studies for details	2024-25	50%	
Resources	Dedicated resource	Establish a position that is dedicated to Modern Slavery risk management.	2024-25	0%	

Hunter Water understands that having a collaborative approach to modern slavery risks internally, regionally and within our industry helps to drive awareness and supports greater effectiveness and efficiency through consistent supply chain management.

Hunter Water has established and participated in the following collaborative forums to promote consistency and leverage economies of scale in identifying and mitigating Modern Slavery risks:

- Regional Water sector working group with to share our modern slavery journey and investigate options for collaborative modern slavery action.
- Water Service Association of Australia (WSAA) Modern Slavery Joint Action Group.
- Attorney General's Department Modern Slavery Act Review Consultation facilitated by WSAA, and contribution to WSAA Joint Submission on the Modern Slavery Act Review to the Attorney General's Department, highlighting the need for greater definition, improved modern slavery reporting resources and guidance and minimum standards for modern slavery statement compliance.

Hunter Water supplier collaboration

Hunter Water utilises panel arrangements with Australian suppliers for standard procurement activities. We currently have a panel engagement with five construction delivery partners that deliver the capital infrastructure projects. We meet with each of these providers to discuss and understand the systems and processes each one had in place to identify and manage modern slavery.

Through this collaboration, Hunter Water has highlighted the need for greater mandatory risk management across our panel supply chain members and has helped to guide and develop a system of reporting that works for our suppliers.



Driving collaborative modern slavery approaches in supply partnerships

Through the delivery of our Modern Slavery Action Plan and our Report Card, we have embedded Modern Slavery risk identification and assessment into our procedures and policies. We have engaged collaboratively with our supply chain providing awareness training. We have also embedded modern slavery risk management practices into our standard tendering assessment process, as well as including clauses into our contracting frameworks.

In addition to this, we apply a targeted approach in our procurement practices to include specific modern slavery tendering criteria to categories of spend that we know through our risk assessments have a higher risk for modern slavery, for example Personal Protective Equipment (PPE).

By embedding modern slavery compliance into the tender evaluation criteria, Hunter Water demonstrates its commitment to ethical sourcing, safeguarding vulnerable workers, and maintaining integrity within its supply chain.

Hunter Water's Enterprise Risk Management System

In May 2023, Hunter Water launched a new enterprise-wide risk management system (Protecht) and has embarked on a new risk taxonomy.

Modern Slavery Risks have now been explicitly included as part of the Annual Risk Assessment. The following eight (8) potential risk events are named with inherent likelihood, consequence, risk level and control effectiveness described as part of the enterprise risk management framework.

- There is a risk that insufficient monitoring of labour practices, particularly among suppliers in regions with high modern slavery risks, could result in unintentional complicity, affecting the Hunter Waters' reputation and regulatory compliance.
- There is a risk that failure to thoroughly identify and address potential exploitation within Hunter Water's supply chains, as required by Australia's Modern Slavery Act, could result in unaddressed instances of forced or child labour, leading to regulatory non-compliance and reputational damage.
- There is a risk with the use of a third-party contractors for tasks such as construction, maintenance, and landscaping. These contractors may sometimes use subcontractors, increasing the risk of unmonitored labor practices and potential exploitation, particularly if local regulations around labor rights are not adequately enforced.
- There is a risk that construction projects and infrastructure development involve significant labour for construction, manufacturing, and transportation of heavy materials. This sector, particularly where subcontracting occurs, is prone to modern slavery risks as labourer's may be subjected to unsafe work conditions, underpayment, or exploitative work arrangements.
- There is a risk that procurement of apparel and personal protective equipment (PPE) for employees may come from supply chains where labour rights abuses are prevalent. Risks are heightened in apparel manufacturing industries, particularly when sourcing from regions known for exploitative labour practices.
- There is a risk that maintenance and cleaning services, often subcontracted, may involve casual or migrant labour, making workers more vulnerable to modern slavery practices such as wage theft, unfair hours, and poor working conditions.
- There is a risk that failing to effectively address modern slavery concerns within Hunter Water's supply chain could harm the organisation's public image and diminish stakeholder trust, undermining its corporate responsibility and reputation for transparency.
- There is a risk of increasing use of technology for monitoring, data collection, and operations. Electronics, such as sensors and control systems, often involve supply chains where modern slavery can be present, especially in the mining of raw materials like cobalt and lithium and the assembly of electronic components.

The new risk taxonomy is anticipated to be adopted in March 2025.

Additionally, Hunter Water has a subscription for compliance monitoring of modern slavery obligations, which has been integrated into the risk management system (Protecht). This enables compliance checks against legislative changes, detail the strategies and actions to assess risks in operations and supply chains, as well as supporting the development of future modern slavery statements.

Modern slavery supply chain incident

As reported in our 2022-23 Modern Slavery Statement, in August 2022, Hunter Water became aware of forced labour allegation pertaining to second and third tier suppliers in the Malaysian glove industry.

While investigations were able to clearly demonstrate that the Hunter Water purchased product in question was not associated with the forced labour allegations, a further learning from this incident (in addition to those described in our 2022-23 Modern Slavery Statement) informed the evaluation approach to a recent Personal Protective Equipment (PPE), footwear, and corporate clothing procurement activity to ensure that supplier modern slavery risk management processes was a key consideration in appointing a supplier who has appropriate risk management systems appropriate to the risk profile of this supply chain sector for Hunter Water.

Steps taken:

Hunter Water immediately commenced the following actions to investigate the incident:

- Discussion with the first and second tier suppliers to understand the actual risk.
- Investigation into allegations identified allegations related to another supplier of our second-tier supplier that does not supply product to Hunter Water.
- Formal request for documentation on modern slavery risk management processes.
- Review of first and second tier suppliers' modern slavery risk mitigation practices and actions.
- Agreed action plan with tier 1 supplier to improve modern slavery risk mitigation practices which has commenced with significant progress achieved during the current reporting period.

Results:

The investigation identified that the product purchased by, and supplied to Hunter Water was not associated with the forced labour allegations, however the incident and the subsequent investigation helped to identify the need for a formal process to manage modern slavery incidents.

Learnings:

- Hunter Water has taken the opportunity to learn from this incident and formalise a risk identification and triage protocol which has now been incorporated into our corporate Risk Management System
- Through direct engagement and collaboration with this small to medium supplier, we have grown our knowledge of the modern slavery risks in our supply chain and jointly improved modern slavery risk mitigation practices.
- The learning from this incident informed the evaluation approach to a recent Personal Protective Equipment (PPE), footwear, and corporate clothing procurement activity to ensure that supplier modern slavery risk management processes was a key consideration in appointing a supplier who has appropriate risk management systems appropriate to the risk profile of this supply chain sector for Hunter Water.

Modern slavery audit

In November 2022, Hunter Water commissioned an external review assessing the extent to which modern slavery risk and corresponding controls are managed and embedded within Hunter Water applying the United National Guiding Principles on Business and Human Rights and industry best practice to address the identified gaps in control design and embedment. This work focused on:

- Risk management advisory to identify opportunities to improve controls and implementation; and
- Remediation and remedy to uplift Hunter Water’s approach to remediation and remedy of human rights abuses.
- Conduct background research to form an evidentiary basis for best practice in remediation.

By applying a modern slavery maturity model that leverages the UN Guiding Principles on Business and Human Rights, the review focused on the integration of modern slavery commitments across the organisation using a sliding scale of maturity against 6 Principles. The review highlighted that at the time of the review, the current state showed Hunter Water achieving between Mature and Improving across all Principles.

Nil	Basic	Improving	Established	Mature	Leading
No action	The minimum we would expect to see as evidence that an organisation is taking action	Moving beyond a compliance driven response towards a standard approach	Embedded modern slavery accountability into a tangible framework	Taking the response from internal alignment to engaging with civil society of social issues	What we would expect to see as evidence that an organisation has fully committed to excellence

1. Public Commitment - **Mature**
2. Policies & Governance - **Established**
3. Workforce & Operations - **Mature**
4. Risk Management - **Improving**
5. Supply Chain Management - **Improving**
6. Monitoring and remediation - **Improving**

The key themes of the audit recommendations were:

- Supply Chain Management Improvement Considerations
 - Adoption of formal risk rating system
 - Implement mandatory assessment mechanisms to assess second and third tier supply chain risks for high-risk supply categories.
- Risk Management Improvement Considerations
 - Include modern slavery within the principles of Enterprise Risk Management Approach
 - Integrate lessons learned mechanisms to share incites.
- Monitoring and Remediation Improvement Considerations
 - Consider victim centred approach to grievance mechanisms
 - Consider remediation mechanisms which include effective and appropriate victim restorative remedies.

Hunter Water is currently progressing a review of the recommendations provided and prioritisation of actions in our Modern Slavery Action Plan to continue maturing the embedment of modern slavery risk management practice in our organisation.

At Hunter Water we evaluate our progress to assess and address modern slavery risk through the review of our action plan. As above, the report card highlights the status of the action plan.

In assessing the effectiveness of our actions, the following has been undertaken;

Training

Modern Slavery Awareness training is a module that has been set up as mandatory on-boarding training for all Hunter Water employees and contractors as part of the compulsory induction training. This training module went live on 17 May 2022, and is monitored on a regular basis, currently 98.5% of Hunter Water's workforce at the time of this report have completed this training. The below represents an accumulative figure of Hunter Water employees, current and former who have undertaken this training.

Supplier partnership principles

Hunter Water has well established and embedded Supplier Partnership Principles and a Sustainability Assessment Schedule, which is issued as a part of tender processes to ensure that Hunter Water engages with suppliers that meet a minimum level for sustainability. The gathering of this data during the tender phase provides Hunter Water with insight into supplier obligations and identified opportunities for working with suppliers on common modern slavery risks. The gathering of this data during the tender phase has provided Hunter Water with insight into supplier obligations and identified opportunities for working with suppliers on common modern slavery risks. We have been able to implement key performance measures on supplier contracts, which link to sustainability and the development of sustainability plans for specific tendering activities. This enables Hunter Water the opportunity to work with Suppliers on broad sustainability aspects, including human rights issues such as modern slavery. These processes continue to mature through continued collaboration and engagement of our suppliers on major contracts and by incorporation in our Corporate Strategy Framework and our Sustainability Strategy.

Water utility sector collaboration

Hunter Water participates in the Water Services Association of Australia's Modern Slavery Joint Action Group. We have considered opportunities to leverage the collective working group in securing a platform to share common modern slavery risk management. We recognise the importance of ongoing industry-wide collaboration to ensure our common supply chain risks are assessed and addressed systematically.

Modern slavery audit

During 2023-24, an audit was conducted to assess the extent to which modern slavery risk and corresponding controls are managed and embedded within Hunter Water. This review considered the United National Guiding Principles on Business and Human Rights and industry best practice to address the identified gaps in control design and embedment. The audit recommendations were progressed during the 2023-24 reporting period. We recognise our opportunities for improvement and that there remains more to do.

Lessons learned

During 2023-24, We reviewed our effectiveness in continued action to embed and enhance modern slavery risk management into our processes and in partnership with our supply chain. We recognise that while a lot of work has been done over the last five reporting periods, there is a need to actively mature our modern slavery risk management framework both internally and in collaboration with our supply partners. We also recognise that dedicated resources are key to our success in achieving our goal to eradicate modern slavery from our operations and supply chain. Hunter Water has committed to an additional, new resource, in the Commercial Procurement team, with a Supply Chain Manager set to commence in early 2025.

Consultation

Under 16(1)(f) of the *Modern Slavery Act 2018 (NSW) (NSW Act)*, Hunter Water is required to describe the process of consultation with any entities that the reporting entity owns or controls. As Hunter Water does not own or control any other entities, this criterion is deemed not applicable. Accordingly, Hunter Water does not consult with any other entities in respect of our Modern Slavery Statement.

Relevant information

As Hunter Water is a State Owned Corporation, additional obligations are imposed on it under the *Modern Slavery Act 2018 (NSW) (NSW Act)*, including:

- A requirement that Hunter Water include the following matters in our Annual Report:
 - A statement of the action taken by Hunter Water in relation to any issue raised by the NSW Anti-slavery Commissioner during the financial year then ended concerning the operations of the agency and identified by the NSW Anti-slavery Commissioner as being a significant issue.
 - A statement of steps taken to ensure that goods and services procured by and for Hunter Water during the financial year then ended were not the product of modern slavery within the meaning of the NSW Act.
- During the reporting year, no matters were raised by the NSW Anti-slavery Commissioner concerning the operations of Hunter Water nor were any matters identified by the NSW Anti-slavery Commissioner as being a significant issue; and
- During the reporting year, goods and services procured by and for Hunter Water were not the product of modern slavery within the meaning of the NSW Act.



Our concluding comments



At Hunter Water our goal is to eradicate modern slavery from our operations and supply chain, and to actively combat modern slavery through the implementation of our Modern Slavery Action Plan.

We acknowledge modern slavery is a critical issue affecting millions of people worldwide, and we take our role in influencing our supply partners and our supply chain seriously, engaging only with businesses that do not tolerate modern slavery, and holding businesses to account to ensure that the goods and services we procure and ultimately the services we deliver are free from modern slavery.

While we have achieved significant progress over the past five reporting periods, we recognise there is much more to be done.

We will continue to work collaboratively with our suppliers and within the water industry to educate ourselves further, better identify the risks and seek to put transparent systems in place to mitigate the risks.

We will continue to ensure our strong workplace policies, procedures and workplace culture are in place to build a foundation of best practice and we will further embed and enhance our response to modern slavery risk management.



Annexure A - mandatory reporting requirements



No.	Reporting criteria – <i>Modern Slavery Act 2018 (Cth)</i> , section 16	Reference in this statement
(a)	Identify the reporting entity	Page 6
(b)	Describe the structure, operations and supply chains of the reporting entity	Pages 6 to 10
(c)	Describe the risks of Modern Slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Pages 11 to 12
(d)	Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Pages 13 to 18
(e)	Describe how the reporting entity assesses the effectiveness of such actions	Page 19
(f)	Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	Pages 6 and 20
(g)	Include any other information that the reporting entity, or the entity giving the statement, considers relevant	Pages 4 to 9 and 20





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