A high-angle photograph of a construction site for a water treatment plant. Large, white, cylindrical pipes are being installed in a trench. Scaffolding and construction equipment are visible. Workers in high-visibility vests and hard hats are present. In the background, a large concrete structure with water cascading over it is visible. The scene is surrounded by lush green trees.

2019-20 Modern Slavery Statement

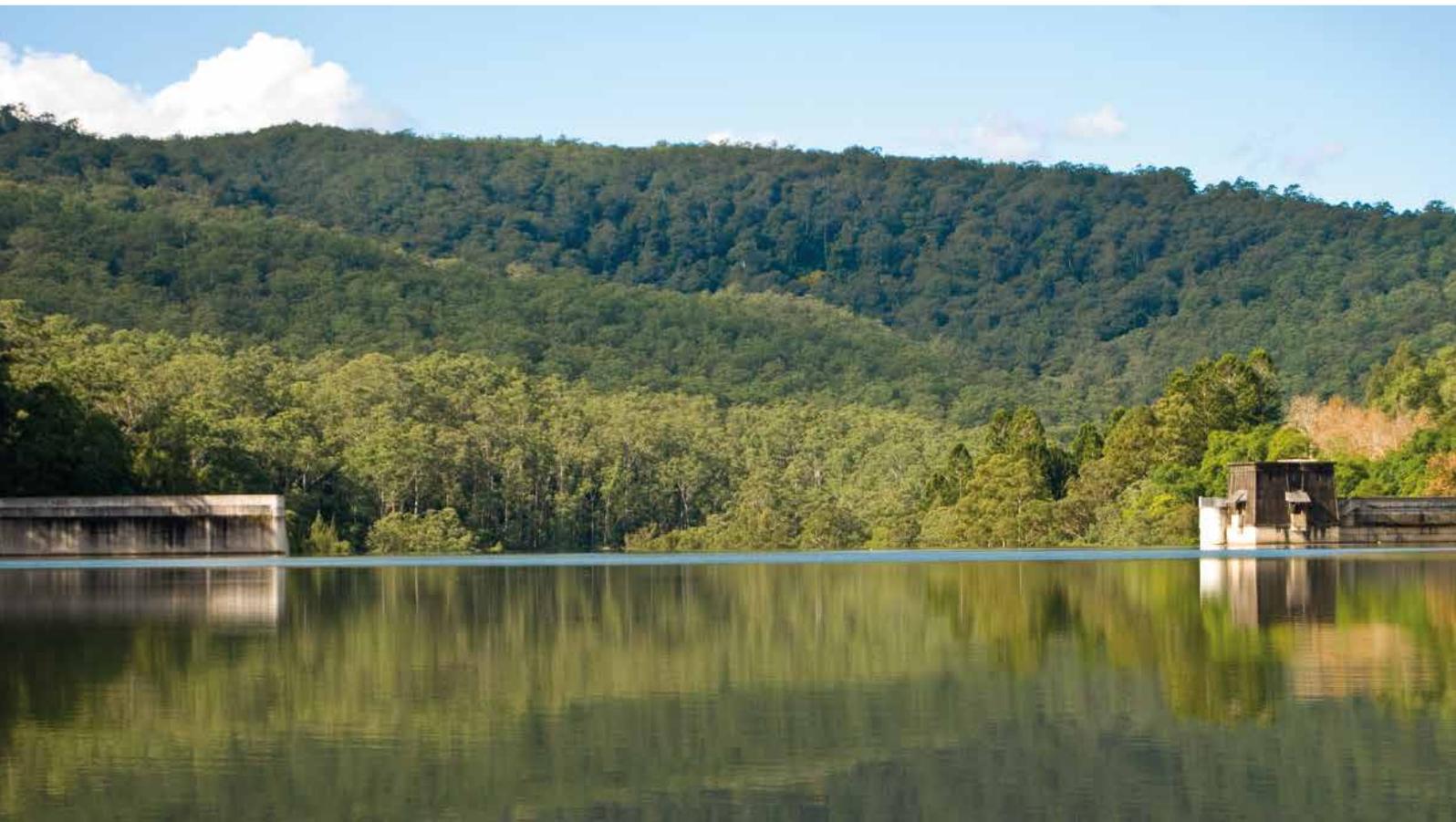


ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Custodians of the land on which we operate, the Birpai, Awabakal, Darkinjung, Wonoruah and Worimi peoples and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.

ABOUT THIS STATEMENT

Our first Modern Slavery Statement provides an overview of the ways in which we are identifying and managing modern slavery risks in our supply chains and operations. It details the actions we have undertaken in the 2019-20 reporting period; the actions we are currently progressing; our road map over the next reporting periods for combating modern slavery; and the ways that we will ensure that our efforts are effective.





CONTENTS

- 6 Our commitment
- 7 About us
- 9 Our values
- 10 Modern slavery risks in our supply chain
- 13 Our Modern Slavery Action Plan
- 16 Our effectiveness
- 17 Concluding comments



Photography by Dylan St John, Hunter Water Apprentice Electrician



THIS INDICATOR WAS UNVEILED BY
THE PRESIDENT OF THE BOARD
1911-7-67



OUR COMMITMENT

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

Within this first Modern Slavery Statement, Hunter Water will demonstrate our commitment to eradicating modern slavery throughout our operations and supply chain. Our approach to understanding and combating modern slavery requires commitment within the highest levels of our organisation, and will be given a priority focus from our Board of Directors and Executive Management Team.

We have developed an action plan and road map which includes the education of our employees, through to partnering with suppliers to ensure this is not just a priority for Hunter Water, but addressed and measurably delivered by our supply chain as well.

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



Terry Lawler AO
Chairman



Darren Cleary
Managing Director

HUNTER WATER

Who we are

Hunter Water serves a population of more than 600,000 people in homes and businesses across the Lower Hunter region. We are a vertically integrated water utility – an operator and retailer from catchment to tap, sink to waterway.

Hunter Water is owned by the NSW Government. *The Hunter Water Act 1991* and *State Owned Corporations Act 1989* established Hunter Water and set out our principal functions.

Our vision is to be a valued partner in delivering the aspirations of our region.

Our purpose is to enable the sustainable growth of the region, and the life our communities desire, with high quality, affordable services.

Our values define who we are as an organisation and how we behave. The five values of leading, learning, trust, wellbeing and inclusion help guide our decisions and balance our priorities, connecting us to achieve our vision. They are part of everything we do.

**we care for
each other's
wellbeing and
that of our
communities
and our
environment.**

**we are honest
open and
ethical.**

we step up.

**we value
and respect
diversity.**

**we have a thirst
for learning.**



Photo Credit: Dylan St John, Hunter Water Apprentice Electrician

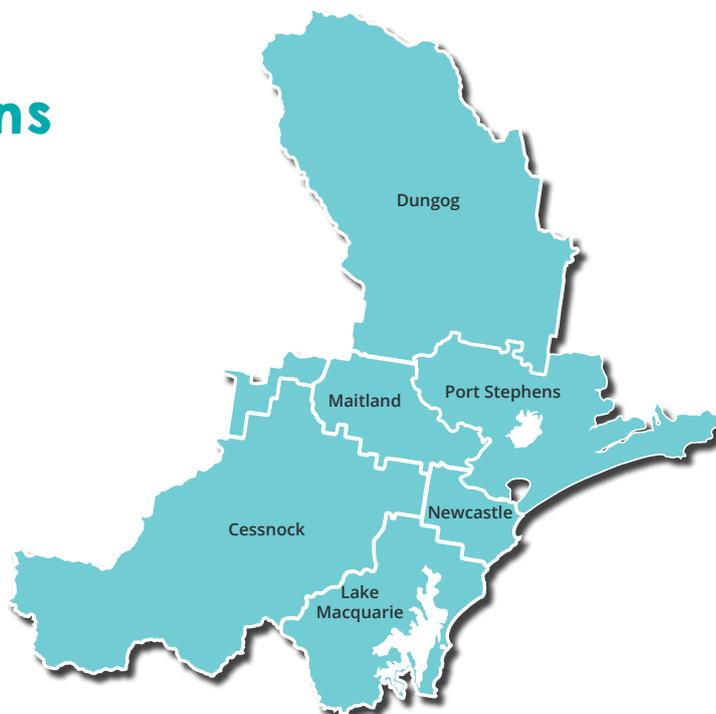


What we do

Our core responsibility is to supply reliable, high quality water and wastewater services to the people of the Lower Hunter region. We provide services to our customers by building, operating and maintaining a portfolio of water, wastewater, recycled water and storm water assets with a value of more than \$2.5 billion.

Our area of operations

is 5,366 square kilometres and includes the local government areas of Cessnock, Dungog, Lake Macquarie, Maitland, Newcastle, Port Stephens and a small part of Singleton.



How we are addressing modern slavery risk

Our Modern Slavery Statement sets out our commitment to identify and mitigate modern slavery risks in our supply chain and operations, as well as the measures we have undertaken and will undertake in delivering on our commitment.

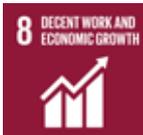
To guide us and ensure we are held accountable to our stakeholders, we have developed a Modern Slavery Action Plan which includes the actions that we have achieved in the 2019-20 reporting period, the ones we are currently progressing, as well as our road map looking ahead for action in the following years.



OUR VALUES

At Hunter Water we contribute to sustainability through our adoption and progression of the 17 United Nations Sustainable Development Goals (SDGs), which include specific targets directly linked to combating modern slavery. To progress our actions in addressing modern slavery risks in our operations and supply chains, we have selected eight SDGs that most directly align with and support our approach to modern slavery risk management.

The table below shows how our values and the selected SDGs interact to guide our approach to assessing and addressing modern slavery risks:

Value	Modern Slavery Risk Management Program Alignment	United Nations SDGs
Care/Community/Environment		
Wellbeing 	Caring about the wellbeing of our community includes caring about people working within our extended supply chain both nationally and internationally.	 
Honesty/Open/Ethical		
Trust 	Honest and ethical relationships with our suppliers and the extended supply chain ensures transparency and enables the building of positive relationships within the supply chain.	
Innovative/Action/Capable		
Leading 	Innovation and leadership is essential to assess and address modern slavery risks across our organisation and supply chain.	 
Diversity/Respect		
Inclusion 	Diversity and respect for the human rights of all individuals across Hunter Water operations, the supply chain and the community promotes an inclusive organisation.	 
Listening/Collaborating/Sharing		
Learning 	Collaboration and sharing of information internally and externally – with suppliers, industry bodies, government and the community will enhance the learnings for all.	

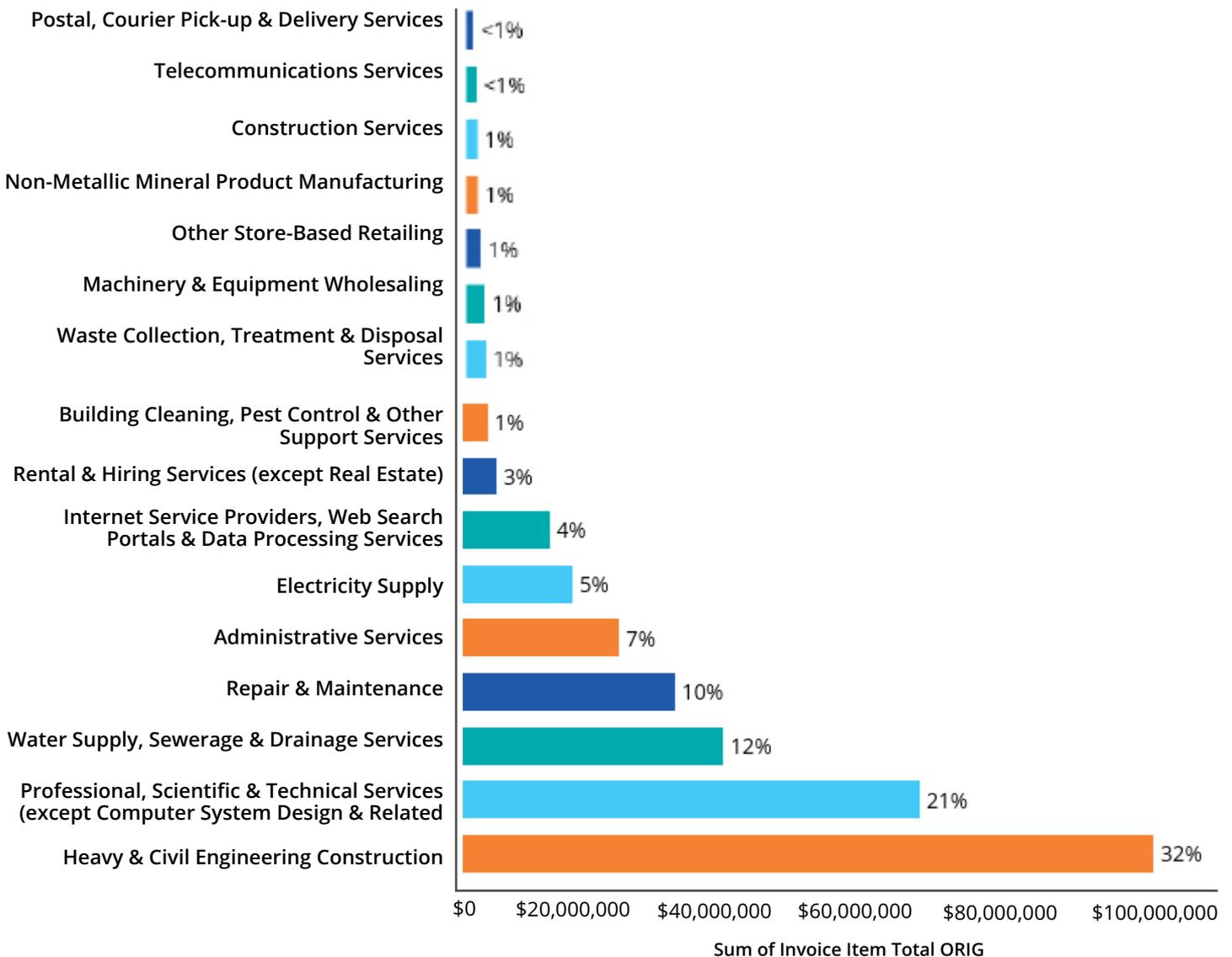
MODERN SLAVERY RISKS IN OUR SUPPLY CHAINS



What we buy

During 2019-20, our payments to suppliers totalled \$293 Million. The following graph shows our spend by Australia and New Zealand Standard Industry Classifications (ANZSIC) categories as a percentage of total supplier spend in the period. Each ANZSIC category provided in the graph is a grouping of discrete categories that are used to manage Hunter Water’s spend profile.

ANZSIC Category Spend FY 2019-20



Risk assessment actions

During the 2019-20 reporting period the following actions were taken to understand the extent of exposure in our supply chains to modern slavery:

Modern Slavery supply chain risk review actions



Consultant Facilitated Spend Category Heat Mapping

Hunter Water engaged an external consultant to facilitate an internal stakeholder review of spend categories to determine high, medium and low risk spend categories, considering industry sector, geographic location and individual supplier management practices relating to modern slavery and labour and human rights threats.



Consultant Spend Analysis - Modern Slavery

An independent consultant was engaged to undertake a detailed review of 3 years of spend data totaling \$614M across 30 spend categories focusing on industry sector, commodity, geographic location and workforce profile.



Procurement Spend Category Prioritisation

Using the above mapping and analysis work, a review of 2019-20 spend category prioritisation has been completed which will direct the procurement activity requirements such as market approach, assessment and evaluation considerations, contract clauses and contractor performance management requirements considering modern slavery risk.



Photograph by Dylan St John, Hunter Water Apprentice Electrician

Our risk profile

According to the Global Slavery Index, the risk of modern slavery in Australia is lower than many other jurisdictions. There are however, goods and services that Hunter Water procures that are at a higher risk of modern slavery based on the geographic origin and/or industry sector as identified and categorised under the globally recognised modern slavery risk assessment approach.

Although Australian-based suppliers provide us with the goods and services we need across these known high-risk categories, these suppliers and their supply chains will require further engagement to ensure that modern slavery risks are identified, assessed and addressed.

An external consultant was engaged to undertake a detailed review of the last three years of supplier spend data. The methodology used considered the modern slavery risks associated with

- the industry sector of the spend;
- the commodity or service purchased;
- the supplier geographic location and / or the product country of origin, where known; and
- the workforce profile of the service or commodity.

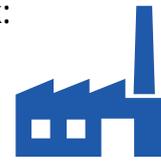
Approximately 40% of the 824 suppliers included in the high-level analysis were identified as potentially high risk in accordance with the methodology.

It is important to clarify that the review did not assess supplier risk levels based on individual supplier practices or behaviour, and it is not an indication that these suppliers are knowingly causing or contributing to modern slavery. It serves as an indication that the industry sector or geographic location of the supplier carries a greater risk exposure.

The information helps us prioritise our modern slavery prevention and awareness efforts according to risk potential, as well as providing a baseline for our ongoing supplier due diligence processes.

Our supplier profile is likely to change in future years, given the nature of capital works programs, however the spend categories in which our spend occurs is less likely to change significantly. For this reason, spend category risk was a key focus of the risk review.

Based on the analysis, the following subcategories of spend within the ANZSIC groupings were identified as potentially high-risk:



Building & engineering materials



Property/facilities maintenance



Waste management



Labour hire



Building, construction, fabrication

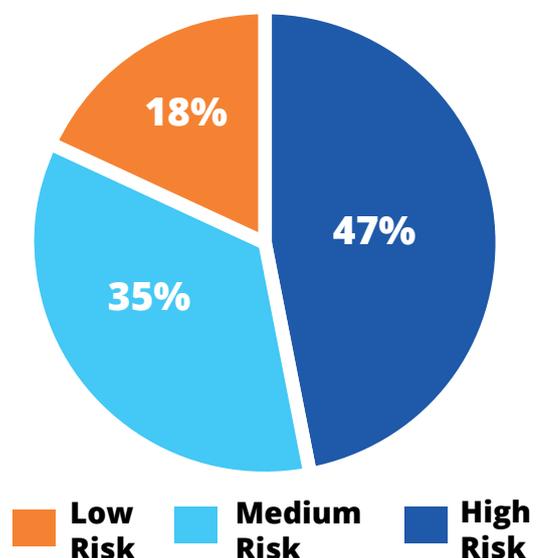


Clothing, PPE

Spend statistics

The below diagram shows the percentage of our 2019-20 supplier spend assessed under the modern slavery risk assessment methodology as having potentially high, medium and low modern slavery risk.

Supplier Spend Modern Slavery Profile FY 2019-20



OUR MODERN SLAVERY ACTION PLAN

What we have done

In the 2019-20 reporting period, we undertook a detailed organisational gap analysis and a supplier data analysis to identify potential modern slavery risks and opportunities within our operations and supply chains. We engaged a consultant specialising in modern slavery capability to assist us in providing awareness training on modern slavery risks, which included members of our Executive Management Team, via action planning workshops.

The gap analysis and action planning workshops informed the development of an organisational-wide Modern Slavery Action Plan and Road Map. The gap analysis process highlighted a high level of commitment and support across our business to address modern slavery, acknowledging the need for further awareness and training on modern slavery risks, and how we can treat these risks within our organisation and supply chain.

We have presented the Action Plan and Road Map to our Executive Management Team on our proposed plans to treat modern slavery risk within the business, as well as what our legislative requirements are as a 'Reporting Entity'.

Building on the level of commitment, and the need to implement the actions from the Modern Slavery Action Plan, during the reporting period we established a Sustainable Procurement Working Group. This Working Group includes representatives from across several functions within our business, and is accountable to the Group Manager Procurement for the delivery and monitoring of sustainable procurement objectives, including the Modern Slavery Action Plan.





2019-20 Action Plan

Hunter Water began its journey to understand, assess and address Modern Slavery through the following actions;



Gap Analysis: Operational risks and gaps were assessed during workshops involving a cross-disciplinary team. Systems and processes were assessed for potential gaps in addressing modern slavery across areas including management systems, risk management, procurement and supply chains, human resources and recruitment and customers and stakeholders.

Awareness Training: Hunter Water engaged an external consultant to deliver Modern Slavery Awareness Training to staff across the organisation with responsibility across the procurement / supplier management lifecycle. The training focused on defining Modern Slavery, the legislative requirements, identifying threats and opportunities for Hunter Water to mitigate the risk.

Road Map: The results of the gap analysis informed the development of an organisational wide Modern Slavery Action Plan – a three year road map for implementation.

Sustainable Procurement Working Group: Hunter Water has re-established the Sustainable Procurement Working Group to provide a cross-functional forum to review, update and progress the modern slavery road map, as well as identify and flag the resources required to ensure capacity and capability to deliver against the Modern Slavery Action Plan.

Board and Executive Engagement: High level of engagement on modern slavery risks with the Board and Executive Management Team.



What we will do

Our Road Map includes the actions we are currently progressing as well as the actions we will achieve over the next three reporting periods. These are broadly categorised into five focus areas covering:

- due diligence;
- awareness and training;
- engagement and collaboration;
- procurement and supply chain; and
- governance.

The Road Map

Over the next three years Hunter Water has identified actions to further assess and address modern slavery risks:

Awareness and Training

An organisation wide training needs analysis will be conducted to determine training and awareness requirements across roles and responsibilities. Training will be undertaken in accordance with Hunter Waters Learning Management System.

Procurement and Supply Chain

Actions to integrate modern slavery requirements in to procurement processes, conduct supply chain risk profiling and updating of policies and guidelines is planned along with engagement with identified high risk suppliers.



Due Diligence

Hunter Water will integrate modern slavery risk management as a compliance requirement in to the Enterprise Risk Management framework.

External independent review of our modern slavery management processes is planned to assess action effectiveness.

Engagement and Collaboration

Hunter Water has committed to working with our suppliers, other regional organisations and the broader water industry to drive collaboration, improve sustainability performance and increase modern slavery awareness. These actions will be critical to advancing the Hunter Water Modern Slavery Road Map.

Governance

Hunter Water will review all relevant policies, procedures, contracts and customer feedback / grievance mechanisms to ensure modern slavery obligations are captured, and concerns can be raised confidentially and managed appropriately.



OUR EFFECTIVENESS

In order to deliver on our commitments for combating modern slavery risks in our supply chains and our operations, we consistently monitor and assess our progress and effectiveness. We do this through:

- our governance and assurance processes;
- our internal and external reporting mechanisms;
- our organisational risk and threat identification processes;
- our engagement and collaboration with internal and external stakeholders.

Governance and reporting

Our enterprise level assurance processes capture modern slavery risk and compliance will be visible and accountable up through our Executive Management Team and Board of Directors. Our Sustainable Procurement Working Group will be responsible for allocation and monitoring of progress on delivering the actions within our Modern Slavery Action Plan.

Our policies and contracts will be updated in 2020-21 to enable us to address modern slavery legislative compliance across our operations and into our supply chain.

In addition to internal processes, we are progressing awareness campaigns under the Modern Slavery Action Plan to measure competency and awareness of our employees across all levels of our organisation. We are also undertaking activities to assess our suppliers' capabilities in modern slavery risk identification and mitigation in their supply chains via supplier checklists based on our Minimum, Progressing and Leading requirements.

Threats and opportunities

We are actively identifying threats and opportunities relating to modern slavery risk management in our internal and external engagements. We assess and manage risk as a part of our Enterprise Risk Management framework, including reporting on risk appetite through to our Audit and Risk Committee.

We will also undertake an annual review of our supplier spend data to inform priorities for continued identification, assessment and improvements to modern slavery risk mitigation through our internal business processes and the way we engage with our suppliers, our customers and our community.

Engagement and collaboration

We are undertaking a number of internal and external engagement activities that will support effective collaboration in assessing and mitigating modern slavery risks.

We will conduct awareness and refresher training across our organisation for all employees. We have established cross-functional responsibility for implementation of actions under our Modern Slavery Action Plan and Road Map, led by our Sustainable Procurement Working Group.

We have engaged externally with other water utilities to collaborate and leverage opportunities and efficiencies for applying modern slavery risk management across the same supply chains where possible. We are also engaging with industry bodies and regional sustainability groups, such as local government agencies and local businesses to build awareness, share ideas and experiences.

OUR CONCLUDING COMMENTS

At Hunter Water, we are taking positive action through a cross-functional approach in identifying and mitigating modern slavery risks from our supply chains and through our operations to ensure we are compliant with the *Modern Slavery Act 2018* (Cth).

The progress that we have made, and the action that we are committed to in our Modern Slavery Action Plan and Road Map is inextricably linked to the organisational values we model through our behaviours, and which guide our decision-making and the ways that we operate.

Building on the successful implementation of actions from our Modern Slavery Action Plan for the 2019-20 reporting period, we will progress our Road Map initiatives through the 2020-21 reporting period, actively identifying and addressing modern slavery risks, and ensuring our actions prove effective in combating modern slavery in our operations and the operations of our supply chains.



