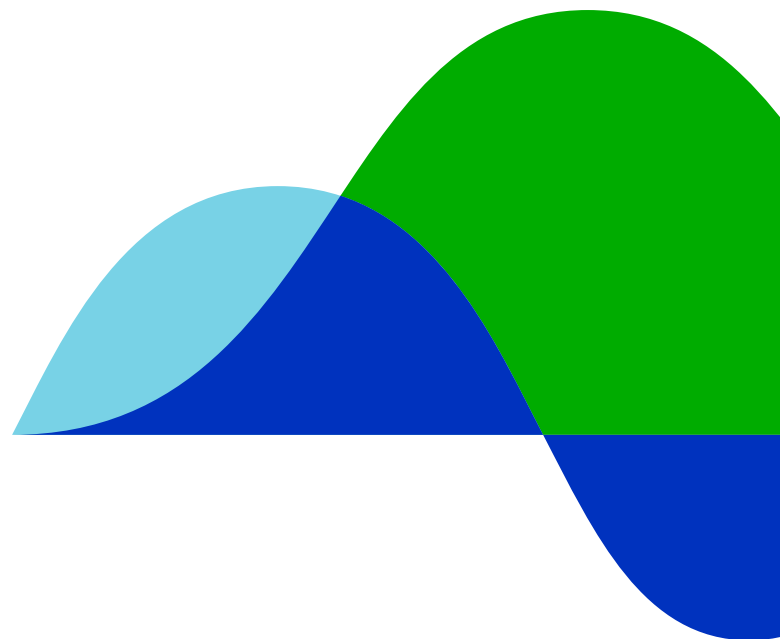


Modern Slavery Statement

FOR THE REPORTING PERIOD 1 JULY
2022– 30 JUNE 2023
DECEMBER 2023



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Acknowledgement of Traditional Owners/Custodians

Yarra Valley Water proudly acknowledges the Traditional Owners/Custodians of the land, water and skies on which we rely and operate. We pay our deepest respects to their Elders past, present and emerging.

We acknowledge the continued cultural, social and spiritual connections that First Nations people have with Country and recognise and value the care and protection provided by Traditional Owners/Custodians over thousands of generations.

We also recognise and value the continuing rich cultures and contribution of First Nations people to the Victorian community.

Context

The Modern Slavery Act 2018 (Commonwealth) came into force on 1 January 2019. It requires Australian entities with a minimum consolidated revenue of \$100 million to report on the risk of modern slavery in its operations and supply chain and the steps they are taking to respond to the risks identified.

This is the fourth annual statement by Yarra Valley Water (YVW) as required under the Modern Slavery Act. It details the actions we've taken to understand and address modern slavery risks in our business, operations and supply chain.

We are proud of the progress we have made towards mitigating the risk of instances of modern slavery in our business, operations and supply chain. Although we have had no known instances of modern slavery in our business or supply chain, we remain committed to addressing the risk of modern slavery, engaging with our supply chain and the continued development of our people to promote the awareness of our responsibilities.

YVW's modern slavery statement has been reviewed and approved by the Board and signed by the Chair prior to publication.

Our Stand

Modern slavery covers situations where threats, coercion or deception are used to exploit victims and undermine or deprive them of their freedom through practices including human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, serious exploitation of children and child labour.

YVW recognises that modern slavery practices are a serious violation of human rights and we do not tolerate any form of modern slavery in our business or supply chain. We

believe all workers should be treated with dignity and respect and recognise each person's rights to freedom, justice and fair work conditions.

About Us

YVW is a statutory corporation, incorporated under the *Water Act 1989*, and our activities are overseen by an independent Board of Directors appointed by the Minister for Water in consultation with the Treasurer. Our obligations regarding the performance of our functions and the exercise of our statutory powers are defined in the Statement of Obligations, issued by the Minister for Water in accordance with Section 41(2) of the *Water Industry Act 1994*. We are subject to economic regulation by the Essential Services Commission and make dividend and income tax (National Tax Equivalent Regime) payments to the Victorian Government.

We are the largest of Melbourne's three water corporations, covering most of Melbourne's northern and eastern suburbs from Wallan in the north to Warburton in the east. Our service area covers 4,000 square kilometres and our network consists of around 20,400 kilometres of water and sewer mains. We manage over \$6.1 billion of infrastructure and assets.

We provide clean water to the people and businesses of Melbourne and take their sewage away. We service two million people, or approximately 30 per cent of the state's population, and more than 60,000 businesses rely on our water and sanitation services. We remove and treat sewage, most of which is transferred to Melbourne Water's treatment plants. The rest is treated at our 10 regional plants, where we also recycle water for use in homes, sports fields and public spaces.

We have a diverse customer base including more than 10,000 First Nations people and more than 630,000 people who were born overseas. A high proportion of customers speak a language other than English at home, with the top 5 languages being Mandarin, Greek, Arabic, Italian and Cantonese. 825 people were employed at YVW as at June 2023, most at our head office in Mitcham (with hybrid working implemented since March 2020) and a small number working in the field or at our sewage treatment plants.

YVW's ABN is 93 066 902 501 and the head office is located at Lucknow Street, Mitcham, Victoria, 3132. YVW does not control any other businesses.

Organisation Structure

YVW's Board of Directors is responsible for setting the strategic direction, establishing goals for management and monitoring their achievement and the performance of the business.

The Executive Team manage the day-to-day operations of the business in seven groups covering a range of areas including:

Retail Services – meter reading, billing management, debt collection, Customer Contact Centre operations and development services and support programs for customers in financial difficulty.

Distribution Services – water, recycled water and sewerage infrastructure, optimisation of existing infrastructure networks, maintenance and renewal of infrastructure and long-term asset planning.

Growth Futures – provision of water and sewerage services to new customers, partnering with the community to develop urban water futures, new infrastructure to service growth and delivery of major upgrade projects for existing infrastructure.

Strategy and Community – long-term strategy development, water industry strategy, business planning, pricing and economic regulation, corporate sustainability, strategic research, marketing and customer programs, community inclusion and engagement, communication and stakeholder engagement.

Service Futures – enabling the transformation of our core services for retail and distribution services to improve productivity and customer experience, implementation of new technologies and innovations and management of information technology systems.

People, Performance and Culture – human resources strategy for the business, including workplace planning, organisational culture, capability development, safety, diversity, recruitment, succession planning and performance management.

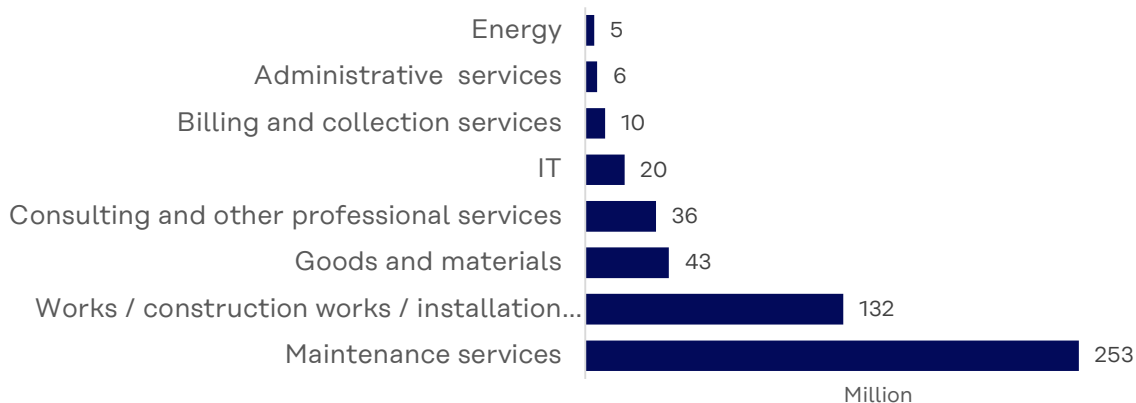
Finance and Corporate Services - business management reporting, statutory accounting, financial planning, treasury, taxation, statutory compliance, governance, insurance, risk management, auditing, payroll, procurement, property management, legal and corporate secretarial services.

Supply Chain

Partner companies deliver many of our services through outsourcing arrangements for activities including construction, maintenance, meter installation, meter reading, laboratory services and legal services. We have a mixture of long-term and short-term contracts with all arrangements supported by signed contracts managed through a procure to pay system which ensures strong governance and compliance for all procurement activities.

We have over 590 active contracts with our suppliers, with a value of nearly \$1.4 billion. Our top 10 vendors account for approximately 60% of our total procurement spend. A summary of the spend by procurement category for 2022-23 is as follows:

Category spend 2022-23



Governance

Our procurement model is a centre-led model, whereby the system, policy, governance, advice and support, are managed at the centre with more the 500 users across the business who make sourcing decisions based on guidelines and policies that underpin YVW's procurement framework.

Our procurement framework helps identify, manage and mitigate risk within our supply chains through the establishment of effective end to end processes.

Our procurement objective is to purchase goods, works and services at competitive prices which provide the best value for money for YVW and our customers. We have purchasing and contracting principles which cover key areas protecting against modern slavery including integrity, ethical standards, good governance, high standards of probity, delivery of social and sustainable value and YVW policies including fraud and corruption, risk management, safety and wellbeing, conflict of interest, gifts, benefits and hospitality, and privacy.

All staff and contractors undertaking procurement and contract management must comply with our policies and requirements and Victorian Government directions including:

- Occupational Health and Safety Act (2004) and Regulation (2017)
- Quality Standards
- Supplier Code of Conduct
- Social Procurement Strategy
- Reconciliation Action Plan
- Financial Inclusion Action Plan
- Ministerial Directions for Public Construction Procurement
- Local Jobs First
- Victorian Government Purchasing Board policies
- Building Equality Policy
- Fair Jobs Code

United Nations Global Compact

We are committed to the United Nations Global Compact and work to advance the Sustainable Development Goals (SDGs). We've embedded the SDGs in our business strategy to provide a global context for how our activities contribute to a more sustainable and liveable future. We believe the water industry has a vital role in helping to achieve the SDGs and deliver environmental and social value.

Management of Modern Slavery Risks

Managing risk supports the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives.

Yarra Valley Water maintains a risk management framework consistent with the principles and guidelines of ISO 31000 – Risk Management.

The risk management process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk.

Management of modern slavery risk is supported by key mitigating control in the form of: Procurement policies (tender requirements), Social Procurement Framework, Supplier Code of Conduct and Risk Management framework.

Identifying modern slavery risk in our operations and supply chains

The VicWater Social Procurement Working Group (SPWG) was developed to take an industry-leading position in managing environmental, social and economic issues and opportunities within the Victorian Water Corporations supply chain.

Modern slavery risk is among the social sustainability issues the SPWG have sought to understand and manage effectively. The SPWG is comprised of representatives from Victoria's 18 water corporations, with a focus on sharing information, promoting consistency in policy and processes, and supporting strategic approaches in supply chain analysis. Through the SPWG, VicWater members have been able to jointly fund third party support to this program with specialist guidance and advice.

In 2018-19 the SPWG commenced an ongoing program of work to identify and address human rights with a focus on labour rights risks and opportunities in the supply chains of Victorian water corporations. It was designed to assess the categories of procurement spend of Victorian water corporations for sustainability risks and opportunities, including human rights. Forty-one categories of product and services covering the typical procurement spend of water corporations were assessed and structured into six portfolios:

Procurement Portfolio	Description
Asset Maintenance	Operations and maintenance of facilities including cleaning and gardening
Construction	Construction labour (minor and major projects) and offshore engineering services
Corporate	Temporary staff, labour hire and traineeship programs and security
Customer	Debt collection services and customer research services

Equipment and Material	Mechanical and electrical equipment and chemical products
Information Technology Consulting	Offshore IT Services

To ensure consistency with existing management systems, a heat map tool was developed to align with a typical risk assessment framework in the Victorian Water Industry. The tool also aligned with AS ISO 20400: 2018 (Sustainable Procurement – Guidance) primarily in relation to the guidelines on how to assess and prioritise risks to people in accordance with the United Nations Guiding Principles (UNGP) on Business and Human Rights.

By using the heat map tool to assess these portfolios for sustainability risks and opportunities, we sought to understand the hotspots (greater likelihood of sustainability issues) within Victorian Water Sector supply chains.

Heat maps, risk scores and commentary were completed which identified human rights risks across the six portfolios. Of these categories, offshore engineering and cleaning services presented high human rights risk including modern slavery and were prioritised for the development of a mitigation strategy.

The Head of Procurement and Risk Manager periodically review procurement categories and major sourcing events for new and emerging modern slavery risks.

Actions Taken to Address Modern Slavery Risks

Procurement Toolkit

In 2020-21, VicWater members supported by KPMG Banarra, began focusing on the development and piloting of the Victorian Water industry’s Procurement Toolkit containing resources such as: training materials, supplier education materials, questionnaires, improvement guidance and compliance checklist which are adaptable to each water corporation's context to support them with:

- identifying labour rights risk, including modern slavery;
- engaging with suppliers to understand their residual labour rights risk; and
- managing the supplier relationship to ensure that labour rights are respected.

Tendering

We work to mitigate modern slavery in our supply chain through a risk-based approach, having identified and put in place tender questions and contract requirements for procurement categories at higher risk of modern slavery.

During the financial year we used this approach when we issued a Request for Tenders for:

- the refresh of our four construction panels, which will cover a large portion of our procurement spend over the next five years;
- the provision of meter replacement services;
- the supply of digital meters and of the software needed to collect and manage the meters' data (through an international RFT).

In all these instances tenderers were required to complete a dedicated Modern Slavery Schedule – derived from the Vic Water Procurement Toolkit - with 26 questions covering the bidding company in Australia, as well as any parent/sister/subsidiary company in Australia or overseas that may provide all, or part of the goods and services being sourced.

These questions addressed workforce management (employment conditions, employee relations) as well as supplier management and grievance and remediation. YVW assessment of the modern slavery risk mitigation strategies and actions described in the responses to these questions enabled an overall residual risk rating to be set at “Low” for all bidders.

Capability Building

In order to effectively address modern slavery risks we must build capability of the individuals involved in making procurement decisions and managing relationships with suppliers. To understand the Modern Slavery Act and its intent, the SPWG facilitated with a third-party specialist - KPMG Banarra, a webinar to provide fundamental awareness of human rights, the Modern Slavery Act, business drivers to manage modern slavery risks and typical practices in relevant industries.

Representatives from the Victorian water corporations attended the webinar. Following this webinar, a full day interactive action planning workshop was facilitated by the third-party specialist to support Victorian water corporations in responding to the intent of the Modern Slavery Act.

Through our own internal social procurement working group we continue to raise awareness of modern slavery risks.

Human Rights Category Strategy Workshops

In 2020-21, following the sustainability risk assessment of the typical categories of procurement spend, the categories prioritised to develop a human rights risk management strategy were cleaning services and offshore engineering services. A dedicated workshop was co-facilitated with KPMG Banarra for each category. These workshops involved an analysis of each category, in line with ISO 20400 - human rights risks, supply market dynamics, internal stakeholder and cost considerations to enable a fit-for-purpose strategy to be developed to collectively address human rights issues with these areas. YVW representatives attended the cleaning services and offshore engineering workshops.

Supplier Code of Conduct

To ensure our suppliers commit to the minimum expectations in the areas of integrity, ethics and conduct; conflict of interest; gifts, benefits and hospitality; corporate governance; labour and human rights; health and safety; and environmental

management, we adopt the Victorian Government's Supplier Code of Conduct (SCOC). The SCOC requires suppliers to sign a commitment letter stating the supplier understands the expectations and aspires to meet the minimum standards of ethical behaviour.

Fair Jobs Code

The Victorian Fair Jobs Code was introduced by the Victorian Government in August 2022 to use our purchasing power to:

- promote secure employment and fair labour standards, and
- ensure compliance with employment, workplace and industrial laws.

The Fair Jobs Code is applicable from 1 December 2022 and applies to the procurement of goods, works and services, to supplier bids for procurement worth \$3 million or more and to subcontractors who deliver works and services worth \$10 million or more on procurement of \$20 million or more.

All procurement activities over \$3 million, require suppliers to complete a pre-assessment certificate prior to tendering which demonstrates the supplier/business has a history of compliance with existing industrial relations and workplace health safety laws, as specified under Code, making them eligible to be considered for the tender.

All procurement activities over \$20 million require a Fair Jobs Code plan outlining how the requirements of the code will be met and agree to relevant terms and conditions, including, but not limited to, regular reporting on implementation of Code commitments.

Effectiveness of Actions

Industry Approach to Modern Slavery

The Victorian Water industry has worked together to collaboratively identify and address modern slavery risks and explore opportunities for further improvement within the Victorian Water Sector.

The industry has engaged third party specialists to support the development of its work program, develop risk assessment tools, co-design and facilitate category strategy development workshops and modern slavery capability building workshops. By working together as an industry and seeking external guidance and insight, we've been challenged to better understand how we can address modern slavery and identify improvement opportunities.

Victorian Government Fair Payment Policy

During the 2022-23 financial year, Australia experienced market volatility with significant increases in inflation and multiple interest rate rises. Supply chain shortages continued along with global political unrest. These market factors have impacted us, customers and suppliers.

Under the Victorian Government's Fair Payments Policy all departments and major agencies are to pay invoices up to \$3 million within 10 business days of receiving a correct invoice. This policy ensures small and local businesses providing goods and services to government departments and agencies are paid on time to improve their cash flows and support with the economic recovery post pandemic.

In 2022-23 Yarra Valley Water paid 89% of all invoices up to \$3 million within 10 business days. Average days taken to pay invoices under \$3 million was 12 days.

Summary

YVW is proud of the progress we have made towards mitigating the risk of instances of modern slavery in our business, operations and supply chain. The foundational work remains core to our approach with key highlights that include the supply chain risk and opportunity assessment, embedding modern slavery schedule into our request for tender documentation of high-risk procurement categories, the growth in the awareness of modern slavery of our people and the demonstrated organisational commitment to prevent modern slavery.

We will continue to focus on ensuring suppliers comply with modern slavery requirements, building our own knowledge through active engagement with the Social Procurement Working Group and our suppliers and providing training for YVW employees to ensure they are able to identify and mitigate risks of modern slavery.

Work in this area will also be considered in the context of our 2030 Strategy with a focus on the community. Through engagement and inclusive design, we strive for community inclusion, health, wellness and prosperity. At YVW we intend to continually assess and respond to modern slavery risks, and ensure we have appropriate risk identification, assessment and mitigation.

In 2023-24 we will:

- continue to build capability of our people to ensure they are aware of our modern slavery obligations,
- issue a tender for cleaning services contract which will include a Modern Slavery Schedule as cleaning services is considered to be a high risk and as such the tenderers will be required to complete and YVW will assess.
- issue a tender for reliability panel (construction maintenance works) and as a result of the size of the forecasted panel spend and the need for the panel to require design services (high risk) the tenders will be required to complete a Modern Slavery Schedule.
- explore opportunities to review modern slavery in scoping of future internal audits pertaining to procurement.
- develop an annual assurance process for suppliers determined to be operating in high risk industries.

We recognise that the implementation of a modern slavery focus across the supply chain is complex and requires considerable time and effort. We understand the importance of transparency of our approach and that this is a journey, and we expect to learn and improve over time. We need to continually set out requirements clearly to our supply chain and ensure connection with our procurement policy and practices.

Finally, we are committed to making changes to address any risk areas identified and will be actively working with industry and external experts to learn from and share our experiences and approach.

Approval

As the representative of Yarra Valley Water, I confirm that the Yarra Valley Water Board has reviewed the Yarra Valley Water Modern Slavery Statement for the reporting period of 1 July 2022 to 30 June 2023.

As set out in the Statement, Yarra Valley Water has responded to and met the mandatory reporting criteria and commits to continual improvement in keeping with the Modern Slavery Act 2018.

Approved by Yarra Valley Water Board of Directors on 12 December 2023.

Signed



Gabrielle Bell
Chair
Yarra Valley Water