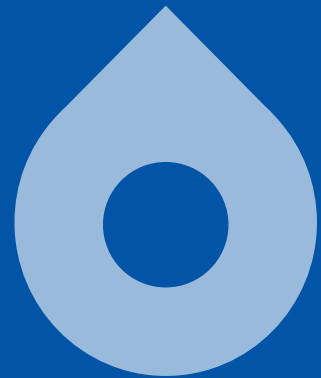
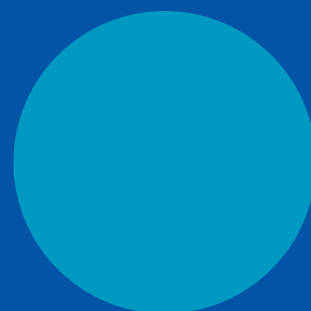
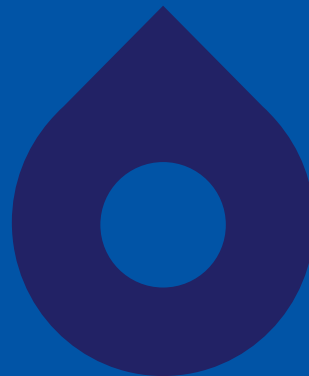


Modern Slavery Statement '21



Sydney
WATER





Letter from the Sydney Water Board of Directors

The Commissioner
Australian Border Force
Department of Home Affairs
November 2021

It is with great pleasure that we submit Sydney Water's second *Modern Slavery Statement* to the Department of Home Affairs. This statement, covering the financial year 2020-21, has been written by Sydney Water Corporation (ABN 49 776 225 038) and approved by the Board of Directors at their November 2021 meeting on 24 November 2021.

Sydney Water supports the objectives of the *Modern Slavery Act 2018* (Cth) which closely aligns 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 the products and services we deliver to our five million customers are ethically sourced.

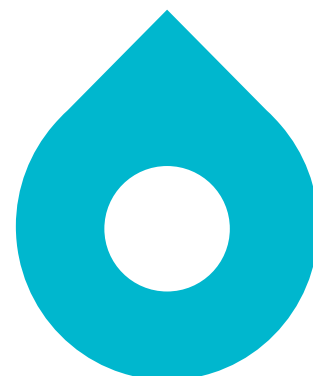
This statement builds on the significant work already achieved by Sydney Water's cross enterprise modern slavery working group, as highlighted in our first report submitted earlier this year.



Grant King
Chair



Roch Cheroux
Managing Director



1. Who we are

This statement is made by Sydney Water Corporation (ABN 49 776 225 038) (**Sydney Water**). 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 Street, Parramatta, NSW.

Sydney Water provides essential water, wastewater, drainage and waterway management services to Sydney, the Illawarra, and the Blue Mountains. Our area of operations covers over 12,870 km² of land, across the Dharawal, Gundungurra, Darkinjung, Dharug and Eora nations. Within this area we have:

1. 2 head offices
2. one laboratory
3. 16 wastewater treatment plants
4. 14 water recycling plants
5. 152 water pumping stations
6. 693 wastewater pumping stations and
7. 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 3 equal principal objectives:

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

Our vision

Our vision is to deliver world-class water services to create a better life for our customers, our business partners, and our communities.

Our 2020–2030 Strategy 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 now and for future generations.

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

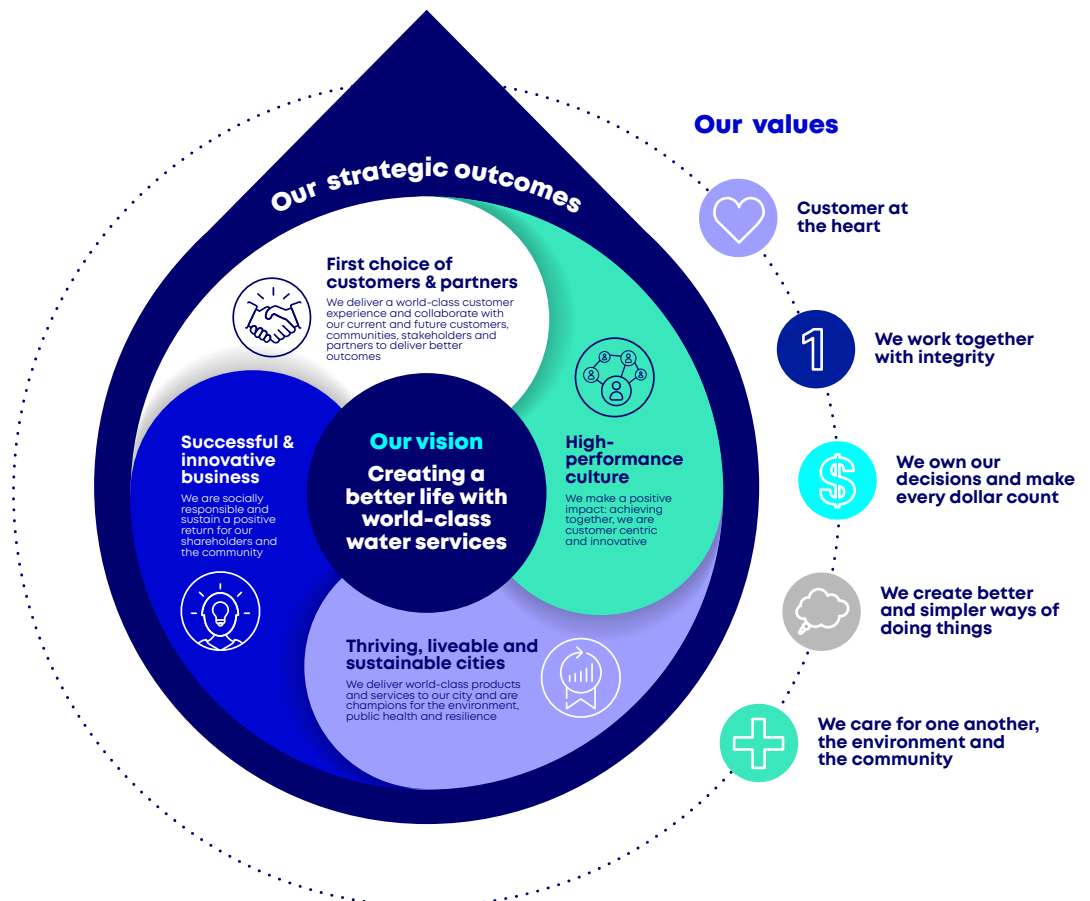


Figure 1. Sydney Water values

2. Our structure, operations and supply chains

2.1 What we do

Every day, we supply more than five million customers with safe, high-quality drinking water. We also treat wastewater, recycle 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
- providing stormwater drainage services in some areas.

We operate in the Sydney, Illawarra and Blue Mountains areas.

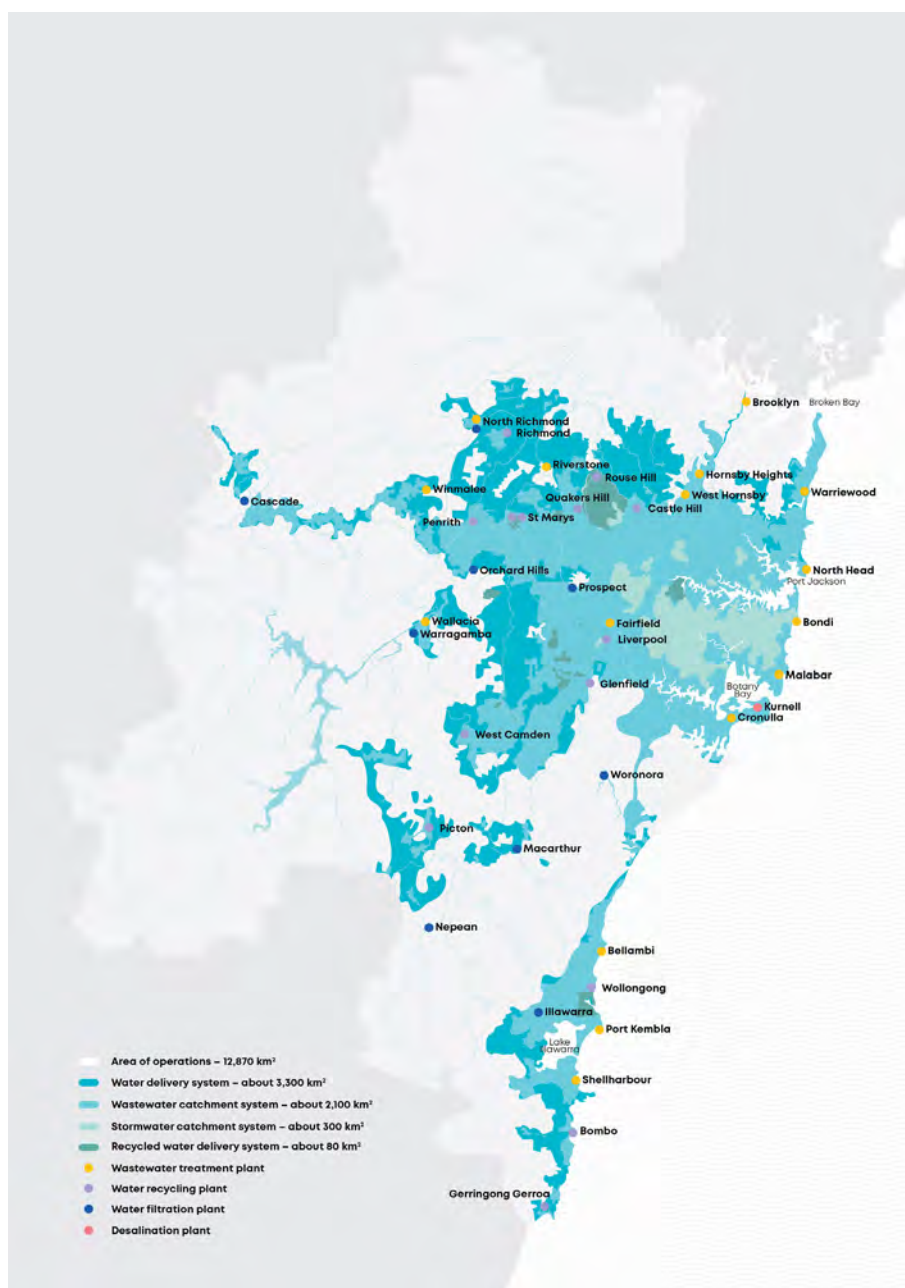


Figure 2. Our areas of operation



2.2 Operations

As part of our core operations, we employ about 2,700 employees to supply the following services:

Water supply

Every day, we supply about 1.4 billion litres of water to our customers. We source water from a network of dams managed by WaterNSW. Most of our water supply comes from Warragamba Dam. When dam levels fall below 75%, we can transfer water from the Shoalhaven catchment. The Sydney Desalination Plant at Kurnell can provide up to 15% of Greater Sydney's drinking water needs when dam levels fall below 60%.

Dam water is treated at one of 9 water filtration plants and supplied to our customers through a network of:

- 22,600 kilometres of water pipes
- 247 reservoirs
- 152 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 1.5 billion litres of wastewater each day. This is through a network of:

- 26,493 kilometres of wastewater pipes
- 16 wastewater treatment plants
- 693 wastewater pumping stations.

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 634,530 properties through 457 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 other parts of Sydney, the Blue Mountains and the Illawarra, 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
- operating equipment and control systems to deliver reliable services to our customers.

Employees

In Financial Year 2020-21, Sydney Water employed over 2,671 permanent employees (ie 2,571 full-time equivalent permanent and 100 full-time equivalent part-time), 268 fixed term and 238 agency-hire employees. Sydney Water employees are employed under an enterprise agreement and/or individual contract of employment.

2.3 Our supply chain

Supply chain

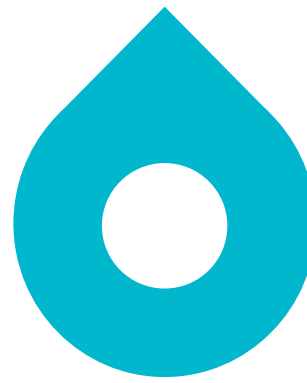
Sydney Water procures goods and services according to our corporate and procurement policies, processes, and procedures. These policies and processes apply to all employees and contractors involved in externally obtaining goods, services, and any other procurement activities for Sydney Water. They set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

Procurement activities depend on business requirements. This 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 total expenditure was in the following categories during 1 July 2019 to 31 December 2020:

- Regulatory fees, sewer chokes, council and government charges (including regulatory fees, council rates and pipe blockage fees) constituted 24% of our spend. These are paid to the NSW Treasury and council offices across the Sydney metropolitan area, the Blue Mountains and Illawarra.
- Maintenance and equipment, operational and facility services, information technology and civil services categories was 22.29% of our spend. Purchases in these categories include pipes and fittings, equipment hire, biosolid management services, instrumentation and control equipment, dewatering services and environmental services among others. 99.68% of this expenditure went to Australian suppliers with the remaining 0.32% to overseas suppliers from Canada, France, Italy, Netherlands, Norway, Israel, UK, New Zealand, and Singapore.
- Water supply (ie raw/fresh water and desalinated water) made up 19.53% of our spend. This is paid directly to Water NSW and the desalination plants. We treat and supply this water to our customers.
- Construction works and construction services was 19.30% of our spend. This included concrete and construction supplies like bitumen, sand, gravel and asphalt, commercial steel doors, timber and building products and construction services such as civil services, network repairs and maintenance, pipeline construction, maintenance and management, painting and blasting services, road restoration and traffic management.
- Corporate services (including stationery, uniforms and Personal Protective Equipment, fleet, management consulting services and insurance services) made up 9.41% of our spend. A small amount of spend in this category came from offshore suppliers such as Canada, New Zealand, Ireland, the UK, USA and Israel.
- Chemicals and water treatment make up 5.75% of our spend. This went to chemicals that we use for water testing, treatment and chemical dosing. A small amount this spend comes from overseas countries like the USA, Japan, Ireland and Canada with most involving Australian suppliers.





Geographical distribution of suppliers

99.8% of our total spend was within Australia. The remaining 0.20% is attributed to a total of 74 international suppliers in 16 different countries. All of those countries had a low prevalence of modern slavery and low to medium vulnerability.

Table 1 sets out the modern slavery prevalence and vulnerability scores with respect to each country:

Country	Prevalence (/ 1,000)	Vulnerability (/100)	Total spend %
Australia	0.60	4.30	99.76%
New Zealand	0.60	1.90	0.085%
United States	1.30	15.90	0.048%
UK	2.10	11.10	0.029%
Norway	1.80	4.50	0.023%
Canada	0.50	10.20	0.014%
Israel	3.90	36.40	0.013%
Ireland	1.70	10.40	0.011%
Singapore	3.40	13.40	0.008%
Latvia	3.90	24.60	0.004%
Italy	2.40	28.30	0.003%
Netherlands	1.80	6.10	0.003%
South Africa	2.80	53.80	<0.001%
Slovakia	2.90	27.20	<0.001%
France	2.00	15.30	<0.001%
Japan	0.30	13.80	<0.001%

Table 1. Modern Slavery Prevalence and Vulnerability scores in Sydney Water's Supply Chain

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

Sydney Water publishes the details of any active contract between Sydney Water and a private sector contractor signed after 1 July 2020 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 a real property.

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

Operations

At Sydney Water, most (84%) of our employees work on permanent arrangements. 7.5% of our workforce are casually employed and 8.5% are fixed-term primarily working on secondment and employees on long-term leave. We operate entirely in Australia with offices scattered around Greater Sydney. The risk of modern slavery in our own operations is therefore very low.

Supply chain

In FY 2019-20 we performed a high-level risk assessment of our supply chain. The results of that high level risk assessment are recorded in our last [Modern Slavery Statement 2020](#) at pages 9 to 13.

In FY 2020-21 we conducted a benchmarking exercise and more comprehensive risk assessment (described at 4.1 below). That risk assessment identified the following modern slavery risks in our supply chain.

IT Hardware and Infrastructure has been labelled as the highest risk product for modern slavery by the Global Slavery Index. This is because the manufacture of most of these products is in China and Malaysia where forms of modern slavery have been identified by the Global Slavery Index (GSI). This includes passport retention, falsification of identity documents, restriction of freedom of movement, poor living conditions, underpayment, fines and illegal salary deductions, excessive working hours and unpaid overtime. Our spend in this category is for Australian suppliers. We, however, recognise the need to dig deeper and investigate the next level of the supply chain.

Uniforms and Personal Protective Equipment

spend includes the purchase of uniforms, hard hats, as well as hand, body and respiratory protection. We purchase these goods from an Australian organisation that could be sourcing and manufacturing goods overseas with relatively high modern slavery risks such as potential forced labour.

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 and temporary labour such as mechanical labour, building repairs, cleaning services and independent contractors may involve:

- seasonal, temporary, low-skilled, and low paid and intermittent labour.
- recruitment of potentially vulnerable people such as new migrants, temporary work visa holders, international students and undocumented workers may pose a high risk depending on the rigidity of our suppliers' recruitment process
- coercive control by withholding workers' identity documents to limit their freedom of movement and social isolation from community or other supports is another common practice.

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. This category typically has low barriers to entry and profit margins which create significant commercial pressures on suppliers, increasing the risk of modern slavery practices and similar mistreatment.

4. Actions taken to assess and address modern slavery risks

4.1 Risk assessment

Last year we performed a high-level risk assessment of our supply chain for FY 2019-20. We base our analysis on the category of goods and services we procure and the geographical location of our suppliers. That assessment identified risk indicators by reference to:

- **industry sector:** specific industry sectors deemed high risk in international and national guidance documentation eg manufacturing, agriculture, construction, mining, waste management, cleaning, textiles and security.
- **commodity/product:** specific products and commodities deemed high risk by the US Department of Labor's *2018 List of Goods Produced by Child and Forced Labour*, the *Global Slavery Index (GSI)* and other international guidance materials. Examples include cotton, steel, office products, timber furniture, electronic goods and food.
- **geographic location:** based on estimated prevalence of modern slavery and the government responses as outlined in the 2018 GSI. While most of our first tier suppliers are Australian suppliers, the complex nature of supply chains means goods and services often come from countries other than where those suppliers' headquarters are located.
- **workforce profile:** the supplier analysis considers the type of labour involved in producing goods and services, particularly where low skilled, vulnerable or migrant labour is used, or where the work is deemed as '3D' work (dirty, demeaning or dangerous).

The results of that high level risk assessment are recorded in our last *Modern Slavery Statement 2020* at pages 9 to 13.

In FY 2020-21, we performed a benchmarking exercise and a deeper risk assessment that analysed our spend transactions for the period from 1 June 2019 to 31 December 2020 to get a full picture of our spend for the past 18 months. We adopted a methodology consistent with the *2018 Global Modern Slavery Index (2018 GMSI)*, by considering the suppliers' locations and compared that to the *Global Slavery Index* ratings for vulnerability and prevalence of modern slavery, before assessing the type of supply by reference again to the 2018 GMSI.

The *2018 Global Modern Slavery Index* provides country scores in 3 areas being prevalence, vulnerability and government response.

The overall classification and prioritisation used in the assessment reflected the following risk matrix:

		Prevalence		
		0 to 10	10 to 50	>50
Vulnerability	0 to 10	Low	Medium	High
	10 to 50	Medium	High	High
	>50	High	High	Priority

Figure 4. Adopted Supplier Risk Assessment Matrix

This Supplier Risk Assessment Matrix was applied to Sydney Water's spend during the mentioned assessment period.

We note that about 24% of our expenditure was on government services (ie regulatory fees and government charges category). This portion of Sydney Water expenditure is considered low risk from a modern slavery perspective and, as a result, was not prioritised in our analysis.

4.2 Risk assessment - high risk areas

The *2018 Global Modern Slavery Index* identified goods and services that are at high risk of modern slavery. These include fish, rice, cocoa, apparel, clothing, accessories, and IT hardware (eg laptops, computers, and mobile phones). In addition to this, local suppliers of fresh produce and cleaning services also constitutes a high risk of modern slavery.

We summarise some of our assessment of those risk areas below.

IT Hardware and Infrastructure: Sydney Water's IT hardware and infrastructure spend for the assessment period amounted to \$14.6 million. For the purposes of our analysis, we considered in detail the top 5 suppliers, which make up \$11.4 million or 78% of the total spend in these categories. Our largest supplier in this category made up \$4.142 million of the total IT hardware and infrastructure spend. A modern slavery statement under the *Modern Slavery Act 2018 (Cth)* has been submitted by this supplier. It outlines their initiatives to mitigate modern slavery risks, including a code of conduct that their suppliers must adhere to, compliance with the Responsible Business Alliance Code of Conduct through self-assessments, independent and multi-tier supplier audits, implementation of corrective action plans for suppliers, and the provision of internal training and capability building.

The other top IT hardware suppliers in our spend were also required to comply with the legislation, giving us some assurance that they are demonstrating due diligence in combatting modern slavery.

Most of the remaining spend in this category is related to IT consulting, cyber security, and telecommunications, each of these areas are considered to have a low risk of modern slavery.

Uniforms and Personal Protective Equipment:

Another category of spend we analysed was uniforms and personal protective equipment (PPE), a category of imported goods with an increased risk of modern slavery. Data analysed in this category covered expenditure of \$6.7M, of which 97% is attributable to 2 suppliers. Based on publicly available information, both uniforms and PPE suppliers that we have identified are required to comply with the *Modern Slavery Act 2018* (Cth). The first company's statement detailed the efforts they have taken to identify and reduce the risk of modern slavery in their supply chain and their subsidiaries. They adopted due diligence processes, ethical sourcing and vendor audits as some of the initiatives to address the risks. They have also implemented remediation and grievance mechanisms that allow employees and workers in their supply chain to raise issues anonymously.

The other supplier's parent entity submitted a statement for the year that ended 31 December 2019 under UK modern slavery legislation. We have yet to see their Australian modern slavery statement but are monitoring the Commonwealth Modern Slavery Register to keep track of this company.


The remaining spend in this category covers small local entities. While there is no publicly available information on their annual turnover, it is unlikely that these entities will be required to produce a modern slavery statement in the future. Hence, we have engaged with them via our Sydney Water Supplier Risk Assessment – Modern Slavery questionnaire.

Catering, event management and venue hire: Our expenditure in this category is \$258,000. We recognise the need to conduct further analysis in this area and have included these suppliers as respondents in our risk assessment questionnaire.

Recruitment services and temporary labour: The analysed data included a significant spend of \$69.96M in the category of 'recruitment services – temporary labour'. Two suppliers make up 99% of this spend and neither have identified whether they are required to publish a modern slavery statement or the steps taken to address their modern slavery risks. We have required both suppliers to respond to our risk assessment questionnaire. We have also identified and reviewed their sustainability reports and code of conduct policies. Both outlined high values of legal, social, safety, ethical, and environmental responsibility. They also provided direct contacts that Sydney Water can work with for future modern slavery analysis and collaboration.

Of the remaining spend, we identified a supplier that published a modern slavery statement for the year ended 30 June 2020. Their initiatives include client and supplier due diligence, embedding modern slavery law compliance into contractual documentation and whistleblowing policies.





Cleaning and hygiene services: We have spent a total of \$6.5M against this category in the period of the analysis.

\$2.2 million spending in this category comes from cleaning and hygiene chemicals and supplies, pest control, air conditioning maintenance and fire safety services and supplies. Such goods and services represent a low risk of modern slavery.

\$4.2 million, or 65%, of the expenditure was paid to a supplier of janitorial and cleaning services. We have required this supplier to respond to our risk assessment questionnaire and they have provided information on their modern slavery initiatives. They have also assured us that they will cooperate with any further actions. Sydney Water will take in this journey with our supply chain.

The remaining vendor is a provider of cleaning services to Sydney Water, with a minor spend of \$54,000. We identified that they submitted a modern slavery statement for the financial year ending 30 June 2020. Their steps to address risk of modern slavery include vendor audits, embedding compliance with modern slavery law by the vendors, training, and industry collaboration. They also intend to examine Tier 2 vendors in the future to ensure that the risks are adequately addressed. Such actions reduce the risks of modern slavery for Sydney Water.

Concrete and other construction products, construction services and works. Within the landscape of Sydney Water's operations, a large portion of our spend (ie \$2.5M for concrete and other construction products and \$556.3M for construction services and works) is on capital projects, and construction services and works. Both categories pose a high risk of modern slavery, as the production of these products and the services required include 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.

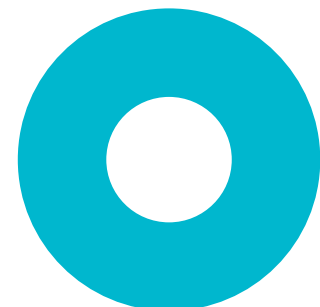
The biggest supplier in our construction services and works category is a provider of pipeline solutions and infrastructure. The specialised nature of this service - providing trenchless pipeline solutions, specialising in the watermains, wastewater, stormwater, and culvert sectors - reduces the risk of modern slavery in our view.

Our other suppliers are large providers of construction services for infrastructure assets. The above-mentioned suppliers published FY 2019-20 modern slavery statements. Some of their initiatives include:

- conducting periodic mapping of their global supply chain and human rights risk assessment to ensure continuous update and improved understanding of high-risk areas
- using a prequalification questionnaire as part of the supplier screening process and subsequent ongoing due diligence and monitoring based on various metrics and KPIs
- incorporating modern slavery provisions in contract terms
- auditing suppliers for conformance with their standards and requirements and working with suppliers to implement change
- training staff to advance human rights and modern slavery programs
- operating their grievance hotlines for anonymous reporting of concerns regarding human rights and modern slavery.

As building materials, such as steel, cement, and bricks, may be sourced from high risk countries, such as Indonesia or China, we have further considered the total spend of \$2.5 million in 'Concrete' and 'Other Construction Products'. 89% of this spend is attributable to the top 10 suppliers within this category. A number of these suppliers published modern slavery statements for the previous financial year. They identified a few Tier 1 direct suppliers of raw materials (higher risk supplies) located in higher risk countries. The companies intend to conduct a detailed assessment of the identified high-risk suppliers in FY 2020-21. Their further approach to modern slavery risk management includes supplier due diligence and remediation, training and increasing awareness and ongoing effectiveness monitoring. The measures adopted by these suppliers reduce the risk of modern slavery in their supply chain.

The remaining concrete and construction products suppliers are included as respondents to our risk assessment questionnaire.



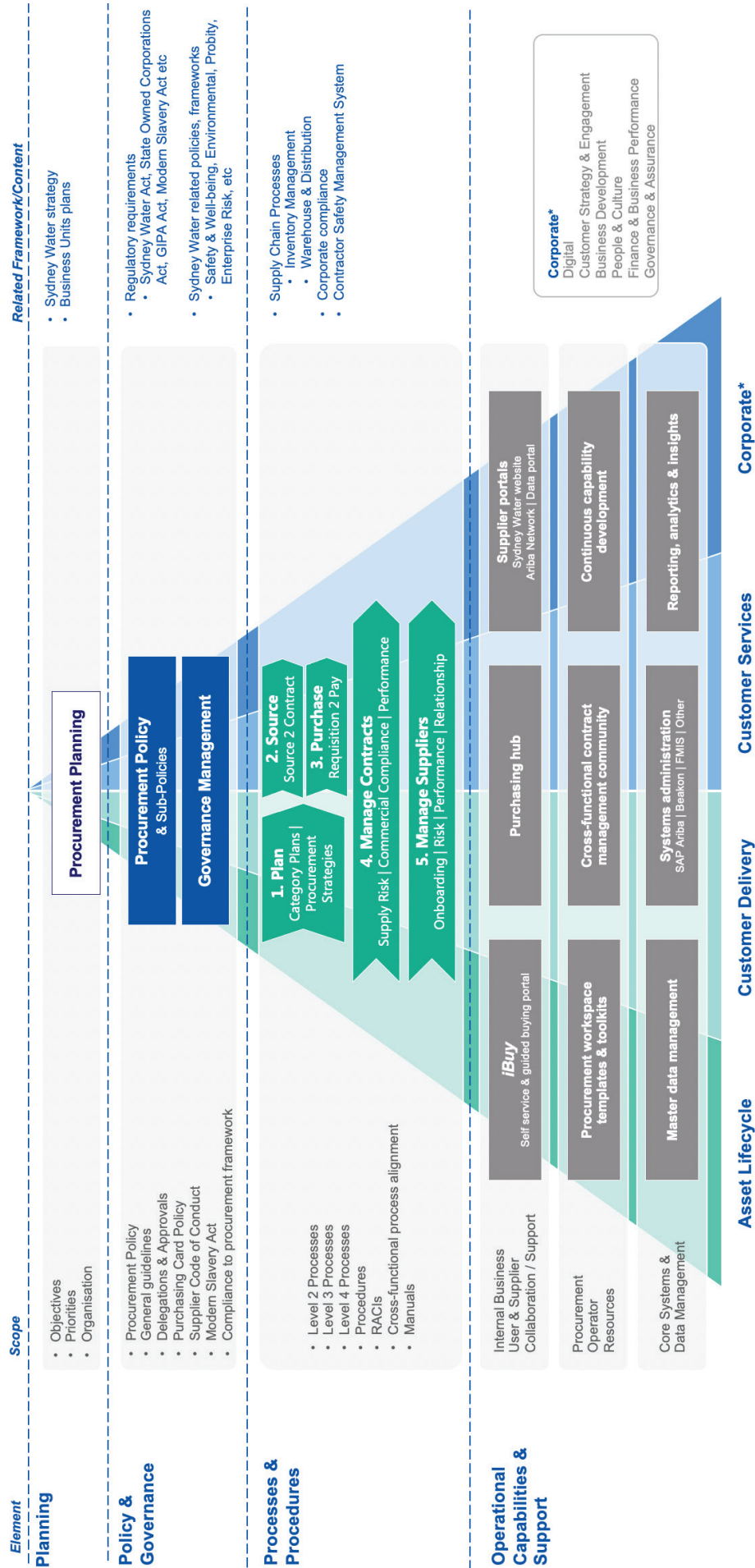
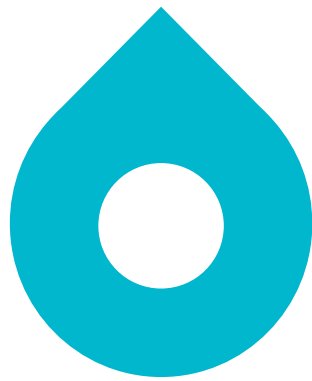


Figure 3. Sydney Water Procurement Framework



4.3 Risk assessment - questionnaire results

Our key suppliers were asked to respond to a Supplier Risk Assessment – Modern Slavery questionnaire. The results are set out in Schedule A.

All of these suppliers have provided assurance and contact details of resources that Sydney Water can collaborate with to progress with our work to minimise modern slavery risks. They have also provided copies of and links to their policies and procedures that support the mitigation of risks of modern slavery in their supply chains and operations.

4.4 Addressing risk

Some of the steps we have taken to address the risks of modern slavery in our operations and supply chain are described below.

Procurement framework

Our Framework sets out the foundation, scope and structure of what we do as part of Procurement at Sydney Water. It is segmented into 4 layers, including:

- **planning:** to ensure that the Procurement Framework stays relevant and aligns with Sydney Water's overall objectives and strategic outcomes
- **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* considers the requirement of *Modern Slavery Act 2018* (Cth). Policies are enforced and compliance is measured through a governance management regime
- **processes and procedures:** are defined and continuously reviewed to ensure that our people can achieve the objectives
- **operational capabilities and support:** We have defined and implemented tools that will support our people to achieve our objectives effectively and efficiently.

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 procurement of goods, services, and construction procurement 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 Sydney Water is easy to do business with by operating an effective and efficient procurement process.
- Enable Sydney Water to work smarter to support its operational and strategic business requirements by encouraging innovation.
- Contribute to economic development, social outcomes, and sustainability by ensuring that impact to the economy, community and environment are considered throughout the procurement lifecycle.

Our *Procurement policy* was recently refreshed and communicated across the organisation. The policy explicitly requires that all employees must comply with the *Modern Slavery Act 2018* (Cth) when obtaining goods and services.

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.

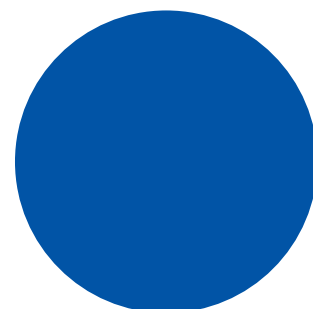




Figure 4. Procurement processes at Sydney Water

We have implemented several controls to address modern slavery risks within our procurement process:

1. Plan

As part of the planning stage, we 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. The risk assessment tool considers the likelihood of potential impacts on:

- public health
- injury and illness
- reputation
- environment
- compliance
- financial loss
- customer and community
- performance.

Although modern slavery risk is not explicitly stated on the risk assessment tool, it is often considered and evaluated as part of reputation and compliance risks.

In addition to risk assessments, a procurement strategy may be required for medium or high risk or high value procurement activity. The procurement strategy outlines the market analysis and evaluation criteria that considers modern slavery risks where appropriate. The procurement strategy is subject to approval according to 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 the 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 objectives set out in *Procurement policy*.

4. Manage contracts

Sydney Water is 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 us to achieve the optimal benefits from the contracts while effectively mitigating

risks associated with them. The Contract Management Operating Model consists of the following:

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

Contract management

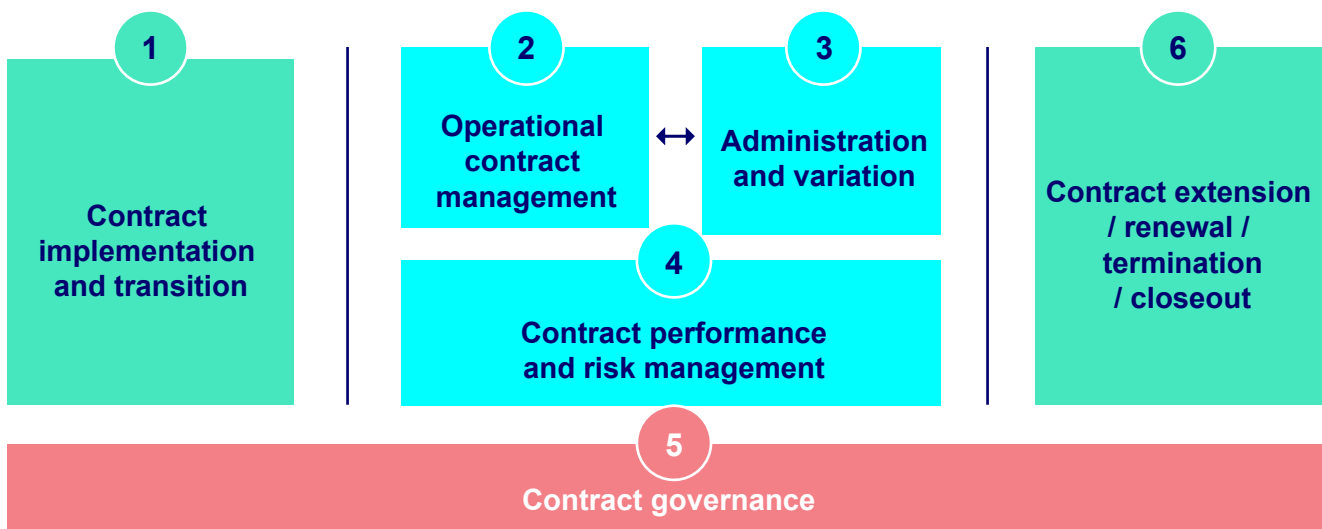


Figure 5. Contract Management Framework

- **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
 - procurement lead, who is tasked to provide 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, Ariba 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
 - build a community of interest, gather ideas, and feedback, and keep everyone informed and aligned.
- Through these initiatives, Sydney Water will have better visibility on our contract activities, the suppliers we engage with, and the practices within the community. This will help us tighten our grasp on addressing modern slavery in our procurement and supply chain.

5. Manage suppliers

As part of our supplier management process, we have implemented the following modern slavery risks mitigation:

- **Supplier due diligence**

When appropriate, Sydney Water utilised our partner, Bureau van Dijk, to conduct due diligence on our suppliers. The due diligence process provides information on 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 investigate the modern slavery risk assessment on the supplier.

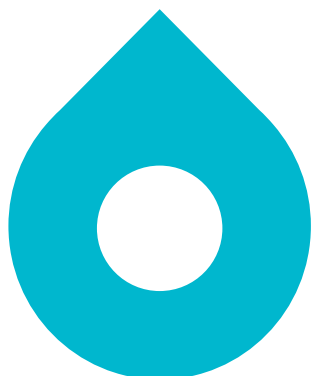
- **Supplier registration**

For any supplier to transact with Sydney Water, they need to go through our supplier registration process to create their profile on our procurement system. As part of the registration process, suppliers must confirm that they have read, understood, and agree to comply with the *Modern Slavery Act 2018* (Cth). Non-compliance is subject to the review by our Procurement team and may result in registration being denied.

- **Supplier prequalification**

We have implemented a supplier prequalification process where suppliers must 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 to address modern slavery in place and where possible, provide evidence to substantiate their claim.

Our prequalification process is progressively being rolled out and continuously evolves to align with our corporate social responsibility and diversity and inclusion policies and aspirations including questions relating to modern slavery, aboriginal participation and small to medium enterprise inclusion.



Sydney Water Supplier risk assessment – modern slavery questionnaire

We have required Sydney Water suppliers, identified in the benchmarking exercise, to complete a modern slavery risk assessment questionnaire aimed at gathering a deeper understanding of our suppliers' actions against modern slavery. It has been distributed to key suppliers identified in the benchmarking exercise. Questions include but are not limited to, annual turnover, offshore operations, compliance with the *Modern Slavery Act 2018* (Cth) and mapping of various levels of their supply chains. Questionnaires have been completed by all our key suppliers.

The purpose of the questionnaire is to ensure that suppliers, small or large, demonstrate that they are working in line with Sydney Water's policies and are making continuous improvements in working towards the eradication of modern slavery in society.

Their responses to the questionnaire are set out in **Schedule A**. All the key suppliers have provided assurance and contact details of resources that Sydney Water can work with to progress our modern slavery journey. They have also provided copies of and links to their policies and procedures that support the mitigation of risks of modern slavery in their supply chains and operations.

Modern slavery working group

The Sydney Water Modern slavery working group formed in early 2020 and continues to meet regularly. The working group is composed of representatives from different areas of the business including Procurement, Legal, Corporate Compliance, Enterprise Risk, Learning and Development, and Corporate Communications. The group has since:

- developed a charter including the roles and responsibilities of group members
- drafted and submitted Sydney Water's first modern slavery statement for FY 2019-20
- provided input and attended face-to-face modern slavery workshops
- created and released the Sydney Water's online modern slavery training for employees
- established a communications plan
- attended modern slavery forums.

Modern slavery training – eLearning and in person classroom training

Sydney Water has developed a modern slavery eLearning module. Our Learning and Development team together with our modern slavery working group worked hand-in-hand with an external consultant to create material that will help employees learn about all the types of modern slavery – human trafficking, slavery, servitude, forced labour, debt bondage, deceptive recruitment, the worst forms of child labour, and forced marriage, through examples and real life stories. The training module included ways to support suspected victims of modern slavery when they are encountered.

The module was released in May 2021 for relevant employees in the procurement and supply chain teams, supplier relationship managers, contract managers and project managers. About 85% of staff in those categories have currently completed the training, and we are aiming for higher completion rates in FY 2021-22.

All members of the procurement team and all supplier relationship managers have attended a 3 hour face-to-face modern slavery training session. The training session was the first in-person meeting of that group, following the most recent lockdown in Sydney due to the COVID pandemic, highlighting the importance of this issue to Sydney Water.

Sydney Water will also be rolling out our eLearning module to all our employees on the week of the International Day for the Abolition of Slavery, 2 December. This day marks the date of the adoption, by the General Assembly, of the *United Nations Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others* (resolution 317(IV) of 2 December 1949).

The focus of this day is on eradicating contemporary forms of slavery. In our case, in the first week of December 2021, Sydney Water will be concentrating on educating our staff about modern slavery; how to recognise it; the risks as an employee; how to access the support needed to prevent it and opportunities to take meaningful action against it.

Internal reporting mechanisms

Sydney Water is committed to being ethical, safe, and responsible in all that we do. Our internal audit team helps management improve business performance and protect organisational value through providing sound, objective and independent assurance and advisory services. The audit team operates an *Internal reporting policy* that contributes to an open and accountable workplace where staff can raise concerns about suspected wrongdoing in Sydney Water without fear of unfair treatment or reprisal.

Staff who report alleged wrongdoing can help promote integrity, accountability, efficiency, and effective management within Sydney Water. Issues pertaining to corruption, malpractice, or any form of wrongdoing including modern slavery issues are reported through our FairCall hotline or email address, or by contacting our Internal Audit team directly.



5. How we assess the effectiveness of our actions

Sydney Water will apply our Assurance Management Framework to measure the effectiveness of our actions to address modern slavery risk. The Framework will also provide confidence that objectives will be achieved within an acceptable level of risk and to identify and drive continual improvement across our business. Assurance is coordinated through the three lines of assurance (3 LOA) model. These are:

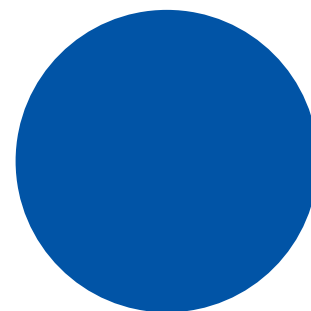
- **Line 1** - Management control – assurance activities done at a local level, eg inspection and monitoring or project/contract audits. These are completed at an operational level by relevant subject matter experts or those who can verify technical controls are in place and working eg team leaders, 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.

Sydney Water has an Enterprise Risk Management Framework to ensure we meet our strategic objectives and corporate governance accountabilities. As part of this framework, a set of enterprise risks are regularly reviewed and the performance of the controls in place to mitigate these risks are reported to and monitored by the Board's Audit and Risk Committee on a quarterly basis.

To align with the development of Sydney Water Corporate Social Responsibility (CSR) strategic blueprint, an enterprise risk on Corporate Social Responsibility will be developed in FY 2021-22.

It will cover modern slavery to ensure enterprise risks are assessed and appropriate controls are identified, monitored, and regularly reviewed by the Executive and the Audit and Risk Committee.

The Sydney Water Modern slavery working group meets regularly to discuss our actions to eradicate modern slavery practices. 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 the society.



6. Consultation

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

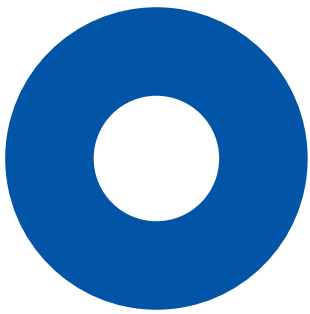
7. Other relevant information

Collaboration with peers, similar entities, trade unions and others is seen as important in effectively addressing modern slavery. Companies that are aligned in their response can make greater progress towards eradicating modern slavery in their operations and supply chain. In FY 2019-20, we began to collaborate with Hunter Water and Water NSW to progress work to end modern slavery. The entities felt that the more aligned their response was, the lower the likelihood that modern slavery will be found in their supply chains and the greater the understanding of the commercial benefits that come from better working conditions.

Sydney Water, Hunter Water and Water NSW have already made public commitments to addressing modern slavery in our supply chains and are all taking active steps towards managing labour standards, in different ways. In FY 2021-22, we all agreed to restart the conversations and work towards a common approach to strengthen industry collaboration. We will start with peer-reviewing our FY 2021-22 statement submissions so we can look for areas we can all work together on. We will leverage on what each entity has already achieved, help each other with areas that each entity have developed and assess other opportunities in the industry.

8. Approval

This *Modern Slavery Statement* was approved by the Sydney Water Board of Directors at their November 2021 meeting.



Schedule A - Questionnaire results

Based on the risk assessment that we've performed on our spend, we have identified high risk categories of spend in our supply chain. This includes IT Hardware, Uniforms and PPE, Catering, event management and venue hire, Recruitment Services and temporary labour, Cleaning and Hygiene services, Concrete and other construction products and construction services and works. We asked our key suppliers against 100% of the categories of spend mentioned above, to respond in our Supplier Risk Assessment – Modern Slavery questionnaire. Some key results include the following.

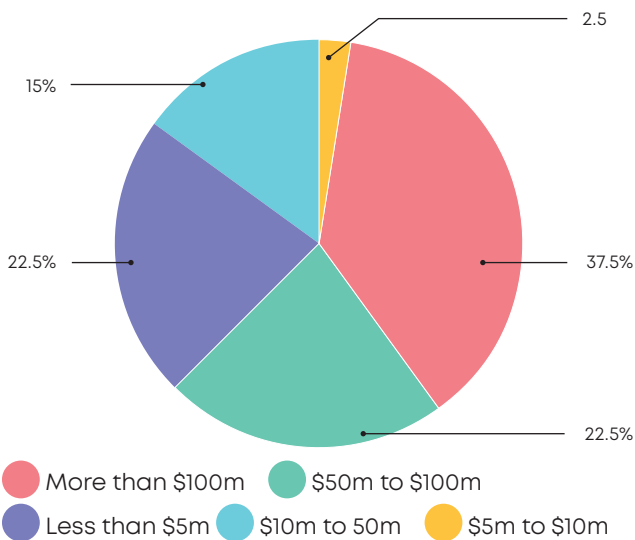


Figure 6. Annual turnover of key suppliers

The above figure shows that 37.5% of the survey respondents have an annual turnover of more than \$100m, and 22.5% between \$50m to \$100m.

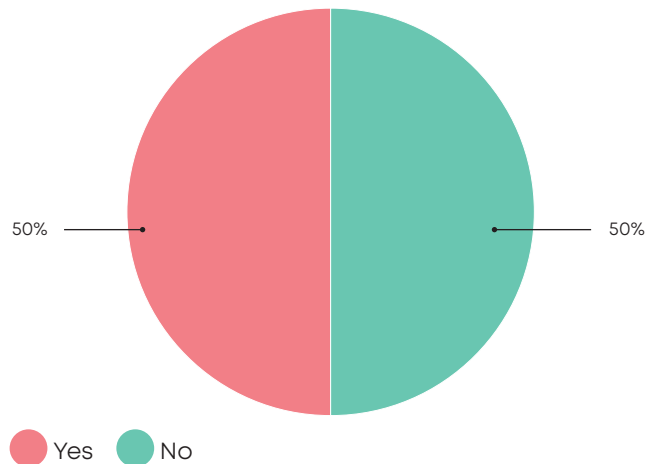


Figure 7. Requirement to comply with the *Modern Slavery Act of 2018 (Cth)*

50% of the total respondents to the questionnaire are captured under the *Modern Slavery Act 2018 (Cth)* as a reporting entity (consolidated annual revenue of at least \$100m).

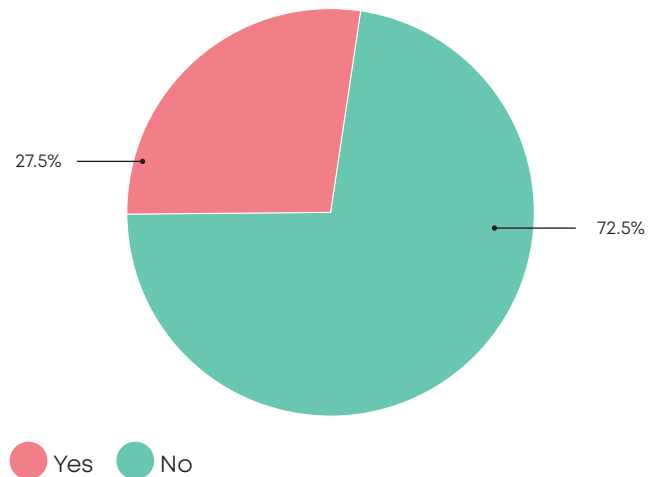


Figure 8. Key suppliers with offshore operations

27.5% of the respondents have offshore operations in countries like China, India, Taiwan, Malaysia, Japan, Brazil, Costa Rica, Colombia, Indonesia, Papua New Guinea a few African and European countries– all of which have low to intermediate modern slavery prevalence which Sydney Water is committing to investigate further (based on the *Global Slavery Index 2018* data).

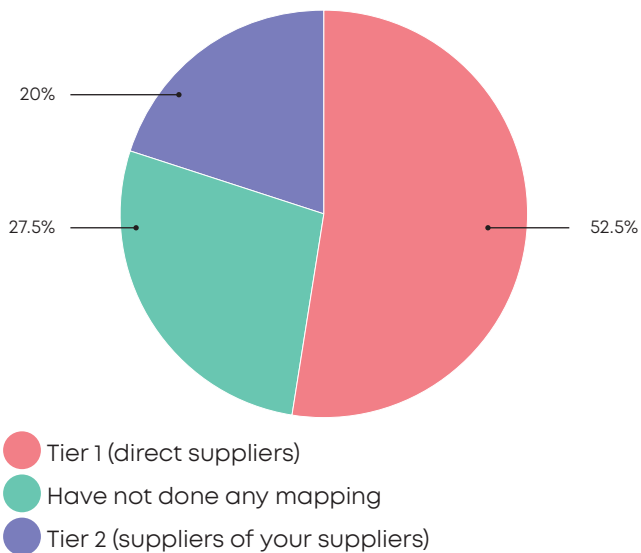


Figure 9. Level of mapped supply chains of key suppliers

More than half of our key supplier respondents have started mapping the first level of their supply chains and 20% went to the second level. We recognise that 27.5% have not completed any mapping of their modern slavery risk. 77.5% of the respondents, however, conduct independent and/or unannounced audits on a bi-annual or annual basis, in their operations giving us the confidence that they are doing their part to reduce the risk of modern slavery.

All the key supplier respondents confirm that they have policies that cover modern slavery and human trafficking. Sample policies include modern slavery, whistleblowing, ethical sourcing, anti-human trafficking, and fair work policies; and 'speak up' programs – most of which are generally congruent with Sydney Water's own policies and procedures.

These key suppliers also have labour standards or guidelines that are in place to protect minimum conditions of employment for employee/ contractor rights at work. They operate in line with and are governed by applicable enterprise agreements, the Fair Work system, and Australian laws.

Training is also provided by these key suppliers to their employees to inform them of the risks of modern slavery and human rights issues. This training ranges from mandatory online training conducted on employee induction with refresher training due biannually to all senior managers reviewing the *Modern Slavery Act 2018* (Cth) to having face-to-face training from external consultants completed on a regular basis.

These key suppliers have audit processes, whistleblower, and speak up policies in place to encourage people to report issues anonymously. They have also included modern slavery sections in their standards of business policies. The Risk and Compliance managers are frequently hands on in dealing with these issues.

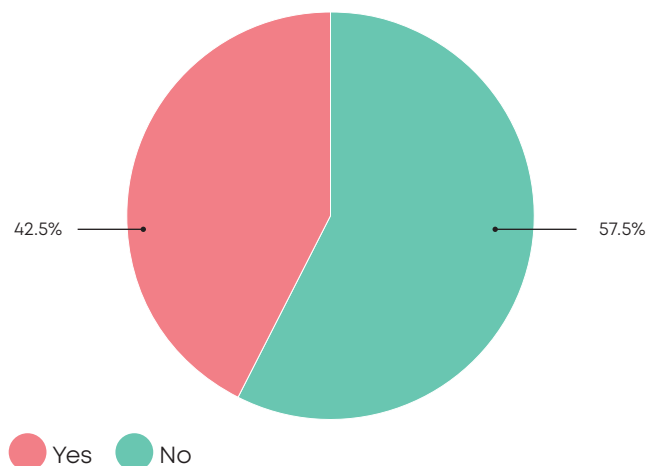
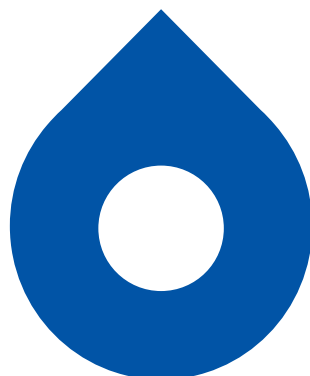
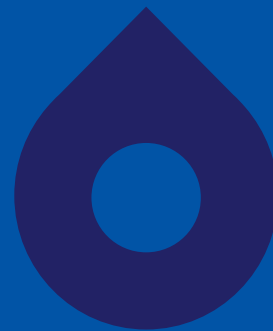
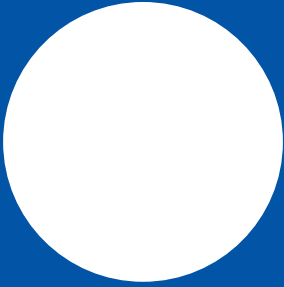


Figure 10. Key suppliers' utilisation of labour hire

42.5% of our key suppliers utilise labour hire in their operations. This includes, but is not limited to, workers filling in for an employee on long-term leave, supplementing the workforce during peak seasonal demand and providing resources with specialised skills as required.





Contact us

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