

Modern Slavery Statement

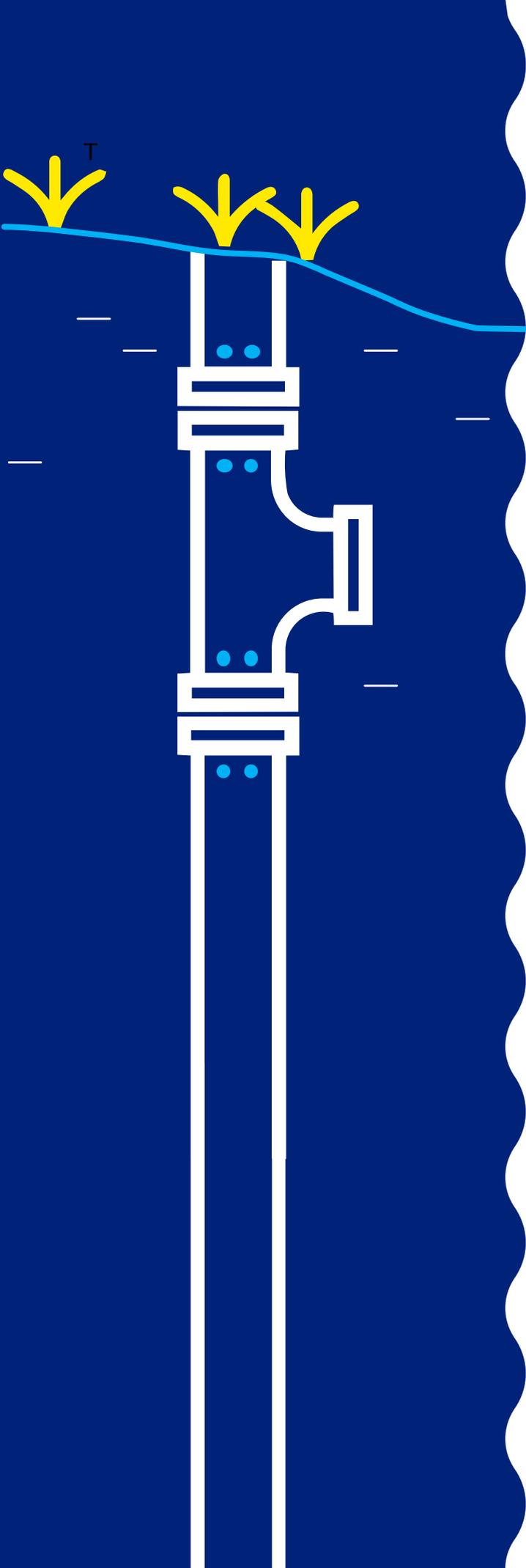
2021-2022

Aboriginal acknowledgement

South East Water proudly acknowledges the Bunurong and Wurundjeri Woi Wurrung as the Traditional Owners of the land on which we operate, and pay respect to their Elders past, present and emerging.

We acknowledge their songlines, cultural lore and continuing connection to the land and water.

We recognise and value their rich cultural heritage and continued contributions of Aboriginal people and communities to our society in Victoria.



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Message from our Managing Director

Our teams work around the clock every day to deliver fresh, clean water and safely take away wastewater for our customers. We work with suppliers and contract partners to help us to do this.

Where we source our supplies from and who we choose to work with, can have far reaching impacts, well beyond the borders of our service region.

We have a responsibility, which we take seriously, to support ethical practices within our organisation and beyond.

We acknowledge the risk of modern slavery in global supply chains and consider any form of modern slavery to be unacceptable.

We're committed to doing all we can to address modern slavery risks and defend human rights within our operations and those of our suppliers and our commitment is enshrined in our organisation's risk management, social procurement frameworks and formal policies that promote ethical and legally compliant activities.

We're proud to be part of a national water industry working group chaired by the Water Services Association of Australia that includes representatives from water corporations around Australia. The working group is focussed on developing a united approach in assessing and managing modern slavery risks in supply chains throughout the water sector.

I'm pleased to present our annual Modern Slavery Statement in response to the *Modern Slavery Act 2018 (Cth)*, which outlines the actions we've taken to identify, monitor and mitigate potential modern slavery risks within our operations and supply chains.

This Modern Slavery Statement applies to both South East Water and our wholly-owned subsidiary, Iota and was approved by our Board of Directors on 5 December 2022.



Lara Olsen
Managing Director

About us – our operations, structure and supply chain

At South East Water (ABN 89 066 902 547), we support healthy and liveable communities by delivering water, sewerage and recycled water services to 1.77 million people who rely on us every day and every night.

Our service area covers the lands and waters of the Bunurong people, some of the lands of the Wurundjeri Woi Wurrung people to our north and an area in our far north east around Longwarry that currently has no Registered Aboriginal Party.

The area borders more than 270 km of coastline and covers a land area of 3,640 km² from Port Melbourne to Portsea and approximately 30 km east of Pakenham.

Each year we deliver 142 billion litres of drinking water and collect and treat more than 136 billion litres of wastewater (waste from the toilet, shower, laundry and kitchen in homes and from businesses) at our local water recycling plants and at Melbourne Water's Eastern and Western treatment plants. We manage more than 27,000 km of pipeline. We own, operate and maintain \$4.9 billion of assets including water, recycled water and sewerage networks.

From our water recycling plants, we produce around 2.8 billion litres of recycled water used for residences, businesses, agriculture and open spaces. We also recycle biosolids for soil improvement and generate renewable energy from biogas and solar.

We're a water corporation under *the Water Act 1989*. The activities of our organisation are governed by *the Water Act 1989* and the Statement of Obligations issued by the Minister for Water under Section 41 of *the Water Industry Act 1994*.

Our service region



- 14,381+ kilometres of water mains
- 1,329+ kilometres of recycled water mains
- 8 water recycling plants
- 1 stormwater treatment plant
- 11,341+ kilometres of sewer mains
- 279 sewage pump stations
- 10 recycled water pump stations
- 82 water pump stations
- 12,587+ pressure sewer pumps across our network.



- 1.77 million people serviced
- Our customer base grew by 1.3% to 813,771
- 92% of our customers rely on us for their home's water and wastewater services
- 8% of our customers rely on us for non-household purposes (businesses, schools, etc.)
- Our customers speak more than 200 languages
- Our service area is the Country of the Bunurong people, and the Wurundjeri Woi Wurrung people in some areas to our north.

Note: although our customer base (i.e. total new properties) increased, our service population decreased due to the impacts of the coronavirus (COVID) pandemic. We base our service population of 1.77 million people on the Australian Bureau of Statistics 2021 Census data.

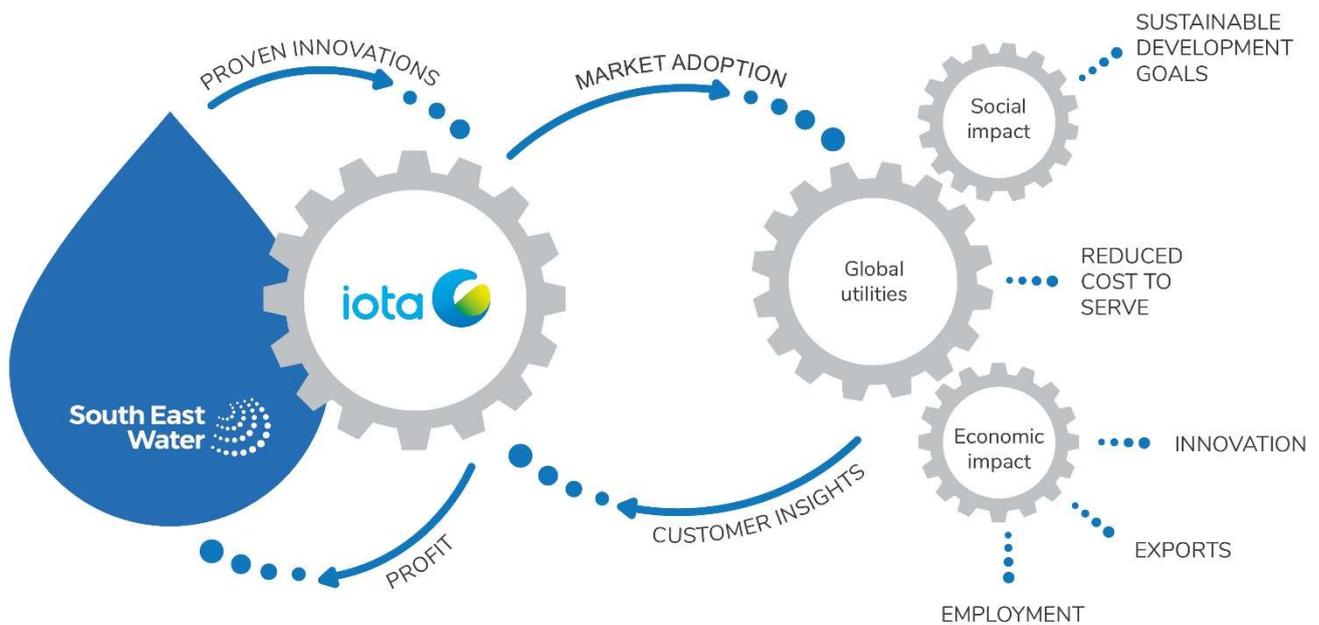
Iota – our commercial capability

Iota (ABN 73 602 562 765) is a wholly-owned subsidiary of South East Water and plays an integral role in achieving our vision. It takes new innovations born at South East Water and commercialises them for use beyond our borders. This not only helps other water organisations around the world become more efficient, but delivers economic and social benefits for South East Water, our customers and Victoria.

Following several successful deployments of its OneBox® technology (monitors and controls pressure sewer systems) with utilities in Australia, New Zealand and as far as Ireland, Iota has continued to expand through the commercialisation of additional technology solutions. Iota shares South East Water’s digital meter and IoT platform technology with the industry, following successful trials and preliminary installations in our network.

Iota also manages South East Water’s Priority Plumbing business, offering integrated water management solutions and industrial and residential plumbing services in Melbourne’s south-east and beyond.

Figure 1: Iota’s impact through commercialisation of smarter, simpler solutions to manage water and wastewater



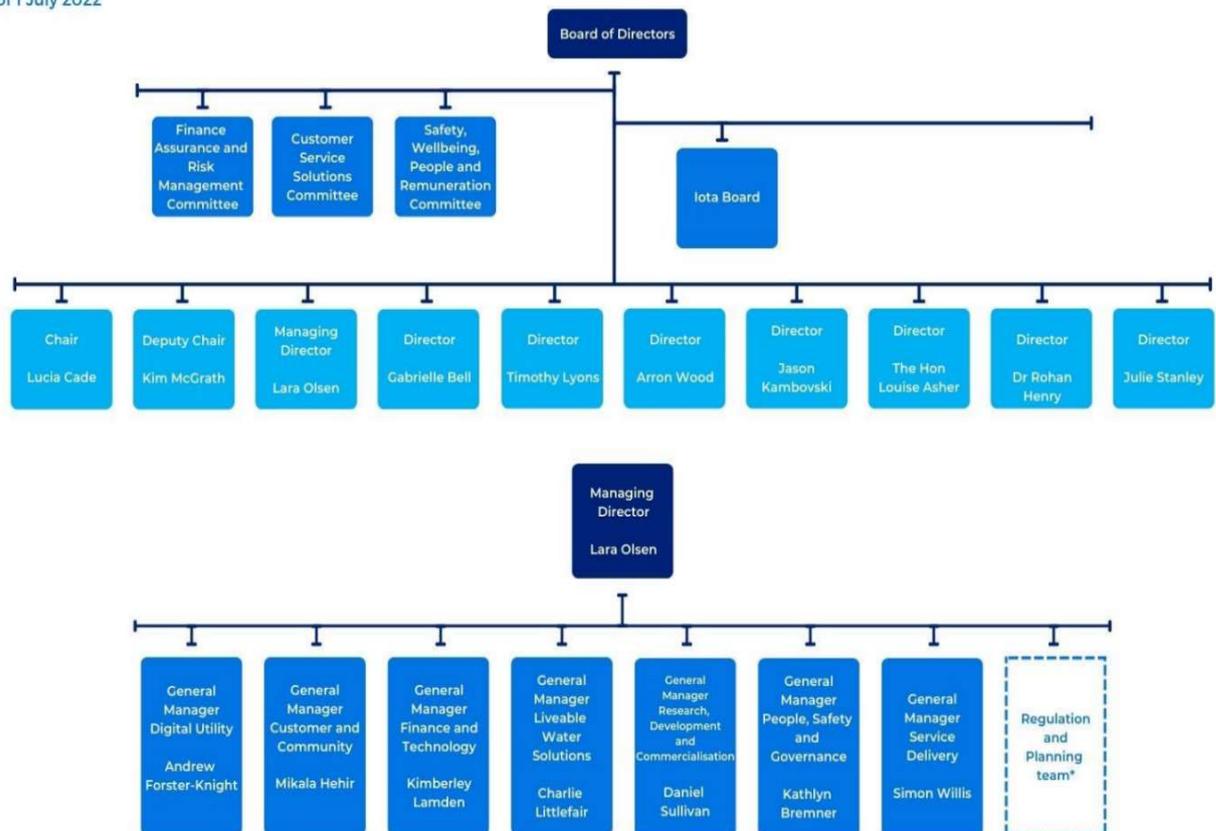
Our governance and structure

Our offices are in Melbourne, Victoria and our workforce consists of over 700 employees. We also have contracts with plumbing companies who provide services as part of our Priority Plumbing business managed by Iota.

We have 9 non-executive directors (including the chair), and a managing director on our board. They represent a diverse mix of skills, experience and backgrounds. The Minister for Water appoints the Board of Directors in consultation with the Treasurer. The board's main role is to preside over all significant strategic, commercial, regulatory, financial and risk-focused business decisions as well as safety, people and customer matters.

Organisation and governance chart

As of 1 July 2022

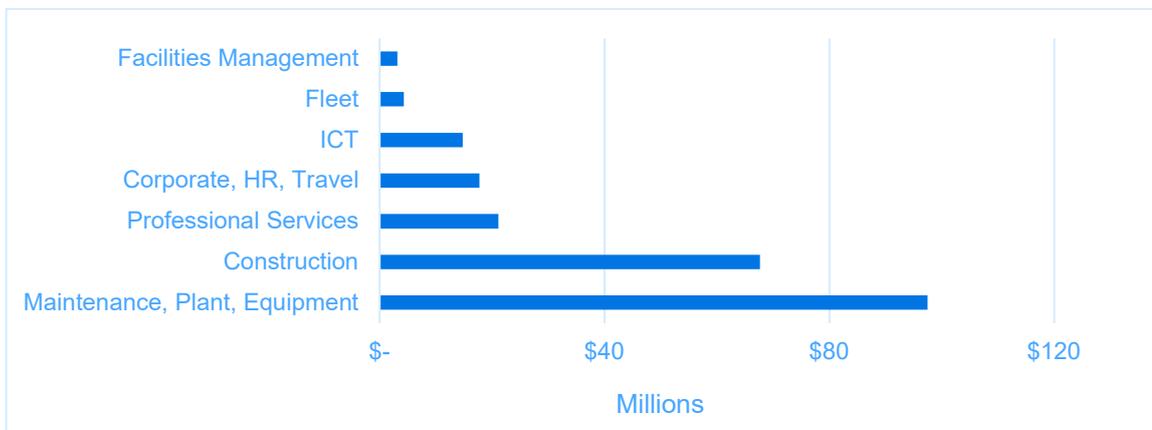


Our supply chains

South East Water

South East Water’s procurement activities focus on the delivery and maintenance of our water and sewer assets, which includes pipelines, pumps stations and recycled water treatment plants. Along with IT and general operational contracts, we also procure support services to maintain our facilities, such as cleaning and security. We procure a wide range of goods / services / construction, primarily from local suppliers, to support our day-to-day operations. Our supply chain is made up of almost 1,500 direct suppliers, with an annual spend of approximately \$226 million¹.

Figure 2: South East Water 2021–2022 procurement spend by categories

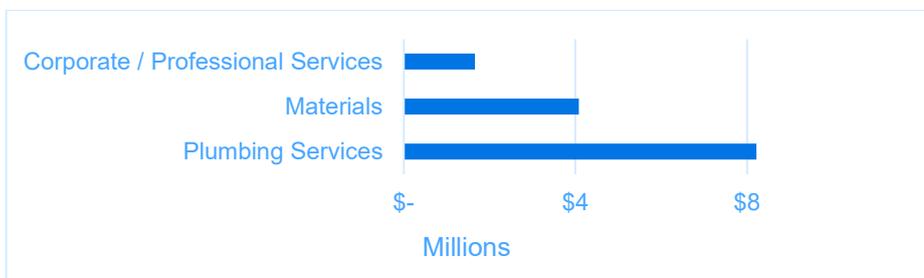


¹Supply chain spend is approximate annualised third party spend excluding taxes, government charges, intercompany transfers and customer compensation payments.

Iota Services

Iota’s spend covers the procurement of plumbing services, materials related to plumbing supplies / commercial products, and corporate and professional services. Iota’s supply chain is made up of almost 120 direct suppliers, with an annual spend of approximately \$14 million¹. Iota’s customers manage water and wastewater services in Australia, New Zealand, Singapore, Ireland, Fiji, and Malaysia.

Figure 3: Iota 2021 –2022 procurement spend by categories



¹Supply chain spend is approximate annualised third party spend excluding taxes, government charges, intercompany transfers and customer compensation payments.

United Nations Global Compact

We're a member of the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative. The initiative has established a path to help end extreme poverty, fight inequality and injustice and protect our planet by 2030.

As a member of the Compact, we've committed to working to achieve the 10 principles that align to responsible business practice and support the broader 17 United Nations Sustainable Development Goals (SDGs). Each of the 10 principles falls under one of 4 key banners of human rights (where modern slavery sits), labour, environment and anti-corruption.

We're working towards integrating the principles of the UNGC into our strategy, culture and daily operations and will submit our Communication of Progress report for the United Nations that's included in our [2021 – 22 Annual Report](#). We've continued to embed the 17 SDGs into our corporate strategy to help achieve the world we aspire for under the UNGC.

Management of our modern slavery risks

Managing risk is central to our ability to remain a reliable and successful essential services provider for our customers, today and for future generations. We maintain an enterprise risk management framework consistent with the Australian/New Zealand Risk Management Standard (AS/NZS 31000) and the requirements of the Victorian Government Risk Management Framework.

Our risk framework incorporates risk appetite, aligned with our strategy, to ensure appropriate decision making. It's built on implementing a consistent, forward-looking approach to identifying and assessing uncertainty that may positively or negatively impact our ability to achieve our purpose and ambition.

Management of modern slavery risks is supported by our Risk Management Framework, Procurement Policy and Social Procurement Framework. We also have formal policies in place that assist with promotion of ethical and legally compliant activities such as our Code of Conduct and Protected Disclosures policies, along with oversight from our board and relevant sub-committees.

Our approach towards managing modern slavery risks in our operations and supply chains follows 4 key steps:

1. Education and awareness
2. Assessing modern slavery risks in our operations and supply chains
3. Implementing actions to address the risks of modern slavery practices
4. Reviewing the effectiveness of our actions

1. Education and awareness

To ensure new suppliers are aligned to our modern slavery assessment requirements, all contract templates have modern slavery clauses and as part of our wider procurement activities, tender respondents are required to fill out our modern slavery due diligence questionnaire as part of their tender submission.

Our Procurement team ran sessions across the organisation in June 2022 focusing on procurement due diligence and risk assessment processes, which included modern slavery considerations.

2. Assessing modern slavery risks in our operations and supply chains

Identifying higher risk focus areas

We've been a member of the Victorian Water Social Procurement Working Group (SPWG) since 2016. The SPWG was developed with the objective of achieving social outcomes through collaboration and collective purchasing power. As part of this group, we completed a water industry supply chain risk and opportunity assessment in 2019 to identify higher risk procurement portfolios where modern slavery risks might occur (refer to table below). Due to the nature of our operations, these categories remain unchanged.

Procurement portfolio	Higher risk supplier profile
Asset maintenance	Ongoing operations and maintenance of facilities, including cleaning and security services in a category known to have a higher risk of modern slavery practices in Australia
Construction	Construction labour (minor and major projects) with many levels of sub-contracting including offshoring of engineering consulting services to a country with higher risks of modern slavery practices
Corporate	Temporary staff, labour hire and traineeship programs. Lack of visibility in the human rights practices of the labour hire suppliers
Customer	Debt collection services, customer research services, that may be offshored to a country with higher risks of modern slavery practices
Equipment and material	Mechanical, electrical equipment, and chemical products purchased from suppliers that distribute goods likely to be manufactured in a country with higher risk of modern slavery practices
Information Technology (IT) consulting	Offshore IT services based in a country with higher risks of modern slavery practices

Assessing modern slavery risks in our sourcing events

We had 1 major sourcing event for our water and sewer maintenance [asset maintenance category] contract in 2021-22, valued at \$286 million. Part of the tender process included assessing modern slavery risks, and suppliers were required to complete our modern slavery due diligence questionnaire as part of their proposal.

We also assessed modern slavery risks for our pressure sewer pumps and tanks [asset maintenance category] tender and our supply of chemicals tender [equipment and material].

The assessment is part of the tender risk assessment process and forms the decision behind the selection of our preferred suppliers for these contracts. The responses we received identified no modern slavery risks.

3. Implementing actions to address the risks of modern slavery practices

Updating our internal procurement documentation

Conducting due diligence at the beginning of a sourcing event (and throughout) is a crucial part of the evaluation process, making sure suppliers and contract partners are aligned to our ethical and good practice procurement processes. We consider modern slavery risks in our procurement risks assessment, standard operating procedures, and request for quotation and tender documents.

Formation of a national water industry working group

We continue to be a core member of the Victorian SPWG and we've helped establish the foundations of a common framework for best practice social procurement and supply chain management.

A national water industry forum held in 2021 resulted in the formation of a national water industry working group (the NWIWG) chaired by the Water Services Association of Australia (WSAA). We're now also part of this working group that consists of participants from water utilities in Victoria, New South Wales, Queensland and ACT (such as Barwon Water, Hunter Water, Icon Water, SEQ Water, Sun Water, Sydney Water, Trillity Water, Unity Water and Urban Utilities).

The NWIWG is collaborating to develop a national water industry approach to addressing modern slavery risks. The approach includes:

- A water industry supplier due diligence questionnaire.
- Exploring options for a joint supplier evaluation platform.
- A common approach towards supplier code of conduct, contract clauses, training and supply chain mapping.

By taking a united approach towards managing sustainability issues, including modern slavery, the water industry stands to accelerate and enhance its value proposition, contribute to the United Nations SDG and raise the industry standards as a responsible member in the communities we service.

Assessing supply chain management platforms

South East Water met with supply chain management platform providers throughout 2021–2022 with the intent of adopting a platform to help us assess modern slavery risks in our supply chains. However, since the formation of NWIWG, we're now focusing our attention on a national water industry streamlined approach.

The NWIWG are in the process of assessing multiple platforms and tools available in the market with the intent to adopt a common water industry platform. This will make managing and reviewing supply chain risks easier and more efficient for both the water corporations and the suppliers.

The ideal platform should have the capability to enable us to assess not only our Tier 1 suppliers, but also our suppliers' supply chains both domestically and internationally. The platform will enhance our business resilience through improved supply chain transparency and visibility and support the more-informed management of our modern slavery and other reputational risks.

4. Reviewing the effectiveness of our actions

Expanding the Water Industry Community of Practice

The establishment of the Victorian SPWG as a community of practice, has enabled continuous improvement and increased transparency and knowledge-sharing between Victorian water corporations. By collectively identifying and addressing common sustainability issues, including human rights, and working together to capture opportunities, the SPWG is more rapidly able to

determine which actions are consistently effective in achieving our desired outcomes. It also allows the sharing of lessons learnt across all members.

The expansion of the community of practice to a national level improves and enhances the collaboration and sharing, ensuring that the Australian water industry achieves consistent, best-in-class outcomes when managing our environmental, social and governance risks.

Internal review

As part of our 2021-22 Internal Audit Plan, our internal auditors undertook a procurement audit, looking at processes and compliance controls for social procurement responsibilities, including modern slavery requirements. A targeted procurement awareness survey was conducted to understand if our employees were familiar with their obligations in relation to procurement policies and procedures.

Of the 60 responses received, 92% of respondents stated that they were aware of their requirements of modern slavery considerations.

Recommendations from the audit included further defining the process and triggers for when a supplier due diligence questionnaire is required and enhancing our suite of procurement documentation.

Consultation and approval process

We've consulted with various internal and external stakeholders to build our modern slavery capabilities and develop this statement, including:

- ongoing collaboration with other water corporations through participation in the Victorian and national water industry working groups
- external third-party consultants and experts for their knowledge, insights and thought leadership
- ongoing communication with internal business areas.

The South East Water Board of Directors and relevant sub-committees will retain oversight of our human rights and modern slavery risks through the progress of embedding the relevant SDG of the United Nations Global Compact into our corporate strategy, procurement practices and operational compliance activities.

Our Executive team has been involved in the review and endorsement of this statement for approval by the board.

Victorian Government Fair Payment Policy

In recognition of suppliers' commercial and financial uncertainties, we've made permanent our accelerated standard payment terms for our small-to-medium enterprise (SME) suppliers - from 30 days to 10 days, on receipt of a valid tax invoice. This aligns with the Victorian Government's Fair Payment Policy, which applies from 1 January 2021 and includes a commitment to pay all SME supplier invoices within 10 business days (for new contracts under \$3 million).

This reform provides certainty as businesses begin to recover from the effects of the coronavirus (COVID-19) pandemic and in dealing with cashflow and costs challenges. This is

one of the fastest government payments timelines in Australia – and has continued beyond the pandemic.

The year ahead

Water industry collaboration program

The NWIWG continues the work done by the SPWG to drive the progress and delivery of our modern slavery risk management agenda. This will drive efficiencies across the sector and deliver a consistent and coordinated approach to manage modern slavery risks.

In the year ahead, we'll:

- align our approach towards addressing human rights risks in our supply chains
- conduct a market scan, assessment and selection of a water industry preferred online supplier risk assessment platform, with a focus on modern slavery and supply chain risk assessment.

The SPWG will also start planning the refresh of our industry supply chain risk assessment, with the intent of updating the water industry risk heat map, possibly extending the risk assessment to tier 2 suppliers, identifying future opportunities for improvement of our modern slavery response and implementation to address modern slavery in our supply chains.

South East Water and Iota

We'll continue to monitor and identify any potential modern slavery risks and decide on the appropriate course of action needed, while also focussing on positively influencing and educating suppliers.

We recognise that modern slavery is a complex area and enhancing our due diligence will be a process of continuous improvement. This will include reviewing our internal processes, building our awareness and understanding of potential risks within our operations, and improving transparency across local and global supply chains.

Appendix 1 – Modern slavery mandatory reporting criteria

The table below sets out the mandatory reporting criteria and where this is addressed in our statement.

Australian modern slavery mandatory reporting criteria	Reference in this statement
1. Identify the reporting entity.	<ul style="list-style-type: none"> About us (pg 5)
2. Describe the reporting entity's structure, operations and supply chains.	<ul style="list-style-type: none"> Our service region (pg 5) Iota (pg 6) Governance and structure (pg 7) Our supply chains – South East Water and Iota (pg 8)
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entities and any entities it owns or controls.	<ul style="list-style-type: none"> Assessing modern slavery risks in our operations and supply chains (pg 10) Identifying higher risk focus areas (pg 10)
4. Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address these risks, including due diligence and remediation processes.	<ul style="list-style-type: none"> United Nations Global Compact (pg 9) Management of our modern slavery risks (pg 10) Education and awareness (pg 10) Assessing modern slavery risk in our sourcing events (pg 11) Implementing actions to address the risks of modern slavery practices (pg 11)
5. Describe how the reporting entity assesses the effectiveness of these actions.	<ul style="list-style-type: none"> Reviewing the effectiveness of our actions (pg 12)
6. Describe the process of consultation with any entities the reporting criteria own or controls (a joint statement must also describe consultation with the entity giving the statement).	<ul style="list-style-type: none"> Consultation and approval process (pg 13)
7. Provide any other relevant information	<ul style="list-style-type: none"> Victorian Government Fair Payment Policy (pg 13) The year ahead (pg14)



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