

Modern Slavery Statement 2022- 2023

Contents

Foreword by the Board Chair and CEO	2
The reporting entity	3
Our business	3
Structure	3
Operations	4
Supply chain	6
<hr/>	
Supply chain risks	7
Due diligence and addressing risks	9
Effectiveness of actions	10
Statement development	11
Additional information	12
Business planning	12
Education and awareness	12
Aligning with peers, regulators and peak industry bodies	12
Policies and procedures - review and augmentation	13
Targeted supplier reviews	13

Foreword by the Board Chair and CEO

The *Modern Slavery Act 2018 (Cth)* came into effect 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 their operations and supply chains, and to detail the steps they are taking to respond to the risks identified.

Since 2020, Power and Water Corporation (Power and Water, or, Corporation) has navigated a significant period of change to meet customer, community and government expectations, and contribute to the Northern Territory's renewable energy and net zero emissions targets by embarking on an organisation-wide modernisation program, which impacts every aspect of our operations.

Power and Water and its wholly-owned subsidiary, Indigenous Essential Services Pty Ltd (IES) recognise that modern slavery practices are a serious violation of human rights. We do not tolerate any form of modern slavery in our operations or supply chains. We believe all workers across the supply chain should be treated with dignity and respect and recognise each person's rights to freedom, justice and fair work conditions and we seek to emulate the outstanding corporate citizenship of our peers and partners in relation to this ethical sourcing consideration by making it part of our business.

We are proud of our progress towards analysing and mitigating the risk of modern slavery in our operations and supply chains to date and raising awareness within our sector and region. With this statement, we declare our commitment to upholding our ethical and legislative obligations by taking action to ensure that our sector wide operations throughout the Northern Territory do not encourage or support the enactment of modern slavery.

This modern slavery statement is signed and lodged with the authority of the Power and Water Corporation Board.



Peter Wilson AM
Board Chair
Power and Water and IES

Date: 18 December 2023



Djuna Pollard
Chief Executive Officer
Power and Water and IES

Date: 18 December 2023



The reporting entity

This joint statement has been prepared and made in accordance with *Modern Slavery Act 2018 (Cth)* (**Act**) for the financial year ending on 30 June 2023 relating to the activities of the reporting entity Power and Water Corporation (ABN 15 947 352 360) and its wholly owned, not-for-profit subsidiary Indigenous Essential Services Pty Ltd (ABN 50 105 269 636).

While both entities operate under separate board structures, we share a common board chair and chief executive officer.

Our business

Structure

Power and Water is established under the *Power and Water Corporation Act 2002* and is a Northern Territory government-owned corporation, established under the *Government Owned Corporations Act 2001*. We have a shareholding Minister and a portfolio Minister, with the former holding Power and Water's shares on behalf of the Northern Territory Government.

Our board of directors is responsible to the shareholding Minister for the Corporation's operational and financial performance and is required to provide a Statement of Corporate Intent each financial year.

Operations

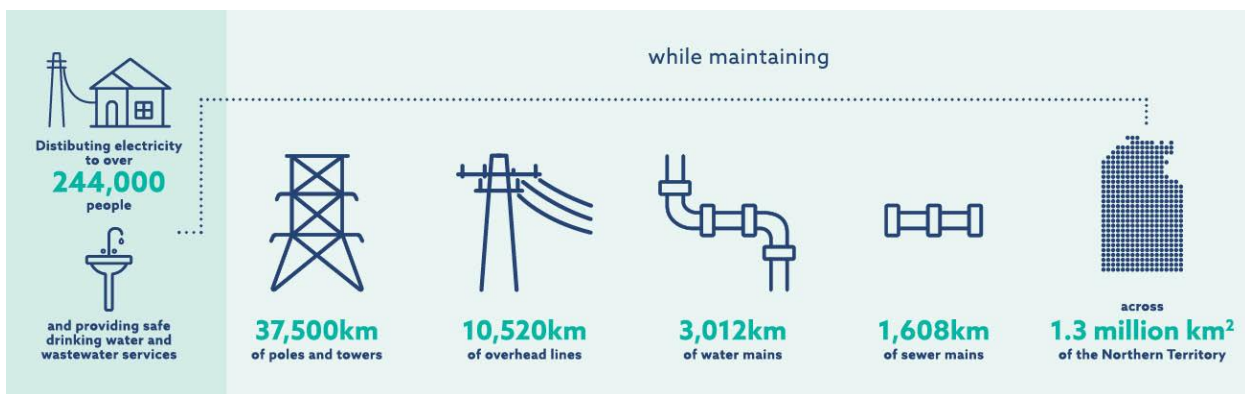
Power and Water is a complex multi-utility business with many competing priorities. Our operations span the entire supply chain of the energy, water and wastewater industries, plus a gas business.

With close to 850 employees, Power and Water is one of the largest employers in the Territory and our essential services of gas, water and sewerage makes us a key enabler in reaching the Northern Territory Government’s target of a \$40 billion economy by 2050. We are a key responder after a natural disaster, helping to restore essential services to the community safely.

The principal activities of Power and Water and IES are the distribution of electricity, the provision of water and sewerage services to the people of the Northern Territory, and gas supply to third parties.

Power and Water also manages the provision of electricity, water and wastewater services to remote Aboriginal communities and outstations on behalf of the Department of Territory Families, Housing and Communities. These arrangements are through IES under agreement with the Northern Territory Government.

As a multi-utility we recognise the enormous social responsibility we have in sustaining our way of life. Territorians rely on our networks and services, placing their trust in us to make sure power and water is always there when they need it, and at a price they can afford.



Values

Everyone at Power and Water has a responsibility to do the best we can. Not only in the way we do our jobs but in how we work together as a team and interact with our customers. Our values are an essential part of our culture, reflected in everything we do.



Power networks and distribution

We own and operate the regulated electricity network and parts of the unregulated network in licensed areas, distributing electricity through three power networks, from the wires to the meters. We also own and operate generation plants in five minor centres in addition to plants in remote communities.

We are the system controller of the Territory’s power systems and ensure they are balanced, stable, safe, secure and reliable. We are also the market operator and operate the interim wholesale electricity market.

Water and wastewater

We own and operate the large dams and groundwater infrastructure that deliver water to households and industry. We remove and treat wastewater before disposing of it in an environmentally responsible manner. We are licensed to provide water and sewerage services to 5 major urban centres and 5 minor urban centres, and provide water services only to the other 8 minor centres.

Gas purchase and distribution

We own and maintain numerous gas pipelines and manage the largest gas wholesale supply and transportation portfolio within the Northern Territory. This includes sales to generators and large businesses across the Northern Territory, and into the interstate markets.

Where we operate

Our combined operating environment provides network services to a highly dispersed, relatively low population base, spanning over 1.3 million square kilometres of the Northern Territory to some of Australia’s most isolated locations.



Supply chain

Power and Water is among the largest buyers of goods and services in the Northern Territory and our procurement and contract management activities play an important role in the health of the local economy. Within the reporting period, Power and Water procured goods and services to the value of approximately \$781 million from over 1,400 suppliers across a diverse range of industries.

Power and Water is committed to a fair and transparent procurement process, encouraging competitive tendering, cost effectiveness and proactive contract management, guided by a robust governance framework and legislative obligations.

Power and Water manages its supply chain in accordance with the following fundamental principles:

- **Best value for Territory** – achieving the best return for Power and Water and the Northern Territory – through an optimum combination of quality, quantity, risk mitigation, timeliness and whole-of-life cost effectiveness – recognising that this may not necessarily be at the lowest price.
- **Ethical and fair treatment** – conducting all dealings in an open, honest and impartial manner – through open and competitive tendering (unless impracticable and/or inefficient), equal opportunity for suppliers, clear and easy to understand assessment criteria and methodology, timely tender assessments, effective communications and complaints process, and appropriate risk allocation in contract documentation.
- **Probity, accountability and transparency** – ensuring the integrity of the procurement and contract management processes and actions taken by Power and Water employees – through established roles and responsibilities, transparency of decisions made, adherence to Power and Water’s Code of Conduct, confidentiality of all commercial information and accountability for decisions.
- **Sustainable and skilled industry partners** – supporting development of industry partners with the capability and capacity to assist in delivering Power and Water’s evolving needs - raising performance issues and user complaints early and effectively with suppliers to obtain value and create healthy, mutually beneficial relationships.
- **Environmental protection** – supporting Power and Water’s objective of promoting and protecting the environment and minimising environmental harm.
- **Promotion of Power and Water’s objectives** – to add value to Power and Water in fulfilling our vision, goals and corporate objectives as defined in our Statement of Corporate Intent.
- **Continuous improvement** – engaging with our stakeholders, building procurement and contract management capability, and maintaining effective management standards, procedures, governance, assurance and compliance to continuously improve the effectiveness of our procurement and contract management frameworks.

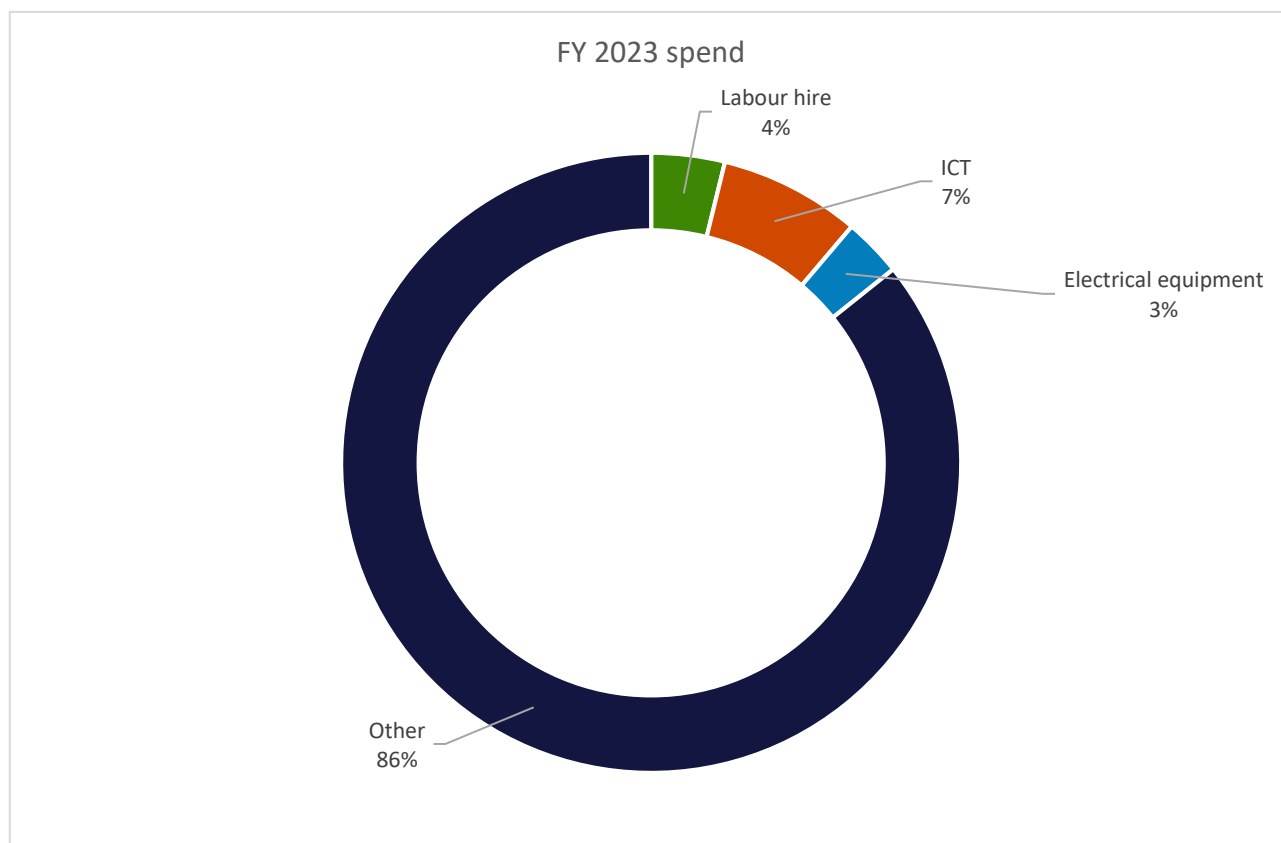
Supply chain risks

Overall, and largely due to our buy local policy resulting in the majority of our supplies and labour being sourced from within the Northern Territory and domestic economy, the risk associated with modern slavery associated with our sourcing activities is considered low. Ongoing analysis and supply chain investigation across our top tier suppliers will provide increased insight into risk.

The greatest risk of the presence of modern slavery in our supply chain has been identified as being from suppliers that may rely on labour from vulnerable populations in high-risk procurement categories or high-risk geographies.

High-risk categories

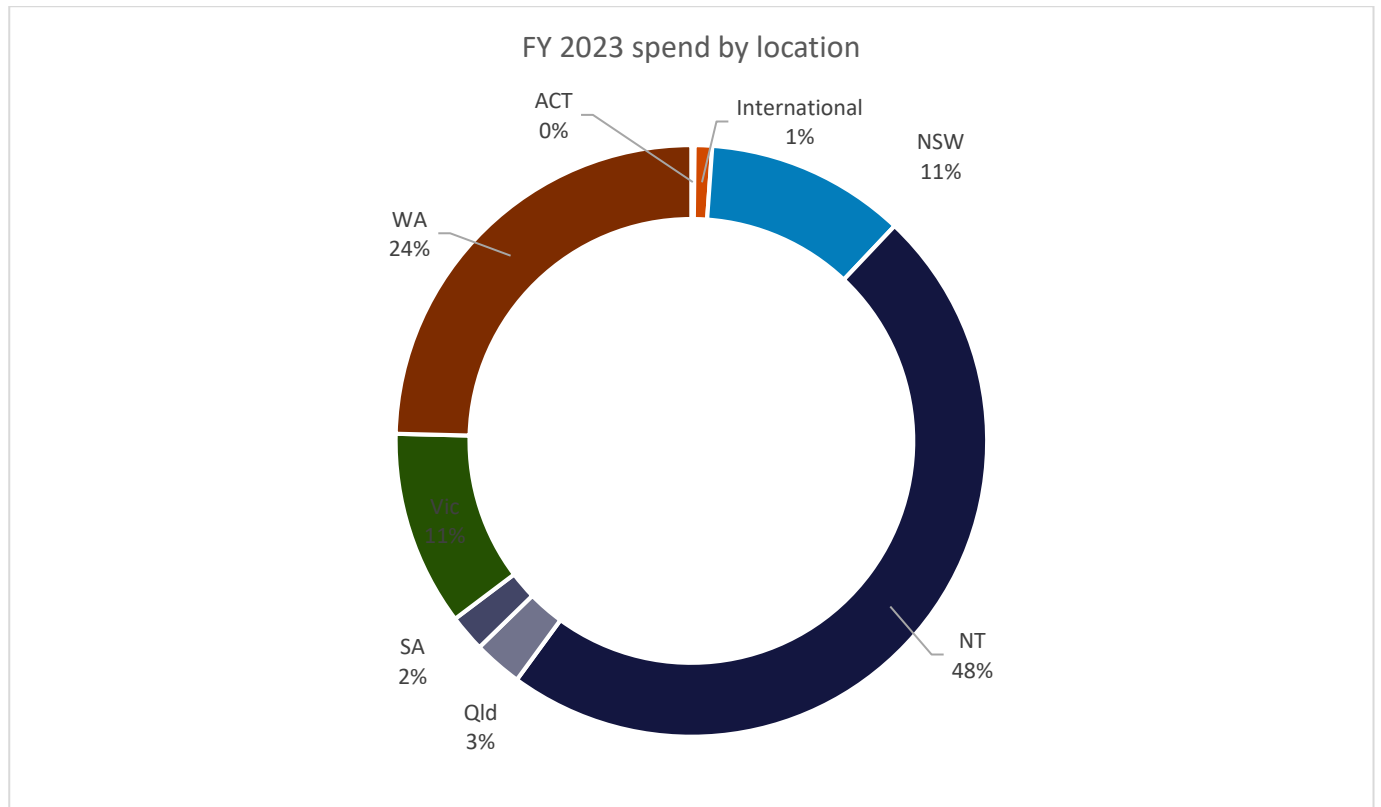
Power and Water procures goods and services from a number of potentially high-risk categories, including labour hire, information and communication technology, and electrical parts and equipment. Suppliers within these categories are our focus during the 2023-2024 reporting period to determine context specific risk in supply chain in relation to modern slavery.



High-risk geographies

In FY 2023, 98.8% of Power and Water's spend was sourced from Australian-based suppliers. Procurement from overseas entities was approximately \$9.4 million, or 1.2% of our annual spend.

Ongoing risk assessment of the direct and indirect supply chain sourcing activities associated with high risk geographies are being targeted throughout 2023-24.



Due diligence and addressing risks

Power and Water has progressed its category management practices across the reporting period, which allows its procurement resources to focus on specific areas of expenditure to achieve value. This model has contributed to improved supply chain analysis with a strategic view of risk areas that can be assessed for modern slavery.

As part of Power and Water’s ongoing business-wide modernisation program, we have invested in internal systems and resource alignment, which significantly impacts contract management accountability and the program delivery environment. These systematic changes provide a ripple effect into the outsourced delivery model and provide opportunity, as part of procurement and contract renewal initiatives, to embed modern slavery considerations in to the procurement framework and suite of documentation.

Key initiatives and actions taken to address modern slavery during the reporting period include:

INITIATIVE	MODERN SLAVERY IMPACT
<p>Review of our supply chain framework</p>	<p>We identified all underlying and supporting supply chain and operational documentation impacted by Australia’s modern slavery legislation.</p> <p>We are developing our systems to identify and assess potential risk areas within our supply chain and to mitigate any identified areas of risk. Our standard procurement processes include a variety of checks and reviews designed to make sure that the suppliers we engage have the capability, capacity and credibility to comply with our policies and commercial terms. We also check that our contracts undergo appropriate legal assessment and have appropriate contract clauses in place to balance risk and outcomes.</p>
<p>Examination of our supply chain fundamentals</p>	<p>Our suite of procurement documentation has been reviewed and identified for updating to include modern slavery clauses, including:</p> <ul style="list-style-type: none"> ▪ Policy documentation ▪ Planning documentation ▪ Execution documentation ▪ Contractual documentation.
<p>Awareness and training initiatives</p>	<p>We have significantly increased our focus on modern slavery and commitment to the legislative framework and potential impact our supply chains may have towards the agenda.</p> <p>Regular discussions have been held within corporate meetings and at various governance levels across the entities in support of raising awareness.</p> <p>Initiation of training our procurement, category management and contracts management teams using the Commonwealth’s standard modern slavery materials and incorporation of training modules into our standard performance achievement system.</p>

INITIATIVE	MODERN SLAVERY IMPACT
Preliminary risk analysis of our Tier 1 suppliers	<p>We have identified the sectors where we are most exposed to modern slavery risk within our supply chain, which include:</p> <ul style="list-style-type: none"> ▪ Bulk chemical sourcing ▪ Bulk chemical transportation ▪ Corporate and personal protection clothing ▪ Personal protection equipment ▪ Electrical components and equipment ▪ Labour-hire sourcing, and ▪ ICT hardware and software.

Effectiveness of actions

Power and Water has a risk-based approach to investment decision-making and has adopted a risk-based approach to the assessment of modern slavery implications across its supply chain.

To date, we have not identified any instances of modern slavery directly associated with our operations. No client or supplier has raised modern slavery concerns. No modern slavery-related issue or concern has been submitted by any employee.

Raising awareness and front of mind consideration has been the primary focus over the reporting period to ensure executive leaders, procurement professionals, asset managers and project teams give consideration to the impact of modern slavery within the context of their operating environment.

Metrics to be developed and approved by management to measure the effectiveness of our actions towards addressing the risk of modern slavery will be embedded into the performance management framework and document within our strategic plan.

Statement development

Modern slavery has been raised and discussed across our governance framework at executive and steering committee levels for an extended period.

The formal approval process of this statement has progressed in accordance with Power and Water’s governance framework, constitution and Board charter, including:

1. Executive Leadership Team endorsement on 10 October 2023
2. Board Audit and Risk Management Committee endorsement on 1 November 2023
3. Board approval on 10 November 2023.

	PWC Board	IES Board	ARMC	PSSRC	GASCO	SCMORC
Peter Wilson AM Chair	●	●	●	●	●	●
Trevor Armstrong	●	●		●		●
Paul Italiano	●	●	●	●		● Ex officio
Greg Martin	●				●	●
Jodie Ryan	●	●	●	●		
Megan Corfield	●		●	●	●	
Rob Cole	◆ (gas)				◆ (gas)	

Legend: ● = Chair ● = Member ◆ = Specialist (non-director) member

Additional information

We consider it appropriate to identify our key priorities moving forward which support our compliance and consideration of modern slavery within and across our supply chain and operations.

Business planning

Modern slavery activities will be incorporated in the supply chain, strategy and operations' annual business planning process to ensure identification of appropriate lines of accountability and reporting against targets can be introduced, allocated and measured in future years.

Education and awareness

Power and Water is currently identifying the appropriate engagement approach to ensure all parts of the business are aware of our obligations under the Act.

Training modules within our performance management system will be made mandatory for either all staff or all staff relating to the procurement, supply and asset management within the business.

We are developing a systematic approach to communication and awareness across the organisation and with key external stakeholders through a range of mechanisms including:

- Implementing standing agenda items at executive leadership and Board meetings on modern slavery
- Developing an approved official internal communication broadcast
- Ensuring key executive, strategic and optional governance bodies are aware of the modern slavery requirements and initiatives
- Rolling out existing training modules located within our performance achievement system to all employees
- Communication with top tier suppliers and government partners to raise awareness.

Aligning with peers, regulators and peak industry bodies

Over the next reporting period, Power and Water will seek to engage with the Utility Regulators Forum as represented by the Utilities Commission of Northern Territory to ensure appropriate two-way feedback is established at the peak industry level.

Further, we will investigate how best to align with the proactive work of our jurisdictional peers across Australia through peak industry bodies such as the Energy Procurement Supply Association that has formed a pilot working group to investigate opportunities for a joint approach to modern slavery compliance, which in part includes a standardised supplier assessment questionnaire, supported by Informed 365.

Engagement at key government forums in the local economy will include our shareholding and portfolio Ministers, Northern Territory Government and local governments as a part of our core business and general engagement activities to investigate collaborative approaches to state wide initiatives.

Policies and procedures - review and augmentation

Progressing the review of our Procurement and Contracting Policy to emphasise the importance of ethical sourcing, responsible procurement and due diligence in supplier selection as it relates to modern slavery is coordinated with other procurement process and contract documentation is being prioritised.

Concurrently, we are reviewing all Power and Water policies to ensure modern slavery is appropriately addressed at an enterprise level and external facing activities with suppliers are appropriately supported by policy.

Existing documentation that may require further consideration include:

- Risk and Compliance Policy Statement
- Compliance Management Standard
- Governance Policy Statement
- Work Health and Safety Policy Statement
- Work Health and Safety Management Standard
- Employee Assistance Program Guideline
- Safety Engagement Guideline.

Targeted supplier reviews

We are progressing our desktop analysis of Tier 1 suppliers, identifying categories where we are most exposed to modern slavery risk, and will determine the risk associated with our supply chains to inform the appropriate action and resource allocation to the task.

Defining our focus areas in supply chain categories and key supplier analysis criteria based on risk will include a deep dive with key asset management resources in a selection of sample contracts.

Contact

Supply Chain Strategy and Operations
Finance and Business Services
PWC.Procurement@powerwater.com.au

Doc Reference

