



Modern Slavery Statement

2020 – 21

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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 a number of suppliers and 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 that risk and defend human rights within our operations and those of our suppliers.

We know that the risk since 2020 may be greater than ever, with the impacts of the coronavirus (COVID-19) pandemic increasing workers exposure to modern slavery and other forms of exploitation across the globe. This makes the transparency and accountability across local and global supply chains increasingly important and even more urgent.

As both a customer and service provider, we're committed to continually improving our internal procurement and governance processes, raising awareness and continued learning and training within our organisation.

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 6 December 2021.



Lara Olsen
Managing Director, South East Water

FY2021 Highlights

Improving our knowledge and understanding of modern slavery risks

- We continue to educate and inform South East Water and Iota employees on modern slavery risks, and we've extended that knowledge sharing to our suppliers as well. This is done through regular communications and the development and dissemination of education materials for both employees and suppliers.

Victorian Water Industry collaboration

- We've progressed our priority initiatives (Phase 3) under the Victorian Water Industry collaborative project to address modern slavery risks. These included:
 - The development of the Procurement Toolkit to enable water corporations to build, evaluate and monitor their sourcing requirements relating to the management of human rights and labour issues, including modern slavery risks.
 - Piloting and trialling the Procurement Toolkit, which involved undertaking procurement pilot projects utilising the toolkit developed, identifying key themes and issues, and refining the Procurement Toolkit based on the consolidated feedback from the various water corporations.
 - Hosting a National Water Industry Forum on Modern Slavery involving participants from water corporations in Victoria and across Australia. The forum explored the implementation of a national level approach to managing modern slavery risks and a Supplier Evaluation / Risk Assessment initiative.

Applying our policies, processes, and tools

- We sought information from our higher risk category suppliers (existing contracts and new sourcing projects) utilising our Supplier Due Diligence Questionnaire. This helped us to better assess the human rights risk of our current contracts and take necessary actions to address any gaps.
- Our Modern Slavery clauses are being applied for all new contracts.

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 1.91 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.

It 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 more than 137 billion litres of drinking water and collect and treat more than 108 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.

From our water recycling plants, we produce around 2,300 megalitres 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.

To deliver for our customers, we manage more than 26,500 km of pipeline. We own, operate and maintain \$4.8 billion of assets including water, recycled water and sewerage networks.

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

People

- Our customer base grew by 1.4% to 803,106
- 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
- There are more than 8,300 First Nations People living within our region

Assets

- 14,258+ kilometres of water mains
- 1,231+ kilometres of recycled water main
- 8 water recycling plants
- 1 stormwater treatment plant
- 11,230+ kilometres of sewer mains
- 277 sewage pump stations
- 9 recycled water pump stations
- 82 water pump stations
- 8,000+ pressure sewer pumps across our network



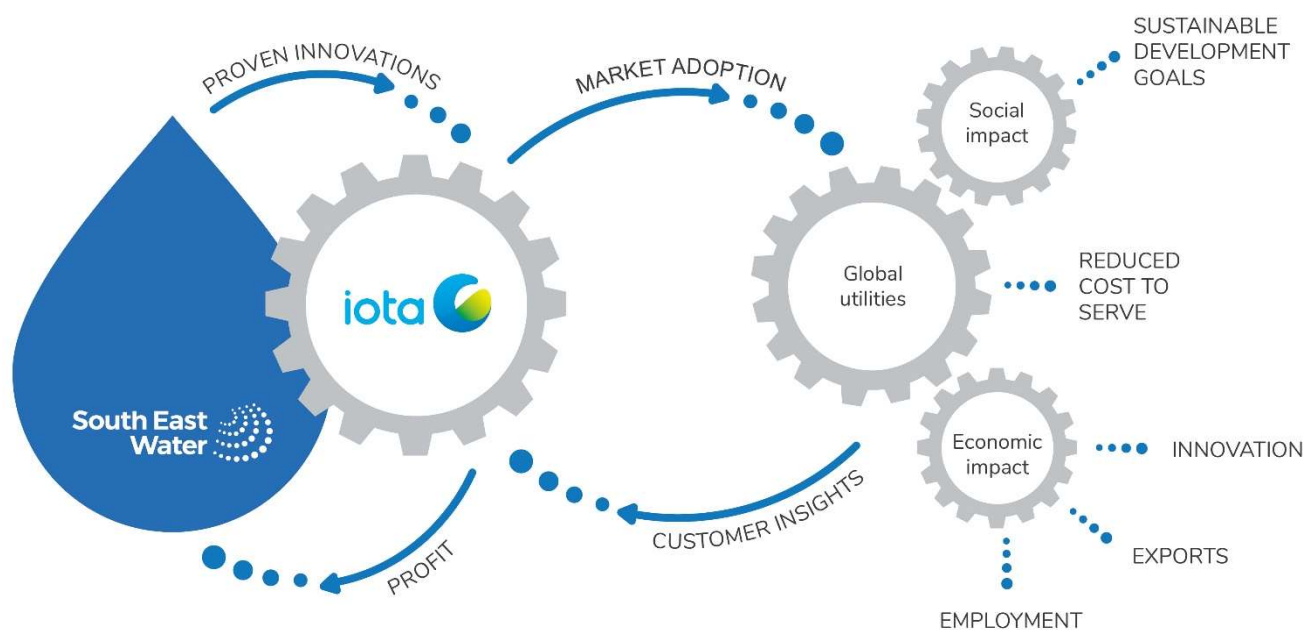
Our service area spans from Port Melbourne to Portsea, to Portsea, to Pakenham – spanning bays, beaches, green space and high-rise apartments

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 – taking new innovations born at South East Water and commercialising them for use beyond our borders. This not only helps other water organisations around the world become more efficient but delivers economic and social benefit 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. There are now a dozen utilities trialling its Advanced BlokAid® technology to monitor levels in sewer and stormwater drains in near-real time, and Iota is sharing 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.

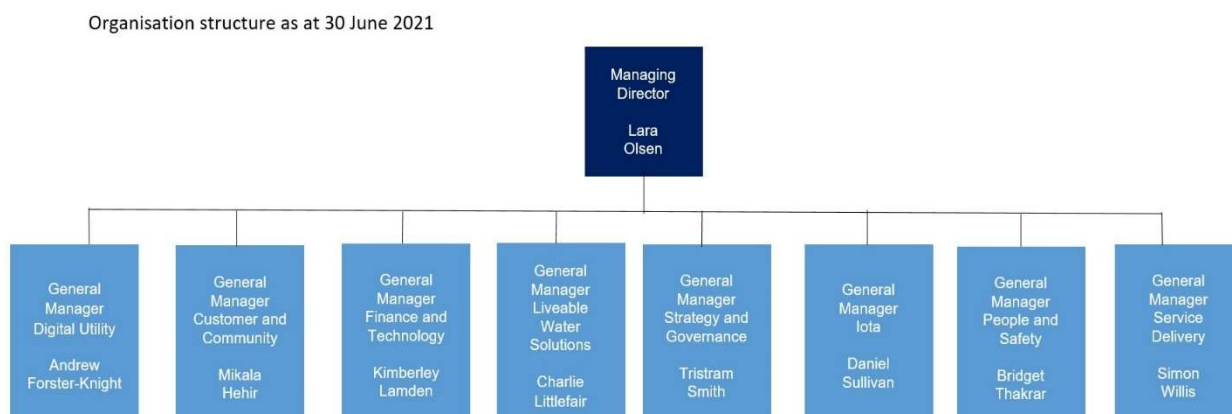


Iota's impact through commercialisation of smarter, simpler solutions to manage water and wastewater

Our structure and governance

Our offices are in Melbourne, Victoria and our workforce consists of over 600 employees. We also have contracts with a number of plumbing companies who provide services as part of our Priority Plumbing business managed by Iota.

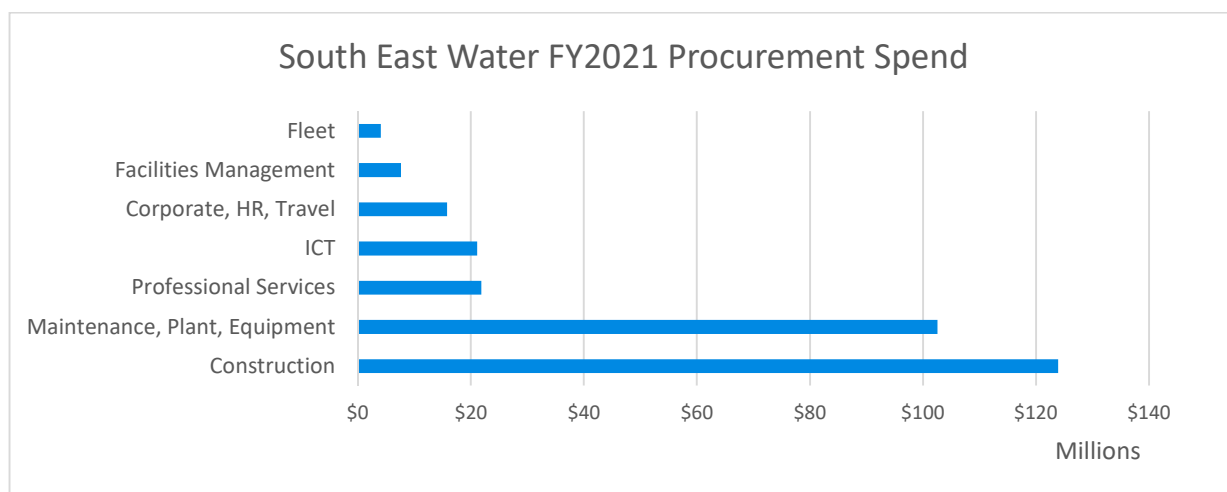
We have eight non-executive directors (including the chair), and a managing director on our Board. They represent a diverse mix of skills, experience and backgrounds. The Minister for Water appoints the Board of Directors in consultation with the Treasurer. The Board's main role is to preside over all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



Our supply chains

South East Water

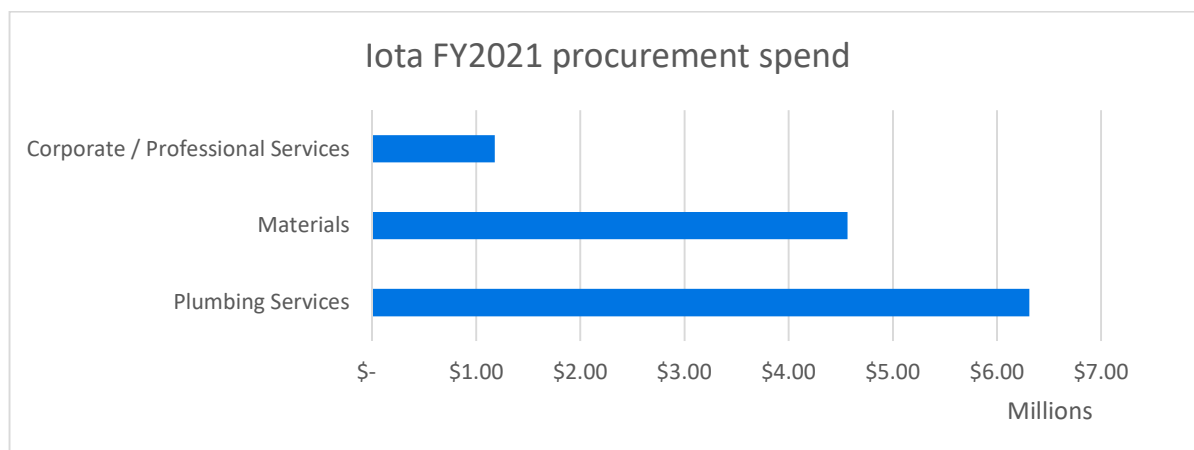
South East Water's procurement activities focus on the delivery and maintenance of our water assets, which includes pipelines, pumps stations and recycled water treatment plants. Along with IT and general operational contracts, we also procure services to maintain our facilities such as cleaning and 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 1,100 direct suppliers with an annual spend of approximately \$298 million¹.



¹ Supply 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 160 direct suppliers with an annual spend of approximately \$12 million¹. Iota's customers manage water and water waste services in Australia, New Zealand, Singapore, Ireland, Fiji, and Malaysia.



¹ Supply 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 also support the broader 17 United Nations Sustainable Development Goals. Each of the 10 principles falls under one of four 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 [2020-21 Annual Report](#). We've continued to embed the 17 Sustainable Development Goals (SDGs) into our corporate strategy to help achieve the world we aspire for under the UNGC.

The five core goals that align most closely with our operations are shown with a black outline:



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. Risk management will always be a key focus and is embedded across all of our management systems and processes. 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 management approach towards managing modern slavery risks in our operations and supply chains remains generally unchanged with minor adjustments:

Our Modern Slavery Management Approach	
1.	Educating and informing our people, stakeholders and suppliers
2.	Assessing modern slavery risks in our operations and supply chains
3.	Identifying higher risk focus areas / gaps for further assessment
4.	Implementing actions to address the risks of modern slavery practices
5.	Reviewing the effectiveness of our actions

1. Educating and informing our people, stakeholders and suppliers

National Water Industry engagement

On 19 May 2021, the Victorian Water Industry Association (VicWater) and the Water Services Association of Australia (WSAA) co-hosted the National Water Industry Forum to investigate addressing modern slavery risks together. Water corporations across Australia were invited to attend. The forum was hosted virtually and welcomed 43 attendees from 22 water corporations and industry associations. The activities, insights, and progress of VicWater's Social Procurement Working Group (SPWG) were shared at the forum, and opportunities and areas to collaborate as an industry were discussed. The forum identified an interest to work together, with VicWater looking to initiate a collaboration project in 2022.

Continuous education of our people on modern slavery risks

We continue to inform and educate our people utilising the appropriate communication channels and forums on modern slavery risks, including developing education materials for our staff and suppliers. We also communicated to our contract managers, especially those managing the

higher risk categories, of our obligations and to ensure continued monitoring and due diligence when managing modern slavery risks within their supply chains.

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

Assessing modern slavery risks in our sourcing events

We've assessed modern slavery risks for our sourcing events for identified higher risk procurement categories such as our IT contracts (IT Testing Services, Data Analytics Platform Development) where part of the labour is offshored. The assessment is part of the tender risk assessment process and forms the decision behind the selection of our preferred suppliers for these contracts.

Assessing modern slavery risks in our current contracts

We also assessed the modern slavery risks in our current existing contracts for the higher risk procurement categories such as cleaning services and guarding services. Our existing suppliers were required to complete and return our Supplier Due Diligence Questionnaire. Assessment of the information received identified no material risks.

3. Identifying higher risk focus areas for further assessment

Our assessed higher risk procurement areas where modern slavery practices might occur are:

Procurement category	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 and offshore of engineering 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 Consulting	Offshore IT services based in a country with higher risks of modern slavery practices

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

Victorian Water Industry Modern Slavery Program of Work

The VicWater Social Procurement Working Group (SPWG) commenced Phase Three of our Sustainable Procurement Initiative in November 2020. Jointly funded by the majority of Water Corporations, the SPWG engaged the ongoing support of a third-party specialist human rights consulting team to help deliver the identified actions. This Initiative is an important piece of work to put us in an industry-leading position in our approach to sustainability issues in our supply chains. Phase Three mobilises one of our priority areas from Phase Two – to address human rights risks, particularly modern slavery, in our supply chains. This is both in line with VicWater's sustainability ambitions and values, and supports VicWater's members' response to new legislation, the *Modern Slavery Act 2018 (Cth)*.

Fourteen VicWater members participated in this Phase, which consisted of two Workstreams:

1. **Procurement Toolkit and piloting:** The development of procurement tools that will support members to manage the risk of modern slavery in our procurement activities. The toolkit was piloted with selected members and their suppliers.
2. **National industry forum on addressing modern slavery:** Hosted a three-hour virtual forum with a selection of Australian water corporations to share the SPWG's lessons learned. The forum explored a united and efficient approach towards enhancing the industry's response to modern slavery risks in our supply chains

Procurement Toolkit and piloting

Workstream 1 involved the development of a common Procurement Toolkit to build, evaluate and monitor participating VicWater members' sourcing and tendering requirements relating to the management of human rights and labour issues, including modern slavery. The toolkit consists of the following:

1. VicWater member education material
2. Labour Rights and Modern Slavery risk identification tool
3. Supplier education material
4. Supplier questionnaire and guidance
5. Supplier continuous improvement guidance
6. Supplier compliance checklist
7. Grievance and remediation guidance

The development of the toolkit also involved the piloting of the toolkit with new sourcing events and with existing contracts and suppliers. Melbourne Water, Barwon Water and Wannon Water trialled the Procurement Toolkit with their tenders (construction works) and existing contracts (cleaning, facilities management). Working sessions were conducted to discuss:

- Key observations and lessons learnt from implementing the tools
- Any challenges that were faced/overcome
- How the pilot project teams have adapted the tools and their suggested refinements

The feedback was incorporated, and the final Procurement Toolkit made available to all members June 2021.

National industry forum on addressing modern slavery

The national water industry forum was held on 19 May 2021 and was attended by 22 water corporations and industry associations. The forum consisted of four sessions discussing:

1. Global and Australian trends in modern slavery due diligence
2. Best practices sharing by the VicWater SPWG
3. Industry approaches to supplier engagement
4. Opportunities for the water industry to collaborate as an industry

There was a strong appetite from the participants to accelerate the actions on the national collaboration project, with ideas that included establishment of a working committee to deliver the national collaborative initiatives, a common supplier evaluation platform, a common approach towards supplier code of conduct, contract clauses, training, supply chain mapping and the streamlining of staff education and engagement.

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 Sustainable Development Goals and raise the industry standards as a responsible member in the communities we service.

5. Reviewing the effectiveness of our actions

Water Industry Community of Practice

The establishment of the 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, and allows the sharing of lessons learnt across all members. The SPWG has worked together since its inception and continues to do so, to develop and implement a collaborative ongoing program of work, with the ambition to take an industry-leading position in how it responsibly manages its operations and supply chains to take it to a national level.

Third Party Specialist Advice

The SPWG continues to work with third party specialists to support the development of their work program, develop risk assessment procurement tools, and to co-design and facilitate modern slavery collaboration workshops. By seeking external guidance and insight, the SPWG is challenged and aided to understand where they have been effective in collectively addressing modern slavery in their industry's supply chains. This advice has also helped to identify opportunities to improve their approach.

Internal review

At South East Water, we continue to evaluate and assess the effectiveness of our modern slavery implementations and continue to improve them based on feedback from staff and suppliers. For example, we made changes to our Supplier Due Diligence Questionnaire to make it easier for suppliers to understand and complete the form.

Consultation and approval process

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

- Representatives within South East Water and Iota via individuals' involvements within the SPWG
- External third-party specialist consultants and experts for their knowledge, insights and thought leadership
- Ongoing communication with internal business areas
- South East Water's and Iota's executive leadership team have reviewed the outcomes of relevant assessments and endorsed the joint Victorian water corporation sustainability and modern slavery initiatives

The South East Water Board of Directors and relevant sub-committees will retain oversight of our human rights and modern slavery risks through our Risk Management framework, the progress of embedding the relevant Sustainable Development Goals (SDGs) of the United Nations Global Compact into our corporate strategy, procurement practices and operational compliance activities. Our executive leadership team has been involved in the review and endorsement of this Statement for approval by the Board.

Impacts of COVID-19 on our customers and supply chain

The coronavirus (COVID-19) pandemic has had a significant impact on our business, our people, our customers and our suppliers. It continues to have implications on all of us. It's challenged us to shift and adapt the way we work. We've continued to focus on safely maintaining our supply and services, along with providing financial support and reassurance to our customers who may have been financially impacted by COVID-19. We also ensured the safety of our contractors and key suppliers by supporting appropriate use of and access to personal protective equipment (PPE).

Most of our workforce continues to work from home during the pandemic. Only roles critical to maintaining supply and services remain on site and in the field, with appropriate safety measures in place.

In recognition of suppliers' commercial and financial uncertainties, we have made permanent our accelerated standard payment terms from 30 days to 10 days from receipt of a valid tax invoice for our small-to-medium enterprise (SME) suppliers. This aligns with the Victorian Government's Fair Payment Policy which applies from 1 January 2021, 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 pandemic and is one of the fastest government payments timeline in Australia – and will continue beyond the coronavirus (COVID-19) pandemic.

The Year Ahead (FY2022)

Victorian Water Corporations Collaborative Program

The SPWG continues 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.

The year ahead entails:

- The formation of the national level industry working group (members from VicWater and Water Services Association of Australia, WSAA) to identify and deliver the water industry collaborative project initiatives; and
- Conducting a market scan, assessment and possibly the selection of a water industry preferred online supplier risk assessment tool, 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 plan to develop and deliver a broader training program for our people to increase their understanding and awareness of modern slavery risks in our operations and supply chain.

The Procurement Risk Assessment Tool incorporating modern slavery risks and the Water Industry Procurement Toolkit will be rolled out, to provide guidance to buyers.

We'll also be incorporating further guidance on assessing modern slavery risks (where applicable) in our Tendering Guidelines for sourcing activities above the \$250k threshold.

We'll continue to effectively monitor and identify any potential modern slavery risks and decide on the appropriate course of action needed, whilst 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 7) Governance and operational structure (pg 8) Our supply chains – procurement overview and spend for SEW and Iota (pg 9)
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 12) Identifying higher risk focus areas for further assessment (pg 13)
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 (UNGC) (pg 10) Management of our modern slavery risks (pg 11) Educating and informing our people, stakeholders and suppliers (pg 11) Implementing actions to address the risks of modern slavery practices (pg 13)
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 14)
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 15)
7. Provide any other relevant information	<ul style="list-style-type: none"> Impacts of COVID-19 on our customers and supply chains (pg 15) The year ahead (FY2022) (pg16)