ADVANCING THE SUSTAINABLE DEVELOPMENT GOALS

YARRA VALLEY WATER

PLANET PEOPLE PROSPERITY 2018

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ABOUT THIS REPORT

Planet, People, Prosperity describes Yarra Valley Water’s performance and aspirations in the context of the Sustainable Development Goals (SDGs). It captures the ways we create and deplete value, and references the international Integrated Reporting (IR) framework and the Global Reporting Initiative (GRI) standards.

We hope that this report will serve as a prospectus for purpose-based relationships with like-minded organisations, widening our sphere of influence and partnerships for future sustainability work. It represents an evolution in our current approach to reporting our activities, increasing our transparency, consistency and accountability, and acting as a roadmap for the diverse ways we can deliver benefit to the community.

We recognise that an organisation’s activities increase or decrease value across six forms of ‘capital’ – financial, manufactured (infrastructure), intellectual (systems and data), natural (renewable and non-renewable resources), social/relationship (culture), and human (staff knowledge and expertise). This report showcases the various ways we generate value, with a focus on the capitals that are underrepresented in traditional accounting methods. It shows how these interconnect to support an integrated approach to our business.

As well as using the <IR> methodology to guide planning and reporting, we have adopted Integrated Profit and Loss (IP&L) accounting principles to determine the relative materiality of financial, natural, human, and social capital in all decisions, which enables us to choose the options that will deliver the greatest overall value.

REPORTING PERIOD

We plan many decades ahead to ensure we can continue providing our services for generations to come. This report covers our initiatives over the next three years and uses our activities in the past year to understand our current performance. It also touches on the longer-term planning decisions we are making to safeguard our customers, our community and the environment in the future.

ACKNOWLEDGEMENT
OF TRADITIONAL OWNERS

We proudly acknowledge the Traditional Owners of the land on which we work and live, and pay respect to their Elders past, present and emerging. We recognise and value the continuing rich cultures and the contribution of Aboriginal and Torres Strait Islander peoples and communities to the Victorian community, and their role as the original stewards of the water and other environmental resources we share.

ABOUT THIS REPORT

OBTAINING COPIES OF THIS REPORT

You can obtain a copy of this report from www.yvw.com.au

For any questions regarding the content of this report, please contact media@yvw.com.au

Aunty Doreen Garvey-Wandin, Senior Wurundjeri Elder, performing the Welcome to Country at the launch of our Reconciliation Action Plan, 2017.
**SERVICE AREA**

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**MAP KEY**

- Water supply storage reservoirs:
  - Yan Yean
  - O'Shannassy
  - Maroondah
  - Sugarloaf
  - Toorourrong
  - Yan Yean
  - Victorian Desalination Project

- Treatment plants:
  - Lilydale
  - Kinglake
  - Brusby Creek
  - Upper Yarra
  - Lower Yarra
  - Healesville
  - Aurora
  - Greenvale
  - Tooronga
  - Whittlesea
  - Craigieburn
  - Wallan

- Other sources of water:
  - Victorian Desalination Project

- Other waste treatment facilities:
  - ReWaste
  - Sewage treatment plant
  - Recycled water treatment plant

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**NAVIGATING THIS REPORT**

**KEY THEMES**

- Sustainable Development Goals
- Material Issues
- Value Creation

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Every day, more than 1.9 million people – around 30 per cent of the state’s population – and 50,000 businesses rely on Yarra Valley Water’s water and sanitation services.

Our owner, the Victorian Government, expects us to run a sustainable business.

We also have a broader role in improving public health and wellbeing – the way we deliver our essential services plays an important part in maintaining a healthy planet and building resilient and thriving communities.

Our 2020 Strategy, which defines our aspirations as an organisation over the rest of this decade, keeps us focused on our purpose – to provide exemplary water and sanitation services that contribute to the health and wellbeing of current and future generations. This provides long-term direction and a clear vision for the organisation.

Our customers expect us to provide reliable services at fair and reasonable prices. They have told us they value us operating in a way that cares for and protects the environment, safeguards water availability and conservation, delivers a modern flexible service and ensures fair access and assistance for all.

We provide clean water to the people and businesses of Melbourne and take their sewage away. Every day, more than 1.9 million people – around 30 per cent of the state’s population – and 50,000 businesses rely on Yarra Valley Water’s water and sanitation services.

We take a big picture approach to providing our services, thinking holistically about how to achieve the best results for our community and planet. Yarra Valley Water was the first water corporation in Australia to commit to the UN Global Compact and the Sustainable Development Goals (SDGs).

Water utilities were initially established to prevent public health problems such as typhoid and cholera. But with communicable diseases well under control in cities like Melbourne for more than a century, thanks largely to modern water and sanitation services, our industry’s role has evolved to encompass the broader social and environmental drivers of health, liveability and wellbeing.

Yarra Valley Water interacts with millions of people who use our services across a large geographical area – and we rely on the environment to provide these services. We therefore have both the responsibility and the opportunity to improve our customers’ lives, help to restore our precious ecosystems and build a fairer and more productive society.

We need to ensure that our business is resilient in the face of change. The way we plan for the future and manage our assets, and the way we work with others towards common goals, will determine our future business sustainability. It will also inform our ability to provide productive work and contribute to the economy.

The SDGs offer organisations a common platform for economic prosperity – one that won’t cost the earth or the wellbeing of its inhabitants. But we can’t achieve these goals without tracking our performance and measuring the value our activities create.

Inequality is increasing in Australia despite more than two decades of uninterrupted economic growth. This erodes the wellbeing of our communities and creates significant costs for businesses and governments. Yarra Valley Water is embracing actions that contribute to thriving communities, and a more equal and inclusive society.

From the Managing Director

I am delighted to introduce Planet, People, Prosperity, which outlines the many ways our organisation creates value beyond our financial contributions, with a specific focus on our efforts to advance the UN Global Compact and the Sustainable Development Goals (SDGs).

The SDGs recognise that our society and economy rely on a healthy planet. Our changing climate is a serious threat to the economy, long-term water availability and the community we serve. Australia’s water resources will be heavily affected by drought and changing weather patterns in the decades to come, so developing ways to protect and maximise these constrained resources is essential.

The SDGs outline our commitment to growing the value we create. Through integrated thinking we are examining how the way we work creates value, exploring how these contributions are connected, discovering our blind spots, and increasing our contribution to a fairer and more sustainable world.

Pat McCafferty
Managing Director

IN THE FACE OF CHANGE

WE NEED TO ENSURE THAT OUR BUSINESS IS RESILIENT
IMAGINING A SUSTAINABLE FUTURE

PLANET, PEOPLE, PROSPERITY

The SDGs are a globally recognised roadmap for a better future. They provide a consistency of purpose – a bridge – across all industries and sectors. The SDGs outline what governments, businesses and communities need to be doing to ensure we continue to live in a prosperous, harmonious, healthy society over the long term.

Yarra Valley Water is a purpose-led organisation, driven by a strategic plan and ambitious targets requiring breakthrough performance. We aim for continuous improvement and look to review our impacts and address them transparently and proactively. The SDGs propel us to maximise the good we do – to increase our social contribution – and to minimise negative impacts or eliminate them. In this way we can make a measurable difference to a sustainable future.

Our commitment to perform our core business to an exceptional standard is steadfast, but we are also bold in our aspirations to deliver value beyond excellence in water and sanitation services. We believe the water industry should be instrumental in promoting sustainable futures in the communities we serve, and we are proud to be part of the collective push across our sector to advance the SDGs.

This report consolidates all our efforts across the business to create social and environmental value, using the SDGs as a lens through which to view our performance. It’s clear at a glance that our most effective programs and initiatives require broad collaboration and partnership to achieve their aims. We cannot deliver large-scale outcomes without the help of others in the community.

By signalling our intention to deliver value against the SDGs, we hope to encourage broader and stronger collaborations that maximise our positive impact, not only within our own sector but beyond it, across government, the community sector, corporates, our suppliers and the people we serve.

SUSTAINABLE FUTURE

The Stockholm Resilience Centre’s SDG model depicts how all other value creation efforts are contingent upon a healthy planet. Without the natural resources we work with, there can be no people, no thriving communities, and no meaningful prosperity.

The water industry, which relies on the environment to deliver services to people, understands the interactions between the three layers of this model more profoundly than most. The layers – planet, people and prosperity – and the goals attached to each layer, will guide us in setting our priorities for delivering value now and in the future.

Some of the SDGs guide us across all layers of the model. Our core service delivery aligns with SDG6, which recognises the importance of access to safe and affordable drinking water for all. And beyond our core responsibility to deliver these essential services, SDG6 also highlights the related issues of efficient water use, community engagement and integrated water management, which are also key priorities for us.

We also understand the transcendent importance of SDG17 – partnering with others, which generates the critical mass necessary to consolidate our reach and deliver on the SDGs on a broad scale.
OUR SUSTAINABILITY COMMITSMENTS

Our organisational purpose, which describes the value we create, is a commitment to future generations. It inspires us to set aspirational goals that increase our contribution to the communities we serve, now and many decades from now. These goals, as shown in the tables that follow, are spread across our contribution to planet, people and prosperity.

Natural resources are finite – to be truly sustainable we need to reduce our impact on the environment and work within the carrying capacity of nature. Recognising this, we have committed to generating 100 per cent of our own energy, using renewable technologies, by 2025.

Our restorative approach to the environment ensures we deliver our services without compromising the water needed for healthy waterways. In these ways, we are making our contribution to a healthy planet.

We support people by delivering safe and reliable water and sanitation and supporting the health and wellbeing of our community. The non-negotiable customer expectation is that we will always provide safe drinking water and a reliable service, and be responsive when things go wrong.

In the longer term, we are committed to doubling our social impact by 2030. This is the measurable contribution we make to the society we serve. We’re implementing programs across vulnerability and hardship, family violence, reconciliation with Aboriginal and Torres Strait Islander peoples and community health, which enhance this impact.

We are supporting inclusive, sustainable growth and prosperity, both within our organisation and in wider society, by maintaining Australian benchmarks for high-performance organisations.

We have committed to a price freeze in 2018-19, followed by bill increases below the rate of inflation. We invest responsibly and plan wisely and adaptively to safeguard intergenerational equity in the long term and ensure that the communities we serve will never run out of water.

### OUR GOAL: TO PRODUCE ALL OF OUR OWN ENERGY BY 2025

<table>
<thead>
<tr>
<th>PLANET</th>
<th>OUR GOAL</th>
<th>OUR PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARBON NEUTRAL</td>
<td>Aiming to produce all our own energy by 2025</td>
<td>• Establishing our greenhouse gas neutrality strategy. • Launching our first waste-to-energy plant (ReWaste) in 2017, now generating about 25% of our daily energy use. • Conducting feasibility studies for further energy generation including a second waste-to-energy plant and solar power. • Reviewing energy efficiency measures to directly reduce emissions.</td>
</tr>
<tr>
<td>HEALTHY WATERWAYS</td>
<td>Having no net impact on the streams we discharge into</td>
<td>• Employing a risk-based approach to progressively improve the sewer network and sewage treatment plants at lowest community cost.</td>
</tr>
<tr>
<td>USING WATER WISELY</td>
<td>Never compromising the environment by taking more water than is sustainable</td>
<td>• Encouraging efficient use of water. • Working with local government and other stakeholders to identify opportunities to increase recycled water and stormwater usage. • Reducing losses in our network, including through investigating digital metering, to empower us and our customers to proactively address leakage issues.</td>
</tr>
</tbody>
</table>

### OUR GOAL: TO DOUBLE OUR SOCIAL VALUE BY 2020

<table>
<thead>
<tr>
<th>PEOPLE</th>
<th>OUR GOAL</th>
<th>OUR PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMER AT THE CENTRE</td>
<td>Putting our price submission into action</td>
<td>• Inviting consumers to contribute to our decision-making process through our citizens’ jury. • Enhancing our accountability, with financial penalties for underperformance.</td>
</tr>
<tr>
<td>PLACES FOR PEOPLE</td>
<td>Improving environment and liveability outcomes for our communities</td>
<td>• Participating in Integrated Water Management (IWM) forums to maximise water-related amenity. • Integrating Traditional Owner engagement in our planning and management frameworks. • Making optimal use of alternative water sources.</td>
</tr>
<tr>
<td>HEALTHIER LIFE CHOICES</td>
<td>Promoting the health and environmental benefits of water through Choose Tap and other educational programs</td>
<td>• Supporting community sport. • Delivering primary education programs about the value of water.</td>
</tr>
<tr>
<td>A FAIR GO FOR EVERYONE</td>
<td>Supporting customers who are struggling with their bills</td>
<td>• Improving the way we support financial inclusion.</td>
</tr>
<tr>
<td></td>
<td>Ensuring a holistic approach to financial inclusion</td>
<td>• Launching the Financial Inclusion Action Plan (FIAP), which captures these actions. • Creating a new Community Inclusion division to act on these opportunities. • Collaborating across sectors on the Thriving Communities Partnership.</td>
</tr>
</tbody>
</table>

### OUR GOAL: TO DELIVER EXCEPTIONAL PERFORMANCE AND INCLUSIVE GROWTH

<table>
<thead>
<tr>
<th>PROSPERITY</th>
<th>OUR GOAL</th>
<th>OUR PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTING RESPONSIBLY</td>
<td>Long-term adaptive planning to address population growth and climate change impacts</td>
<td>• Delivering the Urban Water Strategy – our 50-year outlook for securing water supplies. • Planning to meet customer expectations and values through our Price Submission. • Investing in key infrastructure projects to ensure capacity and optimise the performance of our networks.</td>
</tr>
<tr>
<td>EFFICIENT &amp; AFFORDABLE SERVICES</td>
<td>Committing to a price freeze for 2018-19, followed by bill increases below inflation</td>
<td>• Committing to annual efficiency savings of 2.5%</td>
</tr>
<tr>
<td>DIVERSITY, CAPABILITY &amp; ENGAGEMENT</td>
<td>Achieving gender parity on our management team by 2020</td>
<td>• Achieving gender parity on our Board and Executive in 2017, and working on gender parity on our management team (currently 42% women). • Embedding a culture of gender equity through our Diversity Strategy.</td>
</tr>
<tr>
<td>SUSTAINABLE PROCUREMENT</td>
<td>Influencing positive change and addressing negative impacts in our supply chain</td>
<td>• Articulating our values to suppliers through our Supplier Code of Practice, to encourage improved outcomes. • Working with the Victorian water industry on a joint approach to promoting sustainable procurement. • Ensuring our procurement practices are accessible for smaller suppliers and Aboriginal and Torres Strait Islander-owned organisations.</td>
</tr>
</tbody>
</table>
WE PROVIDE EXEMPLARY WATER AND SANITATION SERVICES THAT CONTRIBUTE TO THE HEALTH AND WELLBEING OF CURRENT AND FUTURE GENERATIONS

WE RELY ON RAIN TO FILL OUR CATCHMENTS

WATER IS AN ESSENTIAL PART OF OUR HEALTH AND WELLBEING

DESAL
The Victorian Desalination Plant provides water security for a drier climate

WE TRUST IN OUR DRAUGHT PROOF CATCHMENTS

SUPPLY
Melbourne Water supplies us with water sourced from catchments and the Victorian Desalination Plant

OUR CATCHMENTS ARE OUR SOURCE OF LIFE

COLLECT AND TRANSFER
We transfer this waste to our 10 sewage treatment plants and send the remainder to Melbourne Water

WE TREAT THE WASTE TO A HIGH STANDARD

TREAT
We take sewage and liquid waste from households and businesses

WE PRODUCE RECYCLED WATER

ENERGY GENERATION
We also treat food waste to produce energy

WE DISCHARGE SOME TREATED WATER BACK INTO THE ENVIRONMENT

CUSTOMERS AND COMMUNITY ARE AT THE CENTRE OF EVERYTHING WE DO

CUSTOMER COMMUNICATION & PROGRAMS

BUSINESS ACTIVITIES
We treat the waste to a high standard

RESEARCH & INNOVATION

WE DISCHARGE SOME TREATED WATER BACK INTO THE ENVIRONMENT

RECYCLE
Providing recycled water protects our precious drinking water supply and reduces what we put back into the environment

WE PROTECT OUR DRINKING WATER SUPPLY AND REDUCES WHAT WE PUT BACK INTO THE ENVIRONMENT

CUSTOMER COMMUNICATION & PROGRAMS

STAFF SAFETY, WELLBEING & PERFORMANCE

RISK & COMPLIANCE

PROCUREMENT & FINANCE

STRATEGY & PLANNING

ASSET MANAGEMENT

COMMUNITY & STAKEHOLDER ENGAGEMENT

WE PROVIDE EXEMPLARY WATER AND SANITATION SERVICES THAT CONTRIBUTE TO THE HEALTH AND WELLBEING OF CURRENT AND FUTURE GENERATIONS
Our strategic planning considers our ever-evolving operating environment. This includes the looming challenges of population growth, rising social inequality, and declining stream flows to reservoirs as climate change starts to bite.

Our service area is home to 1.9 million people. This population will increase to more than 3.3 million in the next fifty years – 70 per cent of these new customers will live in existing urban areas, while the rest will inhabit new developments on the outskirts of Melbourne.

Long-term climate change projections predict a hotter, drier climate with increased variability. Stream flows are expected to decline, reducing our ability to rely on catchment-based water sources. Increased weather variability also increases the risk of extreme weather events, including bushfire and drought.

Over the next fifty years we are likely to be serving twice the population with half the available water supply from traditional sources, against a backdrop of increasing climate uncertainty.

The communities we serve are increasingly diverse. At present, 20 per cent of our customers speak a language other than English at home, 25 per cent were born overseas, 23 per cent are tenants, 18 per cent live in flats, apartments and units and 0.7 per cent are being assisted financially through our hardship support programs.

Growing diversity brings social benefits as well as complexity. We need to plan our services to ensure we respond effectively to this diversity and provide exemplary services for all our customers.

There is a growing gap between rich and poor. Despite more than two decades of uninterrupted growth, our country’s wealth remains unevenly distributed, with a growing gap between rich and poor. Research shows that around half of our community base would be at risk of financial vulnerability if their circumstances changed.

Technological advancement and digital complexity are changing the way we deliver our services. Our rapidly changing technological environment provides advantages and risks. It delivers fine-grained data analytics and information to allow us to work smarter and seize new opportunities. But it also presents increased customer expectation of transparency and information-sharing, and has contributed to decreased institutional trust among the public.

A growing number of customers expect a modern, flexible, responsive service – 77 per cent of our customers have access to the internet at home, and 15 per cent of customers are registered for electronic billing. They want service transactions and queries to be seamless and addressed at any time of day. At the same time, we must continue to serve the needs of customers with reduced digital capability or access.

Our primary stakeholder and owner is the Victorian Government. We are guided by Water for Victoria, which sets the state’s water policy and planning focus, as well as the Minister’s Letter of Expectations and our Statement of Obligations. We communicate our performance according to the reporting requirements of government and regulatory stakeholders including the Department of Treasury and Finance (DTF), the Department of Environment, Land, Water and Planning (DELWP) and the Essential Services Commission (ESC). We also participate in forums and working groups alongside our water industry colleagues, to support the development of new policy and practice in emerging areas.

Our stakeholders also include our community of practice – the rest of the water industry, including the other Victorian water utilities and industry associations such as the Water Services Association of Australia (WSAA) and VicWater.

We are partnering with VicWater, the Victorian Government and other water corporations on the Intelligent Water Networks (IWN) program, which was set up to investigate new technologies and innovations to meet the shared challenges of population growth, ageing assets and climate variability.

Through our Reconciliation Action Plan, we are committed to building enduring, proactive and respectful relationships with Aboriginal and Torres Strait Islander peoples. This is fundamental if we are to make a meaningful contribution to reconciliation. Through our Reconciliation Leadership Committee and Working Group, we are listening and learning to build our mutual capabilities to work with each other.

We work with many other organisations including local government, developers and community organisations to deliver our services successfully, and we have a growing understanding of our potential to influence positive change through our connection to other service organisations and non-technical corporate partners through our work on the Thriving Communities partnership.

Our stakeholder network includes membership of organisations that provide insights and advice on best practice. These include:

- Shared Value Project
- Australian Network for Disability
- Committee for Melbourne
- WaterAid
- Diversity Council for Australia
- Global Compact Network Australia

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WHAT OUR
STAKEHOLDERS VALUE

We address our material issues – those that impact our ability to create value – through our strategic commitments. We regularly test them to ensure they remain relevant to our organisational purpose.

Our relationships enable us to tap into a range of views, helping us to understand what our stakeholders consider to be our most important impacts and opportunities to create value. The best example of this was our recent citizens’ jury deliberations, during which we invited consumers to help us formulate our five-yearly price submission. This has given us an in-depth understanding of the values and expectations of our customers. In addition, over the last two years we have surveyed our staff, as well as more than 100 key stakeholders, to determine the issues they see as relevant.

Results from staff surveys show that 92 per cent of our staff think we are a socially and environmentally responsible organisation, 86 per cent feel that the organisation’s values are aligned with their personal values, and 91 per cent are proud to work here.

In 2016 we surveyed our employees asking where our social focus should be, what would make the biggest difference to our community and society, and what they think we do well or could do better.

Using these inputs, in consultation with the Australian Centre for Corporate Social Responsibility (ACCSR), we conducted workshops with senior staff to refine these issues. We also used the SDGs as a lens to review our performance, identify challenges and opportunities, and clarify priorities. These material issues were validated and prioritised by our Executive Team and their feedback has informed the contents of this report.
“WE WON’T HAVE A SOCIETY IF WE DESTROY THE ENVIRONMENT”

MARGARET MEAD
Without healthy natural ecosystems to support life, we have no future. A sustainable business is dependent on natural as well as financial capital. Our business is closely tied to the health of the planet. The water we supply to customers to support a thriving city is harvested from the environment. Its availability is impacted by a changing climate — and all the wastewater we discharge goes back into the environment.

For humankind to prosper for generations to come we need to go beyond merely mitigating our environmental impact towards making a restorative, net-positive contribution to the health of the planet — doing ‘more good’ rather than ‘less harm’. We are committed to reducing our demands on nature, so that we operate within the carrying capacity of the planet and take action where humanity has already overreached.

A common representation of the SDGs is the ‘wedding cake’ model developed by the Stockholm Resilience Centre (see p9), which demonstrates how a healthy environment underpins society and the economy. Relevant SDG priorities include the health of our waterways, forests and soil, biodiversity, and a changing climate.

Our commitment is never to compromise the health of the environment in delivering our services. We have set challenging targets in the three areas where we have the biggest impact and the most opportunities to make a difference:

- carbon neutrality: generating all the energy we use by 2025
- healthy waterways: having no net impact on the streams we discharge into
- using water wisely: never compromising the environment by taking more water than is sustainable.

Our customers have told us they value caring for and protecting the environment and that they support our investments in these areas.

The water industry currently generates a quarter of the Victorian Government’s overall emissions and work is underway across the sector to reduce this footprint. Waste treatment is energy-intensive and responsible for 55 per cent of Yarra Valley Water’s total greenhouse gas emissions.

We have been greenhouse gas net neutral since 2007 thanks to offsets from our Showerhead Exchange Program and by purchasing internationally accredited offsets where necessary. We are committed to doing more to significantly reduce our carbon footprint before we offset, by following these three steps:

- increasing energy efficiency to directly reduce emissions, by minimising the amount of energy we use
- increasing the use of renewable energy to reduce indirect grid emissions
- using carbon abatement to offset any remaining emissions.

We are currently upgrading treatment processes to significantly reduce electricity consumption.

Through our membership of Intelligent Water Networks (IWN), an industry-wide partnership convened by VicWater, we are exploring the use of sub-metering programs at treatment plants to proactively manage the energy efficiency of key processes.

We plan to generate 100 per cent of our own energy by 2025 using biogas, solar and mini hydros within our water network. We are currently generating around 25 per cent of our daily energy use at our waste-to-energy facility, ReWaste. ReWaste also reduces the amount of organic waste going into landfill and produces additional revenue through gate fees for waste disposal.

As well as examining opportunities to optimise how we operate ReWaste to increase the energy output, we are currently planning a second, larger waste-to-energy plant, which could take our renewable energy production up to 70 per cent of total use by 2031.

We have started the tendering process for a solar carpark at our head office, which will reduce our carbon footprint by 417 tCO2e (tons of carbon dioxide equivalent) per year, and we have commenced building solar farms at our treatment plants in Healesville, Upper Yarra and Whittlesea, which will deliver 475 tCO2e per year.

Through the IWN, we are also assessing the viability of building large-scale renewable energy generation that makes use of single-access tracking technology (moving panels), in collaboration with the industry and developers. Where possible, we are looking for opportunities to include small-scale hydro power generators in our network.

By July 2025 these emissions reduction initiatives will reduce our annual emissions by 64 per cent compared to our historical baseline of 32,044 tCO2e.

Our commitment to greenhouse gas neutrality also includes the emissions generated by the production of the goods and services that we purchase from our suppliers. In 2016-17 we estimated these to be 12,427 tCO2e (2017-18 estimate not available). We will continue to investigate ways that we can work with our suppliers to reduce these emissions.

We plan to generate all of our own energy by 2025 using a suite of renewables within our water network.
Healthy Waterways

Waste removal and treatment is part of our core business. Sewage and liquid waste from households and businesses is discharged into our sewerage system. We transfer this waste to facilities where it is treated. These processes ensure that waterways and public health are protected.

As part of our restorative environmental strategy, we take an outcomes-based approach to this work, broadening our focus to manage our impacts on the overall health and amenity of the waterways we discharge into.

Collection and transfer

The biggest environmental risk that can occur during the collection and transfer of sewage and liquid waste is spilling to the environment during extreme weather events. We work to minimise the impacts of spills, using controlled overflow points that allow wastewater to spill into waterways or the drainage system.

There are three main reasons for spills to occur:

Capacity: Our network has a finite capacity for the waste it can transfer, and heavy rainfall or infiltration into the sewers can cause occasional overflows in waterways. We comply with the Victorian Environmental Protection Authority’s (EPA) capacity requirements, and, beyond this, we work with the EPA, Melbourne Water and local government, applying a risk-based approach to improve the sewerage network and deliver better outcomes for our waterways.

Blockage: A major challenge is fats, oil and food solids ending up in the sewer from food businesses and homes. This can lead to blockages in pipes – causing spills, polluting our waterways and flooding customer properties. We work with local government to help food businesses improve their trade waste management to reduce this form of pollution and encourage behaviour change.

Asset failure: Spills can occur where pumps in the network fail. We conduct ongoing preventative maintenance, in accordance with sound asset management principles, to ensure the reliable and efficient operation of these critical assets. Tree roots and wet wipes, which don’t biodegrade, also present a blockage problem for us.

Treatment

Seven of our ten treatment plants discharge treated recycled water into waterways under licence from the EPA. The remaining treatment plants are required to achieve 100 per cent re-use of the treated effluent. We make every effort to maximise the amount of water we recycle, because this reduces the amount we are discharging into the environment. Refer to the case study on p29 for more information.

We protect our waterways through a self-imposed nitrogen discharge limit of 87 tons a year.

We generate 25% of our energy at our waste-to-energy plant

This also cuts the amount of organic waste to landfill and provides an additional revenue stream.

We aim to produce all our own energy by 2025

Climate change impacts our water yield

Greenhouse gas

Our activities produce greenhouse gas emissions that contribute to climate change and our ability to safeguard water security for the populations we serve.

We invest in energy efficiency and generate our own energy

This reduces our carbon footprint.
WASTE TO ENERGY:

TOWARDS 100 PER CENT RENEWABLE ENERGY

Yarra Valley Water’s ReWaste facility diverts 33,000 tons of organic waste from landfill annually and converts it into renewable energy using an anaerobic digestion process. This energy is then used to power the adjoining sewage treatment plant. At full capacity, ReWaste generates 25 per cent of Yarra Valley Water’s annual electricity demand. The facility, located on the outskirts of Melbourne, became fully operational in 2017. It is a first for the water industry in Australia.

Victoria produces more than two million tons of organic waste annually. Organic waste in landfill is a major contributor to vermin, odour and broader pollution issues. Actively diverting organic waste from landfill extends the lifetime of landfill sites and gives waste a useful purpose, one of the key tenets of SDG12 – responsible consumption and production.

ReWaste also addresses SDG11, by contributing to sustainable cities and communities through integrated planning and good waste management, and SDG13 – climate action, including resilience, adaptive capacity and mitigation. It showcases how we can tackle multiple goals in a single innovative project.

Current and planned ReWaste facilities will make a large contribution to Yarra Valley Water’s ability to generate all our own energy by 2025. The facilities will export excess energy – currently approximately 70 per cent of what is generated – back to the electricity grid, reducing Australia’s greenhouse gas emissions. We are conducting feasibility studies to determine how we can optimise ReWaste’s output through waste heat recovery and harnessing gas production at the facility.

As well as contributing to a healthier planet, we need to find savings we can pass on to our customers to fulfil our commitment to thriving communities. Decreasing our reliance on conventional energy sources was an obvious opportunity, and one that ReWaste capitalises on.
USING WATER WISELY

We continue to develop a diverse portfolio of sustainable water sources beyond rainfall-reliant catchment supply. This diversification is necessary to protect the environment we rely on and ensure water security for future generations.

Our customers told us that water availability and conservation is important to them. They support us taking a more proactive approach to water conservation, including greater use of recycled and stormwater, encouraging efficient use of water and reducing water losses in our network.

Most of our current water supply is drinking water sourced from the Thomson and Yarra catchments. In 2017, Melbourne received its first desalinated water from the 150 billion-litre Victorian desalination plant. As our population grows, we expect this facility to provide a greater proportion of overall drinking water supply.

As mentioned, our local sewage treatment plants also provide recycled water for fit-for-purpose household, business, open space and agricultural uses. In 2017-18 we produced 12 billion litres of recycled water, which saved using drinking water for non-drinking purposes such as flushing toilets. Our research shows that 86 per cent of customers either love or like the idea of using recycled water to help with saving precious drinking water.

YARRA VALLEY WATER’S 50-YEAR DEMAND– SUPPLY OUTLOOK

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DEMAND</th>
<th>SUPPLY</th>
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<tbody>
<tr>
<td>NOW</td>
<td>1.9 million people</td>
<td>Household use: 161 litres per day</td>
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<tr>
<td></td>
<td></td>
<td>Catchment: 140</td>
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<td></td>
<td></td>
<td>Recycled and rainwater: 1</td>
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<tr>
<td>2041</td>
<td>2.5 million people</td>
<td>Household use: 137 litres per day</td>
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<td></td>
<td></td>
<td>Recycled and rainwater: 4</td>
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<tr>
<td>2066</td>
<td>3.3 million people</td>
<td>Household use: 127 litres per day</td>
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<tr>
<td></td>
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<td>Catchment: 114</td>
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<td></td>
<td>Recycled and rainwater: 8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unidentified: 31</td>
</tr>
</tbody>
</table>

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We predict increased use of recycled water and stormwater over time, with current plans projecting the use of around 8 billion litres per year of these alternative water sources by 2066. Recycled water, via a third pipe system for laundry, toilet flushing and gardening uses, is built into 100,000 homes in a new development in the expanding northern suburbs of Melbourne, and is expected to require 6 billion litres per year at full capacity. We aim to contribute a much larger quantity over the next 50 years where the business cases demonstrate value to customers. See our recycled water case study on page 29. More details are available in our Annual Report and Urban Water Strategy.

In 2017-18 we produced 12 billion litres of recycled water.

73 KILOMETRES

In 2017-18 73 kilometres of recycled water mains were constructed.
As we move into a hotter and drier future, we need to diversify our water sources to meet growing demand. Our 50-year demand and supply outlook tells us that the community need for water will increase from 160 billion litres to 208 billion litres in 2066. Given the unpredictability of our climate in the coming years, rainfall-independent water supplies will become crucial to water security and meeting the demands of our growing city.

Recycled water provides significant efficiency and environmental benefits and is a key component of our integrated water cycle management servicing strategy. It can be provided to homes via a third pipe system and is used for flushing toilets, watering gardens and doing laundry. We produce different classes of recycled water, which can be used for certain applications depending on the level of treatment. What we can’t re-use is discharged into local waterways according to the conditions in our licence from the EPA.

In 2017-18, we connected 2,680 properties to Class A recycled water and constructed 73 kilometres of recycled water mains. We produced 12,088 million litres of recycled water at our sewage treatment plants, of which 33 per cent was re-used. This re-used volume was an increase of 13.2 per cent compared to 2016-17.

We are currently involved in two shared-value projects that emphasise the role of recycled water in the community. A proposal to pipe recycled water from Yarra Valley Water’s Lilydale Treatment Plant to winemakers and food growers in Victoria’s Yarra Valley region is currently being explored. Currently under consideration for funding from the National Water Infrastructure Development Fund, the project would secure these businesses’ water supply and help them increase their output, boosting the local economy.

We also recently agreed to supply recycled water to Melbourne Polytechnic’s Whittlesea campus. The water will be used in the institution’s agricultural education activities, contributing to the long-term viability of the farm and providing a valuable tool for water sustainability education.

Recycled water also contributes towards SDG11 – sustainable cities and communities – and will continue to play a big role in servicing a growing Melbourne. We are also exploring advanced processes to recycle stormwater to drinking water standards.
WATER EFFICIENCY IN THE COMMUNITY

Consumer water efficiency is vitally important in our changing climate and growing city, and our efforts to promote it in the community deliver a considerable benefit to the community. Research indicates that our water efficiency programs deliver a social return on investment of approximately $32 for each dollar spent.

During the Millennium Drought (1998 to 2009) – usage dropped from nearly 250 litres per person per day in 1997-98 to a low of less than 150 litres in 2010-11. These water use trends have remained relatively stable since 2010-11 and are now sitting at 161 litres per day, which we can attribute to:

- our showerhead exchange program, which has issued 190,688 water-efficient showerheads since it began
- primary school and early learning education programs, which have reached 33,500 children
- water audits of public housing homes
- the Schools Water Efficiency Program (SWEP), which helped schools reduce their water use and save a total of more than $2.9 million
- our promotion of alternative water sources to businesses and local government
- the Target 155 initiative, which encourages residential users to aim for a maximum of 155 litres per person per day
- permanent water use rules, which remain in place.

Water conservation is best measured by total water usage per person per day which includes leakage and usage by all customer segments, not just residential customers. We aim to reduce usage by 5.8 per cent by 2023. One area of focus is investigating the benefits of digital metering, which would provide more granular data on water loss and empower us and our customers to proactively address leakage issues.

BURSTS AND LEAKS

Non-revenue water – water lost through bursts, leaks and thefts – is an ongoing area of focus. We are pursuing ways to improve our network leakage by continuing to provide information, advice and programs to increase water conservation knowledge and awareness, and conducting activities at the customer and community level that focus on water conservation and greater utilisation of alternative water supplies.

Since 2011, the average daily water usage per person has been around 159 litres per day.

Schools participating in SWEP saved a total of $2.9 million by identifying water-efficient behaviours.

YARRA VALLEY WATER AVERAGE RESIDENTIAL WATER USE

We transfer, treat and recycle waste including sewage, trade waste and organic waste.

We take water from the environment, and we discharge treated water into waterways.

We find the best source of water for an application, to protect our precious drinking water supplies.

WE AIM TO WORK IN HARMONY WITH THE ENVIRONMENT

OUR COMMITMENT IS NEVER TO TAKE MORE WATER THAN IS SUSTAINABLE AND TO HAVE NO NET IMPACT ON STREAMS WE DISCHARGE INTO

This reduces impacts on the environment, and safeguards human health and wellbeing.

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“NOW, MORE THAN AT ANY TIME IN OUR HISTORY, OUR SPECIES NEEDS TO WORK TOGETHER”

STEPHEN HAWKING
Yarra Valley Water exists to provide exemplary water and sanitation services for people. Customers and the community are at the core of everything we do. We deliver essential services around the clock, and we take this responsibility very seriously. Beyond this core business, we aim to double our social capital by 2020 by maximising our contribution to public health and wellbeing – through reconciliation, inclusion and engagement with the Traditional Owners of the land we work on; by encouraging healthier water-related life choices; by working to address vulnerability, hardship and social exclusion, with a particular emphasis on access to essential services; and by engaging others to participate in water-sensitive solutions for the future.

Water is essential for human survival, and high-quality drinking water and sanitation are vital to protecting public health. SDG6 recognises the importance of access to safe and affordable drinking water for all – this is our bread and butter work. We reinforce our commitment to SDG6 by supporting international partners to realise their aims in countries where basic services are not guaranteed.

We contribute to the community by transforming, treating and recycling waste, including sewage and organic waste. Delivering reliable services that support a resilient Melbourne requires the construction and maintenance of a vast network of vital infrastructure, ensuring our staff are responsive to the needs of a diverse customer base, and putting customer needs at the centre of our future planning. Our focus is on:

- proactively managing water quality using a risk-based approach
- continuing with preventative maintenance
- increasing the capacity of our network
- keeping the customer in the loop regarding response and restoration timeframes
- increasing customer satisfaction.

In addition to maintaining these core services, we aim to redefine our role in public health to address ‘the social determinants of health and wellbeing’ – the socioeconomic, behavioural and environmental factors that exert the greatest influence on health and wellbeing in the 21st century. These factors are reflected in SDGs relating to public health (SDG3), addressing inequalities (SDG1 and SDG10) and enabling access to green open space (SDG11).

To deliver on our commitment to community health and wellbeing, we aim to address growing vulnerability, inequality and social exclusion, and manage the impacts of population growth and climate change on the community. The SDGs have provided the blueprint to implement this strategy, while our citizens’ jury deliberations gave us the mandate. Our approach makes economic sense – recent research shows that some of our programs will deliver more than $30 in social value for every dollar we spend.

Our targets for thriving communities are based on delivering:

- a fair go for everyone
- healthier life choices
- great places for people.

The SDGs provide the roadmap for the delivery of our services. We contribute to the community by transferring, treating and recycling waste, including sewage and organic waste. Delivering reliable services that support a resilient Melbourne requires the construction and maintenance of a vast network of vital infrastructure, ensuring our staff are responsive to the needs of a diverse customer base, and putting customer needs at the centre of our future planning. Our focus is on:

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- great places for people.
### Safe drinking water

Our customers tell us that the most important outcome we deliver is ‘safe and pleasant drinking water’. Our Water Quality Annual Report reports that we have met our target – 100 per cent compliance – for the last few years.

### Reliable service

Our customers tell us they want a dependable service with minimal interruptions. We measure service reliability by the percentage of customers who experience three or more water and sewerage service interruptions in 12 months, averaged over a five-year period to account for severe weather events. Our target for this measure is less than one in one hundred properties.

### Customers with three or more unexpected water or sewerage supply interruptions in 12 months

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent</th>
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<tbody>
<tr>
<td>2013-14</td>
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<tr>
<td>2014-15</td>
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<td>2016-17</td>
<td>1.18%</td>
</tr>
<tr>
<td>2017-18 (forecast)</td>
<td>0.88%</td>
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### Modern flexible service

Many of our customers expect real-time usage advice, the ability to monitor their accounts and usage online at any time, and incentives for prompt payments and electronic billing. We are investigating ways to offer modern, flexible services that reflect the digital interactions customers have with many other service providers.

The best measure of our performance in this area is the percentage of customers who are satisfied with their most recent experience with us. We track this measure twice a year via our existing customer insights program. Our performance is currently sitting at 84 per cent, and we commit to maintaining a minimum target of 80 per cent for the coming five years (2018-19 to 2022-2023).

### Timely response and restoration

Our customers tell us that interruptions of four hours are a cause of dissatisfaction. We measure our performance in this area as the percentage of customers whose service has not been restored within four hours and provide service-level rebates if we don’t meet this timeframe. We commit to ensuring that a minimum of 91.1 per cent of customers’ interruptions are restored within four hours, which reflects our performance over the last five years.

Feedback from the citizens’ jury indicates that we can reduce the inconvenience of service interruptions by providing a quick response – ideally within 60 minutes – and keeping customers in the loop regarding timeframes and estimated completion.

### We are committed to doubling our social value by 2020

We are committed to doubling our social value by 2020 and are working with key partners to address systemic issues in Australian society. We believe that this is the best way Yarra Valley Water can contribute more to the health and wellbeing of current and future generations beyond our core service.

A key insight from our recent Integrated Profit and Loss (P&L) research is that when we move from a traditional financial profit-and-loss assessment of our performance – which only considers the business perspective – to a wider perspective of social and financial capital delivered to the community, we get vastly different values. In 2015-16, Yarra Valley Water reported a financial profit of $50 million to our owner, the Victorian Government, but our value to society was $446 million.

This work is helping us understand the social, environmental and human value our projects generate for the community, and to assess our sustainability as a business over the long term. We are currently using this methodology to explore investment options from a whole-of-community perspective, with a view to doubling our social value by 2020.

This is how some of our key projects shape up in terms of their social return on investment for the community:

- Education programs on water efficiency – $33 per dollar invested
- WaterCare government grants – $12 per dollar invested
- WaterCare audits – $10 per dollar invested
- WaterCare concessions – $4 per dollar invested
- Choose Tap – $4 per dollar invested.

We are increasingly conscious of the importance of outcomes – measuring the impact of what we do, not just the outputs. This is critical if we are to assess our progress and the difference we are making, and review and adapt our approach as necessary.

### DOUBLING OUR SOCIAL VALUE

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### MEASURING OUR TRUE VALUE TO SOCIETY

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HEALTHIER LIFE CHOICES

We look to provide ways of increasing urban amenity for the communities we serve – this includes increasing public health and wellbeing through healthier life choices.

CHOOSE TAP

Our Choose Tap program promotes tap water as a healthy alternative to bottled drinks. It contributes to community health and wellbeing by encouraging people to reduce their consumption of sugary and high-energy drinks. We provide free drinking water in public spaces such as parks and recreation areas at our many convenient Choose Tap refill stations, which customers can locate using a handy smart phone app.

Choose Tap also benefits the environment by reducing the number of energy-and-water-intensive plastic drink containers going into landfill.

Our research shows that the social value generated through this program is approximately $1.9 million, which is equivalent to a return of $3.70 for every dollar invested.

Sponsorship

The Choose Tap campaign sponsors community sporting events such as community football leagues, with an increasing emphasis on women’s sport. By spreading a message about the health and hip-pocket benefits of drinking water, we are offering an alternative to the sports drinks, soft drinks and alcohol also advertised at such events.

Choose Tap also runs incursions into primary schools to educate children about the health and environmental benefits of tap water. We distribute Early Learning Centre kits for younger children and support story time sessions at community libraries. These resources educate kids on the environmental and health benefits of tap water.

Our research has highlighted that for every dollar we invest in educating young children about the health benefits of drinking water, we return $10 to society.

WATER FOR SCHOOLS

Yarra Valley Water donates aquabubblers, worth around $2,000 each, to primary and secondary schools. We distribute these according to community need, which helps address the social determinants of health and wellbeing in the communities we serve.

Our research shows that the social value generated through this program is approximately $1.9 million, which is equivalent to a return of $3.70 for every dollar invested.

We place the customer at the centre of everything we do.

Our Choose Tap program encourages the consumption of tap water as an alternative to bottled drinks and to improve public health.

It drives down demand for plastic bottles.

Reducing costs to consumers, energy use and waste to landfill.

We educate and support consumers to be water efficient.

By demonstrating respect, building relationships and creating opportunities.

We work with government, local government and the water industry to keep Melbourne cool, green and liveable.

We aim to have a positive impact on the wellbeing of Aboriginal and Torres Straight Islander people.

We aim to increase community health and wellbeing.

Value creation.

About us.

Sustainability.

Work with others.

Plan.

People.

Prosperity.

Sustainable development goals.

GRI index.

Un global compact index.

YVW - PLANET PEOPLE PROSPERITY • ADVANCING THE SUSTAINABLE DEVELOPMENT GOALS
Our first Reconciliation Action Plan (RAP) establishes a profound, organisation-level commitment to reconciliation. It outlines how we will develop enduring, proactive and respectful relationships with Traditional Owners and Aboriginal and Torres Strait Islander communities, to support a shared commitment to Country, water and thriving communities.

During the first year we appointed an Aboriginal Liaison Officer to help guide and manage the implementation of these actions. We also established governance arrangements, which include the formation of our Reconciliation Leadership Committee comprising representatives from our Executive team, and two external Aboriginal members.

We embedded recognition and respect, flying the Aboriginal flag at our Mitcham site and establishing and using protocols for acknowledging Traditional Owners in a way that helps everyone appreciate the reason for doing this.

We also welcomed community advocate Karen Milward onto our Board. Karen is a Yorta Yorta woman who guided us through the consultative journey to develop our RAP, in conjunction with Traditional Owners.

Reconciliation Action Plan

This is a significant change in how we are planning for the future – developing guiding principles for long-term meaningful engagement, and recognising and acting upon Traditional Owners’ contribution to the future of water management.

We are building relationships with different community organisations, including through our continued sponsorship of events such as the NAIDOC event at Fitzroy Town Hall and Belgrave Survival Day. As we build our relationships, we are exploring opportunities to work with Traditional Owners and other community organisations to support their aspirations.

We are continuing to focus on:

- internal awareness and knowledge-building
- developing an engagement plan to support building relationships with Aboriginal and Torres Strait Islander communities
- building relationships with Traditional Owners
- employment practices to ensure our workplace is culturally safe to support the attraction and retention of Aboriginal and Torres Strait Islander employees
- building our knowledge of Aboriginal-owned businesses that provide relevant services for us, and encouraging staff to engage them.

We are building relationships with different community organisations, including through our continued sponsorship of events such as the NAIDOC event at Fitzroy Town Hall and Belgrave Survival Day.
Nearly three million people live below the poverty line in Australia

We are part of a system that does not stop at the borders of our service area. Whole-of-water-cycle management is best served by collaborating with other utilities, planning authorities, local government, developers and communities to improve environmental and liveability outcomes, such as enhancing the drought resilience of Melbourne’s green open spaces and providing recycled water to support businesses and communities to thrive.

We are well placed to identify mutually beneficial opportunities and facilitate shared outcomes, and are working with developers and local government to co-design the suburbs of the future, particularly in Melbourne’s growing north.

We are also actively participating in government-convened Integrated Water Management forums in the Yarra, Dandenong and Maribyrnong catchments. These bring key agencies together to examine issues and opportunities for shared projects with liveability benefits.

Water industry research tells us that 10 per cent of our customers are currently experiencing financial vulnerability.

In 2017-18, 45,625 of our residential customers (around six per cent) were on instalment plans. Another 73,448 customers applied for and were awarded hardship grants. Water industry research indicates a wider issue – almost half of our customers have struggled to pay their utility bills in the last 12 months. And 43 per cent say they regularly pay their bills using some form of credit.

Community Inclusion

We strive to ensure that our services are financially inclusive for the most vulnerable members of our society, reducing the stigma around financial hardship while working with other organisations to tackle the root causes of socioeconomic disadvantage.

Community Inclusion divison has worked to identify gaps and opportunities in the way we support our customers in all interactions with them. We are partnering with government, community agencies and businesses to better align our policies and processes around hardship and vulnerability, which streamlines the experience for the customer.

We are also looking at how we can better support small businesses, both as customers and potential suppliers. And we recognise that our staff members may experience hardship or vulnerability themselves and we work to ensure that we provide adequate support to them.

In the long-term, our vulnerability and hardship assistance will improve the financial literacy and resilience of our customers and enable them to participate more fully in the economy and community.

One area of focus is to strengthen our programs to support greater involvement of and accessibility for Aboriginal and Torres Strait Islander peoples. Through our recently appointed Aboriginal Liaison Officer, we will be investigating how we can best target and tailor these services to ensure everyone who needs to access these services can do so.

Our citizens’ jury has given us the mandate to increase our investment in these programs. Our approved price submission includes an additional $6 million investment over five years to improve awareness of and access to our services among disadvantaged customer segments.

WaterCare and our Financial Inclusion Action Plan (FIAP)

Our well-established WaterCare program is a holistic support initiative designed to be responsive to the complex issues facing customers experiencing vulnerability. It focuses on early identification of financial vulnerability, visibility of the support available for those who might need it, and help for at-risk customers and those already experiencing hardship.

Since it launched in 2013, the program has had a measurable impact on customers’ lives, and on Yarra Valley Water’s finances. The number of customers transitioning back to mainstream payment plans has increased by 168 per cent, and 91 per cent of WaterCare customers are meeting their agreed payment plans.

Over the last year, our recently formed Community Inclusion division has worked to identify gaps and opportunities in the way we support our customers in all interactions with them. We are partnering with government, community agencies and businesses to better align our policies and processes around hardship and vulnerability, which streamlines the experience for the customer.

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WaterCare programs deliver up to $11 for every dollar invested

Our research demonstrates that the social return on investment from our WaterCare program is significant – for every dollar we spend, we deliver an additional $3 to $11 in social value to the community.

In 2017 we became one of the first water organisations to support Good Shepherd Microfinance’s FIAP program, building on our strong foundation of support for customers experiencing vulnerability, and with a view to developing a holistic, integrated approach to addressing financial inclusion across the business.

The quality of these services is best measured by the percentage of customers who believe that Yarra Valley Water helps customers who have trouble paying for their water and sewerage.

We ask this question in our twice-yearly customer insights program, but have started regularly asking it in our customer support program for the first time, with a result of 89 per cent.

Family Violence

One form of family violence in households is economic abuse. Recognising this, we have increased our capabilities to support those experiencing family violence and economic abuse.

Along with other utilities and family violence experts, we collaborated with the ESC to develop changes to the customer service code. We also improved our internal customer support systems to include a ‘safety flag’ to identify and provide greater safety assistance to people at risk of family violence. In addition, members of our customer support team have received professional training to help them assist customers who may be affected by family violence.

Over the last two years we delivered company-wide awareness training for all staff, including our Board and Executive teams. In addition, all people managers at Yarra Valley Water were trained in how to respond to suspected or disclosed family violence among employees.

This training supports our new Family Violence Guidelines.

We will continue to develop, enhance and promote our policies, protocols and support programs to ensure we can address family violence as a trigger for financial exclusion and that our customers are aware of the support available.
INTERNATIONAL PARTNERSHIPS

We proudly support the work of WaterAid, which enables the world’s poorest people to gain access to clean water, functional sanitation services and good hygiene. We supported the charity to set up in Australia for the first time, housing its first offices at our premises. We have continued to provide both financial and non-financial support to WaterAid – for example including its staff in our training and providing HR expertise and support for its fundraising activities.

Over the last three years we have participated in WaterAid’s Winnovators Global Challenge, where teams compete from across the world to solve a real challenge from WaterAid’s work. This year the challenge is aimed at solving water, sanitation and hygiene challenges in India.

In recent years we have participated in mentoring programs in Vietnam and Sri Lanka run by the Asian Development Bank and WaterLinks. This complements the work of our Water Quality Specialist, Asoka Jayaratne, whose part-time role with the World Health Organisation (WHO) sees him provide training around water safety in countries such as Sri Lanka, Malaysia and the Philippines.

Access to water and sanitation has far-reaching impacts, with a disproportionate impact on women, and is a clear example of how interconnected the SDGs are – having access to these essential services enables people to unlock their potential and creates fairer, more productive and healthier communities.

IMAGE: Courtesy of WaterAid / Kim Hak, Oar Lay, 60 years old, cook at Koh Thom hospital, collects filtered water from the sink.

WE AIM TO PROVIDE A FAIR GO FOR EVERYONE

Our customers provide direction and priority through our community participation programs.

Through initiatives like the citizens’ jury, we respond to what our customers expect and value.

We work closely with the community sector to understand and address the root causes of vulnerability.

We embed accessible, inclusive, organisation-wide support for our diverse community and customers experiencing vulnerability.

Our thriving communities partnership helps us extend our reach, delivering a holistic, cross-sector approach to vulnerability.

These programs improve outcomes and build trust with customers, partners and the community.
Recent research tells us that financial and social inequality (referred to by SDG10, which addresses equal opportunity and inequality of outcome) are growing in Australia. Despite an estimated $500 billion being spent annually on health, welfare, education and housing, millions of Australians are still living in, or on the edge of, financial vulnerability or poverty.

As our population grows and our economy shifts gears, it’s becoming harder for Australians to achieve a quality of life that allows them and their families to thrive. This affects our health and life expectancy, our social and economic participation, our financial resilience and the ability of our businesses to grow and prosper sustainably.

For business, the impacts of growing inequality include:

- greater volatility and declining levels of public trust in institutions, including business
- increasing rates of customer hardship and vulnerability driving up debt and the cost to serve
- greater demand on vulnerability support services, putting upward pressure on taxes
- increased complexity in the regulation landscape
- unmet stakeholder expectations for responsible businesses to drive solutions
- impact on frontline workers who deal with increasingly complex and confronting customer situations.

Yarra Valley Water is directly contributing to SDG17 both by changing our own approach and by leveraging relationships to maximise our reach. In 2016, we convened the Vulnerability Roundtable, which brought together 130 participants from across government, business and the community sector to discuss how we can improve access to the modern essential services that all Australians need to participate in and contribute to society.

The Thriving Communities Partnership, a cross-sector alliance to address systemic issues relating to hardship and vulnerability, evolved from these discussions.

Complex problems call for collective action. The Thriving Communities Partnership brings together diverse thinking and practice from leading Australian organisations. It creates social and financial capital by mitigating negative impacts for both the people experiencing financial vulnerability and hardship and the businesses serving them.
"WHAT IS GROWTH FOR IF NOT TO HELP ORDINARY PEOPLE THRIVE"

WINNIE BYANYIMA
EXECUTIVE DIRECTOR, OXFAM INTERNATIONAL

PROSPERITY
We are an organisation that values responsible investment, dynamic planning and diversity. Our culture, opportunities and innovative environmental and social projects are widely recognised and attract quality talent. This in turn increases our capacity to generate intellectual capital. We foster a vibrant and inclusive culture by investing in our employees’ wellbeing and developing strong workplace practices and constructive behaviours.

A sustainable business supports a strong economy, providing decent work for all (SDG8), quality education and training (SDG4) and responsible production and consumption of goods and services (SDG12) across its value chain.

We are dedicated to investing responsibly. We are innovative and flexible in our search for the best outcomes for the community, while maintaining a risk-conscious approach to our challenges and possible solutions.

Our high-performing, productive workplace culture is an important part of the way we create value. We foster open and innovative thinking across the organisation.

This open, inclusive atmosphere contributes to productivity and performance by improving employee resilience, engagement, attraction and retention. Individuals benefit from opportunities to develop their potential as well as the economic boost that employment provides.

Our high-performing culture is reflected in the financially responsible and efficient way we conduct our business, which helps us to keep the pressure off customer bills.

We support the safety and wellbeing of our staff by investing in safe systems and wellbeing programs and providing a workplace that recognises their lives beyond work.

Our research shows that we create employee benefits worth $14 million through our training, development and safety programs.

We are an accredited Aon Hewitt Best Employer – indicating high levels of staff engagement, which benefits our employees, business, customers and community.

We are working towards:

- responsible investment: working to ensure we are safeguarding intergenerational equity, productivity and future water security with every decision we make
- diversity, capability and engagement: tracking behavioural working styles and staff engagement so we can continue to improve, building staff capabilities for better personal and company outcomes and pursuing a diverse and inclusive workforce
- sustainable procurement: ensuring that we maximise positive social and environmental outcomes through our purchasing

In 2016-17, climatic conditions contributed to an increase of 9% in our emergency maintenance volumes.

Water efficiency programs deliver $32 in value for every dollar invested.

Over the next 50 years, we expect to be servicing twice the population we do today. Combined with increased water scarcity and the impacts of climate change, this population growth could seriously impact the security, sustainability and affordability of our services if we don’t adapt and plan effectively.

Most of our investment decisions are long-term, and we have an obligation to make financial decisions that optimise community value and intergenerational equity over decades rather than months or years. Our commitment to long-term planning is showcased by:

- our Urban Water Strategy
- the water industry’s Water for a Future-Thriving Melbourne
- our participation in collaborative long-term planning projects (including the Long Term Water Resource Assessment and the Central Region Sustainable Water Strategy)
- Integrated Water Management (IWM) forums
- growth strategies (the Northern Growth Corridor, for example), and
- the Metropolitan Sewerage Strategy.

Over the next five years we will be increasing the capacity of our network in growth areas via a range of key infrastructure projects. We are also engaged in long-term planning and modelling to optimise the performance of our water and sewerage networks and preventative maintenance of our assets to ensure their reliability.

We are planning our investments in growth areas to support our financial sustainability, recognising that environmental and financial resilience are intertwined for our business. We work with the water sector, government and communities to plan and deliver water and sanitation services in a water-sensitive way, ensuring the security of our supply for future generations.

As we plan for the short, medium and longer-term we will engage with Traditional Owners to incorporate their objectives and aspirations into what we do. This includes in the long-term strategies, and specific projects and programs that may also provide opportunities, such as accessing land or supporting economic opportunities.

Climate Change Adaptation

In recent years, climatic conditions have contributed to an increase in our emergency maintenance volumes. This is strong evidence of the potential impact of a changing climate on our business. We will need to adapt and consider the costs of these events to ensure business sustainability in coming years.

To manage long-term water availability we take an adaptive approach, applying the latest climate change scenarios in accordance with water industry guidelines. We are also developing an organisation-wide plan to consider the broader business impacts of climate change and ensure we address these risks appropriately – including impacts on assets and our workplace. We work closely with industry colleagues in developing our adaptation plans, including participating in the development of the government’s Water Sector Climate Change Adaptation Action Plan.

Fostering innovation

A culture of innovation is embedded into the way we work. Our Innovation Collective is comprised of employees from across the business and supported by advisers who are accountable for innovation, and provides the tools and support to help Yarra Valley Water staff explore and develop new ideas. The Hub innovation portal, an online staff forum, allows any staff member to contribute ideas, vote for the best solutions and collaborate with other users on issues such as customer service, livability and safety.

We have incorporated the Agile methodology into our delivery approach for IT projects over the last 18 months and are now using it in the way we conduct our business planning. Agile embraces adaptive planning, enabling project solutions and requirements to evolve continually throughout a project.
Since our formation in 1995, efficiency has been core to our strategy – we have an important role in sustaining Victoria’s productivity and a responsibility to deliver our services as efficiently as possible. Our strategy commitment is to ‘make every cent count’. We do this by increasing productivity, reducing waste, managing our finances and ensuring our prices are fair and reasonable. We are committed to business efficiency savings of 2.5 per cent per year to enable us to keep bills down.

Our efficiency gains allow us to reduce the pressure on household budgets and ensure our prices do not impact business customers’ competitiveness. Our approved price submission ensures that the average bill for a typical household will not change between 2017-18 and 2018-19. From 2018-19 to 2022-23, the average annual price change will be 1.0 per cent below inflation. This bill freeze applies to business customers too.

Our approved price submission encourages us to further improve productivity through online services such as our customer self-service platform, Yarra Valley Online Water (YVOW), which has reduced interactions with our Customer Contact Centre by 36.9 per cent since 2012-13. This helps to improve productivity and meet customer self-service expectations.

We expect 40 per cent of everyday customer transactions to be conducted via YVOW by the end of the 2017-18 financial year, significantly reducing the cost of handling these transactions.

Accountability
We recently changed the way we assess customer satisfaction to improve our accountability. Previously, our performance was monitored internally (by management) and externally through mechanisms such as our Annual Report, the ESC Annual Performance Report and the Bureau of Meteorology’s National Performance Report. This provides reputational incentives, but does not result in any financial consequences for underperformance. From 1 June 2018, under new arrangements negotiated with our customers, we will assess our performance annually. If we have not met the target for any of the seven outcome measures identified as important by our citizens’ jury, we will return $1.5 million for each target missed to our customers via price reductions through our purchasing beyond the value of the goods or services being procured.

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At Yarra Valley Water, it all starts with our culture. We encourage collaboration, candour and confidence, foster leaders who support breakthrough performance, and employ highly productive, innovative, and capable people. Our 2020 Strategy commits us to a way of working that encourages extraordinary performance across the organisation.

Over the last decade, we have developed a high-performance culture, with high levels of staff engagement and effective workplace practices. These can be measured by improved staff satisfaction, reduced employee turnover and increased stakeholder and customer satisfaction, and we monitor these closely. We use several internationally recognised benchmarking tools to track our progress and develop targeted strategies to improve our culture and engagement, including:

- The Human Synergistics Organizational Culture Inventory (OCI), which measures an organisation’s prevalent styles. Our 2015 OCI results set new Australian records for Role Clarity, Customer Focus and Employee Satisfaction.
- Human Synergistics’ Management Impact (MI) and Life Styles Inventory (LSI), which measure managers’ overall effectiveness and interaction with those around them.
- The Aon Hewitt Best Employer Engagement Survey, which measures staff engagement and the effectiveness of workplace practices. In 2017 our overall engagement score was 83 per cent, and we were recognised as a national Aon Hewitt Best Employer.

Diversity and inclusion

A diverse workforce delivers economic and social value to an organisation and society, increasing innovation and the opportunities for partnerships we can forge with diverse communities.

Our diverse workforce provides a reflection of our customer base, consolidating the many perspectives, life experiences, skills and capabilities of modern Australian society. Our priorities are to improve gender balance in leadership and technical roles, train managers to recognise unconscious biases, and conduct a wholesale review of people policies, processes and practices. We have also appointed a Diversity and Inclusion Manager and changed our job advertising to broaden the pool of potential candidates.

We carry out an annual anonymous staff census to track the diversity of our workforce. The surveys are completed by a large proportion of our workforce. As a result, we know that:

- 0.75% of our workforce are Aboriginal.
- 8% speak a language other than English at home.
- 10% of our workforce arrived in Australia in the last 10 years.
- 7% of people identify as LGBTIQ+

In 2017 we were recognised as an AON Hewitt Best Employer.

We’re making clear progress on gender diversity. The number of women shortlisted for positions in the last two years – 50.5 per cent this year – has shown consistent improvement since 2015-16, when it was 28 per cent. Women represent 56 per cent of directors and 50 per cent of executives at Yarra Valley Water – by contrast, our Executive Team was only 12.5 per cent women in 2014-15. We are now working towards gender parity across the wider leadership team and in technical roles.

We are continuing to promote diversity and inclusion in our workplace by establishing diversity employee working groups across six areas: gender diversity, cultural diversity, disability and access, flexible working, life stages and generational diversity, LGBTIQ+ diversity and Aboriginal and Torres Strait Islander reconciliation.

Our 2018 diversity census showed that the percentage of our workforce identifying as LGBTIQ+ has nearly doubled since 2015, possibly a direct result of the presence of an LGBTIQ+ working group, which has worked towards creating a sense of community and inclusion for many LGBTIQ+ staff.

We are also working to provide a positive workplace for all staff. This is reflected in our new Enterprise Bargaining Agreement, which provides parental leave for all new parents regardless of gender. As in broader society, parental leave is primarily taken by women. We are actively working to support and encourage all staff to take the full range of flexible working and parental leave options that are available.

We recently updated our employment conditions to offer paid family violence leave for all staff members.

Safety and wellbeing

The safety and wellbeing of our staff and contractors is paramount. Over the last few years we focused strongly on leadership, systems and capability, and have seen a strong improvement in safety culture results.

In the last year, we broadened our thinking about safety to incorporate both physical and mental health and wellbeing. Our staff get involved in important conversations about safety through our safety and wellbeing advocates and community forums, chaired by General Managers.

A full picture of our safety record can be found in our Annual Report.
Our relationships with suppliers provide significant opportunities to influence positive change. Approximately 65 per cent of our operating costs are associated with partner organisations delivering services on our behalf, with our top 10 vendors accounting for 57 per cent of our contestable spend on maintenance, design, and construction and metering services.

For certain types of work – particularly those that are integrated with our core business – we establish long-term arrangements with suppliers through an in-depth tendering process. Our procurement and contract governance system aims to ensure we obtain competitive rates while managing our risks and acting in a fair, honest and transparent manner. As a government-owned corporation, we are subject to thorough regulation and are regularly audited to ensure compliance.

We have reviewed and strengthened our procurement processes over the last year and are implementing a new contract management system. The new system will help us better understand and monitor our procurement spend, including how much we spend on certain types of organisations (such as local providers or Aboriginal-owned businesses).

We have developed a sustainable approach to procurement that includes addressing risks in our supply chain and examining where we can have a positive impact through our purchasing beyond the value of the goods or services being procured.

SDG12 emphasises the importance of sustainable procurement as a means to deliver value across the goals through our supply chain.

In 2015 we launched our Supplier Code of Conduct, which articulates our expectations and helps us understand how our suppliers work in key social and environmental areas. We recently revised the code to reflect our focus on areas such as reconciliation and family violence, and will be launching the updated version in 2018. We ask our key suppliers to self-assess against the code and use it as part of our tendering process.

We are leading an industry working group to explore ways to unlock the social and environmental value in our procurement activities, such as supporting opportunities for Aboriginal and Torres Strait Islander-owned businesses. We are keen to work with suppliers who have a Reconciliation Action Plan (RAP), to support each other’s RAP commitments. We are also ensuring that small suppliers are not disadvantaged or discouraged from working with us. We have had success in this with our new cafeteria provider, Carlton Providores.

Our Supplier Code of Practice helps us understand how our suppliers work in key social and environmental areas.

We are building the 18-kilometre Amaroo main sewer.

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In 2016-17, we tendered for a new cafeteria service provider. We had previously conducted this procurement on a large scale — after all, we have nearly 600 staff members to feed. But big isn’t necessarily better: it can often mean the difference between a generic, impersonal chain supplier and a high-quality local provider.

We had noticed that people often left our office for lunch, so we resolved to make our in-house cafeteria a better experience for all. When we put the contract out to tender, we encouraged small, local businesses to apply. We made it clear that we wanted a local operator whose values aligned with ours, including a key focus on customer satisfaction and the health and wellbeing of staff. We offered support to develop any processes, plans or insurances smaller operators might not have in place.

As a result, we contracted to Carlton Providores, a socially responsible employer with long-standing staff members who are treated well, including a staff member with a disability. Their food philosophy is to provide local, seasonal food that supports local growers, producers and communities. There are also cost savings for Yarra Valley Water — Carlton Providores turned out to be significantly cheaper than the previous provider (a national company) for milk and other consumables.
We need to be extremely risk conscious when managing our water supply system, but also flexible when looking for innovative solutions to business problems.

Yarra Valley Water is a regulated organisation that must meet ongoing benchmarks for service and behaviours. We go beyond that to foster a culture of transparency, integrity, accountability and access at every level of the business, to meet public and government expectations. This supports SDG16, which recognises the importance of effective, accountable and transparent institutions. We enter partnerships and engage with others with the expectation that their standards will align with ours.

Our staff Code of Conduct sets out minimum expectations of behaviour among Yarra Valley Water employees. We continually re-evaluate our risk environment using a two-tiered approach that considers both immediate and long-term risks. Risk and innovation exist at the opposite ends of a continuum. We need to be extremely risk conscious when managing our water supply system, but also flexible when looking for innovative solutions to business problems. We pride ourselves on being an organisation that manages this dichotomy effectively.

Governance
The Board of Directors sets our strategic direction, establishes goals for management and mentors their achievement. It is bound by a Directors’ Code of Conduct as well as a charter that sets out rules, responsibilities and powers. The Board and management team is subject to regular performance reviews. All directors, executives, senior managers and officers who can approve more than $20,000 in expenditure can approve more than $20,000 in expenditure.

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The Board has established three committees to consider complex issues within the business: the Risk Management and Audit Committee; the Sustainability, Planning, Infrastructure and Regulation Committee; and the People and Culture Committee. Details of our corporate structure can be found on our website and in our Annual Report.

Compliance
Yarra Valley Water needs to meet complex compliance obligations to government and our regulators within tight timeframes. Our Compliance Framework ensures we meet these expectations and service obligations in a timely manner.

We are also bound by the Privacy and Data Protection Act 2014, which regulates the way we handle customer and other sensitive data; the Protected Disclosure Act 2012, which addresses disclosures to the Independent Broad-based Anti-corruption Commissioner; and the Freedom of Information Act 1982, which ensures interested parties can access information.

Risks and Opportunities
Yarra Valley Water examines two distinct horizons of risk. The Board and Executive Team use a five to 50-year risk horizon to identify megatrends that might impact our business in the long term. This is annually reviewed and feeds into our long-term planning processes. We also have a current horizon strategic risk register, which focuses on the next three to five years and includes risks that might affect our ability to achieve our 2020 Strategy. A detailed account of our risk management activities can be found in our Annual Report.

Risk profiling is a continuous and ever-changing process. We review the horizons we operate in to avoid surprises but are willing to embrace risk when the conditions are right. Our Board is currently monitoring 14 strategic risks.

Increased complexity in the way businesses procure suppliers has introduced a risk of poor practices – such as human rights violations – entering our supply chain. These issues are not always immediately apparent, and we are focusing our efforts on strengthening our work in this area.

As in other areas of our work, we are working within our sphere of influence to ensure that the values of our widening pool of partners align with our own – this will be a focus of further exploration in our future sustainability reporting.
Yarra Valley Water was recognised as an Aon Hewitt best employer in 2017. But behind this accolade is a program of organisational change stretching back to 2001, when our company resolved to create a high-performance business culture.

We began by using Human Synergistics’ Organizational Culture Inventory (OCI) to map out our existing problems before identifying a program of initiatives for change. We based this cultural overhaul on certain assumptions, including:

- people inherently want to do a good job given the right conditions and motivations
- personal responsibility, integrity, accountability and trust are crucial in work relationships
- it is important to link an individual’s personal transformation journey to that of the organisation.

We introduced measures to increase staff empowerment, such as skip-level interviews, which give staff the opportunity to speak with the manager of their manager. Artificial or unnecessary delegation and approval processes were removed, and cross-functional teams were encouraged, increasing trust across the organisation and providing more opportunities for skill-sharing. Recruitment was centralised to improve visibility, integrity and consistency to the process, and ‘cultural fit’ became an important part of our assessment criteria.

We invested heavily in developing our people through training. We increased our focus on communication, which enhanced collaborative and constructive behaviours while breaking down silos within the organisation.

This painstaking, 15-year process has paid ongoing dividends to the organisation. We have an engaged and productive workforce with an open, constructive approach to decision-making and responsibility, and a workplace that progresses SDG8.
OUR SUSTAINABLE DEVELOPMENT GOALS

The SDGs propel us to maximise the good we do – to increase our social contribution – and to minimise or eliminate where we have a negative impact. In this way we can make a measurable difference to a sustainable future. This chart demonstrates our positive and negative impacts and sets out our responses and commitments against each of the 17 goals.
Delivering our core business of safe, reliable water and sanitation services

Investing in recycled water as an alternative water supply for certain uses

Supporting customers to use water wisely

Supporting WaterAid’s work to help communities access safe water and sanitation

Participating in mentoring programs in Cambodia and Sri Lanka run by the Asian Development Bank and Waterlinks; and supporting our Water Quality Specialist to work part-time with World Health Organisation on water safety in countries such as Malaysia and the Philippines

Supporting Traditional Owners to participate in water management

Investing in energy efficiency and renewable energy

Working with Traditional Owners and Aboriginal and Torres Strait Islander communities to support economic development opportunities

Our high-performing culture is reflected in the financially responsible and efficient way we work. Through efficiency savings of 2.5% per annum, we are committed to helping keep pressure off customer bills.

Supporting social enterprises through our supply chain

Providing reliable water, sanitation and trade waste services for businesses

Achieving cost impact of our charges on small businesses

Drastic reduction in our procurement processes

Decreasing risk of exclusion of small suppliers from our procurement processes

Aging infrastructure can be less reliable and more prone to bursts, leaks or blockages

RESPONSE: Ongoing maintenance and replacement of ageing water and sewerage pipes

Risk of exclusion of small suppliers from our procurement processes

RESPONSE: Providing a holistic approach to financial inclusion through our Financial Inclusion Action Plan (FIAP)

Cost impact of our charges on small businesses

RESPONSE: Providing a holistic approach to financial inclusion through our Financial Inclusion Action Plan (FIAP)

High risk physical and mental work both in the field and at our call centre

RESPONSE: Robust safety systems and processes, supported by mental health and wellbeing programs

Adapting a proactive detect-and-respond approach to cyber security to maintain the integrity of our systems, data and assets

Integrating climate change adaptation into the way we manage our assets and plan for the future

Investing in energy efficiency, and research and development

Funding research through Water Research Australia and partnerships with universities

Working with the broader water industry to advance the adoption of innovative technologies

Advancing to reconciliation by providing employment and procurement opportunities for Aboriginal and Torres Strait Islander peoples and organisations

Recognising and celebrating diversity in our workplace and promoting inclusion through our culture, policies, diversity strategy and EBA

Offering an in-house Language Other than English (LOTE) service for customers of ethnically diverse background (Greek, Arabic, Mandarin, Cantonese)

Collaborating across sectors to address systemic issues relating to hardship and vulnerability

Embedding engagement of Aboriginal people in our planning processes

Adaptive planning approach to droughts and times of water shortages

Working with others to increase livability and urban amenity through resilient green spaces that minimise the health impacts of heat stress from a warmer climate

Diverting food waste from land fill with our ReWaste facility

Taking water from the environment

RESPONSE: Restorative approach – delivering services in a water-sensitive way and advocating for protection of environmental flows

Discharging treated wastewater to waterways

RESPONSE: Pursuing a restorative approach, by having no net impact on streams

Spilling wastewater to the environment

RESPONSE: Conducting proactive maintenance and monitoring of our assets and addressing reasons for spills

Our work is energy intensive – we currently rely on the grid for 75 per cent of our usage

RESPONSE: We are building capacity to generate our own energy – starting in 2017 with ReWaste

COMMITMENT: We will produce enough renewable energy to meet our energy needs by 2025

Ageing infrastructure can be less reliable and more prone to bursts, leaks or blockages

RESPONSE: Ongoing maintenance and replacement of ageing water and sewerage pipes

Risk of exclusion of small suppliers from our procurement processes

RESPONSE: Providing a holistic approach to financial inclusion through our Financial Inclusion Action Plan (FIAP)

Risk of poor practice in our supply chain

RESPONSE: Sustainable procurement strategy

Inconsistent approach to supporting financially vulnerable customers

RESPONSE: Providing a holistic approach to financial inclusion through our Financial Inclusion Action Plan (FIAP)

Impact on cultural heritage during projects

RESPONSE: Working with Traditional Owners under Cultural Heritage Management Plans

Planning, cultural heritage, green open space, integrated waste management

Safe, inclusive, accessible green open space, integrated planning, cultural heritage, waste management

Our Financial Inclusion Action Plan (FIAP)

Robust safety systems and processes, supported by mental health and wellbeing programs

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RESPONSE: Providing a holistic approach to financial inclusion through our Financial Inclusion Action Plan (FIAP)

Cost impact of our charges on small businesses

RESPONSE: Providing a holistic approach to financial inclusion through our Financial Inclusion Action Plan (FIAP)

High risk physical and mental work both in the field and at our call centre

RESPONSE: Robust safety systems and processes, supported by mental health and wellbeing programs

Adapting a proactive detect-and-respond approach to cyber security to maintain the integrity of our systems, data and assets

Integrating climate change adaptation into the way we manage our assets and plan for the future

Investing in energy efficiency, and research and development

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Diverting food waste from land fill with our ReWaste facility
Reducing the amount of plastic bottles that contribute to landfill by encouraging people to choose tap water

Engaging with our suppliers on issues such as gender equity, reconciliation and family violence

Working with the Victorian water industry on a joint approach that sets out aligned expectations for suppliers

Supporting Aboriginal and Torres Strait Islander owned businesses

Long-term commitment to maintaining our greenhouse gas neutrality

Building capacity to generate our own energy, starting in 2017 with Rewaste

Integrating climate change adaptation into asset management and future planning

Self-imposed cap on the nutrients we discharge to Port Phillip Bay

Meeting environmental licence obligations for our sewage treatment plants and in our networks

Delivering our core business of safe, reliable water and sanitation services

Our community sewerage program provides sewerage services to customers currently on poorly performing septic systems

Maintaining a values-driven culture of transparency, integrity and prudent and ethical behaviour

Involving customers and communities in decision making

Taking a stand on family violence for customers and staff, through training and policies

Adopting a proactive detect-and-respond approach to cyber security to maintain the integrity of our systems, data and assets

Fostering strong stakeholder relationships with stakeholders and looking for opportunities to partner to achieve greater outcomes for the community

Collaborating with other sectors through the TCP to ensure fair access to the modern essential services

Working with Aboriginal and Torres Strait Islander communities to jointly develop our capabilities for meaningful engagement

Our community sewerage program provides sewerage services to customers currently on poorly performing septic systems

Limited reporting of our performance in nonfinancial areas

RESPONSE: Building transparency through sustainability reporting

Use of chemicals during water and wastewater treatment

RESPONSE: Designing and operating our treatment plants to optimise chemical usage

Waste production from work construction and maintenance

RESPONSE: Our suppliers work according to rigorous environmental management systems

Risk of poor practice in our supply chain

RESPONSE: Sustainable procurement strategy

Historic, current and future greenhouse gas emissions

RESPONSE: Offsetting our greenhouse gas emissions, including those of our suppliers, since 2007

Reducing emissions and building capacity to generate our own renewable energy

Discharging treated waste water to waterways

COMMITMENT: Have no net impact on the streams we discharge to, and never compromise the environment by taking more water than is sustainable

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Impact of construction activities, e.g. vegetation removal

RESPONSE: Using low impact construction methods such as drilling or boring where possible, conducting vegetation assessments and avoiding removal or re-planting

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This report references the following 2017 GRI Standards:

### GENERAL DISCLOSURES
- 102-1 Name of the organisation  P6
- 102-2 Activities, brands, products, and services  P6
- 102-3 Location of headquarters  P6
- 102-4 Location of operations  P6
- 102-5 Ownership and legal form  P6
- 102-6 Markets served  P6
- 102-7 Scale of the organisation  P6
- 102-8 Information on employees and other workers  P6
- 102-9 Supply chain  P51
- 102-10 External initiatives  P7

### STRATEGY
- 102-14 Statement from senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation’s strategy for addressing sustainability  P7
- 102-15 Key impacts, risks and opportunities  P54

### ETHICS AND INTEGRITY
- 102-16 Values, principles, standards and norms of behaviour  P54
- 102-17 Mechanisms for advice and concern about ethics  P54

### GOVERNANCE
- 102-18 Governance structure  P54
- 102-21 Consulting stakeholders on economic, environmental, and social topics  P15
- 102-22 Composition of the highest governing body and its committees  P54
- 102-23 Chair of the highest governing body  P54
- 102-24 Nominating and selecting the highest governing body  P54
- 102-25 Conflicts of interest  P54
- 102-26 Role of highest governance body in setting purpose, values, and strategy  P54

### ECONOMIC INDICATORS
- 201-2 Financial implications and other risks and opportunities due to climate change  P14,46

### PROCUREMENT PRACTICES
- 204-1 Proportion of spending on local suppliers  P51

### CORRUPTION PREVENTION
- 205-1 Operations assessed for risks related to corruption  P54
- 205-2 Communication and training about anti-corruption policies and procedures  P54

### ENVIRONMENTAL INDICATORS
- 302-1 Energy consumption within the organisation  Annual report P98
- 302-2 Energy consumption outside of the organisation  Annual report P98
- 302-3 Energy intensity  P54
- 302-4 Reduction of energy consumption  P54
- 302-5 Reductions in energy requirements of products and services  P54

### WATER
- 303-1 Water withdrawal by source  Annual report P102
- 303-2 Water sources significantly affected by withdrawal of water  P54
- 303-3 Water recycled and reused  P54

### BIODIVERSITY
- 304-1 Direct (Scope 1) GHG emissions  Annual report P98
- 304-2 Energy indirect (Scope 2) GHG emissions  Annual report P98
- 304-3 Other indirect (Scope 3) GHG emissions  Annual report P98

### EMISSIONS
- 305-1 Direct (Scope 1) GHG emissions  Annual report P98
- 305-2 Energy indirect (Scope 2) GHG emissions  Annual report P98
- 305-3 Other indirect (Scope 3) GHG emissions  Annual report P98
- 305-4 GHG emissions intensity  P54
- 305-5 Reduction of GHG emissions  P54

### EFFLUENT AND WASTE
- 306-1 Water discharge by quality and destination  Annual report P97
- 306-2 Water bodies affected by water discharges and/or runoff  P54

### SUPPLIER ENVIRONMENTAL ASSESSMENT
- 308-1 New suppliers that were screened using environmental criteria  P51
- 308-2 Negative environmental impacts in the supply chain and actions taken  P51

### SOCIAL INDICATORS
- 401-1 New employee hires and employee turnover  Annual report P31
- 401-3 Parental leave  P50

### OCCUPATIONAL HEALTH AND SAFETY
- 403-1 Workers representation in formal joint management-worker health and safety committees  Annual report P12

### TRAINING AND EDUCATION
- 404-2 Programs for upgrading employee skills and transition assistance programs  P49

### DIVERSITY AND EQUAL OPPORTUNITY
- 405-1 Diversity of governance bodies and employees  P50

### SUPPLIER SOCIAL ASSESSMENT
- 414-1 New suppliers that were screened using social criteria  P51
- 414-2 Negative social impacts in the supply chain and actions taken  P51

### CUSTOMER HEALTH AND SAFETY
- 416-1 Assessment of the health and safety impacts of product and service categories  Water quality reports

- 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services  P51
The following index shows where we have reported our policies, programs and actions that align with the 10 principles of the UN Global Compact within this report.

### HUMAN RIGHTS

<table>
<thead>
<tr>
<th>GLOBAL COMPACT PRINCIPLES</th>
<th>DESCRIPTION</th>
<th>SECTION REFERENCE</th>
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| 1. Businesses should support and respect the protection of internationally proclaimed human rights | Over the last decade, Yarra Valley Water has invested in developing a strong, vibrant workplace culture with a focus on openness, collaboration and inclusion. Workplace safety and wellbeing (physical and mental health) are also fundamental to everything we do. These considerations are reflected in two of our six strategic commitments: ‘the way we work enables extraordinary performance’ and ‘we are safe’. We hold our customers’ confidential and personal information, and are therefore conscious of the need to ensure it is protected and to prevent unauthorised access to and improper use of that information, in accordance with the Victorian Privacy and Data Protection Act 2014. Our privacy policy and code of practice for employees, contractors and agency staff help to ensure that customer information is protected. This commitment is implemented through the following strategies and programs, detailed within this report:  
  - A fair go for everyone  
  - Social procurement  
  - Diversity, capability and engagement  
  - Reconciliation (case study)  
  - Governance, compliance and risk management  
  Additional information:  
  - Annual report (safety performance) | People Prosperity |
| 2. Make sure that they are not complicit in human rights abuses |                                                                                                                                                                                                             |                   |

### LABOUR

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| 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | Our Code of Conduct sets out the standard of behaviour we expect of each other, and the policies and guidelines to ensure these standards are met. It includes policies governing discrimination and fair treatment at work. Yarra Valley Water employees within the officer and engineer classifications are covered by our Enterprise Agreement, last updated in 2017, which sets the wages and conditions of those employees for a period of up to four years and now includes parental leave for all new parents. This commitment is implemented through the following strategies and programs, detailed within this report:  
  - Diversity, capability and engagement  
  - Social procurement  
  - Reconciliation (case study)  
  Additional information:  
  - Annual information | Prosperity |
| 4. The elimination of all forms of forced and compulsory labour |                                                                                                                                                                                                             |                   |
| 5. The effective abolition of child labour |                                                                                                                                                                                                             |                   |
| 6. The elimination of discrimination in respect of employment and occupation |                                                                                                                                                                                                             |                   |
ACRONYMS

DELWP  Department of Environment, Land, Water and Planning
DTF  Department of Treasury and Finance
EPA  Environmental Protection Authority
ESC  Essential Services Commission
FIAP  Financial Inclusion Action Plan
GRI  Global Reporting Index
IP&L  Integrated Profit and Loss
IR  Integrated Reporting
IWM  Integrated Water Management
LGBTIQ+  Lesbian, Gay, Bisexual, Trans, Intersex, Queer/Questioning
RAP  Reconciliation Action Plan
SDGs  Sustainable Development Goals
SWEP  Schools Water Education Program
TCP  Thriving Communities Partnership
UN  United Nations
WSAA  Water Services Association Australia

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