1. Purpose

Melbourne Water manages and protects our city's major water resources, which in turn makes our city a liveable place to be. This aspiration and responsibility is reflected in Melbourne Water's strategic direction "Healthy People, Healthy Places, Healthy Environment", each being cornerstones of sustainability.

Melbourne Water is committed to servicing the Melbourne region through the sustainable supply of high-quality drinking water, outstanding sewerage services, managing the region's drainage, maintaining healthy waterways and biodiversity, and leading the integration of natural resource management with our partners.

Melbourne Water must "*assist in the task of transitioning Victoria to an environmentally sustainable economy*", "*manage water resources in a sustainable manner that enhances environmental outcomes and amenity in urban and rural landscapes*", "*support sustainable and liveable communities*", "*minimise the impacts of its activities on the environment*", and "*should respond to the challenges of climate change with due consideration of mitigation and future adaptation measures, having regard to economic and social impacts*" (Statement of Obligations, 2015).

This policy outlines the environmental objectives, principles and commitments to pursue this future.

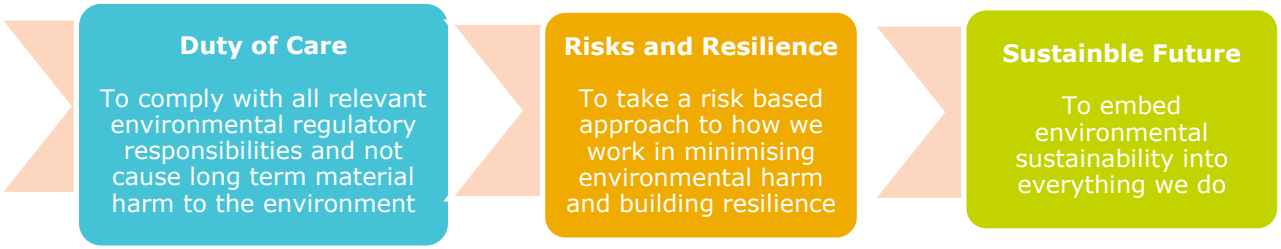
To Melbourne Water, environmental sustainability is about acting in a way that ensures future generations have the natural resources available to live an equal, if not better, way of life as current generations. This is known as intergenerational equity (UNGA, 2013) and is supported by our Strategic Direction, 2021 Price Submission and commitment to the UN Global Compact Sustainable Development Goals (SDGs). The UN Race to Resilience program also supports this concept and highlights that the next decade will be instrumental in accelerating efforts to address climate change and strengthen the resilience of civilisation by placing nature and people first (UNFCCC 2021).

2. Scope

This Policy applies to all Melbourne Water activities, staff and contractors, and is gender neutral.

3. Objectives

Melbourne Water is committed to assist Victoria as it transitions to an environmentally sustainable future, and prepare for the challenges of climate change by delivering sustainable water and land management, and guidance to our partners. Our environmental sustainability objectives are as follows:



4. Principles

Table 1: Environmental Sustainability Principles

These principles underpin Melbourne Water's objectives:	
Environmental Duty of Care	Applying or where possible exceeding regulatory requirements will lead to no long term environmental harm (impairment) from our activities[1]
Environmental Risks and Resilience	The International Organisation for Standardisation (ISO) recommended approaches for Environmental Management Systems 14001:2015 will assist Melbourne Water to identify risks and avoid long term material environmental harm from our activities[2]
	Identification and prioritisation of environmental risks through an Integrated Management System (IMS) that includes the risk universe and environmental risk registers will assist us to manage and reduce risks from our activities[2]
	Applying an adaptive and transparent climate risk governance approach will help to ensure services remain secure, valued and affordable over the long term[3]
	Measured, cooperative and targeted investment will increase the resilience of local ecosystems and prevent a widespread decline in waterway and catchment health[4]
Sustainable future	Achieving environmental sustainability requires everyone at Melbourne Water to play a role by delivering exceptional and affordable essential services to the people of greater Melbourne[5]
	A sustainable future requires respect for and incorporation of Traditional Owner knowledge and culture into waterway management[3,6]
	Science and research provide the evidence base to support the innovation required for sustainable water management[3]
	Controlling our carbon and other greenhouse gas emissions will contribute to mitigating the impacts of climate change[3,6]
	Integrated ecosystem, waterway and catchment management will progress Victoria towards a sustainable future[3,6]
	Enhancing ecosystem services that nature provides will contribute to the life and liveability of the Melbourne Region[3,6]
	The health and resilience of ecosystems, waterways and catchments can be positively affected by supporting communities and organisations through education and promoting on ground actions[6]

Key: 1 Interpreted from the Risk appetite statement; 2 Requirement of ISO 14001; 3 Interpreted from the 2021 Strategy on a Page; 4 Healthy Waterways Strategy (HWS); 5 Annual Report 2020;6 Regional Catchment Strategy (RCS); 7 Commitment to United Nations Global Compact on Sustainable Development Goals; 8 Melbourne Water Sewerage Strategy.

Table 2: Environmental Sustainability Commitments

Melbourne Water is committed to:	
Environmental Duty of Care	Complying with and applying all relevant environmental legislation and regulation including regulatory permissions that may be required to deliver our services
Environmental Risks and Resilience	Maintain ISO 14001 accreditation
	Aiming for continual improvement in integrated management systems and environmental risk reduction from our activities[2]
	Designing strategies, services, operations and systems that aim to protect the environment and its resilience
	Understand the needs and expectations of our interested parties on our annual environmental performance to improve catchment and waterway health[2,4]
Sustainable future	Progressing towards a sustainable future as a signatory to the United Nations (UN) Global Compact, and aiming to embed sustainability into business strategy, planning and decision making
	Playing a major role in progressing Victoria towards a Circular Economy will include beneficially using 100% of our available water and resources while ensuring affordability for current and future generations of Melburnians without leaving legacy issues[8]
	Resilience and sustainability business performance decisions will be evidence based and include Specific, Measurable, Attainable and action-oriented, Relevant, and Time-bound (SMART) indicators
	Innovative business approaches will help us achieve our path to net zero carbon pledge and focus on achieving material Sustainable Development Goals (SDGs) [3,7]
	Protect and improve the quality of water supply, catchments and waterways, establish healthy ecosystems and enhance biodiversity in an increasingly urbanised region
	Collaborate with our customers and the community to understand and prepare for climate change influences on the systems we manage including sewerage treatment, flood management, water supply, catchment and waterways, and biodiversity.
	The provision of safe drinking water, sewerage, flood and drainage services that are fundamental components of our contribution to Melbourne's treasured liveability

Key: 1 Interpreted from the Risk appetite statement; 2 Requirement of ISO 14001; 3 Interpreted from the 2021 Strategy on a Page; 4 Healthy Waterways Strategy (HWS); 5 Annual Report 2020;6 Regional Catchment Strategy (RCS); 7 Commitment to United Nations Global Compact on Sustainable Development Goals; 8 Melbourne Water Sewerage Strategy.

5. Reporting and Monitoring

Reporting on environmental sustainability will be included in business management reports linked to relevant corporate goals and KPIs, and within consolidated performance reporting frameworks to the Board including dashboards, progress against strategic goals, and performance against the risk appetite statement and the SDGs.

6. Attestation

Implementation of this Policy will be demonstrated through compliance with licence, regulatory and ISO 14001 obligations.

7. Accountability

Board oversight of the implementation of this Policy is by the Customer and Service Delivery Committee.

8. Review

The contents of this policy will be reviewed and updated by the Principal, Environmental Sustainability every four years. A Sustainability Plan will be developed to direct actions to deliver this policy intent. That Plan will focus on enabling internal capability, systems and processes, and complement environmental sustainability objectives and actions within existing service strategies and the Regional Catchment Strategy.

9. Authorising Environment

The key regulatory and legislative requirements driving the need for this Policy include:

- The *Water Act 1989 (Vic)* that outlines sustainable management principles.
- The *Catchment and Land Protection Act 1994* that identifies objectives for integrated land, water and catchment management.
- The *Environment Protection Act 2017 (Vic)* that requires Melbourne Water to take a risk based approach to minimising harm on the environment in order to achieve the General Environment Duty.
- The *Water Industry Act 1994 (Vic)* that includes a Statement of Obligations indicating Melbourne Water must assist in the task of transitioning Victoria to an environmentally sustainable economy, respond to the challenges of climate change, and achieve emission reduction targets.

The emission reduction targets are further supported under the *Climate Change Act 2017 (Vic)* and Melbourne Water's pledge to halve reportable emissions by 2025 and achieve net zero by 2030 (pending finalisation of the updated *Statement of Obligations – Emissions Reduction*).

10. Definitions

Reference	Definition
Catchments	Means an area which, through run-off or percolation, contributes to the water in a stream or stream system (*Catchment and Land Protection Act 1994*), in the Melbourne Water Region.
Circular Economy	A model in which products and materials are designed in such a way that they can be reused, remanufactured, recycled or recovered and thus maintained in the economy for as long as possible. (UN 2021).

Reference	Definition
Ecosystems	A dynamic complex of plant, animal and microorganism communities and their nonliving environment interacting as a functional unit. An ecosystem includes all living things (plants, animals and organisms) in a given area, as well as their interactions with each other, and with their non-living environments (weather, earth, sun, soil, climate, atmosphere) (UNW 2021).
Ecosystem Service	Are the benefits people obtain from ecosystems. (Millennium Ecosystem Assessment, 2005).
Interested Party	ISO 14001 defines an interested party as "a person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity.
Resilience	The ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management (UNDRR 2020).
Waterways	The term 'waterways' refers collectively to rivers, wetlands and estuaries. (HWS).

11. Key Related Documents and References

- Melbourne Water service strategies including:
  - Healthy Waterways Strategy (2018)
  - Port Phillip and Westernport Regional Catchment Strategy (Draft 2021)
  - Sewerage Strategy (2020)
  - Flood Management Strategy (2021)
  - Drinking Water Quality Strategy (2021)
  - Melbourne Water System Strategy (2017)/Greater Melbourne Urban Water System Strategy (2022 – in Draft)
- Climate Resilience Plan (existing)
- Financial Sustainability Strategy
- Social Procurement Strategy
- Delivering on the Sustainable Development Goals (2019)
- Innovate Reconciliation Action Plan (2018-2020)/Innovate RAP III (in Draft)

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12. Document History

Date	Reviewed/ Actioned By	Version	Action
December 2021	Principal Environmental Sustainability	1	Draft for CSDC
June 2022	Principal Environmental Sustainability	2	Included recommendations from CSDC May 2022 meeting. Inclusion of SoO clauses. Final wording clarifications. Version presented as draft for Board Approval.
June 2022	Board	2	Approved.