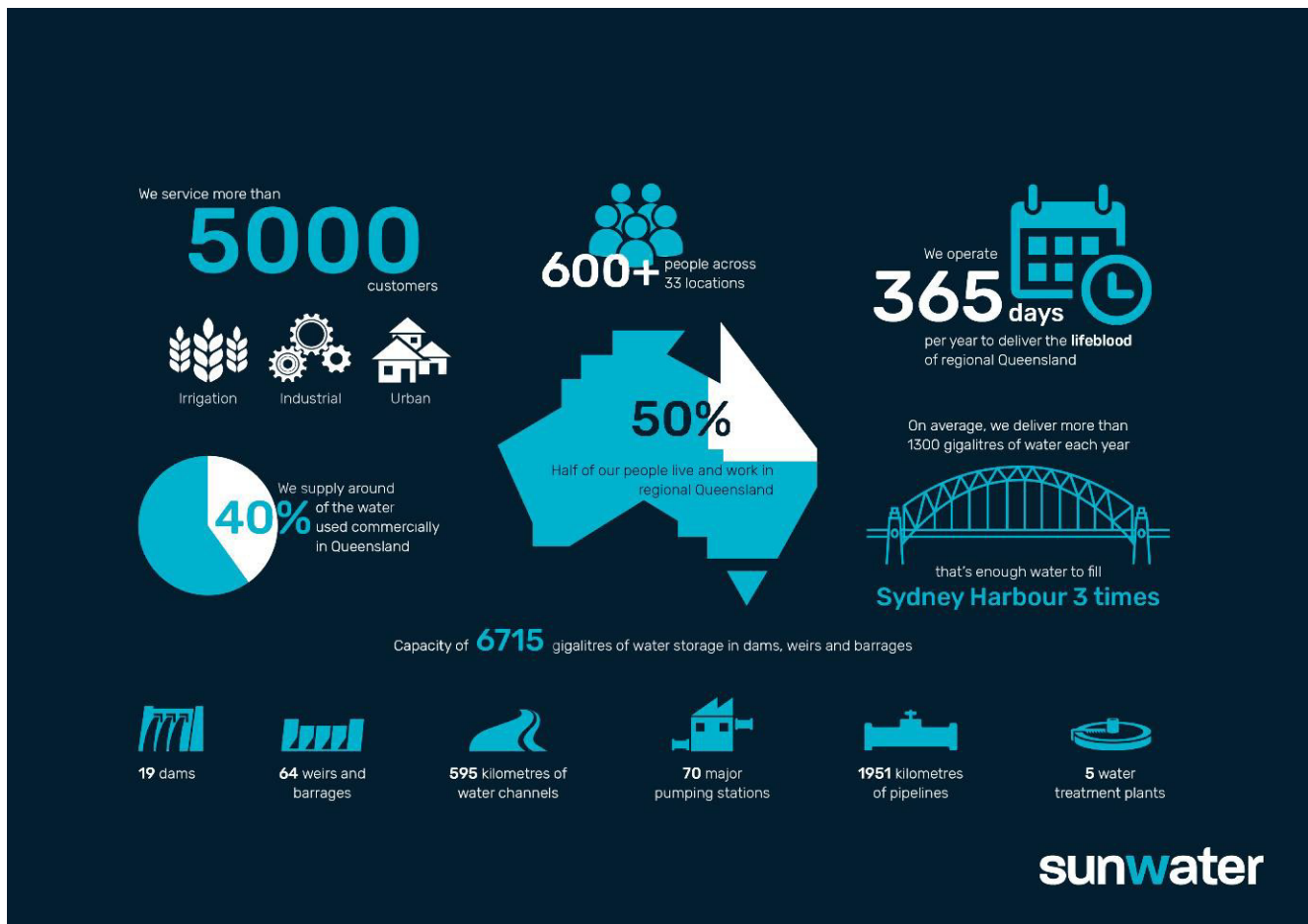


Operations

Sunwater's operations can be summarised as presented in the following diagram.



The majority of Sunwater's assets and operations are located within Queensland, with a small operational footprint in northern New South Wales.

Sunwater's operations can be categorised as:

- bulk water infrastructure design, development, and delivery
- water infrastructure operations and maintenance (including management of water supply schemes, pump stations, and pipelines)
- customer service and stakeholder management of irrigation, industrial, and urban customers, communities, and recreational users
- supporting corporate and business services
- water trading services.

In 2022–23, Sunwater invested \$45.3 million in its Dam Improvement Program (DIP), as part of its wider Dam Safety Management Program (DSMP) to ensure regional bulk water assets are maintained in accordance with current standards. Sunwater also progressed the construction of Rookwood Weir, which is due for completion in late-2023. These projects are being delivered with external partners and stakeholders, including major construction firms.

Supply chain

Sunwater has an active supply base of 2,112 suppliers and a historical annual procurement expenditure of approximately \$187 million. Most of this expenditure is with Tier-1 suppliers in Australia. Sunwater maintains a strong focus on supporting Queensland and its regional community-based suppliers, with 79 per cent located in Queensland.

As an infrastructure developer and water utility, Sunwater sources goods and services across a wide range of supply chain categories. These include:

- infrastructure and construction services, primarily focused on water storage and distribution assets
- infrastructure maintenance services, also focused on water storage and distribution assets
- construction materials, such as cement, pipe, steel, and fabricated components
- fixed and mobile plant, equipment and associated parts and consumables
- chemicals
- contract labour and professional services
- safety equipment, services, uniforms, and PPE
- Information Communication Technology (ICT) equipment and services.

Sunwater's procurement expenditure is growing substantially to support the infrastructure development and delivery program. Capital spend is forecast to be approximately \$2.6 billion for the next five years. Major projects, including Rookwood Weir, Paradise Dam Improvement Project and the Burdekin Falls Dam Improvement and Raising projects are currently progressing. This commitment to infrastructure development and delivery is expected to drive increased expenditure on supply chains in several categories, including construction materials, infrastructure delivery services and contract labour.

Criteria 3: Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity

Operations

As Sunwater's core business is the provision of water solutions and bulk water supply for irrigation, industrial and urban customers, there is a risk of modern slavery at an enterprise level. Specifically, there is a possibility of engaging contractors and/or suppliers that have links to modern slavery, caused by a lack of awareness or understanding, resulting in a breach of the Act.

This could occur when:

- engaging agencies that provide services such as:
 - hospitality
 - cleaning
 - construction labour
- procuring goods from emerging economies, such as:
 - uniforms
 - office supplies;
 - construction supplies
- engaging contractors who sub-contract out to other companies/businesses, resulting in a lack of visibility of supply chains.

Supply chain

Sunwater undertakes an annual strategic scan of the modern slavery risk exposure in its supply chain. The primary purpose of this process is to identify significant areas of potential risk that would warrant further detailed investigation and if indicated, targeted risk management measures.

Sunwater uses the following metrics as part of its strategic scan:

- exposure to higher risk industries
- geographic exposure to higher risk regions through our supply chain
- scale of exposure to individual suppliers based on expenditure during the reporting period.

Sunwater identified labour-hire, ICT, and heavy civil and construction to be its higher risk industries. Sunwater did not identify any direct expenditure in higher risk regions. However, some suppliers source from regions known to have a higher risk of modern slavery.

The strategic scan indicated that, while overall risk exposure appears to be relatively low, there are some suppliers (representing approximately four per cent of Sunwater's active Tier-1 supply base) that Sunwater could not conclude were low risk. Formal surveys were sent to these suppliers regarding modern slavery risk management practices and policies across their operations and supply chains.

Sunwater surveyed 115 suppliers who operated within high-risk industries, to determine their individual risk profile based on their approach to identifying and addressing the risk of modern slavery in their operations and supply chains. Responses were received from 30 of these suppliers representing a 26 per cent response rate. Analysis of the responses indicated that 26 of these suppliers had a high-risk profile, while the remaining four presented a medium risk.

Sunwater will engage directly with higher potential risk suppliers in the next reporting period regarding collaborative opportunities to improve identification and mitigation of risk in respective supply chains. Surveys of potentially high-risk suppliers will be undertaken earlier than they were in this reporting period, with non-respondents followed up to improve the response rate and enable greater analysis and identification of risks.

Criteria 4: Describe the actions taken by the reporting entity to assess and address these risks, including due diligence and remediation processes

Sunwater is committed to working with employees and business partners to ensure it has a positive impact on eliminating modern slavery practices in all forms within the local and global community.

Sunwater takes a holistic approach to addressing modern slavery risks. Actions to address modern slavery during the reporting period are included in this section.

No modern slavery matters or risks that require remediation actions have been identified.

Governance

Sunwater's corporate governance framework is underpinned by its values, principles of ethical conduct and behavioural expectations, which ensures accountability and transparency across the business. These values and expectations are supported by Sunwater's enterprise risk management framework.

Sunwater's risk management processes include quarterly review and reporting of its enterprise risk profile, focusing on:

- functional business area risks
- key risk indicators for each of Sunwater's material risks
- related industry information
- guidance from Sunwater's committees and senior management
- improvement activities.

Activities over the reporting period included:

- a focus on enhancing capability and quality of identifying risks, including modern slavery risks
- carrying out assessment and evaluations
- review and update of Modern Slavery eLearning modules, which is required training for all staff.

Sunwater continues to promote awareness through the Modern Slavery Leadership Group, which provides management oversight and guidance, in accordance with its Modern Slavery Policy and via compulsory eLearning modules for all staff.

Procurement and supply chain

During the reporting period, Sunwater:

- continued to implement contract terms and conditions and contracting templates to reflect a commitment to monitoring and managing modern slavery risk in its supply chain
- implemented a market intelligence function (IBIS World)
- commenced designing and configuring an enterprise procurement and contract management system, with survey capability for modern slavery and other risk matters (expected to be deployed in 2024-25)
- undertook discussions with modern slavery intervention organisations
- commenced preliminary feasibility investigations into participation in a water industry compliance solution (WSAA / Informed 365)
- considered general local exposure, particularly with respect to higher-risk services and contract labour categories.

A range of awareness and passive scanning strategies have been applied to develop Sunwater's ability to detect risk at a transactional and tactical level.

Operations

Sunwater is committed to ensuring the health, safety, and wellbeing of its workforce. A suite of policies informed by, and compliant with, Australian workplace and occupational health and safety law are maintained and updated via a controlled governance review cycle.

During the reporting period, Sunwater:

- transitioned from a communication plan designed to provide awareness to employees, to a business- as-usual approach
- implemented a panel arrangement for labour hire and recruitment services throughout Sunwater to cover ICT, trades, infrastructure, engineering, technical and corporate services.

Training and awareness

In 2022-23, building on the modern slavery risk management training (delivered to procurement team members, and the internal working group members), Sunwater:

- delivered modern slavery awareness training to most employees
- delivered modern slavery awareness training for Sunwater Board members
- continued to make self-serve awareness material available for:
 - workers providing guidance on Sunwater actions to reduce modern slavery risks
 - guidance for workers if they become aware someone is at risk of, or is affected by, modern slavery practices.

Sector collaboration

In 2022-23, Sunwater participated in a Queensland Modern Slavery Community of Practice (COP) with other government-owned corporations, statutory authorities and agencies, as well as an industry working group sponsored by the Water Services Association of Australia (WSAA). These groups provided opportunity for idea sharing, discussion around implementation activities and considered modern slavery technology solutions to assist with supplier engagement and reporting. Sunwater is considering these solutions in conjunction with its own technology review

Sunwater also continued to engage with the Queensland Government (Department of Energy and Public Works) to assist the development and review of the whole-of-Queensland-government response to modern slavery.

Future commitments

Building on actions undertaken to date, the following commitments have been identified for review and/or implementation:

- a procurement, sourcing and contract management system with integrated Environmental, Social and Governance (ESG) supplier categorisation, including categorisation for modern slavery
- collaborative risk assessment and solution work with suppliers in the target group, identified via the strategic risk scan process
- continue to review and update Sunwater processes and procedures as they relate to modern slavery risks, including to support Queensland Government-led ethical initiatives such as the ethical supplier mandate and best practice industry conditions
- continue delivering awareness activities to ensure Sunwater employees are aware of modern slavery issues and can identify and report modern slavery risks and breaches, easily
- seek external expert advice (as necessary) should high-risk supplier profiles be identified, to work with these suppliers on reducing their modern slavery risk profile.

Criteria 5: Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks

Sunwater recognises that assessing the effectiveness of its actions to identify and address modern slavery risks across its operations and supply chains will be an ongoing and evolving process.

Actions and effectiveness assessments have focused on frameworks, procurement processes and employee awareness, as well as assessing progress against the planned actions in our 2021-22 statement.

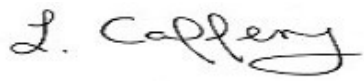
During the reporting period, Sunwater focused on consolidating modern slavery risk management practices into business-as-usual processes and on building enterprise systems aimed at enhancing modern slavery risk management and assessment capability. At Sunwater, effectiveness of actions taken to address modern slavery risks is assessed by yearly review of the integration of modern slavery controls into standardised operating processes.

In 2023-24, Sunwater will continue to develop lead and lag indicator assessment, leveraging systems and process improvements mentioned above.

Criteria 6: Describe the process of consultation with any entities the reporting entity owns or controls.

While Sunwater's three subsidiaries own some water infrastructure and water entitlements, the subsidiaries do not operate as separate businesses. The three subsidiaries were consulted in the development of this statement.

This statement was approved by the Sunwater Board of Directors on 5 December 2023.

A handwritten signature in black ink that reads "L. Caffery". The signature is written in a cursive style with a large, stylized initial "L".

Lisa Caffery
Chair

Sunwater

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