



**Water Utilities
Australia**

Sustainability Report

1 July 2019 to 30 June 2020



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Cover image: Eddie McGarry, Regional Manager – SA, inspecting plantings at Willunga Basin Water



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Abbreviations

\$	Australian Dollars
AquaNet	AquaNet Sydney Pty Ltd
ARCC	Audit, Risk, and Compliance Committee
AWA	Australian Water Association
EPA-NSW	NSW Environment Protection Authority
EPA-SA	Environment Protection Authority of South Australia
ERM	Enterprise Risk Management
ESCOSA	Essential Services Commission of South Australia
FAI	First Aid Injury
FY20 or 2020	the reporting period of 1 July 2019 to 30 June 2020
GPOP	Greater Parramatta and the Olympic Peninsular
IMS	Integrated Management System
IPART	Independent Pricing and Regulatory Tribunal of New South Wales
KIWS	the Kooragang Industrial Water Scheme
Kooragang Water	Kooragang Water Pty Ltd
Lightsview ReWater / LRSC	Lightsview ReWater Supply Co Pty Ltd
Lightsview Scheme	the Lightsview ReWater Scheme
LTI	Lost Time Injury
ML	Megalitres (1,000,000 litres)
MTI	Medical Treatment Injury
MWh	Megawatt hour
OTR	Office of the Technical Regulator (South Australia)
PPP	Public – Private Partnership
RRWS	the Rosehill Recycled Water Scheme
SDGs	United Nations Sustainable Development Goals
SRMTMP	Safety, Reliability, Maintenance and Technical Management Plan
Willunga Basin Scheme	the Willunga Basin Recycled Water Scheme
Willunga Basin Water / WBWC	Willunga Basin Water Co. Pty Ltd

About this Report

This Sustainability Report has been developed by Water Utilities Australia with the purpose of reporting its environmental, economic and social impacts for the period of 1 July 2019 to 30 June 2020. This is the second annual Sustainability Report prepared by Water Utilities Australia. There are no restatements of information to report.

Water Utilities Australia is the name given to the Water Utilities Australia group of companies that is headed by WUA TopCo Pty Ltd. The companies that formed the Water Utilities Australia group in the reporting period are:

- WUA TopCo Pty Ltd;
- WUA MidCo Pty Ltd;
- Water Utilities Australia Pty Ltd;
- Willunga Basin Water Co Pty Ltd;
- Lightsview Re-Water Supply Co Pty Ltd;
- Lightsview Re-Water Infrastructure Pty Ltd;
- Kooragang Water Pty Ltd;
- Water Utilities Australia Investment Pty Ltd;
- WUA No. 1 Pty Ltd;
- WUA WA Holdings Pty Ltd;
- WUA Sydney Holdings Pty Ltd;
- AquaNet Sydney Pty Ltd; and
- Rosehill Network Pty Ltd.

Questions about this report

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Message from the Chair



One of the great challenges of our time is ensuring a thriving, healthy, and sustainable water resource for the planet. We are reminded of this calling in the United Nations Sustainable Development Goals. The sixth goal implores us to ensure the availability and sustainable management of water resources. It is indeed an ambitious and serious vision for arguably the world's most important resource. Executing on this vision requires a focus on water efficiency and water resilience. This drives a need for greater investment and utilisation of water recycling infrastructure. And this drives the vision of Water Utilities Australia.

Sustainability is at the core of the Water Utilities Australia business. Our reason for being is to deliver sustainable water resource outcomes. Our vision is to see recycled water utilised everywhere that it is able to be used. Doing so displaces scarce potable water resources, as well as diverts marine pollutants from ocean and river discharge. And it is why we get up in the morning.

As fellow custodians in this important endeavour, we not only want to participate in sustainability outcomes but we want every part of the way we do business to be delivered in a sustainable way. And we have made meaningful progress during 2020.

- ➔ We acquired AquaNet, a recycled water scheme located in the growth corridor of Western Sydney. This plant increases our recycled water capacity by over 7,000 ML per annum and stands ready to serve the Sydney population in enhancing water resilience for years to come.
- ➔ We made meaningful progress in our support of the United Nations Sustainable Development Goals. Not content with just measuring what has already happened, we prepared specific goals and targets for the medium and long term.

You can read more about both of these initiatives in the body of this, our second Sustainability Report.

As a representative of the company's majority shareholder, the Global Diversified Infrastructure Fund managed by First Sentier Investors, I can confidently say that the business has full support and encouragement in its sustainability efforts. Initiatives around environmental, social and governance ('ESG') matters drive sustainability performance and they also ultimately drive business performance.

We hope you find this report useful. We always welcome feedback, as well as a general dialogue, with any of our stakeholders in sustainability matters as we all strive to contribute to the culture and global community of best practice. Against this background, it's my pleasure to commend to you this 2020 Sustainability Report for Water Utilities Australia



Danny Latham
Chair, Water Utilities Australia

Message from the CEO



The 2019/2020 hot weather and severe bushfires across many parts of Australia highlighted the need for abundant supplies of water to be constantly available for human needs, liveability, agriculture and industry. This is becoming more challenging as natural rainfall declines, population in cities increases and liveability criteria are embraced in urban planning. These three forces combine to increase water demand. Water restrictions, once the only demand management tool of water utilities, is not the preferred option in the 2020's. Increasing the supply of appropriate quality water for the various needs is. Therefore, it is of paramount importance, and a core of Water Utilities Australia's business, that water supplies are increasingly more reliable and sustainable in the face of these challenges. This is achieved by recycling and reusing water at every possible opportunity. As an extra environmental benefit, harvesting water for reuse from flow paths that would otherwise go to the ocean reduces or even eliminates polluting discharges to the marine environment. Water Utilities Australia therefore strives to make every part of its business environmentally, socially and economically sustainable. We do this by focusing on four key elements: People; Places; Products; and Practices.

People are of the utmost importance to Water Utilities Australia, be they our employees, customers, contractors, or the communities in which we operate. We aim to treat all people honestly, with dignity and safely.

Places encompass both the physical environment and the communities that are impacted by our operations. Water Utilities Australia strives to ensure that these places are in a better position than they were before we became a part of that place, be that economically, by improving liveability, by enabling agriculture or by reversing environmental harm.

Products are the services and materials we supply to our customers. Water Utilities Australia supplies these products reliably, safely, and with the quality expected by our customers and the community.

Practices incorporates the systems, policies, and procedures established across the Water Utilities Australia business to ensure we exceed the expectations of society of being a good corporate citizen.

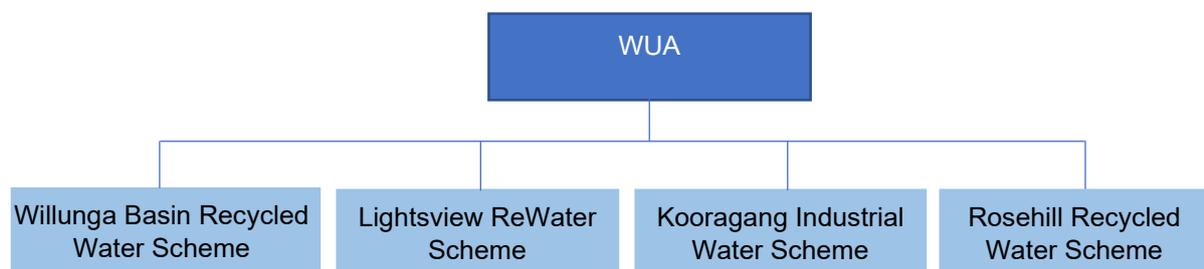
I am pleased to share with you this second annual Sustainability Report for the period 1 July 2019 to 30 June 2020. This report has been established to set the benchmark of Water Utilities Australia's current sustainability practices. This will enable us to track our own performance over the coming years as we focus on continual improvement.



Graham Dooley
Chief Executive Officer

About Us

Water Utilities Australia is a privately owned water infrastructure company headquartered in Adelaide, South Australia, and with four Australian areas of operation.



Vision, Purpose and Strategic Direction

Vision

The vision of Water Utilities Australia is to be a privately owned, vertically integrated, national water utility with a customer focus.

Purpose

The purpose of Water Utilities Australia is twofold:

One, to invest in water utilities and infrastructure to deliver a long term, sustainable and reliable return stream comprising both yield and capital growth to our shareholders.

Two, to manage the businesses in an environmentally and socially responsible manner, to deliver water services for municipal, agricultural, industry and residential sectors which are compliant with water standards, other applicable laws and regulations, while meeting all customer service expectations.

Strategic Direction

The strategic direction of Water Utilities Australia is:

- to deliver reliable, stable, non-contentious, compliant and responsible services to all customers;
- to operate the business and maintain its assets in a sustainable manner;
- to expand each utility to meet growth demands, regulatory standards and customer needs; and
- to invest in additional utilities and infrastructure, as the market permits, to grow the business and increase the footprint of Water Utilities Australia across Australia.

Willunga Basin Recycled Water Scheme

The Willunga Basin Recycled Water Scheme (**'Willunga Basin Scheme'**) is an agricultural irrigation scheme based in the McLaren Vale wine growing region in South Australia. The customers of Willunga Basin Water vary by size and sophistication, from multinational viniculture and winemaking corporations to local government and small hobby farmers.

In the reporting period Willunga Basin Water supplied 5,325 ML of water to 182 customers with water of treated effluent origin which is primarily used for drip irrigation of grape vines, nut trees, olive trees, and flowers. Willunga Basin Water also supplies some customers with water to be used for irrigation of open space such as golf courses and playing fields.

Willunga Basin Water receives treated effluent from four government-owned¹ wastewater treatment plants. Willunga Basin Water pumps the treated effluent through a network consisting of buried pipelines, pumping stations, and booster pump stations and stores treated effluent received in the winter months in storage dams, storage tanks and a managed aquifer recharge scheme.

Water taken from storage is filtered and then pumped to the customer's property boundary where it is received by the customer at pressure, meaning that in many cases the customer does not need to rely on their own pumps to irrigate their crops.

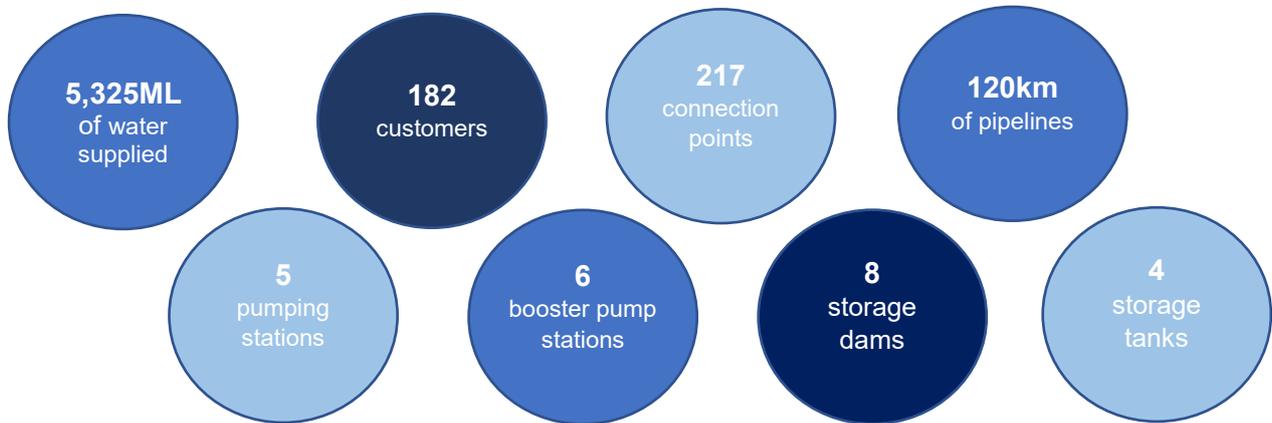


Image: Willunga Storage Dam, McLaren Vale, South Australia

¹ Two of those wastewater treatment plants belonging to SA Water and two belonging to City of Onkaparinga.

Case Study – New Storage Dam

The commissioning of Willunga Basin Water's new 600 ML storage dam occurred in April 2020. The new dam was fully filled by August, in time for the 2020/21 irrigation season. The dam increases storage capacity within the Willunga Basin Water's network by storing water during periods of low demand (i.e. winter months) and releasing during periods of high demand (i.e. summer months). This allows the release of an additional 800ML of recycled water to irrigators in the iconic McLaren Vale Wine Region. The project will support the production of 2.25M bottles of premium wine per annum with an annual value of \$33M.

Expansion of the recycled water supply to the region helps to reduce the stress on the local aquifers, diverts treated effluents away from ocean discharge improving marine life, and provides greater water security for the region's irrigators who are increasingly facing water scarcity heightened by the impact of climate change.



The development process for the storage dam began more than three years ago. While the dam is vital to the local agricultural industry, Willunga Basin Water also recognises its role as a responsible corporate citizen to the entire community. Extensive studies and stakeholder consultation, including a change in storage location and redesign, were undertaken to address all relevant social and environmental issues.

Controls were also in place during construction to minimise the impact, such as noise, dust, vibration, vehicle movements and site runoff etc on surrounding environment, housing development and public infrastructure. To the extent possible, soil excavated from the earthworks were utilised for the dam wall embankments and mounds for landscape screening purposes, promoting waste recycling.

The planning submission had a strong commitment on landscaping and the amenity of the project. Detailed landscaping design was incorporated to provide sufficient buffer zones and improve the visual appearance of the dam with over 15,000 native plants planted around the dam. The landscaping works were undertaken by Willunga Basin Water's landscaping contractor, Orana, which provides employment opportunities for disabled people in the community.

The project was supported by the Department of Primary Resources SA (PIRSA) through a \$2.5M grant. This grant enables Willunga Basin Water to apply a reduction to the infrastructure access fees for irrigators. Throughout the development Willunga Basin Water worked closely with the local irrigator group. As part of the project, it agreed to pay an annual royalty to the group for projects of benefit to the irrigators including development of future storage opportunities.

Image: Storage dam, Willunga Basin Water

Lightsview ReWater Scheme

The Lightsview ReWater Scheme (**'Lightsview Scheme'**) is a municipal recycled water scheme, which during the reporting period supplied 72 ML of recycled water to 1,698 residential customers and supplied 99 ML to 3 non-residential customers for open space irrigation. The residents of Lightsview use recycled water for toilet flushing, garden irrigation and other uses such as car washing in lieu of potable water.

Lightsview ReWater receives treated stormwater from the City of Salisbury via a trunk main before further treating the water by chlorination at the onsite pumping station. Treated recycled water is stored in a balancing storage tank located under community tennis courts before being supplied to residents via buried reticulation pipelines that are located in the streets of Lightsview. The customers receive recycled water through a conventional water meter located at the boundary of their properties.

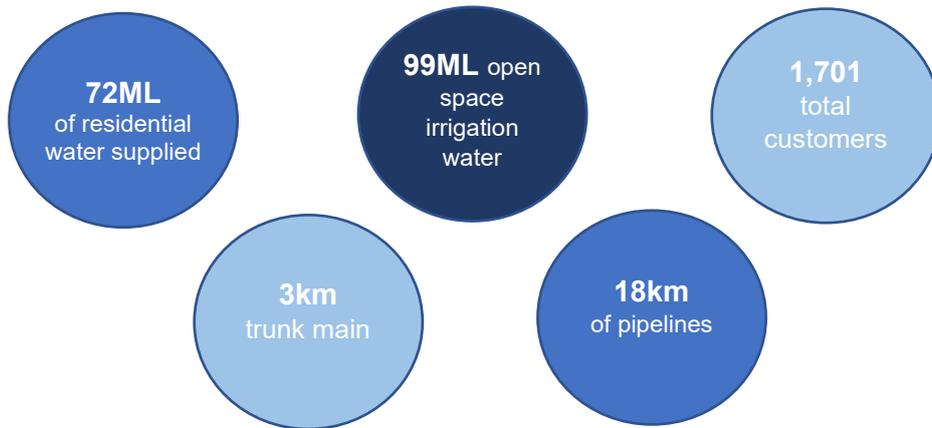


Image: Garden watering at Lightsview, South Australia

Kooragang Industrial Water Scheme

The Kooragang Industrial Water Scheme (**‘KIWS’**) is an industrial recycled water scheme based in the Hunter region of New South Wales, with a treatment capacity of 12 ML per day. Kooragang Water supplies one major industrial customer with high grade treated recycled water for use in cooling towers and manufacturing processes. KIWS receives treated effluent from the Hunter Water Corporation at a connection point near Hunter Water’s discharge point in the Hunter River. The treated effluent taken by Kooragang Water would otherwise be discharged to the marine environment. The treated effluent is then treated further by Kooragang Water at the Mayfield Advanced Water Treatment Plant located in the suburb of Mayfield West. The treatment process involves micro-filtration, reverse osmosis and chlorination. The recycled water produced at the Mayfield West plant is then pumped to the industrial customer’s premises on Kooragang Island via a reticulation pipe.

Kooragang Water is also the retail supplier of potable water to its recycled water customer via an arrangement with the Hunter Water Corporation. Kooragang Water has contracted with Suez Water to provide operations and maintenance services at KIWS.

In the reporting period, KIWS supplied a total of 3,465 ML of water to its customer, made up of 2,609 ML of recycled water and 856 ML of potable water.

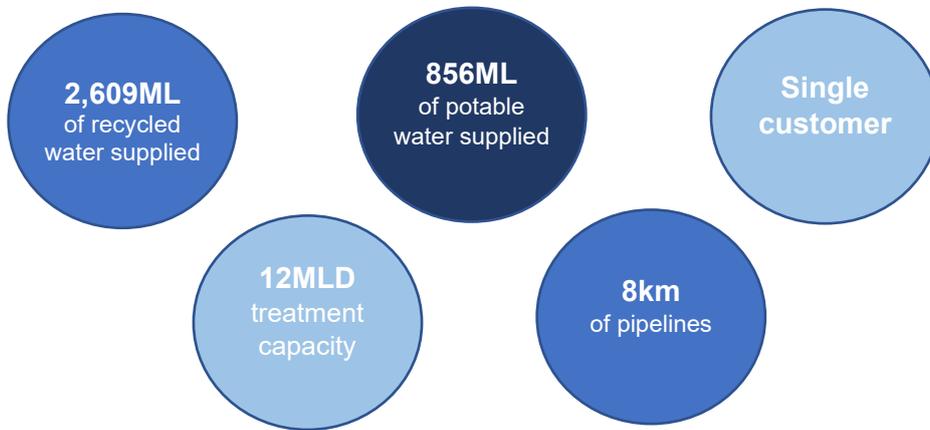


Image: Micro filtration trains, Kooragang Industrial Water Scheme

Rosehill Recycled Water Scheme

In September 2019, Water Utilities Australia acquired 100% interest in the Rosehill Recycled Water Scheme (“**RRWS**”) through AquaNet Sydney Pty Ltd (“**AquaNet**”) and Rosehill Network Pty Ltd. RRWS is a water network in Western Sydney, comprised of an advanced water treatment plant at Fairfield and 20km of pipelines, 3 storages and supply network extending to Smithfield and Rosehill. The plant has a total capacity of 20ML/day.

RRWS was delivered as a Public Private Partnership project with Sydney Water and commenced operation in 2011. It has a 20 year take-or-pay contract (expiring in 2031) with Sydney Water, who purchases the recycled water from AquaNet and acts as the wholesaler to a number of industrial customers in the region. AquaNet also sells recycled water directly to other customers, including open reserves. As at the end of the reporting period, there were 11 underlying customers. Water Utilities Australia has contracted with Veolia Water Australia to provide operations and maintenance services for the RRWS.

RRWS takes secondary treated wastewater from Sydney Water’s Liverpool to Ashfield Pipeline at a connection point at the plant site at Fairfield. The wastewater taken by RRWS would otherwise be discharged to the marine environment. The treatment process involves ultra-filtration, reverse osmosis and chlorination. The high quality water is then pumped across the RRWS network which is then connected to the end industrial users via other distribution network and reticulation pipes.

In the reporting period, AquaNet supplied an annualised total of 1,034 ML of recycled water to its customers.

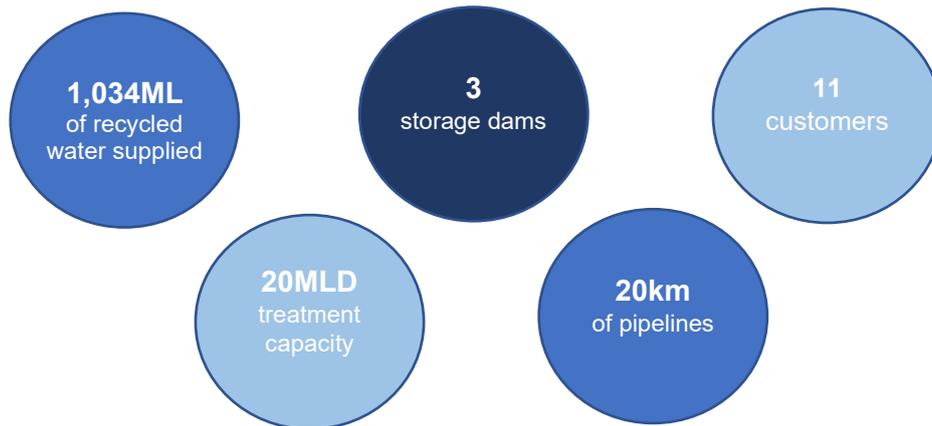


Image: Fairfield AWTP, Rosehill Recycled Water Scheme

Case Study – RRWS Acquisition

The acquisition of the RRWS is consistent with a number of Water Utilities Australia’s sustainability objectives, such as improving water security, reducing stress on drinking water supply, protecting marine environment, and promoting energy efficiency.

RRWS applies advanced treatment to wastewater, producing a high quality recycled water. This water is then used by industrial customers for cooling towers, boilers and some manufacturing processes, as well as for irrigation and firefighting. However, the recycled water can also be used in homes for non-drinking purposes such as gardening, toilet flushing and laundry.

The use of recycled water improves water security for the community increasingly faced with the challenge of climate change, while reducing the stress on potable/drinking water. Recycled water is a reliable, often cheaper alternative to potable water for irrigation and industrial processes. Given Sydney’s highly variable rainfall and increased drought risks, the RRWS is an integral part of ensuring resilience in Sydney’s long term water supply.

The RRWS has been designed with future demand in mind. It currently generates over 1,000 ML of recycled water per annum, but has the potential to supply a further 6,000 ML for additional customers, displacing the same amount of drinking water. One such application is in commercial and residential properties.

The asset is located in the Greater Parramatta and the Olympic Peninsula (“**GPOP**”) region. GPOP is Sydney’s second commercial and population centre, with significant new residential and commercial developments expected to take place over the next 20 years. As part of their sustainability / water strategy, many councils have mandated water efficiency standards for new commercial and residential developments including dual-piping (potable and recycled water) installation to promote the use of recycled water for non-drinking purposes. Water Utilities Australia is proud to play a key role in realising this strategy.

The recycling of treated wastewater which would otherwise be discharged to the ocean provides additional environmental benefits. Marine discharge of effluent is a common environmental issue faced by major cities with a large and growing population, let alone the capital expenditure required to upgrade ageing ocean outlet infrastructure operating at capacity. Recycling wastewater and re-applying for local community usage produces superior environmental and financial outcomes.

Furthermore, recycled water processing is less energy intensive than seawater desalination and can be adopted as a base load supply, promoting better utilisation of infrastructure and energy efficiency.



Image: Reverse osmosis trains, Fairfield AWTP

Our people

In the reporting period there were 18 employees of Water Utilities Australia (17 permanent full time and one permanent part time) across three locations. The workforce of Water Utilities Australia is highly skilled and autonomous.

We believe communication is critical to the success of Water Utilities Australia, starting with our people. The employees of Water Utilities Australia are consulted in various ways including by scheduled meetings, unscheduled meetings, email, policies and procedures, and one-on-one discussions. For changes that affect employees, four weeks' notice is typically given. Whilst working for Water Utilities Australia, contractors are treated the same as employees and are consulted in a similar manner.

As a small, local company (100% of executive management have been hired from the local community, living <20Km from the Adelaide head-office) with a low headcount, diversity metrics should be viewed with caution. Nonetheless, we would like to improve the representativeness of our workforce and are implementing programs to aid this goal. For example, we have improved our parental leave policy, which is available to all full time employees, including four females – this entitlement was taken up by one female employee during the reporting period.

Water Utilities Australia is delighted to welcome Carmel Krogh as an independent member of the Board on 1 July 2020. Carmel is President of Australian Water Association (“AWA”). Prior to AWA, she was Director of Shoalhaven Water and WaterNSW. Carmel's addition enriches the independence and industry depth of the Board and is consistent with Water Utilities Australia's Sustainable Development Goals (“SDGs”) to promote diversity in senior positions of the company.

The following tables set out the diversity of the governance bodies of Water Utilities Australia.

Water Utilities Australia			
Gender	Male	Female	Unidentified
	10	8	0
Age	<30	30-50	>50
	4	11	3

Board			
Gender	Male	Female	Unidentified
	3	1	0
Age	<30	30-50	>50
	0	1	3

Executive Management			
Gender	Male	Female	Unidentified
	4	0	0
Age	<30	30-50	>50
	0	3	1

We believe in respecting and investing in our people. All employees receive performance and career development reviews. We also invest in training, with average time invested during the reporting period being 18.7 hours per employee. Whilst all employees maintain freedom of association, no employees are currently employed under an enterprise bargaining agreement. There have been no recorded instances of discrimination and the business has maintained compliance with all local employment laws.

Case Study – Managing the risks of COVID-19

The second half of the reporting period was impacted by the global COVID-19 pandemic. Water Utilities Australia immediately implanted a risk mitigation strategy of minimising the likelihood of an employee or contractor contracting COVID-19 and if an employee or contractor did contract COVID-19, minimising the affect this would have upon the business.

Head Office

Head office staff implemented a work from home arrangement in 2020. Head office staff have since resumed working from the Adelaide office, although not on a full-time basis. Most head office staff continue to work 2-3 days per week from home. Most external meetings are still being undertaken using video conferencing.

Social distancing remains in place within the head office and in communal areas of the building with limited numbers of people allowed in elevators and a dedicated entry and exit route from the building with QR code contact tracing in place. Within the Adelaide office, anti-bacterial wipes are used to clean communal surfaces such as the lunch table and to also wipe down individual workstations. Hand sanitizer is also made available in the office with staff encouraged to use hand sanitizer when entering the office.

Willunga Basin Water

Staff at Willunga Basin Water implemented a policy of work from home where practical to do so in 2020, and have also since returned to the McLaren Vale office with many of the same controls in place as at the Adelaide Head Office. In addition, staff are working from home where possible. When staff are required to meet with customers or potential customers, preference is given to meeting via video platforms such as Microsoft Teams or where that is not possible, meetings are arranged onsite usually in open space.

Lightsview ReWater

When required to enter a customer's home to undertake a cross-connection audit or to investigate any other issues, staff are required to wear a surgical mask and use hand sanitizer before and after entering the home.

Kooragang Industrial Water Scheme

Suez limited access to the Mayfield Advanced Treatment Water Plant to only essential workers and contractors. Social distancing and sanitation measures have also been implemented at the site. Suez have reported that they have identified several operators in New South Wales that have sufficient knowledge of the KIWS operations that could backfill a KIWS operator if they were to be infected by COVID-19.

Rosehill Recycled Water Scheme

Veolia implemented a wide range of strategies to prevent the spread of COVID-19 and to mitigate the risk of an operator contracting COVID-19. Veolia limited access to the Fairfield Advanced Water Treatment Plant to only essential workers and contractors and all personnel are required to wear surgical masks when at the plant. In addition, Veolia implemented a split-shift whereby the two teams never come into direct contact with each other. At the end of each shift, all common areas and surfaces are wiped down with anti-bacterial wipes and a handover between shifts is carried out remotely.



Image: Phil Birkby, Veolia Operations Manager Fairfield AWTP, wearing protective mask

In 2020 Veolia had a COVID-19 scare, with the child of one of the Fairfield operators being identified as a close contact of a confirmed COVID-19 case. Veolia immediately isolated that operator from the site and all other members of that operator's team had a COVID-19 test. It turned out that the confirmed COVID-19 case was a false positive, but the experience tested Veolia's systems in the real world.

How we do business

Values, principles, standards, and norms of behaviour

The values, principles, standards and norms of behaviour of Water Utilities Australia are detailed and communicated to our employees, contractors and business partners in a variety of ways. At the most fundamental level, Water Utilities Australia expects its employees, contractors and business partners to act with honesty and integrity, be ethical and act in caring and respectful way towards each other, our customers, the community, and the environment.

The Board of Water Utilities Australia has approved two key policies relating to Water Utilities Australia's values and principles which relate to sustainability, workplace safety, quality of products and the protection of the environment. These are the *Sustainability Policy* and the *Quality, Health, Safety and Environment Policy*. The CEO of Water Utilities Australia has also approved a *Code of Conduct* that sets the values and behaviours required of employees of Water Utilities Australia.

Economic impact

The net revenue of the Water Utilities Australia group in the reporting period was \$30,459,106. The source of the net revenue is set out in the following table.

Net Revenue by Operation	
Willunga Basin Recycled Water Scheme	\$8,636,414
Lightsview ReWater Scheme	\$850,897
Kooragang Industrial Water Scheme	\$6,721,367
Rosehill Recycled Water Scheme	\$14,250,427

During the reporting period, Willunga Basin Water received a \$2,500,000 grant from the Commonwealth Government in relation to the construction of the SRWRA storage dam.

During FY20, Water Utilities Australia made payments to employees, contractors and suppliers. No payment was made to the government. These payments are listed below. The business maintained full compliance with all local economic and social laws and regulations.

Payments Made	
Employee wages and benefits	\$2,526,257
Contractors and suppliers	\$21,871,657
Government	Nil

Governance

WUA TopCo Pty Ltd (ACN 616 144 471) is the head entity of the Water Utilities Australia group. As at 30 June 2020, WUA TopCo Pty Ltd was 99.24% owned by First Sentier Investors (Australia) RE Limited (ACN 006 464 428) as trustee for the Global Diversified Infrastructure Fund (Active) and 0.76% owned by WUA TopCo Pty Ltd as trustee for the Water Utilities Australia Employee Incentive Plans Trust.

The Global Diversified Infrastructure Fund is an open-ended unlisted investment trust managed by the Infrastructure Investments team of First Sentier Investors ('FSI'). As at 31 December 2020, the Fund had a total value of US\$3.7 billion across 14 infrastructure assets located in Australia, Europe and North America.

Board

The Board of Water Utilities Australia defines the purpose, values and strategy of the business; defines and supports the executive management function and ensures that appropriate governance processes

are in place to deliver the operational functions of the business and that legal, contractual and regulatory compliance obligations are being effectively met. Board nominations consider a person's skills, experience, and attributes as well as how those attributes will contribute to the effectiveness of the Board as a whole. Carmel Krogh joined the Board as an independent director on 1 July 2020. Membership of WUA TopCo Pty Ltd and all subsidiary companies currently comprises:

- Danny Latham, Chairman & Non-Executive Director;
- Carmel Krogh, Non-Executive Director (WUA TopCo Pty Ltd and WUA MidCo Pty Ltd only);
- Alan Wu, Non-Executive Director;
- Graham Dooley, Executive Director and Chief Executive Officer; and
- Rowan Element, Alternate Director for Alan Wu.

The Board of Water Utilities Australia implements high-quality governance procedures, such as conflict of interest management, continuing professional development, and specific evaluation and actions on environmental, economic and social topics.

The Audit, Risk & Compliance Committee ('**ARCC**') has been established by the Board to provide an objective review of the effectiveness of Water Utilities Australia's financial reporting and risk management framework. The principal role of the ARCC is to assist the Board in fulfilling its corporate governance and oversight such as: health and safety, financial reporting; financial condition; internal controls; internal and external audit; risk management compliance; insurance; and sustainability.

Reporting of economic, environmental and social topics to stakeholders is undertaken in accordance with the *Consultation, Communication and Reporting Procedure*. This Sustainability Report is formally approved by the Board of Water Utilities Australia.

Reporting critical concerns

Critical concerns identified by an employee of Water Utilities Australia can be reported to the Board of Water Utilities Australia in accordance with the *Whistleblower Policy*. Critical concerns of an external stakeholder can be reported via the various communication and dispute resolution protocols of each Water Utilities Australia business unit. There were nil critical concerns raised during the reporting period.

Association membership

Water Utilities Australia also participates in the community of best practice for the industry, including associations and professional bodies such as:

- Australian Water Association;
- Water Industry Alliance;
- Australian Institute of Company Directors; and
- Chartered Accountants Australia and New Zealand.

The business made no political contributions during the reporting period.

Enterprise Risk Management

Enterprise Risk Management ('**ERM**') is a structured approach to managing risk exposures and considers the broader consequences of risk across the entire organisation. Water Utilities Australia has used the ERM approach to identify the key risks to achieving the organisation's vision of being a privately owned, vertically integrated, national water utility with a customer focus.

The risks associated with the Water Utilities Australia strategies include:

- Corporate;
- Commercial;
- Strategic;
- Health and Safety;
- Environmental;
- Quality;
- Financial;
- Regulatory;
- Acquisition;
- Reputational; and
- Operational.

The strategic direction of Water Utilities Australia is:

- to deliver reliable, stable, non-contentious, compliant and responsible services to all customers;
- to operate the business and maintain its assets in a sustainable manner;
- to expand each utility to meet growth demands, regulatory standards and customer needs; and
- to invest in additional utilities and infrastructure, as the market permits, to grow the business and increase the footprint of Water Utilities Australia across Australia.

Integrated Management System

Water Utilities Australia manages risk through an integrated management system ('**IMS**'). Water Utilities Australia's IMS is a centralised system which combines the elements of a quality management system, work health and safety management system and an environmental management system. Water Utilities Australia's IMS is third party certified to the requirements of:

- AS/NZS ISO 9001, Quality Management Systems;
- AS/NZS ISO 45001, Occupational Health and Safety Management Systems; and
- AS/NZS ISO 14001, Environmental Management Systems.

Regulation

Water Utilities Australia currently holds licenses and approvals from the Essential Services Commission of South Australia ('**ESCOSA**'), Department of Health (SA), Environment Protection Authority SA ('**EPA-SA**'), Environment Protection Authority NSW ('**EPA-NSW**') and the South Australian Office of the Technical Regulator (**OTR**). Water Utilities Australia is also soon to be issued licences by the Independent Pricing and Regulatory Tribunal of New South Wales ('**IPART**') in relation to KIWS.

Licensing and Approval Bodies	Description
	<p>Lightsview ReWater holds a Water Industry Retail Licence issued under the <i>Water Industry Act 2012</i> (SA) to provide recycled water services to residential and municipal customers at Lightsview, South Australia. The Water Industry Retail Licence is granted and regulated by ESCOSA. ESCOSA is the regulatory body responsible for the economic regulation of water and sewerage services in South Australia, including industry licensing, consumer protection and retail pricing. Maintaining this licence requires regular compliance reporting to ESCOSA.</p>
	<p>Willunga Basin Water currently holds approvals in relation to the supply of treated water to primary producers (vineyards) at McLaren Vale as part of its operations. Willunga Basin Water is compliant with the <i>National Recycled Water Quality Guidelines</i>.</p>
	<p>Willunga Basin Water, jointly with the South Australian Water Corporation (SA Water), holds EPA Licence 22904 and EPA Exemption 22905 (both issued under Part 6 of the <i>Environment Protection Act 1993</i> (SA)) in relation to the discharge of treated water to marine or inland waters, and the discharge of treated effluent to aquifer.</p>
	<p>Kooragang Water, through its operations and maintenance contractor, SUEZ, holds Environment Protection Licence 20757 issued pursuant to the <i>Protection of the Environment Operations Act 1997</i> (NSW). This licence allows for the discharge of treated wastewater and recycled water to waters.</p>
 Office of the Technical Regulator (South Australia)	<p>The Lightsview operations are subject to the oversight of the OTR. Lightsview ReWater has complied with the regulatory requirement to develop a Safety, Reliability, Maintenance and Technical Management Plan ('SRMTMP') for its Lightsview operations. The SRMTMP sets out the way Lightsview ReWater operates and maintains the Lightsview ReWater Scheme infrastructure in a safe and reliable way.</p>
	<p>Kooragang Water has applied to IPART to be issued a Network Operator's Licence and Retail Supplier's Licence pursuant to the <i>Water Industry and Competition Act 2006</i> (NSW) in relation to its operation of the Kooragang Industrial Water Scheme. In the interim, these licences are held by Kooragang Water's operations and maintenance contractor, SUEZ.</p>

Connected to our stakeholders and environment

Connected to our customers

Customers vary greatly between the various business units of Water Utilities Australia: from a large multinational industrial customer of Kooragang Water, large and small grape growers at Willunga Basin Water, to residential customers of Lightview ReWater. These various classes of customers all have one thing in common; they are at the heart of everything we do at Water Utilities Australia.

Our customers are consulted by individual letter, newsletter, email, telephone or in person. Customer satisfaction is monitored via survey and an annual meeting between senior members of the customer's business and Water Utilities Australia. Willunga Basin Water has also formed an ongoing relationship with the McLaren Vale Community Sustainability Company which is a representative group of Willunga Basin Water's customer base, which is designed to collaboratively progress initiatives for the benefit of the irrigators of the Willunga Basin region and the community more broadly.

During the reporting period, there were nil complaints concerning breaches of customer privacy or losses of customer data, and no incidents of non-compliance in product information, labelling or marketing communications.

Connected to Government and regulators

Water Utilities Australia engages with all three levels of government. This includes:

- The Commonwealth government;
- State governments of South Australia and New South Wales (through relevant departments, ministers and their state-owned corporations such as the local water utility business); and
- Local councils including Onkaparinga, Port Adelaide and Enfield, and Newcastle City.

Regulators have an important oversight role in the provision of water and of the Water Utilities Australia business more generally. In addition to the various licensing and approval bodies aforementioned, other regulators with an interest in Water Utilities Australia include:

- Australian Securities and Investments Commission;
- Australian Taxation Office;
- Australian Competition and Consumer Commission;
- Office of the Australian Information Commissioner; and
- Worksafe NSW.

There have been nil legal actions commenced against Water Utilities Australia for anti-competitive behaviour, anti-trust or monopoly practices during the reporting period.

Connected to our community

The vast and diverse locations in which Water Utilities Australia's businesses operate, and the critical nature of the services they provide, mean that Water Utilities Australia is intricately woven into the fabric of the communities in which it participates. The local suburbs and towns in which the various Water Utilities Australia businesses impact upon are listed below.

Willunga Basin Water (South Australia)	Lightsview ReWater (South Australia)	Kooragang Industrial Water Scheme (New South Wales)	Rosehill Recycled Water Scheme (New South Wales)
<ul style="list-style-type: none"> • McLaren Vale • McLaren Flat • Willunga • Blewitt Springs • Seaford Heights • Seaford • Noarlunga • Christies Beach • Tatachilla • Whites Valley • Sellicks Beach 	<ul style="list-style-type: none"> • Lightsview • Northgate • Northfield 	<ul style="list-style-type: none"> • Mayfield West • Kooragang Island 	<ul style="list-style-type: none"> • Fairfield • Fairfield East • Yennora • Chester Hill • Guildford • Merrylands • Granville • Clyde • Rosehill

Water Utilities Australia engages with the communities of these locations in various ways including by community consultation on expansion projects, public comment periods in development approval applications, through meeting with community groups and by sponsoring local sporting and community groups.

We also support and participate in many relevant and local organisations, as well as community groups and charities.

Water Utilities Australia is a member of the following industry and community groups:

- Australian Water Association (<http://www.awa.asn.au/>);
- Business SA (www.business-sa.com/);
- Irrigation Australia (<https://www.irrigationaustralia.com.au/>);
- McLaren Vale Biodiversity Project Incorporated (<https://www.mclarenavalebdp.com.au/>);
- McLaren Vale Grape Wine & Tourism Association (<https://mclarenavale.info/>); and
- Water Industry Alliance (<https://www.waterindustry.com.au/>).

Water Utilities Australia sponsors or supports the following charities and events:

- Water Aid (www.wateraid.org/au/);
- McLaren Vale Biodiversity Project (<https://www.mclarenavalebdp.com.au/>);
- Willunga Football Club (www.willungafc.com.au);
- South Adelaide Football Club (www.safc.com.au);
- Jess Kirk, a player in South Adelaide Football Club's women's team (<https://www.safc.com.au/jess-kirk-player-profile.html>); and
- McLaren Vale Wine Show (<https://mclarenavale.info/marketing-promotion/wine-show>).

Connected to our environment

Water Utilities Australia aims to incorporate sound environmental management into its operating practices. There are two primary avenues for environmental impact in the Water Utilities Australia business: installation of new assets (such as pipes and dams); and management of existing assets. The management team ensures that new assets take environmental considerations into the design and construction process, and all necessary environmental requirements imposed as part of the approval process are complied with. To see how this is applied practically, see the above case study on the new storage dam at Willunga Basin Water on page 7. The business was compliant with all environmental laws and regulations during the reporting year and no breach notices were received.

Climate change impacts continue to garner more attention in the media, with our policy makers, in global diplomacy, and in the public eye. 2020 earmarks the beginning of what many are describing as the critical decade for action on climate change mitigation.

During the year, we worked with representatives from our majority shareholder at First Sentier Investors, to more closely examine climate change impacts on the business. This was part of the First Sentier Investors Infrastructure Investments team initiating their Climate Change Portfolio Assessment, which included the Water Utilities Australia business.

With the help of expert advisors, the project looked at three elements of climate change impacts:

- ➔ Physical impacts of climate change
- ➔ Transition impacts of climate change
- ➔ Governance of climate change impacts

Different scenarios were used for the analysis. Physical impacts were considered in the light of a high-emissions, or 'business-as-usual' scenario. This was considered the most appropriate, as such a scenario would contain the worst of the physical impacts. With the Water Utilities Australia business spread over a vast geographic area, representing the various recycled water schemes that we operate, there is potential to be affected by a range of the perils assessed, which included: extreme heat; drought; sea level rises; extreme rainfall; extreme storms; and wildfires. The Water Utilities Australia business did not receive any risk assessments noted as 'extreme' but did have some concentration of 'high' risks around heat, drought and wildfires.

Transition risks were assessed based on a scenario of high-intervention, low emissions, where warming is contained by pursuit of Deep Decarbonisation Pathways. Transition impacts are anticipated to provide tailwinds to the business, as increased water efficiency and 'water wise' city planning is increasingly embraced. There remains the prospect of regulatory shocks, however, particularly as current regulatory and policy settings are not anticipated to achieve climate goals, thus creating the prospect of later, heavier regulatory intervention (as opposed to earlier, smoother interventions).

Raw Materials and Procurement

Behaving ethically with supply chain partners and implementing sustainable consumption are part of Water Utilities Australia’s business approach. Currently no suppliers are assessed on sustainability criteria; however, our procurement practice (including screening and assessing for supply chain impacts) has been flagged as an area of future focus. Key procurement statistics are reported in table below.

Key procurement statistics

Business Unit	Paid to suppliers	Local supply ²	Raw water drawn	Electricity consumption
WBWC	\$10,672,619	88.78%	6061 ML [^]	4,676,879 kWh
LRSC	\$527,097	90.18%	170 ML [*]	44 kWh
KIWS	\$4,630,067	95.89%	3,651 ML [^]	1,852,149 kWh
RRWS	\$5,166,309	97.08%	1,713 ML [^]	2,310,611 kWh
Total WUA	\$20,996,092	-	9,209 ML	8,883,319 kWh

[^] treated effluent
^{*} treated stormwater



Image: Local contractor, Exact Contracting, undertaking earth works at Willunga Basin Water

² Within 50km of operational area

Material topics

Material topics are the topics that reflect Water Utilities Australia’s significant economic, environmental and social impacts and which may substantively influence the assessment or decisions of our interested parties. The table below discloses Water Utilities Australia’s material topics under the category of people, places, products or practices. The table also identifies the interested parties to which the assessment or decisions may be substantively influenced by the material topic.

Material Topic	Category	Interested Parties
Wellbeing of Employees	People	Employees, Shareholders, Regulatory Authorities
Workplace Health and Safety	People	Employees, Contractors, Shareholders, Regulatory Authorities
Data Security and Privacy	People	Employees, Contractors, Customers, Shareholders, Regulatory Authorities
Complaint Handling	People	Employees, Contractors, Customers
Procurement and Supplier Management	People	Contractors, Suppliers
Employee Retention and Talent Development	People	Employees, Shareholders
Community Engagement	Places	Customers, Local Communities, Customer Groups
Protection of Environment	Places	Shareholders, Local Communities, Governments, Local Authorities, Regulatory Authorities
Energy Management	Places	Shareholders, Local Communities, Governments, Local Authorities, Regulatory Authorities
Economic Development	Places	Local Communities, Governments, Local Authorities, Regulatory Authorities
Reliability of Service	Products	Customers, Regulatory Authorities
Water Quality	Products	Customers, Regulatory Authorities
Affordability	Products	Customers, Regulatory Authorities
Product Safety	Products	Customers, Shareholders, Regulatory Authorities
Regulatory Compliance	Practices	Regulatory authorities, Contractors, Customers, Shareholders
Transparency	Practices	Employees, Contractors, Customers, Suppliers, Shareholders, Regulatory Authorities
Ethics	Practices	Employees, Contractors, Customers, Suppliers, Shareholders, Regulatory Bodies
Financial Health	Practices	Employees, Contractors, Customers, Suppliers, Shareholders, Regulatory Authorities
Corporate Governance	Practices	Employees, Shareholders, Regulatory Authorities

Quality, Health, Safety and Environmental Performance

Key QHSE performance data for FY20 from each Water Utilities Australia business unit is listed in the following table.

Business		LTI	MTI	FAI	Env.	Prop.	NM
WUA (Corporate)	Employees	0	0	0	0	0	0
	Contractors	0	0	0	0	0	0
	Total	0	0	0	0	0	0
Willunga Basin Water	Employees	0	1	1	0	6	0
	Contractors	0	1	0	0	0	0
	Total	0	0	0	0	0	0
Lightsview ReWater	Employees	0	0	0	0	0	0
	Contractors	0	0	0	0	0	0
	Total	0	0	0	0	0	0
KIWS	Employees	0	0	0	0	0	0
	Contractors	0	0	0	0	0	0
	Total	0	0	0	0	0	0
RRWS	Employees	0	0	0	0	0	0
	Contractors	0	0	0	0	0	3
	Total	0	0	0	0	0	0
Group Total	Employees	0	1	1	0	6	0
	Contractors	0	1	0	0	0	3
	Total	0	2	1	0	6	2

- Key:
- LTI Lost Time Injuries (injury requiring the injured worker to miss one or more days work)
 - MTI Medical Treatment Injury (injury requiring treatment from a medical practitioner)
 - FAI First Aid Injury (minor injury only requiring first aid treatment at the workplace)
 - Env. Environmental Incident
 - Prop. Property Damage Incident (damage to Water Utilities Australia or third party property)
 - NM Near Miss (Any event that had the potential to cause an injury, environmental or property incident)

Water Utilities Australia and the Sustainable Development Goals

Water Utilities Australia has pledged its support of the United Nations’ Sustainable Development Goals (‘SDGs’). The SDGs were established in 2015 with the aim to mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.



During 2020 we made meaningful progress in our contribution to the United Nations Sustainable Development Goals. Our goal was for the business to introduce Board-approved specific and measurable actions that meaningfully support the United Nations Sustainable Development Goals, as well as support the sustainable growth of our business. In late 2020, the Board approved the adoption of such targets.

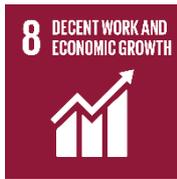
Our targets for these Sustainable Development Goals are closely integrated into our overall sustainability strategy, and are focussed on five key areas:

1. Water Utilities Australia’s reason for being



Our primary aim in this focus area is to increase the supply of recycled water. This includes all the benefits of displacing scarce potable water resources as well as reducing marine pollutants from ocean and river discharge. We are also targeting initiatives around customer satisfaction and improvements in sustainability reporting.

2. The wellbeing of those who for and with Water Utilities Australia



Creating decent work for all can be seen in our Sustainable Development Goals strategy with our commitments to health & safety; training & development; staff engagement; as well as taking the steps that we can to contribute to the abolition of modern slavery.

3. Striving for gender equality



Infrastructure businesses have traditionally lacked gender representation and so face one of the greatest challenges in delivering on the goals for gender equality in our world. We are going to address structural conditions where we can in order to break down the barriers to achieving greater gender equality, and aim to have 40% female representation across senior positions by 2030.

4. Taking meaningful climate action



Following on from the work we have done with First Sentier Investors Infrastructure Team’s Climate Change Portfolio Assessment (described earlier in this report), we are committing to follow this up with meaningful next steps. These will include a more detailed Climate Change Impact Assessment and ensuring our business strategy is aligned with a future where warming is held well below 2 degrees.

5. Conducting ourselves in a way that is ethical and trustworthy



As one of the custodians of such a valuable resource, we are striving to run our business in a way that meets the expectations of regulators, customers and other stakeholders.

