



**Water Utilities
Australia**

Sustainability Report

1 July 2020 to 30 June 2021



© Water Utilities Australia Pty Ltd 2021.

Water Utilities Australia Pty Ltd

ABN 48 129 876 213

Suite 1005, 147 Pirie St, ADELAIDE SA 5000

T: +61 8 7999 8555, F: +61 8 7999 7599, info@wua.com.au, www.wua.com.au

This report is copyright and all rights are reserved. No part of it may be reproduced, stored, transmitted or otherwise distributed, in any form or by any means without the prior written permission of the copyright holder.



Contents

Abbreviations	1
About this Report	2
Message from the Chair	3
Message from the CEO	4
About Us.....	5
Vison, Purpose and Strategic Direction.....	5
Willunga Basin Recycled Water Scheme	6
Lightsview ReWater Scheme	7
Kooragang Industrial Water Scheme	8
Rosehill Recycled Water Scheme	9
Our people.....	10
How we do business	11
Values, principles, standards, and norms of behaviour	11
Economic impact	11
Governance	11
Enterprise Risk Management	12
Integrated Management System	13
Regulation.....	13
The Five Minimum Standards	15
Improving health and safety	15
Reducing CO ₂ emissions and improving environmental standards	16
Case Study – Climate Action 1, 2, 3!	16
Increasing equality and representation	18
Improving corporate governance standards.....	18
Encouraging apprenticeship and continuous development.....	18
Connected to our stakeholders and environment	19
Connected to our customers	19
Connected to Government and regulators	19
Connected to our community	19
Connected to our environment	21
Material topics	22
Quality, Health, Safety and Environmental Performance	23
Water Utilities Australia and the Sustainable Development Goals	24

Abbreviations

\$	Australian Dollars
AquaNet	AquaNet Sydney Pty Ltd
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
FY21 or 2021	the reporting period of 1 July 2020 to 30 June 2021
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)
RCC	Risk and Compliance Committee
RRWS	the Rosehill Recycled Water Scheme
SDGs	United Nations Sustainable Development Goals
SRMTMP	Safety, Reliability, Maintenance and Technical Management Plan
WUA	Water Utilities Australia
WUAPL	Water Utilities Australia Pty Ltd
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 2020 to 30 June 2021. This is the third 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;
- Lightsvie Re-Water Supply Co Pty Ltd;
- Kooragang Water 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

Brad Rea
Risk and Compliance Officer
Water Utilities Australia
Suite 1005, 147 Pirie Street,
Adelaide SA 5000
Ph: +61 8 7999 8555
Email: info@wua.com.au

Message from the Chair



At Water Utilities Australia we are proud of our relationship with sustainability.

In the provision of recycled water, this company ultimately has sustainability *as its core business*.

We also make sure we keep sustainability at the core of *the way we operate our business*. You'll see this when we talk about our 'Products' and 'Practices' later in this report.

And furthermore, sustainability seeds *the way we do business*. You'll read in this report about all of the points of interaction with our environment and our stakeholders – our 'People' and 'Places'. Our sustainability efforts continue to mature and grow. We continued our progress in articulating and defining specific targets and action plans on how we can deliver against the United Nations' Sustainable Development Goals. To that end, we have already commenced real-life initiatives to deliver on them.

I've had a 20+ year career in investment markets and know that investing in sustainability is a smart play. So at Water Utilities Australia, we are investing in sustainability. We invest time and money in delivering sustainability solutions because we want to invest in a business that is here to stay and that is thriving as part of a community that is thriving around it.

These sustainability efforts have continued amidst a global pandemic that is literally changing the way the world does business. You can't predict when a pandemic or disruption might strike but having invested in sustainability ensures resilience when it does.

This report highlights, to you our stakeholders, our deep commitment to sustainability. And I hope the practical work described here confirms with you that these are not just words on a page but something we live and breathe in the company in everything we do.

It is a pleasure to deliver this 2021 Sustainability Report to you.

A handwritten signature in blue ink, appearing to read "D Latham".

Danny Latham
Chair, Water Utilities Australia

Message from the CEO



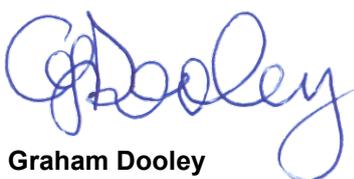
COP26, held in Glasgow during November 2021, has allowed us all to see in great detail what is being achieved and what is being expected to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. The politics is intense, but the reality is that we, as the most polluting generation that has ever lived, need to do a lot better, and quickly.

I subscribe to the strong feelings expressed by many speakers, summarised by HRH Prince Charles, who said, “Quite literally, it is the last chance saloon. We must now translate fine words into still finer actions”.

In WUA we have been uncompromisingly active for a number of years and will continue to:

- **Increase the supply of recycled water.** WUA currently supplies recycled water to over 2,000 retail, agricultural and industrial customers. This allows these customers to avoid the need to harvest fresh water from rivers or create it from desalinating the ocean, combating the depletion of the natural environment and saving electrical energy. That same recycled wastewater also intercepts discharge to oceans, thereby improving ocean habitats.
- **Improve the natural environment.** WUA’s planting of 15,000 natural species of shrubs and trees during the year preserves landscapes and creates habitats for native animals and birds.
- **Find alternatives to harmful products.** Willunga Basin Water’s use of non-harmful naturally occurring chemicals to dose water storage dams in substitution to more harmful chemicals solves problems but still allows full organic certification by our agricultural customers.
- **Transition to renewable energy.** WUA has committed to increase the procurement of renewable energy to reduce our carbon footprint. This will increase each time new procurements are made.
- **Be a good citizen to our local communities.** WUA’s people are becoming more skilled and more aware at the impact on the local ecology, environments, and communities. Our sponsorship of local sporting and community activities gives us a real stake in their achievements as well.
- **Encourage our suppliers to be ethical and sustainable.** When WUA procures goods and services, we strive to look up the supply chain to ensure that all those parties are honouring the Sustainable Development Goals on modern slavery, good corporate practice, social equity, and minimal carbon footprint. We practice this ourselves, individually and corporately and expect our suppliers and business partners to do the same.

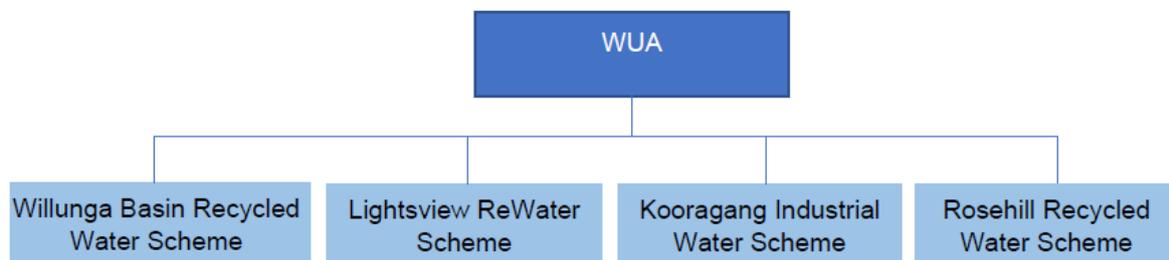
I am pleased to share with you this third annual Sustainability Report for the period 1 July 2020 to 30 June 2021. I hope you find this report informative and useful, and welcome your feedback and suggestions.



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

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 5,135 ML of water to 187 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.

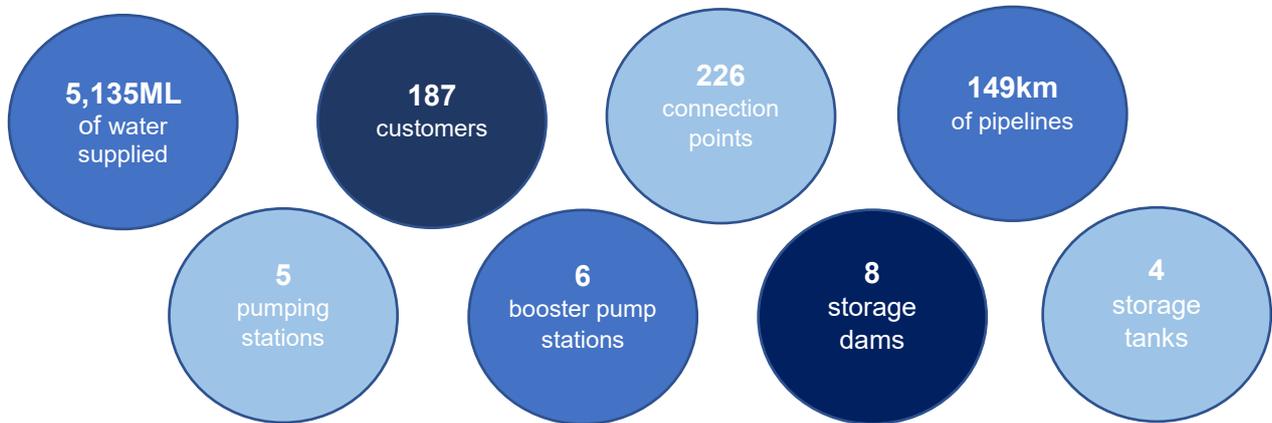


Image: Vineyards in McLaren Vale Wine Growing Region, SA

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

Lightsview ReWater Scheme

The Lightsview ReWater Scheme (**'Lightsview Scheme'**) is a municipal recycled water scheme, which during the reporting period supplied 85 ML of recycled water to 1,837 residential customers and supplied 123 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.

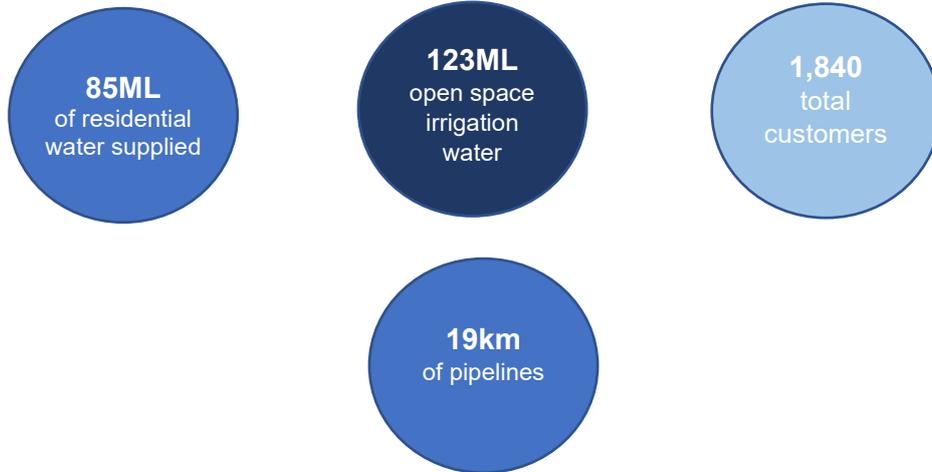


Image: Open space irrigation at Lightsview, SA

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 3,337 ML of water to its customer, made up of 2,050 ML of recycled water and 1,287 ML of potable water.

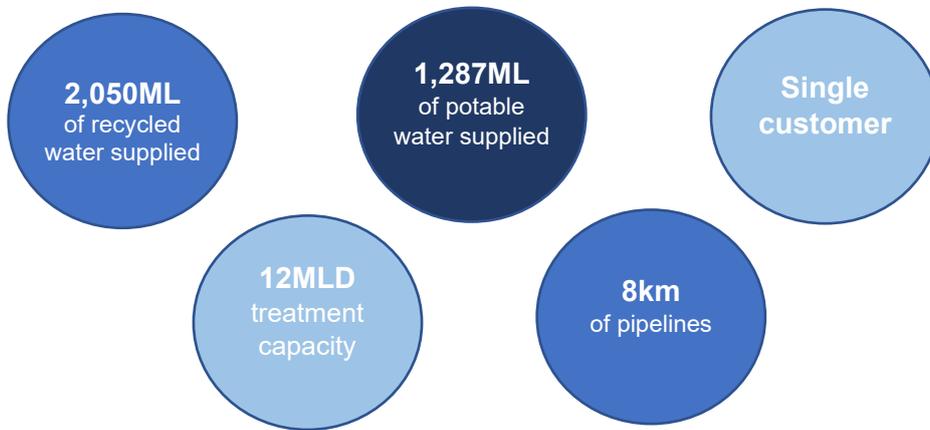


Image: Reverse osmosis trains at the Mayfield AWTP, NSW

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 several industrial customers in the region. AquaNet also sells recycled water directly to other customers, including council 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 a total of 1,321 ML of recycled water to its customers.

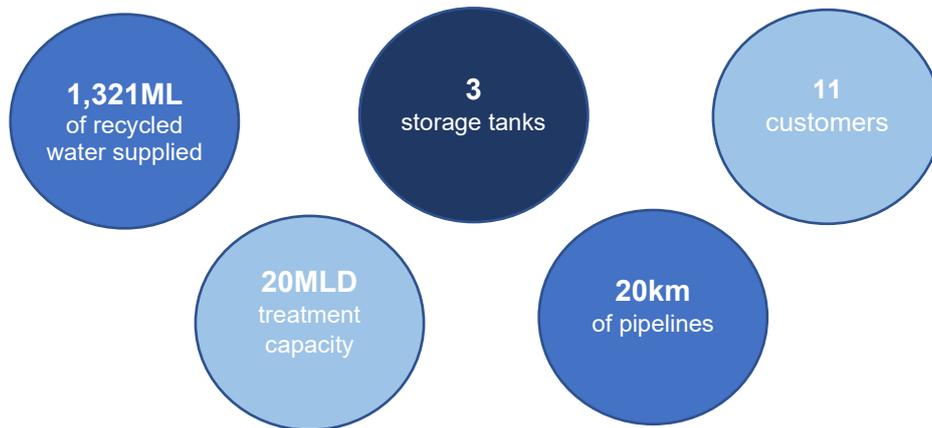


Image: Chemical storage tanks, Fairfield AWTP, NSW

Our people

In the reporting period there were 14 employees of Water Utilities Australia (13 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.

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

Water Utilities Australia			
Gender	Male	Female	Unidentified
	9	5	0
Age	<30	30-50	>50
	3	7	4

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.

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 \$33,875,687. The source of the net revenue is set out in the following table.

Net Revenue by Operation	
Willunga Basin Recycled Water Scheme	\$6,304,161
Lightsview ReWater Scheme	\$898,285
Kooragang Industrial Water Scheme	\$7,630,276
Rosehill Recycled Water Scheme	\$19,042,965

During FY21, 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	\$2,188,868
Contractors and suppliers	\$18,716,546
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 2021, 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 30 September 2021, the Fund had a total value of US\$4.1 billion across 15 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. 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 Risk & Compliance Committee ('**RCC**') 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 RCC 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;
- 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>
 Independent Pricing and Regulatory Tribunal New South Wales	<p>AquaNet Sydney holds a Retail Supplier's Licence and Rosehill Network holds a Network Operator's Licence issued pursuant to the <i>Water Industry Competition Act 2006</i> (NSW) which are regulated by IPART.</p> <p>Kooragang Water has applied to IPART to be issued a Network Operator's Licence and Retail Supplier's Licence 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>

The Five Minimum Standards

In 2019, First Sentier Investors developed the Five Minimum Standards for ESG performance. The Five Standards apply to all portfolio companies of funds managed by First Sentier Investors, including WUA.

The Five Minimum Standards are:

1. Improving health and safety;
2. Reducing CO₂ emissions and improving environmental standards;
3. Increasing equality and representation;
4. Improving corporate governance standards; and
5. Encouraging apprenticeship and continuous development.

Five Minimum ESG Standards that apply to all portfolio companies:



1. Improving health and safety
- Standard reporting
 - Zero accident target
 - Considered in top team bonus, where appropriate



2. Reducing CO₂ emissions and improving environmental standards



3. Increasing equality and representation



4. Improving corporate governance standards
- Independent Board representative
 - Risk management/register
 - Standards/qualifications compliance
 - Employee engagement surveys
 - Customer satisfaction surveys



5. Encouraging apprenticeship and continuous development

These impact the following Sustainable Development Goals:



Improving health and safety

Health and safety always comes first. Employees have the right to work in an environment where risks to their health and safety are properly controlled. In addition, we strongly believe safety and well-being in the workplace is fundamental to staff engagement, productivity and the overall resilience of the company.

In the businesses of WUA, the health and safety stakes are high due to the nature of many of the activities involved and the environment in which people work.

We take health and safety extremely seriously. It is a key aspect that we report on at Board and Executive Management Team meetings. Specifically, we have implemented the following initiatives:

- Record incidents using standard metrics such as Accident Frequency Rate, accident severity rate, and near misses.
- Set a clear zero accidents target that is communicated to all.

- Using health and safety performance as one of the metrics to calculate senior management bonuses.

Reducing CO₂ emissions and improving environmental standards

We recognise that the world faces a serious challenge from global climate change. We are already living with the physical impacts of a changing climate, and left unabated, these trends are expected to intensify.

The physical and transition impacts of climate change presents both risks and opportunities. These are particularly pertinent for infrastructure investments, due to the long-term nature of the assets, and the fact they provide essential services that should not be disrupted.

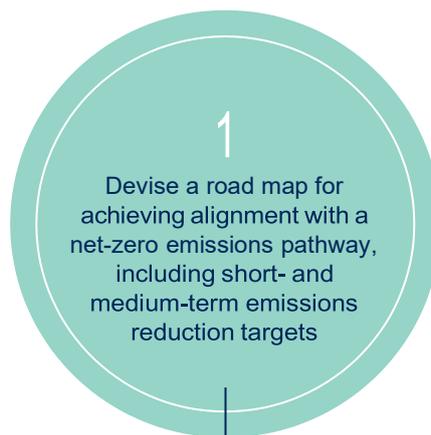
We support the goals of the Paris Agreement and recognise the need to accelerate the transition towards global net-zero emissions by the middle of this century. For this reason, and as part of our strategy to deliver on the UN Sustainable Development Goals we have set ourselves emissions reduction targets, which includes adopting a business strategy that includes an emissions reduction plan consistent with a <2 degree future, in accordance with the Paris Agreement. In the previous year we have taken steps to more accurately measure our scope 1 and scope 2 emissions, and commenced a project with an external consultant to more fully understand our emissions exposure and ultimately develop an emissions reduction plan.

To help deliver on this target, the manager of WUA’s shareholder, First Sentier Investors, has devised *Climate Action, 1, 2, 3!*, an action plan that will be rolled out to WUA between now and 2023 (see case study on below).

Case Study – Climate Action 1, 2, 3!

The manager of WUA’s major shareholder, First Sentier Investors, has devised an action plan for all portfolio companies (including WUA) to be implemented between now and 2023. This will achieve progress towards our net-zero target, alongside strengthening governance and the assessment and management of climate-related risks and opportunities within the WUA group.

Under Climate Action 1, 2, 3! we aim, by 2023, to:



Action 1 will involve setting a long-term goal consistent with the WUA group achieving net-zero emissions by 2050. WUA will develop short- and medium-term emissions reduction targets in line with this aim, and a plan for how targets will be achieved.

2

Complete a detailed
climate change impact
assessment and
integrate conclusions
into business plans

Action 2 will involve conducting a detailed assessment of physical and transition risks facing our assets, including the use of scenario analysis where appropriate, and integrating conclusions into our business plans.

3

Put in place key
measures to achieve
strong governance
of climate-related risks
and opportunities

Action 3 will involve putting in place key measures to strengthen governance of climate-related risks and opportunities (where these are not in place already).

We will use the Transition Pathways Initiative’s “Management Quality” framework as a guide for this. It will include, for example, Board-level responsibility for climate impacts, climate risk management processes, aligning incentive schemes and verification and disclosure of emissions data.

Increasing equality and representation

Different experiences, education, genders and cultural backgrounds all help to foster a more productive and innovative work environment, where everyone's voice can be heard and their full potential achieved.

In the reporting period, WUA has set a target to establish gender equality policy settings and practices by 2023 which will establish gender equality principles in recruitment, promotion, parental leave and flexible working arrangements. WUA has also set a Target for all managers to participate in bias training.

Improving corporate governance standards

Good governance relates to the quality of WUA's management systems and its ability to manage long-term risks and opportunities. It involves ensuring that the company is managed in the interests of all stakeholders: shareholders, employees, customers, suppliers, the environment and wider society as impacted by the business.

To assist WUA in continuing to improve its corporate governance standards, the following targets have been set for the company to achieve by 2023:

- Commence "fit for purpose" customer satisfaction surveys where practical;
- Develop and implement a staff engagement and wellbeing program, including fit-for-purpose staff engagement surveys or other assessment (staff surveys should also include aspects on diversity, equality and inclusion);
- Incorporate appropriate modern slavery assessment into procurement policies; and
- Complete a high level modern slavery risk assessment of the supply chain where practical and identify any areas of improvement.

Encouraging apprenticeship and continuous development

Continuous development programs enable employees to develop skills the business needs and add value to the organisation. Investing in our employee's professional development improves morale and confidence. It can lead to higher staff engagement as the sense of ownership and accountability increases, and it can improve retention rates, leading to greater continuity.

During the reporting period, WUA implemented a development plan in place for each employee, which includes formal and informal training.

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 government 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;
- Worksafe NSW; and
- Safework SA.

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/>);
- Western Sydney Leadership Dialogue (<https://westernsydney.org.au/>);
- Irrigation Australia (<https://www.irrigationaustralia.com.au/>);
- McLaren Vale Biodiversity Project Incorporated (<https://www.mclarenavalebdp.com.au/>); and
- McLaren Vale Grape Wine & Tourism Association (<https://mclarenavale.info/>).

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>).



Image: Jess Kirk taking a mark in an SANFLW match

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. 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.

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
WUAPL	\$978,768	-	-	-
WBWC	\$4,683,885	75.46%	5,394 ML [^]	4,358.51 kWh
LRSC	\$471,689	88.44%	198 ML [*]	43.99 kWh
KIWS	\$5,370,867	93.42%	2,910 ML [^]	2,207.41 kWh
RRWS	\$7,211,335	99.69%	2,071 ML [^]	2,185.05 kWh
Total WUA	\$18,716,544	-	10,573 ML	8,794.96 kWh

[^] treated effluent

^{*} treated stormwater

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	0	0	0	1	1
	Contractors	0	0	0	0	0	0
	Total	0	0	0	0	1	1
Lightsview ReWater	Employees	0	0	1	0	0	0
	Contractors	0	0	0	0	0	0
	Total	0	0	1	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	1	5
	Total	0	0	0	0	1	5
Group Total	Employees	0	0	1	0	1	1
	Contractors	0	0	0	0	1	5
	Total	0	0	1	0	2	6

- 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 2021 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



Focus Area	Medium Term Target (2023)
Increase the supply of recycled water and maximise the volume diverted from ocean or river discharge	<ul style="list-style-type: none"> Increase the volume of recycled water supplied by 10% against 2020 base year
	Long Term Target (2030)
	<ul style="list-style-type: none"> Increase recycled water supplied by 30% against 2020 base year
Focus Area	Medium Term Target (2023)
Customer satisfaction	<ul style="list-style-type: none"> Zero contractual or regulatory breaches of water quality specifications at all times Commence “fit for purpose” customer satisfaction surveys or assessment for at least one business unit where practical
	Long Term Target (2030)
	<ul style="list-style-type: none"> Demonstrate improvement in customer satisfaction across time
Focus Area	Medium Term Target (2023)
Sustainability reporting	<ul style="list-style-type: none"> Produce an annual publicly-available sustainability report
	Long Term Target (2030)
	<ul style="list-style-type: none"> Produce an annual disclosure (whether as part of sustainability report or outside) that are consistent with the Global Reporting Initiative and the Taskforce for Climate-related Financial Disclosures

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



Focus Area	Medium Term Target (2023)
Health & safety	<ul style="list-style-type: none"> • Have zero medical treatment injuries • Ensure mental health considerations are considered in the corporate risk assessment • Annual third party certification of ISO 45001 with no major non-conformances
	<p>Long Term Target (2030)</p> <p>-</p>
Focus Area	Medium Term Target (2023)
Training & development	<ul style="list-style-type: none"> • All staff to have a development plan in place, which includes formal and informal training
	<p>Long Term Target (2030)</p> <ul style="list-style-type: none"> • Support development of an apprenticeship program within WUA where practical or by major contractors
Focus Area	Medium Term Target (2023)
Staff engagement	<ul style="list-style-type: none"> • Develop a staff engagement and wellbeing program, including fit-for-purpose staff engagement surveys or other assessment (staff surveys should also include aspects on diversity, equality and inclusion) • Implement the staff engagement and wellbeing program
	<p>Long Term Target (2030)</p> <ul style="list-style-type: none"> • Staff engagement surveys to demonstrate 75% of staff have high levels of satisfaction, and feel safe in their workplace
Focus Area	Medium Term Target (2023)
Modern slavery	<ul style="list-style-type: none"> • Incorporate appropriate modern slavery assessment into procurement policies • Complete high level modern slavery risk assessment of supply chain where practical and identify any areas of improvement

	Long Term Target (2030)
	<ul style="list-style-type: none"> • Modern slavery risk assessments completed for as many tiers of supply chain as practical • 100% of identified modern slavery risk incidents investigated, escalated and acted upon • Act upon areas of improvement in consultation with supply chain

3. Striving for gender equality



Focus Area	Medium Term Target (2023)
Gender equality	<ul style="list-style-type: none"> • Establish gender equality policy settings and practices (e.g. recruitment, promotion, parental leave, flexible working arrangements) • Participate in bias training
	Long Term Target (2030)
	<ul style="list-style-type: none"> • Achieve industry best practice for work place arrangements that accommodate domestic responsibilities (e.g. parental leave, flexible working arrangements) • Achieve 40% female participation across level 1 (CEO direct reports) and level 2 (management team direct reports) positions • Conduct a gender pay gap analysis

4. Taking meaningful climate action



Focus Area	Medium Term Target (2023)
Governance of climate change impacts	<ul style="list-style-type: none"> • Implement a Climate Change Impact Assessment to inform business planning and strategy

	<p>Long Term Target (2030)</p> <ul style="list-style-type: none"> • Implement all recommendations from the Climate Change Impact Assessment
Focus Area	Medium Term Target (2023)
Emissions reductions	<ul style="list-style-type: none"> • Measure Water Utilities Australia carbon footprint • Analyse material emissions sources • Adopt a business strategy that includes an emissions reduction plan consistent with a <2 degree future, in accordance with the Paris Agreement • Investigate energy efficiency initiatives
	<p>Long Term Target (2030)</p> <ul style="list-style-type: none"> • Achieve the emissions reduction plan, including revising the plan where there has been a failure of the electricity grid to decarbonise as expected • Achieve energy efficiency improvements of 10% through new initiatives, technology, upgrades or innovation

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



Focus Area	Medium Term Target (2023)
Ethical business, transparency, and compliance	<ul style="list-style-type: none"> • Zero regulatory incidents resulting in fines or other non-financial consequences • Full compliance with all company policy positions • Full compliance with an industry best practice complaints policy
	<p>Long Term Target (2030)</p> <ul style="list-style-type: none"> • Zero regulatory incidents resulting in fines or other non-financial consequences • Full compliance with all company policy positions • Full compliance with an industry best practice complaints policy

