



Modern Slavery Statement

for the period 1 July 2023 to 30 June 2024



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This statement, made pursuant to section 13 of the *Modern Slavery Act 2018* (Cth) (the Act), sets out the actions taken by Sunwater Limited to address modern slavery risks in its business and supply chains for the period 1 July 2023 to 30 June 2024.

## Criteria 1 and 2: Identify the reporting entity and describe the reporting entity's structure, operations, and supply chains

Sunwater Limited (Sunwater) is a Queensland Government-Owned Corporation, which provides around 40 per cent of all water used commercially in Queensland. Sunwater supports regional growth and prosperity through the provision of water solutions and bulk water supply for irrigation, industrial, and urban customers.

On 1 October 2000, Sunwater was established under the Government Owned Corporations Act 1993 (Qld) and has two Shareholding Ministers; the Deputy Premier, Treasurer and Minister for Investment and the Minister for Regional Development and Manufacturing and Minister for Water<sup>1</sup>. Sunwater is governed by an independent board.

Sunwater wholly-owns three subsidiaries: Burnett Water Pty Ltd; Eungella Water Pipeline Pty Ltd; and North West Queensland Water Pipeline Pty Ltd. These subsidiaries are operated as a part of the Sunwater business and do not have separate employees or supply chains. Sunwater does not own or control any other entities.

As of 30 June 2024, Sunwater had a total of 750 full-time equivalent workers, which included 68 contractors and nine apprentices/trainees. Sunwater's staff work from 33 offices and depots across regional Queensland, as well as the Brisbane office and Rocklea Hydraulics Laboratory, providing support and services to regional operations. When tendering for subcontractors and suppliers in the regions, Sunwater uses local labour and materials where possible.

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

### Our purpose

'Delivering water for prosperity'.

### Our values

Sunwater is a values-based organisation. Everything we do and say is guided by our three key values. At Sunwater, we:



#### VALUE PEOPLE

Everyone matters, and we are committed to zero harm for all our people



#### WORK TOGETHER

We are our best when we work together as one Sunwater and with our customers front of mind



#### TAKE RESPONSIBILITY

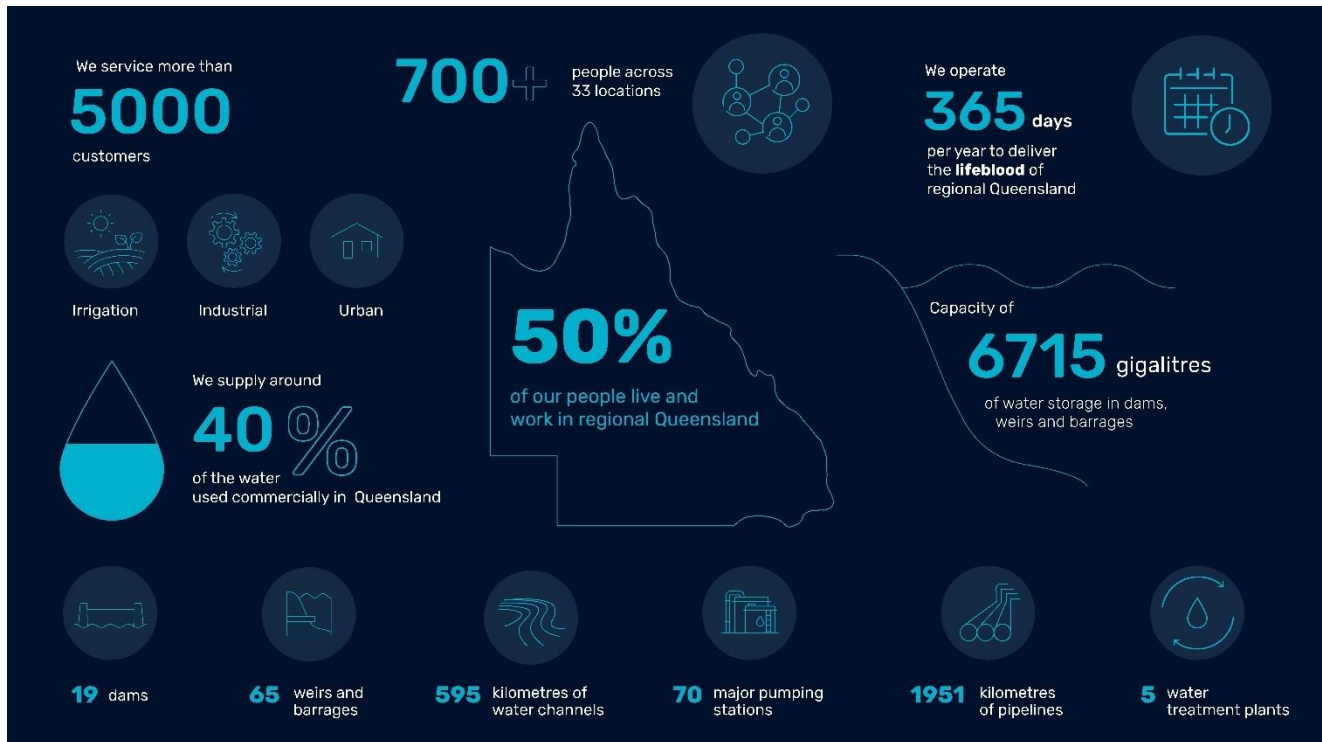
We all have a part to play to deliver on our promises and challenge our thinking

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<sup>1</sup> Shareholding Ministers current as at 30 June 2024

## Operations

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



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

Sunwater's operations can be categorised as:

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

In 2023-24, Sunwater continued investing in its Dam Improvement Program (DIP), as part of its wider Dam Safety Management Program (DSMP). This was to ensure regional bulk water assets are maintained in accordance with current standards. Sunwater also completed the construction of Rookwood Weir, which achieved operational completion on 13 June 2024. These projects have been and will continue to be delivered with external partners and stakeholders, including major construction firms.

## Supply chain

During the financial year 2023-24, Sunwater issued 5358 purchase orders to 1315 suppliers, for a total commitment of \$312 million. Sunwater paid invoices worth \$391.5 million to 1487 suppliers during the reporting period. Most of this expenditure was with Australian Tier-1 suppliers. Sunwater maintains a strong focus on supporting Queensland and its regional community-based suppliers, with 77 per cent of active suppliers located in Queensland.

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

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

Sunwater's procurement expenditure is growing substantially to support the infrastructure development and delivery program. Major projects, including Paradise Dam Improvement Project and the Burdekin Falls Dam Improvement and Raising Projects are currently progressing. This commitment to infrastructure development and delivery is expected to drive increased expenditure on supply chains in several categories, including construction materials, infrastructure delivery services and contract labour.

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

### Operations

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

This could occur when:

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

### Supply chain

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

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

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

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

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



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

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

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

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

### Governance

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

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

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

Activities over the reporting period included continued focus on enhancing capability and quality of:

- risk identification and assessment (including modern slavery risks)
- risk controls and treatments
- review and update of Modern Slavery eLearning modules, which is required training for all employees.

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

### Procurement and supply chain

During the reporting period, Sunwater:

- continued to implement contract terms and conditions and contracting templates to reflect a commitment to monitoring and managing modern slavery risk in its supply chain
- utilised a market intelligence function (IBIS World)
- implemented an enterprise procurement and contract management system that enables better management of procurement activities and contract management.
- undertook discussions with modern slavery intervention organisations
- considered general local exposure, particularly with respect to higher-risk industries and contract labour categories.

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

During the reporting period, Sunwater partnered with other water industry entities to engage Informed 365 as a platform for assessing and managing risk of modern slavery in supply chains. Sunwater surveyed 96 suppliers through the Informed 365 platform. Responses were received from 15 of these suppliers, representing a 16 per cent response rate.

The following table shows the inherent supplier risk based on industry and country of origin, followed by the overall risk rating based on responses to questionnaires.



The strategic scan indicated that there was an inherent risk of medium for seven of the contractors, while the overall risk exposure is low or very low for all of these suppliers. Sunwater has been in contact with the remaining suppliers to encourage greater participation in these surveys.

During the reporting period, Sunwater engaged Ernst & Young to conduct a review of modern slavery risk in the supply chains of two suppliers in the textiles industry. The review included visits to the suppliers’ offices in Brisbane and Melbourne, as well as interviews with the suppliers and Sunwater procurement officers regarding their risk assessments and due diligence processes. The review analysed the policies, procedures, management plans and public disclosures of both suppliers and Sunwater.

The review found that although the supply chains of both suppliers have a high inherent risk of modern slavery and other social factors, both suppliers conduct reasonable due diligence in relation to their supply chains, including supplier surveys and audits. Both suppliers utilise the Sedex supplier management platform to assist in identifying and managing modern slavery risk in their supply chains. As a result, neither supplier was found to have any current Modern Slavery concerns within their supply chains.

Ernst & Young identified opportunities for Sunwater to improve internal governance, modern slavery risk management and controls in relation to its Tier 1 suppliers. These opportunities had previously been identified in the preparation of this statement and work has commenced to address. This work will see procedures enhanced to allow potential concerns to be actioned through clear and defined escalation paths whilst concurrently bolstering the monitoring and reporting regime.

## Operations

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

During the reporting period, Sunwater:

- transitioned from a communication plan designed to provide awareness to employees, to a business-as-usual approach
- utilised a panel arrangement for labour hire and recruitment services throughout Sunwater to cover ICT, trades, infrastructure, engineering, technical and corporate services
- conducted ethical supplier checks through the Queensland Government Ethical Supplier Register for suppliers engaged to provide goods, services or work valued at or above \$20,000.

## Training and awareness

In 2023-24, building on the modern slavery risk management training (delivered to procurement team members, and the internal working group members), Sunwater:

- modern slavery awareness training is mandatory for all employees.
- delivered a Modern Slavery Awareness session to the entire organisation. This event is delivered annually to maintain awareness and provided updated information on modern slavery and Sunwater's efforts to manage and address modern slavery risks in its operations and supply chains.
- continued to make self-serve awareness material available for:
  - workers providing guidance on Sunwater actions to reduce modern slavery risks
  - guidance for workers if they become aware someone is at risk of, or is affected by, modern slavery practices.

## Sector collaboration

In 2023-24, Sunwater participated in a Queensland Modern Slavery Community of Practice (COP) with other government-owned corporations, statutory authorities and agencies, as well as an industry working group sponsored by the Water Services Association of Australia (WSAA). These groups provided opportunity for idea sharing, discussion around implementation activities and considered modern slavery technology solutions to assist with supplier engagement and reporting. Sunwater is considering these solutions in conjunction with its own technology review.

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

## Future commitments

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

- increase participation in collaborative risk assessments and solutions with suppliers in high-risk categories. These will be identified via strategic risk scans conducted through Informed 365.
- utilise IBISWorld's ESG risk assessments, which include fair labour standards, geopolitical risks and modern slavery.
- continue to review and update Sunwater processes and procedures as they relate to modern slavery risks, including to support Queensland Government-led ethical initiatives such as the ethical supplier mandate and best practice industry conditions.
- continue delivering awareness activities to ensure Sunwater employees are aware of modern slavery issues and can readily identify and report modern slavery risks and breaches.
- seek external expert advice (as necessary) should high-risk supplier profiles be identified, to work with these suppliers on reducing their modern slavery risk profile.

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

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

Actions and effectiveness assessments have focused on frameworks, procurement processes and worker awareness, as well as assessing progress against the planned actions in our 2022-23 statement.

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

Sunwater continues to develop lead and lag indicator assessments, leveraging systems and process improvements mentioned above.

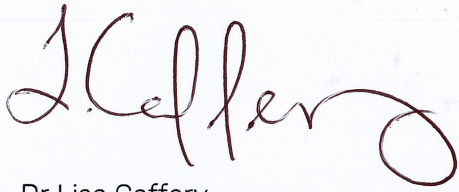
Sunwater has partnered with the WSAA through a community of practice that provides a forum for understanding contemporary process for addressing modern slavery risks and challenges. This has included the implementation of Informed 365 for assessing and managing risk.

Sunwater also engages an independent consultant to review modern slavery risk and advise on effectiveness of actions taken and areas for improvement.

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

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

This statement was approved by the Sunwater Board of Directors on 3<sup>rd</sup> December 2024.

A handwritten signature in dark ink, appearing to read 'L. Caffery', with a large, stylized flourish at the end.

Dr Lisa Caffery

Chair

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For prosperity