

# Environmental, Social and Governance (ESG) Policy

## 1. Purpose

The purpose of this Environmental, Social and Governance Policy (**Policy**) is to set out Utilities of Australia Pty Limited's approach to environmental, social and governance considerations within the Utilities Trust of Australia (**UTA**) portfolio.

## 2. Introduction

Utilities of Australia Pty Ltd (**UoA**) is the trustee of UTA, which is a global fund investing in unlisted infrastructure assets on behalf of institutional clients. UTA is managed by Morrison & Co Utilities Management (Australia) Pty Limited (the **Manager**) and governed by the UTA Trust Deed.

As a long term investor in infrastructure assets, UoA recognises the importance of ESG considerations in both investment decision making, and the ongoing management of infrastructure assets.

UoA believes that appropriate consideration of ESG issues will increase the probability of sustainable outperformance over time, and that a strong ESG focus is consistent with both its long term objectives and its fiduciary responsibilities to investors.

As a governance Board, UoA will encourage the Manager to act consistently with this Policy, incorporating ESG risks into its investment process and actively managing the ESG performance of UTA's assets. UoA has established an ESG sub-committee to discharge these duties and will review this policy on a regular basis, reflecting the evolving nature of ESG risks.

UoA recognises the risk of assets becoming "stranded" as a result of ESG risks (e.g. coal fired power plants).

UoA is favourably disposed to considering investment opportunities relating to renewable energy or that facilitate renewable energy.

## 3. ESG Definition

ESG is an acronym for Environmental, Social and Governance. UoA recognises that appropriate consideration of ESG risks is fundamental for successful long term investing, and should be incorporated in investment decision making. Examples of ESG factors include:

### *Environmental*

- Effect of climate change in respect of abatement/avoidance, consequences of climate change (including carbon emissions, carbon pricing, sea level changes, and frequency of severe weather events) and mitigates to climate change
- Water availability and supply
- Pollution and waste disposal, including future liability risk

### *Social*

- Relationships with local communities
- Relationships with society generally
- Management of key external stakeholder relationships
- Adherence to globally accepted human rights

## *Governance*

- Board composition (skills, experience, independence, diversity)
- Director and executive remuneration (quantum and alignment)
- Transparency and reporting on company operations
- Appropriate management of bribery and corruption
- Approach to labour relations
- Approach to workplace safety
- Workforce diversity

### **4. ESG Policy Framework**

UoA regards the UN supported Principles for Responsible Investment (**PRI**) as a key framework for integration of ESG issues into investment decision making. UoA is supportive of the Manager being a signatory to the PRI, as it is globally recognised by participants in the investment industry. The six principles are as follows:

- **Principle 1:** we will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** we will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** we will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** we will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** we will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** we will each report on our activities and progress towards implementing the Principles.

### **5. ESG implementation**

UoA will incorporate ESG issues into its investment processes and decision making, which will include:

- Operation of a committee of the Board specifically related to ESG issues (the ESG committee)
- Supporting the Manager to continue as a signatory to the PRI
- UoA becoming a signatory to the PRI as an “asset owner”
- Consideration of whether UoA and/or the Manager should become a signatory to other organisations with the goal of improving ESG outcomes globally
- Understanding the potential impact of key ESG issues on the UTA portfolio
- Collaboration with other organisations in the ESG space

### **6. ESG monitoring and reporting**

The Manager is primarily responsible for the implementation and reporting of ESG initiatives at UTA portfolio assets. UoA, through the ESG committee, will monitor the Manager’s progress in relation to ESG initiatives in a number of ways, including:

- Regular meetings of the ESG committee
- Formalisation of a charter for the ESG committee

- Regular review of the Manager's reporting in relation to ESG issues
- Regular review of the Manager's approach to incorporating ESG issues into investment decision making
- Regular review of ESG initiatives for future implementation
- Creation of UTA "asset narratives" to highlight the ESG benefits of UTA's portfolio assets.

**7. ESG policy review**

The ESG policy will be reviewed every two years by the ESG committee.