

Palisade Investment Partners Limited

November 2023

Environmental Social Governance Policy



Document Control

Version Control / Revision History

This document has been through the following revisions:

Version	Date of Approval	Remarks/Keys Changes/Reason for update
1	January 2019	Initial version
2	June 2012	Review
3	June 2013	Review
4	February 2014	Review
4.1	April 2015	Annual Review
4.2	April 2016	Annual Review
4.3	May 2017	Annual Review
4.4	May 2018	Annual Review
4.5	May 2019	Annual Review
5	December 2020	Update following ESG Re-fresh
5.1	May 2022	Annual Review (prior to approval)
5.2	November 2023	Updated to include changes proposed by Palisade ESG Committee

Authorisation

This document requires the following approvals:

Authorisation	Name
Initial Version	Palisade Board
Revisions	Palisade Board

Scope

This Policy applies to employees of Palisade Investment Partners Limited (Palisade) and its subsidiaries.

Palisade Environmental Social Governance Policy

Contents	
INTRODUCTION	3
1. ESG IN INVESTMENT AND ASSET MANAGEMENT	4
1.1 Philosophy and approach	4
1.2 Environment	4
1.3 Social	4
1.4 Governance	5
1.5 Monitoring and Reporting	5
1.6 Specific Exclusions	6
2. CORPORATE ESG PRINCIPLES	7
2.1 Environment	7
2.2 Social	7
2.3 Governance	7

Introduction

The philosophy of Palisade Investment Partners Limited (**Palisade**) is to deliver secure long term returns, aligned with the interests of its investors and the community. Palisade recognises that primary consideration of environmental, social and governance (**ESG**) issues is integral to this philosophy.

Palisade believes that as an active infrastructure investor, it has a duty to behave responsibly in its business activities and has the potential to affect, both positively and negatively, communities and the environment through its actions.

As an investment manager, Palisade believes that a high standard of business conduct as well as a responsible approach to ESG issues makes good business sense and is more likely to create sustainable value over the long term. Conversely, poor management of these issues may pose a risk to the reputation and value of businesses as well as potentially impacting the environment and communities in which the businesses operate.

Palisade considers long term ESG factors in making investment decisions and in actively managing investments, encouraging better management of ESG factors and associated risks. Assets exhibiting the potential for strong ESG credentials are key to the alignment of the interests and objectives of investors with those of the community.

The tenets of Palisade's approach to ESG are:

- Focusing on ESG is the right thing to do.
- ESG is key to long term sustainable value creation and risk management.
- Palisade has the opportunity and responsibility to shape outcomes.
- ESG is integrated into everything we do; it is not separate.
- Our primary focus is on the practical application of our approach to ESG.
- We seek opportunities to contribute positively to ESG outcomes.
- We adopt a risk and impact-based approach. We aim to efficiently identify what matters and where we can make a difference.

The principles set out in this policy record how Palisade views its responsibilities. They are reviewed from time to time to ensure they remain relevant in a changing world and consistent with best practice.

Palisade has also developed an ESG Strategy which:

- outlines its priority objectives for ESG, which are aligned with the UN Sustainable Development Goals; and
- outlines the framework and practical application of the ESG Policy to the day to day running of its business, including in relation to setting objectives and targets and tracking progress against those.

In addition to focusing and championing ESG in both our investments and as a business, Palisade prioritises safety in all of its activities.

The first part of this ESG Policy deals with Palisade's approach to ESG issues as an investment manager. The second part of this ESG Policy focuses on Palisade as a business and the principles that guide it.

1. ESG in Investment and Asset Management

1.1 Philosophy and approach

Palisade's fundamental approach is to invest in assets providing essential facilities and services necessary for the efficient functioning of the communities and economies they serve. Such assets should have characteristics such as delivery of essential services and facilities and have high quality management and corporate governance.

From an investment perspective, Palisade considers ESG issues in its due diligence and in the ongoing management of investments. It approaches this from the perspective of risk mitigation as well as value creation.

ESG principles are applied in the context of asset sectors in which the firm invests. For instance, renewable energy assets are considered more favourably than conventional energy assets with similar operational risk/return characteristics. In addition, Palisade will consider whether infrastructure opportunities have been or are likely to be superseded by technological advancements resulting in a more sustainable and economic way to meet the needs of the community.

From an operational management perspective, Palisade Integrated Management Services Pty Ltd (**PIMS**) regularly evaluates ESG issues in the businesses which it manages. Palisade then applies any learnings and improvements in ESG across the assets within the Palisade portfolio, where applicable.

1.2 Environment

Palisade believes that economic returns and sustainability are not mutually exclusive and ensures that environmental issues specific to individual assets and investor portfolios are managed appropriately. Investing in assets that exhibit sustainable environmental characteristics ensure that Palisade and its investors are making decisions that:

- Sustain natural resources and systems; and
- Provide a natural hedge against changes in policies that seek to reward sustainable practices and/or penalise those that aren't.

Environmental factors considered during asset acquisition due diligence and ongoing management typically include:

Climate change (see below)

- Environmental compliance
- Resource consumption including water, electricity and other forms of energy
- Biodiversity
- Externalities including contamination, emissions, water and wastewater discharges, noise and odour
- Water supply risks including supply costs and water restrictions
- Waste production, management and disposal, including hazardous materials

Climate Change

Palisade monitors the physical and economic potential impacts of climate change, and likely policy responses. Palisade assesses the climate change, carbon footprint and climate change policy risk associated with each investment and monitors that exposure over time.

Palisade engages with its asset managers and operators about climate change risks and opportunities.

1.3 Social

Assets managed by Palisade often involve significant employment and interaction with the community in which they exist. Palisade places a large degree of focus on each assets' interface with employees, contractors, suppliers, customers, the local community and wider society. Attaining a social licence to operate is achieved through a focus on diversity, employee safety and community relationships.

Social factors considered typically include:

- Employment arrangements, employment policies and employment contracts
- Health and safety
- Human rights
- Supply chains and key supply risks, including modern slavery (see below)
- Indigenous rights and issues (including native title claims, artefacts and related risks)
- Community relations

Modern Slavery

Palisade is committed to preventing exposure to modern slavery, and other human rights concerns, within its supply chains. Palisade is committed to continuous improvement in the processes it has in place to identify and mitigate against such risks.

1.4 Governance

Strong internal governance, audit, risk management, compliance and business continuity plans and procedures are vital to the ongoing success of Palisade's business. Governance practices and processes extend to Palisade's investments and the long term benefits delivered to investors. For all assets, Palisade has board representation and appropriate shareholder governance controls and protections in shareholder agreements.

Governance factors considered typically include:

- Investor rights
- Board representation, composition, capabilities and experience
- Co-investors (like minded investor test)
- Quality of management
- Diversity (see below)
- Reporting frequency and adequacy
- ESG management
- Contractual arrangements, protections and risks
- Change in law and change in policy risks
- Security including cyber security
- Whistle-blowers, bribery, corruption, extortion, and sanctions

Diversity

In recognition of the benefits of diversity, Palisade has determined that achieving a diverse workplace is a priority for its own business and the assets in which it invests. Palisade maintains a Diversity Policy and has policies and procedures in place to encourage flexible working arrangements and to support staff who are caring for others.

Palisade actively encourages the assets in which it invests to implement appropriate diversity policies and initiatives, including reporting.

1.5 Monitoring and Reporting

Palisade actively monitors and reports regularly on ESG developments, initiatives and risks. Palisade reports annually to its majority-independent Investment Committee on the performance of each of its portfolio assets, specifically including ESG matters arising in relation to those individual assets.

1.6 Specific Exclusions

In addition to the approach to ESG outlined above, Palisade will not invest in infrastructure:

- for the production or trade of any product or associated with any activity deemed illegal under host country laws or regulations or international conventions and agreements to which Australia is a signatory;
- for the production of tobacco;
- for the production or trade of controversial weapons (including chemical weapons, biological weapons, cluster munitions, land mines and depleted uranium) or radioactive materials (this does not apply to medical equipment, quality control equipment and any equipment where due diligence confirms that the radioactive source is trivial and/or handled in compliance with all applicable environmental and safety regulations);
- with the primary objective of extracting, processing or transporting coal; or
- with the primary objective of generating electricity from coal combustion.

Palisade's Management Investment Committee will determine whether an investment is within the scope of the above exclusions based on (if required) due diligence and analysis undertaken by the investment team.

2. Corporate ESG Principles

These corporate guiding principles express how Palisade views its responsibilities and how they may apply practically in the day to day running of Palisade. It is important that these principles are applied internally to ensure that Palisade can reasonably expect others with whom it does business to apply similar principles.

2.1 Environment

It is Palisade's policy to minimise any negative impact on the environment arising from its business activities. This includes but is not limited to:

- The efficient use of energy, including considered use of business travel, energy efficient lighting, using energy efficient appliances and other measures
- Minimising the use of paper and other resources including by disseminating documentation electronically, discouraging printing and by printing double-sided where printing is required
- Recycling and using recycled products.

2.2 Social

It is Palisade's policy to maintain positive relationships with its employees and the community by:

- Sharing a close relationship with our employees
- Providing a flexible, supportive, healthy and safe working environment
- Adopting policies and practices which encourage an appropriate work/life balance
- Promoting a flexible working environment, providing flexibility in terms of working hours and the ability for staff to work from home
- Providing leave entitlements including paid parental leave, carers leave, bereavement leave and personal leave that exceed minimum statutory entitlements
- Providing a stimulating work environment where employees can grow and expand their skill set
- Providing training opportunities and encouraging staff to continue their learning
- Supporting those staff members who perform their own charitable works and community involvement where possible. This includes approving leave where required to pursue charitable work
- Supporting the Principles of Fair Trade and not contributing to any practice where there may be potential abuses of human rights or exploitation of any kind.

2.3 Governance

It is Palisade's policy to maintain best practice governance standards by:

- Conducting its business ethically, maintaining good corporate governance, compliance and risk management
- Promoting responsible business practices
- Promoting diversity in line with its Diversity Policy
- Understanding that good corporate governance and effective management are vital to the successful implementation of its corporate objectives
- Conducting external reviews/audits of Palisade's internal controls at least annually
- Establishing an independent compliance team which reports directly to the Palisade Board
- Ensuring Palisade's Risk Management Plan, Business Continuity Plan and other policies and procedures are designed to maintain resiliency and ongoing performance of the business and conform to industry best practice.