



| LEA 02 | Monetary | Gateway |
|---|--|--|
| <p>By identifying specific risks and opportunities, investors can understand the impact of their investments on the environment, society and governance (ESG) factors. This understanding is essential for making informed investment decisions and for managing the risks and opportunities associated with their investments.</p> <p>Investors should consider the following factors when making investment decisions:</p> <ul style="list-style-type: none"> The environmental impact of the investment The social impact of the investment The governance impact of the investment | <p>Type of engagement</p> <p>Individual/internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p> | <p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decision-making in & company's interests <input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional action <input checked="" type="checkbox"/> To engage investor ESG advisors <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage with internal staff <input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate transition or identify the need for additional action <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage with collaborative engagements <input type="checkbox"/> To influence investment decision-making in & company's interests <input type="checkbox"/> To engage investor ESG advisors <input type="checkbox"/> Other: specify <input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate transition or identify the need for additional action <input type="checkbox"/> Other: specify |

RI TRANSPARENCY REPORT

2014/15

Palisade Investment Partners Limited

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

| Symbol | Status |
|--------|---|
| ✓ | The signatory has completed all mandatory parts of this indicator |
| ☑ | The signatory has completed some parts of this indicator |
| 🔒 | This indicator was not relevant for this signatory |
| - | The signatory did not complete any part of this indicator |
| Ⓜ | The signatory has flagged this indicator for internal review |

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

| Organisational Overview | | | | Principle | | | | | | General |
|-------------------------|---|--------|------------------------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| OO 01 | Signatory category and services | ✓ | Public | | | | | | | ✓ |
| OO 02 | Headquarters and operational countries | ✓ | Public | | | | | | | ✓ |
| OO 03 | Subsidiaries that are separate PRI signatories | ✓ | Public | | | | | | | ✓ |
| OO 04 | Reporting year and AUM | ✓ | Public | | | | | | | ✓ |
| OO 05 | Breakdown of AUM by asset class | ✓ | Asset mix disclosed in OO 06 | | | | | | | ✓ |
| OO 06 | How would you like to disclose your asset class mix | ✓ | Public | | | | | | | ✓ |
| OO 07 | Segregated mandates or pooled funds | 🔒 | n/a | | | | | | | ✓ |
| OO 08 | Breakdown of AUM by market | ✓ | Public | | | | | | | ✓ |
| OO 09 | Additional information about organisation | ✓ | Public | | | | | | | ✓ |
| OO 10 | RI activities for listed equities | 🔒 | n/a | | | | | | | ✓ |
| OO 11 | RI activities in other asset classes | ✓ | Public | | | | | | | ✓ |
| OO 12 | Modules and sections required to complete | ✓ | Public | | | | | | | ✓ |

| Overarching Approach | | | | Principle | | | | | | General |
|----------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| OA 01 | RI policy and other guidance documents | ✓ | Public | | | | | | | ✓ |
| OA 02 | Publicly available policies / documents | ✓ | Public | | | | | | | ✓ |
| OA 03 | Policy components and coverage | ✓ | Public | ✓ | ✓ | | | | | |
| OA 04 | Conflicts of interest | ✓ | Public | | | | | | | ✓ |
| OA 05 | RI goals and objectives | ✓ | Public | | | | | | | ✓ |
| OA 06 | Main goals/objectives this year | - | n/a | | | | | | | ✓ |
| OA 07 | Governance, management structures and RI processes | - | n/a | | | | | | | ✓ |
| OA 08 | RI roles and responsibilities | ✓ | Public | | | | | | | ✓ |
| OA 09 | RI in performance management, reward and/or personal development | ✓ | Private | | | | | | | ✓ |
| OA 10 | Collaborative organisations / initiatives | ✓ | Public | | | | ✓ | ✓ | | |
| OA 11 | Promoting RI independently | ✓ | Public | | | | ✓ | | | |
| OA 12 | Dialogue with public policy makers or standard setters | - | n/a | | | | ✓ | ✓ | ✓ | |
| OA 13 | ESG issues in strategic asset allocation | ✓ | Private | ✓ | | | | | | |
| OA 14 | Allocation of assets to environmental and social themed areas | ✓ | Private | ✓ | | | | | | |
| OA 15 | ESG issues for internally managed assets not reported in framework | 🔒 | n/a | | | | | | | ✓ |
| OA 16 | ESG issues for externally managed assets not reported in framework | 🔒 | n/a | | | | | | | ✓ |
| OA 17 | RI/ESG in execution and/or advisory services | 🔒 | n/a | ✓ | ✓ | | | | | |
| OA 18 | Innovative features of approach to RI | - | n/a | | | | | | | ✓ |
| OA 19 | Internal and external review and assurance of responses | - | n/a | | | | | | | ✓ |

| Direct - Infrastructure | | | | Principle | | | | | | General |
|-------------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| INF 01 | Breakdown of investments by equity and debt | ✓ | Public | | | | | | | ✓ |
| INF 02 | Breakdown of assets by management | ✓ | Public | | | | | | | ✓ |
| INF 03 | Largest infrastructure | ✓ | Public | | | | | | | ✓ |
| INF 04 | Description of approach to RI | ✓ | Public | ✓ | | | | | | ✓ |
| INF 05 | Responsible investment policy for infrastructure | ✓ | Public | ✓ | | | | | | ✓ |
| INF 06 | Fund placement documents and RI | ✓ | Public | ✓ | | | ✓ | | | ✓ |
| INF 07 | Formal commitments to RI | ✓ | Public | | | | ✓ | | | |
| INF 08 | Incorporating ESG issues when selecting investments | ✓ | Public | ✓ | | | | | | |
| INF 09 | ESG advice and research when selecting investments | ✓ | Public | ✓ | | | ✓ | | | |
| INF 10 | Examples of ESG issues in investment selection process | ✓ | Public | ✓ | | ✓ | | | | |
| INF 11 | Types of ESG information considered in investment selection | ✓ | Public | ✓ | | ✓ | | | | |
| INF 12 | ESG issues impact in selection process | ✓ | Public | ✓ | | | | | | |
| INF 13 | ESG issues in selection, appointment and monitoring of third-party operators | ✓ | Public | | | | ✓ | | | |
| INF 14 | ESG issues in post-investment activities | ✓ | Public | | ✓ | | | | | |
| INF 15 | Proportion of assets with ESG performance targets | ✓ | Public | | ✓ | | | | | |
| INF 16 | Proportion of portfolio companies with ESG/sustainability policy | ✓ | Public | | ✓ | | | | | |
| INF 17 | Type and frequency of reports received from investees | ✓ | Public | | ✓ | ✓ | | | | |
| INF 18 | Proportion of maintenance projects where ESG issues were considered | ✓ | Public | | ✓ | | | | | |
| INF 19 | Proportion of stakeholders that were engaged with on ESG issues | ✓ | Public | | ✓ | | | | | |
| INF 20 | ESG issues affected financial/ESG performance | ✓ | Public | ✓ | ✓ | | | | | |
| INF 21 | Examples of ESG issues that affected your infrastructure investments | ✓ | Public | ✓ | | ✓ | | | | |
| INF 22 | Disclosure of ESG information to public and clients/beneficiaries | ✓ | Public | | | | | | | ✓ |
| INF 23 | Approach to disclosing ESG incidents | - | n/a | | | | | | | ✓ |

Palisade Investment Partners Limited

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 01.2

Additional information. [Optional]

Palisade is a specialist, independent infrastructure manager. We provide institutional investors with access to Australian infrastructure projects through tailored portfolios and co-mingled funds. Our multi-disciplinary and experienced team focuses on attractive mid-market assets that are essential to the efficient functioning of the communities and economies they serve.

For further information, please refer to <http://www.palisadepartners.com.au/>

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Australia

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

20

OO 02.4 Additional information. [Optional]

Palisade is a boutique infrastructure investment manager under the umbrella of Pinnacle Investment Management Ltd. Pinnacle provides Palisade with a number of services and support including Compliance, Accounting, Information Technology and Human Resources.

Pinnacle's "supported independence" model maximises the ability of Palisade's investment team to focus on investment acquisition and management services.

OO 03 **Mandatory** **Descriptive** **General**

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04 **Mandatory** **Gateway/Peering** **General**

OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

| | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM | | 1 | 884 | 000 | 000 |
| Currency | AUD | | | | |
| Assets in USD | | 1 | 750 | 802 | 483 |

OO 04.5 Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06 **Mandatory** **Descriptive** **General**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

| | Internally managed (%) | Externally managed (%) |
|---------------|------------------------|------------------------|
| Listed equity | 0 | 0 |

| | | |
|---------------------------|-----|---|
| Fixed income – corporate | 0 | 0 |
| Fixed income – government | 0 | 0 |
| Fixed income – other | 0 | 0 |
| Private debt | 0 | 0 |
| Private equity | 0 | 0 |
| Property | 0 | 0 |
| Infrastructure | 100 | 0 |
| Commodities | 0 | 0 |
| Hedge funds | 0 | 0 |
| Forestry | 0 | 0 |
| Farmland | 0 | 0 |
| Inclusive finance | 0 | 0 |
| Cash | 0 | 0 |
| Other (1), specify | 0 | 0 |
| Other (2), specify | 0 | 0 |

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 06.2

Additional information. [Optional]

Palisade defines infrastructure as assets providing essential facilities and services necessary for the efficient functioning of economies. High quality infrastructure assets are both essential to the efficient functioning of the communities they serve and also add genuine value for investors.

Infrastructure revenue streams can be economic, contracted or regulated. In each case, the key business and financial fundamentals need to be satisfied for an asset to be considered for inclusion within an infrastructure portfolio.

Palisade's unlisted investment funds and direct investment mandates aim to produce attractive, inflation-linked returns at moderate levels of risk. We believe that diversification through a well-constructed portfolio will optimise risk-weighted returns for investors.

| | |
|---------|--|
| OO 08.1 | Indicate the breakdown of your organisation's AUM by market. |
|---------|--|

| Market breakdown | % of AUM |
|--------------------------------------|--|
| Developed Markets | <input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 % |
| Emerging, Frontier and Other Markets | <input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 % |

| | |
|---------|---|
| OO 09.1 | Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities. |
|---------|---|

Palisade manages a number of assets within different sub-sectors of infrastructure. Each have unique investment characteristics and fall within the business and financial fundamentals considered key to infrastructure investments.

Core diversified

Palisade's core diversified infrastructure strategy covers a wide range of essential services and facilities that are fundamental to daily life and vital to every economy including gas, electricity, roads, airports and sea ports.

Investments will exhibit the business and financial fundamentals described above and have the following characteristics:

- Delivery of essential facilities, products and services
- Strong or preferred market positions in monopolistic or quasi monopolistic sectors
- Strong operating cash flows
- Economic, regulated or contracted revenue models which provide a hedge against inflation

Core diversified portfolios also obtain exposure to social infrastructure PPPs (which are often smaller in size but offer attractive risk/return potential and diversification benefits) via investing in specific sector portfolios as described below.

Social infrastructure

Social infrastructure assets typically offer long term, low volatility and inflation-linked income streams with little or no correlation to economic cycles. These characteristics mirror the objectives of the fund, which are to offer long term, low volatility, inflation linked distributions to investors.

The unique characteristics of this investment class are:

- Government or quasi-government payers generally with responsibility for core service delivery and particularly demand risk
- 'Availability payments' as the predominant source of revenues - minimal exposure to patronage risk or the economic cycle

Gateway asset class implementation indicators

OO 11

Mandatory

Gateway

General

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Infrastructure
- None of the above

OO 11.3

Additional information. [Optional]

Palisade's approach to Responsible Investment and ESG is consistent with industry best practice. Palisade's philosophy is to deliver secure long term returns, aligned with the interests of its investors and the community. Palisade recognises its duty to behave responsibly in its business activities and towards those whom its actions affect.

As an investment manager, Palisade believes that a high standard of business conduct as well as a responsible approach to environmental social, and governance (ESG) issues makes good business sense and is more likely to create sustainable value over the long term. Conversely, poor management of those issues may pose a risk to the reputation and value of businesses.

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

From an investment perspective, Palisade considers ESG issues through each step of the investment process, from the preliminary due diligence stages, to a dedicated section in the Investment Committee papers and continually through the ongoing management of assets. ESG is approached from the perspective of risk mitigation as well as value creation.

Environmental factors considered as part of the due diligence processes include:

- Climate change and climate change policy development
- Emissions and emission policies (including the introduction of or changes to carbon emission reduction schemes or emissions trading schemes and carbon prices)
- Water supply risks including supply costs and water restrictions
- Waste disposal and waste treatment costs
- Energy use and energy prices
- Resource scarcity and resource price shocks (e.g. oil price shocks)
- Remediation risks and costs

Social factors considered typically include:

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

Governance factors considered typically include:

- Shareholders' rights
- Board representation, composition, capabilities and experience
- Co-investors (like minded investor test)
- Quality of management
- Reporting frequency and adequacy

- Contractual arrangements, protections and risks
- Change in law and change in policy risks
- Bribery and corruption

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; facilities that divert waste from landfill are prioritised over similar assets in the waste sector that do not operate under sustainable principles.

Palisade's ESG Policy documents how we view our responsibilities and how they apply in a practical way to the day to day running of our business. The policy is reviewed from time to time to ensure it remains relevant in a changing world and consistent with best practice. The first part of Palisade's ESG Policy deals with our approach to ESG issues as an investment manager. The second part of our ESG Policy focuses on Palisade as a business and the principles that guide us. A copy of our ESG policy can be provided on request.

| | | | |
|-------|-----------|---------|---------|
| OO 12 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|

| | |
|---------|--|
| OO 12.1 | The modules and sections that you will be required to complete are listed below. |
|---------|--|

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

| |
|---|
| Direct - Other asset classes with dedicated modules |
|---|

- Infrastructure

Closing module

- Closing module

Palisade Investment Partners Limited

Reported Information

Public version

Overarching Approach

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Responsible investment policy

| | | | |
|-------|-----------|-----------------------|---------|
| OA 01 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|

OA 01.1 Indicate if you have a responsible investment policy.

- Yes
 No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
 No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Palisade's approach to Responsible Investment and ESG is consistent with industry best practice.

Palisade's philosophy is to deliver secure long term returns, aligned with the interests of its investors and the community. Palisade recognises its duty to behave responsibly in its business activities and towards those whom its actions affect.

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

From an investment perspective, Palisade considers ESG issues through each step of the investment process, from the preliminary due diligence stages, to a dedicated section in the Investment Committee papers and continually through the ongoing management of assets. ESG is approached from the perspective of risk mitigation as well as value creation.

Palisade's ESG Policy documents how we view our responsibilities and how they apply in a practical way to the day to day running of our business. The policy is reviewed at least annually to ensure it remains relevant in a changing world and consistent with best practice. The first part of Palisade's ESG Policy deals with our approach to ESG issues as an investment manager. The second part of our ESG Policy focuses on Palisade as a business and the principles that guide us.

| | | | |
|-------|-----------|---------------|-------|
| OA 02 | Mandatory | Core Assessed | PRI 6 |
|-------|-----------|---------------|-------|

OA 02.1 Indicate if your responsible investment policy is publicly available.

- Yes
 No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
 No

| | |
|----------------|------------------------------------|
| OA 02.5 | Additional information. [Optional] |
|----------------|------------------------------------|

Palisade's ESG policies can be made available on request.

| | | | |
|--------------|------------------|----------------------|----------------|
| OA 03 | Mandatory | Core Assessed | PRI 1,2 |
|--------------|------------------|----------------------|----------------|

| | |
|----------------|--|
| OA 03.1 | Indicate the components/types and coverage of your responsible investment policy and guidance documents. |
|----------------|--|

Select all that apply

| Policy components/types | Coverage by AUM |
|--|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify | <input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM |

| | |
|----------------|------------------------------------|
| OA 03.3 | Additional information. [Optional] |
|----------------|------------------------------------|

Palisade's approach to Responsible Investment and ESG is consistent with industry best practice.

As an investment manager, Palisade believes that a high standard of business conduct as well as a responsible approach to environmental social, and governance (ESG) issues makes good business sense and is more likely to create sustainable value over the long term. Conversely, poor management of those issues may pose a risk to the reputation and value of businesses.

Palisade's fundamental approach to infrastructure investment is to invest in a range of services and facilities that are essential to the efficient functioning of the communities and economies they serve. Such investments should exhibit characteristics such as delivery of essential services and facilities and have high quality management, corporate governance policies and practices.

From an investment perspective, Palisade considers ESG issues through each step of the investment process, from the preliminary due diligence stages, to a dedicated section in the Investment Committee papers and continually through the ongoing management of assets. ESG is approached from the perspective of risk mitigation as well as value creation.

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 ensures 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 don't.

Environmental factors considered as part of the due diligence and ongoing management processes include:

- Climate change and climate change policy development;
- Emissions and emission policies (including the introduction of or changes to carbon emission reduction schemes or emissions trading schemes and carbon prices);
- Water supply risks including supply costs and water restrictions;

- Waste disposal and waste treatment costs;
- Energy use and energy prices;
- Resource scarcity and resource price shocks (e.g. oil price shocks); and
- Remediation risks and costs.

Social

The Palisade-managed portfolio is a significant employer and interaction with local communities is inevitable given the nature of the businesses being run. Palisade places a large degree of focus on 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 employee safety, community relationships developed through the employment of local people and companies and the sponsoring of local events.

Social factors considered as part of the due diligence and ongoing management processes include:

- Employment arrangements, employment policies and employment contracts;
- Work Health and Safety;
- Human rights;
- Supply chains and key supply risks;
- Indigenous rights and issues (including native title claims, artefacts and related risks); and
- Community relations.

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 benefit it delivers investors. For all assets, Palisade has director representation and appropriate shareholder governance controls and protections in shareholder agreements.

Governance factors considered as part of the due diligence and ongoing management processes include:

- Shareholders' rights;
- Board representation, composition, capabilities and experience;
- Co-investors (like minded investor test);
- Quality of management;
- Reporting frequency and adequacy;
- Contractual arrangements, protections and risks;
- Change in law and change in policy risks; and
- Bribery and corruption.

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; facilities that divert waste from landfill are prioritised over similar assets in the waste sector that do not operate under sustainable principles

Active Ownership

Members of Palisade's executive team are responsible for the acquisition and management of the investments held on behalf of Palisade's clients. For every investee company, this includes Board representation and direct engagement with the management team for each asset. Given the diverse range of assets in which Palisade invests, the investment team are exposed to a variety of ESG issues on a regular basis in a variety of infrastructure subsectors. This diverse exposure allows the team to continually expand their knowledge and experience base from which they are then able to influence each investee company to implement best practice policies and approaches to ESG.

Palisade actively monitors and reports regularly on ESG developments, initiatives and risks. Palisade receives regular management reports from investee companies which include reporting on ESG issues. The Palisade executive team then reports quarterly to both its Investment Committee and investors on the performance of each of its portfolio assets, specifically including ESG matters arising in relation to those individual assets.

Investment Screening

It is Palisade's policy not to invest in coal projects, including coal fired power stations.

| | | | |
|-------|-----------|---------------|---------|
| OA 04 | Mandatory | Core Assessed | General |
|-------|-----------|---------------|---------|

| | |
|---------|---|
| OA 04.1 | Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process. |
|---------|---|

Yes

| | |
|---------|--|
| OA 04.2 | Describe your policy on managing potential conflicts of interest in the investment process. [Optional] |
|---------|--|

ASIC has provided guidance in Regulatory Guide 181 that it expects that conflicts be managed by using the following 3 mechanisms:

- Controlling conflicts of interest - Palisade will control conflicts using internal controls, reporting structures, monitoring and supervision.
- Avoiding conflicts of interest - Conflicts which are of a magnitude that disclosure or another control is inadequate will be avoided.
- Disclosing conflicts of interest - Disclosure of a conflict of interest is one means of managing conflicts.

Palisade has adopted the above approach and addresses the conflicts management obligation by:

- Identifying and evaluating conflicts
- Documenting its policy and procedures about conflicts
- Implementing its conflicts management arrangements and monitoring compliance

No

Objectives and strategies

| | | | |
|-------|-----------|-----------------------|---------|
| OA 05 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|

| | |
|---------|--|
| OA 05.1 | Indicate if your organisation sets objectives for its responsible investment activities. |
|---------|--|

Yes

| | |
|---------|--|
| OA 05.2 | Indicate how frequently your organisation sets or revises objectives for responsible investment. |
|---------|--|

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed

- No

OA 05.4

Additional information. [Optional]

Performance Objectives

Palisade aims to ensure that individuals' goals are aligned to the organisational goals and objectives. Each member of Palisade's executive team is directly responsible for the acquisition and management of the investments held on behalf of Palisade's clients. Accordingly, the key focus of performance measurement is a demonstration of adding value to investments via:

- Risk assessment and mitigation in the acquisition process;
- Continued monitoring of investment objectives, management of risk and development of opportunities in relation to the investments; and
- Timeliness of deliverables.

At a minimum staff performance is formally reviewed on an annual basis and monitored consistently throughout the year.

Monitoring and Reporting

Palisade actively monitors and reports regularly on ESG developments, initiatives and risks. Palisade receives regular management reports from investee companies which include reporting on ESG issues.

The Palisade executive team reports quarterly to both its Investment Committee and investors on compliance with investment guidelines, the performance of each of its portfolio assets and any ESG matters arising in relation to those individual assets.

In addition, Palisade performs annual asset reviews which summarise and report to the Investment Committee on the following areas:

- Key investment metrics (EV, Gearing, Discount rates, margins etc.)
- Investment and operational performance
- Recent developments
- Governance arrangements
- Work health and safety
- Debt
- Short to medium term initiatives
- Compliance checklists (Valuation, ESG developments, Insurance)
- Key dates
- ESG assessment

All internal controls related to the management of investment portfolios are externally audited each year and a GS007 report is made available to clients.

Governance and human resources

| | | | |
|-------|-----------|-----------------------|---------|
| OA 08 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|

| | |
|---------|---|
| OA 08.1 | Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment. |
|---------|---|

| | |
|--|------------------------------------|
| | Roles present in your organisation |
|--|------------------------------------|

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Investment Committee**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
- Dedicated responsible investment staff
- External managers or service providers
- Other role, specify
- Other role, specify

| | | | |
|---|--|--|--|
| Promoting responsible investment | | | |
|---|--|--|--|

| | | | |
|-------|-----------|---------------|---------|
| OA 10 | Mandatory | Core Assessed | PRI 4,5 |
|-------|-----------|---------------|---------|

| | |
|---------|---|
| OA 10.1 | Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played. |
|---------|---|

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

| | | | |
|-------|-----------|---------------|-------|
| OA 11 | Mandatory | Core Assessed | PRI 4 |
|-------|-----------|---------------|-------|

| | |
|---------|--|
| OA 11.1 | Indicate if your organisation promotes responsible investment, independently of collaborative initiatives. |
|---------|--|

Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

OA 11.3

Additional information. [Optional]

Palisade encourages the implementation of responsible investment principles in all assets under management through active Board representation.

Palisade Investment Partners Limited

Reported Information

Public version

Direct - Infrastructure

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

| | | | |
|--------|---|-----------------|---------|
| INF 01 | Mandatory to Report Voluntary to Disclose | Gateway/Peering | General |
|--------|---|-----------------|---------|

INF 01.1 Provide a breakdown of your organisation's internally managed infrastructure investments by equity and debt.

| Infrastructure investment instruments | Percentage of your internally managed infrastructure investments (in terms of AUM) |
|---------------------------------------|---|
| Equity investments | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% |
| Debt investments | <input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0% |
| Total | 100% |

INF 01.2 Indicate the level of ownership you typically hold in your infrastructure investments.

- a majority stake (>50%)
- a 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes
- N/A, we hold 100% debt investments

INF 01.3 Additional information. [Optional]

Palisade seeks to acquire meaningful interests in projects. This generally involves holding an ownership interest in the range 20% to 100%.

Palisade ensures that, in all cases, it has the right to appoint directors to the board of the investee company and access to company information and the management team.

| | | | |
|--------|---|-----------------|---------|
| INF 02 | Mandatory to Report Voluntary to Disclose | Gateway/Peering | General |
|--------|---|-----------------|---------|

INF 02.1 Provide a breakdown of your organisation's infrastructure assets based on who manages the assets.

| Infrastructure assets managed by | Breakdown of your infrastructure assets (by number) |
|---|---|
| Managed directly by your organisation/companies owned by you | <input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% |
| Managed via third-party operators appointed by your organisation/companies owned by you | <input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% |
| Managed by other investors/their third-party operators | <input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% |
| Total | 100% |

INF 02.2 | Additional information. [Optional]

Palisade is actively involved in on-going asset management and has board representation on all assets. We have been instrumental in identifying and appointing general managers at the asset level who will manage assets with common objectives in mind.

Where Palisade does not hold a controlling interest in an asset, key Governance factors are considered throughout the investment and on-going management process to ensure Palisade has the ability to exert sufficient influence and achieve its active asset management objectives.

| INF 03 | Voluntary | Descriptive | General |
|--------|-----------|-------------|---------|
|--------|-----------|-------------|---------|

INF 03.1 | Indicate up to three of your largest infrastructure sectors by AUM.

| Sector | Main infrastructure sectors (by AUM) |
|--------------------------------------|---|
| Largest infrastructure sector | <input checked="" type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify |
| Second largest infrastructure sector | <input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input checked="" type="radio"/> Social infrastructure <input type="radio"/> Other, specify |
| Third largest infrastructure sector | <input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input checked="" type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify |

| | | | |
|--------|-----------|-------------|---------|
| INF 04 | Voluntary | Descriptive | PRI 1-6 |
|--------|-----------|-------------|---------|

| | |
|----------|--|
| INF 04.1 | Provide a brief overview of your organisation's approach to responsible investment in infrastructure where you have equity stakes. |
|----------|--|

Palisade's approach to Responsible Investment and ESG is consistent with industry best practice.

Palisade's philosophy is to deliver secure long term returns, aligned with the interests of its investors and the community. Palisade recognises its duty to behave responsibly in its business activities and towards those whom its actions affect.

As an investment manager, Palisade believes that a high standard of business conduct as well as a responsible approach to environmental social, and governance (ESG) issues makes good business sense and is more likely to create sustainable value over the long term. Conversely, poor management of those issues may pose a risk to the reputation and value of businesses.

Palisade considers long term environmental, social and governance factors in making investment decisions and in actively managing investments, encouraging better management of ESG factors and associated risks. Assets

exhibiting strong ESG credentials are key to the alignment of the interests and objectives of investors with those of the community.

From an investment perspective, Palisade considers ESG issues through each step of the investment process, from the preliminary due diligence stages, to a dedicated section in the Investment Committee papers and continually through the ongoing management of assets. ESG is approached from the perspective of risk mitigation as well as value creation.

Environmental factors considered as part of the due diligence processes include:

- Climate change and climate change policy development
- Emissions and emission policies (including the introduction of or changes to carbon emission reduction schemes or emissions trading schemes and carbon prices)
- Water supply risks including supply costs and water restrictions
- Waste disposal and waste treatment costs
- Energy use and energy prices
- Resource scarcity and resource price shocks (e.g. oil price shocks)
- Remediation risks and costs

Social factors considered typically include:

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

Governance factors considered typically include:

- Shareholders' rights
- Board representation, composition, capabilities and experience
- Co-investors (like minded investor test)
- Quality of management
- Reporting frequency and adequacy
- Contractual arrangements, protections and risks
- Change in law and change in policy risks
- Bribery and corruption

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; facilities that divert waste from landfill are prioritised over similar assets in the waste sector that do not operate under sustainable principles.

| INF 05 | Mandatory | Core Assessed | PRI 1-6 |
|--|---|---------------|---------|
| INF 05.1 | Indicate if your organisation has a responsible investment policy for infrastructure. | | |
| <input checked="" type="radio"/> Yes <input type="radio"/> No | | | |

INF 05.3

Additional information. [Optional]

Palisade is a specialist Australian infrastructure investment manager. Palisade's ESG policy covers all aspects of infrastructure investment.

Fundraising of infrastructure funds

INF 06

Mandatory

Core Assessed

PRI 1,4,6

INF 06.1

Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Yes

INF 06.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
 - Always
 - In a majority of cases
 - In a minority of cases
- Approach to ESG issues in pre-investment processes
 - Always
 - In a majority of cases
 - In a minority of cases
- Approach to ESG issues in post-investment processes

how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Always
- In a majority of cases
- In a minority of cases

INF 06.3

Describe how your organisation refers to responsible investment for infrastructure funds in fund placement documents (PPMs or similar). [Optional]

Palisade's approach to responsible investment is discussed in detail in the following documents:

- Palisade Due Diligence Questionnaire
- Fund Information Memoranda
- Palisade ESG Policy
- Palisade ESG Memorandum
- Quarterly Investor Reports

- No
- Not applicable as our organisation does not fundraise

| | | | |
|---------------|------------------|----------------------------|--------------|
| INF 07 | Voluntary | Additional Assessed | PRI 4 |
|---------------|------------------|----------------------------|--------------|

| | |
|-----------------|---|
| INF 07.1 | Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in infrastructure when requested by clients. |
|-----------------|---|

- We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- Our clients do not request us to make formal commitments to responsible investment in infrastructure

| | |
|-----------------|-------------------------|
| INF 07.3 | Additional information. |
|-----------------|-------------------------|

Palisade actively monitors and reports regularly on ESG developments, initiatives and risks. Palisade receives regular management reports from investee companies which include reporting on ESG issues. The Palisade executive team then reports quarterly to both its Investment Committee and investors on the performance of each of its portfolio assets, specifically including ESG matters arising in relation to those individual assets.

Pre-investment (selection)

| | | | |
|---------------|------------------|----------------|--------------|
| INF 08 | Mandatory | Gateway | PRI 1 |
|---------------|------------------|----------------|--------------|

| | |
|-----------------|--|
| INF 08.1 | Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments. |
|-----------------|--|

- Yes

| | |
|-----------------|--|
| INF 08.2 | Describe your organisation's approach to incorporating ESG issues in infrastructure investment selection. [Optional] |
|-----------------|--|

Palisade's approach to Responsible Investment and ESG is consistent with industry best practice.

From an investment perspective, Palisade considers ESG issues through each step of the investment process, from the preliminary due diligence stages, to a dedicated section in the Investment Committee papers and continually through the ongoing management of assets. ESG is approached from the perspective of risk mitigation as well as value creation.

Environmental factors considered as part of the due diligence processes include:

- Climate change and climate change policy development
- Emissions and emission policies (including the introduction of or changes to carbon emission reduction schemes or emissions trading schemes and carbon prices)
- Water supply risks including supply costs and water restrictions
- Waste disposal and waste treatment costs
- Energy use and energy prices

- Resource scarcity and resource price shocks (e.g. oil price shocks)
- Remediation risks and costs

Social factors considered typically include:

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

Governance factors considered typically include:

- Shareholders' rights
- Board representation, composition, capabilities and experience
- Co-investors (like minded investor test)
- Quality of management
- Reporting frequency and adequacy
- Contractual arrangements, protections and risks
- Change in law and change in policy risks
- Bribery and corruption

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; facilities that divert waste from landfill are prioritised over similar assets in the waste sector that do not operate under sustainable principles.

No

| | | | |
|---------------|------------------|--------------------|----------------|
| INF 09 | Voluntary | Descriptive | PRI 1,4 |
|---------------|------------------|--------------------|----------------|

| | |
|-----------------|--|
| INF 09.1 | Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the infrastructure investment selection process. |
|-----------------|--|

- Internal staff
 - Specify role
 - Investment Manager, Investment Committee**
 - Specify role
 - Specify role
- External resources
 - Environmental advisors
 - Social advisors
 - Corporate governance advisors
 - Regulatory and/or legal advisors
 - Other, specify type of advisors/roles
 - Palisade commissions technical reports as part of the external due diligence process where required**
- No use of internal or external advice on ESG issues

| | |
|----------|-------------------------|
| INF 09.2 | Additional information. |
|----------|-------------------------|

Palisade's investment process is rigorous and involves a multi-stage investment approval process during which the investment characteristics, risk identification and mitigation and capital structures are examined for suitability in meeting the objectives of the portfolio. During the investment process, thorough due diligence is required to assess the investment. This includes consideration of ESG issues.

Palisade's detailed investment process involves:

- Preliminary investment evaluation
- Detailed due diligence
- Investment Committee approvals
- Allocation process
- Completion (financial close)

| | | | |
|--------|-----------|---------------|---------|
| INF 10 | Mandatory | Core Assessed | PRI 1,3 |
|--------|-----------|---------------|---------|

| | |
|----------|--|
| INF 10.1 | Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue. |
|----------|--|

ESG issues

Environmental

List up to three typical examples of environmental issues

- Climate change and emission policies
- Resource scarcity and price shocks
- Remediation risks and costs

Social

List up to three typical examples of social issues

- Employment arrangements and work health and safety
- Community relations and human rights
- Supply chains and key supply risks

Governance

List up to three typical examples of governance issues

- Shareholder rights and board representation
- Co-investors (like minded investor test)
- Quality of management

| | | | |
|--------|-----------|---------------------|---------|
| INF 11 | Voluntary | Additional Assessed | PRI 1,3 |
|--------|-----------|---------------------|---------|

| | |
|-----------------|--|
| INF 11.1 | Indicate what type of ESG information your organisation typically considers during your infrastructure investment selection process. |
|-----------------|--|

- Raw data from the target infrastructure asset/company
- Benchmarks/ratings against similar infrastructure asset
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, infrastructure sector codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. contractors and suppliers)
- Advice from external sources
- Other, specify
- We do not track this information

| | | | |
|---------------|------------------|----------------------------|--------------|
| INF 12 | Voluntary | Additional Assessed | PRI 1 |
|---------------|------------------|----------------------------|--------------|

| | |
|-----------------|---|
| INF 12.1 | Indicate if ESG issues impacted your infrastructure investment selection processes during the reporting year. |
|-----------------|---|

- ESG issues helped identify risks and/or opportunities for value creation
- ESG issues led to the abandonment of potential investments
- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- We do not track this potential impact

| | |
|-----------------|-------------------------|
| INF 12.2 | Additional information. |
|-----------------|-------------------------|

From an investment perspective, Palisade considers ESG issues through each step of the investment process, from the preliminary due diligence stages, to a dedicated section in the Investment Committee papers and continually through the ongoing management of assets. ESG is approached from the perspective of risk mitigation as well as value creation.

Where the need for an ESG improvement is identified during an acquisition process, an appropriate allowance is made in the financial model for any associated costs and the improvements documented in the 100 day plan prepared as part of each acquisition process. Both quantitative and qualitative methods are utilised and are typically most effective when combined. For example, analysing energy use and costs within a portfolio company is a quantitative exercise, whereas making a decision upon energy policy going forward inevitably involves an aspect of qualitative judgement.

Palisade has successfully invested in a number of projects where ESG principles have played a major role in shaping that investment decision. Waste and renewable energy projects are both examples of assets where strong ESG principles are displayed (as well as strong investor returns).

ESG factors can also negatively impact an investment decision, and in turn opportunities are rejected on the basis of these ESG issues.

Selection, appointment and monitoring of third-party operators

| | |
|----------|--|
| INF 13.1 | Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators. |
|----------|--|

Yes

| | |
|----------|---|
| INF 13.2 | Indicate your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators. |
|----------|---|

- Selection process of third-party operators incorporates ESG issues
 - For all third-party operators
 - For a majority of third-party operators
 - For a minority of third-party operators
- Contractual requirements when appointing third-party operators includes ESG issues
 - For all third-party operators
 - For a majority of third-party operators
 - For a minority of third-party operators
- Monitoring of third-party operators covers ESG responsibilities and implementation
 - For all third-party operators
 - For a majority of third-party operators
 - For a minority of third-party operators

| | |
|----------|---|
| INF 13.3 | Provide a brief description of your organisation's selection, appointment and monitoring of third-party operators. [Optional] |
|----------|---|

Factors considered in the identification and appointment of third-party operators may include but are not limited to the following:

- Credentials of contractor
- Depth of team
- Staff experience, capabilities and turnover
- Industry feedback or past experience
- Company size and availability of resources
- Existing relationships
- Conflicts of interest
- The cost of their services
- Whether they maintain sufficient professional indemnity insurance
- Quality of management
- Employee arrangements
- Safety practices and track record

The above factors will be assessed as inputs to the total evaluation and are not necessarily in any order of importance.

INF 13.4

Describe how your third-party operators contribute to the management of ESG issues for your infrastructure investments. [Optional]

Palisade actively monitors and reports regularly on ESG developments, initiatives and risks. Palisade receives regular management reports from management of investee companies which include reporting on ESG issues. The Palisade executive team then reports quarterly to both its Investment Committee and investors on the performance of each of its portfolio assets, specifically including ESG matters arising in relation to those individual assets.

No

Post-investment (monitoring and active ownership)

Overview

INF 14

Mandatory

Gateway

PRI 2

INF 14.1

Indicate if your organisation, and/or operators, consider ESG issues in post-investment activities relating to your infrastructure assets.

Yes

INF 14.2

Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.

- We consider ESG issues in the monitoring and operation of infrastructure
- We consider ESG issues in infrastructure maintenance
- We consider ESG issues in stakeholder engagements related to our infrastructure
- We consider ESG issues in other post-investment activities, specify

E.g. Refinancing, safety

INF 14.3

Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]

Members of Palisade's executive team are responsible for the acquisition and on-going management of the investments held on behalf of Palisade's clients. For every investee company, this includes Board representation and direct engagement with the management team for each asset.

Given the diverse range of assets in which Palisade invests, the investment team are exposed to a variety of ESG issues on a regular basis in a variety of infrastructure subsectors. This diverse exposure allows the team to continually expand their knowledge and experience base from which they are then able to influence each investee company to implement best practice policies and approaches to ESG.

No

Infrastructure monitoring and operations

INF 15

Mandatory

Core Assessed

PRI 2

| | |
|-----------------|--|
| INF 15.1 | Indicate the proportion of infrastructure assets where your organisation, and/or operators, included ESG performance in investment monitoring during the reporting year. |
|-----------------|--|

- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

(in terms of number of infrastructure assets)

| | |
|-----------------|--|
| INF 15.2 | Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue. |
|-----------------|--|

Environmental

| |
|--|
| List up to three example targets per issue |
|--|

- Reducing landfill and recycling
- Reducing noise emissions
- Reducing carbon emissions

Social

| |
|--|
| List up to three example targets per issue |
|--|

- Provide regular education workshops for employees including health and social welfare topics
- Formally document OHS management system
- Attend regular community meeting to obtain feedback on operations

Governance

| |
|--|
| List up to three example targets per issue |
|--|

- Formally document management system including company charter, policies, management plan, procedures and forms
- Maintain and monitor risk register with regular reviews by independent consultant
- Perform annual financial audits

We do not set and/or monitor against targets

| | | | |
|---------------|------------------|----------------------------|--------------|
| INF 16 | Mandatory | Additional Assessed | PRI 2 |
|---------------|------------------|----------------------------|--------------|

| | |
|-----------------|---|
| INF 16.1 | Indicate if you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines). |
|-----------------|---|

Yes

| | |
|-----------------|--|
| INF 16.2 | Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines). |
|-----------------|--|

- >90% of infrastructure investees
- 51-90% of infrastructure investees
- 10-50% of infrastructure investees
- <10% of infrastructure investees
- 0% of infrastructure investees

(in terms of number of infrastructure investees)

| | |
|-----------------|---|
| INF 16.3 | Describe how your organisation, and/or your operators, contribute to the infrastructure investees' management of ESG issues. [Optional] |
|-----------------|---|

Palisade has Board representation and direct engagement with the management team for each asset in which it invests. Given the diverse range of assets in which Palisade invests, the investment team are exposed to a variety of ESG issues on a regular basis in a variety of infrastructure subsectors. This diverse exposure allows the team to continually expand their knowledge and experience base from which they are then able to influence each investee company to implement best practice policies and approaches to ESG.

No

| | | | |
|---------------|------------------|--------------------|----------------|
| INF 17 | Voluntary | Descriptive | PRI 2,3 |
|---------------|------------------|--------------------|----------------|

| | |
|-----------------|--|
| INF 17.1 | Indicate the type and frequency of reports you request and/or receive from infrastructure investees covering ESG issues. |
|-----------------|--|

Type of Reporting

Overarching portfolio asset/company reports or similar where management disclosure, financial and ESG data are integrated

| | |
|--|-----------------------------|
| | Typical reporting frequency |
|--|-----------------------------|

- Quarterly or more frequent
 - Semi annually
 - Annually
 - Every two years or less
 - Ad-hoc, specify
- Standalone reports highlighting targets and/or KPIs covering ESG issues

| |
|-----------------------------|
| Typical reporting frequency |
|-----------------------------|

- Quarterly or more frequent
- Semi annually
- Annually
- Every two years or less
- Ad-hoc, specify

Investee companies will present to the Board of Directors from time to time on specific focus areas within the business, including ESG.

- Other, specify
- No reporting on ESG issues requested and/or provided by infrastructure investees

Infrastructure maintenance

| | | | |
|--------|-----------|---------------|-------|
| INF 18 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

| | |
|----------|--|
| INF 18.1 | Indicate the proportion of active infrastructure maintenance projects where ESG issues have been considered. |
|----------|--|

- >90% of active maintenance projects
- 51-90% of active maintenance projects
- 10-50% of active maintenance projects
- <10% of active maintenance projects
- N/A, no maintenance projects of infrastructure assets are active

(in terms of number of active maintenance projects)

Stakeholder engagement

| | | | |
|--------|-----------|---------------------|-------|
| INF 19 | Voluntary | Additional Assessed | PRI 2 |
|--------|-----------|---------------------|-------|

| | |
|----------|--|
| INF 19.1 | Indicate which stakeholders your organisation, and/or operators, engaged with on ESG issues in relation to your infrastructure assets during the reporting year and what proportion of your investments they apply to. |
|----------|--|

| |
|----------------------|
| Stakeholders engaged |
|----------------------|

- Regulators

| |
|--|
| Percentage of infrastructure assets these apply to |
|--|

- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

(in terms of number of infrastructure assets)

Communities

Percentage of infrastructure assets these apply to

- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

(in terms of number of infrastructure assets)

- Other stakeholder, specify
- Other stakeholder, specify

INF 19.2 Describe your approach to stakeholder engagements in relation to your infrastructure assets.

Where investee companies are controlled by a regulatory environment, Management of these companies are actively engaged with regulatory bodies and relevant determinations through submission of proposals and attendance at industry forums.

Investee companies also seek to attend community gatherings as forums to obtain feedback on any concerns regarding the environmental and social impacts along with providing answers in response to general questions about the businesses operations.

Outputs and outcomes

| | | | |
|---------------|------------------|----------------------------|----------------|
| INF 20 | Voluntary | Additional Assessed | PRI 1,2 |
|---------------|------------------|----------------------------|----------------|

INF 20.1 Indicate if your organisation measures whether your approach to ESG issues in Infrastructure investments has affected financial and/or ESG performance.

We measure whether our approach to ESG issues impacts funds' financial performance

| Describe the impact on: | Impact |
|-------------------------------------|--|
| Funds' financial performance | <input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact |

We measure whether our approach to ESG issues impacts funds' ESG performance

| | |
|--------------------------------|--|
| Describe the impact on: | Impact |
| Funds' ESG performance | <input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact |

None of the above

| | |
|-----------------|--|
| INF 20.2 | Describe how you are able to determine these outcomes. |
|-----------------|--|

Palisade's philosophy is to deliver secure long term returns, aligned with the interests of our investors and the community. Palisade recognises a duty to behave responsibly in our business activities and towards those whom our actions affect.

As an investment manager, Palisade believes that a high standard of business conduct as well as a responsible approach to environmental, social and governance issues makes good business sense and is more likely to create sustainable value over the long term. Conversely, poor management of those issues may pose unnecessary risk to the reputation and value of businesses.

| | | | |
|---------------|------------------|--------------------|----------------|
| INF 21 | Voluntary | Descriptive | PRI 1,3 |
|---------------|------------------|--------------------|----------------|

| | |
|-----------------|---|
| INF 21.1 | Provide examples of ESG issues that affected your infrastructure investments during the reporting year. |
|-----------------|---|

Add Example 1

| | |
|--|--|
| ESG issue | Reducing Landfill |
| Types of infrastructure affected | Waste Treatment Facilities |
| Impact (or potential impact) on investment | Avoiding landfill would save greenhouse gases equivalent to over 100,000 tonnes of CO2 each year, and extend useful life of existing landfill sites |
| Activities undertaken to influence the investment and the outcomes | Investment in alternate waste treatment facilities where waste is diverted from landfill through recycling metals, plastic and paper, and producing compost from food waste for farmland and land rehabilitation |

Add Example 2

| | |
|--|--|
| ESG issue | Promoting renewable energy |
| Types of infrastructure affected | Renewable Energy |
| Impact (or potential impact) on investment | Consumption of energy resources that do not renew at a sufficient rate for sustainable economic extraction have detrimental long-term impacts to society, the environment and eventually investors. |
| Activities undertaken to influence the investment and the outcomes | Palisade invests in a number of wind farms generating renewable energy. The wind farms operate within stringent environmental rules which involve the maintenance of an Environmental Management Plan which is audited on an annual basis. The operators of the wind farms have also established community programs which support local community projects such as childrens playgrounds and shelters. |

- Add Example 3
- Add Example 4
- Add Example 5

Communication

INF 22

Mandatory

Core Assessed

PRI 6

INF 22.1

Indicate if your organisation proactively discloses ESG information on your infrastructure investments.

- Disclose publicly
- Disclose to clients/beneficiaries only

INF 22.5

Indicate the type of ESG information that your organisation proactively discloses to your clients/beneficiaries.

- ESG information on how you select infrastructure investments
- ESG information on how you monitor and manage infrastructure investments
- Information on your infrastructure investments' ESG performance
- Other;specify

INF 22.6

Indicate your organisation's typical frequency of disclosing ESG information to the your clients/beneficiaries.

- Quarterly or more frequently
- Semi annually
- Annually
- Every two years or less frequently
- Ad-hoc; specify

INF 22.7

Describe the ESG information and how your organisation proactively discloses it to your clients/beneficiaries. [Optional]

ESG information is disclosed to investors through quarterly reports. Additionally, Investment Advisory Group (IAG) meetings for Palisade's pooled fund investors are held periodically.

- No proactive disclosure to the public or to clients/beneficiaries