



## Article 10 (SFDR)

# Website disclosure for an Article 9 fund

### **Sustainable Australian Real Assets Fund (“SARA”)**

<b>Version</b>	<b>Date of publication</b>	<b>Date of update (if any)</b>	<b>Explanation (if any)</b>
1	22-Sep-23		

<b>Product name: Sustainable Australian Real Assets Fund ("SARA")</b>		<b>Legal entity identifier: N/A</b> <b>ISIN code: N/A</b>	
<b>Does this financial product have a sustainable investment objective?</b>			
<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 95%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>		<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>	
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: __%</b>		<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	



## A. Summary

SARA is a pure-play energy transition fund and its sustainable investment objective is to support the energy transition in Australia and New Zealand by investing in sustainable infrastructure companies and projects that form part of the clean energy value chain.

### **No significant harm to the sustainable investment objective**

No significant harm to the sustainable investment objective is ensured through the Fund's robust positive and negative screens. In addition, SARA seeks to understand and assess the full ESG profile of the company through the due diligence process, and ultimately requires approval from the Fund's Investment Committee through a three-stage process before investment approval can be granted.

### **Sustainable investment objective of the financial product**

The sustainable investment objective of SARA is to support the energy transition in Australia and New Zealand by investing in sustainable infrastructure companies and projects that form part of the clean energy value chain.

### **Investment strategy**

The investment strategy of SARA consists of investing in the development and construction of sustainable infrastructure companies and projects that form part of the clean energy value chain. SARA employs positive and negative screens to achieve its sustainable investment objective.

### **Proportion of Investments**

SARA will invest at least 95% of its assets in sustainable investments. The remaining (<5%), falling under "#2 Not sustainable", will be cash for rare circumstances where capital is called prior to being deployed.

### **Monitoring of sustainable investment objective**

The sustainability indicators used to measure the attainment of the sustainable investment objective of this financial product are:

- % of assets invested in sectors that fall under each of the positive screens
- % of assets invested in sectors that fall under each of the negative screens
- Total amount of renewable energy generated and stored (in megawatt hours)
- Total amount of capacity of generation and energy storage assets (in megawatts)

### **Methodologies**

The sustainability indicators are used as an initial assessment to estimate whether investments are contributing towards the sustainable investment objective. However, SARA also considers the role that each investment plays in the broader energy transition in Australia and New Zealand. Given that SARA will typically have at least one Board seat within its investee company, the team is able to actively and regularly engage with the business through purposeful dialogues.

### **Data sources and processing**

The data sources used to attain the sustainable investment objective of the financial product are a combination of internal and external sources. The data is then provided to the SARA team and external consultants, and processed directly by those parties.

### **Limitations to methodologies and data**

Each sustainability indicator may only provide a limited point of view for each particular investment. SARA's assessment and consideration of sustainable investments extend beyond the limited consideration of sustainability indicators, but instead considers the role that each investment plays in the broader energy transition in Australia and New Zealand.

### **Due diligence**

As part of our ESG due diligence, the SARA team will assess the likelihood and magnitude of associated ESG factors in the context of the potential investment, which will also guide our monitoring and mitigation action planning during ownership.

### **Engagement policies**

SARA actively and regularly engages with investee companies through purposeful dialogues, in addition to making full use of ownership rights by actively exercising its votes with investee companies, particularly on the areas of climate change, governance and harm avoidance.

### **Attainment of the sustainable investment objective**

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.



## **B. No significant harm to the sustainable investment objective**

### **How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

SARA only invests in sustainable infrastructure companies and projects. Each investment must pass through the Fund's robust positive and negative screens.

In addition, SARA seeks to understand and assess the full ESG profile of the company through the due diligence process, and ultimately requires approval from the Fund’s Investment Committee through a three-stage process before investment approval can be granted.

It is only once all of the above processes are completed that an investment is deemed to have satisfied the Fund’s sustainable investment objective and does not cause significant harm to any sustainable investment objective.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

All the relevant indicators for adverse impacts on sustainability factors have been taken into account for each individual investment. SARA does not prescribe thresholds for every principal adverse impact (PAI) at the individual investment level due to differences in business operations and sub-sectors. The relevant PAIs are actively analysed and considered for each investment during the due diligence process and scrutinised by the Investment Committee before investment approval is granted. During the due diligence process, we collect and assess information relating to the relevant PAIs to best assist the Investment Committee in making an informed investment decision.

It must be noted that SARA’s positive and negative screening process already serves to prevent the Fund from investing in any companies or projects that cause significant harm to any sustainable investment objective.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

SARA invests in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Companies that fail to meet their responsibilities in the areas of human rights, labour and anti-corruption will not satisfy SARA’s investment criteria. These issues are actively considered in the due diligence and Investment Committee decision-making processes.



**C. Sustainable investment objective of the financial product**

**What is the sustainable investment objective of this financial product?**

SARA is a pure-play energy transition fund and its sustainable investment objective is to support the energy transition in Australia and New Zealand by investing in sustainable infrastructure companies and projects that form part of the clean energy value chain. SARA employs positive and negative screens to achieve its sustainable investment objective.

SARA’s investment approach is to invest in sustainable infrastructure developers and projects at a late stage of development, and take these projects through construction, commissioning and into operation. In this way, it is an active participant in driving the energy transition in Australia and New Zealand.



## D. Investment strategy

### What investment strategy does this financial product follow?

SARA is a pure-play energy transition fund and its sustainable investment objective is to support the energy transition in Australia and New Zealand by investing in the development and construction of sustainable infrastructure companies and projects that form part of the clean energy value chain. SARA employs positive and negative screens to achieve its sustainable investment objective.

#### Positive Screens

SARA seeks to pursue its sustainable investment objective by investing in sustainable infrastructure opportunities across the following asset classes:

- Renewable energy generation
- Battery energy storage systems
- Pumped hydro energy storage
- Other sustainable infrastructure, including smart grid, smart meter, digital infrastructure waste-to-energy and bioenergy

#### Negative Screens

SARA avoids investing in sectors of the economy that are most susceptible to the impacts of climate change, such as companies that are involved in:

- Fossil fuels, including any company that mines, burns or extracts fossil fuels or in companies that provide specific and significant services to fossil fuel industries (unless they facilitate the increased penetration of renewable energy and are projects with a clear pathway to transition the asset away from fossil fuel consumption)
- Nuclear power
- Gas pipelines (other than gas pipelines, storage or other facilities that facilitate renewable energy sources such as hydrogen and pumped air or water storage)

In summary, SARA may invest in fossil fuels where there is a pathway to reducing the carbon impact from these assets. An example would be a liquid fired generator which will be converted to running on biofuels. SARA believes that investing in certain fossil fuels are critical in facilitating the increased penetration of renewable energy, as we believe that this remains critical to the energy transition in Australia and New Zealand.

### What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The binding elements of the investment strategy used to select the investments to attain the sustainable investment objective are:

- SARA will invest a minimum of 95% of its assets in sustainable infrastructure companies and projects that support the energy transition and form part of the clean energy value chain. The investments also can not cause significant harm to any of the sustainable investment objectives.
- SARA also commits to investing in line with its positive and negative screens. In particular, SARA seeks to invest in opportunities in renewable energy generation, energy storage systems, and other sustainable infrastructure projects. In addition, SARA avoids investing in sectors of the economy that are most susceptible to the impacts of climate change.

**What is the policy to assess good governance practices of the investee companies?**

SARA considers strong governance practices within its investee companies to be of critical importance. The key areas of due diligence within corporate governance include transparency, prudent management, business ethics, strong Boards, and appropriate executive incentives that align with equity holders and other stakeholders. While SARA seeks to have a strong and competent executive team in place at its investee companies, SARA will typically have at least one Board seat within the company to oversee and monitor the activities and performance of the business. This will serve to ensure sound management structures, employee relations, remuneration of staff and tax compliance.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, SARA considers principal adverse impacts on sustainability factors through the following processes:

- **Screening:** Investment screening process through the use of positive and negative screens which dictate a predetermined set of companies that we will and will not invest in, as set out in our Responsible Investment Policy which is publicly available on our website.
- **Due Diligence:** As part of our ESG due diligence, we will assess the likelihood and magnitude of associated ESG factors in the context of the potential investments, which will also guide our monitoring and mitigation action planning during ownership. ESG related opportunities and value creation drivers will also be considered. SARA will not invest where significant harm is evident and unlikely to be mitigated during ownership.
- **Investment Committee Process:** SARA will present its ESG due diligence findings to the Investment Committee. We use a three-stage Investment Committee process as part of any new investment. The Investment Committee is in constant communications with the investment team and kept informed of investment opportunities being pursued. The investment approval process broadly includes the following steps:
  1. Initial Investment Committee: Approval to commit to preliminary due diligence is initially sought from the Investment Committee. This approval is required before the team commits significant amounts of time to evaluate an investment.
  2. Formal Investment Committee: The next step is to seek approval to commit to confirmatory due diligence from the Investment Committee. This approval is required before the team commences formal due diligence and incurs material transaction costs.
  3. Final Investment Committee: The final step is to seek approval to enter into a binding commitment from the Investment Committee. This step will occur once due diligence is completed, and the terms and conditions of the transaction have been materially negotiated.
- **Stewardship and Engagement:** Active participation in the management of portfolio companies is critical to SARA. The SARA team will also monitor and manage the factors associated with the relevant PAI indicators in its underlying investments. Where applicable, SARA will seek to implement initiatives and collect metrics from its portfolio companies. SARA actively and regularly engages with investee companies through purposeful dialogues, in addition to issues being routinely considered by the Board of directors. SARA will make full use of ownership rights by actively exercising its votes with investee companies, particularly on the areas of climate change, governance and harm avoidance.
- **Reporting:** SARA considers specific indicators for each principal adverse impact, subject to data availability. The indicators are likely to evolve with increasing data availability and quality. Further information on the PAIs will be available in the Fund's periodic reporting.

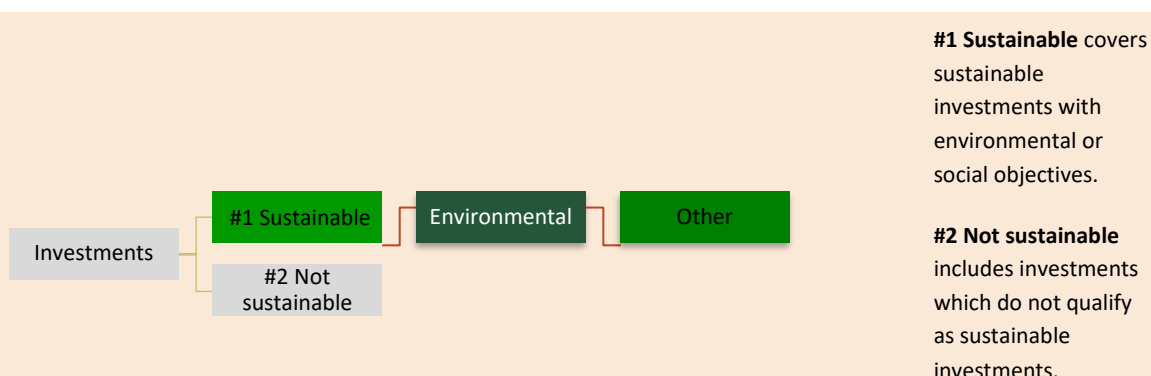
No



## E. Proportion of investments

### What is the asset allocation and the minimum share of sustainable investments?

SARA will invest at least 95% of its assets in sustainable investments. The remaining (<5%), falling under “#2 Not sustainable”, will be cash for rare circumstances where capital is called prior to being deployed.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

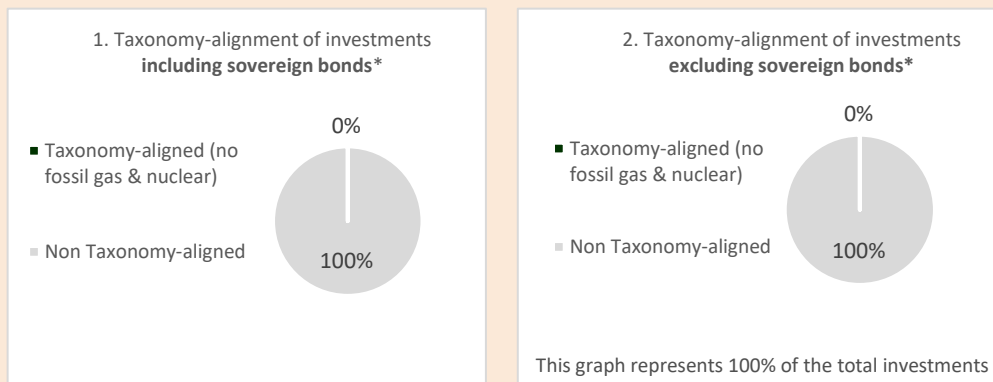
SARA does not have a minimum threshold of investments to be invested in sustainable investments with an environmental objective aligned with the EU Taxonomy. SARA may specify a threshold for EU taxonomy aligned investments in the future.

### Does the financial product invest in fossil gas and/ or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- Yes:
- In fossil gas     In nuclear energy
- No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**What is the minimum share of investments in transitional and enabling activities?**

SARA will invest a minimum of 0% in investments in transitional and enabling activities.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

SARA will invest a minimum of 95% in sustainable investments with an environmental objective. These investments could be aligned with the EU Taxonomy, but SARA is not currently in a position to specify the exact proportion of its underlying investments which take into account the EU criteria for environmentally sustainable economic activities. SARA may specify a threshold for EU taxonomy aligned investments in the future.

**What investments are included under “#2 Not Sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

SARA will hold a proportion of its portfolio in cash from time to time for rare circumstances where capital is called prior to being deployed. This may be considered ‘#2 Not sustainable’. Otherwise, all investments made by SARA are environmentally sustainable as outlined in its investment strategy. Due to the neutral nature of cash, no minimum environmental or social safeguards have been put in place.



**F. Monitoring of the sustainable investment objective**

**What sustainability indicators are used to measure the attainment of the sustainable investment objective by this financial product?**

The sustainability indicators used to measure the attainment of the sustainable investment objective of this financial product are:



- % of assets invested in sectors that fall under each of the positive screens
- % of assets invested in sectors that fall under each of the negative screens
- Total amount of renewable energy generated and stored (in megawatt hours)
- Total amount of capacity of generation and energy storage assets (in megawatts)

**How are the sustainable investment objective and the sustainability indicators monitored throughout the lifecycle of the financial product?**

The sustainable investment objective and the sustainability indicators are monitored throughout the lifecycle of the financial product through SARA's active participation in the management of portfolio companies. SARA will typically have at least one Board seat within the company to oversee and monitor the activities and performance of the business. SARA actively and regularly engages with investee companies through purposeful dialogues, in addition to issues being routinely considered by the Board of directors. SARA will make full use of ownership rights by actively exercising its votes with investee companies. SARA will report on the sustainability indicators in its periodic reporting.



## G. Methodologies

**What are the methodologies used to measure the attainment of the sustainable investment objective?**

The sustainability indicators are used as an initial assessment to estimate whether investments are contributing towards the sustainable investment objective. However, SARA also considers the role each investment plays in the broader energy transition in Australia and New Zealand. The SARA team believes that sustainable infrastructure opportunities across the following asset classes are critical to the energy transition:

- Renewable energy generation
- Battery energy storage systems
- Pumped hydro energy storage
- Other sustainable infrastructure, including smart grid, smart meter, digital infrastructure waste-to-energy and bioenergy

The attainment of the sustainable investment objective is measured by the SARA team on a regular basis using data obtained from daily monitoring of the investee companies. Given that SARA will typically have at least one Board seat within the company, the team is able to actively and regularly engage with the business through purposeful dialogues. SARA will report on the sustainability indicators in its periodic reporting.



## H. Data sources and processing

**What are the data sources used to attain the sustainable investment objective of the financial product?**

The data sources used to attain the sustainable investment objective of the financial product are a combination of internal and external sources. Data that has been internally generated within the investee companies will be combined with external data sources collected by third party

consultants. The combination of such data will then be used to compute and derive the total amount of renewable energy generated and stored, and the total amount of capacity of generation and energy storage assets.

SARA will work alongside the investee company and the external consultant to ensure data quality by confirming that the data collected is accurate and robust.

The data is provided to the SARA team and external consultants, and thereby processed directly by those parties.

SARA does not generally estimate data, but may do so in certain circumstances in the absence of data availability.



## I. Limitations to methodologies and data

### What are the limitations to the methodologies and data sources?

Each sustainability indicator may only provide a limited point of view for each particular investment. SARA's assessment and consideration of sustainable investments extend beyond the narrow consideration of sustainability indicators, but instead considers the role that each investment plays in the broader energy transition in Australia and New Zealand. For example, there may be other factors along the value chain which are not captured within a particular indicator. In addition, SARA believes that investing in certain fossil fuels are critical in facilitating the increased penetration of renewable energy. Examples such as these are not readily captured by the sustainability indicators, but SARA believes that they remain critical to the energy transition in Australia and New Zealand. Thus, there are evident shortcomings in the methodologies as it pertains to SARA's objective of investing to support the energy transition.



## J. Due diligence

### What is the due diligence carried out on the underlying assets?

SARA's investment team assesses each investment, with the first gate being the positive and negative screens which dictate a predetermined set of companies that we will and will not invest in.

As part of our ESG due diligence, we will assess the likelihood and magnitude of associated ESG factors in the context of the potential investments, which will also guide our monitoring and mitigation action planning during ownership. ESG related opportunities and value creation drivers will also be considered. SARA will not invest where significant harm is evident and unlikely to be mitigated during ownership.

SARA will present its ESG due diligence findings to the Investment Committee. We use a three-stage Investment Committee process as part of any new investment. The Investment Committee is in constant communications with the investment team and kept informed of investment opportunities being pursued. The investment approval process broadly includes the following steps:

1. Initial Investment Committee: Approval to commit to preliminary due diligence is initially sought from the Investment Committee. This approval is required before the team commits significant amounts of time to evaluate an investment.
2. Formal Investment Committee: The next step is to seek approval to commit to confirmatory due diligence from the Investment Committee. This approval is required before the team commences formal due diligence and incurs material transaction costs.
3. Final Investment Committee: The final step is to seek approval to enter into a binding commitment from the Investment Committee. This step will occur once due diligence is completed, and the terms and conditions of the transaction have been materially negotiated.



### K. Engagement policies

**Is engagement part of the sustainable investment objective?**

Yes

No

**What are the engagement policies?**

Active participation in the management of portfolio companies is critical to SARA. The SARA team will also monitor and manage the factors associated with the relevant PAI indicators in its underlying investments. Where applicable, SARA will seek to implement initiatives and collect metrics from its portfolio companies. SARA actively and regularly engages with investee companies through purposeful dialogues, in addition to issues being routinely considered by the Board of directors. SARA will make full use of ownership rights by actively exercising its votes with investee companies, particularly on the areas of climate change, governance and harm avoidance. While SARA seeks to have a strong and competent executive team in place at the investee companies, SARA will typically have at least one Board seat within the company to oversee and monitor the activities and performance of the business which in turn will support the handling of any sustainability-related controversies should they arise.



### L. Attainment of the sustainable investment objective

**Has a specific index designated as a reference benchmark to meet the sustainable investment objective?**

Yes

No

### Where can more product-specific information be found?

**More product-specific information can be found in the periodic reports:**

The periodic report is not yet available. Once SARA has published the periodic report as part of its reporting obligations, the website disclosures will be updated in accordance to include the relevant link.