
Modern Slavery Report

For the period 1 July 2021 to 30 June 2022



MORRISON&CO

Utilities Trust of Australia

Modern Slavery Report

Financial year end 30 June 2022



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This is the modern slavery report made on behalf of Utilities Trust of Australia for the financial year ended 30 June 2022. It has been prepared pursuant to the requirements of the Australian Modern Slavery Act 2018.

This report was approved by the Board of Utilities of Australia Pty Ltd in its capacity as Trustee of Utilities Trust of Australia on 15 December 2022.

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Foreword

The Utilities of Australia (**UoA**) Board, as Trustee of the Utilities Trust of Australia (**UTA** or the **Fund**), believes that the respect of human rights is an integral part of society, and that modern slavery, exhibited in any form, should be globally eradicated.

We are pleased to publish our third report on modern slavery in relation to the activities undertaken by the companies in which Utilities Trust of Australia is invested.

Our 2022 statement builds upon our prior two disclosures and provides an overview of our approach to modern slavery and the progress made towards identifying and addressing modern slavery risks within our portfolio companies' supply chain during the reporting period.

The UoA Board (the **Board**) acknowledges the work of the United Nations and accepts its standards of achievement for all peoples and nations within the Universal Declaration of Human Rights (the **UN Declaration**). Based on the UN Declaration, we understand that infringements on human rights can occur in many forms and across many countries and industries.

In 2020, in its Position Statement on Human Rights and Modern Slavery, the Board set out its views on human rights and modern slavery and its commitments to ensuring that the risk of modern slavery occurring within UTA's supply chain is minimised.

The Board believes that action should be taken globally to eradicate modern slavery. We understand that Utilities Trust of Australia's investments may be exposed to the risk of human rights breaches and modern slavery, particularly if the procurement activities undertaken by portfolio companies are not managed appropriately, and we do not

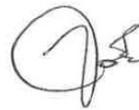
tolerate activities, including within portfolio companies, that prolong infringements on human rights and support modern forms of slavery.

Over the last 12 months, we have engaged with each of UTA's portfolio companies, supported by independent research-led insights, to understand the extent to which they are managing their risk of modern slavery in both their direct and indirect supply chains.

While there is some variation between each company's approach, it is pleasing to report that progress is being made since the first year of reporting as organisations mature in their approach, and we have incorporated our findings into this report.

UTA is managed by Morrison & Co Utilities Management (Australia) Pty Ltd (**Morrison & Co** or the **Manager**), a wholly-owned subsidiary of H.R.L. Morrison & Co Limited). Morrison & Co has established a human rights and modern slavery program which focuses on ensuring that the risk of human rights and modern slavery infringements within UTA's supply chain is minimised.

We are committed to understanding modern slavery risks that may arise within each of the industry sectors in which we participate, and Morrison & Co actively engages with UTA's investments to determine the extent to which appropriate steps are taken to mitigate these risks.



Andrew Cooke

Chairman, Utilities of Australia Pty Ltd

Introduction

This Modern Slavery Report (the **Report**) has been prepared pursuant to the Australian Modern Slavery Act 2018.

The Report describes the activities of UTA, its investment portfolio and its operations, and outlines:

- the approach to the identification of risks of modern slavery practices occurring within UTA’s operations and supply chains, and within its portfolio companies.
- The actions taken to assess and address these risks.
- The assessment of the effectiveness of actions to be taken to address modern slavery risk.

The Fund

UTA is an open-ended core infrastructure fund for institutional investors with a long-term investment horizon and a low to moderate appetite for risk.

UTA was established in 1994 and was one of Australia’s first infrastructure investment funds. The Fund has a diversified portfolio of nine high-quality assets in Australia and the United Kingdom, and a track record of delivering strong returns with low volatility over time. As at 30 June 2022, UTA had more than \$7.4 billion in assets under management and undrawn commitments.

UTA’s investments play many important roles in society, including supporting economic growth, enabling the decarbonisation of regional and national energy systems, providing resilience against acute shocks and chronic stresses, supporting local and global connectivity, and ensuring critical information security.

Portfolio

as at 30 June 2022

Portfolio companies and location

Australia Pacific Airports Corporation	Australia
Australian Registry Investments	Australia
ElectraNet	Australia
Perth Airport	Australia
Phoenix Natural Gas	UK
South East Water	UK
Sydney Desalination Plant	Australia
Transgrid	Australia

Corporate Governance

Utilities of Australia Pty Ltd (**UoA**), the Trustee of UTA, is a special purpose company with shares owned by all investors and Morrison & Co. The UoA Board (the **Board**) currently comprises eight directors.

The Board’s responsibilities are to ensure that the UTA Trustee complies with its duties as set out in the UTA Trust Deed and the UTA Trustee constitution. Its key responsibilities include acting in the best interests and protecting the risks of investors. The Board provides independent governance and, inter alia, oversight of the manager of UTA and of new investment decisions and related party transactions.

The Board meets frequently during the year and is provided with information on a timely basis to participate in an informed decision-making process. Committees have been established to further strengthen the Board’s rigorous governance. Presently, the Board has two sub-committees, the membership of which is comprised of subsets of the Board:

- Audit, Risk and Compliance Committee
- Environmental, Social and Governance Committee

The Board comprises six directors nominated by investors (or a class of investors), and up to three independent directors nominated by the Board. The Directors may change from time to time in accordance with the UoA constitution.

UTA’s governance structure is described in Figure 1.

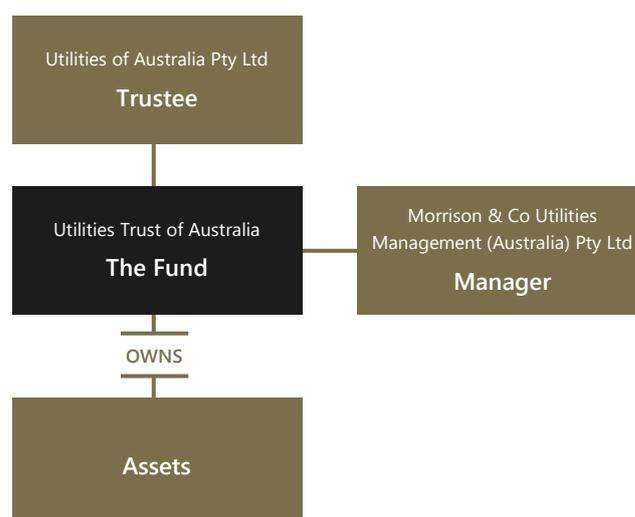


Figure 1: Utilities Trust of Australia governance structure

Supply Chain

The three key elements of UTA's supply chain are Morrison & Co; other directly engaged professional service providers; and its investments.

Management services: The day-to-day management of UTA has been delegated to Morrison & Co.

Other professional services: UTA engages specialists to provide professional services that include financial auditing, legal, accounting and taxation advice, and other such services. Professional services firms are generally categorised as low risk as they rely on a highly skilled professional workforce, however it is increasingly acknowledged that they may be exposed to modern slavery risk through their own supply chains.

Investments: UTA is a long-term owner of privately owned infrastructure entities (**portfolio companies**). UTA typically holds significant minority positions in each investment, and UTA's level of control and influence over the portfolio companies varies depending on the level of UTA's ownership of each business. The portfolio companies carry on business in a number of different sectors and geographies and are managed by their own boards of directors and management teams – UTA does not directly operate any of these businesses. Accordingly, UTA's activities with respect to the portfolio companies focus primarily on UTA's role and responsibilities as an owner of those businesses, and the varying level of control and influence which UTA has in each business. Each portfolio company has its own supply chain which is a mixture of outsourced and in-house operations, and each portfolio company oversees its own outsourcing or in-house activities.

Definitions

Modern Slavery: Describes situations where offenders use coercion, threats, or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, deceptive recruiting for labour or services, and child labour where children are subjected to slavery or similar practices. It does not include practices like substandard working conditions or underpayment of workers, however tolerance of less severe abuses can create the conditions that allow modern slavery to occur.

Manager: The management of UTA has been delegated to Morrison & Co Utilities Management (Australia) Pty Ltd, a wholly-owned subsidiary of Morrison & Co. Morrison & Co is a leading alternative asset manager with experience across infrastructure and property in both private and listed markets. Morrison & Co's service offering spans the full spectrum of alternatives investment management, including research, origination, due diligence, deal/trade execution, debt arranging and capital management, transition management, portfolio management and long-term active asset management and governance.

Reporting period: UTA's financial year is 1 July to 30 June.

Portfolio company/ies: A privately owned infrastructure entities in which UTA holds an ownership interest.

Tier: The level at which a supplier participates in an organisation's corporate supply chain. A tier 1 supplier is a direct supplier to UTA or a portfolio company. A tier 2 supplier provides goods or services to a tier 1 supplier, and so on.

Utilities of Australia Pty Ltd (UoA): UoA is the Trustee of Utilities Trust of Australia (UTA) and is a special purpose company with shares owned by all investors and Morrison & Co. The UTA Trustee Board currently comprises eight directors.

Utilities Trust of Australia (UTA): Utilities Trust of Australia is managed by Morrison & Co Utilities Management (Australia) Pty Ltd (ABN 66 624 308 809).

Modern Slavery Risk Management

The Board has defined its expectations for minimising modern slavery risk across the UTA portfolio. It expects that by delivering these expectations, the likelihood of modern slavery occurring within its supply chain will be minimised.

UoA's Human Rights & Modern Slavery Position Statement describes the commitments that UTA has made in relation to human rights and modern slavery. Commitments include:

- Understanding and monitoring the materiality of human rights and modern slavery risks within its portfolio, and considering these risks in the investment services that it provides;
- Optimising its corporate systems and processes to minimise the risk of UoA being complicit in human rights and modern slavery violations;
- Seeking to ensure that investee entities, where UTA has board representation, understand how they might be exposed to human rights and modern slavery violations, and the steps they can take to assess and mitigate these risks;
- Assisting investee entities in their reporting in accordance with legislation in the jurisdictions in which they operate, including the Australian Modern Slavery Act (2018), and the United Kingdom Modern Slavery Act (2015).

The Manager's sustainability specialists and investment professionals are responsible for understanding and, where

feasible, seeking the mitigation of environmental, social and governance risks associated with the operations of portfolio companies.

To further strengthen our commitment to minimising modern slavery risk, Morrison & Co employees underwent online modern slavery training in late 2021 to increase their understanding of modern slavery, and to raise their awareness of where modern slavery risks can arise in the operations and supply chains of portfolio companies.

In addition, the Morrison & Co ESG team have specific experience in developing and implementing modern slavery and supply chain due diligence programs from previous organisations.

Morrison & Co has requested that any occurrences of modern slavery identified by portfolio companies are reported to the board of directors of the relevant company and, in the absence of a UTA nominee director, that such occurrences are reported directly to Morrison & Co.

Modern Slavery Risk Mapping

The Board is committed to understanding the materiality of human rights and modern slavery risks within each of the sectors that UTA's portfolio companies operate in.

To inform UTA's modern slavery-related engagements with its supply chain, in 2020, Morrison & Co undertook a review of operational activities that occur within each industry sector in which UTA materially invests or interacts. The aim of the review was to identify the activities being undertaken that are believed to be most exposed to the potential occurrence of modern slavery. The results of the risk mapping process are described in Table 1.

Sector	Sector traits	Key risk areas
Professional services <ul style="list-style-type: none"> Morrison & Co (Manager) KPMG (Auditor) Other consultants 	Professional service sector participants such as companies that provide investment and asset management services are commonly office based. Contractors are engaged to provide facility management services such as cleaning. Suppliers include companies that provide IT equipment and office catering.	<ul style="list-style-type: none"> Office-related procurement (IT equipment and catering) Cleaning services
Airports <ul style="list-style-type: none"> Perth Airport Australia Pacific Airports Corporation 	Airports typically employ a relatively limited direct workforce but engage a multitude of contractors and subcontractors to undertake facility services. Further, there are many tenants on site that may employ their own contractors (aeronautical, retail and commercial). Major and minor construction works occur frequently on site. Directly engaged contractors are considered a key focus to alleviate any modern slavery risks from company-controlled operations, followed by tenants and their contractors associated with the airport.	<ul style="list-style-type: none"> Cleaning and maintenance Construction activities Human trafficking and detainment
Water Utilities <ul style="list-style-type: none"> South East Water Sydney Desalination Plant 	Organisations associated with the provision of water for public use are primarily office based with some infield operations required for maintenance, testing and engineering purposes. Contractors are often engaged for construction and design of major works and specialist engineering services are required across the network. Equipment may be sourced from countries with an increased risk of modern slavery occurrences.	<ul style="list-style-type: none"> Construction activities Equipment manufactured offshore Support services procured offshore e.g., IT helpdesk, HR & payroll
Energy Transmission & Distribution <ul style="list-style-type: none"> Transgrid ElectraNet Phoenix Natural Gas 	Organisations associated with electricity or natural gas distribution or transmission are primarily office based with many infield operations required for maintenance and engineering purposes. Contractors are often engaged for construction or major works and specialist engineering services are required across the network. Equipment may be sourced from countries with an increased risk of modern slavery occurrences.	<ul style="list-style-type: none"> Construction activities Equipment manufactured offshore Support services procured offshore e.g., IT helpdesk, HR & payroll
Data Infrastructure <ul style="list-style-type: none"> Australian Registry Investments 	Organisations operating within the data infrastructure sector are wholly office-based, with little to no contractors. Electronics, telecommunication equipment and furnishings used at the office site by staff may be sourced from countries with an increased risk of modern slavery occurrences.	<ul style="list-style-type: none"> Support services procured offshore e.g., data warehousing, customer call centres Telecommunications and IT equipment manufactured offshore Contracted facility services (i.e., cleaning and security)

Table 1: Results of modern slavery risk mapping investigation

This year, in order to further our understanding of modern slavery risks, Morrison & Co employed the use of an independent supplier risk assessment tool that provides insight into supply chains for the sectors in which UTA's portfolio companies operate. This platform allows an organisation to map its global supply chain risk up to ten tiers, across 190 countries and nearly 16,000 sectors. This information allows us to have more targeted engagement with UTA's portfolio companies, and in particular a more informed discussion on their supply chain beyond Tier 1.

The platform demonstrated that UTA, as well as its portfolio companies, all present as very low risk for modern slavery occurrences. This is predominantly due to the assets being located in Australia and the UK – jurisdictions with high standards of corporate governance – as well as the sectors each of the portfolio companies operate i.e., none of the asset operate in high risk sectors such as mining, electronics, agriculture, seafood and textiles. The risk assessment also determined that out of the ten tiers of suppliers mapped, tier 3 had the highest number of 'theoretical slaves', which emphasises the need to undertake due diligence on supply chain beyond direct suppliers.

The highest risk areas identified in UTA's direct supply chain align with the findings from Morrison & Co's own risk assessment undertaken in 2021.

Supply Chain Engagement

UTA is committed to ensuring that its suppliers and portfolio companies are adequately assessing and managing the risk of modern slavery occurrences and that each portfolio company is aware of its responsibilities associated with assessing and managing the risk of human rights and modern slavery within its operations and supply chain.

The actions taken by UTA and its Manager are outlined in Table 2. Each of the actions taken are informed by the modern slavery risk mapping process outlined above.

Morrison & Co's ongoing engagement with its portfolio companies on modern slavery confirms that each has programs in place to undertake supplier due diligence with a focus on the direct, and higher risk sectors.

In line with the requirements of the Act, there is clear evidence showing an improvement in the level of understanding, resourcing, maturity, and supplier due diligence when comparing the information provided by the portfolio entities the previous year, particularly for the Australian entities where the Modern Slavery Act is in its third year.

Supply chain databases or platforms are being utilised by four of the eight portfolio companies to identify modern slavery risks, with the others engaging legal or other consultants to provide modern slavery advice or a review of their approach to the management of modern slavery risk.

Where feasible (due to the impact of Covid-19), some portfolio companies have undertaken site inspections at facilities to gain further comfort that facilities and supply chain risks are being managed appropriately.

Stakeholder(s) Actions

Professional services	Morrison & Co periodically undertakes modern slavery reviews of its higher risk suppliers and service providers. In 2022, it used the supplier risk assessment platform Fair Supply to undertake a review of the suppliers within its corporate supply chain with an annual spend in excess of AUD\$50k. The risk assessment found that the supply chain for Morrison & Co's corporate operations presents very low risk of modern slavery occurrences. This is predominantly due to location of its offices (jurisdictions with high standards of governance), as well as the suppliers it engages with –predominantly professional services firms that have a lower risk of human rights breaches relative to other industry sectors. The highest risk supplier in Morrison & Co's corporate supply chain appears to be a telco provider to the firm. This is unsurprising given the products it provides and the relatively high-risk sector it operates within. Further detail on Morrison & Co's approach to human rights and modern slavery risk can be found in its 2022 Modern Slavery Report.
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Portfolio companies	Morrison & Co actively engages with UTA's portfolio companies throughout the year to determine the extent to which the risk of modern slavery in their supply chains is monitored, and to confirm that the key risks identified are being addressed. All of UTA's portfolio companies are required to submit their own Modern Slavery statement in either the UK or Australia and have their own systems and processes in place to achieve compliance with their respective Act.
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Table 2: Further actions taken by Morrison & Co on behalf of UTA

The data from the supplier risk platform has also assisted Morrison & Co by enabling an informed conversation with the portfolio companies in relation to indirect supply chain risks, where the risk of human exploitation is higher.

Despite the awareness of indirect supply chain risks, current efforts are still mostly focused on direct supply chain. This reflects the complexity of supply chain due diligence and the fact that portfolio companies remain focused on refining their engagement and due diligence strategies with their direct suppliers before proceeding beyond that.

Engagement with indirect supply chain will be a focus for future supply chain due diligence and a key requirement for future modern slavery statements.

Morrison & Co's engagement with UTA's portfolio will focus on this requirement and we will encourage the companies to map their extended supply chains and have a systematic approach to risk assessment, engagement and management.

Assessing the effectiveness of our approach

As Manager, Morrison & Co seeks to ensure a disciplined approach to the ongoing identification, monitoring and management of modern slavery risk to ensure the effectiveness of its actions. The use of independent databases has allowed us to enhance our understanding of the likelihood of modern slavery occurring within UTA's operations and portfolio companies up to ten tiers in to the supply chain.

To date, Morrison & Co has not identified any actual or potential cases of modern slavery within the UTA supply chain. However, as is typical of most large investment organisations with a global footprint, UTA's global supply chain (including its portfolio companies) is complex.

We acknowledge that the identification of modern slavery risk will require ongoing focus and attention. Regular engagement by Morrison & Co with each of the portfolio companies on their approach to modern slavery risk management will help ensure we identify potential red flags or incidents if they occur. Acknowledging that the risk of modern slavery is higher in the indirect supply chain, we will be encouraging UTA's portfolio companies to map their extended supply chains and develop a systematic approach to risk assessment, engagement and management.

In the event that an actual or potential incident of modern slavery is identified within UTA's supply chain, it would be treated in a similar manner to a material environmental or a health and safety incident: namely, key stakeholders would be notified, remedial measures implemented (subject to UTA's level of control) and the incident response tracked to closure. Any modern slavery incidents that are identified would be recorded in UTA's incident register. UoA has not formalised a remediation policy for modern slavery incidents at present.

The Board will also periodically review modern slavery risks within its operating sectors to ensure its assessment of risks remains current and will review the overall effectiveness of its approach to the management of modern slavery risk on an annual basis.

Key Contacts

Manager

Morrison & Co Utilities Management (Australia) Pty Ltd
(ABN 66 624 308 809)

An authorised representative (AFS Representative Number 001264664) of H.R.L. Morrison & Co Private Markets Pty Ltd, the holder of an Australian Financial Services Licence (Licence Number 340502).

Utilities Trust of Australia Trustee

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