

Section 172(1) statement

The Company is a separate legal entity and is overseen by a Board of Directors (“the Board”). This s172 disclosure describes how the Board has considered the following matters set out in s172 (a) to (f) of the Companies Act 2006:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Company.

The Board consolidated their understanding of their obligations under s172 of the Companies Act 2006 during the year, including attending a s172 training session facilitated by an external governance expert. As such, the Board is aware of its obligations under s172 and all Directors understand their obligations in this regard.

(a) The likely consequences of any decision in the long term

The Board is collectively responsible for managing the affairs of the Company to contribute to the achievement of the long-term success of its sole parent, acting in its capacity as trustee of the Fund. The Board's focus on making important decisions, monitoring investment performance and establishing ethical standards ultimately contributes to the prosperity of the Fund's superannuation and pension members.

The Board holds scheduled meetings at least three times per year, and additional meetings on an ad hoc basis when required by business needs. The Board met four times during the year and reviewed and updated its Terms of Reference in August 2023, taking into account the potential long-term impacts of their decisions on the Parent and the Company's other key stakeholders.

During the year, the Board's key decisions ensured the Company fulfilled its financial responsibilities and considered the impact of business performance; employees and their continued employment; investments to enhance working practices and systems; suppliers and partners and the broader supply chain; and its contractual obligations.

Independent non-executive Director Anna Troup was appointed to the Board during the year, bringing the number of Directors to three and providing additional experience and governance over decision-making.

Amongst other things, during the year the Board approved:

- The application of the Parent's Risk Management Strategy and Risk Appetite Statement to the Company;
- The implementation of a Compliance Monitoring Program in accordance with the Financial Conduct Authority's (“FCA's”) requirements. The program monitors the Company's business and facilitates and records compliance with its regulatory obligations, FCA rules and regulations, and internal policies and procedures;

- The Company's three-year plan which sets out the Company's strategy and focuses on continued growth of the Company, reflecting the global strategy of the Parent; and
- A Company dividend policy. While the policy is consistent with the financial interests of the Parent and members of the Fund, the Board retains full discretion as to the declaration and payment of dividends by the Company to the Parent (as sole shareholder).

(b) The interests of the Company's employees

At the end of the year, the Company had 121 employees, increasing from 78 at the beginning of the year. During the year, the Property and Infrastructure investments teams merged to create a single Real Assets investment team, while recruitment efforts focused on securing senior investment leaders and building out individual teams.

The Board is committed to engaging the Company's employees to help contribute to the future success of the Company, and continues to listen to employees and keep them informed in several ways, notably:

- A colleague survey as the major feedback channel for employees;
- The new Blended Work Policy, to which employees contributed, which confirms flexibility regarding hybrid working arrangements;
- Investment in employee training and development programs as well as annual performance reviews;
- A range of health and well-being programs and tools to assist employee wellbeing;
- An internal Workplace Health & Safety audit, with appropriate action taken on findings; and
- Continued development and optimisation of workspaces to meet new demands, including completion of a substantial expansion of the Company's offices.

(c) The need to foster the Company's business relationships with suppliers, customers and others

While the Company's stakeholder range is limited, consisting primarily of the employees, the Parent, and other suppliers of goods and services, the Board recognises the importance of these key stakeholder views and ensures their views are considered as part of the Company's strategic decision-making.

The Company's sole customer/client is the Parent, on behalf of the Fund. The Fund is a large entity in Australia that produces its own Annual Report which details how it engages with all its key stakeholders, including its members. Full details can be found in the AustralianSuper Annual Report which is publicly available from the registered office at Level 30, 130 Lonsdale Street, Melbourne, Victoria 3000, Australia, and here: australiansuper.com/about-us/governance-and-reporting.

The Parent is also the Company's key service provider, with the services provided by the Parent having been deemed material and subject to FCA requirement SYSC 8. A service level review of the material support services is conducted quarterly by the Company and reported to the Board at each Board meeting.

The aforementioned relationships with the Parent are covered by two agreements between the Company and the Parent:

1. Investment Services Agreement
 - Governs the investment services provided by the Company to the Parent.
2. Support Services Agreement
 - Governs the support services provided by and to the Parent and the Parent's various subsidiaries, including support services that the Parent provides the Company.

The Company has a limited supply chain of other suppliers, but nonetheless takes appropriate steps to foster relationships with those suppliers, including by adopting a rigorous procurement process that includes due diligence and risk analysis of potential suppliers, and a dedicated Vendor Relationship Manager who is responsible for managing key supplier relationships.

(d) The impact of the Company's operations on the community and the environment

The Fund believes companies with good Environmental, Social and Governance (ESG) management provide better long-term returns. The Fund considers a range of ESG issues but prioritises those which it believes are likely to have the greatest financial impact on members' investment returns. This can include risks, which can have a negative impact, and opportunities, which can have a positive impact.

The Company takes its corporate social responsibilities ("CSR") seriously, with CSR activities during the year including:

- Participating in a net zero campaign to actively reduce electricity use, resulting in a significant reduction in power consumption over the 10 week campaign period;
- Participating in the "Future Frontiers" program, a social mobility charity initiative to provide a programme of coaching and access to professional role models to young people aged 14-16; and
- Attending regular ESG forums run by the estate managers responsible for the Company's premises to share and encourage initiatives amongst tenants.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Parent has systems and processes in place that are appropriate to its circumstances, and which enable the organisation, including the Company, to pursue its purpose effectively and meet its obligations under the law. This includes the Company having dedicated, local Risk and Compliance, Governance and Legal teams. The Parent sets and oversees a global approach for relationships with regulators, which are administered and managed locally by the aforementioned teams.

The Company follows and maintains this governance framework so that all colleagues are supported to make good decisions and meet obligations under the law. This includes a risk and compliance framework that sets out the Company's business risks, obligations that stem from those risks, and controls that help to ensure compliance with those obligations.

(f) The need to act fairly as between members of the Company

The Company has only one member, being AustralianSuper Pty Ltd acting in its capacity as Trustee of the Fund (ie the Parent). While the Board oversees the operations of the Company and considers any recommendations of the Parent, the Directors, both individually and collectively at all times comply with their fiduciary duties to the Company, including their obligations under the Company's Articles of Association, the Companies Act 2006, the UK regulatory system and the Board's Terms of Reference. When considering the recommendations of the Parent, the Board also considers the need for the Company to comply with its own regulatory obligations.

The Board has acted in the way that they considered, in good faith, would be most likely to promote the Company's success for its member's benefit

Post balance sheet events

The Directors are not aware of any significant events since the balance sheet date.

This report was approved by the Board of Directors of AustralianSuper (UK) Ltd and signed on its behalf by:

Damian Moloney
Director

13 August 2024

Going concern

The Company provides services to its Parent, AustralianSuper Pty Ltd acting in its capacity as trustee of AustralianSuper and is wholly reliant on its contract with that business as its single customer.

The Parent, acting in its capacity as trustee of AustralianSuper, has provided the Company with a letter of support, stating that the Parent will provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. The financial support will include payment of investment services fees and other remuneration amounts to the Company in accordance with the Investment Services Agreement the Company has with its Parent.

The Directors have reviewed the nature of the business and considered the support available from the Parent in assessing going concern. The Directors consider it appropriate to adopt the going concern basis for preparing the financial statements.

Future developments

The Company will continue to provide investment management services to its Parent. As a part of the Parent's global expansion strategy, the Company will continue to develop the trading function, which will be supported by an investment operations team and in addition, will further expand its service offering to include portfolio managing activities.

Qualifying third party indemnity provisions

The Parent, AustralianSuper Pty Ltd acting in its capacity as trustee of AustralianSuper, has, on behalf of the Company, purchased and maintained through the year directors' and officers' liability insurance in respect of itself and its Directors.

No amount was paid under any of these indemnities or insurances during the year other than the applicable insurance premiums.

Directors' confirmations

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Please see Strategic report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors of AustralianSuper (UK) Ltd and signed on its behalf.

Damian Moloney
Director

13 August 2024