



**MAPLE-BROWN ABBOTT**  
INVESTMENT MANAGERS SINCE 1984

# Maple-Brown Abbott Global Listed Infrastructure Decarbonisation strategy

April 2022



## Contents

<b>Introduction</b> .....	<b>3</b>
Our commitment .....	4
Memberships and frameworks .....	4
<b>Our methodology</b> .....	<b>4</b>
Baseline year .....	5
Interim target .....	5
Scenario analysis .....	5
External factors .....	6
<b>Our action plan</b> .....	<b>7</b>
Preference for low carbon and transitioning companies .....	7
Exclusions .....	8
Active engagement .....	8
Engagement and proxy voting case studies .....	9
Proxy voting .....	10
Alignment and accountability .....	10
Monitoring and measurement .....	10
Ongoing disclosure and review .....	10
<b>Mapping our Net Zero Asset Manager Initiative commitments</b> .....	<b>11</b>
<b>Best endeavours</b> .....	<b>12</b>
<b>About us</b> .....	<b>13</b>

---

## Introduction

Approximately 95% of Maple-Brown Abbott Global Listed Infrastructure (GLI) strategy companies (by position weight) have some form of a net zero target in place.<sup>1</sup> It is clear the global listed infrastructure universe is quickly moving towards this net zero 'norm'. We expect the pace and scale of ambition to accelerate over the coming years.

Due to the risk of greenwashing and a lack of standardisation, we have been actively scrutinising net zero targets to ensure investee companies' actions match their rhetoric.

We see it as our fiduciary responsibility to consider the financial and non-financial issues which may impact the performance of our clients' assets. By setting our own net zero commitment and interim emissions target, we are formalising our existing approach to managing climate risks and opportunities, using best practice tools, and engaging with companies on decarbonisation and improving environmental outcomes. We believe this will also help deliver better investment outcomes for our clients.

## Our commitment

In October 2021, we took our commitment to helping global listed infrastructure support a low carbon world a step further by becoming a signatory to the [Net Zero Asset Managers Initiative \(NZAMI\)](#). In doing so, we have committed to aligning the GLI investment strategy with a pathway towards net zero greenhouse gas (GHG) emissions by 2050.

We have set a target of a 50% reduction in emissions intensity by 2030 relative to a 2020 baseline for all companies held in the GLI strategy.

Our interim emissions target:

- relates to all GHG emissions and not just carbon dioxide
- covers scope 1 and scope 2 GHG emissions<sup>2</sup>
- uses a weighted average carbon intensity (WACI) calculation in line with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD)<sup>3</sup>
- applies to all GLI investee companies.

## NET ZERO ASSET MANAGERS INITIATIVE



### About the Net Zero Asset Managers Initiative

The initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5 degrees Celsius.

As at 31 December 2021, the initiative is backed by 236 global investors managing over US\$57.5 trillion in assets representing more than 50% of total global assets under management.

The initiative is a member of the Race to Zero, an alliance of industry climate change initiatives that contribute towards the international monitoring of voluntary climate action through the UN-convened Climate Change Portal.

**RACE TO ZERO**

1 A representative Maple-Brown Abbott Global Listed Infrastructure fund has been used as a proxy. As at 31 March 2022. Net zero targets relate to either direct emissions, or a combination of direct and indirect emissions.

2 While we believe there is a strong and pressing imperative to manage scope 3 emissions, we do not feel that companies' reporting data, monitoring abilities and target setting of scope 3 emissions is currently sufficient for us to develop a target at the portfolio level. We expect this to change over the coming years as companies become more sophisticated in their reporting capabilities and they take a more comprehensive approach to managing their entire emissions value chain. Scope 3 emissions remains an active topic of discussion in our ESG company engagements.

3 The recommendations can be found [here](#).

## Memberships and frameworks

In addition to being a signatory of the NZAMI, we are also members of the CA100+ and active participants in the collaborative company engagements run by the initiative. As part of this, we are a supporter of the Task Force on Climate-Related Financial Disclosures and published our inaugural TCFD-aligned report in 2021.

At a broader level, Maple-Brown Abbott became a signatory to the Principles for Responsible Investment (PRI) in 2008. We are regularly assessed by external frameworks on our ESG approach and performance and maintain leading ratings across all assessments.<sup>4</sup>

Additional resources

- [Engagement and stewardship report 2020/2021](#)
- [Overview of our approach to engagement](#)
- [Global Listed Infrastructure TCFD Report 2021](#)



**Recognition**

The strength of our approach to ESG integration has received external recognition.

Awarded to the Maple-Brown Abbott Global Infrastructure Fund (UCITS). Produced by MSCI ESG Research as at 10 January 2022.

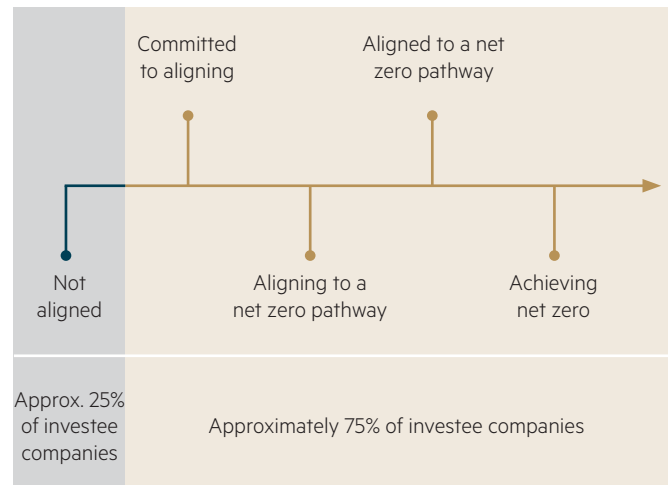
## Our methodology

We have actively researched and tested a range of methodologies to identify an achievable and evidence-based interim emissions target. Key to this analysis has been identifying a baseline year, how much emissions progress has been made by investee companies to date and how much is remaining in relation to their stated targets.

Ultimately, we have sought to establish an interim emissions target that:

- is achievable and backed by a clear methodology
- doesn't overly constrain the GLI investment universe and impinge on our stated investment objectives and is aligned with the long-term temperature goal of the Paris Agreement.

Consistent with the [Paris Aligned Investment Initiative's Net Zero Investment Framework](#), we have categorised companies on their level of alignment to a net zero emissions pathway.<sup>5</sup>



Signatory of:



A proud participant of:



It is worth noting that the Paris Agreement Investment Initiative's methodology is especially stringent. For example, the framework requires certain 'high impact' companies to have a long-term emissions reduction target for scope 3 emissions to qualify as 'achieving net zero'. Even if a company satisfies five of the six criteria, they cannot be classified under the framework as 'achieving net zero'.

According to our analysis as at 31 March 2022, a large portion of investee companies are extremely close to crossing this threshold but lag on one indicator. We plan to use this framework as a means of researching and engaging with companies on the strength of their decarbonisation strategies.

By 2030, we expect all GLI portfolio companies to be either 'aligned' or 'achieving' net zero or subject of focused engagement.

4 In our most recent PRI assessment (in 2020) we were awarded A+, the highest possible rating, for our ESG Strategy and Governance. We were also awarded an A rating for each of our ESG Incorporation and Active Ownership practices. For full details please refer to our most recent [PRI Assessment Report](#) and [Transparency Report](#).

5 A representative Maple-Brown Abbott Global Listed Infrastructure fund has been used as a proxy. Percentages have been calculated according to position weights as at 31 March 2022.

## Baseline year

We believe credible emission reduction targets should be informed by the latest science and have devised our baseline year in accordance with the guidance of the Science-Based Targets Initiative (SBTi). The SBTi recommends using the most recent calendar year with sufficient data available as the baseline year. Given we committed to the Net Zero Asset Managers Initiative (NZAMI) in 2021, we have chosen a baseline year of 2020 in line with SBTi's guidance.<sup>6</sup>

## Interim target

Our interim target is a 50% reduction in the portfolio's weighted average carbon intensity (WACI) by 2030, relative to 2020 levels. This is consistent with a fair share of the 50% global reduction in emissions identified by the [IPCC Special Report on Global Warming of 1.5°C](#) to limit the catastrophic effects of climate change.

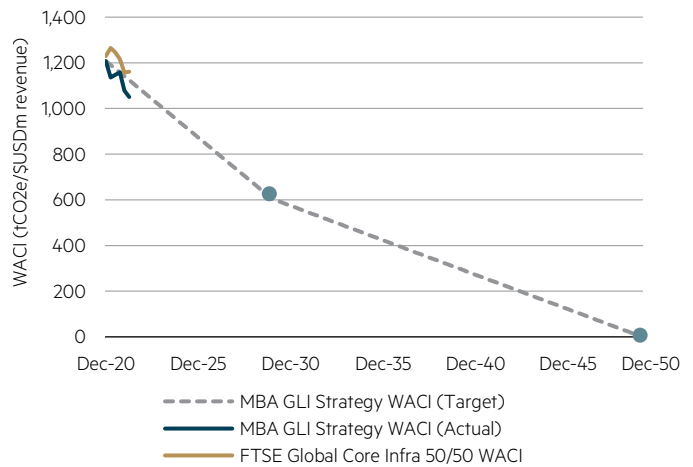
This target was developed through a thorough evaluation of investee companies' emission targets, progress achieved to date and the likelihood of achievement. To inform our analysis, we developed a proprietary GHG Emissions Questionnaire that was distributed to all investee companies. The questionnaire sought to dissect all aspects of companies' interim and long-term emission targets – which are not always disclosed publicly or consistently – to ultimately assess the quality of each target and identify any deficiencies that warrant further engagement.

Using the data collected, we projected each company's emissions out to 2030 based on the assumption that companies with interim emission targets achieve those targets, and companies without interim targets keep current emission intensity levels steady through to 2030. Using these estimates in conjunction with GLI proprietary company revenue forecasts, we arrived at the portfolio's expected WACI in 2030, which implies a 50% WACI reduction by 2030.

Our research suggests global decarbonisation commitments are quickly gaining momentum and several investee companies are not only on track to achieve their targets but we believe are likely to meet them in advance. We continue to observe companies increasing the ambition of their emission reduction targets. For example, one US electric utility stated in their GHG questionnaire response that they anticipate "achieving [their] interim emission rate goal five years earlier than expected". Equally, another regulated US electric utility has increased its emission goals three years in a row and is now targeting an 80% reduction in emissions by 2030.

**Figure 1 – Weighted average carbon intensity (WACI) USD**

A directional pathway for the GLI strategy.



Source: Proprietary analysis using investee companies' emissions reduction progress and emissions reduction targets reported to the GLI team in response to the GHG Emissions Questionnaire, which was issued to companies in October 2021. This chart is not a forecast. A representative Maple-Brown Abbott Global Listed Infrastructure fund has been used as a proxy. As at 31 March 2022.

## Scenario analysis

To ensure our interim target is achievable across a range of scenarios, we considered a 'worst-case scenario' to gauge how this would influence our ability to execute on our interim target. Electric and multi-utilities comprise the majority of the emission intensity of the GLI strategy today. In saying this, these companies are enabling the energy transition by retiring fossil fuel plants, developing renewable assets and investing in the grid to support renewable energy integration.

We considered two main scenarios at opposite ends of the spectrum. The first involved creating a hypothetical portfolio where we significantly increased the position size of our most emission-intense holding,<sup>7</sup> and the second involved completely removing this stock from the portfolio. The results of our scenario analysis solidified our confidence that a 50% interim emission target is achievable.

As Figure 2 illustrates, the GLI strategy's WACI is meaningfully below the WACI of the FTSE 50/50 Global Core Listed Infrastructure Index and the GLI Focus List.<sup>8</sup> While the WACI is one useful metric to measure carbon risk, it only provides a point-in-time snapshot as opposed to forward-looking analysis or insights on the rate of change and should be considered alongside a host of other factors.

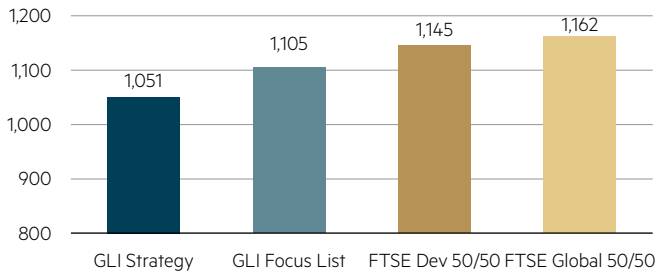
<sup>6</sup> Specifically, the baseline year relates to portfolio composition and underlying emission intensity data as at 31 December 2020. Due to a lag in emission reporting, underlying emission data relates to the 2019-2020 reporting period. It is worth noting that by using this reporting period data, any transitory impacts to company emissions related to the COVID-19 pandemic have been avoided.

<sup>7</sup> As at the time of analysis, which relates to FY2020 emissions and revenue data.

<sup>8</sup> Source: ISS DataDesk. A representative Maple-Brown Abbott Global Listed Infrastructure fund has been used as a proxy. In USD terms. The Focus List is a proprietary list of infrastructure stocks considered by the investment team as providing the strongest combination of inflation protection and low volatility.

**Figure 2 – Weighted average carbon intensity (WACI) USD**

Scope 1 and 2 emissions



Source: Data as at 31 March 2022. 'GLI Strategy' refers to a representative MBA Global Listed Infrastructure fund. Proprietary analysis using ISS Datadesk data. The WACI (tCO<sub>2</sub>e/\$m Sales) is achieved by calculating the carbon intensity (Scope 1 + 2 GHG Emissions/\$m Sales) for each company held and calculating the weighted average by portfolio or index weight. The Focus List is a proprietary list of infrastructure stocks considered by the investment team as providing the strongest combination of inflation protection and low volatility.

- a spike in the levelised cost of energy (LCOE) for low and zero carbon energy sources encourages companies to switch to coal generation, thus causing a short-term spike in emissions
- the pace of electrification outstrips the speed of the necessary infrastructure development to facilitate an increase in load
- construction delays to key projects such as renewable assets, transmission lines, energy storage and the like stall grid development and slow decarbonisation momentum
- the physical risks of climate change, namely more frequent and intense weather events, damage essential low to zero carbon infrastructure, therefore requiring a temporary switch to higher carbon generation sources to compensate for lost load.

There are many factors. Overall, we believe the urgency of decarbonisation is well understood by all market participants and increasing regulation and evolving market signals continue to support the pace of the energy transition.

## External factors

Although we have set an interim target we believe is realistic, achievable and aligned to a 1.5°C pathway, it is worth highlighting the inherent and extrinsic factors that could hinder our ability to meet our target. For example, if we were to identify attractive investment opportunities in a higher emission-intense sector such as electric utilities and fund this through a reduction in the strategy's exposure to a lower carbon sector such as communications infrastructure, the net outcome would be an increase in the WACI. In simpler terms, the WACI penalises companies that are currently emissions intense and does not account for the transition potential of these companies. This is a clear drawback of the WACI approach.

A second factor that could impinge on our ability to achieve the interim target is if companies fail to execute on their individual interim emission targets. This would be particularly meaningful in the case of electric and multi-utilities, which account for the majority of the portfolio's emission intensity at this point in time. While we believe this is a relatively immaterial risk due to the heavy regulation of the sector and intense scrutiny from stakeholders, we will closely monitor the emission progress of all investee companies and engage with companies that fail to show adequate progress and/or deviate away from their target trajectories. Indeed, our proxy voting strategy for 2022 is designed to account for potential laggards.

Examples of other extrinsic factors that could hinder our ability to meet our interim target are where:

- countries and jurisdictions lengthen the lives of fossil fuel plants to reduce reliance on energy imports and improve energy security
- macroeconomic events, such as war, scupper companies' ability to meet their emission targets

### What about scope 3 emissions?

Reducing Scope 1 and 2 emissions – those under the direct ownership and operational control of a company – is usually the first step in a company's emissions reduction strategy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the company, including both upstream and downstream emissions. Scope 3 emissions can be the largest source of a company's emissions. This is particularly true in the case of communications, transportation, gas utility and midstream pipeline infrastructure companies. On the other hand, companies that own and purchase electricity generation – such as electric utilities – typically have larger scope 1 and 2 emissions than scope 3 emissions.

Despite being an integral part of the push to decarbonise, scope 3 emissions are often poorly and inconsistently reported by companies. This means they are typically omitted from companies' emissions targets. For this reason, scope 3 emissions are not included in the GLI interim emissions target. We plan to continually review this position as reporting and data quality improves over time.

Aside from better environmental outcomes, we believe scope 3 emissions monitoring and reporting enables companies to identify the greatest GHG reduction opportunities across their entire corporate value chain and make more sustainable decisions about their company's activities and the products they buy, sell and produce. This remains a topic we routinely research and engage with companies on.

## Our action plan

We expect companies to provide a clear plan on how they intend to deliver on their emissions targets, and we apply these same standards to ourselves.

From a stock selection perspective, we are targeting low carbon and transitioning companies that are set to capitalise on – and benefit from – the energy transition thematic. Furthermore, due to the potential for stranded asset risk, we will avoid investing in companies directing capital expenditure towards greenfield coal-fired power generation. From a stewardship perspective, we are undertaking active company engagement with companies we consider to be lagging behind and/or at risk of greenwashing while casting proxy votes to support these objectives.

We expect these tools to be enhanced and refined over time.



### Preference for low carbon and transitioning companies

To facilitate our emissions reduction commitment, we actively prefer companies with low carbon business models and/or transitioning and decarbonising business strategies in the stock selection process. This allows us to minimise climate risk, access low carbon opportunities and help mitigate negative environmental impacts.

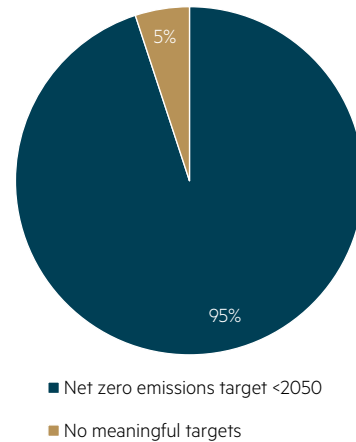
For example, [we have written extensively](#) on the opportunities we are seeing among North American regulated utilities owing to the energy transition. We have also undertaken [TCFD-aligned scenario analysis](#) on investee companies to identify risks and opportunities associated with the energy transition.

As Figure 3 illustrates, approximately 95% of investee companies (by position weight) have a net zero target to be achieved before or by 2050.<sup>9</sup> This equates to 27 out of 30 (or 90%) of investee companies. The major shift in investee companies with net zero targets reflects the immense opportunities to be found in the GLI investment universe and our targeted approach to capitalising on the energy transition thematic.

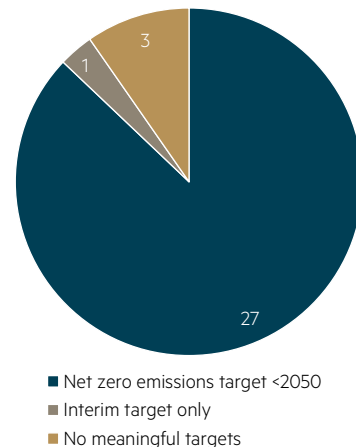
It is worth noting that most companies without a meaningful target in place (5% by position weight) are relatively low emitters and/or lower risk from a climate risk perspective, such as communications infrastructure providers. Nevertheless, these companies are the subject of focused engagement activity.

**Figure 3 – Net zero emissions targets in the GLI strategy<sup>10</sup>**

Portfolio stocks (by weight)  
31 March 2022



Portfolio stocks



While the trend to set net zero targets is a welcome development, we also take companies' announcements with a healthy level of scepticism owing to the rising risk of greenwashing. Aside from contributing to sub-par environmental outcomes, any disconnect between statement and intent is a risk in itself. For us, it is important to gauge the materiality of emissions reduction targets because they can mean different things and range from inconsequential to highly ambitious. For more detail on how we assess the quality of these targets, see our [Global Listed Infrastructure TCFD Report](#).

<sup>9</sup> A representative Maple-Brown Abbott Global Listed Infrastructure fund has been used as a proxy. Analysis based on desktop and broker research. The type and ambitiousness of net zero targets varies across companies and industries. "No meaningful targets" refers to companies that do not have medium and long-term targets aligned with the goals of the Paris Agreement. Companies with no meaningful targets and those with low quality net zero targets are the subject of focused engagement activity.

<sup>10</sup> As above



## Exclusions

Due to the pace of the energy transition, stranded asset risk and the negative impacts to the environment, we will not invest in companies actively investing capital expenditure in greenfield thermal coal fired-power generation plants. Equally, due to the nature of our investable universe, we do not invest in companies that derive most of their revenue from fossil fuel extraction and production.

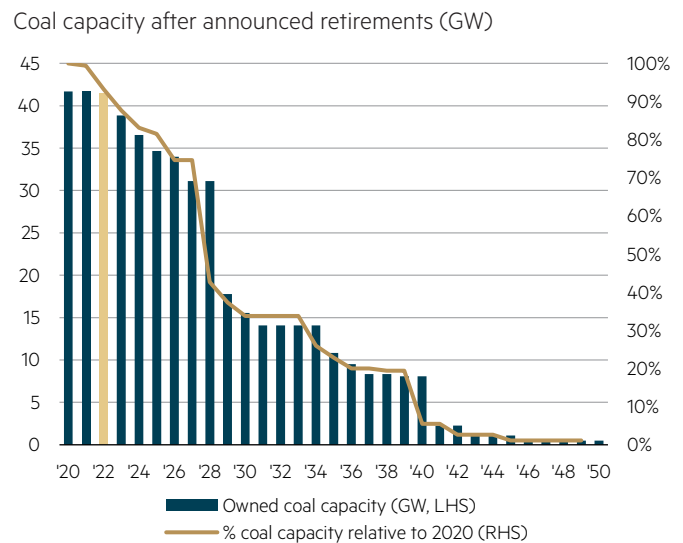
### Coal-fired power plant retirements

Our positions in electric and multi-utilities are the largest contributor to the GLI portfolio's scope 1 and scope 2 emissions due to their exposures to coal-fired power generation. As our [climate change scenario analysis](#) shows, the transition to a 1.5 to 2°C world presents significant opportunities for electric and multi-utilities as they transition electricity generation from fossil fuels to renewables and invest in the grid to support new load and greater complexity. The opportunities to be found through electric and multi-utilities is a topic [we have written about in recent years](#). As at 31 March 2022, the GLI strategy's look-through exposure to coal-fired power generation was 2.1%, with the vast majority of this exposure coming from North American regulated utilities.<sup>11</sup>

As Figure 4 shows, using 2020 as a baseline in the case of the strategy's holdings in North American regulated utilities, approximately 50% of coal-fired power capacity will be retired by 2028, ~70% by 2030, and ~90% by 2040. Almost all coal capacity for these companies will be completely retired by 2050. We continue to see the acceleration of companies' decommissioning plans, and so in practice we expect the phasing out of coal-fired power generation to be much quicker than the currently announced plans.

We undertake targeted engagements with electric and multi-utilities on their emissions reduction efforts and expect them to have at a minimum: (1) an emissions reduction target aligned with the long-term temperature goal of the Paris Agreement along with an interim target backed by a detailed implementation plan, (2) a strategy to manage fugitive methane emissions (where applicable), (3) measures to improve energy efficiencies through customer-led initiatives and (4) a coal-fired power decommissioning timeline with the majority of retirements by 2035.

**Figure 4 – Coal retirements through to 2050**



Source: Data as at 31 March 2022. A representative Maple-Brown Abbott Global Listed Infrastructure fund has been used as a proxy. Reflects our direct exposure to coal, derived from coal-fired generation owned by electric utilities. The portfolio's percentage coal exposure is the sum of each company's look-through coal generation exposure. Depending on data availability, we have calculated look-through exposures as the percentage of a company's rate base tied to coal generation. In some instances where this data was not available, we have used net plant or capex as a proxy for rate base. Analysis based on desktop research.



## Active engagement

Company engagement is one of the most powerful tools we can use to drive better ESG practices and more sustainable outcomes. We aim to hold dedicated ESG engagements with at least 40% of investee companies (by position weight) every year.

Over the 12 months ending 30 June 2021, we held 28 dedicated ESG company engagements and met with approximately 75% of portfolio companies (by position weight).<sup>12</sup> Our [2020/2021 Engagement & Stewardship Report](#) highlights examples of our company engagements on the topic of climate change risk and decarbonisation.

### Collaborative engagements

To further augment our engagement efforts, we are a member of the CA100+ and benefit from the resources, tools and collaborative opportunities this initiative offers. The GLI team is an active member of the Enbridge engagement working group and has made some meaningful contributions on the topics of emissions target setting, variable remuneration aligned to emissions reduction objectives, fugitive emissions management and political expenditure transparency in relation to climate change.

<sup>11</sup> Analysis based on desktop research. As at 31 December 2021. Reflects our direct exposure to coal, derived from coal-fired generation owned by electric utilities. The portfolio's percentage coal exposure is the sum of each company's look-through coal generation exposure. Depending on data availability, we have calculated look-through exposures as the percentage of a company's rate base tied to coal generation. In some instances where this data was not available, we have used net plant or capex as a proxy for rate base.

<sup>12</sup> A representative Maple-Brown Abbott Global Listed Infrastructure fund has been used as a proxy.



## Engagement and proxy voting case studies

### Getlink



In 2021, we engaged with Getlink on its approach to climate change, emissions management and ESG reporting. By holding a position in the stock for a number of years, we have established a strong working relationship with the company and have previously engaged with them on matters such as Brexit and corporate governance.

As part of our engagement efforts, we undertook various 1:1 meetings with C-suite representatives and Board members, produced a presentation containing specific recommendations and summarised our position through formal letters.

Over the course of 2021 and 2022, we were pleased to see material outcomes from our engagement efforts. Among a raft of measures, Getlink made a commitment to produce TCFD-aligned reporting, establish an interim emissions target with SBTi accreditation and establish a goal to work towards carbon neutrality by 2050.

We are pleased with the company's responsiveness. Aside from contributing to better environmental outcomes, we believe that these actions help strengthen the company's position in the market as a low carbon transport solution, relative to short haul flying and ferries.

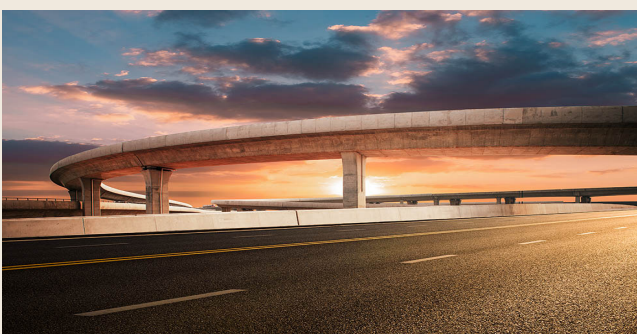
### Sempra Energy



In 2021, we supported a shareholder resolution seeking greater disclosure from Sempra Energy on how its trade association memberships align with the goals of the Paris Agreement. This vote amounted to a vote AGAINST company management.

Although the vote did not pass at 38%, the company took note of the resolution and has sought to improve its reporting disclosures on political expenditures. We met with the company in early 2022 to receive an update on these efforts.

### Ferrovial



In 2021, we voted in favour of Ferrovial's proposed GHG emissions reduction plan, climate change strategy and changes to its remuneration policy. This vote amounted to a vote FOR company management.

Under the revised policy, the CEO's long-term variable remuneration included a minimum 30% weighting to ESG, with one of the objectives being the implementation of Ferrovial's 2030 'CO2 Plan' and the execution of the company's strategy to become carbon neutral by 2050.

## Our approach to engagement

Where a company is non-responsive, we may escalate the issue to the Board, consider collaborating with other investors, or use proxy votes to help bring about a specific outcome. We may also reduce our portfolio position or divest, though doing so would be weighed up alongside several other investment factors. We strongly believe in active ownership as a means of mitigating ESG-related risks and supporting long-term sustainable outcomes. Further detail can be found in [‘Our approach to ESG engagement’](#).



### Proxy voting

We use shareholder rights to influence outcomes on areas such as climate change-related disclosures, emissions reporting and emissions reduction targets. As detailed in the Maple-Brown Abbott Proxy Voting policy, votes are cast on all proxy resolutions at shareholder meetings for shares that are directly held on behalf of clients. Reporting on proxy voting decisions and outcomes is published annually. Our 2020/21 Engagement and Stewardship Report details some of our proxy voting decisions and rationale.



### Alignment and accountability

The Maple-Brown Abbott Global Listed Infrastructure business is majority owned by the GLI founding Principals and staff. This ownership structure allows for strong alignment between our interests with those of our investors and our fiduciary duty to manage climate-related financial risks and opportunities.

In addition to this, each GLI analyst is assigned a key performance indicator, linked to short-term variable remuneration, measuring the implementation and integration of ESG factors in the investment process. The GLI analysts are measured on their identification of ESG risks and opportunities within current and potential investments, the quality of research and valuation adjustments made, climate scenario analysis and the quality of engagement initiatives with companies. The [Maple-Brown Abbott Climate Change Policy](#) also provides high level guiding principles that we implement in strategy-specific ways.



### Monitoring and measurement

By making this commitment, we have implemented a range of process enhancements to support our monitoring and oversight efforts. For instance, we plan to send our GHG Emissions Questionnaire to all companies we are considering to include in the portfolio to help us assess their emissions reduction progress, reporting and targets. We have also formalised portfolio and index emissions oversight as a standing item in Investment Committee meetings alongside more regular reporting to the GLI Board.



### Ongoing disclosure and review

As part of our commitment to the NZAMI, we plan to report on our emissions reduction efforts and outcomes every year through an annual climate change report on our website and through the initiative’s progress report. This report will provide an update on the GLI strategy’s emissions and summarise progress made by investee companies on their decarbonisation strategy, any hurdles encountered and how we intend to tackle these, along with engagement efforts and proxy voting decisions. We will also review our interim emissions target at least every five years to ensure it remains relevant, ambitious and feasible.

## Mapping our Net Zero Asset Manager Initiative commitments

We have mapped out our response and progress against the various Net Zero Asset Managers Initiative commitments.

Commitment	Our response
Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management ('AUM')	We are committed to working with asset owners, specifically our clients, to support their decarbonisation goals. We aim to provide an investment solution focused on core infrastructure companies that offer strong inflation protection and stable cashflow characteristics and a decarbonisation strategy aligned with the long-term temperature goal of the Paris Agreement. The entire GLI strategy is subject to our NZAMI commitment.
Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.	The GLI strategy has an interim GHG emissions intensity reduction target of 50% by 2030.
Review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included.	Our interim target will be routinely reviewed (at least every five years) to ensure it remains relevant, ambitious and feasible.
<b>For assets committed to be managed in line with the attainment of net zero emissions by 2050 or sooner (under commitment b), the organisation will:</b>	
Set interim targets for 2030, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C.	The GLI strategy has an interim GHG emissions intensity reduction target of 50% by 2030.
Take account of portfolio scope 1 and 2 emissions and, to the extent possible, material portfolio scope 3 emissions.	Our interim emissions target covers scope 1 and 2 emissions. We hope to develop a target for scope 3 emissions over time. This is dependent on robust, reliable and consistent scope 3 reporting and targets from companies themselves.
Prioritise the achievement of real economy emissions reductions within the sectors and companies in which we invest.	Due to the nature of our investment universe, infrastructure companies – particularly those in the utilities and energy sectors – are well-positioned to deliver real economic emissions reductions through the displacement of fossil fuels with renewable energy generation, battery storage solutions and low to zero carbon solutions. We believe, at this point in time, there is very little reliance on offsetting measures among GLI investee companies.
If using offsets, invest in long-term carbon removal, where there are no technologically and/or financially viable alternatives to eliminate emissions.	We believe that <a href="#">emissions should be managed down to an absolute minimum</a> . Companies should only use offsets in instances where there is no economically viable, industrial scale solution to an emitting activity. The GLI strategy itself does not use any carbon offsets.
As required, create investment products aligned with net zero emissions by 2050 and facilitate increased investment in climate solutions.	This is acknowledged. We work closely with clients to create tailored ESG and sustainability-focused solutions to complement their investment needs and philosophy.
<b>Across all assets under management:</b>	
Provide asset owner clients with information and analytics on net zero investing and climate risk and opportunity.	We will report annually to asset owner clients and stakeholders on our climate change strategy and emissions reduction progress. This will also be complemented by our annual <a href="#">Engagement and Stewardship Report</a> . We plan to update our <a href="#">TCFD scenario analysis</a> over time in line with updated climate change models.

Commitment	Our response
<p>Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner.</p>	<p>As stated, we produce an annual <a href="#">Engagement and Stewardship Report</a> detailing our one-on-one and collaborative engagement efforts and proxy voting decisions. An overview of our approach to engagement is <a href="#">available on our website</a>.</p>
<p>Engage with actors key to the investment system including credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that products and services available to investors are consistent with the aim of achieving global net zero emissions by 2050 or sooner.</p>	<p>As one of Australia’s first boutique investment managers, Maple-Brown Abbott works with an extensive network of data and service providers, consultants, research brokers and industry bodies. We have a long-standing commitment to ESG and sustainability and endeavour to promote this through the appropriate channels.</p>
<p>Ensure any relevant direct and indirect policy advocacy we undertake is supportive of achieving global net zero emissions by 2050 or sooner.</p>	<p>The majority of our policy advocacy is undertaken via collaborative initiatives run by reputable industry and ESG bodies, such as the PRI, RIAA and the CA100+. We will join advocacy activities where we see material ESG-related risks and/or underappreciated opportunities, particularly in relation to climate change action. For example, in 2021, we signed the <a href="#">Global Investor Statement to Governments on the Climate Crisis</a>, which was managed and led by the PRI.</p>
<p>Publish TCFD disclosures, including a climate action plan, annually, and submit them to the Investor Agenda via its partner organisations for review to ensure the approach applied is based on a robust methodology, consistent with the UN Race to Zero criteria, and action is being taken in line with the commitments made here.</p>	<p>We published our inaugural <a href="#">TCFD-aligned report</a> in December 2021. This report details our stock-specific climate change scenario analysis using a range of IEA models including the 2021 Net Zero by 2050 Scenario. We plan to update this over time in line with updated climate change models.</p>

## Best endeavours

The Net Zero Asset Manager Initiative acknowledges that the scope for asset managers to invest for net zero and to meet the commitments outlined above depends on the mandates agreed with clients and the fund manager’s regulatory environments. These commitments are made in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions, and in the context of our legal duties to clients and unless otherwise prohibited by applicable law. Where our ability to align our approach to investment with the goal of net zero emissions by 2050 is, today, constrained, we commit to embark with determination and ambition on a journey, and to challenge and seek to overcome the constraints we face.

## About us

As one of Australia's first boutique investment managers, Maple-Brown Abbott Limited (MBA) has evolved into a business focusing on managing Australian equity, Asian equity, global listed infrastructure, global emerging markets and multi-asset strategies. Operating for nearly 40 years, we manage investment portfolios for institutional, high net-worth and retail clients in Australia. We also have clients across the world including in North America, Europe and Asia. We are privately owned with around 60 staff in Sydney and over A\$10 billion in assets under management as at 31 March 2022.

The MBA Global Listed Infrastructure business was established in 2012 in conjunction with Maple-Brown Abbott Limited and is majority owned by the MBA Global Listed Infrastructure (GLI) founding Principals and staff. The GLI team has extensive infrastructure and asset management experience, with the founding Principals working together for a number of years prior to MBA. Today, the GLI team comprises three principals, two investment analysts, a dedicated ESG analyst, a senior research associate, a research associate and an associate.

The team manages approximately A\$5 billion on behalf of clients across North America, Europe, the Middle East and Asia Pacific regions. The MBA Global Listed Infrastructure strategy invests in listed infrastructure equities with a focus on sustainability and environmental, social and governance (ESG) factors. The strategy invests in companies that provide essential services to society and typically have a market capitalisation greater than US\$500 million.

We see it as our fiduciary responsibility to consider the financial and non-financial issues which may impact the performance of our clients' assets. We actively engage with companies and use proxy voting decisions to help drive more sustainable long-term outcomes for investors. In doing so, we assess a company's environmental, social and governance (ESG) risks and opportunities as part of our detailed industry and company research at each step of the investment process.

### Disclaimer

This material was prepared by Maple-Brown Abbott Ltd ABN 73 001 208 564, Australian Financial Service Licence No. 237296 (MBA). MBA is registered as an investment advisor with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940. It is directed at persons who are professional, sophisticated or wholesale clients and has not been prepared for and is not intended for persons who are retail clients and must not be reproduced or transmitted in any form without the prior written consent of MBA. This material does not constitute investment advice or an investment recommendation of any kind and should not be relied upon as such. This material contains general information only and it does not have regard to any investor's investment objectives, financial situation or needs. Before making any investment decision, you should seek independent investment, legal, tax, accounting or other professional advice as appropriate. This material does not constitute an offer or solicitation by anyone in any jurisdiction.

This material is not an advertisement and is not directed at any person in any jurisdiction where the publication or availability of the information is prohibited or restricted by law. Past performance is not a reliable indicator of future performance. Any comments about investments are not a recommendation to buy, sell or hold. Any views expressed on individual stocks or other investments, or any forecasts or estimates, are point in time views of the authors as at the date of publication and are subject to change without notice. Such views and opinions may not necessarily represent those expressed or reflected in other MBA communications, strategies or funds. Information derived from sources is believed to be accurate, however such information has not been independently verified and may be subject to assumptions and qualifications compiled by the relevant source and this material does not purport to provide a complete description of all or any such assumptions and qualifications. To the extent permitted by law, neither MBA, nor any of its related parties, directors or employees, make any representation or warranty as to the accuracy, completeness, reasonableness or reliability of the information contained herein, or accept liability or responsibility for any losses, whether direct, indirect or consequential, relating to, or arising from, the use or reliance on any part of this material. This information is current as at the date of publication and is subject to change at any time without notice.

### MSCI ESG

MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics products (the "Information") provide environmental, social and governance data with respect to underlying securities within more than 23,000 multi-asset class Mutual Funds and ETFs globally. MSCI ESG is a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted to, nor received approval from, the US SEC or any other regulatory body. None of the Information constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.