



MAPLE-BROWN ABBOTT
INVESTMENT MANAGERS SINCE 1984

Maple-Brown Abbott Global Listed Infrastructure

Our approach to ESG engagement

2021



Our approach to ESG engagement

On the Maple-Brown Abbott Global Listed Infrastructure (GLI) team, 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. We believe that ESG issues have the potential to affect the business outcomes of the GLI strategy investment companies.

As a long-standing signatory to the Principles for Responsible Investment (PRI), we seek to align our engagement and proxy voting approach to six pillars of the PRI. Changing investor demands, intensifying stakeholder expectations, new laws and regulations and the visible effects of ESG issues, such as climate change, are all reasons why we see an ever-increasing need to be active stewards.

We approach our company engagements on a case-by-case basis using well-defined and streamlined processes and strategies. We are guided by factors such as inherent industry risks, countries of operations, reported controversies, business strategy, depth of supply chain, emissions intensity and strength of management and governance. We undertake comprehensive desktop research on the company and review this in light of the investment analysts' knowledge of the stock. Before a meeting with the company, the team discusses the research and any questions and themes that arise.

We minute all engagements and share the notes with the team alongside a summary of the key takeaways exploring questions such as:

- What was the level of receptiveness?
- Where is the company falling behind?
- Are there major concerns and/or notable strengths?
- How does this inform our views on the company?
- What is the go-forward path for engagement?

Before the COVID-19 pandemic, we typically engaged with companies face to face. Over the 2020/21 period, we held more virtual meetings, which have provided significant levels of corporate access and flexibility. We expect to continue holding face-to-face meetings when COVID-19 travel restrictions ease, with more of a balance of virtual meetings to improve efficiencies.

Our engagement process



Styles of engagement

The GLI team employs four general styles of engagement:



Initial scoping

- Where we have not yet engaged on ESG, for example, with a company we are assessing for the GLI Focus List
- A scoping and relationship building exercise with a two-way conversation
- Opportunity for the company to understand our expectations on best practice, reporting and transparency, measuring performance and peers
- Opportunity for us to relay areas of concern, noticeable strengths and our approach to engagement
- Insights may be used for any future investment thesis and/or stock scoring
- May result in a different type of engagement strategy

Examples: ALETTE, Ferrovial, Sydney Airport, Snam



Accountability

- Where we want to see ongoing accountability, progress and performance, and transparency
- Companies with stronger ESG credentials and have ambitious commitments/targets to execute
- Routine meetings to check on progress and potential bottlenecks. Typically involves representatives from teams responsible for implementation
- Opportunity to highlight areas for improvement, but nothing that needs targeted engagement at that point in time
- Ensures companies are aware they are being closely scrutinised and ongoing performance is critical

Examples: Severn Trent, Zurich Airport, National Grid



Outcomes driven

- Where we have identified material gaps in a company's ESG oversight and accountability, risk management, strategy, and/or reporting
- Targeted engagement is needed on a clear set of actions with a desired outcome
- Preference for senior representatives to attend
- May involve collaborating with other investors
- May require routine engagements and the use of tools such as letters, escalation to Board, and/or proxy voting

Examples: Kinder Morgan, Spark Infrastructure, Getlink



Time-specific

- In response to an unforeseen controversy or a time-specific matter that requires an extended discussion
- Can also relate to positive developments that require further discussion
- Opportunity to hear from the company on the matter, why it has come about, and what is being done (or not done) about it
- We provide our position and rationale
- Not as common as other types of engagement

Examples: Severn Trent, Zurich Airport, National Grid

What happens when the company is non-responsive?

Where we have identified a material ESG risk or issue, we will engage with the company and encourage them to rectify or remediate the problem in line with best practices, for example, by following the recommendations of the TCFDs, reporting emissions according to the GHG Protocol or remediating instances of modern slavery in line with the UN Guiding Principles on Business and Human Rights.

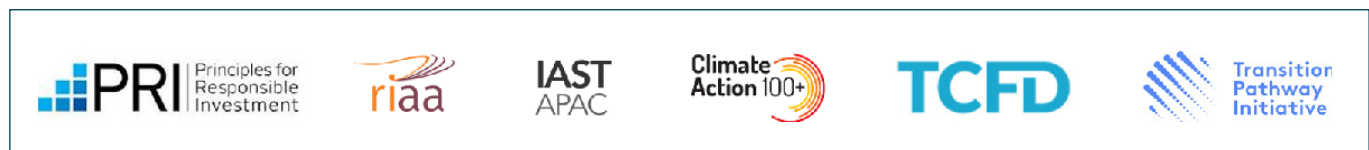
Where the company is non-responsive, we may escalate the issue to the board, consider collaborating with other investors, or use proxy votes to help bring about a specific outcome. We may also reduce our portfolio position or divest, though doing so would be weighed up alongside a number of other investment factors. We strongly believe in active ownership as a means of mitigating ESG-related risks and supporting long-term sustainable outcomes

Policies to guide our approach

Each investment team at Maple-Brown Abbott is responsible for ESG integration and engagement. We have a range of firm-wide policies that outline the guiding principles we adhere to. Interpretation and implementation of these policies is the responsibility of each investment team.

- [Engagement Policy](#)
- [Proxy Voting Policy](#)
- [Responsible Investment Policy](#)
- [Climate Change Policy](#)

Memberships and frameworks



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