

## Article 10 Information Statement

### Summary

Maple-Brown Abbott – Asian Equity Income Fund (the “Sub-Fund”) has been categorised as meeting the provisions set out in Article 8 of the SFDR in relation to products that promote environmental and social characteristics. As such, the following section outlines a summary of the:

- environmental or social characteristics promoted by the Sub-Fund and the planned proportion of investments aligned with these characteristics;
- investment strategy followed by the Sub-Fund;
- methodologies used to assess, measure and monitor the relevant environmental or social characteristics specific to the Sub-Fund;
- use of data sources and any limitations to data points; and
- engagement policies in place for the Sub-Fund.

### Does the Sub-Fund include a sustainability-related investment objective?

The Sub-Fund promotes environmental or social characteristics but does not have as its objective sustainable investments.

### Which environmental and social characteristics does the Sub-Fund promote?

The Sub-Fund promotes environmental and social characteristics in the manner contemplated by Article 8 of the SFDR. The environmental and social characteristics promoted include:

#### *Environmental*

- Decarbonisation of business operations through short- and long-term emissions targets aligned with the goals of the Paris Agreement and backed by a detailed strategy to achieve those targets.
- The promotion of investments in technologies and solutions that facilitate and support the energy transition in line with net zero emissions by or before 2050.
- The publication of available climate risk reporting – both transition and physical – that is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFDs).
- Environmental management strategies to prevent degradation, including biodiversity, deforestation and land use.
- Effective resource management, including plastics and waste, to promote circularity and minimise environmental pollution.

#### *Social*

- Effective controls and oversight in place to identify and prevent human rights abuses, including in investee company’s own operations and in its supply chain;
- Indigenous reconciliation and engagement activities undertaken by investee companies where their projects or business activities impact Indigenous Peoples.
- Relevant female representation on boards and in senior management of investee companies.
- Privacy and security of customer data, above and beyond minimum regulatory compliance, to protect data being misused by third parties.
- Comprehensive health and safety management, with oversight and programs in place to secure the health , safety and welfare of employees and other individuals.

The environmental and social characteristics promoted by the Sub-Fund are in addition to good governance practices.

### What investment strategy does the Sub-Fund follow?

The Sub-Fund invests in listed equities across Asian markets. Maple-Brown Abbott Limited (the “Investment Manager”) initially seeks to identify companies trading at an attractive discount to their intrinsic value using several quantitative screens designed to rank the investment universe and highlight prospective investments. The Investment Manager then undertakes detailed quantitative and qualitative analysis (bottom-up research) on those stock ideas, identifying why the company is mispriced and whether those reasons are likely to persist. This includes examining key issues and risks, the industry structure it operates in as well as its management and capital allocation track record.

The Investment Manager integrates ESG factors into the investment process. The consideration of investee companies’ ESG risks and opportunities, along with the assessment of the quality of a company’s board and management are discussed in the ESG section of all company research reports. Where the investee company’s risks or opportunities are material, the impact may be factored into the company’s valuation. The research reports and assessment of ESG factors within investee companies subsequently feed into stock selection and portfolio construction decisions.

The Investment Manager also engages with certain companies on specific environmental, social and/or governance matters to help minimise ESG risks and contribute to more sustainable outcomes. Further detail can be found under sections of the Prospectus entitled ‘Sustainability Risks’ (under ‘Risk Factors’), ‘Responsible Investment’ (under ‘The Company’).

#### *Good governance practices*

The Investment Manager assesses the good governance practices of companies as part of its overall approach to ESG integration and looks to ensure that investee companies follow good governance practices, through methods including the review of company research reports, participation in company meetings and dedicated ESG engagements.

Depending on the level of materiality, the Investment Manager considers:

- The Board composition including independence with the separation of CEO and Chair roles;
- Equal and protected rights of all shareholders, including that the rights of minority shareholders are protected.
- The alignment of executive remuneration with a company’s strategy and purpose with appropriate balance between performance based short-term and long-term incentives in addition to socially equitable base salaries for management and employees.

Further detail on the overarching governing principles of good governance practices can be found in the Investment Manager’s Proxy Voting Policy.

### What is the planned proportion of investments aligned with environmental and social characteristics promoted by the Sub-Fund?

The minimum proportion of direct investments aligned with environmental and social characteristics promoted by the Sub-Fund in category is 60%. Actual levels range between 60-80% depending on cash held in the Sub-Fund for liquidity and portfolio management purposes. The remainder of the investments relate to cash and therefore do not incorporate any environmental or social characteristics.

In terms of indirect exposures, the Sub-Fund does not use derivatives, invest in indices or collective investment schemes to attain the environmental or social characteristics promoted. Therefore, the Sub-Fund’s indirect exposure is 0%.

## How does the Investment Manager assess, measure and monitor these characteristics?

The Investment Manager assesses, measures and monitors environmental and social characteristics in the following ways:

### *ESG integration*

ESG factors are assessed in all company research reports during the stock initiation process and factored into any sell decisions. 100% of the Sub-Fund's investee companies are subject to an ESG assessment and consideration of associated risks and opportunities.

### *ESG-focused engagement with investee companies*

The Investment Manager undertakes dedicated engagements with investee companies to gain a deeper knowledge of how boards and management teams are responding to environmental and social risks and opportunities. Information gained from these meetings informs the Investment Manager's research and valuation of a company. The Investment Manager seeks to hold dedicated ESG engagements with at least 15% of investee companies (by position weight) every year. Details on these engagements and relevant outcomes are reported annually.

In addition to these dedicated ESG engagements, the Investment Manager seeks to improve the environmental and social objectives of its investee companies through regular engagement as part of our routine management meetings and/or written communications. The Investment Manager seeks to engage with at least 70% of its investment companies (by portfolio weight) in this manner every year.

### *Exclusions*

To help mitigate significant environmental and social harm, the Sub-Fund will not invest in companies:

- Involved in the product and manufacture of tobacco or tobacco products; and
- that manufacture controversial weapons

### *Active monitoring of GHG emissions*

Reducing the emissions of the Sub-Fund over time will help mitigate the negative environmental impacts of investee companies whilst assisting with the transition to a low carbon future.

### *Proxy voting*

The Investment Manager uses shareholder rights to influence sustainable outcomes amongst investee companies. As detailed in the Investment Manager's voting policy, votes are cast on all proxy resolutions at shareholder meetings for shares that are directly held on behalf of clients. Reporting on examples of proxy voting decisions and outcomes is published annually.

## What methodologies does the Investment Manager use to measure how the environmental or social characteristics for financial products that it promotes are met?

Methodologies used by the Investment Manager to measure the promotion of environmental and social characteristics cover a combination of automated, manual and periodic reviews and include:

- Carbon risk exposure of the Sub-Fund: The Investment Manager uses a weighted average carbon intensity calculation in line with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). This methodology is used to assess the emissions profile of the Sub-Fund;
- Active engagement as described above.

## What data sources are used to assist with the monitoring and promotion of environmental and social characteristics by the Investment Manager? How are these used?

The Investment Manager uses a combination of data sources to assist with the monitoring and promotion of environmental and social characteristics. These include:

- proprietary data derived from investee company desktop research;
- proprietary data sourced directly from investee companies through questionnaires;

- third-party data providers (such as S&P Trucost), rating and assessment bodies (such as the CDP) and collaborative initiatives (such as the CA100+); and
- broker research and data on environmental and social factors.

The Investment Manager seeks to reconcile third party data points with companies' public reporting one way of providing a quality check. The Investment Manager will also sense check environmental and social data to assess the extent to which it reflects the Investment Manager's deep knowledge of a company's business operations, model and strategy.

The combination of these data points is used to develop monitoring systems and dashboards that are utilised by the Investment Management team. They assist with guiding and informing:

- ESG integration in the investee company assessments and scoring in the investment process;
- ESG-focused engagements with investee companies;
- Proxy voting decisions.

#### **Are there any limitations to these methodologies and data points?**

The Investment Manager makes best endeavours to ensure that data points and methodologies are as accurate as possible and based on the most up-to-date information. However, some proprietary and third-party data may be based on estimates where investee company disclosure is lacking, incomplete or not available. To overcome this challenge, the Investment Manager may contact the investee company directly to source the information or engage with the company to improve their disclosure practices. Non-financial data and disclosure can be inconsistent and hard to compare, however this will likely change over time as global sustainability reporting standards are developed and non-financial disclosure requirements become more regulated.

It is currently difficult to report sufficiently accurate numbers on the proportion of data used for the Sub-Fund by the Portfolio Manager which is estimated.

#### **What due diligence is undertaken on the monitoring and promotion of environmental and social characteristics?**

The Sub-Fund investment team is responsible for the monitoring and promotion of environmental and social characteristics. The Investment Manager is responsible for factoring in environmental and social considerations into buy and sell decisions and when setting target weights for the Sub-Fund. The analysts, with the input and guidance of a dedicated ESG Analyst, are responsible for identifying and assessing environmental and social factors relevant to their industry and stock coverage. A discussion of these factors is included in every research report and discussed at subsequent research meetings. The ESG Analyst is involved in various stages of the investment process to help promote environmental and social characteristics. These stages include company research, discussions on stock buy and sell decisions, company meetings and engagements and proxy voting decisions. Various investment committees provide an additional layer of due diligence to these due diligence activities.

#### **What are the engagement policies in place for the Sub-Fund?**

The Maple-Brown Abbott Engagement Policy outlines the Investment Manager's commitment and approach to company engagement and summarises the ESG factors that are considered in engagement activities. This policy is further supplemented by the investment team's engagement framework and annual engagement reporting.

The MBA Engagement Policy should be read in association with the MBA Responsible Investment, Proxy Voting and Climate Change Policies. These documents can be found at <https://www.maple-brownabbott.com/responsible-investment>.

Does the Sub-Fund utilize a designated reference benchmark to attain the environmental or social characteristics promoted by the Fund?

No ESG reference benchmark has been designated for this Sub-Fund

**More information**

More information regarding the Sub-Fund and the Investment Manager's approach to sustainability can be found at <https://www.maple-brownabbott.com/our-approach-to-esg-gli> and <https://www.maple-brownabbott.com/responsible-investment>.