



MAPLE-BROWN ABBOTT

Responsible Investment Policy

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1. Introduction

As an active investment manager focussed on listed equities, Maple-Brown Abbott Limited recognises that responsible investment enhances investment decision-making and ultimately leads to superior long-term value for all stakeholders. We have adopted an environmental, social and governance (ESG) integration and engagement investment strategy. This strategy ensures that ESG risks and opportunities are systematically factored into the risk-return assessment of our funds, including the sub-funds of Maple-Brown Abbott Fund Plc. Further, it leverages our position as a long only investor to engage with the board and management of portfolio companies to contribute to better environmental and social outcomes, and to drive more sustainable long-term benefit for our clients.

This Responsible Investment Policy (the “Policy”) highlights our commitment to ESG. It outlines our responsibilities as a signatory to the United Nations-backed Principles for Responsible Investment (PRI), our ESG investment governance, our approach to ESG integration and engagement and summarises the environmental, social and governance risk factors that are considered in our investment process. This Policy should be read in association with our Proxy Voting, Engagement and Climate Change Policies. Each of our Responsible Investment, Proxy Voting, Engagement and Climate Change Policies has been approved by the board of directors of Maple-Brown Abbott Ltd (the “Board”), and can be found on our website (www.maple-brownabbott.com). Where applicable, the Policy relates both to Maple-Brown Abbott’s pooled investment vehicles and separately managed accounts, collectively referred to herein as “Clients”, the respective rights of whom are as set out in the Disclosure Documents and Constitution and the Investment Mandate Agreement, respectively.

2. United Nations Principles for Responsible Investment

Maple-Brown Abbott’s commitment to responsible investment was formalised when we became a signatory to the PRI in March 2008 (www.unpri.org). The PRI is a voluntary, aspirational initiative developed in association with some of the world’s leading asset owners and investment managers. The PRI provide a framework for integrating ESG considerations into investment decision-making. The six principles provide guidance on the following (the “Principles”):

Principle 1: Incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: Be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: Seek appropriate disclosure on ESG issues from the entities in which we invest.

Principle 4: Promote acceptance and implementation of the Principles within the investment industry.

Principle 5: Work together to enhance our effectiveness in implementing the Principles.

Principle 6: Report on our activities and progress towards implementing the Principles.

Maple-Brown Abbott reports annually to the PRI on the implementation of their Principles and we make the PRI’s assessment report publicly available on our website (www.maple-brownabbott.com).

3. Governance

Maple-Brown Abbott has adopted an ESG integration and engagement investment strategy. This strategy is complementary to our investment philosophy and, paired with our research capability, enhances investment decision-making. Our approach is aligned with the PRI, and is outlined below:

- The delivery of our ESG investment strategy is a firm-wide undertaking. Maple-Brown Abbott's ESG Committee is responsible for the governance of ESG activities within the business strategy, operations, policies and practices of the firm, with our suite of ESG policies approved by the board. The firm's Chief Investment Officer (CIO), in conjunction with the Chief Executive Officer (CEO), drives the firm's responsible investment agenda.
- As a boutique of boutiques, the integration of ESG into our investment process is applied in strategy-relevant ways. It is the responsibility of each investment analyst and/or ESG analyst to conduct ESG research and make recommendations, while each portfolio manager is responsible for incorporating these investment recommendations into their investing decisions. ESG specialist roles are responsible for coordinating the implementation of the firm's Responsible Investment, Engagement, Proxy Voting and Climate Change Policies and initiatives. The firm's Operations teams are also involved in the compliance with, and implementation of our Responsible Investment Policy and the fulfilment of our obligations under the UNPRI.
- Maple-Brown Abbott's Responsible Investment Policy only applies to equities that are directly managed by Maple-Brown Abbott. Given this asset class comprises the majority of our funds under management, we have greater ability to implement our Responsible Investment Policy and affect change.
- Maple-Brown Abbott considers ESG capabilities in the appointment and evaluation of external fund managers appointed to manage assets on behalf of the firm.
- Consistent with our approach to in-house equity research, analysts conduct their own internal ESG research. To develop analysts' knowledge and understanding of ESG risks and opportunities, we facilitate training and access to specialist information providers. These include investment offsites, access to brokers through a dedicated ESG brokerage allocation, independent research advisors including proxy advisors, and specialist data providers. These resources may provide information on company, sector, country and thematic-related analysis. We also remain informed through participation in a number of industry and professional association initiatives of which we are members or affiliates. Each investment analyst is required to complete additional professional ESG training, under Maple-Brown Abbott's broader personal professional development training requirements.
- ESG is included in the performance appraisals for our investment professionals and contributes to the determination of their remuneration.
- Maple-Brown Abbott reports on its ESG capabilities and progress on implementing the PRI principles to stakeholders through quarterly reports, annual disclosures, bespoke Client reporting, presentations and on our website (www.maple-brownabbott.com).
- Maple-Brown Abbott works with Clients to understand and incorporate their ESG investment objectives, including but not limited to, the implementation of exclusion lists, bespoke proxy voting processes and tailored reporting.
- Maple-Brown Abbott seeks to manage its business in keeping with ESG standards. We have a number of internal governing policies, including an Environmental Policy and Management Plan, a Code of Ethics and Whistleblowing Policy, a Diversity and Inclusion Policy as well as a Human Rights Position Statement.

4. Sustainability risk

We believe ESG factors can materially impact investment performance over the long term. Companies that soundly manage ESG risks are more likely to be financially sustainable over time and therefore deliver better long-term returns. Consideration of ESG risks is a component of Maple-Brown Abbott's risk management framework and

incorporated into our investment processes. Reviewing ESG-related management practices and performance as part of fundamental investment analysis is not only prudent but also in line with Maple-Brown Abbott's duty to optimise returns on behalf of investors.

Our investment decisions are based on both financial and non-financial factors which include relevant ESG considerations. Where material, an assessment of a company's ESG issues is discussed by the portfolio management team as part of the investment decision-making process. Where there are significant ESG-related concerns we may elect not to invest or divest an existing holding.

Maple-Brown Abbott considers many ESG factors in its company analysis, investment process and engagement activities. ESG factors vary by industry and by company, and may include, but are not limited to:

Environmental

- Climate-related risks, such as exposure and resiliency to acute and chronic weather events, and climate transition risks, such as potential exposure to stranded assets. For more detail on our approach to climate risk, please refer to the [Climate Change Policy](#).
- Environmental degradation, including biodiversity, deforestation and land use, environmental pollution including water, air and waste management, and resource scarcity.
- Quality of environmental-related disclosure.
- Environmental factors can have a direct or indirect cost through the recognition of externalities, and may result in reputational damage, business interruptions and increased regulation.

Social

- Health and safety, human rights (including modern slavery), labour practices and supply chain management, employee engagement, diversity, customer and stakeholder relationships, changing demographics, conflict zones, controversial weapons and social license.
- Quality of social-related disclosure.
- Social factors can also have a direct or indirect cost, and may result in reputational damage, business interruptions and increased regulation.

Governance

- Quality and composition of board and management, executive remuneration and shareholder rights.
- Anti-bribery and corruption, cyber security, accounting and auditing, political spending and lobbying, aggressive tax planning and technological disruption.
- Quality of governance-related disclosure.
- Governance factors are qualitative in nature and are considered in the determination of terminal value and discount rate valuation adjustments, or in position sizing.

Ongoing monitoring

We acknowledge that the consideration of ESG issues in investment management is growing in importance worldwide. Maple-Brown Abbott attempts to understand the broader implications both locally and internationally of ESG issues and networks widely to ensure proper consideration. We continue to monitor developments and engage in discussion so that, in the best interests of all investors, an appropriate balance of all considerations is maintained.

5. Integration into investment decision-making

- Maple-Brown Abbott takes a long-term view of the ESG risks and opportunities of the companies we invest in.
- Maple-Brown Abbott conducts in-house, bottom up, fundamental stock analysis and is thus well placed to integrate ESG risks and opportunities into investment decision-making. Further, Maple-Brown Abbott's investment analysts and/or dedicated strategy ESG analysts also conduct our engagement and proxy voting activities. Information obtained in these activities is systematically incorporated into our investment analysis and decision-making, while contributing to better environmental, social and/or governance outcomes.
- Maple-Brown Abbott identifies and assesses the ESG risks and opportunities which may impact a company's long-term earnings growth and valuation. These factors, along with an assessment of the quality of a company's board and management, are discussed in the ESG section of company research reports. Depending on the strategy, the overall assessment of a company's ESG risks and opportunities may impact the position sizing of a stock, its buy/sell recommendation, or be factored into company valuation. As outlined in more detail below, material climate change risks and opportunities are assessed alongside valuation impacts in research reports.
- Identified ESG issues and valuation implications are discussed at research meetings and incorporated into portfolio construction, where relevant, and portfolio manager trading. This process of ESG integration ensures that ESG risks and opportunities are systematically factored into the risk-return assessment, and that where we invest in a company with ESG risks, the forecast return is sufficient to compensate for the risk.
- ESG research for each strategy is held in a database that is accessible by all investment professionals, including portfolio managers, relevant to that strategy.

6. Exclusions

As a general principle it is the preference of Maple-Brown Abbott to not limit the investible universe, unless directed to by our Client. For companies with high exposure to ESG risks we generally prefer to use our ownership influence to press for outcomes rather than to divest on ESG grounds alone. In very limited circumstances, where a significant ESG risk has been identified that presents a material financial and reputational risk to a fund and where engagement is not possible or not likely to lead to change, Maple-Brown Abbott will consider certain industries or companies for exclusion from the portfolios under a defined ESG Exclusions Framework. Current exclusions for direct investment by Maple-Brown Abbott funds are listed below.

- **Tobacco**
Tobacco use is associated with significant health risks and the growing of tobacco and production of tobacco related products are in contravention of the World Health Organisation (WHO) framework convention on tobacco control, to which Australia is a signatory. Growing of tobacco has been associated with severe abuses of human rights, including child labour. Companies are identified for exclusion if the company, directly or through corporate ownership, is involved in tobacco growing and/or the manufacturing of tobacco products.
- **Controversial weapons**
Weapons considered controversial are those with a disproportionate and indiscriminate impact on civilian populations when used. We include anti-personnel mines, biological and chemical weapons and cluster weapons in our definition, the production of which is in direct contravention of international treaties ratified by Australia. Companies are identified for assessment if the company is involved, directly or through corporate ownership, in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.

7. Stewardship

- Maple-Brown Abbott's comprehensive stewardship program, which includes engagement and proxy voting, complements our ESG integration efforts. We use our position as a long-only, long-term investor to engage with the board and management of portfolio companies for long-term benefit.
- Our engagement program is prioritised around material ESG risks and opportunities identified in the investment decision-making process. It is implemented through company meetings and calls, written communications, on-site visits and participation in collaborative engagement initiatives. Proxy voting is conducted in-house and our company proxy voting policy is US Securities and Exchange Commission (SEC) compliant.
- Maple-Brown Abbott's detailed company meeting and proxy voting activities are outlined in our Engagement Policy and our Proxy Voting Policy, both of which are available on our website (www.maple-brownabbott.com).

8. Climate change

Maple-Brown Abbott acknowledges the science of climate change, and that climate risks and opportunities, along with other ESG factors, have the potential to impact investment risks and returns. We support the long-term temperature goal of the Paris Agreement to limit global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C. Our approach to climate change is consistent with our ESG integration and engagement investment strategy, whereby material climate risks and opportunities are systematically factored into the risk-return assessment and our stewardship activity.

Our assessment of climate change risks is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and considers the following factors in assessing climate change exposure:

- company climate change governance and strategy;
- revenue exposure to carbon and potential for asset stranding given the impact of government energy and climate policies on consumer preferences, market demand and growth, changing patterns of investment and production, and adaptive capacity;
- cost exposure and potential impact of carbon pricing owing to developing government energy and climate policies, including tougher emissions and energy efficiency standards, and adaptive capacity;
- social license to operate and reputational considerations; and/or
- chronic and acute physical climate impacts at the asset and system level.

In select strategies and where material, company valuations are further assessed against a range of carbon transition scenarios. This climate change analysis, and the resultant scenario analysis valuation impact, is discussed in the research report and at the research meeting. Where material, it is incorporated into portfolio construction through the analyst portfolio and portfolio manager trading.

Further, the integration of climate change into our company analysis and investment decision-making process is supplemented by our comprehensive stewardship program. Climate change has long been a key issue of our dedicated engagement program. We also use proxy voting to influence company outcomes with respect to management of climate change risks and opportunities.

9. Review

This policy will be reviewed every three years.