MAPLE-BROWN ABBOTT
INVESTMENT MANAGERS SINCE 1984

Maple-Brown Abbott Global Listed Infrastructure
Engagement and Stewardship Report

12 months ending June 2023

Contents

Executive summary

We are pleased to share the Maple-Brown Abbott (MBA) Global Listed Infrastructure (GLI) Engagement and Stewardship Report for FY23. Active engagement is an important pillar of our overall strategy to mitigate ESG risks and enhance value across the portfolio. Through constructive dialogue with investee companies, we believe we can influence positive outcomes and therefore enhance the sustainability of our clients' returns. We also see engagement with companies as a powerful tool to uncover ESG risks and opportunities that hide beneath the surface, helping us to build a portfolio that is resilient to ESG risks and positively exposed to ESG opportunities.

During the reporting period, we held 30 dedicated ESG engagements with 19 portfolio companies across North America, Europe, the UK and Brazil. With pandemic-related travel restrictions having lifted, 12 of these engagements were conducted in person in Europe and the UK. On five occasions, we decided to escalate ESG issues through a formal letter to the board of directors.

Climate-related risks and opportunities continue to be the leading focus area of our engagement activities. These engagement efforts are guided by the findings of our climate change scenario analysis, which is an important part of our climate risk management strategy. Our Climate Change Report 2023 provides our latest climate change scenario analysis and discusses how, despite an ongoing energy crisis and geopolitical instability, the pace and scale of the energy transition has sped up with the introduction of landmark policies such as the US Inflation Reduction Act, RePowerEU and the EU's Fit for 55 package of reforms. We believe that a faster-paced energy transition may create significant opportunities for the GLI Strategy. This is most pronounced in the case of electric and multi-utilities, commercial renewable energy developers and railroads which all facilitate the decarbonisation of the energy sector and its end uses. Managing the funding of the expanded opportunity set for some companies can present its own challenges in terms of funding and execution of projects. Meanwhile, midstream and energy storage infrastructure companies may be challenged in a faster transition owing to their exposures to oil and gas markets.

Notable progress

This year, we are pleased to have seen continued progress towards the ESG objectives we set for investee companies. We believe this progress demonstrates the efficacy of active engagement as a means to promote sustainable outcomes. Specifically, there were eight portfolio companies where we believe our engagements actively contributed to progress made during FY23:

- **Ferrovial** is accelerating its long-term emission reduction target by reducing reliance on carbon offsets
- **American Electric Power, National Grid, NiSource and Severn Trent** each increased the ambition of their emission reduction targets
- **Duke Energy** developed an interim scope 2 and 3 target to support its net zero ambition
- **Ferrovial** updated its Human Rights policy
- **Vopak** strengthened its remuneration framework
- **American Electric Power** produced its first trade association climate lobbying report
- **Enbridge** made meaningful enhancements to its climate lobbying report

About this report

This report summarises our stewardship activities for the 12 months to June 2023 and presents select case studies of engagement and proxy voting. We aim to demonstrate how our stewardship activities have contributed to real world outcomes. Key topics include:

- Climate risks and decarbonisation
- Modern slavery
- Executive remuneration
- Political expenditures and lobbying

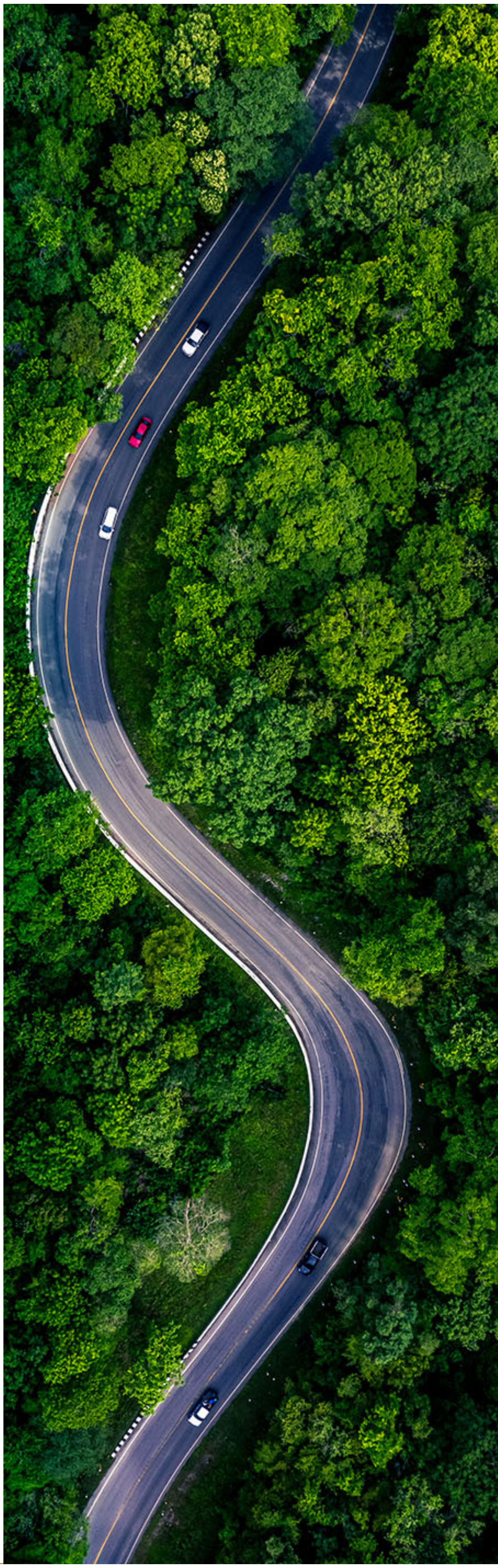
Our engagement strategy

We approach 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 operation, reported controversies, business strategy, depth of supply chain, emissions intensity and strength of management and governance. At the beginning of every year, we formulate an engagement strategy that scopes out the companies we plan to focus on, the topics and outcomes we are seeking and the strategies we will employ. Our engagement strategies can be broadly categorised as follows:

- Initial scoping: we have not yet held an ESG engagement and want to assess strengths, weaknesses and responsiveness
- Accountability: we want to see ongoing accountability, progress, performance and transparency for existing initiatives
- Outcomes driven: we have identified material issues and seek a specific outcome
- Time-specific: there has been a recent controversy or issue that requires an in-depth discussion with the company. Further details can be found in our approach to engagement here

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 practice. 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.

Further details can be found in our approach to engagement here.

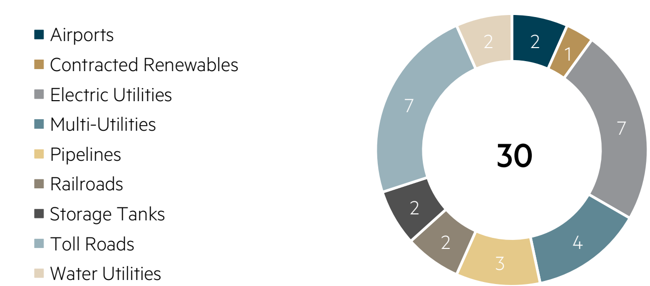


Dedicated ESG engagement highlights in FY23

The GLI team held 30 dedicated ESG engagements with 19 companies over FY23, equating to 57% of portfolio companies by average weight during the period. There were multiple instances where we undertook more intensive engagement efforts, for example we met with each of SSE and Vinci three times to discuss ESG matters. We also participated in one collaborative engagement with Enbridge through the Climate Action 100+ (CA100+) initiative. In several instances, we decided to escalate ESG issues through a formal letter to the board of directors. Specifically, we wrote letters to the boards of five companies during the period. These were Vopak, Dominion Energy, Cellnex, Entergy and Edison International. Topics included capital allocation, emission targets, board independence, corporate governance and executive remuneration.

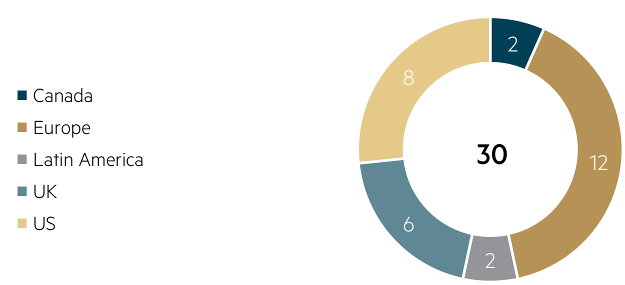
30	Dedicated ESG engagements
19	Companies engaged
57%	Companies engaged by average weight
1	Collaborative ESG engagement
5	Formal letters written to boards

By sector



Source: Maple-Brown Abbott Global Listed Infrastructure.

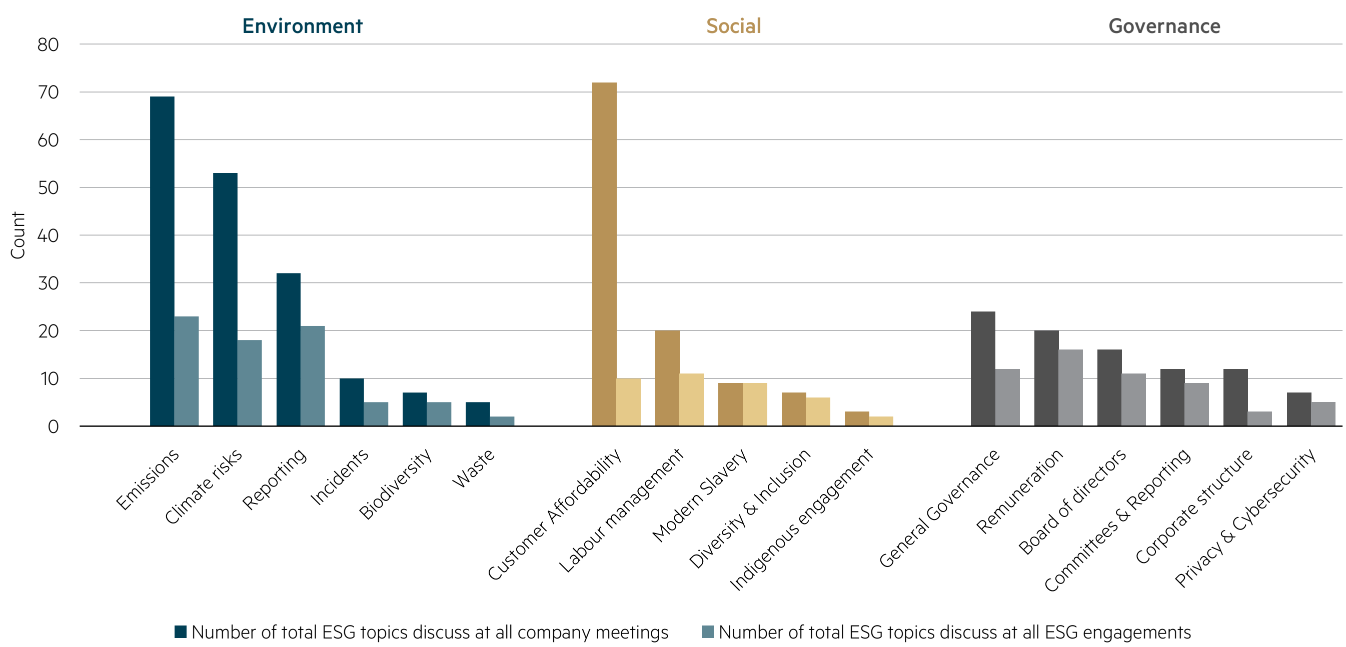
By region



Source: Maple-Brown Abbott Global Listed Infrastructure.

ESG topics discussed in dedicated ESG engagement and routine company meetings over FY23

Environmental topics – especially climate risks and emissions – continued to be the most discussed ESG topics across our company meetings and ESG engagements. On the social side, customer affordability was the most common issue discussed in company meetings, particularly in light of elevated cost of living pressure globally during FY23. With regards to governance topics, executive remuneration was a key focus area of our dedicated ESG engagements.



Source: Maple-Brown Abbott Global Listed Infrastructure.

Themes, insights and case studies

Climate risks and decarbonisation

Once again, climate risks and decarbonisation were the leading topic of our engagement efforts over FY23. Infrastructure companies have a critical role to play in shaping the net zero economy and must navigate a complex web of climate-related risks and opportunities to ensure the sustainability of their business models.

With the introduction of landmark policies such as the US Inflation Reduction Act, RePowerEU and the EU's Fit for 55 package of reforms, it's clear to us that momentum behind the energy transition is growing. At the same time, the world is not currently on track to meet the goals of the Paris Agreement. Climate mitigation measures need to significantly accelerate if the world is to maintain a chance at limiting global warming to 1.5 °C. This was a common theme across our engagements this year, as we continue to analyse the quality of decarbonisation and climate risk management strategies and undertake targeted engagements where ambition and/or action needs to improve.

AENA

Objective: Understand the company's scope 3 emissions and sustainable aviation fuel strategy.

Outcome: Progress ongoing.

AENA is a Spanish airport network infrastructure operator managing 46 airports across Spain. Airports are reliant on a carbon intensive aviation industry which remains challenging to decarbonise. Solutions to decarbonise aviation, such as sustainable aviation fuel and hydrogen, are still relatively nascent and require supportive policy to be deployed at scale. As discussed in our Climate Change Report 2023, the largest valuation driver for airports is traffic volumes which face various political, regulatory and market risks as the energy transition progresses. As a result, the shift to a more sustainable model for air transportation will be important for airports to retain and grow passenger volumes.

After initiating a position in 2022, we scheduled an engagement with AENA to discuss shortfalls we identified in their climate action plan. Firstly, we sought to understand why the company's target to distribute 4.6% sustainable aviation fuel through its networks by 2030 was out of step with its commitment to the World Economic Forum's Clean Skies for Tomorrow Initiative, which calls for 10% sustainable aviation fuel by 2030. We learned that AENA's target was developed prior to the EU's ReFuelEU Aviation initiative which regulates a minimum supply of sustainable aviation fuels of 6% in 2030, escalating to 70% in 2050[1]. Positively, AENA acknowledged their target needed to be revised upwards and affirmed their ambition to establish goals in excess of regulatory requirements. With greater regulatory clarity on the mandatory uptake of sustainable aviation fuels, ongoing engagements suggest AENA will likely accelerate their targets.

We also discussed AENA's approach to managing scope 3 emissions, particularly the absence of a quantified target to reduce scope 3 emissions. Scope 3 targets are not yet common for airports due to the more limited control airports have over aviation emissions, however we observe certain airports leading the charge on this. For example, Heathrow Airport set a target to reduce carbon emission in the air by 15% relative to 2019 levels. Pleasingly, AENA's commitment to the Science-based Targets Initiative (SBTi) requires the company to set a scope 3 target given scope 3 emissions are greater than 40% of total value chain emissions. We anticipate this target will be published imminently and we will monitor outcomes.

Our climate risk reporting

In December 2021, we published our inaugural Task Force on Climate-related Financial Disclosures (TCFD) report as part of our firm-wide commitment to climate change risk reporting. Building on that report, our Climate Change Report 2023 summarises the findings of our latest climate change scenario analysis using the IEA World Energy Outlook 2022, and provides an update on our targets and metrics.

The report discusses how despite an ongoing energy crisis and geopolitical instability, the pace and scale of the energy transition has sped up with the introduction of landmark policy such as the US Inflation Reduction Act, RePowerEU and the EU's Fit for 55 package of reforms. A more accelerated net zero emissions pathway could, according to our latest analysis, spell a material valuation upside for the GLI strategy's holdings in electric and multi-utilities, contracted renewables and railroads. Managing this expanded opportunity set can also create its own challenges in terms of funding and project management. The GLI strategy's holdings in airports, toll roads, energy storage and midstream infrastructure could experience valuation risks owing to their exposure to oil, natural gas, air and road markets.

1 ReFuelEU Aviation – Sustainable Aviation Fuels.

SSE

Objective: Understand the impact of the European energy supply shock on SSE's transition strategy.

Outcome: Achieved. Continue to monitor how SSE executes its transition strategy.

SSE is an electric utility in the UK and Ireland with a focus on developing, owning and operating low-carbon infrastructure to support the energy transition. During a research trip to the United Kingdom, our ESG Analyst met with SSE's Chief Sustainability Officer to discuss emissions, climate risk and energy security. SSE is widely viewed as a leader in the energy transition. Indeed, the company's net zero transition plan received 99% support from shareholders at the company's annual general meeting in 2022. Russia's invasion of Ukraine in 2022 and the ensuing energy crisis served to remind the world of the importance of maintaining secure and affordable energy. Considering this, we sought to understand whether energy security and affordability challenges had led to a slowdown in SSE's energy transition strategy. In fact, SSE believes the energy supply crunch has only amplified and accelerated the deployment of renewables and policy settings are as supportive as they have ever been for their business.

Currently, SSE operates eleven thermal generation assets which remain strategic to the security of electricity supply in the UK and Ireland. Encouragingly, the company indicated to us that they do not see a future for unabated fossil-fired power generation. With this view in mind, all of SSE's future thermal projects are being designed to facilitate carbon capture utilisation and storage (CCUS) or hydrogen blending or firing capabilities. We understand that the company is also exploring options to integrate these technologies into its existing generation assets. These ambitions, while laudable, do come with certain risks given each of the technologies remain relatively nascent. As a result, the decarbonisation of SSE's thermal fleet will continue to rely on effective technological innovation and supportive policy intervention. This is something we closely monitor and continue to discuss with SSE and other global electric utilities.

American Electric Power

Objective: Accelerate decarbonisation targets.

Outcome: Achieved, but continue to push for further ambition.

American Electric Power is one of the largest electric utilities in the United States, operating an extensive range of generation, transmission and distribution assets across 11 states. The company is in the midst of retiring its legacy coal-fired generation fleet and transitioning to lower-carbon fuels and renewables. For example, the company has retired or sold generating units amounting to nearly 14.3GW of coal-fired generation in the last decade and has scheduled retirement dates for all remaining coal plants. Nevertheless, American Electric Power's coal-fired generation exposure creates a significant greenhouse gas footprint which is imperative to manage to mitigate the worst effects of climate change. As such, American Electric Power is a high priority in our ESG engagement efforts, particularly as it relates to their decarbonisation strategy.

Since commencing engagements with American Electric Power, we have been pleased with the company's receptiveness and progress. For example, the company has accelerated both its interim and long-term emission reduction target three times since 2020, and most recently in October 2022 brought forward its net zero target year to 2045. These are clear positive developments, however we continue to encourage the company to accelerate coal retirements where it is possible to do so while maintaining an affordable and reliable supply of electricity.

Collaborative engagement with American Electric Power

In 2023, we joined the collaborative Climate Action 100+ (CA100+) engagement working group for American Electric Power. As one of our most emission intensive holdings, we believe collaborative engagement through the CA100+ initiative will be a powerful tool to complement our direct engagement efforts.

Ferrovial

Objective: Enhance long-term emissions reduction target from carbon neutral to net zero.

Outcome: Achieved, monitoring ongoing.

Ferrovial (FER) is a transportation infrastructure operator, focused on tollroad and airport assets, predominantly in North America. In 2022, we wrote to Ferrovial's CEO to express our concerns around the company's reliance on carbon offsets to achieve its carbon neutrality target. The voluntary offset market is self-regulated and currently suffers from poor transparency and issues of integrity across the value chain.

Following the initial letter we sent, we held two engagements with Ferrovial during this financial year to discuss their climate strategy, alongside other topics such as executive remuneration, human rights and diversity. In relation to their climate strategy, we encouraged Ferrovial to accelerate the ambition of its long-term emissions targets by pursuing deeper emissions mitigation in order to reach 'net zero' as opposed to 'carbon neutrality'.

Pleasingly, Ferrovial was highly receptive to our engagements and heard similar feedback from their broader investor base. The company is now in the process of updating its long-term carbon neutral target to net zero. To achieve this, Ferrovial will increase its target of real emissions reduction, reduce its reliance on carbon offsets, and refine its offsetting framework to focus on natural carbon sinks instead of aforestry. Additionally, Ferrovial indicated they intend to submit new 1.5-degree aligned interim targets to the Science-based Targets Initiative (SBTi) by 2025. We are proud of this engagement outcome, and plan to continue having constructive dialogue with Ferrovial on other material ESG issues.

Modern slavery

In recent years, the prevalence of modern slavery has risen significantly. This is largely attributable to disruptions in employment and education, increases in poverty and migration that have occurred as a result of crises such as the COVID-19 pandemic, armed conflicts and climate change. Today, it is estimated that 50 million people are being exploited and living in modern slavery. This is an increase of 10 million people relative to 2016[2].

At the same time, legislative requirements related to modern slavery continue to intensify across the globe. For example, the EU has introduced the Corporate Sustainable Due Diligence Directive which requires companies to have robust due diligence procedures in place to identify, assess, mitigate, and remediate instances of modern slavery in their operations and supply chains.

In this context, the importance of effective modern slavery risk management cannot be understated. Failure to manage these risks can result in severe reputational, regulatory, legal and financial risks and can therefore diminish shareholder value. Through our engagements with investee companies on this topic, we aim to assess the quality of the systems and controls they have in place to manage modern slavery risks.

National Grid

Objective: Develop a human rights policy.

Outcome: Achieved. We continue to monitor for the implementation of this policy.

National Grid is an energy company that operates electric and gas utilities across the United Kingdom and United States. The company also has a much smaller unregulated business that develops, operates, and invests in large-scale clean energy infrastructure such as subsea electricity interconnectors, wind and solar power generation, battery storage and more.

Supply chains for clean energy technologies are currently concentrated in emerging markets, particularly China which is responsible for at least 60% of the world's manufacturing capacity for technologies such as solar PV, wind and batteries[3]. It is well known that these markets exhibit higher modern slavery risk owing to lower human rights and labour rights guarantees.

To manage this risk, companies like National Grid must develop a deep understanding of their supply chains and have robust processes in place to identify, manage and remediate instances of modern slavery. During a research trip to the United Kingdom in January 2023, our ESG Analyst met with National Grid to discuss a range of ESG matters including the company's supply chain due diligence practices from a human rights perspective. We learned that through its supplier screening process, National Grid has identified one instance of a potential human rights issue for the past three consecutive years related to forced labour in solar panel manufacturing in the Xinjiang region in China. The company subsequently changed suppliers and is beginning to exit the Xinjiang region for clean energy purchases given they view the human rights, labour rights, regulatory and geopolitical risks as too great to be exposed to the region.

We queried the company on their approach to remediation, which is a central pillar of the UN Guiding Principles on Business and Human Rights. Additionally, we questioned why National Grid did not have a dedicated Human Rights Policy. The company conceded that this is a gap in their approach and welcomed our offer to share examples of best practice across the global listed infrastructure universe. Roughly six months later, we were pleased to see National Grid publish a Human Rights Policy aligned to international standards

This is a meaningful development and we are proud to have used our voice as responsible investors to help drive improvements in the company's approach to human rights due diligence. We hope to see more detailed reporting of the implementation of this policy in future sustainability reporting, particularly as it relates to actions to remediate human rights abuses after identification.

Ferrovial

Objective: Strengthen approach to human rights and labour rights risk management.

Outcome: Some progress achieved; engagement ongoing.

As a transportation infrastructure company, the risk of human rights and labour rights infringements is elevated for Ferrovial owing to its large geographic footprint, reliance on indirect contracted employees, base skill labour and deep supply chains. Since entering the stock in 2021 , we have held three meetings with Ferrovial on their approach to human rights and labour rights, two of which were during this period. During these engagements, we have encouraged Ferrovial to:

1. strengthen its human rights policy to align with global frameworks and standards and extend coverage to the supply chain
2. implement Board oversight of its human rights and labour rights strategy
3. publish more comprehensive group-wide modern slavery and human rights reporting
4. conduct ongoing supplier due diligence through the supplier lifecycle for medium to high risk suppliers
5. undertake unannounced human rights and labour rights audits
6. develop a human rights remediation framework aligned with the UN Guiding Principles on Business and Human Rights

2 Walk Free 2023, The Global Slavery Index 2023, Minderoo Foundation. Available here.
3 Clean energy supply chains vulnerabilities – Energy Technology Perspectives 2023 – Analysis – IEA.

Positively, we believe Ferrovial has taken a number of steps forward during 2022 and now meets our expectations related to points 1 and 2 above. There have also been incremental improvements in the company's approach to supplier due diligence through the onboarding of a Supplier360, which is a tool that monitors suppliers to detect potential risks. We congratulate Ferrovial on this progress, however we believe more work is needed to align its human rights and labour rights risk management with best practices.

Executive remuneration

In recent years, we have been pleased to see a trend towards the incorporation of environmental and social metrics in variable executive remuneration packages. When designed well, this can be a powerful tool to incentivize management to deliver on a company's stated sustainability commitments. However, it is often the case that environmental and social metrics in executive remuneration are not afforded the same rigour as financial metrics, both when it comes to the incentive design and the level of transparency provided so that investors can assess pay for performance.

In 2022, we implemented new proxy voting guidelines on environmental and social (E&S) factors in executive variable remuneration. As a result, we identified several investee companies with suboptimal remuneration practices and stepped up our engagement efforts on the topic.

Vopak

Objective: Strengthen remuneration framework.

Outcome: Achieved.

Vopak is an energy infrastructure company that stores bulk liquid products and gases in more than 20 countries. At Vopak's 2022 annual general meeting, we voted against the remuneration report due to concerns around insufficient detail on the measurement of certain key performance indicators and a lack of ESG components in variable executive remuneration beyond safety.

Other shareholders evidently shared our concerns as the resolution only received 72% support, translating to a mere 46% of the company's free float. In line with our proxy voting policy, we informed Vopak of the rationale for voting against the report and outlined our expectation to see stronger alignment of remuneration with ESG and sustainability commitments going forward.

Following further interactions throughout 2022, we met with Vopak's non-executive director (who chairs the Remuneration Committee) in early 2023, where we discussed the proposed changes to their remuneration framework and rationale. We have a long-standing history of engaging with Vopak and believe that we have had some degree of influence in the appointment of this director to the Board after engaging with the company about adding an additional independent director to Board committees to bolster resourcing and independence At the time, we also recommended they consider improving Board diversity when making these appointments. As such, it was particularly pleasing to be working with a highly qualified, independent and diverse Board appointee on the important topic of improvements in remuneration practices.

Overall, the proposed changes to the remuneration policy addressed our concerns, specifically by enhancing the explanations on the assessment of performance and related payouts for each key performance indicator, and replacing unclear qualitative non-financial indicators with specific, measurable targets such as greenhouse gas emissions reduction and diversity. We applaud Vopak's receptiveness to shareholder feedback on its remuneration practices and proceeded to support the company's updated remuneration policy at the 2023 AGM. We believe this case study demonstrates the efficacy of active engagement to drive better ESG and sustainability outcomes.

Political expenditures and lobbying

Political spending and corporate lobbying are well-established as legitimate business activities that provide companies with a means to have their interests heard by politicians and governments. This is particularly true for listed infrastructure companies, whose remuneration frameworks are often underpinned by legislation or determined by regulatory bodies. At the same time, it is an area that – when not managed appropriately – can expose these companies to heightened business, reputational and legal risks. To minimise these risks, we believe investors should encourage companies to provide greater transparency on their political spending activities and practices and ensure there is accountability and alignment between these and the company's own goals and values. Our paper Mind the Gap explores this important topic through the lens of the US utility sector.

NextEra Energy

Objective: Understand allegations of illegal and/or unethical conduct and apply pressure on the company to improve its approach.

Outcome: Divestment.

NextEra Energy is a combination electric utility in the United States with a leading renewables development business. NextEra Energy is a large benchmark company in major infrastructure indexes, so opportunities to enter and exit the stock are closely monitored by the team. The company has many attributes that we believe are deserving of its premium multiple, such as its ability to consistently deliver strong utility rate base growth within a very constructive regulatory environment. Following a period of relative underperformance, we saw an opportunity to initiate a position in Nextera Energy in April 2022. The underperformance was driven by a combination of US solar import issues, the retirement of long-serving CEO Jim Robo, increasing affordability concerns and some early media articles on Florida Power & Light's (FPL) role in potential election fraud, influencing the sale of the Jacksonville Electric Authority (JEA) and media manipulation. Uncertainty surrounding some of these issues, in addition to our long-held concerns around the depth of the company's financial disclosures resulted in only a small position being held.

In light of these concerns, we have engaged in extensive outreach to company management, sell-side brokers, as well as various industry groups (including the CA100+ co-leads, the Center for Political Accountability and the Energy and Policy Institute) to learn more about these issues and apply pressure on the company to improve its approach.

Ultimately, we exited our position nearly four months later as we saw limited valuation upside following a period of strong performance, as well as increasing risks from ongoing investigations into FPL's activities and from lower customer affordability due to higher gas prices.

We continue to closely monitor political lobbying and business ethics as part of our continued engagement with companies. In recognition of the importance and to highlight to investors our approach, we subsequently wrote a white paper (Mind the Gap) which argues for greater transparency in political spending activities and practices in light of these events.

Enbridge

Objective: Improve disclosures on climate-related lobbying.

Outcome: Partially achieved. Engagement ongoing.

Enbridge primarily owns and operates oil and gas pipelines across North America. We have an extensive history of engaging with Enbridge on the topic of political expenditures and lobbying both directly and collaboratively through our membership in the CA100+ engagement group. We consider that Enbridge has had a reasonably clear and strong policy on political expenditures in place for some time and has also made various improvements to its disclosures for example by disclosing its trade association memberships. In saying this, we have engaged the company on the need to go further by detailing how its political activities align to its stated position on climate change. Indeed, in 2022 we co-signed a CA100+ letter to Enbridge which, among other things, asked for greater transparency on climate lobbying efforts and alignment with the Global Standard on Responsible Climate Lobbying.

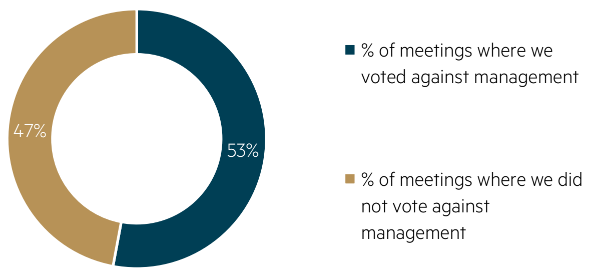
In 2023 Enbridge released an updated climate lobbying report with a number of notable enhancements including details on its priority policy positions, an explanation of its approach to climate lobbying, and a discussion of how its lobbying activities align with the goals of the Paris Agreement. These are constructive steps forward that provide investors with more information to assess whether the company's political engagement activities align with its business strategy and stated commitment to the Paris Agreement.

In saying this, there remain several areas for improvement which we will continue to advocate for through direct engagements with Enbridge. For example, we would like to see a more detailed account of its policy engagement activities on specific items of regulation and legislation, as well as expanding the remit of its climate lobbying disclosures to include not-for-profit organizations known as 501(c)(4) entities.

Proxy voting highlights in FY23

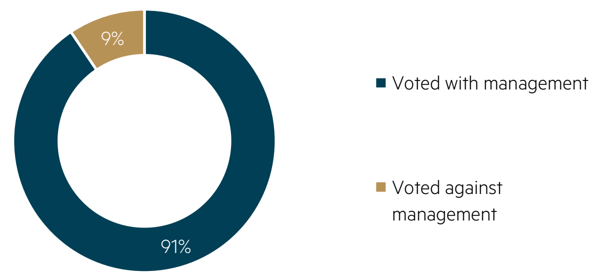
During the reporting period, we voted on 540 resolutions at 34 shareholder meetings. Of this number, we voted against management at 53% of company meetings, primarily due to director appointments (such as lack of independence), remuneration (such as lack of alignment with ESG objectives) and general governance issues (such as bundled voting items). Breaking this down further, we voted against management on 9% of 540 voting ballot items over the 12 months. The following section provides some proxy voting case studies related to some of our key focus areas: executive remuneration, board independence, and decarbonisation.

Shareholder meetings



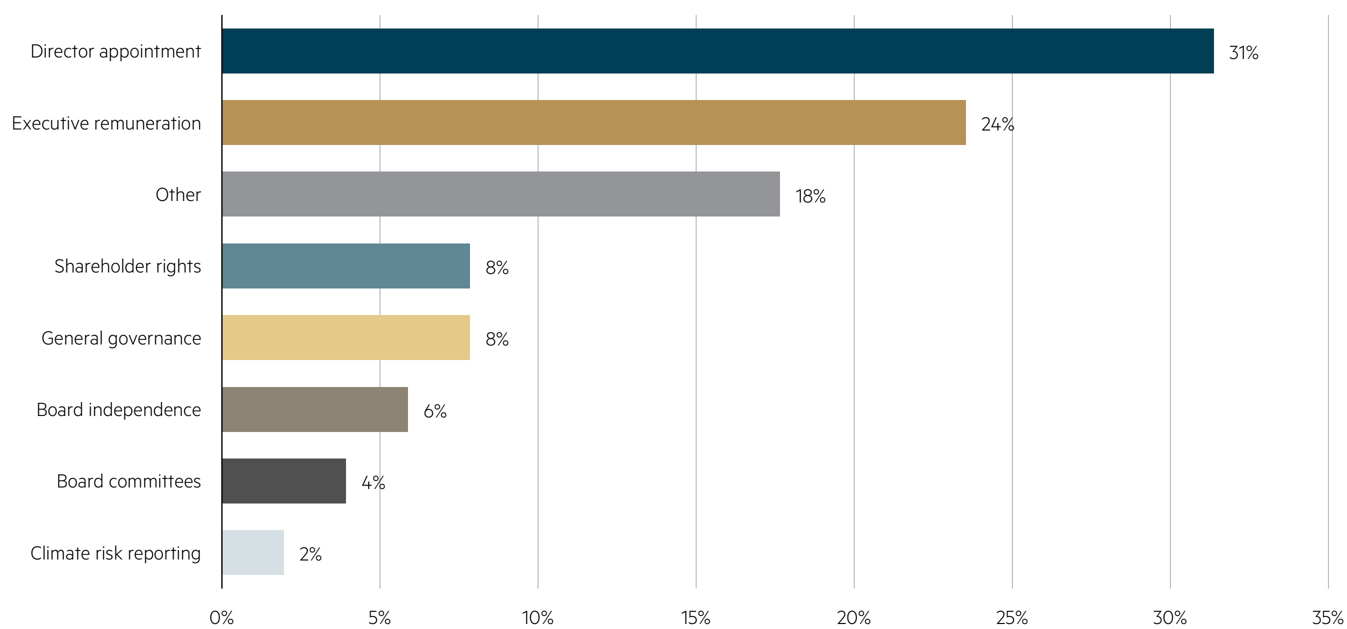
Source: Maple-Brown Abbott Global Listed Infrastructure.

Resolutions



Source: Maple-Brown Abbott Global Listed Infrastructure.

Breakdown of votes against management



Source: Maple-Brown Abbott Global Listed Infrastructure.

Executive remuneration

During the year, we continued to place increased emphasis on the alignment of short and long-term variable executive remuneration with sustainability commitments and decarbonisation targets. This linkage is important in driving accountability among management to deliver on targeted sustainability outcomes, such as emission reduction goals. As a result, we voted against executive remuneration reports and/or policies for 11 out of 31 investee companies, for reasons such as:

- a lack of proper alignment and accountability for environmental and social (E&S) performance relevant to the company's business strategy and operations,
- a lack of proper disclosure of the E&S component in executive remuneration, for example, where key performance indicators were not laid out and/or weightings were not sufficiently detailed, and
- discrepancies between the company's key performance indicators and potential executive pay-outs (that is, there was a risk of 'pay for failure').

VINCI

At VINCI's 2022 annual general meeting we supported the company's remuneration policy and report, however we wrote to the Chair of the Remuneration Committee to relay our concern that the climate change performance indicator in the long-term incentive plan sets a low benchmark and could reward executives for regression. We also highlighted how a lack of detail in the disclosure of E&S components within the STI made it challenging to measure performance and payout.

In March 2023, we participated in a collaborative engagement with the Lead Independent Director of Vinci, where we were disappointed to learn that the company has not changed their position on the remuneration policy. As such, we voted against the company's remuneration policy at the 2023 annual general meeting. We plan to continue advocating for better remuneration practices at VINCI and will continue to utilise our proxy votes to relay this message.

Entergy

We first identified the need for greater management accountability through incorporation of ESG targets in executive remuneration as an area for improvement for Entergy in 2020. Since this time, we have engaged with the company on this topic on four separate occasions.

Despite Entergy enhancing its remuneration framework in 2021 by adding a 40% weighting to non -financial factors in the annual incentive program, we believe further progress is warranted[4]. Firstly, half of the non-financial metrics in the STIP are based on qualitative factors assessed by the Board. We believe further detail in the form of quantitative metrics or key performance indicators should be provided to help investors confidently assess pay for performance. Secondly, given many of Entergy's sustainability and decarbonisation commitments are longer-dated, we expect to see these objective factored into the LTIP for executive management.

We relayed these concerns in a formal letter to the Chair of Entergy's Talent and Compensation Board Committee in May 2023 and engagement remains ongoing.

Edison International

We voted against Edison International's remuneration report for the second year in a row. This decision is in line with our proxy voting guidelines to vote against executive remuneration plans that do not have a minimum allocation of 10% to E&S metrics in each of the short and long term incentive programs. We recognize Edison has made progress in designing its executive compensation program, including a 60% weighting to non-financial measures in the short-term incentive program[5]. However, we believe Edison's long-term strategic financial plan is inextricably linked to its clean energy, wildfire safety and resiliency objectives. Without true alignment in the compensation structure, it is hard for investors to have complete confidence that management will be properly incentivized to execute and deliver on these objectives. Further, many of Edison's domestic peers are increasingly incorporating non-financial, ESG-related objectives into their long-term remuneration frameworks. We see this as a positive development and a reflection of the direction the broader market is moving to improve remuneration practices. As such, it is our view that the zero exposure to non-financial metrics in the LTIP is too low.

On the financial side, Edison's short-term incentive plan currently includes a 40% weighting to core earnings[5]. We would like to see this changed to a core earnings 'per share' (core EPS) measure. In our view, earnings 'per share' targets are an industry standard and provide a more accurate picture of company performance as it factors in financing decisions, including share dilution.

We wrote a formal letter to the Chair of Edison International's Compensation and Executive Personnel Board Committee to relay this feedback.

4 2023 Entergy Proxy Statement.
5 2023 Edison International Proxy Statement.

Board independence

Dominion Energy, NiSource, and Sempra Energy

Another of our key governance principles is the requirement for companies to have an independent Board Chair. During the quarter, there were three shareholder resolutions filed for Dominion Energy, NiSource and Sempra Energy that sought to require an independent Board Chair. We supported all three resolutions and have supported similar resolutions in the past. We believe the role of Chair and CEO should be separate to provide for strong governance, clearer accountabilities and fully independent oversight. Indeed, we wrote a formal letter to Dominion Energy during 2022 which, among other matters, encouraged the company to separate the role of Chair and CEO as part of succession planning. While none of these shareholder resolutions passed, they received meaningful levels of support ranging from 32-40% of votes cast. We see this as a strong signal from shareholders and hope to see these companies move towards what we view as best practice.

Decarbonisation

Ameren

Ameren received a shareholder proposal requesting the company adopt new scope 1 & 2 greenhouse gas targets that are consistent with sector-modelled pathways and aligned to 1.5 degrees. While the general intent of this proposal is positive, we have voted against it on the basis the specific methodologies suggested in the proposal would require an aggressive decrease in emissions in the near-term which would pressure the affordability and reliability of electricity supply. We also note Ameren has engaged the Electric Power Research Institute (EPRI), which validated their emissions targets as consistent with a 1.5-degree scenario based on 78 climate models from the IPCC[6].

As a longstanding shareholder of Ameren, we have an extensive history of engaging with the company on their decarbonisation targets and strategy. We first requested Ameren explore SBTi accreditation in 2021 and were pleased when they carried out this work not long after. In saying this, the company concluded that the SBTi's requirements were too aggressive and would hurt reliability and affordability. This is consistent with what we hear from other US electric utilities that have assessed the SBTi framework.

We have taken several steps to understand this conclusion, such as:

- engaging directly with Ameren
- engaging with external experts such as Ceres and the Energy and Policy Institute
- a deep dive into the SBTi and TPI methodologies for electric utilities

Overall, our research and engagement activities informed our decision to vote against the shareholder resolution. In saying this, we are strong advocates for the acceleration of decarbonisation efforts where possible and will continue engaging with Ameren on this important topic. We also continue to monitor for developments in the US electric utilities sector with regards to SBTi targets and continually reassess whether they are achievable for the companies in which we invest.

6 2023 Ameren Proxy Statement.

Examples of proxy voting decisions

Company	Vote for/against management	Rationale	Outcome
AENA	FOR	Voted for 'Say on Climate' Climate Action Plan	Passed (90%)
Ameren	FOR	Voted against a shareholder resolution to adopt new greenhouse targets consistent with existing sector-modelled pathways due to reliability and affordability challenges	Did not pass (14%)
Cellnex Telecom	AGAINST	Voted against remuneration as the terms of the new policy do not address prior shareholder concerns	Passed (59%)
Cheniere Energy	AGAINST	Voted for a shareholder resolution for a report on stranded carbon asset risk in a 1.5ºC scenario	Withdrawn
	AGAINST	Voted against remuneration due to no ESG weighting in the LTIP and weak quality of ESG metrics in the STIP	Passed (91%)
Dominion Energy	AGAINST	Voted for a shareholder resolution requiring an independent Board Chair	Did not pass (40%)
	AGAINST	Voted against remuneration due to weak quality of ESG metrics	Passed (92%)
Duke Energy	FOR	Voted against a shareholder resolution to create a committee to evaluate decarbonisation risk as the board's existing framework is adequate	Did not pass (3%)
Enbridge	FOR	Voted against a shareholder resolution requiring a report on lobbying and political donations as the proposal did not require materially different information to planned reporting updates	Did not pass (19%)
	FOR	Voted against a shareholder resolution requiring scope 3 emission disclosure as there is currently no industry standard guidance for midstream pipelines	Did not pass (24%)
Entergy	AGAINST	Voted against remuneration due to no weighting to ESG goals in the LTIP	Passed (95%)
Ferrovial	FOR	Voted for 'Say on Climate' Climate Strategy Report after successful engagement	Passed (91%)
National Grid	FOR	Voted for 'Say on Climate' Climate Transition Plan	Passed (98%)
NiSource	AGAINST	Voted for a shareholder resolution requiring an independent Board Chair	Did not pass (38%)
Sempra	AGAINST	Voted for a shareholder resolution requiring an independent Board Chair	Did not pass (32%)
	AGAINST	Voted against remuneration due to weak ESG metrics, limited disclosures and lack of alignment with net zero targets	Passed (82%)
VINCI	AGAINST	Voted against remuneration due to poor climate metrics in the LTIP and lacking disclosures of STI awards	Passed (88%)

About us

Maple-Brown Abbott (MBA) has significantly evolved since our origins nearly 40 years ago across investment styles, asset classes, geographies and client types. Today we are a boutique of boutiques, focusing on active management of differentiated listed equity strategies. As one of the earliest Australian managers to sign up to the PRI, we have a long history of ESG integration which is core to each of our strategies. We are privately owned with around 60 staff in Sydney with around A$10 billion in assets under management as at 30 June 2023. 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 four Portfolio Managers, two Investment Analysts, a Research Associate, two dedicated ESG Analysts and an Investment Director. The team managed approximately A$4.4 billion as at 30 June 2023 on behalf of clients across North America, Europe 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. In this respect, we actively engage with companies and use proxy voting decisions to help drive more sustainable financial and non-financial long-term outcomes for investors . We assess a company's ESG risks and opportunities as part of our detailed industry and company research at each step of the investment process.

The Maple-Brown Abbott Stewardship Report FY23

A core component of Maple-Brown Abbott's ESG approach is our comprehensive stewardship program, including company engagement and proxy voting. Our annual Stewardship Report outlines our engagement priorities and proxy voting activity for the 12 months to June 2023 for Maple-Brown Abbott Limited's strategies.

View the report.

Membership and frameworks

In October 2021, we took our commitment to 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.

We are also members of the Climate Action 100+ (CA100+) and active participants in the collaborative company engagements run by the initiative. To further support our research and reporting on climate-related risks, we published our inaugural TCFD-aligned report in November 2021 and an updated Climate Change Report in 2023.

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.

Signatory of:

PRI Principles for Responsible Investment

TCFD Task Force on Climate-Related Financial Disclosures

Race to Zero

Transition Pathway Initiative

riaa Responsible Investment Association Australasia

IAST APAC

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