



# MAPLE-BROWN ABBOTT

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### RESPONSIBLE INVESTMENT POLICY

As a value manager with a long term investment horizon, Maple-Brown Abbott (the Company) recognises that the integration of environmental, social and governance (ESG) factors into the investment process can enhance risk adjusted performance. This Policy outlines our commitment to Responsible Investment, our responsibilities as a signatory to the United Nations Principles for Responsible Investment (UNPRI), our approach to integrating Responsible Investment into our investment process and summarises the environmental, social and governance factors that are considered in our investment process. This Responsible Investment Policy should be read in association with our Proxy Voting and Engagement Policies. Each of our Responsible Investment, Proxy Voting and Engagement Policies have been approved by the Board, and can be found on our website ([www.maple-brownabbott.com.au](http://www.maple-brownabbott.com.au)). Where applicable, the policy relates both to the Company's pooled investment vehicles and separately managed accounts, collectively referred to herein as "Clients".

#### ***The United Nations Principles for Responsible Investment***

The Company's commitment to responsible investment was formalised when we became a signatory to the UNPRI in March 2008 ([www.unpri.org](http://www.unpri.org)). The UNPRI is a voluntary, aspirational initiative developed in association with some of the world's leading asset owners and investment managers. The UNPRI provide a framework for integrating ESG considerations into investment decision-making. The six principles provide guidance on the following:

1. incorporating ESG considerations into investment analysis and decision-making processes;
2. being active owners and incorporating ESG factors into ownership policies and practices;
3. seeking appropriate disclosure on ESG factors from the entities invested in;
4. promoting the principles within the investment industry;
5. working collaboratively to enhance the effectiveness of the principles; and
6. reporting progress on implementing the principles.

#### ***Our Approach***

The Company has adopted an integration and engagement approach to responsible investment. Our approach is aligned with the UNPRI and has been designed to enhance our investment analysis and decision-making. More specifically, the approach is premised on the following:

- Responsible investment is a Company wide undertaking. The Company's Board approved the Company's Responsible Investment Policy and endorses our responsible investment initiatives, however, it is the Company's Managing Director who drives the Company's responsible investment agenda. The underlying responsibility of integrating ESG into our investment process lies with each investment analyst, who conducts ESG research and makes recommendations, and each portfolio manager, who incorporates these investment recommendations into their trading decisions. There is an ESG Specialist analyst, who is responsible for co-ordinating the implementation of the Company's Responsible Investment Policy and initiatives. The Company's marketing and 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.

- The Company's Responsible Investment Policy covers our core equity asset exposures, being Australian and self-managed International listed equities. Given these asset classes comprise the majority of our funds under management (FUM), we have the ability to affect change through the implementation of our Responsible Investment Policy.
- The Company considers ESG capabilities in the appointment and evaluation of external fund managers appointed to manage money on behalf of the Company.
- The Company does not screen out any specific sector or company based on ESG considerations.
- The Company integrates ESG factors at each step in the investment process. Investment analysts identify and assess ESG factors relevant to their industry and stock coverage. A discussion of these factors is included in each research report, and the valuation impact, where material, is either explicitly factored into company's earnings forecasts, or implicitly through the determination of the terminal value or discount rate valuation adjustments. Identified ESG factors and valuation implications are discussed at the research meeting (the forum where the analysts review research reports) and incorporated into portfolio construction through the analyst portfolio, where relevant, and portfolio manager trading.
- To develop our investment professionals' knowledge and understanding of ESG factors, the Company facilitates training and access to specialist information providers including brokers, through a dedicated ESG brokerage allocation, independent research advisors, for example proxy advisors, information providers, for example, Bloomberg, and participation in a number of industry initiatives.
- ESG performance plays a part in determining the remuneration of the Company's investment professionals.
- The incorporation of ESG factors into the investment process is supplemented by our engagement initiatives, including company meetings, proxy voting and participation in collaborative initiatives. Maple-Brown Abbott's detailed engagement 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.au](http://www.maple-brownabbott.com.au)).
- To ensure that we meet our policy obligations the Company undertakes to continually improve our ESG capabilities.
- The Company reports on its progress on implementing the UNPRI principles to the UNPRI and to stakeholders, through our quarterly report, marketing presentations, bespoke client requests and on our website ([www.maple-brownabbott.com.au](http://www.maple-brownabbott.com.au)).
- The Company seeks to manage its own operations in keeping with ESG standards.

## **ESG Factors**

The Company considers many ESG factors in its stock analysis and investment process and in its engagement activities. ESG factors vary by industry and by company, and include, but are not limited to:

### Environmental

- Environmental degradation, including biodiversity and land use, water, air and waste management, climate change, carbon emissions and energy efficiency.
- Quality of environmental related disclosure.
- Environmental factors can have direct cost or an indirect cost through the recognition of externalities.

## Social

- Safety, labour and human rights supply chain management, employee engagement, diversity, customer and local community relationships and conflict zones and controversial weapons.
- 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 executive remuneration.
- Bribery and corruption risk exposure and policies.
- 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.

Approved by the board of the Company on 8 September 2016.