



# MAPLE-BROWN ABBOTT

## MAPLE-BROWN ABBOTT LIMITED POLICY ON ENGAGEMENT

Maple-Brown Abbott's (the Company) long term investment horizon enables us to engage with the Board and management of portfolio companies for long term strategic benefit. Further, for Australian investments, the Company's often material shareholdings engenders long term, influential relationships with the Board and management of our portfolio companies, which generally facilitates a high quality of company engagement. This Policy outlines the Company's commitment and approach to engagement activities and summarises the environmental, social and governance (ESG) factors that are considered in our engagement activities. This Engagement Policy should be read in association with our Responsible Investment and Proxy Voting 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".

### *Our Approach*

Consistent with the Company's integration and engagement strategy, engagement forms an important part of our approach to responsible investment. Our engagement initiatives are aligned with the UNPRI and have been designed to optimise our ability to affect outcomes and enhance our investment decision-making. More specifically, the approach is premised on the following:

- The Company's Board approved the Company's Engagement Policy and endorses our engagement initiatives. The Company's Managing Director drives the engagement agenda and the ESG Specialist analyst is responsible for co-ordinating the implementation of the Company's Engagement Policy and initiatives. The ESG Specialist analyst determines the engagement priorities each year and works with the investment analysts and portfolio managers in preparing and executing engagement initiatives.
- The Company's Engagement 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 Engagement Policy.
- The Company considers ESG capabilities, including Engagement Policies, in the appointment and evaluation of external fund managers appointed to manage money on behalf of the Company.
- For Australian investments, the Company generally meets with the management of portfolio companies after their interim and full year results, and often with the Chairman before the company AGM. The Company generally meets with the management of prospective portfolio companies before an initial investment is made. These meetings provide a forum to discuss, amongst other things, the ESG performance of the company, and advocate further improvement in their ESG performance and disclosure, at the highest level within the company. Meetings with the Chairman provide a further opportunity to discuss the company's Governance Policies, including Board function, Board composition, remuneration policies (magnitude, metrics and hurdles) and subcommittee performance.
- For Australian investments, in addition to our meetings with management and Chairmen, the Company has a policy to conduct at least ten engagement meetings each year with ESG specialists within prospective and portfolio companies that are dedicated to discuss ESG factors. This is a further forum to engage with the companies on their ESG performance, and advocate further improvement in their ESG performance and disclosure. The completion of this program should roughly equate to conducting a dedicated ESG meeting with each of our portfolio companies over our four year investment horizon.
- These dedicated ESG meetings are prioritised each year with consideration to the materiality of ESG factors identified in the investment analysis and decision-making process and the duration since our last meeting, and aim to represent each major sector in the market.

- For our self-managed International investments, the Company generally meets with the management of portfolio companies during company road shows and analyst company visits and at conferences. The ESG related engagement at these meetings tends to focus on Corporate Governance and includes, but is not limited to, better understanding a company's Governance policies, including Board function, Board composition and remuneration policies, exploring optimal capital structures, and understanding the motivations of majority shareholders.
- The Company also engages with companies, and collaborates with our peers, outside these scheduled meetings, when it is in our clients' long term interest to do so. For example:
  - From time to time, issues may arise within one of our portfolio companies that may warrant company engagement. These issues have historically been Governance related, and have included, but are not limited to, the entitlement of a majority shareholder to directorships, Board composition and takeover offers; and
  - Broker and company sponsored ESG presentations and conferences, where companies seek feedback on their ESG performance and disclosure.

The Company does not use an external engagement service provider.

- The Company's engagement activities also include our participation in collaborative initiatives including, but not limited to, Asian Corporate Governance Association, Australian Council of Superannuation Investors and ESG Research Australia.
- The Company does not formally participate in collaborative initiatives to engage public policy makers, however, from time to time, investment analysts meet with public policy makers and convey their thoughts regarding various ESG related public policies, for example, climate change and industrial relations reform.
- The Company's engagement activities are recorded and collated in our proprietary investment management system. In addition, each analyst keeps a detailed record of their engagement activities and over time monitors the progress and outcomes of these activities.
- The Company reports on its engagement activities 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)).

## **ESG Factors**

The Company engages with companies on a range of factors, which include, but are not limited to the following:

### **Environment**

- Environmental degradation, including biodiversity and land use, water, air and waste management, climate change, carbon emissions and energy efficiency.
- Quality of environmental related disclosure.

### **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.

## Governance

- Quality and composition of Board and executive remuneration.
- Bribery and corruption risk exposure and policies.
- Quality of Governance related disclosure.

In addition Maple-Brown Abbott engages with companies to disclose their ESG performance in keeping with industry best practice reporting standards.

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