MAPLE-BROWN ABBOTT
INVESTMENT MANAGERS SINCE 1984

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RESPONSIBLE INVESTMENT POLICY

Owner: ESG Investment Analyst

As a value manager with a long term investment horizon, Maple-Brown Abbott (MBA) recognises that responsible investment enhances investment decision making. 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. Further, it leverages our position as a long only, long term investor to engage with the Board and management of portfolio companies for long term benefit.

This Responsible Investment Policy highlights our commitment to ESG. It outlines our responsibilities as a signatory to the United Nations Principles for Responsible Investment (UNPRI), our ESG investment governance, our approach to ESG integration and engagement, including climate change, 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, Engagement and Climate Change Policies. Each of our Responsible Investment, Proxy Voting, Engagement and Climate Change Policies has been approved by the Board, and can be found on our website
(www.maple-brownabbott.com.au). Where applicable, the policy relates both to MBA'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.

Responsible Investment: The United Nations Principles for Responsible Investment

MBA's commitment to responsible investment was formalised when we became a signatory to the UNPRI in March 2008 (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:

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.

MBA reports annually to the UNPRI on the implementation of their Principles and will make the UNPRI's assessment report publically available on our website (www.maple-brownabbott.com.au).

Responsible Investment: Governance

MBA 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 UNPRI, and is outlined below:

- The delivery of our ESG investment strategy is a firm wide undertaking. MBA's ESG investment strategy and policies have been 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. The underlying responsibility for 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 a dedicated ESG investment analyst, who is responsible for co-ordinating the implementation of the firm's Responsible Investment, Engagement, Proxy Voting and Climate Change Policies and initiatives. The firm'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.
- MBA's Responsible Investment Policy only applies to equities that are directly managed by MBA. Given this asset class comprises the majority of our funds under management (FUM), we have greater ability to implement our Responsible Investment Policy and affect change.
- MBA considers ESG capabilities in the appointment and evaluation of external fund managers appointed to manage assets on behalf of MBA.
- Consistent with our approach to in-house equity research, analysts conduct their own internal ESG research. To develop investment analysts' knowledge and understanding of ESG risks and opportunities, we facilitate training and access to specialist information providers. These include an annual investment offsite, access to brokers, through a dedicated ESG brokerage allocation, independent research advisors, for example proxy advisors, and information providers, for example, Bloomberg. These resources may include company, sector or country related analysis or ratings. It also includes participation in a number of industry and professional association initiatives of which we are members or affiliates. In addition to internally provided training, each investment analyst is required to conduct a minimum of one hour personal professional ESG training, under MBA's broader personal professional development training requirements.
- To ensure that we continually improve our ESG capabilities MBA undertakes to annually set and review objectives for its responsible investment activities.
- ESG is included in the performance appraisals for our investment professionals and contributes to the determination of their remuneration.
- MBA reports on its ESG capabilities and progress on implementing the UNPRI principles to stakeholders, through our quarterly report, bespoke Client reporting, marketing presentations and on our website (www.maple-brownabbott.com.au).
- MBA will work 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.
- MBA 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 and a Code of Ethics and Whistleblowing Policy.

Responsible Investment: Integration into Investment Decision Making

- Consistent with our ESG integration and engagement investment strategy, MBA does not screen out any specific sector or company based on ESG considerations, unless requested to do so by a Client.
- MBA typically invests over a four year investment horizon and takes long only positions in the stocks that we invest in. Our long term investment horizon enables us to take a genuine long term view on ESG risks and opportunities.
- MBA conducts in-house, bottom up, fundamental stock analysis and is thus well placed to integrate ESG risks and opportunities into investment decision making. Further, MBA's investment analysts also conduct our engagement and proxy voting activities, ensuring that information obtained in these activities is systematically incorporated into our investment analysis and decision making.
- MBA identifies and assesses the ESG risks and opportunities, including climate change, 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 all company research reports. Where the valuation impact is material, it is either explicitly factored into company's earnings forecasts, through adjustments to revenue, cost, earnings, capex, cashflow or balance sheet items, or implicitly through the determination of the terminal value, discount rate or perpetuity growth rates. As outlined in more detail below, material climate change risks and opportunities are assessed using the climate risk assessment framework, which along with valuation implications, are included in the research report. Identified ESG issues and valuation implications are discussed at the research meeting and incorporated into portfolio construction through the analyst portfolio, 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.

Responsible Investment: Engagement and Proxy Voting

- MBA's comprehensive engagement program, including company meetings and proxy voting, complements our ESG integration. 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, letters to the Board, and other company communication, and participation in collaborative engagement initiatives. The engagement policy also includes an escalation strategy.
- Our company proxy voting policy is US Securities and Exchange Commission (SEC) compliant and proxy voting is conducted in house.

MBA'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.au).

Responsible Investment: Climate Change

MBA acknowledge 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. 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 company engagement program. Our climate change risk assessment is aligned with the Task Force on Climate related Financial Disclosure (TCFD) and considers the following factors, both transition and physical risks and opportunities, 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 given developing government energy and climate policies, including tougher emissions and energy efficiency standards, and adaptive capacity;
- social license to operate and reputational considerations; and
- chronic and acute physical climate impacts at the asset and system level.

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. Implementation of the climate change risk assessment has initially been prioritised around the higher risk sectors including mining, energy, industrials, property, infrastructure and banking and insurance.

Further, the integration of climate change into our company analysis and investment decision making process is supplemented by our comprehensive engagement program. Climate change has long been a key issue of our dedicated engagement program. As part of our plan to further evolve our investment process to align with the TCFD requirements, MBA is conducting a focused engagement campaign on companies with climate change risk who are not TCFD non-compliant.

Responsible Investment: Factors

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

Environmental

- Environmental degradation, including biodiversity, deforestation and land use, environmental pollution including water, air and plastic waste management, resource scarcity and climate change including both transitional and physical risks.
- 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, labour practices and supply chain management, employee engagement, diversity, customer and stakeholder relationships, changing demographics 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 management, executive remuneration and shareholder rights. Anti-bribery and corruption, cyber security, accounting and auditing, political spending/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.

Review

This policy will be reviewed every three years.

Approved by the Board of Maple-Brown Abbott on 8 September 2016.
Approved by the Board of Maple-Brown Abbott Limited on 5 December 2019.

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