

## **Maple-Brown Abbott's Approach to Responsible Investment and the UN Principles for Responsible Investment**

As a value manager with a long term time horizon, part of our investment process requires us to focus on identifying risks and opportunities that may impact on a company's earnings and valuation. There is growing recognition that environmental, social and corporate governance (ESG) factors may significantly impact the value of a company. Maple-Brown Abbott has been improving its capacity to better understand ESG factors and enhance their integration into its investment process.

An important consideration in our responsible investment strategy has been the adoption of the United Nations Principles for Responsible Investment (UNPRI) on 31 March 2008 ([www.unpri.org](http://www.unpri.org)). The UNPRI are 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 issues into ownership policies and practices;
3. seeking appropriate disclosure on ESG issues 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 to responsible investment is aligned with the UNPRI and has been designed to enhance our investment decision-making. More specifically, the approach is premised on the following:

- recognising that in certain sectors, industries and companies, ESG factors may have a material impact on a company's valuation;
- not screening out any specific sector or company based on ESG considerations;
- concentrating our efforts on those ESG factors that are likely to have a material impact on a company's long term earning growth and valuation;
- engaging the management of the companies in which we have invested where our assessment shows that their ESG performance can be improved to either reduce the companies' risks or enhance their valuation; and
- encouraging the companies we invest in to disclose their ESG performance in keeping with emerging reporting standards

A key aspect of our implementation plan is to develop our analysts' knowledge and understanding of ESG risks and opportunities in sectors and companies where these are material. This will be achieved by enhancing our proprietary research, accessing ESG research from brokers and specialist providers and through our participation in a number of industry initiatives such as the Climate Disclosure Project.

Our implementation of this new Responsible Investment policy will be considered progressively and could take some time. At appropriate times we will report to our clients and key stakeholders. We will also manage our business in keeping with ESG standards.

31 March 2008