



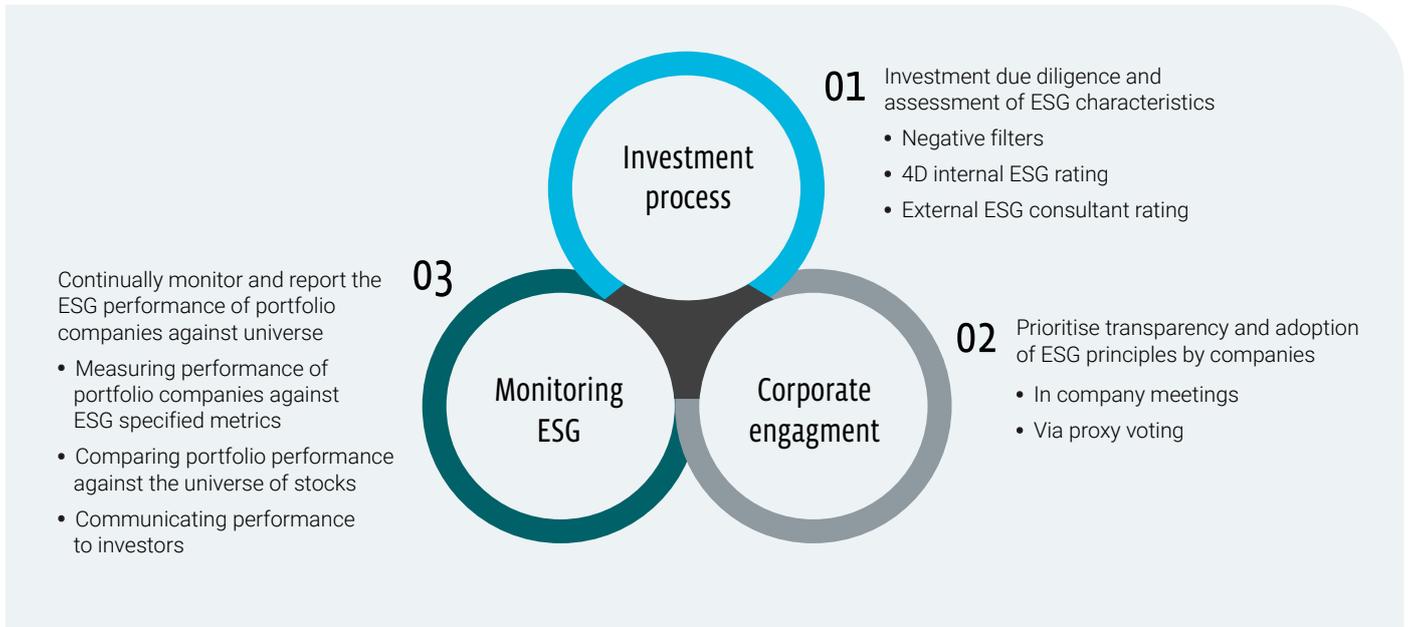
2025 Responsible Investment and Stewardship Report

February 2026

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Introduction

4D Infrastructure (4D) believes incorporating responsible investment into our investment and stewardship processes not only results in better ethical outcomes but also enhances investment outcomes for our investors. We believe the consideration of the influence of sustainability factors on the risk, return and longevity of investments provides a more thorough due diligence process and better risk-adjusted returns. The interaction between our investment, stewardship and reporting activities is depicted below.



Source: 4D Infrastructure.

We believe sustainability factors are often interlinked for companies in our investment universe. Therefore, while assessed on an individual basis, their inter-relationship also needs to be understood and assessed. For example, when assessing the pace of energy transition in decommissioning fossil fuel generation facilities, utility companies should consider social factors, such as the impact on energy affordability for customers, the impact on reliability of service and security of supply, and the employment opportunities of displaced workers.

As a signatory to UNPRI, and for the benefit of our investors, we undertake stewardship activities with companies both in our portfolios and greater investment universe. We actively incorporate responsible investment in our investment and stewardship activities, incorporate information learned through our engagement activities into our decision making, promote enhanced transparency through engagement and proxy voting, and promote implementation of responsible investment in the infrastructure sector.

Responsible investment is integrated into our investment process and is an important component of our investment stewardship. This document outlines for investors and stakeholders some of our stewardship activities over the past year.

Preface to 2025

Rising geopolitical tension, through tariffs and conflicts, and economic growth concerns, were the prevalent themes globally in 2025.

Increased tariffs impacted:

- global trade, leading to the redesign of certain trade routes;
- affordability, with the increasing cost of living becoming political, particularly in the US;
- continued energy demand growth and associated costs/funding;
- government spending; and
- the broader global economy with a return of inflation in some countries.

Through our stewardship, we looked to:

- better understand what impact these risks/opportunities had on the operations and strategic direction of companies within our investment universe;
- influence Boards and management on appropriate strategy; and
- ensure we were positioned appropriately within our investment strategies.

Through 2025, US utilities and Independent Power Producers (IPP) continued to invest heavily in electric and gas infrastructure, as well as electric generation. The thematic of increasing power demand was most prominent in the US where tech companies significantly increased investment in manufacturing and data centres to facilitate AI applications. This resulted in a step-change in power demand forecasts from the 0-1% achieved growth over the last 20 years to an expected 3-4% CAGR to 2030. The increased load growth outlook necessitates increased power generation capacity and network upgrades. Stakeholders such as governments, regulators, and customer representatives increasingly focussed on ensuring that investment costs, to facilitate the increased demand of tech companies, is not passed onto residential and commercial customers. In our engagement with utility and IPP companies we looked to understand how they intend to mitigate/minimise price increases and the risk of stranded assets if tech companies failed to pay for incremental generation and network investment over time.

European energy companies also began investing at rates not seen in decades, although their investment was more focused on ensuring security of supply and facilitating the energy transition, which continues to be a prerogative of many European governments. We are supportive of this investment but wanted to ensure investment could be executed efficiently (given the strain it creates on trained labour forces and supply chains), that companies would be remunerated appropriately and that the social consequences of increasing bills were managed appropriately.

Water companies within our investment universe also continued to invest extensively in 2025 to improve water and wastewater service quality for customers. Across many parts of the globe, including the US, Europe and Latin America,

water and wastewater networks have historically experienced underinvestment resulting in poor water and wastewater service quality. Through regulatory processes throughout 2025, companies received approval for increased investment plans to improve these service standards. Through our stewardship we wanted to ensure companies are executing upon this investment, and importantly, are delivering improved service quality to customers, which incorporates reduced wastage through leak minimisation and improved environmental performance in the treatment and disposal of wastewater.

Our engagement with user-pay infrastructure companies like airports, toll roads, rail and shipping ports focused on domestic and international trade and tariff implications, as well as customer travel propensity, upcoming regulatory processes, company relationships with employee representative groups, capacity enhancements and capital allocation decisions.

In the context of concerns about global economic growth and customers' propensity to travel, we engaged airport management teams on their expectations for passenger growth both short term and longer term. It became clear that US geopolitics was having an impact on both tourism and VFR (Visiting Friends and Relatives) traffic into and out of the country, presenting an opportunity for alternative destinations but also a near term threat for others. Engagement with management teams enabled us to quantify this risk/opportunity and assess financial and investment implications.

Outside of geopolitics, the greatest limitations to air passenger growth remain aircraft availability, airport capacity limitations and increasing substitution from High Speed Rail (HSR). Management teams are cognisant of these competing dynamics and working to balance investment budgets, aircraft delivery and redesign of slots to facilitate long haul at the expense of short haul. The latter is further supported by the ongoing emergence of the middle class in developing economies and their increasing demand for air travel.

The continued and extensive use of tariffs as a negotiating tactic by the Trump administration was expected to have significant ramifications on trade routes globally. We engaged with ports and rail companies to understand the expected implications of tariffs for their industries and businesses. We explored how they planned to mitigate the impact of tariffs, and whether they saw an opportunity, based on moves away from the US as a key import/export partner for many countries. We saw some winners and losers of this changing landscape and used these discussions to position accordingly.

Through our engagement and proxy voting, we continued to encourage all companies to improve Board governance, to consider the independence and capability of their Boards, to improve minority shareholder protections, and to adopt best practice incentivisation of management teams. We also sought to confirm with Boards the strategic rationale and shareholder value creation of related party M&A transactions (seen particularly within some Chinese companies). We also sought to understand the influence and prerogatives of majority and activist investors, whether they were governments or private investor groups. We continued efforts to persuade companies to improve their overall investor transparency.

Infrastructure investment will continue to be central to economic initiatives globally in 2026. Such initiatives include facilitating travel and trade, driving the energy transition, ensuring reliability and affordability of utility services and supporting absolute population growth and the ongoing evolution of the middle class in the developing world.

With the drivers of investment more intense and varied than any time in decades, we will seek to ensure that companies can execute on this investment, that the investment is sustainable, while ensuring appropriate levels of return are earned.

Engagement

We believe company engagement is crucial to our investment and stewardship duties, as fiduciary managers of clients' funds. We look to actively engage with companies in our portfolios as well as the broader investment universe to:

1. undertake due diligence as part of the company assessment and investment decision process;
2. support our efforts in valuing a company, including short and long term scenario analysis;
3. engage with companies to understand and challenge their strategy and operations;
4. support our determination of a quality grade for the company, with over 50% of the quality assessment assigned to responsible investment factors;
5. gauge other investors' concerns and areas of focus;
6. gauge companies' willingness to listen to and address investor concerns;
7. support improving transparency; and
8. promote the consideration of sustainability (ESG) factors.

We have established distinct engagement priorities and objectives to enhance the effectiveness of our engagement activities and we monitor company progress over time. Specific objectives may vary based on company, industry, geography, and theme.

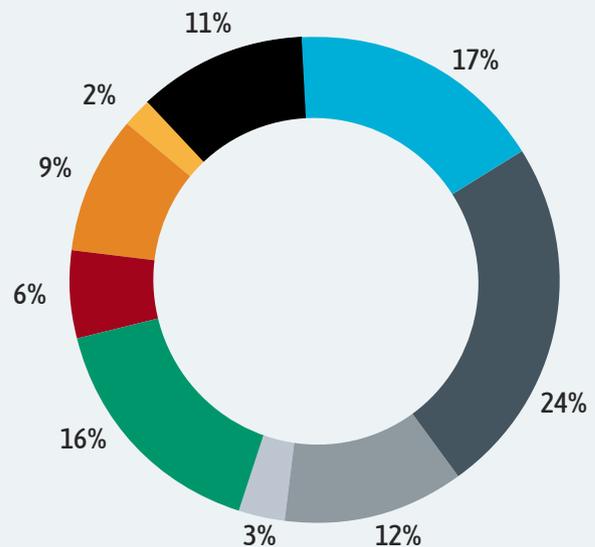
Insights gathered from engagement activities are systematically integrated into our investment analysis and decision-making processes. Each 4D analyst maintains a detailed record of their engagement activities, accessible to all team members, including relevant portfolio managers. A record of these detailed discussions is also incorporated into an Engagement Log.

We have a Risk Register which formally records our prioritised risk/opportunities for companies within our investment universe. At the beginning of each year, we update these priorities based on our view of key engagement issues for each company at that point in time. As we engage with individual companies over the course of the preceding year, we update each risk/opportunity with the company's mitigation and execution strategies. We then determine and record a course of action based on our assessment of each company's ability to manage the prioritised risks/opportunities.

This could be to buy/sell a company stock, increase/reduce a position, update valuation models, update quality ratings, or continue to monitor a company.

A representation of our 2025 engagement activities is summarised in the chart below.

197 company meetings through 2025 focused on responsible investment



- Meetings focused on E
- Meetings focused on E and S
- Meetings focused on S
- Meetings focused on S and G
- Meetings focused on G
- Meetings focused on E and G
- Meetings focused on E, S, G or Policy
- Meetings focused on Transparency
- Meetings focused on None

Source: 4D Infrastructure

Engagement focus areas

- A large proportion of meetings (56% labelled E, E/S, E/G, or E/S/G) involved some discussion of **environmental considerations**. These included discussions around how investment plans improved environmental outcomes such as decarbonisation, the impact of changes to renewable tax credits legislation, the longevity of widespread oil and gas utilisation in society, strategies for improved water and wastewater service quality, preparedness for the increasing frequency of disruptive weather events and the threat/opportunity of evolving environmental policy.
 - We engaged with specific companies based on their exposure to extreme weather events such as tropical storms and wildfires. We looked to understand the increasing risk under global warming, as well as mitigation steps being adopted by companies.
 - We questioned the impact on long term decarbonisation plans of a push to develop gas generation to support data centre load demand.
- We questioned management teams on their **operational preparedness** to deliver capital plans. We sought to ensure companies had sufficient capability, employee resources, and financing capital to deliver on commitments made to regulatory bodies, stakeholders and shareholders.
- We also looked to understand the impact on customer bills of the significant increase in capital expenditure plans. This is central to maintaining government and stakeholder support for increased capital expenditure.
- We engaged with management teams on specific **social issues**:
 - Affordability of utility services was a central discussion topic in both the US and Europe. Government and regulatory bodies were very focused on ensuring companies operated efficiently, while limiting the cost burden borne by customers.
 - With increasing power demand, and the decommissioning of aging fossil fuel generation sources, security of power supply was raised as a concern by industry and customer representative groups globally. The Iberian blackout in April 2025 was a strong reminder of the implications of increasing renewables in the power mix and the risk of insufficient base load back-up. We engaged with management teams to understand their view on power supply dynamics, and their plans to ensure sufficient supply is available to their customers.
 - In Asia we assessed the implications of government influence on setting tolls on roads, and fares on passenger rail. There were obvious benefits for customers, but we questioned how this influenced companies' ability to earn reasonable returns on their investment.
 - Labour productivity and labour relations were central to discussions with US rail companies. We looked to understand how companies were managing their labour force to ensure efficiency, with operating ratios being key to profitability in the sector. At the same time, we wanted to ensure company relationships with employees and unions were sufficiently strong to avoid crippling industrial disputes.
- **Governance** discussions with Boards and management teams focused on the impact of majority shareholders (including government institutions and activist investors); funding requirements and access to capital; incentivisation of management teams to create alignment with shareholders and ensuring Boards considered shareholders when establishing capital allocation priorities.
- **Political volatility** was prevalent throughout the year, with international conflicts and trade disputes prevalent. These issues affected a number of infrastructure sub sectors in different ways. For example, in transport sectors traffic volumes could be positive or negatively influenced by changes in the flow of goods and people. We engaged with management teams to understand what impact these conflicts, tariffs, and rule changes could have on their businesses. By contrast, in the energy space significant investment pipelines had to be managed to accommodate increasing supply chain costs. Management teams were probed on increasing budgets and how/who would pay for increasing input costs and labour.
- We engaged with select companies regarding their **treatment of directly and indirectly employed staff**. We sought to ensure there were appropriate processes and controls in place so as to ensure Modern Slavery standards were adhered to. These standards include reasonable pay for work, freedom of association, not forcing work or imprisoning employees in work and the avoidance of child labour. We did not invest in companies where we could not get comfortable that sufficient controls and processes were in place to ensure Modern Slavery was adhered to throughout a company's supply chain.

Case studies

California Wildfires

Sector:	Electric Transmission & Distribution
Issue:	Los Angeles (LA) Wildfires
Feedback:	Unclear as to the operational prudence assessment of Edison International by the Californian regulator. Affordability will also be an ongoing concern
Status:	Exited our position in Edison International and reduced Sempra, but continue to monitor the situation

At the outbreak of the LA wildfires in January 2025, 4D strategies were invested in two companies with exposure to operating Californian utilities: Edison International (EIX) and Sempra. EIX operates the electric utility in and around LA, whereas Sempra is a multi-geography, diversified utility which owns and operates the gas utility in LA and an electric utility in San Diego.

We had confidence in taking a position in the Californian electric utilities despite their prior exposure to wildfire liabilities, based on legislation implemented around 2020 designed to protect them from future wildfire events. Protections included:

1. Establishment of Wildfire Mitigation Plans (WMPs). Legislation required electric utilities to establish wildfire plans, outlining operational procedures and investments in technology, to mitigate the ignition of wildfires. These plans are reviewed and approved by the Californian regulator on an annual basis, which establishes legal prudence on behalf of the utilities and therefore avoiding legal liabilities associated with wildfires.
2. Establishment of a \$21 billion wildfire liquidity fund. This vehicle is funded by contributions from utility shareholders and rate payers to maintain the liquidity of the utilities in the scenario that their assets ignite a fire. Compensation by the fund would be dependent upon whether the company was perceived to be prudent by the regulator (heavily influenced by approval of WMPs).

The January 2025 LA wildfires comprised several fires which were ablaze across LA and its outskirts, the largest and most damaging of which were the Palisades and Eaton fires. The LA fires occurred particularly within EIX's operating jurisdiction, with other listed Californian utilities not experiencing any wildfires at the time.



Map showing locations of major LA fires in January 2025

Through public communications issued at the outset of the fires, EIX indicated that the Palisades fire was not in its operating jurisdiction, and that they received no indication from their advanced monitoring system that their network assets were associated with ignition of the Eaton Fire. If this were true, then it absolved them from major property liabilities.

Despite their communications, which we believe were based on best available knowledge, local media aired videos which appeared to show the ignition of the Eaton Fire was linked to an electric transmission tower. EIX represented that this was incongruent with the technical indications they were getting from their network monitoring system.

During the wildfires, EIX company representatives were not responding to investor emails, and only communicated to the market via public market communications. We engaged with market analysts and brokers who speculated that, despite the legislated wildfire protections in place (listed above):

- 1) the size of the property liability from the Eaton Fire could be significantly larger than the \$21 billion protection through the wildfire liquidity fund; and
- 2) there was uncertainty whether legal prudence through the approved WMP would stand considering it appeared that EIX's network monitoring didn't detect the fire ignition, and therefore it could be argued the company did not respond efficiently or effectively.

We held an internal Investment Committee very shortly after this engagement, to consider our portfolio exposure to the LA wildfires, and whether the fires impacted our investment view of the Californian utilities. We felt that:

- the scale of the LA fires, specifically potential damages from the Eaton Fire, were unprecedented, and likely to be well above protections from the liquidity fund;
- there was continued uncertainty as to whether EIX will be deemed a prudent operator and therefore avoid liabilities associated with the fire;
- any liability recovered from customers, combined with required investment to protect against future potential fires, will exacerbate affordability concerns in the state; and

- the timeline to clarify the impact (if any) of the potential legal liabilities for EIX will take multiple years.

For the above reasons we elected to exit our position in EIX and reduce our position in Sempra.

There were subsequent legislative developments in California over the course of 2025, which looked to:

- establish another liquidity fund if the existing one was depleted (this looks likely to be based on initial property liability estimates around \$40 billion); and
- undertake stakeholder assessments to further improve legal prudence risk for the electric utilities.

We engaged with the utilities throughout the year regarding these legislative changes and gained sufficient confidence in the direction of political momentum. However, at this point we do not believe these present a sufficient solution to wildfire liability risk.

EIX recently launched litigation against almost a dozen LA County government agencies and businesses, including the Fire Department, Office of Emergency Management as well as Sempra’s gas utility Southern California Gas (SoCalGas). EIX allege these parties did not take reasonable actions to warn residents of the Eaton Fire, and prevent its spread. The liability exposure to SoCalGas is unknown at this stage, however Sempra management have communicated that they will vigorously defend against the litigation.

We continue to monitor the wildfire legal and legislative situation and engage with Californian utilities to best understand their position with regard to ongoing wildfire risk. We remain invested in Sempra on the basis that their risk exposure is different to that of other electric utilities in California, and they operate a significantly more diversified business. We also continue to engage with companies to reduce their carbon footprint to minimise/limit the negative impacts of global warming through the increasing occurrence of extreme weather events.

Iberian Network Operators

Sector:	Electric Transmission & Distribution
Issue:	Iberian blackout – causes and responsibility
Feedback:	Caused by renewables but fault of an under invested and aging system.
Status:	Overhang remained until resolution of fault and compensation

In April 2025, the Iberian Peninsula suffered the most significant electrical failure in Europe in over two decades, affecting approximately 55 to 60 million people across Spain and Portugal. Reports by the European Network of Transmission System Operators for Electricity (ENTSO-E) identified a massive voltage spike as the primary trigger.

This voltage spike caused generators to disconnect in a cascading chain reaction to protect equipment, with the majority of Spanish generation capacity disconnecting within five seconds. The cause of the voltage spike was attributed to the high penetration of variable renewables supporting the system (over 70% in the generation mix at the time, with solar near 60%). This left the grid with limited capacity to absorb the initial shocks, leading to a drop in frequency. The instability forced the Iberian grid to decouple from the French system, severing a critical source of support. On top of the social impacts of the Iberian Peninsula being without power for over eight hours, the Spanish employers’ organisation (CEOE) estimated total economic losses at approximately €1.6 billion.

Within our portfolio and universe of investment opportunities are the transmission and distribution operators, and renewable generator providers involved in the incident. We were in Iberia in early May 2025 and sat down with all involved parties to discuss cause, fault, response and ongoing overhangs.

Investigators were quick to rule out cyberattacks. The cause was quickly established: while solar and wind provided nearly 70% of the energy at the time, investigators noted that the lack of grid-forming inverters and storage, rather than the renewables themselves, was the vulnerability. At the time of engagement, investigations were underway into ‘fault’.

Redeia is the Transmission System Operator (TSO) and has core responsibility for maintaining system voltage. It became clear from discussions with all operators, ex Redeia, that they felt fault rested with the TSO and its management of the reserve energy sources on the day in question. By contrast Redeia felt they had executed in line with the parameters of the existing regulation, but did note that they had flagged on numerous occasions the need to strengthen the operating rules as it was lacking security. Interestingly, upgrades were made post this event.

Our conversations highlighted yet again the need for significant investment in the Spanish energy networks to facilitate renewables with the operators willing to undertake this investment under a supportive regulatory return model. Positively, we thought this event could be the impetus needed to improve these returns and encourage investment, a net positive for the sector.

Through our engagement we became concerned about the attribution of fault to Redeia, and the compensation needs associated therewith. Regulatory fines are capped at ~€60mn (insignificant) but the potential of legally awarded civil compensation is largely uncapped. As a result, we decided to take a watch and see approach until investigations were concluded as we saw unquantifiable risk associated with a fault conclusion.

Since this initial engagement, we have subsequently engaged as findings have been released, including:

- A government report alleging that Redeia miscalculated the necessary energy mix for that day, leaving insufficient ‘spinning’ reserves to manage voltage – Redeia disputes this.

- The grid was vulnerable due to weak interconnections with France. High-amplitude oscillations led to a loss of synchronism, forcing the Iberian system to disconnect from the rest of Continental Europe within 30 seconds.
- Redeia itself found that several generators tripped incorrectly even though voltage limits defined by Spanish grid codes had not been exceeded.

ENTSO-E final recommendations are expected to shape European grid code reforms which we see as a net positive. Redeia has not booked any provisions for compensation and has been vocal about complying with all technical and legal obligations. We now expect that the financial obligation to Redeia is limited, however we are comfortable with our decision to monitor the situation while avoiding exposure to the overhang until resolved.

Pembina Pipeline (PPL-CA)

Sector:	Oil and gas midstream
Issue:	Energy transition concerns given exposure to oil and Natural Gas Liquids (NGLs)
Feedback:	Pembina believes its core asset base will remain resilient over the long term. Management is also proactively positioning the portfolio by allocating capital toward more durable markets and hydrocarbons, particularly natural gas.
Status:	Following model adjustments and scenario analysis, risk reward was attractive enough to warrant a position

Pembina Pipeline is a diversified Canadian midstream operator with assets primarily located in the Western Canadian Sedimentary Basin (WCSB), Canada's largest producing basin. The company's commodity exposure is skewed toward natural gas liquids (c.30% of EBITDA) and oil and condensate (c.40%), which carry a weaker long term demand outlook than lighter hydrocarbons such as natural gas (the remaining c.30%). As a result, Pembina's earnings appear less sustainable than more gas-weighted US and Canadian peers under a 2050 net-zero scenario, where asset repurposing, retrofits, or retirements may be required over time. We engaged with management to better understand their internal assessment of these risks and the implications for future capital allocation.

In an initial meeting as part of the due diligence process, management indicated that they undertake internal long term scenario analysis but declined to share specific outputs. They also noted that net-zero scenarios are not incorporated into their base case, which they view as largely aspirational. Management highlighted that political shifts (such as the Trump administration's move away from climate policy and toward oil and gas) introduce additional uncertainty and complicate long term forecasting into the 2030s and beyond. Nonetheless, their core view is that even if North American

hydrocarbon demand plateaus (or declines), emerging market demand should continue to grow, supporting incremental Western Canadian production via increased LNG, LPG, and to a lesser degree oil exports.

Pembina has been strategically directed incremental capital toward markets they view as more resilient, including export oriented infrastructure and select US regions (like the Midwest), while also seeking to increase exposure to lighter hydrocarbons, especially natural gas. Within this broader context, management considers the majority of its core assets to be resilient over the long term.

At 4D, we draw on our own experience, discussions with other corporates as well as forecasts from a range of third-party sources (including Wood Mackenzie, the EIA, and the Canadian Energy Regulator) to inform our long term demand assumptions for valuation purposes. While we acknowledge management's confidence in asset resilience, and agree that momentum behind climate policy and the energy transition has softened politically over the past two years, we do not fully adopt their long term outlook. Given our 25 year modelling horizon, we believe it is prudent to assume that oil and gas production, particularly oil, faces increasing pressure toward the tail of the forecast period. Accordingly, post engagement, we adjusted our model assumptions around both the timing and the magnitude of declines (differentiated by commodity and basin resilience), undertaking additional scenario analysis to stress test valuations.

After incorporating these adjustments to later year cash flows and assessing downside and upside scenarios, Pembina continued to screen as offering an attractive value relative to its risk profile. On this basis, and supported by other positive attributes, we initiated a position.

Dominion Energy (D-US)

Sector:	Regulated electric utility with contracted and merchant generation assets
Issue:	Offshore wind development concerns
Feedback:	Dominion believe the CVOW offshore wind project is fundamentally essential for energy security in Virginia, supports economic development, and has bipartisan political support in the state
Status:	Reaffirmed portfolio holding in Dominion

Dominion Energy is the incumbent electricity provider in the US state of Virginia and also owns and operates contracted and merchant power generation in other Northeast US states. The company committed to the largest offshore wind project in the US off the coast of Virginia with 2.6 GW of power capacity. This is not the first time Dominion has developed an offshore wind project having already completed a small pilot project prior to Coastal Virginia Offshore Wind (CVOW).

Offshore wind developments in the US generally have been challenged based on increasing supply chain costs and political/regulatory opposition. Dominion's CVOW has been partially insulated based on the project receiving necessary approvals, the project being regulated instead of remunerated on a contracted price, CVOW having bipartisan political support in Virginia, a large part of the procurement process having been completed, and experience gained from the development of the pilot project. Dominion received regulatory approval for an initial construction cost of \$10.3 billion (rate base inclusion), with a further sharing mechanism of costs up to \$11.3 billion (50% of overspend up to \$11.3 billion recovered in regulatory rate base).

In February 2024, Dominion announced they sold a 50% stake in the project to private investor Stonepeak. This included an injection of capital from Stonepeak for 50% of work completed to date and a commitment to share ongoing construction costs 50/50 up to the \$11.3 billion threshold. Stonepeak would continue to share costs over \$11.3 billion, but at a reduced proportional split. Management highlighted that the Stonepeak deal helped improve Dominion's balance sheet through significant debt reduction, and reduced Dominion's exposure to potential ongoing overspend, mitigating the ongoing risk of the project.

There are market concerns as to the deliverability of Dominion's CVOW project. Since the outset of his Presidency at the beginning of 2025, Trump has communicated his ideological objection to offshore wind as a generation source. He placed tighter restrictions on the allowance of tax credits associated with projects, and his administration has ordered pauses on the development of projects based primarily on 'national security concerns'. In meeting with Dominion management in December 2025, they communicated to us that they believed the project was largely insulated from Trump's actions based on the level of completion (60% complete at the time of the discussion), the project has bipartisan political support in Virginia which includes the Republican Governor (at the time), all permits were in place for development and importantly, the project was anticipated to energise military operations in the region, so was actually of vital importance to national security.

In late December 2025, the Federal administration put a pause on five offshore wind projects which included CVOW. The US District Court of Virginia shortly after placed an injunction on the pause, allowing construction of the project to proceed. This pause in the development resulted in a relatively small and manageable increase to the cost budget of the project.

Based on our engagement with Dominion management over time, we anticipate the project will complete in early 2027, within a reasonable cost range. The project has all required legal permits in place, is central to the sustainable power supply needs of Virginia, supports the economy and military, and Dominion management have taken steps to execute the project at minimum cost, and share the risk of overspend. Project completion will remove a key risk for the company.

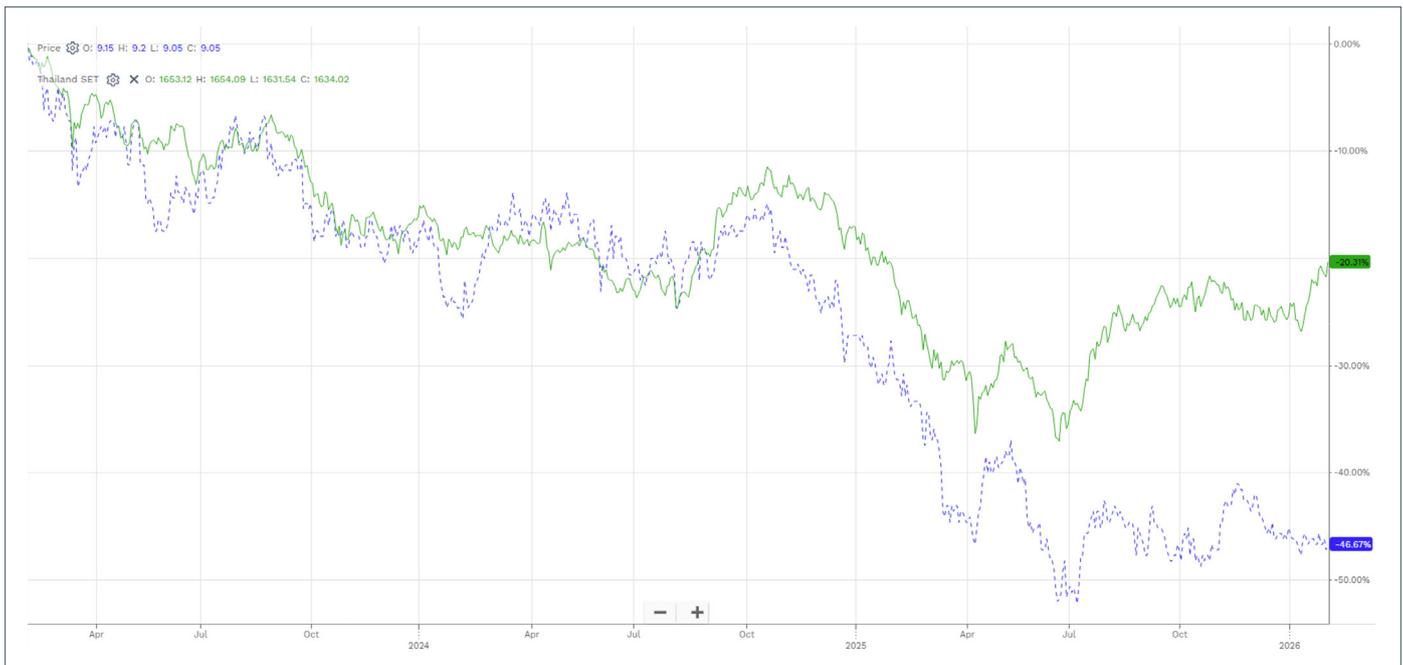
Bangkok Expressway and Metro (BEM-TB)

Sector:	Transportation
Issue:	Sovereign risk through government intervention
Feedback:	Value recognised, but rising policy uncertainty and intervention risk undermine medium-term risk-reward
Status:	Thailand placed in watch mode

Bangkok Expressway and Metro is a core transport infrastructure operator in Thailand, holding long-dated concessions across key expressways and metro lines in Bangkok. The company operates a portfolio of toll roads and mass rapid transit assets that are central to Bangkok's long-term urban mobility needs and economic growth.

BEM's share price came under pressure towards the back end of 2024 for a number of reasons:

- Renewed discussion around the extension of the low, flat fare metro scheme, as part of broader government efforts to address affordability and cost-of-living pressures. Our assessment of the scheme was that it could stimulate metro ridership, albeit likely to the detriment of expressway traffic. Greater clarity was required around how the company would be compensated by the government for the fare differential between metro and expressway, as it was in contravention of existing contractual terms.
- In October 2024, Thailand's Ministry of Finance and Ministry of Transport began studying the establishment of a dedicated fund to buy back metro concessions from private operators, with the aim of capping fares and enabling a unified national fare policy.
- The Transport Ministry proposed congestion charging in Bangkok, with substantial fees envisaged. While intended to reduce congestion, pollution, and fund public transport investment, price elasticity remains uncertain. Traffic diversion, route avoidance, and modal shifts could alter traffic patterns across BEM's expressway network. A number of traffic scenarios could see BEM facing downside risk if traffic impacts are meaningful and not offset by metro ridership gains.



Share price chart of BEM (purple line) indicating share price plateauing from early 2024 against the Thai share market (green line)
Source: FactSet and 4D Infrastructure

These events and the associated share price correction prompted us to revisit the story as the existing metro and road contracts should protect BEM from suggested government activity through compensation mechanisms. We engaged directly with BEM, and its direct competitors to assess the credibility of the proposal, the likelihood of execution, and the adequacy of compensation mechanisms should such policy intervention proceed.

Through engagement, BEM management confirmed that while concession contracts provide a legal framework for fair-value compensation, the timing, structure, and ultimate economics of any government acquisition remain uncertain. A transaction could also fundamentally shift BEM's rail business model from a concessionaire with long-term upside exposure, to a cost-plus O&M operator, compressing long-term earnings growth and optionality despite partially de-risking volume and ridership exposure.

BTS Group, BEM's listed competitor which operates other metro lines, had a conflicting view with a base case that assumes that concession buybacks are a matter of "when, not if."

Our assessment of BEM occurred alongside a broader reassessment of Thailand's rising government intervention across regulated and concession based sectors as we engaged directly with the operators throughout the Thai infrastructure landscape. We observed:

- Airports: Removal of duty-free on arrival, materially impacting non-aeronautical revenue.
- Utilities: Tariff freezes and delayed cost pass-through, compressing margins and undermining regulatory credibility.
- Transportation: Flat-fare metro policies, concession acquisition proposals, and congestion charging.

We concluded these actions reflect a policy agenda prioritising political social objectives, often at the expense of private sector earnings visibility and concession stability. While not unique to transport, the breadth and frequency of intervention materially increase the risk premium required for Thai infrastructure assets.

Despite recognising BEM's high quality assets, strategic importance to Bangkok's long term urbanisation, and valuation support, we ultimately concluded that the scale, scope, and increased sovereign risk from government intervention did not warrant the potential for a share price recovery. We elected not to initiate a portfolio position and took a broader view that the Thai universe was a watch and wait sector until political intervention became clear.

Proxy voting

Proxy voting on specific portfolio company ballots is undertaken by the covering investment analyst and is based on the principles determined by 4D. The covering analyst is most knowledgeable on, and familiar with, companies within their coverage universe. In the situation where a vote is considered contentious or unclear with regards to 4D principles, it may be discussed by the wider team at an Investment Committee meeting.

We have engaged a proxy voting advisor (currently ISS) to support voting decisions. We understand that ISS recommends voting decisions based on supporting minority shareholder interests, therefore its voting motivations are largely aligned with that of 4D. ISS has indicated that it has sufficient resourcing to adequately research and analyse proxy proposals.

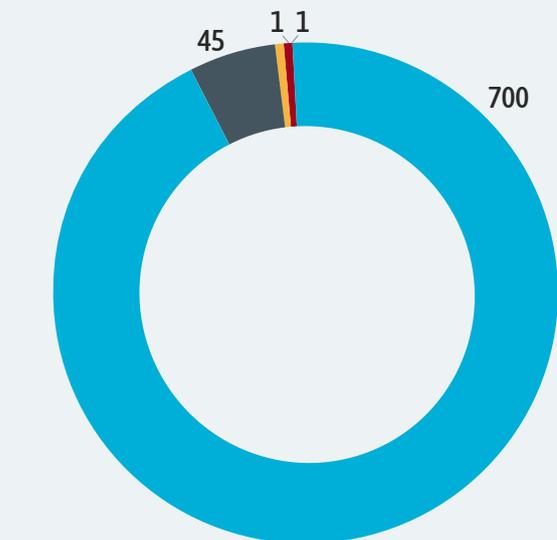
ISS recommendations are adopted as the default vote for 4D, albeit all ballots are reviewed by a 4D analyst, and they have discretion to change the vote from ISS' recommendation, with commentary. ISS generally provides a rationale for its vote recommendation, which assists the 4D analyst in making their own independent voting decision.

We always make proxy voting decisions that are in the best interests of clients. That is, we vote proxies in support of initiatives that are likely to improve the risk/return of investments in the portfolio on a sustainable basis. We believe there is a strong connection between good corporate governance and the creation of long term shareholder value. We also generally support initiatives which enhance transparency and corporate governance practices, and the consideration of the environmental and social impacts of company strategies.

More detail on our voting principles and processes can be found in our [4D Infrastructure: Proxy Voting Policy](#).

A summary of our proxy voting decisions is included in the diagram on the right.

Proxy voting decisions



- Votes with management and advisor
- Votes against only management
- Votes against only proxy advisor
- Votes against management and advisor

2025 voting statistics

Number of meetings voted	44
Number of ballots voted upon	747
• Number of votes FOR a proposal	609
• Number of votes AGAINST a proposal	50
• Number of votes to ABSTAIN	75
• Other	13

Source: 4D Infrastructure and ISS

Proxy votes were largely aligned with the recommendations of ISS and management. We selected the proxy advisor based on its values in supporting minority shareholders and ensuring alignment between board and management. We believe ISS' recommendations generally reflect this.

We have deviated from ISS recommendations in certain cases, as discussed below.

- 4D voted against ISS' and management's recommendation to appoint the lead CEO candidate of Sacyr SA as a Director on the Board of the company. We voted against appointing the potential CEO as an executive director as it contradicted the company's commitment to improving governance. While Sacyr committed to separating the Chairman and CEO roles (the Chair previously held both roles), the Chairman has instead retained executive control (becoming the Executive Chairman). The separation of Chair/CEO technically fulfils their commitment but contradicts the expectation that the Chairman would step back from being an executive.
- 4D voted against ISS on the Sacyr management recommendation to approve the issuance of convertible bond debentures, warrants and other debt securities without pre-emption rights up to EUR 500 million. ISS recommended against the approval as the potential dilution exceeds the 10% limit for non pre-emptive issues. We didn't feel that this general rule was best applied in this situation, as the flexibility to issue convertible notes quickly, when market pricing is attractive, is important for management to efficiently finance the company.

Sustainability reporting

4D reports strategy performance across key identified ESG metrics on a bi-annual basis. We present this information on our website for investors and stakeholders. The most recent reporting metrics are summarised below.

Criteria	4D global portfolio	Investible universe
Environment		
Carbon emissions score (MSCI rating out of 10)	8.44	7.89
Carbon intensity (TCO2 / US \$M Rev)	604	870
Companies with good or moderate carbon reduction targets ⁶	82.1%	70.4%
Governance		
Aggregated ratio of women on Boards	33.8%	30.5%
Proportion companies that adopted diversity workplace policy	38.5%	40.7%
Proportion companies that are signatory to UN Global Compact	53.1%	40.5%
Social		
Average % Board independent ⁷	79.6%	73.7%
Proportion with independent Chair or Lead Director	73.9%	65.3%
Proportion companies with bribery and anti-corruption policies and/or adhere to recognised external standards	93.5%	89.6%

Source: MSCI and 4D Infrastructure

1 This data relates to the 4D Global Portfolio (Unhedged)

2 Applies to data as at 30 September 2025

3 Equal stock weightings applied to Investible Universe

4 The larger the measure represents a more optimal outcome, except for Carbon Intensity

5 91% of investment universe; and 97% of 4D Global Infrastructure Fund (Unhedged) is covered in the above

6 Company targets assessment by MSCI

7 Independence assessed by MSCI

8 Safety data is available for infrastructure sub sectors but not fulsome enough to represent for the complete portfolio/universe

9 Note: the proportion of companies in the 4D global portfolio as well as the Investible universe that have adopted Diversity workforce policies (as assessed by MSCI) has fallen sharply in the last 21 months from 68% and 56% respectively in March 2025, to 35% and 41% currently.

Conclusion

The changing political and economic environment, combined with idiosyncratic company issues, provided challenges and opportunities for companies in our investment universe through 2025. We believe our stewardship through emails, meetings, collaboration, and voting helped us navigate these risks and opportunities. We continue to engage with companies to encourage progress toward best practice across environmental, social and governance strategy, as well as to inform our investment decision making.

We have already identified ongoing key risks and opportunities for companies in our investment universe on which we will engage through 2026. This process of risk/opportunity identification helps us prepare and prioritise our engagement and start to consider actions we will take in response to feedback from our stewardship. We will remain diligent in our risk management through stewardship to ensure we understand, mitigate, and take action for each risk/opportunity for companies in our universe, and in particular our portfolio.

In our [Global Matters: 2026 outlook](#) article, we prepare for another year of uncertainty regarding the potential for an AI driven market bubble; the impact of tariffs on global trade; the impact of heightened geopolitics; and a focus on debt levels combined with fiscal stimulus across markets.

Through our stewardship we will continue to monitor and understand the ramifications of these issues, and others, on the operations of infrastructure companies in our universe.

We look forward to working with companies in our investment universe to enhance the integration of long term sustainability practices in the sector, as well as transparency of communications with investors and stakeholders.

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For more information, visit 4dinfra.com or
call 1800 895 388 (AU) or 0800 442 304 (NZ).



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