RESOLUTION CAPITAL

QUARTERLY ESG AND STEWARDSHIP REPORT

GLOBAL LISTED INFRASTRUCTURE STRATEGY

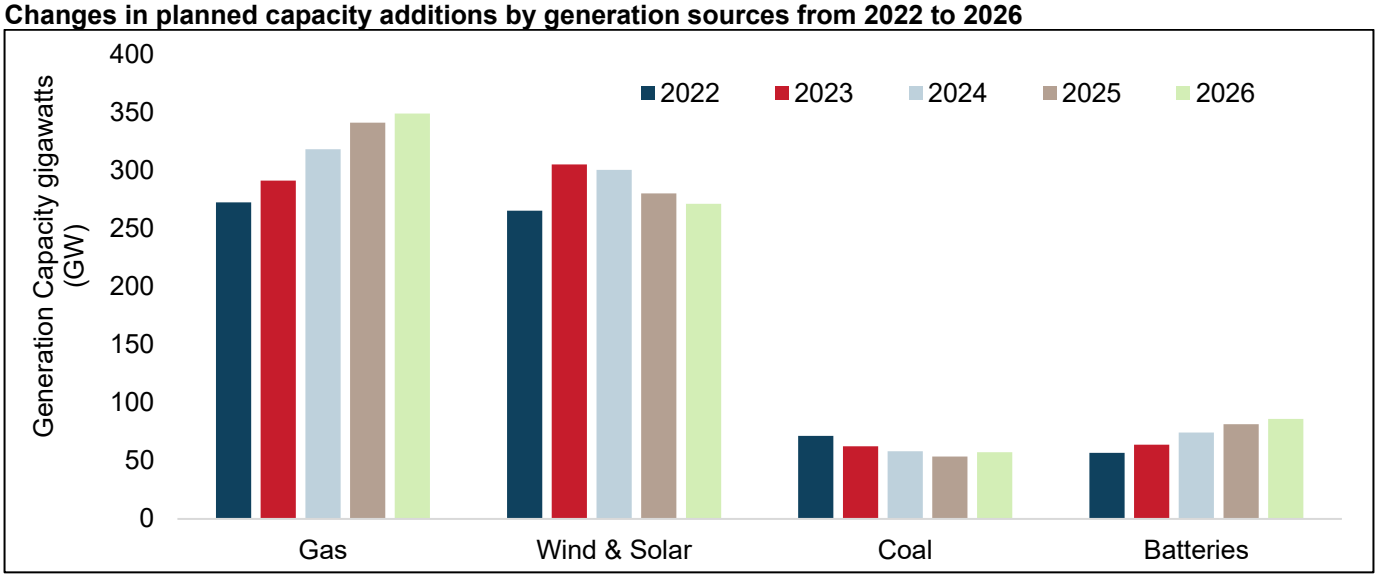
SEPTEMBER 2026

ESG Commentary

Planning for Gas: How U.S. Utilities Are Meeting Rising Demand

Over the past 12–18 months, forecast electricity demand on U.S. grids has risen sharply, driven by data centres and electrification. Less well publicised is how regulated utilities are planning to meet it. The Rocky Mountain Institute's (RMI)[1] latest review of utility Integrated Resource Plans (IRPs) shows utilities now expect demand to grow 23% by 2035, up from 9% in projections made in 2021. While wind and solar still make up a large share of planned additions, the total amount of generation planned has been falling, while the amount of gas has been rising. RMI attributes the shift to resource adequacy rules in regional transmission markets across the midwest and south, which favour dispatchable generation, and the accelerated phase-out of wind and solar tax credits.

Changes in planned capacity additions by generation sources from 2022 to 2026



Source: RMI, "The State Utility Planning, 2026 1H", 2026

As result, this has led to a projected emissions reduction of 47% below 2005 level by 2035, rather than the 57% projected in 2023. As a comparison, International Energy Agency's (IEA) Net Zero Emissions by 2050 (NZE) scenario requires developed market utilities sectors to reach net zero emissions by 2035.

Utilities are also responding to create capacity by focusing on demand side reductions, although this is at a far smaller scale than new generation capacity coming online. Entergy (ETR) Louisiana's newly approved demand response programs target 155MW of peak reduction by 2030, while Xcel (XEL) will deploy up to 200MW of distributed batteries in Minnesota by 2028. Duke Energy (DUK) maintains a 1% annual energy efficiency savings target, and its demand response programs delivered hundreds of megawatts of load reduction during January's record winter peak.

We assess transition risk, as well as a company's ability to transition using the Net Zero Investment Framework (NZIF). Four of our eight U.S. electric utility holdings are classified as Aligned or Aligning, and our holdings' portfolio-weighted generation mix is 52% renewables or nuclear, compared with 34% for the benchmark.

However, the past 12 months has shown that even well-positioned companies are not immune to these pressures. Our three U.S. electric utilities holdings with generation assets have announced changes to their decarbonisation targets, as well as plans to increase the amount of gas generation in their fleet or to delay coal power plant retirements. These changes are summarised in the table below.

[1] Rocky Mountain Institute is a Colorado-based research and advisory organisation that partners with businesses, governments, and investors to drive market-based solutions for decarbonisation across buildings, industry, transport, and power.

Examples of announced generation planning changes in the last 12 – 18 months

Company	Target Change	Gas	Wind / Solar	Coal retirements
Ameren (AEE)	No change, but has flagged difficulties in achieving targets	+10.6GW	No change	Extended Sioux (972MW) to 2031–2035 from 2030
Xcel Energy (XEL)	Reduced 2030 target from 80% reduction to 70%	+3.4GW	+11.4GW	Comanche 2 (335MW) extended; further extension sought to 2028
Entergy (ETR)	Removed 2030 target to reduce emissions by 50%	+16GW	+4GW	Limited coal exposure

Source: Company disclosures, Resolution Capital, 2026

The removal of short-term targets by Entergy revises its NZIF assessment category down to "Committed to Aligning". We will also be watching Ameren's progress, as its assessment will similarly change if it removes its targets.

We will monitor whether this pattern accelerates through the next planning cycles and engage with these companies to better understand their changing plans. New gas plants are likely to operate for 30–40 years, beyond 2050 net zero targets, so increases in planned fossil generation will feed directly into our NZIF assessments. These changes, as well as how state commissions treat cost recovery for new gas generation amid rising affordability pressure will test whether current NZIF assessments still reflect each company's trajectory.

Portfolio Metrics

For the Portfolio, a key focus is on ensuring the companies we are invested in are well prepared for the transition to a net zero emissions world. We assess how our Portfolio holdings are preparing for this transition and compare our Portfolio performance to the benchmark, the FTSE Developed Core 50/50 Infrastructure Index, using ESG data sourced from MSCI ESG Research, Bloomberg and ISS.

Net Zero Investment Framework

Using the Net Zero Investment Framework (NZIF)[2], we have assessed whether companies not only have a track record of decarbonising, but also whether a company has disclosed detailed decarbonisation and capital allocation plans to achieve long term decarbonisation targets.

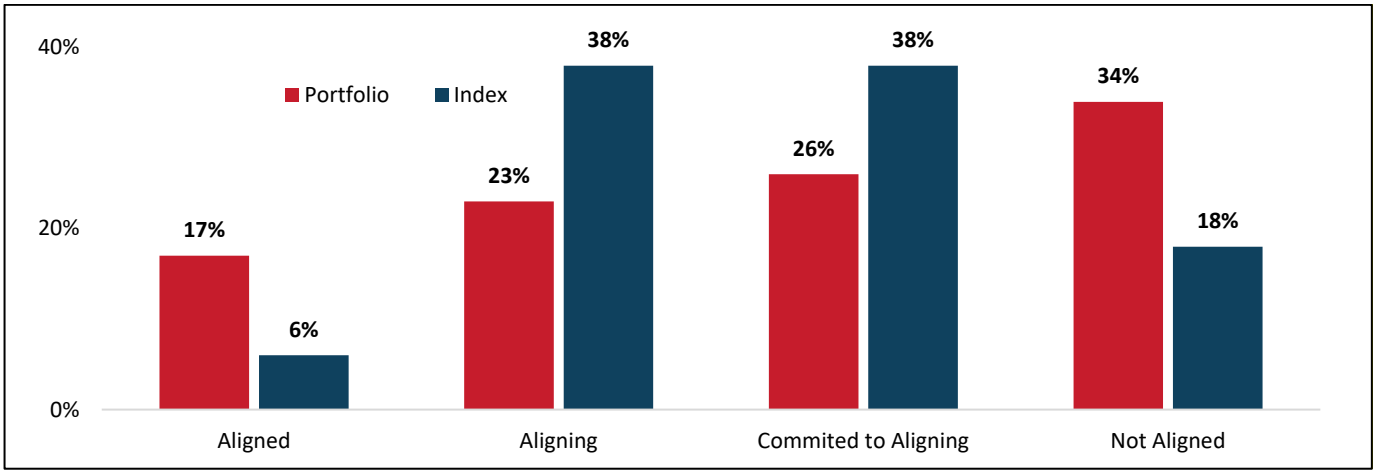
The primary objective of the NZIF is to enable investors to decarbonise investment portfolios and increase investment in climate solutions, in a way that is consistent with achieving global net zero emissions by 2050, or sooner, and maximises decarbonisation of the real economy.

Please see our Climate Risk Report 2024 for further details on our NZIF assessments.

The breakdown of how our Portfolio holdings and the index constituents are categorised is shown in the following chart.

[2] The Net Zero Investment Framework (NZIF), developed by the Institutional Investor Group on Climate Change in 2021, has a robust framework for determining a company's alignment with these requirements.

NZIF categorisations for our Portfolio vs the index, as at 30 September 2026



Source: MSCI ESG Research, Resolution Capital, Corporate Disclosures, 30 September 2026

These categorisations help to inform our company engagements, prioritising companies in the Not Aligned and Committed to Aligning categories and encouraging them to implement policies and practices to move to higher categories. Ultimately, this is intended to progress all companies to the Aligned category and achieve Net Zero by 2050.

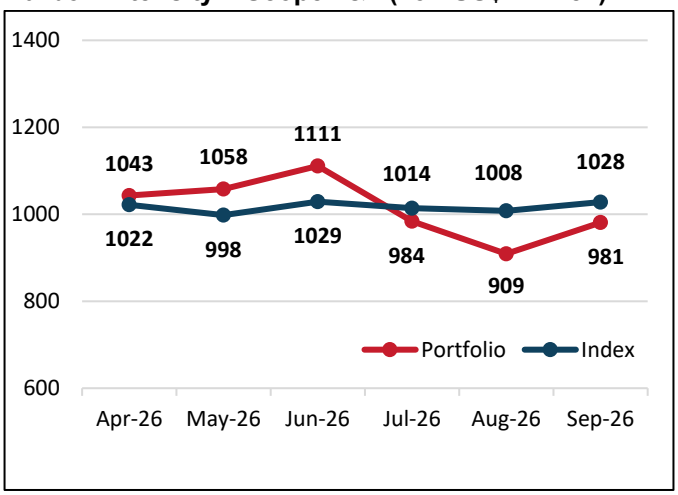
Carbon Emissions

The carbon emissions and carbon intensity of the Portfolio versus the index are monitored and measured on a quarterly basis. The charts below illustrate the carbon intensity of the Portfolio versus the index, as of 30 September 2026, separated into revenue-based Scopes 1 and 2, and Scope 3 emissions intensities. The Scopes 1 and 2 carbon intensity of the Portfolio's holdings remain slightly below the index's, at 981 ton/US$1m Rev vs 1,028 ton/US$1m Rev. Portfolio Scope 3 emissions intensity increased slightly this quarter and is above the index, at 1,117 ton/US$1m Rev vs 920 ton/US$1m Rev.

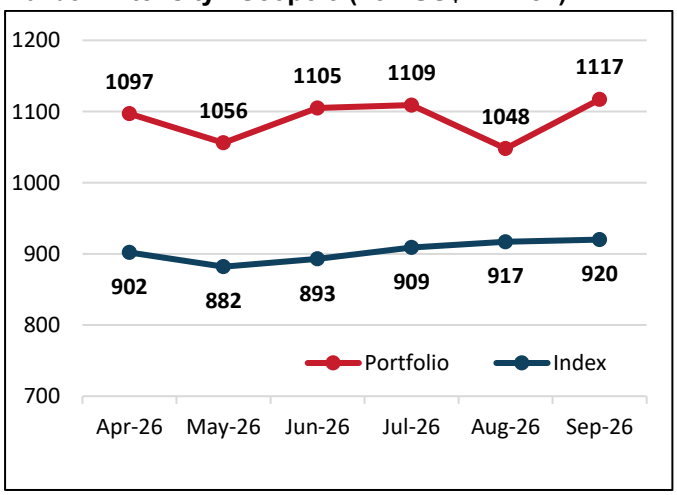
This quarter our portfolio's Scope 1 and 2 emissions remained steady. We reduced positions in several highly carbon intensive electric utilities, including Entergy (ETR), Ameren (AEE) and Alliant (LNT). However, the reductions in portfolio carbon intensity were offset by increases in other positions, such as Black Hills (BKH), Williams Companies (WMB) and NiSource (NI). The largest position increases this quarter were in the towers sector, Crown Castle (CCI) and American Tower (AMT), both of which have much lower carbon intensities, helping to offset the increased positions in more carbon intensive companies.

Scope 3 emissions intensity was also relatively steady this quarter for similar reasons. Changes in portfolio positioning during the quarter meant that there were reductions in holdings with high and low Scope 3 carbon intensities, so that the Portfolio level emissions intensity remained steady.

Carbon intensity – Scope 1&2 (Ton/US$1m Rev)



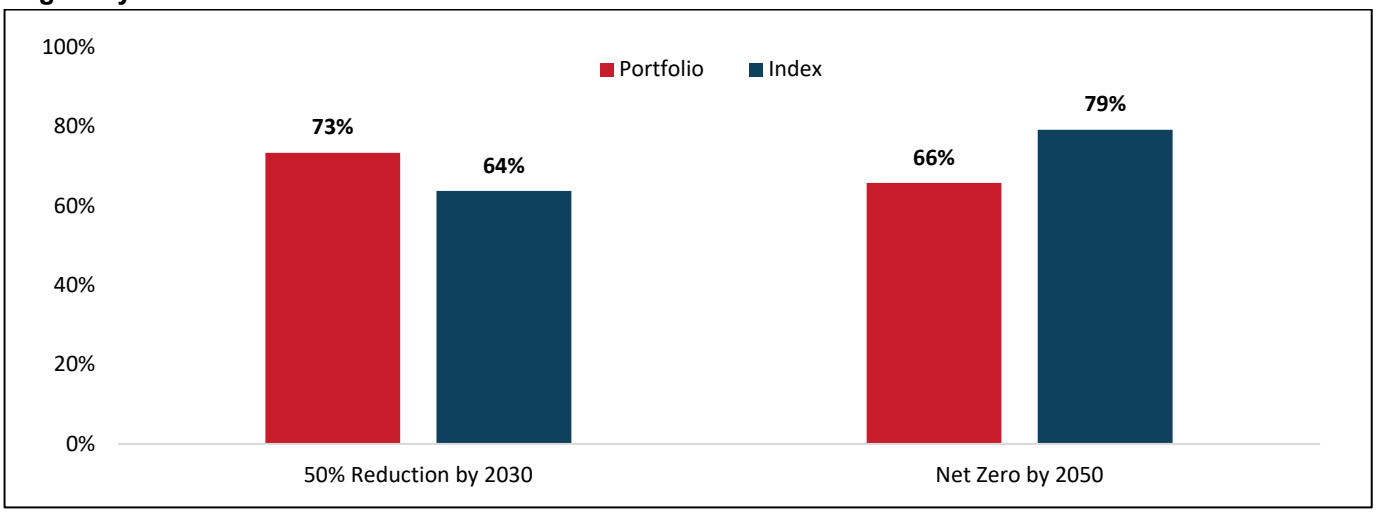
Carbon intensity –Scope 3 (Ton/US$1m Rev)



Source 1 and 2: Resolution Capital, MSCI ESG Research, 30 September 2026
Index: FTSE Developed Core 50/50 Infrastructure

As part of our assessment of a company's alignment to the Paris Agreement utilising the NZIF, we assess the ambition of both short- and long-term targets so that a company is reducing its carbon emissions consistently over time and not just delaying reductions until closer to 2050. The proportion of Portfolio companies that have carbon reduction targets of at least 50% by 2030 and those with net zero carbon emissions targets is shown in the chart below, compared to the index. There is a higher proportion of companies in our Portfolio with strong short-term targets compared to the index and a lower proportion with net zero targets compared to the index.

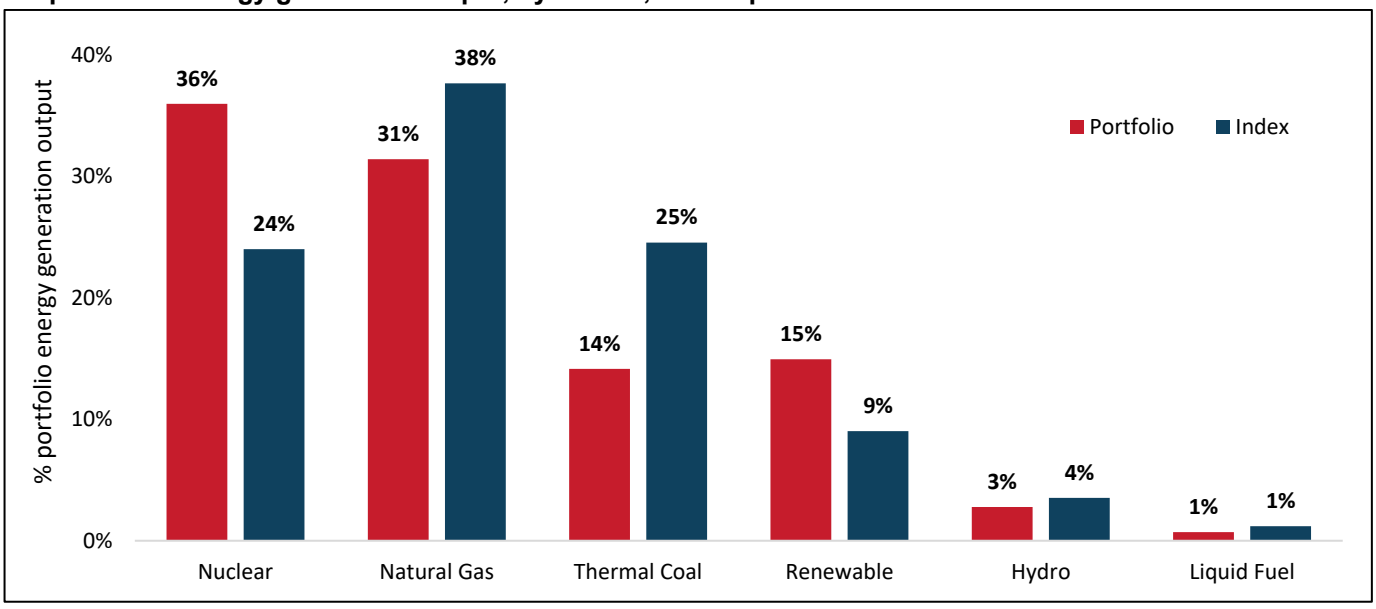
Proportion of companies with short–term carbon reduction targets by 2030 and net zero carbon reduction targets by 2050



Source: Resolution Capital, MSCI ESG Research, Company disclosure, 30 September 2026
Index: FTSE Developed Core 50/50 Infrastructure

We also look closely at the utilities sector and its efforts to decarbonise and take advantage of the opportunities from the increasing demand for clean energy, tracking electricity generation by fuel source. The breakdown of electricity generation by source for the Portfolio and the index is shown in the chart below. Our Portfolio has a greater focus on electricity generation from low-carbon sources, such as Nuclear and Renewables, and less from high carbon intensity sources, like Thermal Coal, than the index.

Proportion of energy generation output, by source, for the portfolio versus the index



Source: Resolution Capital, MSCI ESG Research, Company disclosure, 30 September 2026
Index: FTSE Developed Core 50/50 Infrastructure

Proxy Voting

In the three months to 30 September 2026, Resolution Capital voted on 83 resolutions at four shareholder meeting and did not vote against management recommendations this quarter. Note that in all cases where we intend to vote against resolutions, we communicate our rationale to the company ahead of the vote where possible.

Proxy voting overview	
30 September 2026	**Vote statistics**
Meetings	4
Resolutions	83
Voted For	83
Voted Against	0
Shareholder Resolutions	0
Abstained	0
No Action	0

Votes against management

We did not vote against any management recommendations this quarter.

Corporate engagements

As part of our Net Zero Investment Framework (NZIF) assessments, we look at what plans companies have to achieve their decarbonisation targets and whether they have set aside capital to invest in the projects that are required to achieve those goals. This quarter we engaged with RWE (RWE), a Germany based renewables company.

RWE is Aligned under our NZIF assessment and remains so after our call. RWE appears to be on track with their decarbonisation goals and its approach considers all Scope 3 implications.

On decarbonisation, the company's targets are SBTi-validated on a 1.5C pathway with 2030 and 2040 milestones. Scope 1 emissions have fallen from approximately 85 Mt to 52 Mt, driven mainly by lignite and hard coal decommissioning.

One of the question marks over RWE's Scope 1 emissions reductions is whether the regulated shut down of its lignite mines and lignite fired generation will be completed by the mandated 2030 deadline.

Management clarified that RWE's ownership of lignite powered generation will end by March 2030 regardless of whether the government requests operations to continue or not. Any reserve capacity would be operated on behalf of the German government, with the residual costs and revenues sitting with the government rather than RWE. These emissions will not be attributed to RWE, alleviating concerns that the 2026 government review could undermine the exit.

In terms of RWE's Scope 3 emissions, the majority comes from the sale of gas. Volumes are driven by demand and largely out of RWE's control with no fixed timeline for phase out. They stated that everything related to gas will be hydrogen-ready, however stated a number of times that green hydrogen is not yet economically viable. We did query whether biomethane or similar alternatives are being considered, but the company did not say they were currently considering these.

The embodied carbon in their renewables value chain is something they have been influencing through procurement requirements and engagements with suppliers. Initiatives include reduced-concrete foundations (using approximately 20% less material), higher turbine refurbishment shares, low-carbon steel towers, supplier-level Scope 3 data transparency requirements, and ESG premiums in procurement.

Finally on physical risk assessments, RWE's process looks credible and is built into its investment decision making processes. Every asset above €5m is assessed for climate risk before commercial commitment, using historical and asset-specific data, with commissioned studies where local data is unavailable. They confirmed they will not disclose climate value-at-risk type metrics on the basis that risk is priced in pre-investment and will only make a disclosure if a material risk arises in future. Given the depth of the pre-investment work, we think that lack of external disclosure is reasonable rather than a gap.

Overall, we are satisfied with RWE's decarbonisation progress. They are realistic about the challenges, disciplined about the levers they are pulling, and the underlying business is well positioned.

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