RESOLUTION CAPITAL

QUARTERLY ESG AND STEWARDSHIP REPORT

GLOBAL LISTED INFRASTRUCTURE STRATEGY

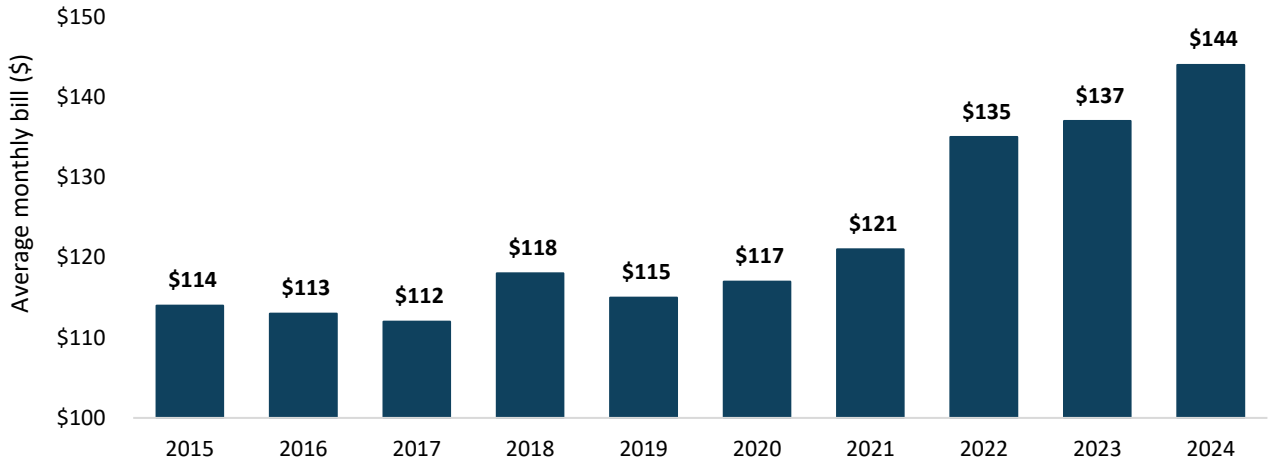
DECEMBER 2025

ESG Commentary

Affordability and U.S. Electric Utilities – PJM Interconnection Snapshot

Electricity affordability is emerging as a major concern across the United States with average monthly bills rising meaningfully over the last few years. Recently, these increases were being influenced by rising generation capacity costs, transmission infrastructure limitations, and growing demand for electricity.

Changes in U.S. national average annual residential electricity bill ($)



Source: Jefferies, Energy Information Administration, 2025

Although rising costs are occurring across the U.S., certain regions are facing more acute pressures. Among those regions facing some of the highest pricing pressures, the PJM Interconnection (PJM)[1] is particularly significant as we approach 2026. PJM is interesting as it is the largest wholesale electricity market in the U.S. and deregulation of the market has led to the separation of generation and transmission and distribution assets.

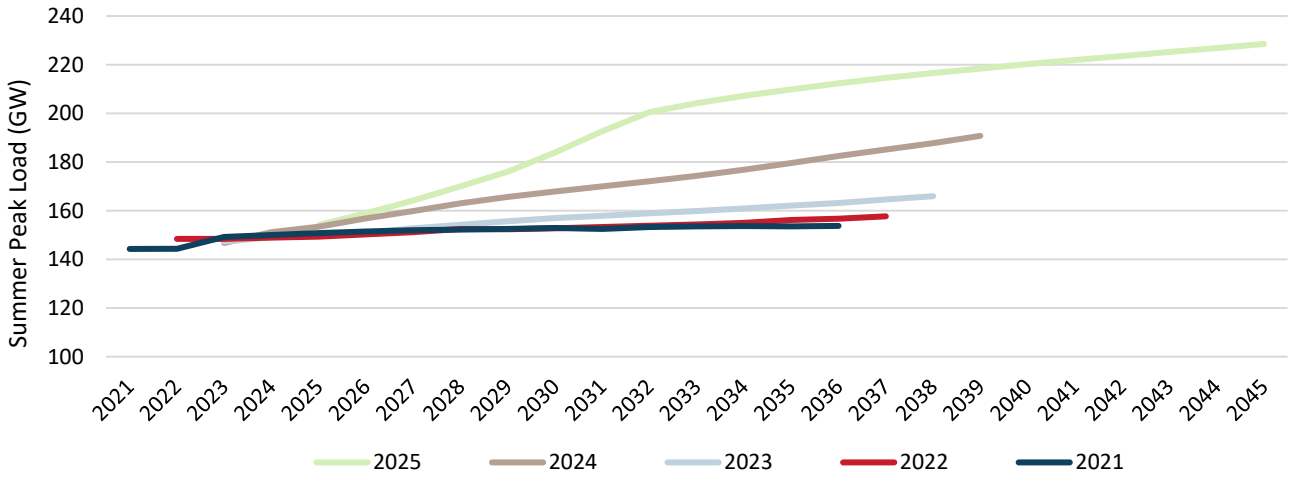
This separation means that there is increasing risks for transmission and distribution focused utilities, since they cannot influence the price of electricity generation. As wholesale electricity prices rise, these utilities must pass on the increased costs to consumers. Even though factors driving electricity price increases are largely out of their control, these utilities are still facing affordability pressures from customers and regulators. As a result of these risks our Portfolio has had limited exposure to utilities with footprints in the PJM region, preferring vertically integrated utilities with generation, transmission and distribution assets.

Electricity demand in parts of PJM is climbing faster than anticipated, largely due to significant increases in data centre development. Nearly 97% of PJM's new peak load growth up to 2030 is attributed to data centres, with North Virginia seeing a particularly high level of growth. This growth has been straining generation capacity in the PJM, highlighting an emerging tension. While data centre expansion supports utility growth, it can also raise costs for existing customers, introducing political and regulatory challenges.

The chart below shows the change in forecasted peak summer loads between the relatively flat 2021 forecast to 2025's forecast. The load forecast in 2025 shows a significant increase in the forecasted peak load up to 2030 and beyond.

[1] The PJM Interconnection market covers 13 states (Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia) plus the District of Columbia. It serves approximately 67 million customers.

Changes in forecasted peak summer demand in PJM Interconnection between 2021 and 2025



Source: Modo Energy, PJM Load Forecast Reports (Tables B-1), 2025

Increasing electricity demand doesn't necessarily mean increased customer pricing. For markets with sufficient generation capacity, increasing demand can contribute to easing consumer prices as the costs of operating a grid can be spread over more consumers. Many utilities are also implementing specific tariff structures for large new consumers to ensure that the costs of growth in generation are born by those contributing to that growth.

However, PJM is facing issues with bringing new generation supply online to match these load forecasts. Many older coal and gas plants have retired but new generation, especially renewables, isn't coming online fast enough to replace them. Long interconnection queues and permitting delays mean wind, solar, and battery projects can take five years or more to complete.

This imbalance between demand and available capacity is reflected in the recent record prices seen on PJM's capacity market, which ensures reliability by compensating generators for future availability. In 2025, capacity prices reached record highs, reaching the pricing upper limit multiple times. These elevated costs, which are typically passed through to customer bills, underscore the urgency of addressing supply constraints.

In 2025, affordability pressures have also begun to affect the political landscape in the region. New Jersey's recent gubernatorial race was won on a platform of utility bill relief. This election was important from an affordability perspective as the governor appoints the members of the state's utility commission, which sets the guidelines around which utilities can invest in their assets and make investment returns. Virginia also experienced a political shift that has partially been attributed to similar concerns. PJM's experience shows how affordability risks can influence both energy policy and election outcomes.

These market dynamics not only affect pricing but also have broader social implications, particularly for vulnerable households. Many households in the PJM region are struggling with energy burden, which measures the proportion of household income spent on energy. If bills continue to rise, customer non-payment rates could climb, triggering more public health and safety concerns, as energy insecurity increases, and to a lesser extent affecting utility revenues. The introduction of summer moratoria on shutoffs and emergency aid programs highlights growing concerns around customer affordability and energy security**.** Utilities will be closely monitored on how they handle shutoffs, arrears, and vulnerable customers. Utilities that actively advocate for systemic solutions and provide direct customer support, particularly for low-income households, will strengthen both their reputation and regulatory relationships.

Affordability remains a key risk for PJM-exposed utilities going forward. Politically and regulatorily, the environment is becoming more challenging with state commissions coming under pressure to limit residential rate increases. This could lead them to become more inclined to deny or defer utility cost recovery. If the market's affordability issues persist, there could be the potential for increased regulatory oversight and consumer protection measures.

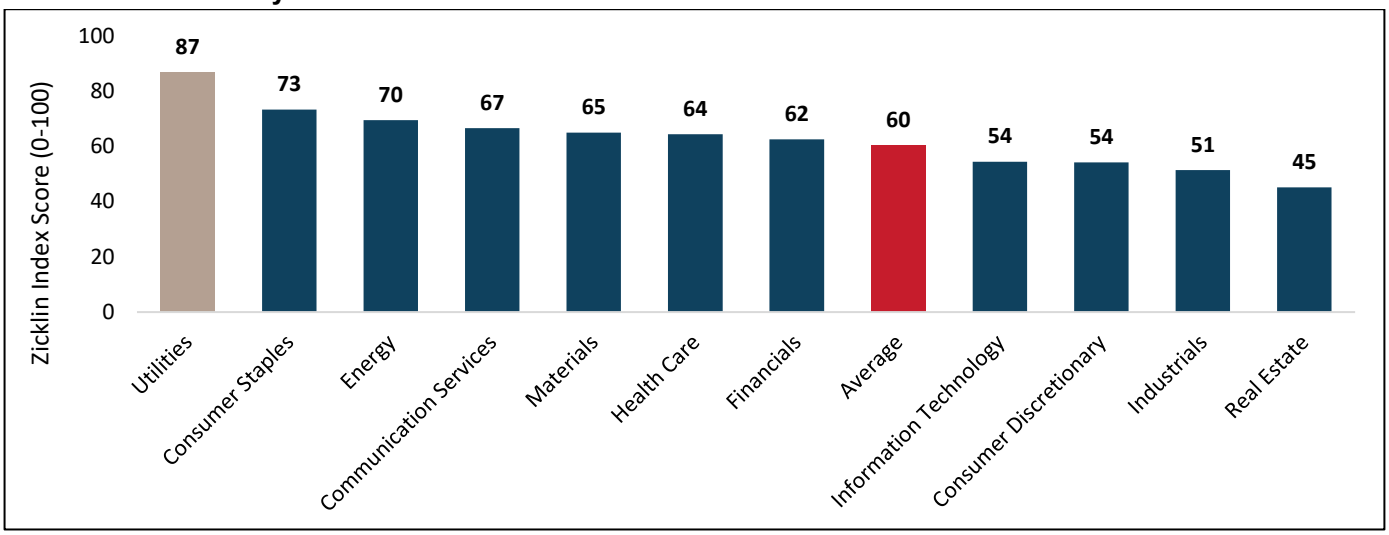
Utilities Sector maintains lead in CPA Zicklin Index scoring in 2025

The CPA-Zicklin Index remains part of our assessment of the quality of a company's transparency and disclosure of its political donations and decision-making governance framework. This is an annual assessment of a company's performance in three areas: disclosure; company political spend decision-making policies; and board oversight and accountability policies.

The index highlights best practices in corporate accountability and transparency; helps protect shareholders and others concerned about the increasing risks of a company's political spending.

The Index's annual update was released in October 2025, allowing us to see any improvements or deteriorations that our portfolio holdings have made in their political donation governance. Firstly, looking at the sector average scores for the S&P500 index shows where the utilities sector performs compared to other sectors and the broader index. This is shown in the chart below.

CPA-Zicklin Scores by sector in the S&P500

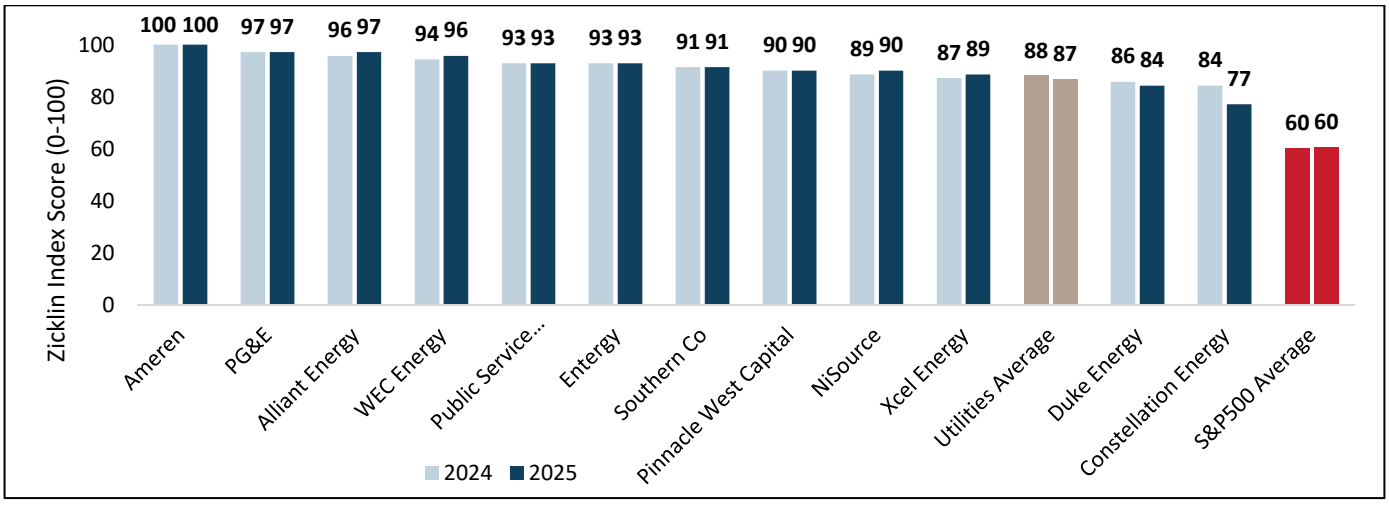


Source: CPA- Zicklin Index, October 2025

As shown here, the Utility sector is the highest scoring sector at 87 out of 100, well above the next best sector and the S&P500 Index average of 60/100.

Twelve of our portfolio holdings were assessed under the CPA-Zicklin Index in 2025, with ten companies above the the sector average and among the "trendsetter" designation, showing that these companies have clear and transparent disclosures related to their political donations. The change in scores over the last two assessments are shown in the chart below and are also compared to the utilities sector and S&P500 Index scores.

CPA-Zicklin Scores for utilities Portfolio holdings



Source: CPA- Zicklin Index, October 2025

With our exit of NextEra Energy (NEE) this year, there are now only two companies below the Utilities sector average. While Duke Energy's (DUK) score remained steady, Constellation Energy's (CEG) decreased from 84 to 77. This decrease in Constellation's scoring is disappointing, after the improvements made in 2024. This includes reverting to no longer disclosing details about payments made to influence ballot measures or details about the types of entities that the company would donate to and identifying a specified board level committee with oversight of the company's policy on political expenditures.

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.

A company's categorization, and therefore its level of alignment, is determined by a combination of the following attributes:

1. A commitment to being net-zero carbon emissions by 2050;
2. A short- or medium- term carbon reduction target in line with the Paris Agreement, ie targets that are in line with a 50% reduction in carbon emissions by 2030;
3. Actual carbon emissions reductions in line with this target over a rolling five-year period[3];
4. Disclosure of Scope 1, 2 and 3 emissions;
5. Publicly disclosed decarbonisation strategy; and
6. A capital allocation plan that shows how a net zero target will be resourced and achieved.

[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.

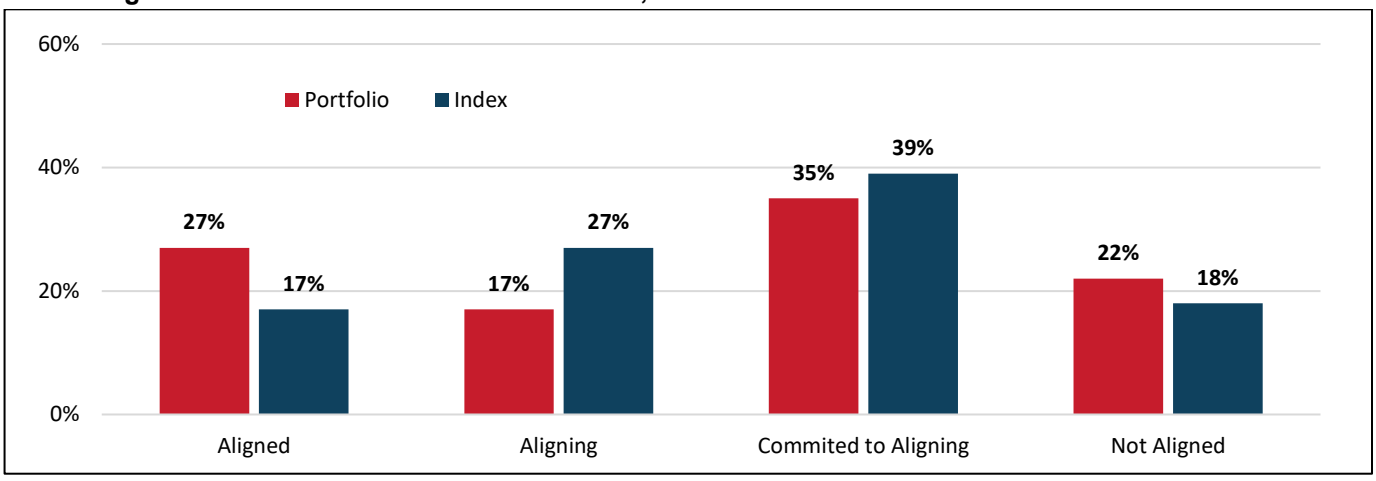
[3] We are currently only including Scope 1 and 2 carbon emissions in our assessments of carbon reduction performance given the difficulties in the collection and reporting of Scope 3 emissions. We are investigating how we can integrate Scope 3 emissions performance and targets into our assessments.

Summary of NZIF categories and their requirements

NZIF Category	Requirements
Not Aligned to a Net Zero Pathway	No net zero carbon emissions target in place
Committed to Aligning	A company has a public target to be net zero carbon emissions by 2050
Aligning to a Net Zero Pathway	A company also has a science based short term target, disclosure of its Scope 1, 2 and 3 carbon emissions and a decarbonisation strategy. Meaning that the settings are in place to be able to transition, but real-world emissions reduction performance is missing
Aligned to a Net Zero Pathway	A company has progressed beyond the Aligning to Net Zero Pathway category by having the real-world carbon emissions reduction performance to match its decarbonisation plans and targets
Achieving Net Zero	A company has achieved its net zero goals

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

NZIF categorisations for our Portfolio vs the index, as at 31 December 2025



Source: MSCI ESG Research, Resolution Capital, Corporate Disclosures, 31 December 2025

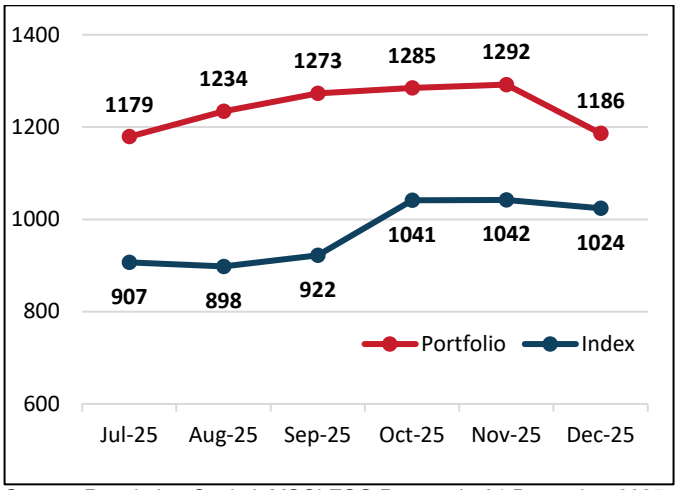
These categorisations help to inform our company engagements, prioritising companies in the Not Aligned and Committed to Aligning categories and encouraging them to implement policies and practices to move to higher categories. Ultimately, this is intended to progress all companies to the Aligned category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

Carbon Emissions

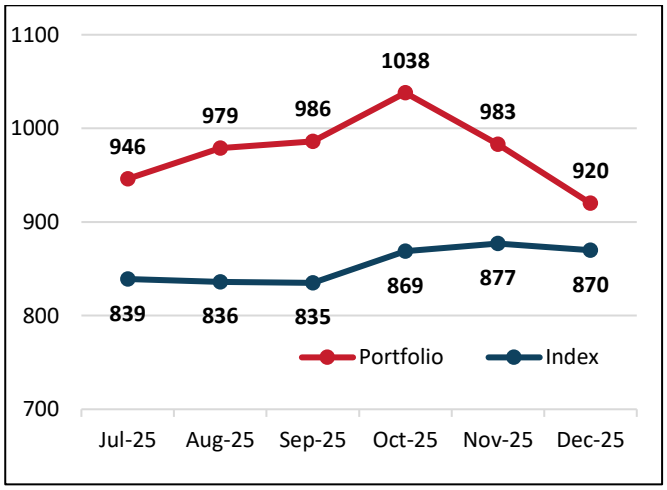
The carbon emissions and carbon intensity of the Portfolio versus the index are monitored and measured on a quarterly basis. The charts below illustrate the carbon intensity of the Portfolio versus the index, as of 31 December 2025, separated into revenue-based Scopes 1 and 2, and Scope 3 emissions intensities. The Scopes 1 and 2 carbon intensity of the Portfolio's holdings remains above the index's, at 1,186 ton/US$1m Rev vs 1,024 ton/US$1m Rev. Portfolio Scope 3 emissions intensity is also above the index, at 920 ton/US$1m Rev vs 870 ton/US$1m Rev. This quarter saw a small reduction in our Gas Utilities holdings, which had a positive impact on our Scope 3 emissions, narrowing the gap between our Portfolio emissions intensity and the Index's.

This quarter our portfolio's Scope 1 and 2 emissions reduced slightly. This was influenced by reducing positions in a number of more carbon intensive Electric Utilities, such as Duke Energy (DUK) and WEC Energy Group (WEC). Increases in less carbon intensive positions, such as water utility H2O America (HTO), toll road operator GEK TERNA (GEKTERNA) and electric utility SSE (SSE) also contributed to this reduction in Scope 1 and 2 emissions intensity.

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



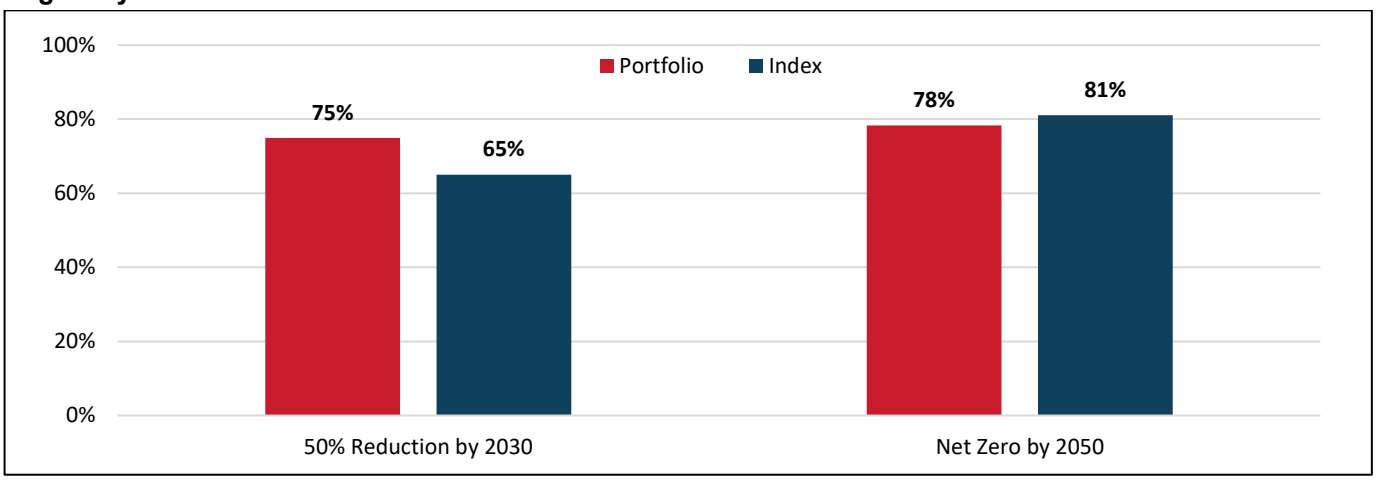
Carbon intensity –Scope 3 (Ton/US$1m Rev)



Source: Resolution Capital, MSCI ESG Research, 31 December 2025
Index: FTSE Developed Core 50/50 Infrastructure

As part of our assessment of a company's alignment to the Paris Agreement, through 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 slightly lower proportion with net zero targets compared to the index.

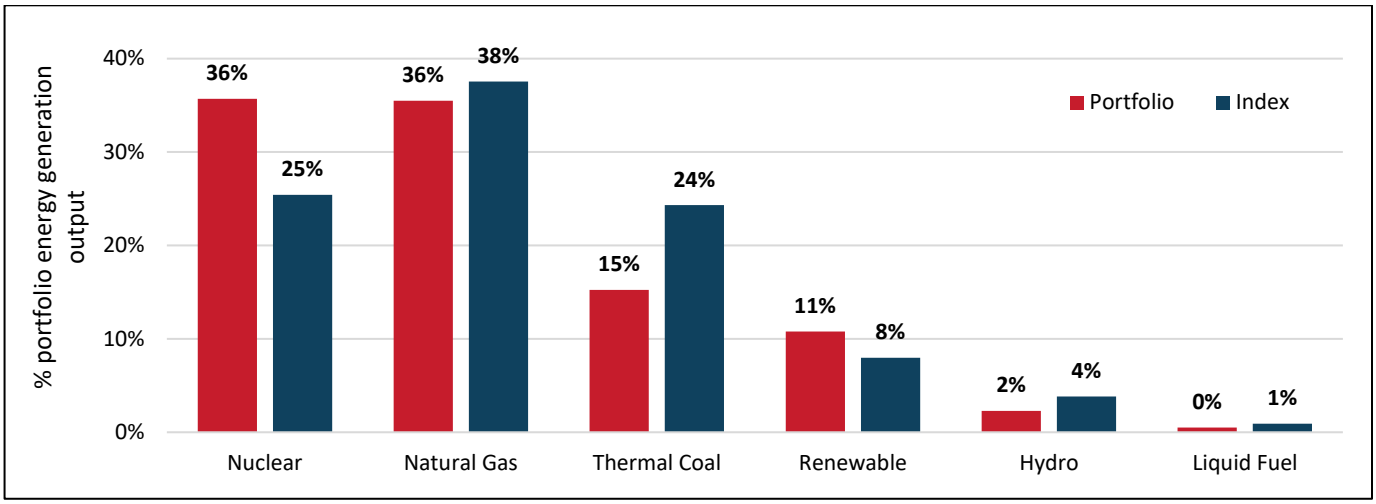
Proportion of companies with short–term carbon reduction targets by 2030 and net zero carbon reduction targets by 2050



Source: Resolution Capital, MSCI ESG Research, Company disclosure, 31 December 2025
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, 31 December 2025
Index: FTSE Developed Core 50/50 Infrastructure

Proxy Voting

In the three months to 31 December 2025, Resolution Capital voted on 6 resolutions at two shareholder meetings and did not vote against any resolutions. 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

31 December 2025	Vote statistics
Meetings	2
Resolutions	6
Voted For	6
Voted Against	0
Shareholder Resolutions	0
Abstained	0
No Action	0

Votes against management

We did not vote against management on any resolutions this quarter.

Corporate engagements

This quarter we had a call with Kinder Morgan Inc (KMI), a U.S. based midstream oil and gas transportation company. We had engaged KMI in 2024 to discuss long term decarbonisation goals, electrification and how the company addresses physical climate risks. This call provided an update to our previous discussions.

In terms of its carbon emissions, KMI has achieved a 10% reduction in methane emission intensity since 2022, despite also having a 2% increase in throughput over the same period. This improvement has been driven by several key initiatives, including the installation of pipeline sleeves and ongoing leak repairs, as well as the adoption of pump downs instead of blow downs for natural gas pipeline maintenance. This process involves moving gas to another section of pipe rather than releasing it into the atmosphere. The company currently conducts leak detection surveys annually across 100% of gas compressor stations, with quarterly surveys at 27% of these facilities.

Asking about the company's plans to set reduction targets for its carbon emissions, the company still does not believe it is appropriate to set Scope 1 and 2 targets. It cited the lack of reliable methods to capture emissions from most of its compressor stations, as well as the addition of compression capacity associated with new projects. KMI noted that the most effective emissions reduction approach would be replacing its current gas-fired compressor equipment with electric compressors. However there was uncertainty about the economic feasibility of this transition. Reliability concerns were also raised, given the interrelated nature of these systems with other infrastructure such as electricity production.

In 2023, the company established its GHG Reduction Opportunities Working Group (GROW), a cross-company initiative focused on evaluating new technologies and emission reduction opportunities. Several promising technologies are being explored or piloted, including Flyscan technology, which uses cameras mounted on aircraft and has shown significant potential for leak detection. They are also running a pilot program at one compressor station to generate clean power from waste pressure and are investigating

thermal methane oxidation. Additionally, the company is installing three new vapor recovery units to replace combustion units in their products business.

Another avenue for KMI to profit from other companies decarbonising is through developing its renewable natural gas and renewable diesel product lines. While the company does see the potential for offering premium priced products to help customers address their own emissions, KMI stated that it has been difficult to create transparent markets and sufficient volumes to start contributing materially to the business. Especially as customers might not be willing to pay the premium pricing. The company is exploring opportunities with these products by investing in the relevant infrastructure to enable transport and delivery.

The company is clearly making efforts to address its methane emissions intensity and is exploring low carbon fuel product options, however following up with more concrete carbon reduction programs and addressing the resilience of its compressors to physical climate risks will be part of our next engagements with this company.

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