Magellan
Global Listed Infrastructure

Distributed by Magellan Investment Partners

Stewardship Report 2025

Select Infrastructure

Contents

Dear Investor,

We are pleased to provide an update on our proxy voting and engagement activities in relation to the Magellan Listed Infrastructure strategy for the year to 30 June 2025. This report sets out the philosophy and implementation of our stewardship activities along with the primary details and statistics on our engagement and proxy voting activities.

We are committed to responsible investment, our philosophy is to focus on financial materiality of environmental, social and governance (ESG) factors over the long term. We believe that successful investing is about identifying quality companies and investing for the long term. As long-term owners we look for unique attributes in our companies that enable them to protect and grow earnings into the future. This includes material ESG factors that may impact the sustainability of future cashflows. As a result, we integrate ESG factors into our investment process, exercise our proxy voting rights and engage with portfolio companies on a broad range of issues to manage risk for our investors and identify opportunities. Our ESG team is integrated within the investment team, allowing us to undertake deep analysis and prioritise engagement with companies on ESG factors that we identify as material to future cash flows.

In December 2024, we enhanced our voting principles, prioritising board governance, remuneration, climate change, human rights, diversity and inclusion. We have prioritised these principles because we believe they align with best practices and have the potential to enhance long-term shareholder value creation. We recognise the varying expectations of stakeholders globally, particularly in the current environment. Despite potential short-term challenges, we remain committed to our long-term focus and view these principles as integral to supporting our clients.

We continue to embed our climate stewardship strategy which starts with our proprietary SAFE framework and net zero alignment assessment, using the analysis to assess company resilience and mitigation to transition risks including ambition of company targets and credibility of strategies to achieve them. We outline the results of this in the climate risk update of this report. At a group level, we have published our second MFG Climate Report aligned to the pillars of governance, strategy, risk management, metrics and targets. We are pleased to share this with clients on our website.

We continue to broaden our research on topics such as climate, human rights and nature through our involvement in industry working groups and conferences through RIAA and the Investor Group on Climate Change (IGCC).

Whilst this report highlights case studies of positive outcomes from our engagements and voting, we acknowledge positive outcomes can be a result of many stakeholder's voices including regulators and customers. Examples include Ferrovial and Aena's enhanced emission reduction targets, supporting our assessment of credibility of their climate strategy. We are also seeing innovative uses of AI such as Sempra's use in their Wildfire & Climate Resilience Centre. The rapid growth in AI is driving higher energy demand, creating an opportunity for infrastructure companies to play a critical role in supporting big technology firms to meet their climate targets through reliable, renewable energy solutions.

Other topics engaged where progress is ongoing includes improved structuring of remuneration to better align with shareholders, advocating for external validation of climate targets and mitigation of cyber related incidents. We will continue to engage with portfolio companies as we endeavour to secure acknowledgment of the materiality of issues raised and advocate for prudent management of associated risks. Where progress is not achieved, we will consider invoking our ladder of escalation.

Throughout this report, we present some examples of our stewardship with portfolio companies and we continue to share regular updates, thought pieces and insights on our Responsible Investment website. We welcome and will respond to any feedback, which can be emailed to esg-team@magellangroup.com.au.

Kind regards,
The Magellan Global Listed Infrastructure and ESG team

Meet the team

Portfolio Managers

Ben McVicar, CFA

Co-Head of Infrastructure and Portfolio Manager

Ofer Karliner, CFA

Co-Head of Infrastructure and Portfolio Manager

Jowell Amores

Portfolio Manager

David Costello, CFA

Portfolio Manager

Rebecca Hiscock-Croft

Investment Director

ESG Team

Amy Krizanovic

Head of ESG

Elisa Di Marco

Investment Director, ESG

Jacqueline Stokes

ESG Analyst

ESG Philosophy

The Magellan Select Infrastructure strategy seeks to identify businesses engaged in the provision of essential services, whose earnings exhibit limited sensitivity to competition, commodity price movements and sovereign risk, supporting reliable cashflow generation. As part of the stock selection process, we seek to consider all ESG opportunities and risk that could materially influence cashflow generation.

ESG issues are considered as part of our investment process, as gaining a robust understanding of these is a key part to assessing the outlook for future cash flow generation, and the risks and opportunities facing investors. Our investment process seeks to identify high quality companies and consider material risks that could impact future cashflows.

Our ESG team is responsible for oversight of the implementation of stewardship execution. For further information on our policies:

- ESG policy
- Proxy voting policy
- Climate stewardship strategy.

Stewardship highlights for FY25

24%
Company meetings with at least one vote against the company

37%
Shareholder proposals voted against the company

94%
Companies engaged[1]

405
ESG topics discussed

MFG's PRI Assessment Summary Scorecard

We continue to enhance our ESG integration, stewardship, and client communication, which has been recognised by the Principles for Responsible Investment (PRI) in our most recent 2023 assessment.

	Module Score and Star Score	
Policy Governance and Strategy	**90**	★★★★☆
Direct - Listed Equity - Active Fundamental AUM Coverage > 50%	**93**	★★★★★
Confidence Building Measures	**89**	★★★★☆

[1] Number of portfolio companies engaged as at 30 June 2025.

Investment process

“Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society[2].”

The focus of this report is on our stewardship activities related to our proxy voting and engagement activities, within the ’management’ and ’oversight’ components of this industry-accepted definition of stewardship. These activities enhance long-term value for our investors by seeking to reduce risks and enhance opportunities both prior to investing and during our period of ownership.

Our portfolio managers’ capital allocation decisions to continue holding or sell also reflects stewardship considerations. From time to time, and if risks are considered unacceptable, the allocation decision may result in divestment.

Stewardship is a critical element of our investment process. Stewardship is the foundation that underpins our investment objectives, starting with our investment philosophy.

[2] The UK Stewardship Code – The Financial Reporting Council Limited

The five elements of stewardship within our investment process are outlined below:

Philosophy

From the beginning, our stewardship philosophy has been to focus on all material factors, considering both risks and opportunities that may influence cash flows and valuations of our investments within our investment time horizon.

We firmly believe that long-term investors need to consider material ESG factors to form a holistic perspective on the risks and opportunities that may bear upon cash flows and the valuation of investments. The investment team aims to engage with portfolio companies on a broad range of themes as identified by the ESG team and investment analysts and assessed as material to those companies.

Our long-term investment horizon, and typically long-term relationships with companies in our investment universe, enhance our ability to engage with companies over an extended period on material issues, work closely to achieve positive outcomes and thereby influence to protect and create shareholder value.

Our philosophy is documented and approved by the Investment Committee (IC). While our stewardship philosophy has remained unchanged since implementation, we are constantly learning and listening to industry experts, responsible investment associations, companies and our clients to evolve our thinking to ensure our stewardship is in sync with the forefront in the industry.

Execution and implementation

We execute our stewardship philosophy throughout our investment process. Implementation can be summarised into a five-step cycle:

1. Fit for investment universe

We review candidate stocks for the strategy's Approved list for material ESG factors. If the factors present excessive risks, then stocks will not progress to approval. Issues reviewed for materiality include ESG factors outlined in our policy, such as climate risk and opportunities, labour management, safety, waste management and board composition. The investment analyst is responsible for the investigative work, which is then tested by colleagues and subject to review by the IC.

2. Risk and opportunities assessment

Stocks on the Approved list are regularly assessed and monitored by the investment analyst across material ESG risks and opportunities. Analysts use our proprietary ESG risk assessment framework to assess and score those risks and opportunities. We believe our analysts' knowledge of companies and industries provides a deeper level of analysis with regards to materiality of the risk and the impact to cash flows. The framework considers companies' exposures to risks and opportunities and how companies are managing those exposures. The assessments and scores are reviewed by the IC with a member of the ESG team always an active participant at the IC meetings. The ESG team undertake to provide internal and external training on relevant topics to continue to enhance this assessment.

3. Portfolio construction

Our portfolio managers consider ESG scores and qualitative assessments of ESG risks and opportunities when considering the purchase, sale, and sizing of stock positions within the portfolio.

4. Active stewardship

We generally engage with companies prior to the purchase decision to discuss our assessment of material risks and opportunities. Once we invest in a company, we increase our engagement and ensure management's understanding of our stewardship policies. The main purposes of these engagements are to deepen knowledge of the company's approach, provide our perspectives, and seek to positively influence the management of risks and opportunities, as appropriate. As part of our stewardship activities we review and vote all proxy items at General Meetings.

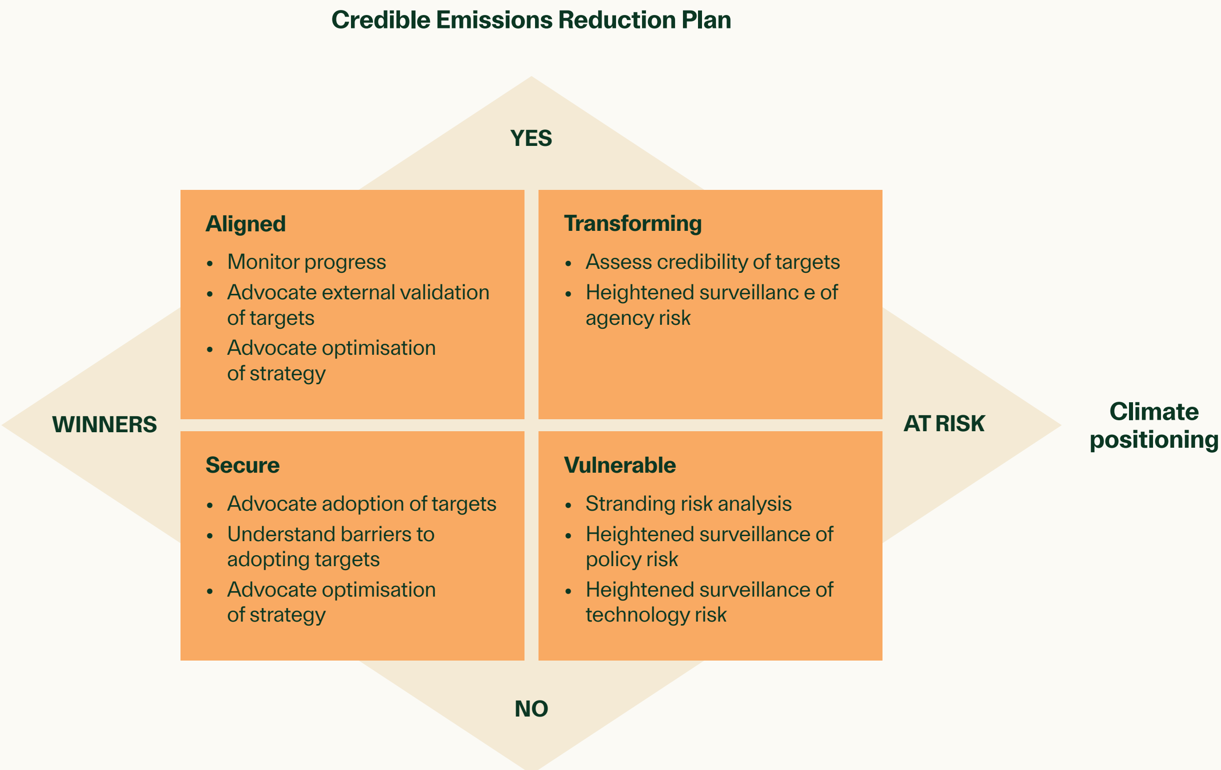
5. SAFE transition framework

All companies in the Select Infrastructure strategy are assessed under the proprietary SAFE Transition framework (Situational Analysis, Forecasting, and Engagement). Under the SAFE framework the investment team assesses whether the company is a beneficiary from the transition to a net zero emission economy or whether it faces additional risks, and whether the company's climate transition plan is credible. For those companies assessed as disadvantaged by the transition to net zero, we embark upon a staged engagement program with the invested companies.

We continued to prioritise engagement with companies that we perceive face prominent long-term climate transition risks under our SAFE Transition framework during the last 12 months, driving increased interactions with portfolio companies.

Best Practice: Magellan Infrastructure's SAFE Transition Methodology

A complex transition calls for Situational Analysis, Forecasting and Engagement



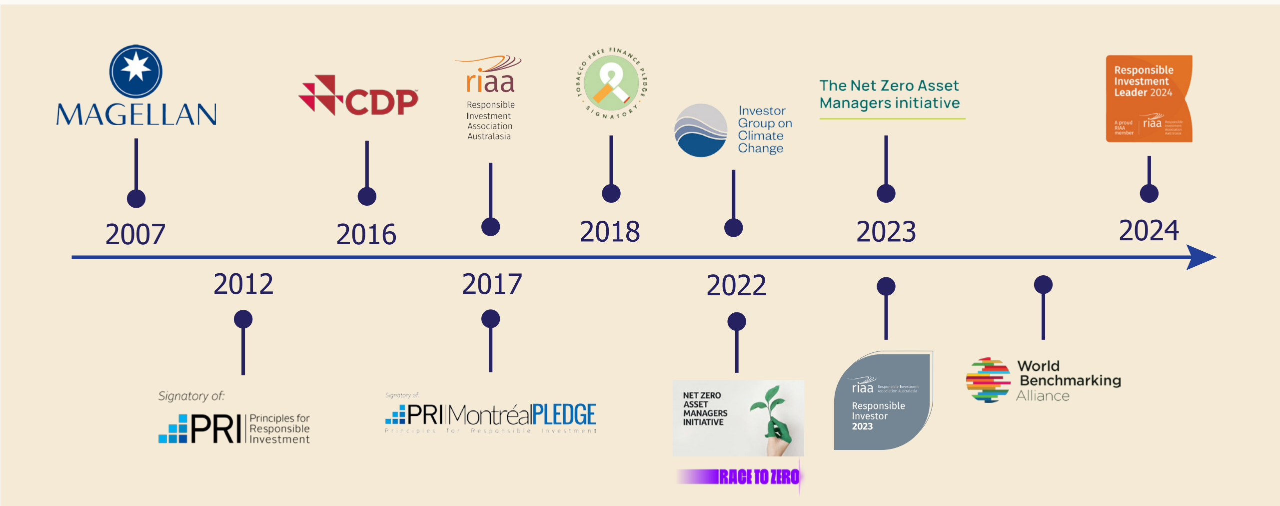
Industry recognition and initiatives

MFG is a signatory to a number of industry initiatives and associations that support our commitment to responsible investment, transparency to stakeholders and ability to elevate key company and industry issues such as human rights, climate change and nature.

In the last year, we:

- received improved RIAA recognition as a Responsible Leader
- achieved uplift in our CDP score to 'B', based on our most recent submission
- were an active member of the RIAA Human Rights Working Group, which informs and enhances the assessment of human rights, including modern slavery, across our internally managed investment strategies
- participated in RIAA's Nature Working Group, which has strengthened our assessment of nature related dependencies and impacts across high impact sectors and reinforces our priorities to further develop our nature and climate frameworks
- contributed to additional industry roundtables and working groups, providing feedback to peers, regulators and other key stakeholders on the mandatory reporting requirements related to financed emissions for asset managers
- continue to implement the Net Zero Investment Framework, which guides the implementation of our Climate Stewardship Strategy
- maintained our membership of the World Benchmarking Alliance (WBA) through the Collective Impact Coalition for Ethical Artificial Intelligence.

Best Practice: Leadership and Collaboration



Engagement with companies

Our long-term investment horizon gives us the opportunity to engage with companies over an extended period on issues that are important to protecting and creating shareholder value. We aim to engage with portfolio companies on a broad range of ESG themes, as identified by the ESG Team, that investment analysts assess to be material to those companies within our proprietary ESG risk and opportunities assessment framework.

Engagement has two primary objectives, designed to have a positive impact on shareholder returns over time:

1. Risk assessment and management

Continue to expand our knowledge and understanding of the risks and opportunities through discussions. As long-term investors, we build up knowledge and insight, which we discuss, and challenge management during engagements. These discussions deepen our understanding within and across industries.

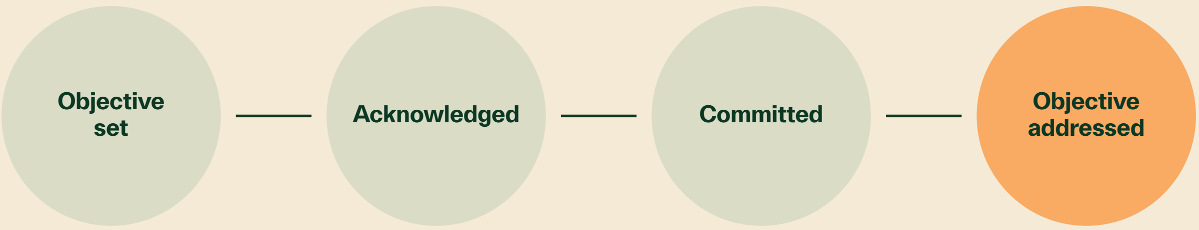
2. Influence

Encouraging and supporting change to a company's approach or the setting of targets as required. As long-term investors, we build constructive relationships that better enable us to drive positive change at the company.

The investment team identify key risks and opportunities at the company level. These are then aggregated to identify common themes at industry and portfolio levels.

The level of engagement is also considered in the context of the relative size of our investment. We will seek a deeper level of engagement with firms when we own a greater portion of a firm's equity, and we therefore have greater sway, and responsibility to engage.

Engagement progress tracking



The success of an engagement is measured by defined milestones. An ESG objective is set prior to engagement, and the progress towards the defined objective is tracked against milestones, 'acknowlegement', 'committed', 'addressed'.

Proxy voting

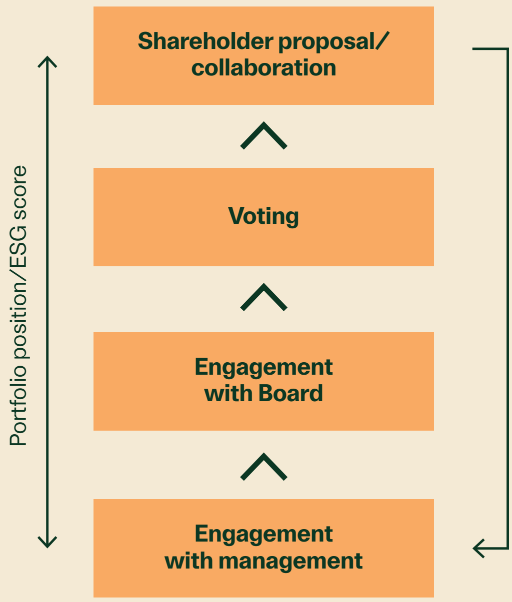
At Annual and Extraordinary General Meetings, as specified in our proxy voting policy, we vote on all proxy resolutions for investments that we directly hold on behalf of our investors.

We believe that proxy voting underpins our role as stewards of our clients' capital, with the power to vote for or against agenda items. We have a principles-based proprietary proxy voting policy that requires us to vote our investment securities in a timely manner and make voting decisions that are intended to maximise long-term investor value.

The ESG team is responsible for the analysis of proxy proposals assisted by the investment analysts. Each proposal is reviewed carefully by the ESG team together with the investment analysts.

We consider the validity of the proposal, whether the risk identified is sufficiently material to either the company or industry to warrant the proposal, how the Board and executives manage the risk and whether the proposal enhances the transparency, management or understanding of the risk.

Escalation ladder

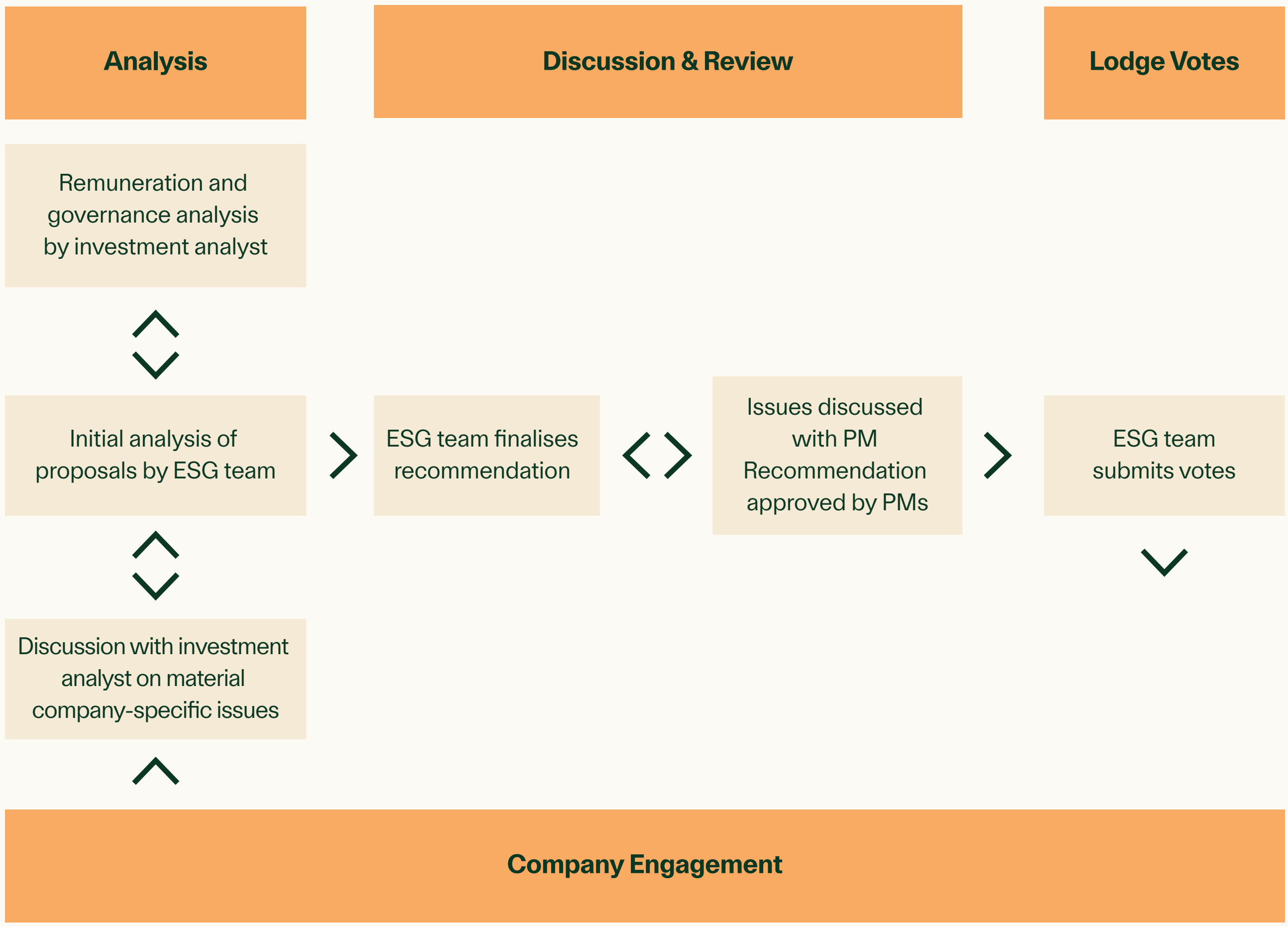


In cases where engagement has been ongoing, without any progress on an issue that is considered a material risk to future cash flows and company valuation has been limited, the portfolio managers and ESG team will consider an escalation path.

The ESG team consults the investment analysts and other industry experts, as well as the proponent where necessary, and drafts recommendations for approval by the strategy's portfolio managers. Following review and approval by the portfolio managers, the ESG team will submit the votes. This process is outlined in our Proxy voting policy. The investment analysts provide detailed input into the proxy voting analysis.

Proxy voting process

Engagement with portfolio companies is undertaken throughout the voting process to better understand shareholder proposals and management's perspectives on how they are managing the risks and opportunities being considered within the proposals with a materiality lens. Ongoing engagement is important as change can take time. This includes communicating votes that differ from the company recommendation and following up on issues raised throughout the year.



Update on climate risk management

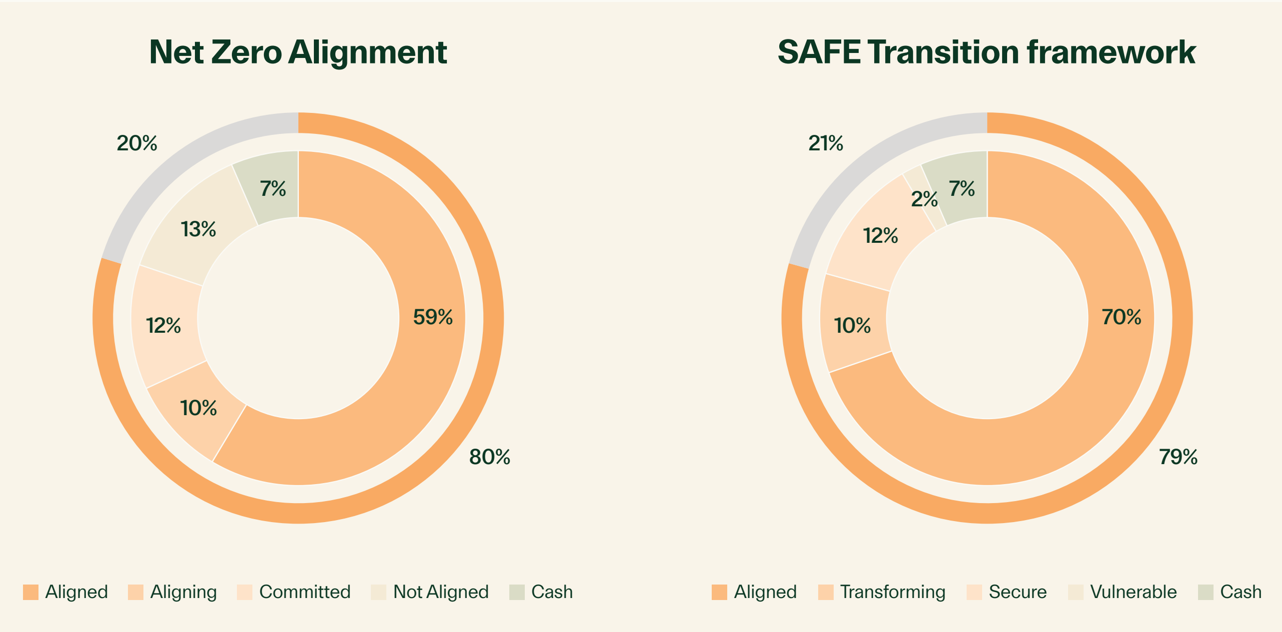
Climate risk assessments

Over the past year, we continued to strengthen our work on climate risk, applying both the net zero alignment assessment, guided by NZIF 2.0 and our proprietary SAFE Transition framework across the Core Infrastructure strategy.

This dual approach allows us to assess not only the alignment of holdings to net zero pathways but also the credibility of company's transition strategies and their resilience to the broader economic impact of decarbonisation.

As of June 2025, approximately ***80% of holdings by weight were assessed as either aligned, aligning, or committed to aligning under our net zero alignment assessment and 80% attained an aligned or transforming rating under the SAFE framework***.

Around 82% of the strategy was invested in companies we assessed as 'aligned' and 'secure' which are positioned as economic beneficiaries or are neutrally affected by the energy transition.



As at 30 June 2025

Climate stewardship

Our long-term investment horizon support meaningful stewardship engagements on climate issues, enabling us to monitor and influence climate strategies over time. The finding of this year's analysis confirms the majority of our investee companies demonstrate robust decarbonization plans and favorable business positioning in an economy transitioning to net zero.

With the rapid uptake of AI, data centres are becoming a significant source of global energy demand, already accounting for 1–1.5% of global consumption and expected to double or triple in the US by 2028[3]. This creates opportunities for infrastructure companies to expand grid capacity, renewable generation, and transmission networks to support the growth of AI and big tech.

We will continue to use our climate risk assessment frameworks to prioritise engagement with companies to ensure their strategies remain credible, ambitious and consistent with protecting and creating long term shareholder value.

Further information is available in our 2025 Climate Report.

[3] The 2024 report prepared by Berkley for the US Department of Energy.

Engagement outcomes

Over the financial year, the investment team engaged with a range of stakeholders relevant to our investable universe. This included companies within the portfolio, potential new investments, companies within industries of interest, industry experts and regulators.

These discussions typically encompassed company strategies, risks and growth factors interlinked with ESG topics such as climate change, diversity, equity & inclusion, data privacy and security as well as governance issues such as executive remuneration.

Of the more than 260 engagements undertaken during the last year, ~215 specifically addressed ESG.

Across our investable universe[4]

>260	27	104	152	605
Engagements	With the Board	With C-Suite	With senior management	ESG topics discussed

[4] During FY25

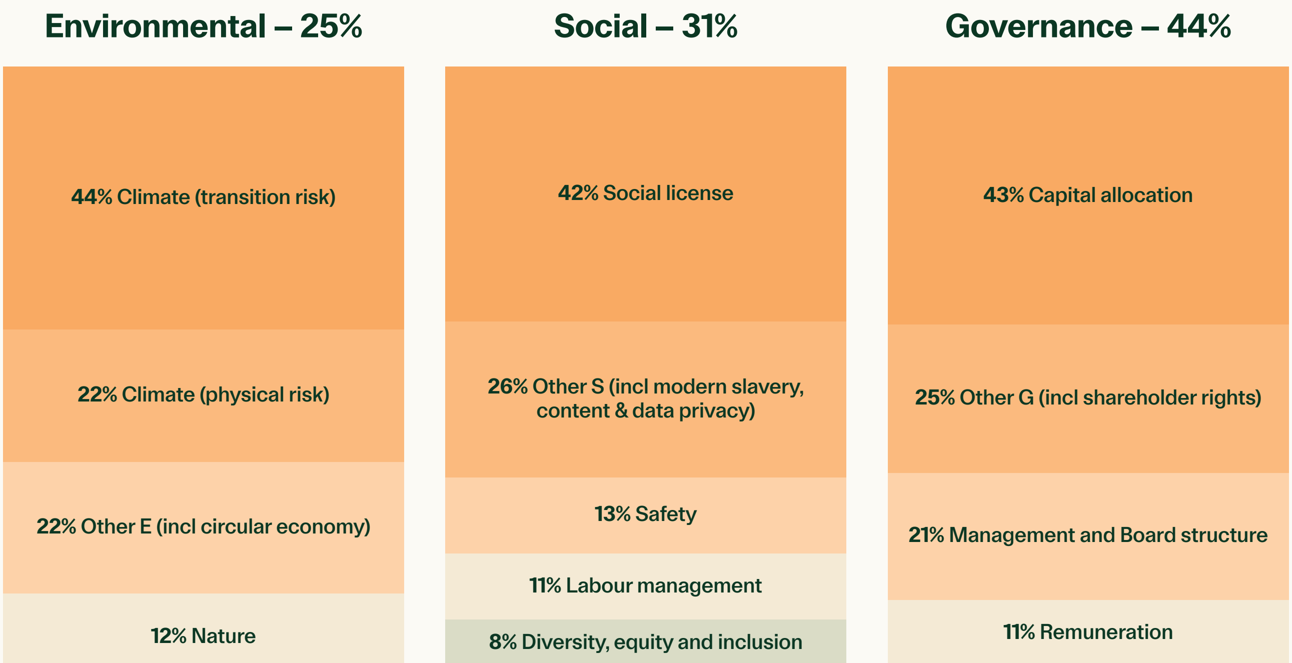
While the investment team do engage with the broader investable universe, the key focus is on companies that are held in the Magellan Select Infrastructure strategy with most companies in the portfolio subject to engagement across more than 170 meetings in FY25. Most interactions were with the senior leadership team, including the CEO, CFO, other executives, corporate responsibility officers and other relevant senior team members. In some cases, where companies had not made progress on a particular ESG topic, we escalated the issue to the Board of Directors.

2025 Engagement by Theme and Focus Areas

Select Infrastructure Strategy – Companies held in the portfolio in FY25				
>170 Engagements	16 With the Board	57 With C-Suite	>100 With senior management	405 ESG topics discussed

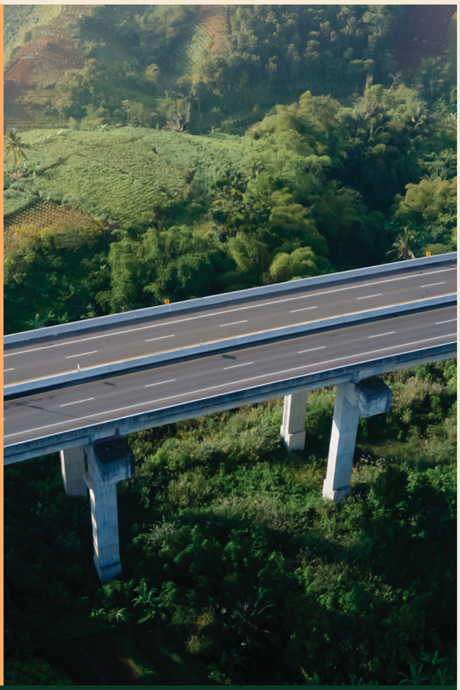
ESG Topics

Our FY25 engagements focused on the following ESG topics:



Climate Change

Climate Change is both a risk and an opportunity. We consider exposure of the company to risks and opportunities as a result of the transition of the global economy towards net zero emissions.



We look for commitment to:

- Net zero targets
- External validation of targets
- Credible plan to meet targets.

Case Study: Ferrovial

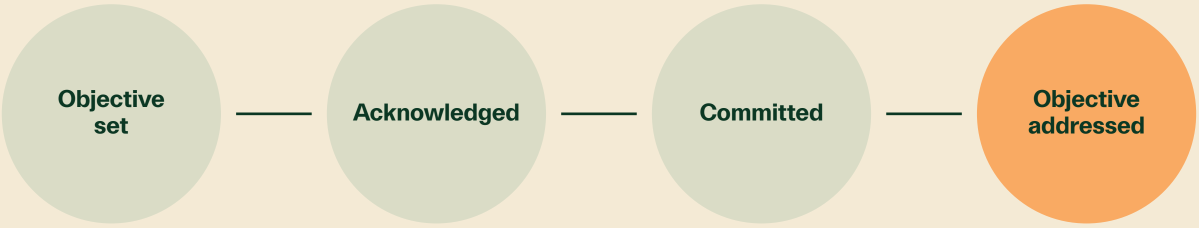
Industry: Toll Roads

Objective: Revise emission reduction targets and submit to SBTi for the more ambitious 1.5-degree methodology from 2 degrees set in 2017.

In 2025, ahead of the AGM, we requested an update on Ferrovial's climate targets following a discussion last year with senior executives on increasing the ambition of their SBTi targets and setting a net zero target. We were pleased to see the progress that these new emission reduction targets aligned to a 1.5-degree pathway had been submitted to SBTi. We were also pleased to hear they had their offsets independently verified, adding to credibility of their climate strategy.

At the 2025 AGM we supported the company's 'Say on Climate' resolution.

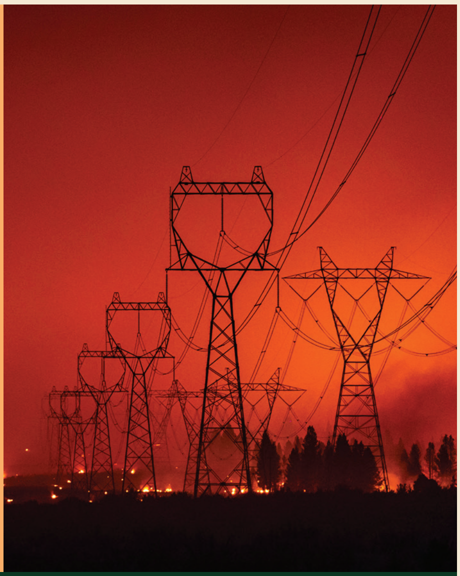
Outcome: After the meeting, in April 2025, Ferrovial announced that their updated Scope 1, 2, and material Scope 3 targets had been verified by SBTi at the more ambitious 1.5-degree pathway. This is a positive outcome and meets our engagement objective set last year. This has contributed to Ferrovial being classified as 'Aligned' under our climate risk framework.



Link to Investment Case: As many countries have committed to transition their economies to net zero by 2050 and expectations from stakeholders, including investors, regulators and governments increase, we want to ensure that companies in our portfolios remain resilient and take advantage of opportunities.

Physical climate risk

As the frequency and severity of extreme weather events increase, driven by climate change, the resilience of infrastructure and operations is critical to long-term value.



We look for:
- Physical climate risk assessment
- Adaptation, mitigation and resilience planning

Case Study: Sempra Energy

Industry: Utilities

Objective: Ensure Sempra undertake a physical climate risk assessment and invest in resilience planning and mitigation.

Sempra is exposed to regions prone to wildfires, hurricanes, floods and extreme heat, for example, SDG&E in California and Oncor in Texas. As an energy provider, disruptions from climate-driven events can impact electricity and gas service reliability, safety, and customer trust.

Sempra outline these risks in their sustainability report. Our infrastructure team visited Sempra's facilities, and we followed up in subsequent meetings to better understand their resilience plans which include:

- Sempra's SDG&E's Wildfire & Climate Resilience Center, was upgraded and relaunched in 2024, to drive innovation in wildfire prevention and grid safety.
- The centre applies AI technologies and predictive modelling to strengthen climate adaptation and wildfire risk management. These tools are designed to equip emergency responders with faster, more accurate information, enabling quicker responses to extreme weather and wildfire threats.
- It also helps to identify areas for proactive or preventative improvements to their infrastructure.

Outcome: We are pleased to see Sempra's investment in technology and innovative use of AI to identify risks and prioritise safety improvements. Indeed, Sempra has not experienced a major utility infrastructure-related wildfire in more than 18 years. Needless to say, we have increased confidence and affirmation of Sempra's wildfire risk management, supporting our ongoing view that the company is well-prepared to mitigate major incidents and protect shareholder value.

Objective set — Acknowledged — **Committed** — Objective addressed

Link to Investment Case: Companies that fail to assess, disclose, and manage physical climate risks face potential financial losses, regulatory challenges, and reputational damage, while those that proactively strengthen adaptation measures are better positioned to protect assets, maintain service reliability, and safeguard shareholder value.

Diversity, equity and inclusion

Diversity, equity and inclusion can improve decision making and innovation and broaden the labour pool.

We look for commitment to:

- Diversity at the Board, management and company level
- Pay equity
- Culture that supports all employees to speak up

Case Study: Italgas

Industry: Utilities

Objective: Encourage more ambitious target for women in managerial positions towards equality.

Managing and supporting diversity, equity and inclusion well is critical for retention and attraction of employees.

Through direct company engagement, we met with senior executives at Italgas over the last two years to encourage greater incentivisation and initiatives related to gender diversity at the executive and all company level. We acknowledged that the gender diversity of the Board, with 44% female directors, meets our principles.

In engagement, we encouraged the company to set a more ambitious target for women in managerial positions. We highlighted that they had met the 28% target in 2023 which further supports this case to increase the hurdle. In 2024 there was no change to the target, and we encouraged this to be reviewed again. We discussed the challenges with attracting females to the industry however, the company provided detail around their targets and initiatives to support greater gender diversity across the organisation. One of these initiatives it to ensure monitoring and improvement to the Gender Equity Pay Gap, we are supportive of this being part of the STI for the CEO.

Outcome: In 2025 we saw a positive outcome from Italgas, an upwards revision to their target to 33% of women in positions of responsibility by 2030 which includes the recent acquisition in Greece.

Objective set — Acknowledged — **Committed** — Objective addressed

Link to Investment Case: Diversity of thought can lead to innovation and better risk management. A 2019 McKinsey[5] study highlights that companies in the top quartile of gender diversity on executive teams were 25% more likely to experience above average profitability than peer companies in the 4th quartile.

[5] How diversity, equity, and inclusion (DE&I) matter | McKinsey

ESG Issue

Governance

A well-governed company with independent board can make decisions in the best interests of all stakeholders.

Compensation should motivate, incentivise and aim to retain key management personnel. It should also align with shareholder experience and support the delivery of the strategy.

We look for:

- Chair and CEO separation; Chair and board independence
- Shareholder alignment
- Remuneration structure and performance linked incentives.

Case Study: Eversource

Industry: Utilities

Objectives:

1. Remuneration: Improve the structure and performance hurdles of executive remuneration.
2. Directors: Ensure all sub-committee Chair trustees are independent.

We were pleased to see the appointment of a lead independent trustee in 2024 who was also appointed as Chair of the Compensation Committee. While we acknowledge small improvements to the hurdles for the long-term incentive (LTI), we continue to engage to encourage a more substantial improvement to the remuneration structure.

In 2025, we increased the frequency of engagement with Eversource on these topics, sharing our updated voting principles.

1. Remuneration: While we acknowledged downward discretion that was applied for the second consecutive year, we did not consider that the overall payout for executives aligned with shareholder outcomes over the period. We have encouraged a more substantial review of the remuneration structure including hurdles and maximum payouts to ensure final outcomes align with shareholders.
2. Directors: We highlighted areas where the company can improve alignment to our principles.

Principle: 3.1.4 Board Sub-Committees

Chair of the sub-committees should be independent. Independent directors should have less than 10 years tenure to be viewed as truly independent and representing minority shareholders. We encourage consideration for rotation of the Chair of the Nominations committee.

Principle 3.1.1 Combined Chair and CEO

We view separating the Chair and CEO roles as best practice.

We followed up our engagement meetings with a letter to be shared with the Chair of the Compensation committee. Following our engagement process and escalation, we voted against the company on the advisory vote on executive compensation and the Chair of the Nominations committee.

Outcomes:

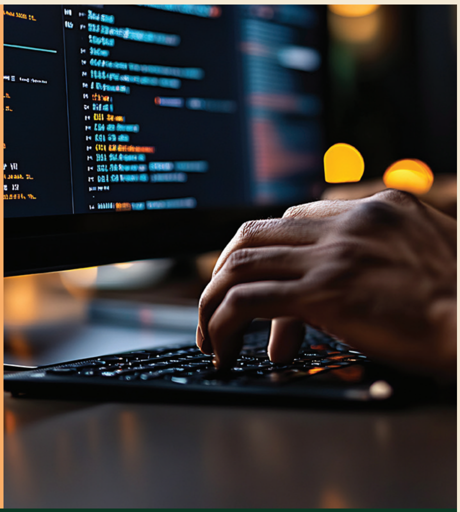
1. Remuneration: Eversource acknowledged and will pass on our feedback. We will continue to monitor the structure of executive compensation.
2. Directors: We escalated through voting to encourage a rotation of the Chair of the Nominations committee, in line with our principles.

Objective set — **Acknowledged** — **Committed** — **Objective addressed**

Link to Investment Case: Independent boards with separation of Chair and CEO supports separation of powers, improved risk management and representation of minority shareholder interests. Balanced compensation, with an emphasis on risk mitigation and management incentivisation, can support the company strategy and creation of long-term shareholder value.

Cyber security

Cyber security has become an increasingly material ESG risk, with the rise of AI and other advanced technologies heightening the potential for sophisticated cyberattacks. Companies are expected to demonstrate strong governance and resilience measures to protect their systems, data, and stakeholders from these evolving threats.



We look for commitment to:

- Skills and board experience
- Through engagement, we assess board fluency on cyber and emerging AI trends
- Appropriate disclosure following exposure to cyber related events or attacks
- Policies and procedures

Case Study: American Water

Industry: Utilities

This year, we have seen an increase in companies using technology to strengthen cybersecurity, manage large amounts of data, and improve processes efficiency. This creates opportunities for scale growth and drive innovation, but also comes with risks, partially around cyber threats and data privacy.

Managing new and emerging technology, is a topic relevant to nearly all companies, with approaches to risk management varying and often difficult to assess. The increased use of AI has coincided with more cyber-related events and attacks which we have monitored in news flow. This trend has been reflected in increased company disclosure around cyber security, including references in proxy statements as well as sustainability and impact reports. We also view critical infrastructure has heightened risk to cyber-attacks.

Data privacy has similarly increased as a risk, driven by the AI investment trend, expanding storage and use of big data and advanced technologies. While we have not observed a significant change in the number or materiality of data breaches, continued regulatory scrutiny and customer focus mean that this remains an area of heightened attention.

Engagement:
Following a reported cyber event in early October, that affected American Water's customer billing and website platforms, we engaged directly with the company to understand the situation and the steps planned to resolve it.

Objective: It was highlighted that following the resignation of Admiral James G. Stavridis, there were no American Water directors with technology or cyber skills on the board.

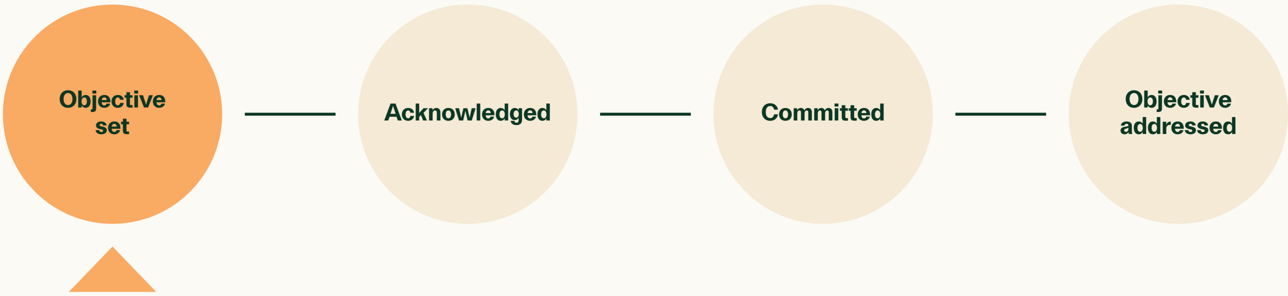
At the time of engagement, the board was undergoing refreshment as they reviewed skill gaps, succession and governance planning. Our engagement objective was acknowledged with the company, and they committed to fill and consider skills gaps.

Outcome: In late October, American Water announced the recruitment of new director, Stuart McGuigan. He most recently served as Global Chief Information Officer for a global healthcare company, where he was responsible for all aspects of information technology.

Objective set — Acknowledged — Committed — **Objective addressed**

Ongoing engagement

We set engagement objectives on material ESG topics with clear milestones for the company.
The following examples outline topics where objectives have been set and engagement is ongoing.



Environment

Climate

- Engagement to encourage commitment to long-term, net zero emission targets. Examples include: Atmos Energy and ACEA.
- Prioritisation of companies in high-impact material sectors to ensure alignment with net zero emissions by 2050 and progress towards interim targets. Examples include CMS Energy, Dominion Energy, Enbridge, WEC Energy and Eversource.

Social

Diversity, Equity and Inclusion

- Encouraging companies to improve disclosure, report on initiatives and where appropriate link targets to remuneration. Transparent disclosure of diversity data helps identify the reasons for gaps and ultimately incentivise companies to promote, train and recruit diverse candidates into more technical or managerial roles.

Governance

Board Structure

- Continuing to engage with companies to improve Board structure encouraging improved independence overall, an independent Chair or a lead independent director at a minimum. We supported shareholder proposals to encourage the separation of Chair and CEO. For example, Eversource.
- We continued our engagement with companies to ensure boards maintain the appropriate skills and expertise to address emerging topics and risks, including cyber security and AI.

Executive Remuneration

Continuing to engage regarding

- Remuneration structures to increase performance hurdles that appear insufficiently challenging and ensure alignment to sustainable growth
- Structure of remuneration, including the balance between performance-linked incentives vs time-based incentives and options
- The inclusion of meaningful incentive targets related to emissions reduction or social initiatives where relevant.

Proxy voting outcomes

Annual General Meetings (AGMs) give our investee companies the opportunity to present their performance and give shareholders the opportunity to vote on ballots, which are particularly comprised of both company proposals and shareholder proposals. This year we supported more shareholder proposals where the ask of the resolution was aligned with our engagement objectives.

Company proposals are generally routine in nature; for example, auditor approval, guides on compensation and voting to reappoint directors. In contrast, shareholder proposals tend to be more contentious and often include topics related to ESG.

Shareholder meetings (26)	
Proposals (383)	
Company Proposals (380) **Votes against company recommendation** (2% of ballots)	**Shareholder Proposals** (3%) **Votes against company recommendation** (33% of ballots)
Voted against company (2% of ballots; 24% of meetings)	

Proxy voting statistics in detail – FY25

The Select Infrastructure strategy voted on 383 proposals during the year. We voted against the company's recommendations on 2% of all proposals and cast a vote against the company's recommendations on at least one proposal item at 33% of shareholder meetings. We continued implementing our proxy voting policy and withheld from voting at one meeting where market restrictions (share blocking) could have impacted client objectives.

During the year, we voted against several management proposals on executive compensation where the structure was not aligned with our Voting Principles. For companies with ongoing engagement that failed to improve their remuneration structure, we voted against the incumbent members of the compensation committee, in line with our escalation process.

Category	Number of proposals	With the company recommendation	Against the company recommendation
Company Proposals	**380**	**98%**	**2%**
• Board related	180	98%	2%
• Compensation	70	99%	2%
• Audit/ financials	63	97%	3%
• Capital management	40	100%	2%
• Other	27	4%	4%
Shareholder Proposals	**3**	**0%**	**0%**
• Environmental	-	0%	0%
• Social	-	0%	0%
• Governance	3	64%	36%
Total Proposals	**383**	**98%**	**2%**

Governance and updated voting principles

Following updates to our voting principles and proxy policy in 2024, we have had a productive year of company engagements, which has influenced our voting outcome. Key enhancements to the voting principles include:

- **Environment:** addition of climate, circular economy and biodiversity along with nature-based principles.
- **Social:** expectations for companies regarding diversity, mitigation of human rights risks in the supply chain and the implementation of AI.
- **Governance:** minimum expectation regarding executive pay linked to performance.

For more information, please refer to our Voting Principles.

Lead independent director:

A principle we have long advocated for is our preference for a governance structure separating the roles of Chair and CEO. This year, we continued our company engagements to strengthen governance structures by appointing a lead independent director, particularly where the roles are combined, or the Chair is not independent.

We view it as best practice for the lead independent director to have a tenure of less than 10 years to maintain genuine independence. Prolonged tenure can compromise objectivity and diminish the effectiveness of this crucial governance role. We encourage boards to adopt a formal policy limiting the tenure of lead independent directors to promote greater accountability and objectivity. **We voted against a board related resolution on this topic for four companies.**

Audit firm rotation:

We view the role of external auditors as essential for ensuring transparency and accuracy in company public disclosures for shareholders. To ensure the independence of the audit service, **we encourage rotation of the firm providing the auditing services at least every 10 years.** Our engagement and voting efforts were focused on audit firms that had excessive tenure. In our engagements, we considered if audit firm contracts have been tenured to the market or appropriately assessed by the audit committee. **We voted against two companies** for their vote on ratification of auditor, in many cases, following multiyear engagements on this topic.

An example of best practice was evident for Ferrovial, where the board conducted an external review, and proposed changing auditors from EY to PwC, citing a stronger SOX audit team with greater experience in Foreign Private Issuers along with a more competitive fee. Given the synergies across the audit scope, PwC have been selected for sustainability report assurance for the financial years 2025-2027.

Climate Change

Climate Change is both a risk and an opportunity. We consider exposure of the company to risks and opportunities as a result of the transition of the global economy towards net zero emissions.

We look for commitment to:

- Net zero targets
- External validation of targets
- Credible plan to meet targets.

Case Study: AENA

Industry: Air transport

Objective: Ensure resilient climate strategy and encourage external verification of targets.

We assess AENA as 'Aligned' under our net zero alignment assessment and SAFE framework. Underpinning this assessment is:

- External validation of their Scope 1, 2 and 3 targets.
- Progress on emission reduction ahead of target for Scope 1 and 2 emissions.
- Credible investment in solar and wind power to support their self-generation and renewable energy targets.

We have engaged with AENA over the year and discussed their additional investment in solar and wind power, and the roll out of solar PV across their land bank with a target that this will produce c.51% of their power by 2029.

Outcome: Aena has made a significant enhancement to their climate strategy and targets over the last few years, including a more explicit target for Scope 3 emissions which has been validated by the Science based targets initiative. This supported our decision to vote for the "Approval of the Climate Action Plan".

Objective set — **Acknowledged** — **Committed** — **Objective addressed**

Link to Investment Case: As many countries have committed to transition their economies to net zero by 2050 and expectations from stakeholders, including investors, regulators and governments increase, we want to ensure that companies in our portfolios remain resilient and take advantage of opportunities.

Climate Change

Climate Change is both a risk and an opportunity. We consider exposure of the company to risks and opportunities as a result of the transition of the global economy towards net zero emissions.

We look for commitment to:

- Net zero targets
- External validation of targets
- Credible plan to meet targets.

Case Study: Alliant Energy

Industry: Utilities

Objective: Ensure resilient climate strategy and encourage external verification of targets.

We engaged directly with Alliant twice in the last year regarding their climate strategy, including targets.

As part of climate risk assessment, we consider Alliant's climate strategy as 'credible' under both the SAFE and net zero alignment assessment (guided by NZIF). To further support our climate risk assessment, we continue to encourage an external review of their emissions reduction methodology or to have it externally audited.

We view Alliant's collaboration with Electric Power Research Institute (EPRI) as positive and support continued industry collaboration on net-zero methodologies for the industry.

Outcome: While Alliant's energy transition plan shows a commitment to targets and working with EPRI, we continue to encourage further disclosure to support the alignment of their targets with a net zero pathway, under our frameworks. In 2025, we supported the shareholder proposal regarding 'Evaluation of GHG Target Alignment with the Paris Agreement'. The rationale for supporting the resolution is to encourage continued efforts to develop robust emissions reduction methodologies, that are externally verified and aligned with science-based scenarios, including the Paris Agreement.

Additional disclosure on this topic will support our ongoing assessment of the credibility of their climate strategy, which is a key pillar of our net zero alignment assessment and SAFE framework.

Objective set — Acknowledged — **Committed** — Objective addressed

Link to Investment Case: As many countries have committed to transition their economies to net zero by 2050 and expectations from stakeholders, including investors, regulators and governments increase, we want to ensure that companies in our portfolios remain resilient and take advantage of opportunities.

Magellan

Global Listed Infrastructure

Distributed by Magellan Investment Partners

Contact

For more information on any of Magellan's stewardship activities,
please visit our website magellaninvestmentpartners.com/responsible-investing/

Contact the Magellan ESG team
esg-team@magellangroup.com.au