

4D Infrastructure Engagement Policy

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Introduction

4D Infrastructure Pty Ltd (4D) is a boutique investment management business offering global listed infrastructure solutions for institutional and retail clients. The business represents a partnership between the investment team and Bennelong Funds Management Ltd (BFML). BFML is the AFSL holder and 4D Infrastructure is a Corporate Authorised Representative of BFML.

This Engagement Policy (Policy) applies to all strategies managed by 4D. It outlines our approach to engaging with companies within our universe, which we believe is an important component of our stewardship activities. It should be read in conjunction with our Proxy Voting Policy to get a complete picture of our investment stewardship practices.

Governance

Both 4D's Engagement Policy and Proxy Voting Policy have been reviewed and approved by the 4D Board. These documents dictate our approach to stewardship. The Portfolio Manager - Sustainability (PM Sustainability) is responsible for co-ordinating and implementing 4D's stewardship activities (both engagement and proxy voting). Compliance with this Engagement Policy is monitored by the PM Sustainability.

Engagement with investment companies is undertaken by the covering investment analyst. They are the most knowledgeable on, and familiar with, companies within their respective coverage group. The portfolio manager and/or PM Sustainability may also participate in this engagement as deemed necessary for a complete understanding of portfolio level implications.

Key topics of engagement with companies, including those associated with sustainability practices of companies, are reviewed on an annual basis, or as required based on company developments. The topics of engagement for each portfolio position are proposed by the covering analyst and discussed at 4D's Investment Committee meeting.

Any escalation strategy adopted (see *Escalation* section below) will be decided between the portfolio manager of the specific strategy, the Investment Committee, the PM Sustainability and led by the covering analyst.

4D will report on its engagement activities to stakeholders on an annual basis, within the first quarter of each calendar year.

Our approach

4D believes that company engagement is crucial to our investment and stewardship duties, as fiduciary managers of clients' funds. We look to engage with companies in our portfolios as well as the broader investment universes 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 focuses;
6. Gauge companies' willingness to listen and address investor concerns;
7. Support improving transparency; and
8. Promote the consideration of sustainability (ESG) factors.

We undertake engagement with companies in our universe through:

- One-on-one meetings – which only incorporate representatives of the company and 4D;
- Broker-led meetings – where a sector broker will support 4D representatives in meeting with a company;
- Group in-person meetings – which include a number of investors in addition to 4D representatives and those of the company.
- Conferences – led by brokers or independent conference providers;
- Company investor days/capital market days – led by the companies;
- Site visits at company offices and assets;
- Written communications;
- As part of a collaborative engagement - which could include other investors, industry groups and/or other stakeholders.

4D's engagement activities are structured according to each investment strategy, with collaborative input from strategy portfolio managers, investment analysts, and PM Sustainability. Issues critical to companies in our universe are identified during the due diligence and the investment decision process, as well as continued monitoring of company performance and news. These material issues often include those focused on the sustainability of companies.

4D establishes distinct engagement priorities and objectives to enhance the effectiveness of our engagement activities and monitor companies' 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 analyst maintains a detailed record of their engagement activities, accessible to all team members, including relevant portfolio managers. A summary of these detailed discussions are also incorporated into our Engagement Log.

We give consideration to collaborative engagement initiatives where we can contribute value, have the potential to significantly impact sustainability issues, and benefit from the collective knowledge of other investors targeting companies on specific issues.

Furthermore, 4D actively participates in initiatives aimed at engaging public policymakers on various regulatory, legislative and sustainability-related public policies, such as governance standards, climate change and industrial relations reform.

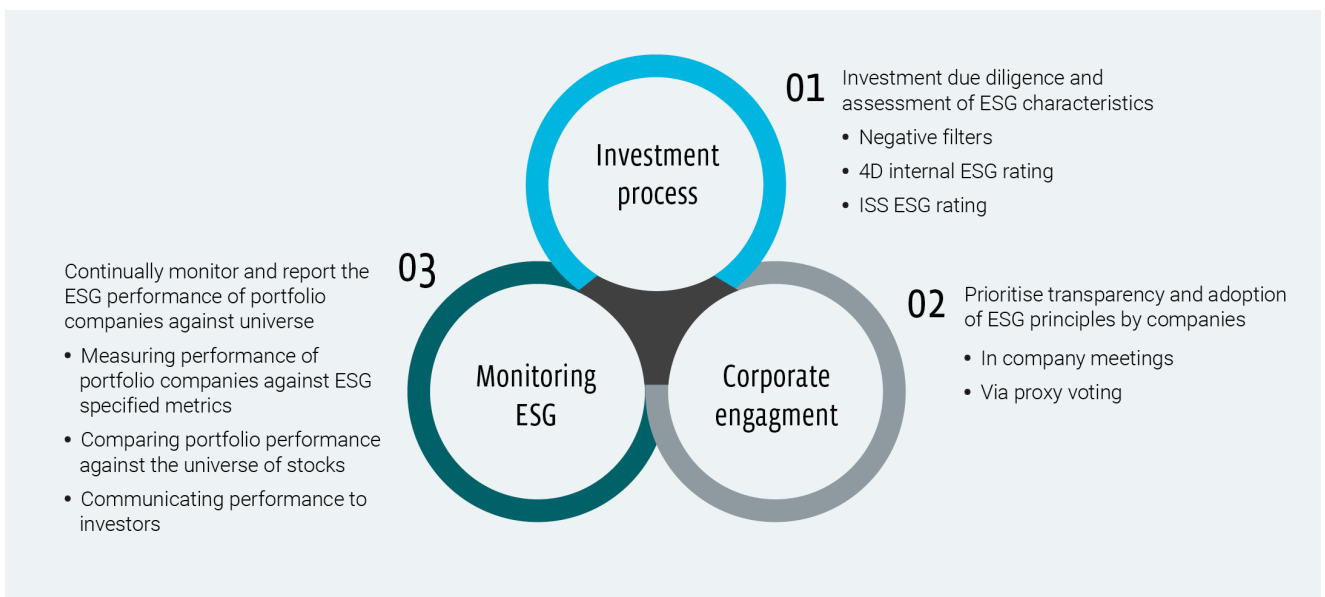
Escalation

4D gauges its progress against engagement priorities and company commitments. To the degree that engagement efforts fail to meet objectives, demonstrate unsatisfactory progress, or uncover information which is detrimental to the investment case of a company, we will implement an escalation strategy. We primarily incorporate any updated views or new information in our quality/value assessment of a company. This could be in the form of our qualitative assessment of a company against specific criteria, or in the quantitative valuation assessment through forecast cashflows. The sustainability of a company's cashflows is central to both our quality and valuation assessment of a company.

A change in our quality/value assessment of a company based on information received from our engagement initiatives could result in the portfolio manager and Investment Committee reducing a portfolio position in a company, or exiting the position altogether. In the latter scenario, we will inform the company of our decision to exit the company. Other escalation strategies that could be adopted on a case-by-case basis include:

- Initiating engagement with other company executives or board representatives if possible;
- Utilising alternative communication channels, such as written communication;
- Collaborating with other shareholders or stakeholders;
- Leveraging our membership in industry governance associations.

Incorporation of corporate engagement within our investment process in depicted below.



Engagement focus

4D engages with companies on a broad range of investment-related topics, which include industry dynamics, strategy, valuation variables, management changes, management remuneration and appropriate levels of company disclosure. We also focus on sustainability (ESG) issues, many of which are depicted below.

4D has transparency across all three areas.



Environmental

- Company focus on environmental sustainability, and policies are environmentally neutral
- Company targets for carbon emissions, greenhouse gas emissions, etc
- Disclosure on environmental policy – ISO certification
- Strategy to leverage a greener future, e.g. rise of electric vehicles
- Proportion of energy from renewable sources, e.g. PPAs to provide and/or procure
- Comparison with peers in the sector / wider market

Policies on waste disposal



Social

- Commitments to labour standards and human rights
- Relationship and engagement with local and indigenous communities
- Focus on employee health and safety
- Trend in workplace incidents / accidents
- Learning / development / training programs provided to employees



Governance

Security ownership

- Key shareholders (and their motivations)
- Shareholder influence over management
- Minority protection

Board structure

- Board structure benefits shareholders
- Ample separation of powers
- Board experience, diversity and election frequency

Remuneration

- Compensation structure
- Executive remuneration aligned with shareholder outcomes

Performance reporting

4D reports on the team's engagement activities on an annual basis within its Responsible Investment and Stewardship publication. This is made available on the company website.

Change management

Amendment number	Amendment issue date	Description of changes
Draft v1.0	01 08 2015	Boutique to review
Release V1.0	12 08 2015	4 Dimensions Board Approval
Draft v2.0	31 08 2017	Boutique to review
Release v2.0	21 09 2017	4D Infrastructure Board Approval
Draft v3.0	20 08 2019	4D to review
Release v3.0	10 09 2019	4D Infrastructure Board Approval
Draft v4.0	24 07 2020	4D to review
Draft v4.1	10 08 2020	4D updates included
Release v4.1	10 09 2020	4D Board Approval
Draft v5.0	20 09 2021	4D updates included
Draft v5.1	22 09 2021	Bennelong review
Release v5.1	23 11 2021	4D Board Approval
Draft v6.0	17 01 2023	4D updates included
Draft v6.1	23 07 2024	Stewardship policy split into Engagement and Proxy Voting Policies for Bennelong review
Release v6.2	25 07 2024	4D Board approval