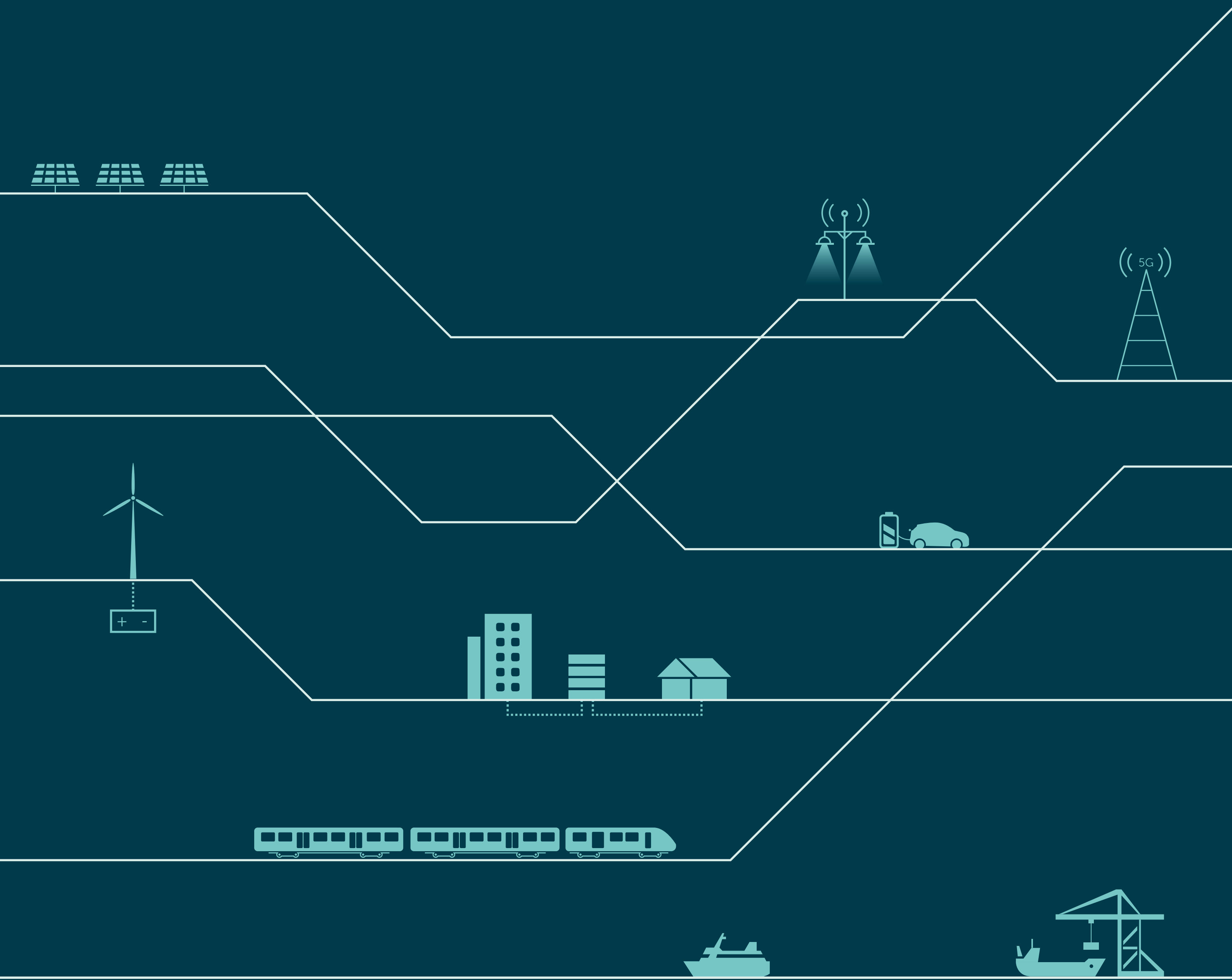
Report by Arcus Infrastructure Partners LLP
April 2023 for the year ending 31 December 2022

UK Stewardship Code Report



arcus
INFRASTRUCTURE PARTNERS

Contents

Letter from Arcus' Managing Partner 3
Background and introduction 4

PRINCIPLES FOR ASSET MANAGERS

PURPOSE AND GOVERNANCE

1. Purpose, strategy and culture 5
2. Governance, resources and incentives 12
3. Conflicts of interest 18
4. Promoting well-functioning markets 21
5. Review and assurance 27

INVESTMENT APPROACH

6. Client and beneficiary needs 30
7. Stewardship, investment and ESG integtration 34
8. Monitoring managers and service providers 42

ENGAGEMENT

9. Engagement 45
10. Collaboration 50
11. Escalation 53

EXERCISING RIGHTS AND RESPONSIBILITIES

12. Exercising rights and responsibilities 55

GLOSSARY 58

APPENDIX 60

Letter from Arcus' Managing Partner

Dear Arcus stakeholders,

We are pleased to publish Arcus' 2022 Stewardship Report (the "Arcus Stewardship Report" or "the Report"), illustrating our commitment to implementing the UK Stewardship Code ("the Code").

The Report provides an updated summary of our approach to applying the Principles of the Stewardship Code and highlights the activities undertaken during the year to 31 December 2022 in pursuit of these principles. The FRC's feedback on our 2021 report has been taken into consideration in this Report.

Arcus is proud of its position as a leader in responsible investing and is committed to maintaining that position through continuous improvement.

In 2022, Arcus made a commitment to reach net zero by 2050 and became a signatory of the initiative Climat International ("iCI") in support of this target. This is a significant step forward in demonstrating Arcus' commitment to ensuring infrastructure fulfills its critical role in a more sustainable future.

Arcus places great importance on ESG at every stage of the origination and asset management process. In 2022, 10 percent of potential investment opportunities were discarded early for adverse ESG reasons, an example of how seriously we take our stewardship.

Our focus on active stewardship relevant to privately held infrastructure investments stems from our desire to act in the best interests of our investors and other stakeholders. Our belief that incorporating ESG factors into our policies and procedures helps us to create responsible investee companies, which will generate long-term sustainable value for all stakeholders and deliver better long-term returns for our investors.

To further show our commitment to transparent reporting, in addition to publishing our annual Sustainability Report, we report both quarterly and annually on each of our individual funds and Managed Accounts to respective investors, as well as issuing a Task Force on Climate-Related Financial Disclosures ("TCFD") Report.

The Arcus Stewardship Report has been reviewed and approved by the Arcus Management Committee ("Manco") (our governing body) and the Arcus Investment Committee.

We hope that readers will find this Report informative, transparent and an indication of our continued commitment to improving the stewardship of our investee companies' and their ESG performance.

Ian Harding

Ian Harding
Managing Partner

28 April 2023

BACKGROUND AND INTRODUCTION

Arcus Infrastructure Partners LLP ("AIP" or, together with its affiliates (as the context requires) "Arcus" or the "Firm" or "we") is an independent, specialist fund manager focused on unlisted investments in the European infrastructure sector.

Our first fund, Arcus European Infrastructure Fund 1 ("AEIF1"), which was liquidated at the end of the fund life, was an unlisted closed ended fund with c.€2.2 billion of commitments backed by over 30 institutional investors from around the world. The last asset in AEIF1 was sold in 2020, resulting in top quartile performance (based on net multiple of cash invested) for the fund compared to its peer funds raised in the same vintage[1].

Our second fund, Arcus European Infrastructure Fund 2 ("AEIF2"), is an unlisted closed ended fund with c.€1.2 billion of commitments, backed by over 50 institutional investors from around the world. At 31 December 2022, AEIF2 had eight current investments and one realised investment. We will continue to conscientiously manage those eight investments, to deliver long-term value for AEIF2's investors.

Our third fund, Arcus European Infrastructure Fund 3 ("AEIF3") represents a continuation of the successful mid-market strategy that Arcus has followed for AEIF2. AEIF3 had over €800m in commitments as at 31 December 2022. Similarly to AEIF2, AEIF3 is supported by a broad range of institutional investors. The fund has made its first investment in the Logistics and Industrials sector, and Arcus' origination team will continue to source opportunities for AEIF3 with the aim of delivering a fund with eight to ten European infrastructure companies.

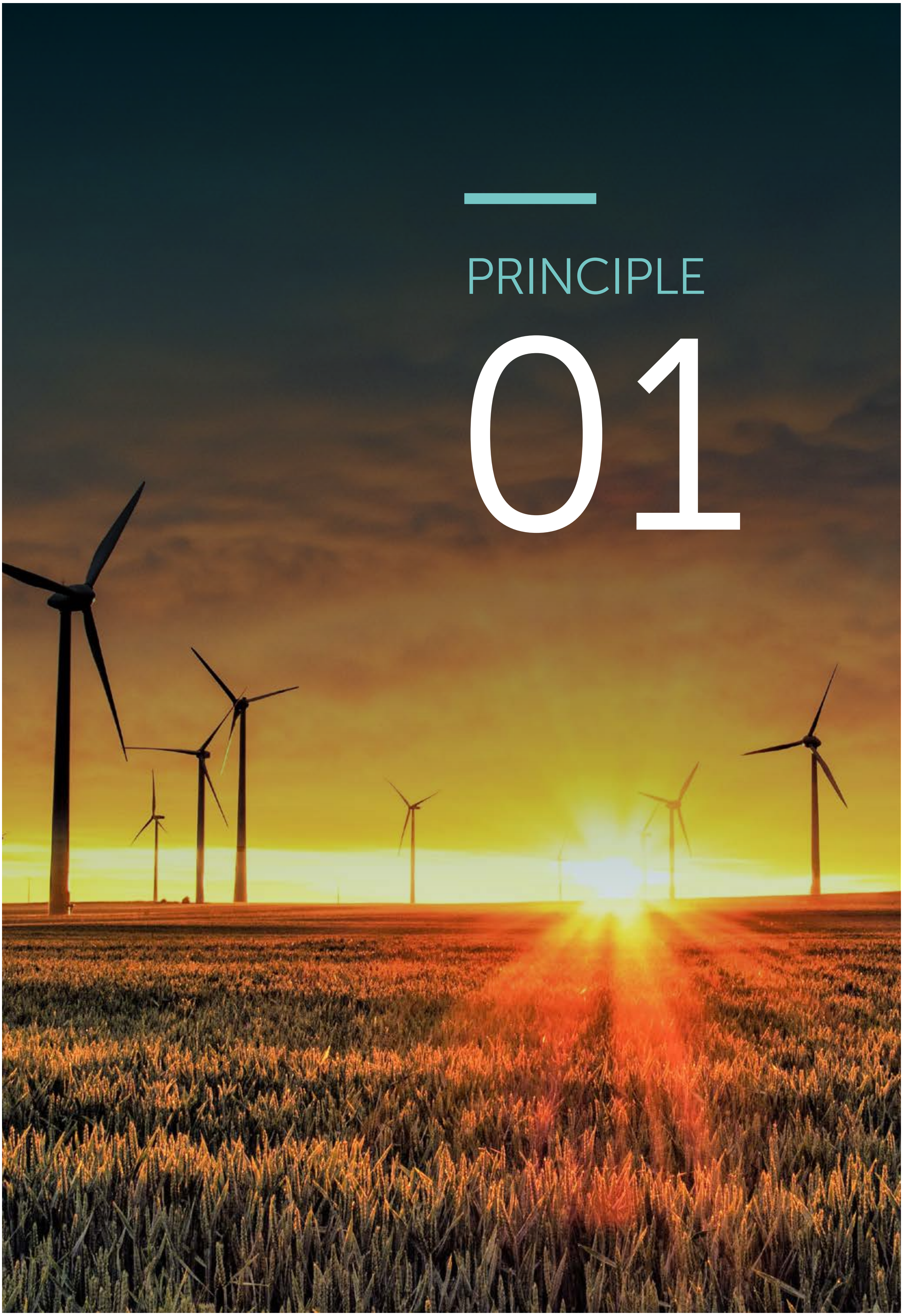
Arcus also has a further c.€6.0 billion of assets under management (as at 31 December 2022) for investors on a Managed Account basis, Managed Services basis or in the Arcus European Trains ("AET") fund. The services provided under these arrangements include, subject to the terms agreed with the relevant investor and with investor consent where applicable, sourcing, advising and arranging acquisition of equity or equity-like investments in the infrastructure sector, managing those investments, and ultimately arranging the disposal of the investments when considered in the best interests of investors.

Until 31 December 2020, we provided our services to clients through entities authorised and regulated by the primary UK financial regulator, the FCA. As of the end of the Brexit transition period, however, we were no longer able to manage EU-domiciled AIFs from a non-EU member entity. Consequently, until 31 December 2022, the relevant funds (being AEIF2 and AET) were managed by a Luxembourg-based third party AIFM. Portfolio management remained with the Arcus regulated investment manager Arcus European Investment Manager LLP ("AEIM") under a delegation agreement. We subsequently applied to the Netherlands financial services regulator for a licence to operate as an AIFM in the Netherlands and, in September 2022, this licence was obtained. From 1 January 2023 the management of the two AIFs (AEIF2 and AET), was transferred to Arcus European Investment Manager Netherlands (AEIMNL) B.V., the Arcus Dutch AIFM. Arcus will require AEIM's continuing UK authorisation by the FCA, in which capacity it will continue as investment manager and advisor to the managed accounts and portfolio manager to the EU funds. For the time being, AEIF3 remains managed by the Luxembourg based third party AIFM but Arcus anticipates that, within a short time of the final closing of this Fund (expected later in 2023), its management will also be transferred to the Arcus Dutch AIFM on the same basis as AEIF2 and AET.

FCA-regulated asset management firms covered by the FCA Conduct of Business Sourcebook (COBS) Rule 2.2.3 are required to disclose the nature of their commitment to the Code. Arcus regulated entities fall under this category. This document serves as Arcus' disclosure of the nature of our commitment to the Code and how we discharge our stewardship responsibilities. Specifically, it highlights how we engage with, and monitor, investee companies; how we include stewardship in our wider investment process; and our voting policy.

Terms used in this statement are defined in the glossary on page 58.

1 https://www.pro.preqin.com/analysis/benchmark/privateCapital/market/282007 (requires preqin login for access)



PRINCIPLE 01

PRINCIPLE 1 – PURPOSE, STRATEGY AND CULTURE

ARCUS RESPONSE

1.1 STRATEGY OF ORGANISATION, CULTURE, VALUES AND BUSINESS MODEL

Arcus is an independent European mid-market infrastructure fund manager, founded in July 2009. The Firm seeks to source diversified investment opportunities of controlling interests in unlisted company infrastructure assets through a thesis-led origination approach. Through our active asset management, we aim to create long-term sustainable value and maximise return potential while controlling risks. As at 31 December 2022, Arcus had 63 Members and Employees across four European offices: Amsterdam, Lisbon, London and Luxembourg.

As an independent, owner-operated business, aligned with its investors[2], the culture of the organisation reflects the Partners' belief in the importance of consistently acting in the best interests of its investors and other stakeholders. Arcus also believes that ESG and sustainability issues are of particular relevance to infrastructure assets and can potentially impact the long-term investment returns of infrastructure portfolios. Incorporating ESG factors into our policies and procedures, and within investee companies, helps us to identify potential sources of risk and opportunities to add value for investors and provide sustainable benefits to all stakeholders.

Arcus' values, which were originally defined by the Partners in 2010, along with behaviours expected to support those values, are:

Arcus values	Supporting behaviours
Striving for excellence	Results driven and focused Strong decision making Get your hands dirty
Stewardship, reliability and stability	Think ahead, plan for the long term Discipline, consistency, decisiveness Lead by example
Integrity, honesty and professionalism	Take ownership and be responsible Risk awareness and management
Cohesive team working	Reach out and communicate Give feedback Involve your colleagues
Support and respect	Be on time Smile Be supportive/altruistic
Dynamic and responsive	Confidence Communicate clearly

The Arcus business model is to periodically raise capital from sophisticated institutional investors in closed ended alternative investment funds ("AIFs") in the mid-market European infrastructure space (which we define as fund sizing of between €1-2 billion). The capital is raised in typical limited partnership vehicles where Arcus entities act as the general partner/investment manager for the period of the Fund (current funds and expected future funds have a duration of 10-15 years). Investors undertake detailed due diligence of Arcus and the specific fund's investment

2 Arcus Partners invest alongside our institutional investors in each of our Funds and Managed Accounts as described in our response to Principle 2.

PRINCIPLE 1 (CONTINUED)

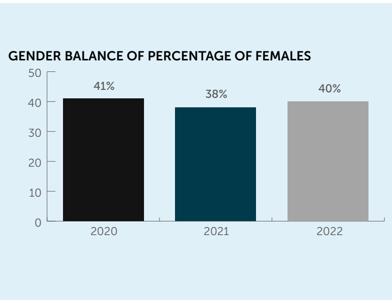
strategy before investing in the partnership vehicle. Except in very limited circumstances, limited partners ("LPs") in the partnership vehicles do not have decision-making rights regarding the investment policy of the Fund and, accordingly, Arcus is responsible for the management of the vehicles.

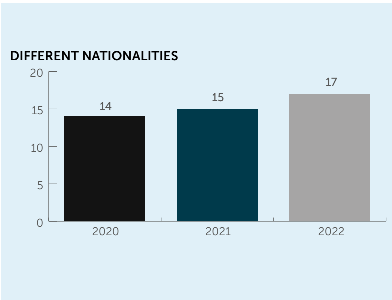
Once Arcus raises a Fund, we aim to deploy capital into controlling equity interests in between eight and ten infrastructure investments over a five-year commitment period from first close of the fund. We then actively manage those investments during the period of the closed ended fund. Once we have undertaken and completed our "value-add" asset management initiatives, and judge that exit timing is good, we seek to exit the investments and return the capital plus a target return to investors. Further information on our investment strategy and approach to asset management can be found in section 1.2 of Principle 1.

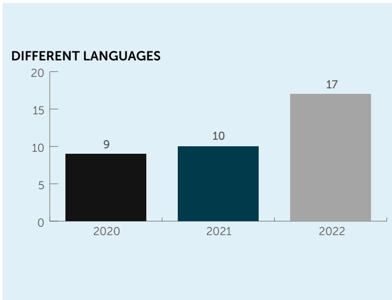
Arcus's strategy is to have a regular cycle of capital raising from its investors in closed ended funds, followed by deployment of that capital into European infrastructure investments before raising a further successor fund, which we expect to undertake in cycles of 3-5 years. At the same time, we actively asset manage our existing portfolio during the period of each Fund.

We support and strengthen our team through Human Capital Development, which has grown with the business over time, and we encourage integrity, high quality work, professionalism, teamwork and a healthy work-life balance. We recognise the value of having a diverse, inclusive workforce that is made up of employees from different cultures and backgrounds. As such, our partners and employees are of 17 nationalities, and speak 17 languages (as at 31 December 2022). 40% of the Arcus team is female (38% in 2021) and 17% of the senior management team[3] is female.

CASE STUDY	IMPROVING DIVERSITY DURING THE REPORTING PERIOD
Background	Arcus recognises the importance of having a diverse, inclusive workforce with members, employees, contractors and investee company personnel coming from diverse backgrounds. Diversity and inclusion are promoted within the approach to recruitment to ensure fairness and equality.
Objectives	As a signatory of the UN Global Compact, Arcus is committed to eliminating discrimination in respect to employment and occupation. Arcus is committed to providing equality and fairness to internal and external stakeholders and not providing less favourable facilities or treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, colour, nationality, national origin, religion or belief, sex and sexual orientation, social or educational backgrounds.
Actions taken	In 2022 Arcus approved a dedicated Diversity, Equality and Inclusion ("DEI") policy as part of the Arcus Human Resource Manual. Furthermore, DEI was included as a material social factor in the publicly disclosed Arcus ESG policy. Arcus continued to support several Arcus employees that are members of Level 20, an industry-wide not-for-profit organisation dedicated to improving gender diversity in the European private equity sector through sharing best practice. Through the annual Sustainability Report, Arcus publicly discloses its contribution to the UN SDGs and in 2022 included SDGs 5 Gender equality and 10 Reduced Inequalities in its reporting scope.
Outcome	During the reporting period 66% of new joiners were female, improving the overall corporate gender balance. Furthermore, Arcus improved on all its corporate diversity metrics. All portfolio companies support gender equality across all levels, reinforced through ESG policies, regular monitoring of gender diversity and specific initiatives targeting women in professional careers.







3 Defined as Arcus Partners, senior investment team and key functional roles in compliance, risk and finance

PRINCIPLE 1 (CONTINUED)

CASE STUDY: ARCUS EMPLOYEE ENGAGEMENT

Arcus conducts an annual employee engagement survey, giving employees the opportunity to provide their views on how they experience employment at Arcus and how we might improve what we do. The engagement survey is conducted by an independent third-party consultant, ensuring the survey is completely anonymous. The survey is a source of employee feedback and the results are used as an input to implement improvements in the business. Part of the survey is dedicated to the corporate culture at Arcus and how this is perceived by the employees.

The 2022 Arcus employee engagement survey (which had a 100% response rate) showed that 98% of participants are proud to work for Arcus (compared to 100% in 2021), 97% believe their personal values are aligned with Arcus values (90% in 2021) and 98% believe that Arcus conducts its business with honesty and integrity (100% in 2021). This suggests a clear and strong culture throughout the Arcus team.

The engagement survey shows stable increases in scores post the Covid-19 pandemic. Following the survey, Arcus shares the results with the team and provides an opportunity for a debrief session to close the feedback loop and guide follow up actions. This is part of the Arcus culture of continual improvement.

Arcus is focused on mental health and has elected to become a signatory to the Global Business Collaboration for Better Workplace Mental Health's Leadership Pledge[4].

CULTURE OF COMMUNITY ENGAGEMENT AND SUPPORT

Arcus supports social and environmental charitable activities, and all Members and Employees are encouraged to fundraise, volunteer, participate and contribute to any charitable organisations that they feel passionate about. Arcus encourages individual volunteering and provides "match-funding" for selected fundraising initiatives on an annual basis. In 2022 Arcus donated a total of £60,000 to a selection of charities chosen that year by Arcus employees and approved by Manco, including Sufra Food Bank, Teenage Cancer Trust, Impact 100 London, Shelter, Starlight Children's Foundation, Disasters Emergency Committee, and Streets of London.

In August 2022, Arcus, in association with the Sutton Trust charity, delivered a social mobility programme to seven secondary school students who come from underprivileged backgrounds. 17 Arcus team members participated in delivering sessions over four days, which covered insights into Arcus, infrastructure, finance, asset management, skills sessions including CV building and use of professional social media tools, and an infrastructure investment-related case study to give the students insight into a real-life example of our industry. The placement was successful with excellent feedback received from the students. Arcus will be conducting the placement again in summer 2023 for another cohort of students.

Arcus supported Sufra Food Bank (a London charity focused on tackling food poverty) by funding a yurt for the Sufra community garden. Whilst volunteering at the food bank, Arcus employees visited the yurt and heard from Sufra employees and volunteers about the importance of its role in the community, providing a space for people to meet to learn new, and develop existing, skills in a safe and supportive environment. 24 Arcus team members volunteered at Sufra in November 2022, helping with the food bank, setting up a second-hand coat sale stall, and assisting in the upkeep and maintenance of the community garden.

STARLIGHT IMPACT 100 LONDON STREETS OF LONDON TACKLING HOMELESSNESS Sufra Food Bank & Kitchen THE SUTTON TRUST

4 https://betterworkplacemh.com/pledge/

PRINCIPLE 1 (CONTINUED)

1.2 ARCUS FUNDS' INVESTMENT STRATEGY

The Arcus investment strategy for its funds focuses exclusively on mid-market, value-add infrastructure investments in Europe, where Arcus has an established reputation, deep experience and extensive relationship networks developed over many years. Within Europe, Arcus is focused on four primary sectors where the Arcus team has the requisite in-depth expertise: digital, transport, logistics and industrials, and energy infrastructure. Arcus believes that the provision of high-quality infrastructure is critical to Europe's future economic growth, environmental protection, societal development and reduction of inequality. As such, Arcus seeks to achieve satisfactory financial returns for its investors whilst also providing wider benefits to the European communities from the shared infrastructure assets and services its investee companies provide to those communities.

Fundamentally, Arcus only invests where it has strong conviction on a clear, long-term infrastructure investment thesis in sustainable businesses. Arcus seeks to identify opportunities through a proprietary origination approach, enabling proactive and expert transaction execution. Finally, Arcus looks to take control-oriented governance positions on its investments in privately held companies, enabling shareholder leadership and the driving of asset management initiatives to create added value.

As part of the investment thesis when we are looking at potential investments, we examine and consider not just economic factors and strategy but also areas such as governance arrangements, environmental and social impact, service quality and sustainability as they influence long-term value. We believe that an active approach to managing assets will deliver long-term value as set out in the section below and this is factored into selecting investments for the Arcus funds. To achieve our strategic asset management initiatives, we engage with, and have an ongoing dialogue with, investee companies and other relevant stakeholders.

Currently all Arcus fund investments are controlling positions in unlisted privately held companies where we hold board positions and exercise those strong governance rights, and we expect to take the same approach on all our fund investments in future. By holding these positions, we can actively monitor governance and management and significantly influence the business as a way of protecting and enhancing our investment for the benefit of investors and other stakeholders. We engage with other shareholders (where relevant) to gauge their views and, where appropriate seek co-operation to express concerns to management. Arcus allocates significant resources to managing each investee company, typically a team representing between 1.0 – 1.5 FTEs (full-time equivalent employees) per annum.

1.3 EMBEDDED RESPONSIBLE INVESTMENT

Arcus believes that investing responsibly enhances and protects its investors' interests, by identifying and managing ESG factors early in the investment process and actively managing and reporting on these throughout the investment lifecycle. As outlined in Principle 7, Arcus considers ESG factors throughout the origination process. This includes initial ESG screening, ESG risk & opportunity due diligence and Investment Committee ("IC") assessment of results as part of the investment-decision making process.

Arcus' asset management activities focus on systematically managing and reducing risk factors and pursuing value-add opportunities, including ESG factors, to improve investment performance and returns during the Arcus investment period. Benefits from best practice ESG management may also materialise at the point of exit through a premium to the valuation metrics, either on account of improved business prospects or a reduction in perceived investment risk.

Arcus has a publicly available company-wide ESG policy which is influenced by its investment beliefs and the organisation's culture. Arcus also requires all portfolio companies to establish and operate a clear ESG policy. Arcus acts as delegate investment manager to European structures which are subject to the EU's Sustainable Finance Disclosure Regulation ("SFDR"). The Arcus ESG policy contains information on how Arcus integrates sustainability into its investment decision-making process in accordance with SFDR, including consideration of principal adverse impacts of investment decisions.

Arcus actively seeks external scrutiny, validation and peer benchmarking of ESG performance for itself and its portfolio companies, through membership and participation in the GRESB infrastructure assessment and benchmarking process. Arcus is a signatory to the Principles for Responsible Investment ("PRI"), the Task Force on Climate-related Financial Disclosures ("TCFD") and United Nations Global Compact ("UNGC"). In 2022 Arcus also became a signatory to the initiative Climat International ("iCI"). Signatories to the iCI commit to sharing knowledge, tools, experience and best practice methods on the reduction of carbon emissions and recognising the importance of climate change resilience and adaption.

Arcus is supportive of the 2030 Agenda for Sustainable Development adopted by the United Nations Member States in 2015. Among the Sustainable Development Goals ("SDGs"), Arcus has a particular interest in supporting 13 of the 17 SDGs set out below. Arcus is most likely to have the greatest impact on the SDGs identified as they are well aligned with its investment strategy and the long-term trends that are affecting European markets, such as decarbonisation of the economy to combat climate change, demographic shifts leading to rapid urbanisation and increasing telecommunication data usage.

5 Arcus-ESG-Policy-December-2022.pdf (wp-arcus-2020.s3.eu-west-2.amazonaws.com)
6 Arcus has been signatory to the PRI since March 2017.
7 Arcus has been signatory to the UNGC since February 2020.

PRINCIPLE 1 (CONTINUED)

1.4 ACTIONS TO ENABLE IMPLENTATION OF INVESTMENT STRATEGY AND BELIEFS

Each year, within its wider corporate objectives, Arcus establishes specific ESG objectives incorporating stewardship activities and reviews and measures performance against these objectives. Individual Arcus Member and Employee annual objectives include ESG objectives relevant to their role, with financial and non-financial consequences for non-performance. Every Arcus Fund and Managed Account vehicle and each of its investee companies participates in the annual GRESB infrastructure assessment and benchmarking process, which provides a detailed assessment of those entities' ESG performance.

In addition to annual objectives and review, Arcus has in 2022 and will continue in 2023 and beyond to seek to:

- Continually evolve and improve stewardship and ESG practices at Arcus and investee companies;
- Apply early exclusion screening to investment origination opportunities not matching Arcus sustainability criteria and thoroughly perform ESG due diligence in advance of investment approval decision making;
- Actively manage Arcus and investee companies' ESG policies and performance using the annual PRI and GRESB assessment processes to track ESG performance at Arcus and investee companies;
- Contribute to driving improvements in infrastructure ESG management through participation and contribution in industry cooperative activities (for example our participation in the GRESB Infrastructure Benchmark Committee);
- Provide transparent disclosures (including ESG) to our investors quarterly and all stakeholders annually[8]; and
- Embrace, adopt and accelerate the implementation of new sustainability and ESG considerations (for example preparation for SFDR reporting requirements for 2023).

8 Details of Arcus reporting to investors and other stakeholders is outlined in Principle 6.

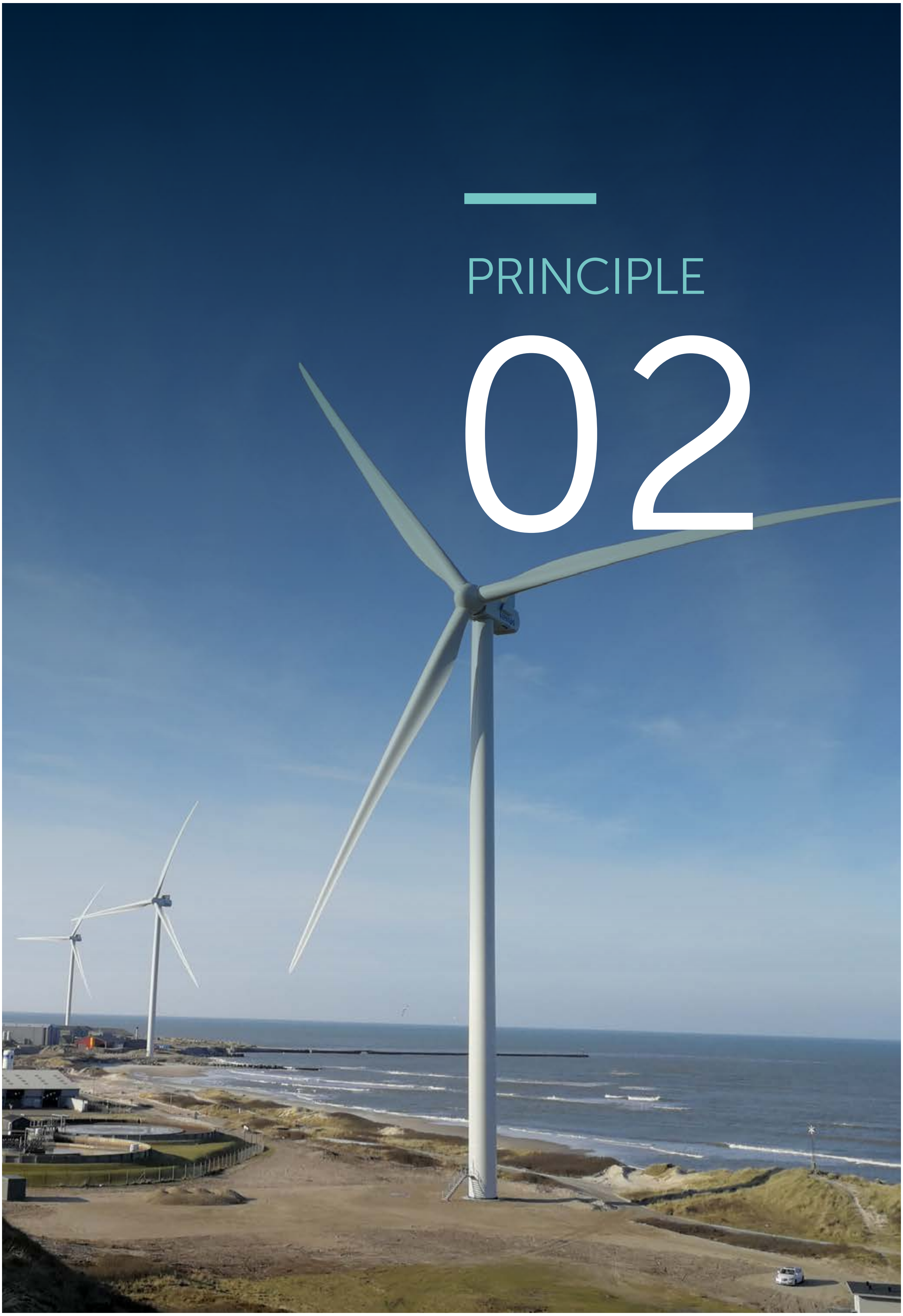
PRINCIPLE 1 (CONTINUED)

CASE STUDY: 2022 STEWARDSHIP ACTIVITIES

In 2022 Arcus has achieved the following:

- Set, pursued and reviewed the eight Arcus corporate stewardship and ESG objectives;
- Set, pursued and reviewed stewardship and ESG objectives for each investee company and the objectives of the Asset Managers involved in managing those investee companies;
- Excluded c.10% of opportunities entering its investment origination pipeline on adverse ESG grounds;
- Achieved market-leading ESG performance with improved GRESB ESG benchmark scores in 2022 across each of its Funds and portfolio companies as set out in Principle 7;
- Actively participated in and contributed to the GRESB Infrastructure Standards Committee during 2022;
- Published the second Arcus public Sustainability Report in June 2022[9] and provided quarterly ESG reporting to its investors;
- Worked with external consultant ERM to assess climate scenarios in line with the IPCC's AR6 data for TCFD reporting and to implement consistent GHG emissions reporting across newly acquired portfolio companies;
- As a responsible investment manager, Arcus committed to a net zero target of 2050 in line with a 1.5 degree temperature increase limit scenario. Became a signatory of recognised industry net zero initiative, iCI;
- Worked with all the portfolio companies to ensure consistent SFDR data collection of the 14 mandatory Principle Adverse Impacts (PAI) and an additional 16 voluntary (PAI) that Arcus feels are generally material for the infrastructure sector, to enable accurate reporting from 1 January 2023 in accordance with article 4 of SFDR;
- In association with the Sutton Trust charity, Arcus delivered a social mobility programme in August 2022 to seven senior school students from underprivileged backgrounds;
- Enhanced Arcus' focus on the SDGs in 2022 by expanding the number of goals from eleven to thirteen of the seventeen SDGs;
- Submitted its second Communication on Progress ("COP") as a signatory of the ten principles of the UNGC in August 2022[10]; and
- Arcus was effective in serving the best interests of its clients and beneficiaries by continuing to demonstrate strong investment performance, with the value of all portfolio companies increasing, whilst also successfully completing new investment acquisitions for both AEIF2 and AEIF3.

9 3558_ARC_ESG-Report_2022_v10_AW.pdf (wp-arcus-2020.s3.eu-west-2.amazonaws.com)
10 Arcus Infrastructure Partners – Communication on Progress | UN Global Compact


PRINCIPLE
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PRINCIPLE 2 – GOVERNANCE, RESOURCES AND INCENTIVES

ARCUS RESPONSE

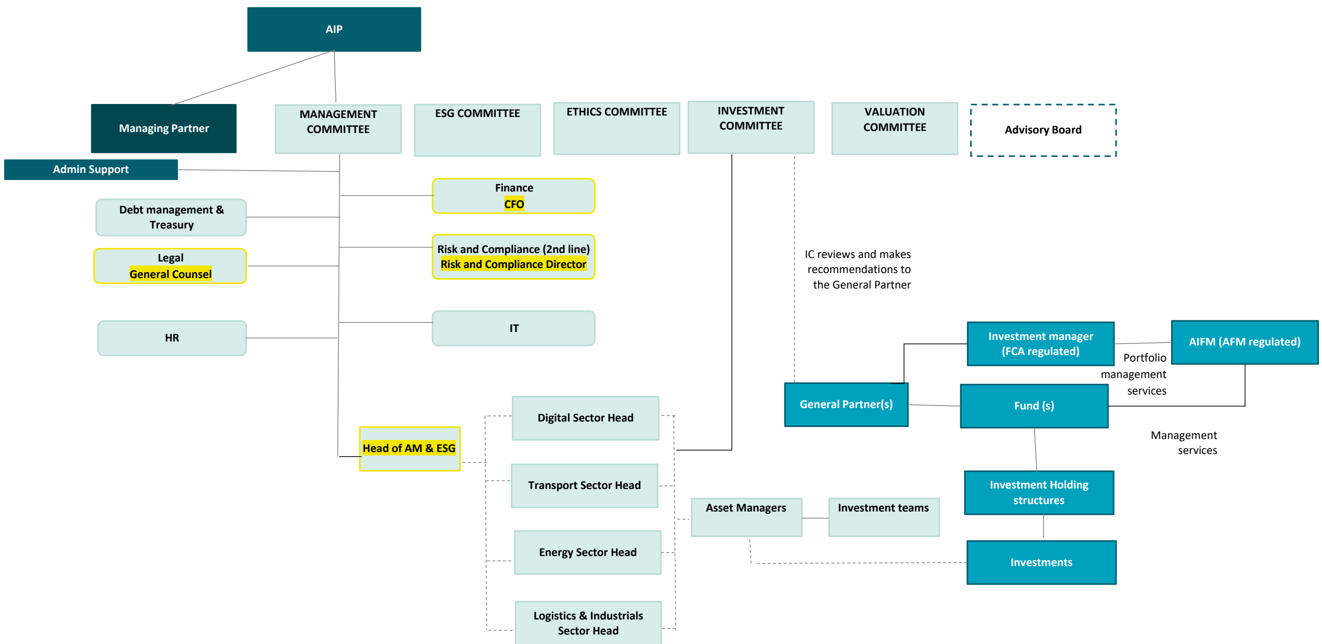
2.1 ARCUS GOVERNANCE OVERVIEW

AIP, the ultimate parent entity in the Arcus group, is owned by its 14 Partners (13 individuals and one corporate member) (as at 31 December 2022), with no individual Partner owning more than 15% of the business.

Most of the 13 Partners have worked together for over a decade, bringing a powerful blend of sector specialist perspectives across the European infrastructure market, over 200 years of collective infrastructure investing experience and well over 15 years on average individually. The Partners have worked across several economic cycles, from the early 1990s onwards. As the world economy moves from a low interest rate environment to an inflationary one, this experience is a differentiator and strong competitive advantage.

The wider Arcus Team includes 33 investment professionals with diverse backgrounds, split across four sector teams. The investment team is supported by 30 operations professionals who bring in-house specialist expertise in finance, treasury, tax structuring, investor relations, communications, legal, compliance, risk, ESG, modelling and valuation. As an independent manager, Arcus operates a business model which provides strong alignment with its Fund investors, and all Senior Team members are expected to invest alongside investors in Arcus' Funds and Managed Accounts.

The following diagram provides a simplified depiction of the Arcus governance structure which has responsibility and oversight for effective stewardship. The roles are described in the paragraphs that follow:



PRINCIPLE 2 (CONTINUED)

The Members of AIP elect a Managing Partner and a Manco. Manco is responsible for all day-to-day matters relating to the business of Arcus, including the appointment of members to the Investment Committee, ESG Committee and Valuation Committee, and Manco nominates Ethics committee members to be approved by the Members of AIP. Manco delegates certain activities to these committees, as set out in a Corporate Governance Manual. The membership of those committees and their respective performance is regularly reviewed by Manco.

MANAGEMENT COMMITTEE ("MANCO")

Manco comprises five Partners, including the Managing Partner, with the balance elected on staggered two-year terms. The Managing Partner is also elected by the Partner group and serves a three-year term. The current members of Manco are Ian Harding (Managing Partner), Toby Smith, Stuart Gray, Neil Krawitz and Christopher Ehrke. Manco have collective work experience of c.126 years.


Ian Harding


Toby Smith


Stuart Gray


Christopher Ehrke


Neil Krawitz

Manco takes decisions on all Arcus-related matters but does not directly oversee the investments in Funds and the Managed Accounts, which is the responsibility of the Investment Committee. Manco meets on a fortnightly basis (or more frequently as required). The decisions are taken by a majority vote, with no member having a veto right. Manco represents the highest body within Arcus responsible for stewardship.

Manco appoints an Asset Manager as the person responsible for the stewardship of each individual investment held by a Fund or a Managed Account. That Asset Manager is responsible for the specific investment and its governance and performance and reports to the Investment Committee. Asset Managers are also responsible for the interaction with portfolio company management and other shareholders. The Asset Managers have collective work experience of c.219 years.

Manco appoints individuals to Committees and roles, taking into account experience of individual members, the diversity of their background and skills and provides the training and internal and external resources required for them to undertake their respective roles[11]. The terms of reference for Manco are outlined in the Arcus Corporate Governance Manual, which is available to all Arcus Members and Employees.

Manco also appoints four other key stewardship roles; the Risk and Compliance Director, Chief Financial Officer, General Counsel and Head of ESG and Asset Management, who all report to Manco:

GOVERNANCE AREA	LEADER		RESPONSIBILITIES AND SUPPORT
Risk & Compliance	Martine van Oppenraaij Director		Martine van Oppenraaij is a Risk and Compliance Director, having joined the firm in 2021. Based in Amsterdam, Martine is responsible for Risk and Compliance for London and the European offices. Martine has extensive experience in enterprise and operational risk management, financial crime risk management, investigations, compliance, and audit in different roles at KPMG and Aegon. Martine is a member of the Institute of Chartered Accountants in the Netherlands and holds a Post-master's degree in Accountancy from the University of Amsterdam, a Master of Science degree in Business Administration from the RSM Erasmus University and a Bachelor of Business Administration degree in Hotel Management from the Hotel Management School Maastricht.
Legal	Toby Smith General Counsel		Toby was part of the team that founded Arcus in 2009. As General Counsel, Toby has oversight of all legal matters within Arcus. Toby is also a member of the Management Committee. Before joining Arcus, Toby was Head of Legal for Babcock & Brown's European Infrastructure Team in London. Prior to that, he was a Senior Counsel at Amey plc, having previously been an associate Solicitor at Herbert Smith and Wragge & Co, where he qualified as a solicitor. He holds a BA Hons in History & Politics from Keele University, legal qualifications from the College of Law and an MSc (with Distinction) in International Strategy and Diplomacy from the London School of Economics and Political Science. Toby was admitted as a Solicitor in England and Wales in 1999.

11 Further information in relation to Arcus improving diversity is contained in the response to Principle 1

PRINCIPLE 2 (CONTINUED)

GOVERNANCE AREA	LEADER		RESPONSIBILITIES AND SUPPORT
Finance	Stuart Gray Chief Financial Officer		Stuart was part of the team that founded Arcus in 2009. Stuart is a member of the Valuation Committee and a director in AEIMNL as well as the various Arcus Luxembourg companies. Prior to joining Arcus, Stuart was Tax Director with Babcock & Brown in London. Before Babcock & Brown, Stuart was Global Head of Tax at Taylor, Nelson Sofres based in London. Stuart started his career with Andersen and Sanmina SCI in Glasgow. Stuart holds a BAcc from the University of Glasgow. Stuart is a member of the Institute of Chartered Tax Advisors and the Institute of Chartered Accountants Scotland.
Asset Management & ESG	Neil Krawitz Head of Asset Management & ESG		Neil was part of the team that founded Arcus in 2009. Neil was appointed as Arcus Head of Asset Management in February 2016 and leads the coordination and best practice sharing activities with the Arcus asset management teams. In his role as the Head of ESG, Neil drives improvements in Arcus and investee company ESG management. Neil is a member of the Arcus Management Committee. Neil holds a BCom from University of New South Wales (Australia). In addition, Neil is a member of The Chartered Accountants Australia and New Zealand.

INVESTMENT COMMITTEE

The Investment Committee is responsible for the investment process, including inter alia investment approval/recommendation, asset management activities and divestments. The Investment Committee comprises six members: Simon Gray, Ian Harding, Jordan Cott, Michael Allen, Stefano Brugnolo and Jack Colbourne (Chair of the Investment Committee). The Investment Committee has collective experience of c.152 years.

The Investment Committee meets on a weekly basis (or more frequently as required). Decisions are taken by a majority vote, with no member having a veto right. The terms of reference for the Investment Committee are outlined in the Arcus Corporate Governance Manual, which is available to all Arcus Members and Employees. The Investment Committee prepares recommendations on investments and divestments for AEIF2 and AET to AEIMNL and the relevant GP Board. For AEIF3, the Investment Committee prepares recommendation to the GP Board.


Ian Harding


Simon Gray


Jack Colborne


Michael Allen


Stefano Brugnolo


Jordan Cott

ESG COMMITTEE

The ESG Committee is responsible for the oversight of, and the development and implementation of, policies relating to ESG matters. The ESG Committee's terms of reference can be found publicly disclosed within the Arcus ESG policy on our corporate website. The ESG Committee meets on a quarterly basis (or as required). Decisions are taken by a majority vote, with no member having a veto right.

The ESG Committee comprises Neil Krawitz (Head of Asset Management and ESG, and Chair of the ESG Committee), Ian Harding (Managing Partner), Kaj Bakker (ESG Director), Jenni Chan (Senior Investment Director), Stephan Grillmaier (Head of Investor Relations), Shirene Madani (Senior Investment Executive) and Bansi Dhillon (ESG Executive). The ESG Committee have collective experience of c.122 years.

As set out in Arcus' ESG policy, the ESG Committee is responsible for assisting with: policy and procedure matters; external compliance and reporting; managing ESG continuous improvement programmes at Arcus and investee companies; managing ESG training; reviewing ESG reporting to investors; coordinating Arcus' social and environmental charitable activities; measuring and improving ESG KPIs; and considering and managing ad-hoc ESG matters on an incident-driven basis. The ESG Committee also assists the Investment Committee in its consideration of sustainability risks and opportunities in investment decision making. The ESG Committee members have specific ESG objectives included within their annual personal objectives.

The ESG Committee is supported on a day-to-day basis by a dedicated ESG team. More information regarding Arcus' ESG team can be found in section 7.1 ESG Overview.

PRINCIPLE 2 (CONTINUED)


Neil Krawitz


Ian Harding


Kaj Bakker


Jenni Chan


Stephan Grillmaier


Shirene Madani


Bansi Dhillon

ETHICS COMMITTEE

The Ethics Committee is responsible for the oversight of conduct of all Arcus Partners and staff, and the protection of the reputation and integrity of the business. The Ethics Committee comprises five members: Jack Colbourne, Ian Harding, Toby Smith, Daniel Amaral and Martine van Oppenraaij. Members are nominated by Manco and approved by the Partners in AIP.


Jack Colborne


Ian Harding


Toby Smith


Daniel Amaral


Martine van Oppenraaij

Further detail on our governance structure can be found in our Annual Sustainability Report available on the Arcus website[12].

VALUATION COMMITTEE

The Committee is responsible for implementing the valuation framework, overseeing updates to asset models used for valuations, agreeing the valuations with the independent auditor, coordinating the external valuation process and recommending valuations to the AIFM Board and GP Board. The Committee comprises three Arcus professionals (independent of the asset management process), including the CFO, Stuart Gray, Head of Valuations & Investor Reporting, Sanjeev Kumaranayakam, and Financial Controller, James Thomas.


Stuart Gray


Sanjeev Kumaranayakam


James Thomas

2.2 ARCUS REGULATED ACTIVITIES

For its regulated activities in relation to managing Alternative Investment Funds, a wholly owned subsidiary of AIP, AEIM, is the Investment Manager, authorised and regulated by the FCA. On 1 January 2021, Arcus appointed Carne Global Fund Managers (Luxembourg) S.A. as a third party interim AIFM to minimise the impact of Brexit on its Funds (AEIF2, AEIF3 and AET) and its investors and to ensure ongoing compliance with AIFMD. For these Funds, portfolio management remains with Arcus under a delegation agreement. In parallel, Arcus has incorporated AEIMNL or "the Dutch AIFM", which applied to the Dutch regulator for the necessary authorisation. In September 2022, AEIMNL became authorised and regulated by the AFM and DNB. From 1 January 2023 Arcus transferred the management of the two funds AEIF2 and AET from Carne to AEIMNL. After closing the fundraising of AEIF3, Arcus intends to transfer the management of AEIF3 as well from Carne to AEIMNL. Meanwhile, AEIM (which remains FCA authorised) will continue to discharge the portfolio management function (under the oversight of Carne) pursuant to a delegation arrangement.

12 https://wp-arcus-2020.s3.eu-west-2.amazonaws.com/media/2022/06/3558_ARC_ESG-Report_2022_v10_AW.pdf

PRINCIPLE 2 (CONTINUED)

2.3 EXTERNAL OVERSIGHT AND GOVERNANCE

ARCUS ADVISORY COUNCIL

In May 2021, Arcus established the Arcus Advisory Council. This body has been established to further strengthen Arcus' investment and asset management capabilities by providing strategic insight and guidance to the Arcus team as it manages portfolio companies during the investment lifecycle. All members of the Arcus Advisory Council are highly experienced senior professionals with diverse backgrounds, with each contributing unique knowledge and experience relevant to Arcus' focused investment strategy. Current members of the Arcus Advisory Council are Sir Brian Ivory (Chairman), Rosa Garcia, Lord Nicholas Macpherson, Miriam Maes, Laurence Mulliez, Robert Parker and Thomas Thune Andersen, in addition to Ian Harding and Simon Gray (both acting in an Executive Member capacity).

LIMITED PARTNER ADVISORY BOARD

AEIF2 and AEIF3 each have Advisory Boards, which are committees of investor representatives of the respective Fund whose principal role from a governance perspective is to consider potential conflicts of interest affecting Arcus and the relevant Fund.

Please see more information regarding Arcus' approach to Conflicts of Interest in response to Principle 3.

2.4 PERFORMANCE MANAGEMENT AND REMUNERATION

Arcus provides its staff members with a range of financial as well as non-financial incentives. Arcus believes that, through its strong culture and incentives offered, we both equip and direct our employees to always act in the best interests of our investors.

Employees receive an annual salary and, subject to their own and the firm's performance, potentially a discretionary annual bonus. Following an annual appraisal process, bonuses are determined by the Management Committee based on the overall performance of Arcus as well as the individual staff member's own performance and achievement of personal objectives, which for members of the investment team includes ESG-related objectives.

Arcus provides its staff members with a range of non-financial incentives, including a positive work culture, additional ancillary employment benefits (including healthcare and access to various support institutions) and actively supports and encourages further education and career development.

2.5 HUMAN CAPITAL DEVELOPMENT AND TRAINING

Arcus actively promotes Human Capital Development and a positive working environment for its Members, Employees and Contractors. In its latest ESG policy update, Arcus adopted Human Capital Development as a material ESG factor, recognising the importance of investing in people. Arcus advocates that all employees engage in professional, technical, and personal development training each year.

In 2022, Arcus team members completed training modules and programmes costing approximately €32,000. Arcus also engaged a specialist coaching firm during 2022 to provide mentoring and development courses for several individuals in the investment team. Arcus encourages employees to participate in seminars, conferences, and networking events to expand their knowledge and professional network.

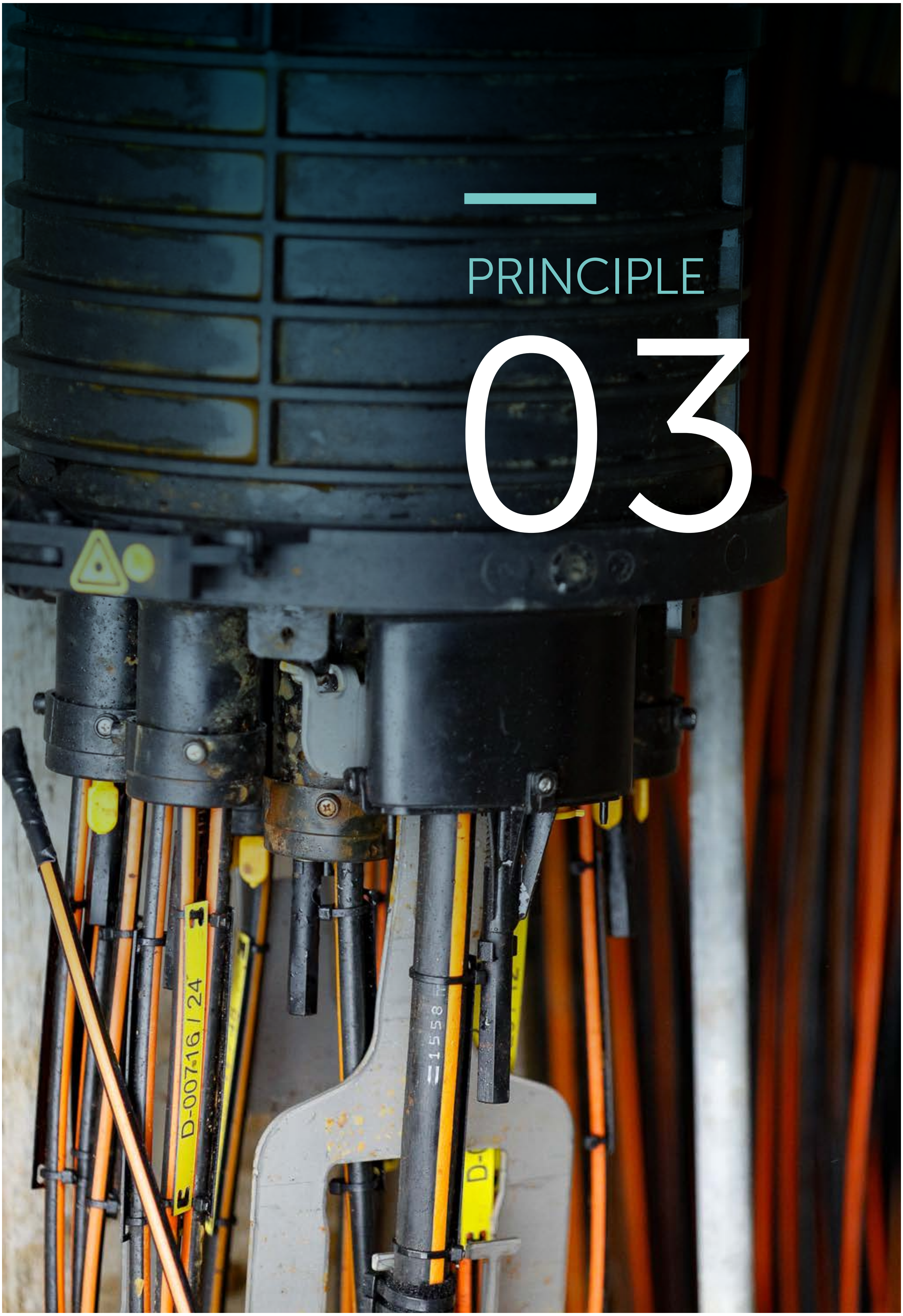
2.6 SERVICE PROVIDERS IN GOVERNANCE

Service providers are not traditionally used by Arcus in the context of governance and supporting stewardship functions. Arcus as AIFM of the funds is required to appoint a depositary for the funds, which has to be appointed and performs an important function; however we do not consider this to relate to the Governance of Arcus. Besides the role of Carne Global Fund Managers (Luxembourg) S.A. as third party interim AIFM (as described in section 2.2 above), no other governance-related service providers were used in 2022. More information on how we work with service providers in our investment activities can be found in our response to Principle 8.

2.7 GOVERNANCE STEWARDSHIP

Through the governance and management structures described above, Arcus effectively implements stewardship over its Funds and Managed Accounts. Arcus has been running its business effectively under the governance structures substantially as outlined above for well over 10 years, with limited Member and staff turnover, while at the same time continuing to attract new investors to its Funds and Managed Accounts. Given the nature of Arcus' investors being classified as sophisticated professional investors and the detailed nature of the due diligence those investors undertake, this provides evidence of support, trust, and confidence that the Arcus governance structure supports stewardship.

PRINCIPLE 03



PRINCIPLE 3 – CONFLICTS OF INTEREST

ARCUS RESPONSE

3.1 ARCUS CONFLICT OF INTEREST OVERVIEW

Arcus has a Conflicts of Interest Policy set out within its Compliance Manual, that is appropriate to the nature, scale and complexity of the business and is applicable to all Members and Employees. The policy sets out examples of where conflicts arise or may exist, various prevention measures and a framework to identify, evaluate and manage actual or potential conflicts of interest. The policy is subject to review typically on an annual basis or otherwise as needed (last undertaken in January 2022) and is accessible to all staff on the Arcus intranet.

Arcus has defined that a conflict of interest may arise if competing professional or personal obligations, or financial interests prevent (or may be perceived as preventing) a member or an employee from carrying out his or her duties in a fair, honest and transparent manner. A conflict of interest could occur between the interests of Arcus regulated entities; Funds; our investors; business partners; employees; Members/Partners, Board members; and Investments and Arcus Infrastructure Partners LLP as parent entity. Furthermore, Conflicts of Interest are a material Governance factor within our ESG policy, highlighting this key focus.

Arcus is wholly owned by its Members who have material personal investments in all Fund and Managed Account investments; therefore, our interests are strongly aligned to all investors. The Funds and Managed Accounts are operated in accordance with their respective governing agreements.

3.2 ARCUS CONFLICT OF INTEREST POLICY

Arcus has a duty to act in its investors' best interests and is required to put the interests of its investors ahead of its own and to ensure that all investors are treated fairly. Members, Employees and Contractors must always act honestly, in good faith and in a manner which is in the best interests of investors.

Members, Employees and Contractors must not:

- Misuse their position within Arcus, or use information they receive in the course of their employment, to produce a personal benefit to themselves, their family or friends, or any other person or to cause detriment to Arcus;
- Participate in any activity or employment which may compete or conflict with the interests of investors of Arcus or Arcus itself; or
- Participate in acts and/or decisions on behalf of Arcus where dealing with an entity in which that Member, Employee and Contractor has a material personal interest, a role as officer or other duty or a personal relationship with a person who has a role with the counterparty to the transaction being considered that may give rise to a conflict.

Arcus is required to identify conflicts of interest that arise in the course of conducting business between: Arcus, its Members and Employees, AIFs or managed accounts and any investor(s).

Identification starts with a self-assessment and guidance is provided in the policy. Advice should be requested from the Compliance Function. In the event a material conflict cannot be avoided, or falls outside the existing framework, the Compliance Function will request an Ethics Committee meeting to consider the issue. Where a conflict of interest has been identified and cannot be avoided, Arcus will put in place effective procedures to manage the conflict of interest to minimise the potential risk of damage to the interests of the investor. These conflicts of interest will be monitored. Furthermore, Arcus has prepared an inventory of the various conflicts of interests which it has identified based upon the services it provides to investors.

Arcus will take all reasonable steps to avoid conflicts of interest, and when they cannot be avoided, to manage, monitor and (where applicable) disclose conflicts of interest.

Please refer to the Appendix for the Arcus Conflicts of Interest Policy on page 60.

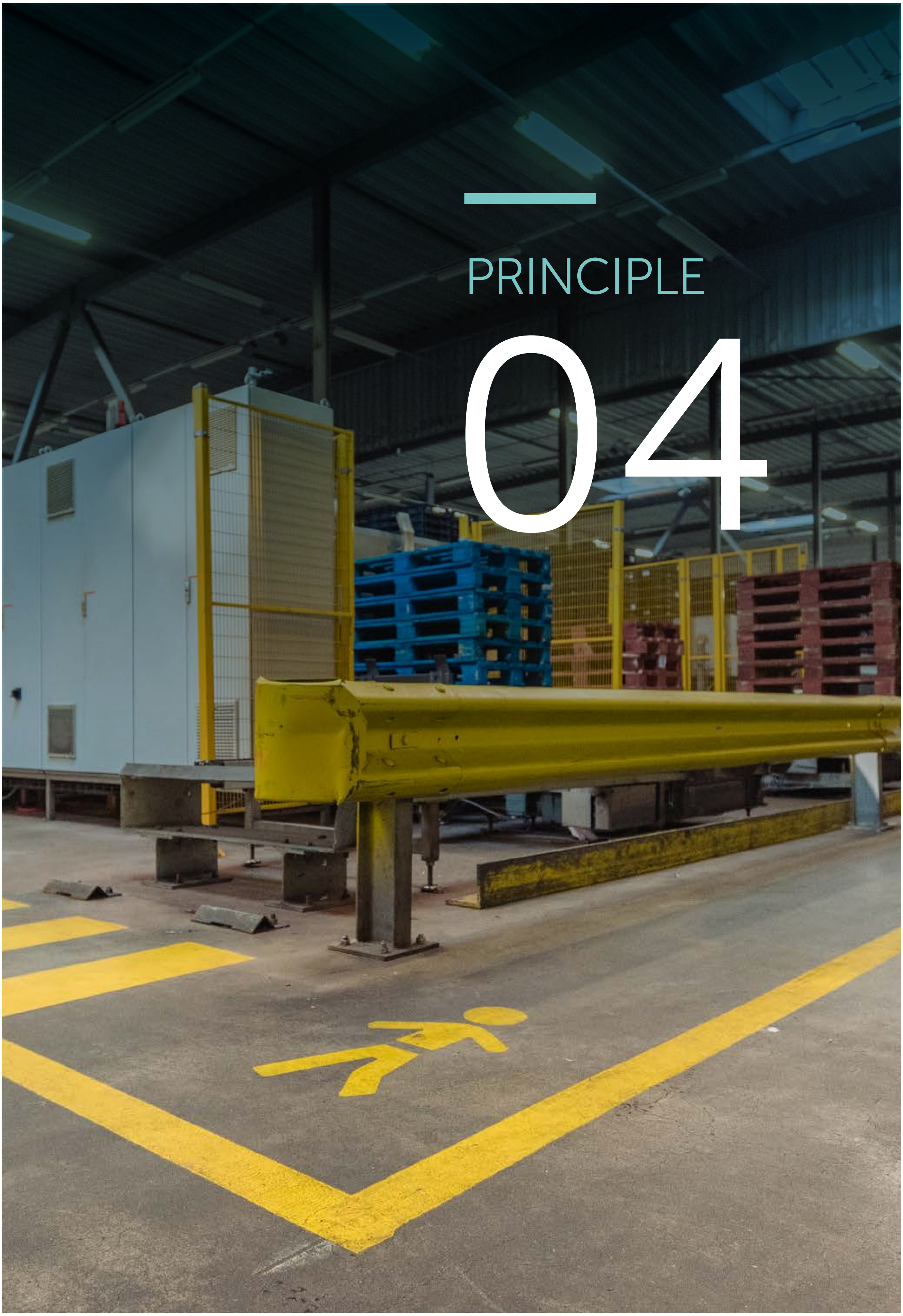
PRINCIPLE 3 (CONTINUED)

3.3 CONFLICTS IN 2022

No material conflicts arose in 2022. The following case study is a recent example which provides an example of how Arcus addressed an actual or potential conflict.

CASE STUDY: ADVISORY BOARD CONSIDERATION OF CONFLICT OF INTEREST

In 2022 a potential conflict of interest was identified. The CFO and Head of HR is a member of the Management Committee; as CFO he is also responsible for Valuation within Arcus. The Valuation function is required to be independent from remuneration decision making by Manco. Since Manco is responsible and decides upon remuneration of all positions within Arcus this could be a potential conflict of interest in relation to the Valuation responsibility of the CFO. This potential conflict of interest was discussed internally, and it was decided that, while the Head of HR will facilitate the remuneration discussions in the Manco meeting, he will not make any recommendations or decisions. In this manner, there is a good segregation of duties in line with the AIFMD requirements. Further, it was noted that, due to the requirement for majority voting for Manco decisions to be made, no single member is empowered to make decisions.


PRINCIPLE
04

PRINCIPLE 4 – PROMOTING WELL-FUNCTIONING MARKETS

ARCUS RESPONSE

4.1 ARCUS RISK OVERVIEW

All Arcus employees have a responsibility for managing risk at the Firm, Fund and/or investment level. At Arcus, the Risk Management function has full escalation and whistleblowing capacity, while being hierarchically and functionally independent from portfolio management activities. The approach adopted is primarily a "three lines of defence" risk management model focused on checks and balances for management, compliance and risk management, and independent oversight. This is broadly:

- The operational teams are the first line of defence – controls are designed and embedded within processes to ensure compliant outcomes.
- Risk Function – second line of defence comprises of the risk management controls, implementing policies and procedures, monitoring the business's compliance with the risk management policies and procedures and providing training to staff.
- Independent oversight – third line of defence relies on oversight by the Management Committee, the Investment Committee, the Board, the board of the General Partner and/or in the case of valuations, the Valuation Committee, and external auditors.

Arcus believes that its robust corporate culture is the foundation for accomplishing its strategy towards risk. A strong corporate culture ensures that all employees understand and share the same values and vision, enabling Arcus to strike the right balance between being in control, identifying risks and making well balanced decisions. Arcus has an open, informal, and non-hierarchical culture, which is valuable to communication within Arcus, both bottom-up, as well as top-down. This helps to ensure better decision making and appropriate behaviour in the organisation.

Arcus is a long-term investment manager in private controlling equity interests in European infrastructure businesses. Accordingly, Arcus' investment thesis in selecting these assets is strongly influenced by considerations of long-term macro and thematic trends, as well as the risks and opportunities associated with these trends. The three trends that Arcus currently considers have the biggest impact on European infrastructure are listed below. These trends have been identified and included in Arcus' investment thesis application in 2022.

ENERGY TRANSITION

Infrastructure is essential to enable the transition to a low-carbon future. Arcus has assessed a wide range of investment opportunities in the energy sector which support this "net zero" transition, including: transformer and meter leasing businesses, industrial energy efficiency projects, private utility cluster opportunities, renewable heating generation and distribution networks, multi-tenant site operations, EV-charging networks, and renewable energy platforms.

DIGITISATION

Technological innovation is fundamentally changing the way that society functions. Investment in digital infrastructure underpins many of the key developments in the energy, transportation, and logistics spaces. Arcus expects that the transmission, storage and processing of data will continue to create significant investment opportunities for the Fund.

DECARBONISATION AND INTERCONNECTED TRANSPORTATION

The way individuals move around fundamentally shapes urban and rural life, affects living and health standards, and ultimately has a profound effect on the pace of climate change. A more sustainable transport system is a pre-requisite for a decarbonised economy. These trends are influenced by macro-systemic factors like climate change, energy security and cost, an ageing population and digitisation of economic activity.

In applying this investment thesis, Arcus uses the macro trends to identify, understand and address potential systemic market, industry, and investment risks at an early stage of considering an acquisition. The macro trends are used to continually reassess risk throughout the period of owning investments through use of detailed risk registers and regular reviews of these registers. Given infrastructure assets operate as a shared community resource, the stakeholder dependence on the asset is a critical area of consideration when assessing, and ensuring on an ongoing basis, the relevant asset's resilience and functioning.

4.2 RISK MANAGEMENT FRAMEWORK

Arcus consciously chooses which types and levels of risk to take and what to avoid and mitigate. Arcus ensures that the Firm's risk choices are aligned with its strategy and financial and operational risk-taking capabilities. The process consists of risk identification, assessment, measurement, and control, plus the monitoring, reporting and evaluation of risks.

Arcus has a proprietary Enterprise Risk Management ("ERM") framework which it uses to assess and manage risk. This tool

PRINCIPLE 4 (CONTINUED)

ensures that risk management activities are embedded in its business practices, systems, processes, and behaviours. The objective of Arcus' ERM framework is to create and protect value for its investors, employees, investments, and other stakeholders. The framework seeks to support Arcus' objectives while complying with all relevant laws and regulations.

The ERM framework is adapted to Arcus' size, market context and highly regulated environment, as well as the Firm's focus on creating value. The ERM framework focuses on strategy, risk appetite, risk governance, risk management process and risk culture. The risk appetite is determined on an annual basis by the Arcus Management Committee for Arcus, and by the Investment Committee for Funds and the Managed Accounts, as relevant. Compliance with the defined risk appetite is reviewed on a quarterly basis.

Through the ERM framework Arcus can identify, measure, manage and monitor all key risks on an ongoing basis. To identify and control risks, Arcus uses a risk library, in accordance with prevailing market standards, consisting of financial risks (market, credit, liquidity and counterparty risks) and non-financial risks (strategic, ESG, operational and compliance risks). For each risk and event an initial assessment is made, absent controls or mitigating factors, on the potential impacts of that risk occurring, including direct financial, regulatory, reputational, and potential downstream impacts as well as an assessment of the probability of the risk occurring.

Initial assessments of new investments may sometimes score high due to the absence of controls. This assists in understanding the sources of risk and where effective controls or procedures are required to reduce the impact of that risk. Following completion of the initial assessment, a final assessment is conducted considering any controls and mitigating factors that are in place to determine the level of residual risk. Professional judgement and actual experience are be used in determining the potential impact or probability.

The results of the risk assessment process are then documented in the risk register which is maintained by the Risk and Compliance Director, and which is updated as circumstances require and, at least, annually.

4.3 RISK CONSIDERATIONS DURING INVESTMENT PROCESS

Risk analysis of prospective investments includes identifying and understanding risks, including regulatory, country, tax, key people, political and market risk, and risks relating to the financing structure, valuation, or projected growth.

The Risk and Compliance Director is independent from Arcus' investment activity, and regularly challenges the relevant deal team to ensure that risks are considered and appropriately measured or mitigated. A potential investment's key risks and their corresponding mitigants are included right from the outset, in the heads-up paper, which is reviewed by the IC.

Arcus places particular weight on scenario analysis to assess and quantify the impact of risks. Targeted returns are based largely on the result of scenario analysis, with particular emphasis on downside protection and internal risk assessment, where appropriate incorporating external adviser input.

Once an investment opportunity has passed the screening and due diligence phases, the results of the due diligence exercised are summarised in a Final Investment Approval Request ("Final IAR") including relevant input from in-house experts in Legal, Tax, Debt and Treasury, Compliance and Risk, ESG and Asset Management. The final IAR is presented to the Investment Committee, and if approved, then a binding offer to make the proposed investment may be submitted. Board approval of the Manager (as applicable) and the Fund's General Partner and of the relevant holding companies is required to enter into a binding commitment (such as a sale and purchase agreement) regarding a proposed investment.

The Final IAR includes a detailed risk assessment and ESG considerations, together with appropriate mitigants. It also includes a thorough analysis of financial modelling, including sensitivity analysis for both upside and downside cases, in addition to broader economic and market factors. The Final IAR is also the frozen 'reference' document put on file at the start of a given investment, and will be used in future years to benchmark how the asset actually performed versus what was projected at the outset, providing a useful feedback loop and discipline as regards financial projections in particular.

MACROECONOMIC, REGULATORY & POLITICAL RISKS

At the time of strategy development around a sector, country or theme, the Arcus team will incorporate adviser views, expert research and internal team analysis to evaluate the attractiveness of the underlying macro environment and its impact on the asset under consideration. For example, the deal team will evaluate the political stability of the relevant country and how changes to that may impact policy towards relevant infrastructure sectors. More specifically, the deal team also examines the long-term policy outlook and political sentiment around certain industries (e.g., energy production matrix or transport modal shifts). Macroeconomic and regulatory stability are a key focus for all investment cases, and Arcus' assessment of the outlook for a given country impacts its preference for different business models in that environment. For instance, Arcus will take an early-stage view on an asset's cash flow correlation to GDP, and if there was significant uncertainty in the outlook for that economy, Arcus would take that into consideration when deciding whether to proceed. In all cases, Arcus tests, analyses, and incorporates the most recent information and views on these issues to develop potential scenarios and inform its assessment of the attractiveness of a given opportunity.

LEGAL, COMMERCIAL & TECHNICAL RISKS

These risks are identified through discussions with senior personnel (asset managers, origination, finance, treasury, tax & legal) taking into account what, how or when a risk or event might happen and the potential consequences if it does. These views are then brought to the Investment Committee for debate, review and approval. Where needed, Arcus employs senior advisers, experts and industry networks to find external expertise. For example, when a technical assessment needs to be performed for a potential investment.

PRINCIPLE 4 (CONTINUED)

FINANCIAL (INTEREST & CURRENCY) RISK

Interest and currency risk management form an important part of the investment and asset management process. Hedging strategies are assessed by the Arcus Treasury team, and external advisers, and reviewed by the Investment Committee. Hedging strategies are tailored to each investment and positions are monitored actively and reported on regularly. Arcus typically seeks to comprehensively mitigate interest rate risk by using interest rate swaps or caps linked to the underlying cash flows of the investment, with a high proportion being fixed for the tenor of the debt. Deal contingent and vanilla FX forward exchange contracts are also used by AEIF2 to hedge the foreign currency purchase price between signing and closing of investments, or when selling an investment between contracting for an asset disposal and receipt of sale proceeds. Any currency hedging will hedge risks back to the base currency of the relevant Fund or Managed Account, this typically being Euros.

ESG RISKS

For each investment opportunity, Arcus seeks to address ESG factors (both risks and opportunities) in detail and to review potential environmental and health and safety issues, as well as social and corporate governance concerns.

ENVIRONMENTAL FACTORS	SOCIAL FACTORS	GOVERNANCE FACTORS
Climate change adaption	Human capital development	Business integrity
Climate change mitigation and net zero targets	Diversity, Equity & Inclusion (DEI)	Risk management
Biodiversity	Health and safety	Bribery and corruption
Air, land and water pollution	Human rights	Whistleblowing
Energy consumption	Stakeholder engagement	Corporate governance
Greenhouse gas emissions	Community engagement	Information security
Responsible use of resources	Objectives and remuneration	Conflicts of interest

Arcus has put in place appropriate governance and reporting structures with respect to ESG factors, with the goal of improving ESG performance and minimising adverse impacts in these areas. The ESG factors that are seen to be material to Arcus and the infrastructure industry in general are set out in the overview above.

In 2022 Arcus further expanded its ESG risk assessment during the investment process with the introduction of a PAIs checklist as part of the final investment paper that Arcus introduced in accordance with Article 4 of the Regulation (EU) 2019/2088 of the European Parliament on sustainability-related disclosures in the financial services sector (the "SFDR"). The PAI checklist is included as a mandatory element in the investment process to record evidence that Arcus considers the adverse impacts of its investment decisions.

More details regarding how Arcus approaches these material ESG factors across our portfolio can be found in our ESG policy on our corporate website.

4.4 RISK CONSIDERATIONS POST INVESTMENT

Once an asset has been acquired, the Asset Manager for each investment is required to complete an enterprise risk management maturity assessment on an annual basis. This includes assessing the maturity of the governance, risk management, policies, compliance, finance, tax and ESG within the investment. This is then reviewed and discussed with the Risk and Compliance Director and the Investment Committee. The asset team can use this assessment to make further enhancement to the maturity of the above-mentioned to extent deemed necessary.

In addition, the Asset Manager for each investment is required to complete a quarterly update on material changes or new/emerging risks in the risk and control assessment. This assessment conducted quarterly by the asset team and facilitated by the Risk Function.

At each individual investee company level, there is a risk register which is compiled of relevant commercial, operational, market, financing and ESG-related risks specific to each business along with quantification of these risks. This document is drafted by the investee companies with support from the Arcus asset management teams, approved by the Board and reviewed at least annually.

The Risk and Compliance Director also completes a review of the risk registers for Arcus, the Funds and Managed Accounts and produces relevant reports which are reviewed by the Management Committee, Investment Committee or the Board of the Manager or GP as applicable.

As necessary, the above quarterly process is repeated on an event driven basis.

Events which may require the process to be repeated include:

- Significant changes in the capital required by the business;
- Significant changes in the business activities/business plan/risk profile;
- Significant changes in external factors which may change the relevance of, or the assumptions in, the scenarios; or
- The occurrence of a material event or crystallisation of a key risk.

PRINCIPLE 4 (CONTINUED)

4.5 ARCUS RESPONSE TO MARKET-WIDE AND SYSTEMIC RISKS

The COVID-19 pandemic brought into sharper focus the risk of other future low probability/high impact events, including events that Arcus as an asset manager has limited control or influence over. For the Funds and per portfolio company the market-wide and systemic risks are identified and assessed on likelihood and impact on a periodic basis. These risks are treated and monitored accordingly.

CLIMATE CHANGE RISK

One of the systemic risks Arcus considers material to its investments and business is climate change risk. Arcus requires Funds and Managed Account assets to monitor and review climate change risks and opportunities annually. As mentioned in Principle 7, section 7.7 (Climate Change Considerations), asset teams are expected to review all physical and transitional climate change risks and opportunities regularly and present these during the asset review meeting in the first quarter of each year. The materiality of climate change risks to and opportunities for each of the investee companies are discussed at the asset review meeting and a subsequent Fund/portfolio-wide summary is presented to the Investment Committee for consideration.

CASE STUDY	RESPONSE TO 2022 ENERGY MARKET DISRUPTION
Background	In late 2021, Arcus' investee companies faced increasing energy costs across Europe, and a disruption to the UK energy supplier market, both market-wide developments.
Objectives	In 2022 Arcus dedicated one of the quarterly asset review meetings ("ARM") to inflation and increasing energy costs. The ARM meetings are a discussion forum for all assets to update on how these circumstances are impacting the portfolio companies, and how this is managed, as well as share best practices internally across all Arcus asset teams (as all Asset Managers and IC members participate in the ARMs).
Actions taken	The Asset Management teams have been working closely together with the management teams of the portfolio companies, structuring a dedicated response for each company. Arcus' portfolio companies implemented energy surcharges to their clients, renegotiated energy contracts and, through hands-on stakeholder management, navigated the impact on their clients and supply chain.
Outcome	Arcus and its portfolio companies were able to navigate these changes without material impact on the value of investments. The portfolio construction and diversification as well as detailed risk assessment and review process gives comfort as to Arcus' effectiveness in responding to market-wide and systemic risks.

CASE STUDY: WORKSHOP CRISIS MANAGEMENT EXERCISE

In Q4 2022 a desktop crisis simulation exercise was organised at Arcus with the assistance of an external consultancy, in which the Arcus crisis management capabilities were reviewed. The scenario involved a simulated series of events commencing with social media communications following a hypothetical environmental incident at an Arcus portfolio company that triggered a small group of activists to then occupy Arcus headquarters in London. This was followed by the hypothetical initiation of a sophisticated ransomware virus attack on a core Arcus database and application, hosted by a third party.

It was considered useful to perform such a desktop simulation exercise, to identify enhancements that could be made to, for example, the business continuity plan, communication plan, governance and call-out tree. The external consultancy also provided follow-up feedback which will be taken into account in future. The exercise also provided confidence in the cooperation between various Arcus team members and provided the ability to respond seamlessly in a blind test with rapidly evolving issues to deal with.

PRINCIPLE 4 (CONTINUED)

4.6 ARCUS INVOLVEMENT IN INDUSTRY-WIDE INITIATIVES

Arcus team members participate in a number of industry conferences, including infrastructure and ESG conferences, such as PEI's Global Summit and BVCA ESG Conference. Arcus also attends and contributes to round-table discussions and working groups such as Infin breakfasts, PRI in person & online conference, as well as being a member of several committees and industry groups, such as GRESB, the BVCA and GIIA.

These events target sector-wide themes, emerging trends and risks and improvement opportunities offering participants a platform to learn, cooperate, share best practices and network. Arcus has been an active participant of GRESB since 2017, our latest scores and results are mentioned in our response to principle 7, section 7.6 GRESB. Since October 2018, Arcus has sat on the GRESB European Infrastructure Benchmark Committee and, as of early 2022, on the GRESB Infrastructure Standards Committee. For more information about our active contribution, please refer to the Case Study on "Participation in the GRESB Standards Committee" under Principle 10. From Arcus' perspective, participation in discussions on leading edge developments and thought leadership discussions provide valuable insight and sharing of peer experience for Arcus to adopt into its own management of market wide and systemic risks.

In addition to the above, Arcus seeks to build relationships with the regulators and Government bodies to facilitate transparency, dialogue and sharing of respective objectives, thereby contributing to the better functioning of the infrastructure industry's contribution to Europe's future economic growth, environmental protection, societal development and to the reduction of inequality.

CASE STUDY	CLIMATE CHANGE MITIGATION IN 2022
	When looking at market-wide and systemic risk in the context of our investments, we identified energy efficiency and climate risk exposure as examples of key considerations. The implementation of these issues into investment strategy is evidenced by the businesses that Arcus buys, and the ways we manage them.
Background	Constellation Cold Logistics is a chain of cold storage companies comprising 20 facilities and approx. 515k pallet positions of capacity. The Constellation platform is one of the more energy intensive investments within the Arcus portfolio. The platform's buy and build strategy has resulted in a good geographical spread across multiple European countries.
Objectives	Arcus targets reduction of the transitional risk profile of the Constellation platform, ensuring the company's competitive position in a transition to a low carbon economy and longevity as critical infrastructure ensuring food security. The transitional climate change assessment that Arcus conducted as part of its implementation of the TCFD recommendations confirmed that Constellation has a limited amount of transitional risk, but energy efficiency projects were available to reduce that risk further.
Actions taken	Arcus ensures that ESG is included in the annual goals and objectives of the company's management team, more specifically to address energy efficiency and carbon reduction initiatives.
Outcome	The company hired a new CEO who has group-wide ESG oversight and responsibility. In 2022, Constellation opened the new ICE 2 highbay automated warehouse in Mouscron, Belgium. The facility is 50% more efficient than traditional cold storage featuring solar panels and design to ensure energy efficiency and reduce the company's carbon footprint. In addition, Arcus approved a €3.5m investment to add additional solar panels on facilities across the UK and Norway that will generate over 20% of the company's current energy requirements. Lastly, Constellation switched to procuring 100% renewable energy for the operations in the UK that reduced scope 2 emissions by 20%.

PRINCIPLE 05

PRINCIPLE 5 – REVIEW AND ASSURANCE

ARCUS RESPONSE

5.1 ARCUS-WIDE POLICIES

Arcus has implemented various policies to govern its business conduct, including in relation to risk, compliance, operations, HR, ESG, IT and Business Continuity. The Risk and Compliance Director is responsible for the risk, compliance and governance policies and manuals. Arcus has implemented a periodic review and update cycle. Depending on the policy within Arcus, the specific policy is reviewed on a periodic basis and subject to approval by the Management Committee (or by the Members where changes are sufficiently material). This internal governance review ensures the appropriate checks are included. They have also often been subject to scrutiny by sophisticated professional investors and their advisors during their diligence as part of recent investments in Arcus' funds.

All our policies and manuals are made available to Employees upon commencement of roles at Arcus; they are required to read, and attest to having read, all documents upon joining. The policies are also continually available on the Arcus intranet homepage, and all Members and Employees are notified when an updated publication is released and are encouraged to regularly revisit and review these. As part of general compliance monitoring, all Members and Employees are required to sign an annual attestation that they have read and adhere to the Arcus policy framework.

The effectiveness of most of the policies is tested as part of the continuous compliance monitoring cycle or in internal controls within the processes. Furthermore, an annual audit of the financial statements is performed by the external auditor; they will also confirm if the internal control of Arcus is meeting the standard.

5.2 CONTINUOUS IMPROVEMENT OF ESG POLICY

Arcus' ESG policy and objectives, including stewardship activities and engagement, are reviewed and updated annually by the ESG Committee, and approved by Manco. This includes reporting on stewardship to ensure continuous improvement in effective and transparent disclosure.

Arcus' ESG policy sets out the objectives and principles Arcus follows, such as the United Nations Principles for Responsible Investment ("PRI"), United Nations Global Compact ("UNGC"), UN SDGs and Task Force on Climate-related Financial Disclosures ("TCFD"). The policy outlines the Arcus ESG Committee's terms of reference, incorporating guidelines regarding responsible investing, and details Arcus' approach to ESG reporting to investors and consideration of ESG objectives in the remuneration of Arcus' Members and Employees. The policy was most recently updated in December 2022 to include a commitment to net zero by 2050 in line with a 1.5 degree temperature increase limit scenario and becoming a signatory to recognised industry net zero initiative, iCI. Further updates include detail on the ESG factors most material to Arcus and its investments, as well as expanding on the SDGs to which Arcus and its investments contribute most from 11 to 13 of the 17 SDGs and ensuring compliance with SFDR where applicable.

PRINCIPLE 5 (CONTINUED)

5.3 INVESTEE COMPANY POLICIES

In addition to Arcus itself, all investee companies are required to implement their own policies, essential to their particular business operations, and the Arcus asset manager works with the company to assist in formulating any policies or updated policies where necessary. As part of 100-day plan implementation, Arcus initially reviews all investee company's policies, the governance structure, ESG risks and opportunities relevant to the business and management's ESG experience and capacity. This is usually led by the Asset Manager for that investment along with the ESG team and input from the Arcus Asset Management forums and the Risk and Compliance Director.

For example, all investee companies are required to implement an ESG policy (some having an explicit overarching ESG policy, others addressing critical subsets of ESG, such as health and safety, environmental risk management, people management and governance through individual policies or operating manuals). Arcus seeks to be flexible in its approach to ensure that the approach is tailored to the individual business' requirements while at the same time covering Arcus' requirements and objectives.

Arcus uses its experience to identify ways in which these may be improved and works with the executive management teams to implement the changes. This can include adopting one or more ESG (or subsidiary topic) policies, changing operational practices or making changes to board decision making, structure or delegated authorities.

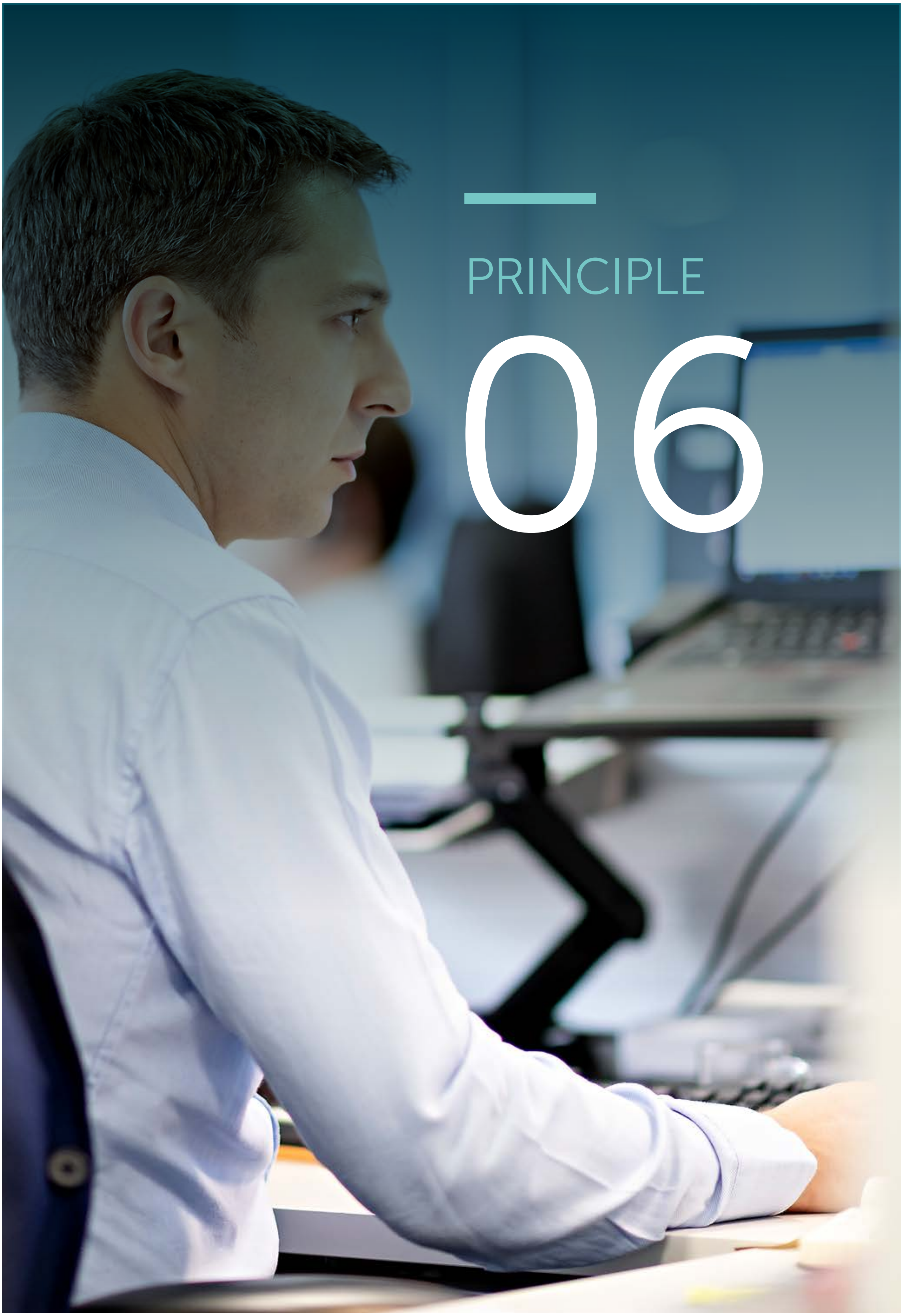
GRESB is a key tool used by Arcus to assess the effectiveness of its activities and the activities at relevant investee companies, relating to ESG and stewardship. More information can be found in Principle 7 about how the GRESB benchmarking tool supports continuous improvement in policies and procedures at Arcus and each investee company.

5.4 ASSURING OUR PROCESSES AND REPORTING

All Fund and Managed Account annual financial statements are audited and our investors, and prospective investors, conduct due diligence on our investment management approach and stewardship activity on a regular basis. Currently Arcus does not obtain an annual assurance report on policies and internal controls (for example, AAF01/06 or SAS70) given our focus on unlisted investments.

When reporting to our investors and the general public, we ensure separation of the preparation and review of reports. This Stewardship Code report was prepared by specialist functional personal from the Arcus ESG, Legal, HR and Finance teams. The report has been reviewed by the Risk & Compliance Director and General Counsel followed by Manco and the Investment Committee. The vast majority of the content included within this report is consistent with that we disclose to our investors privately, with sensitivity as to what is appropriate in the public domain versus our fiduciary duty to our investors. Further, to ensure this report is fair, balanced, and understandable, when a draft was distributed for review, Manco and the Investment Committee were specifically requested as part of their review to consider whether this report was fair, balanced and understandable and if otherwise, provide suggested amendments (which have been incorporated into this final report) to ensure the Stewardship Code report upheld these characteristics.

As part of the feedback received from investors through the 2021 investor perception study, Arcus' ESG reporting is considered to meet that of a gold-standard GP. More detail on the investor perception study is included in the case study in response to Principle 6.


PRINCIPLE
06

PRINCIPLE 6 – CLIENT AND BENEFICIARY NEEDS

ARCUS RESPONSE

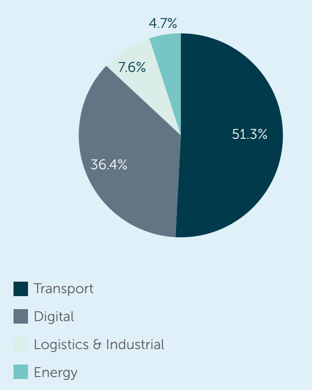
6.1 OVERVIEW OF ARCUS' CLIENTS

At 31 December 2022, Arcus managed 13 investments across its portfolio with total value of assets under management of approximately €8.0 billion. All investments are in unlisted infrastructure assets. Arcus only invests in infrastructure assets or businesses that are primarily located in the EU, the United Kingdom, Switzerland and Norway, where it has considerable experience of prior infrastructure investments in most of the eligible countries.

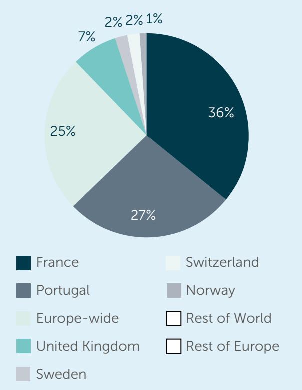
Arcus' clients are institutional investors who have long-term investment time horizons, often beyond 10 years. Arcus provides its asset management services to investors who are predominantly European institutional investors (pension funds, insurance companies, and other asset owners) seeking exposure to long-term illiquid investments in the European infrastructure asset class. These sophisticated institutional investors each undertake detailed due diligence on Arcus, and the product they are investing in, prior to committing. Such due diligence typically includes on-site diligence meetings with the Arcus team. Arcus aims to deliver attractive risk-adjusted returns and distribution yield to its investors over the long-term through careful selection and active management of appropriate infrastructure assets.

The following charts illustrate an approximate breakdown of the Arcus assets under management and investor base:

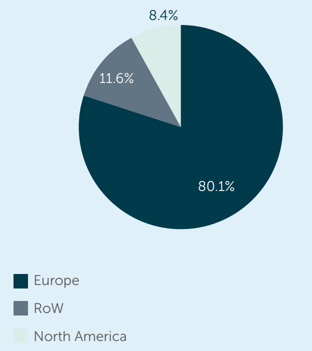
AUM SPLIT BY SECTOR



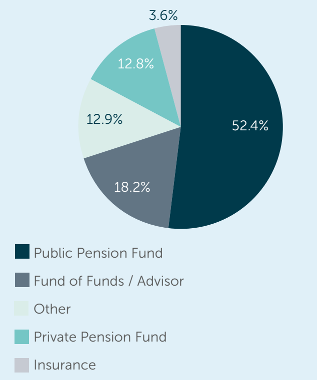
AUM SPLIT BY REGION



AUM SPLIT BY CLIENT REGION



AUM SPLIT BY CLIENT TYPE



13 Arcus may also consider investments in UK, EEA or EU businesses which are headquartered in or have assets that operate, or have clients in, non-European jurisdictions.
14 Arcus does not offer products directly to retail investors, its client base exclusively exists of institutional investors.

PRINCIPLE 6 (CONTINUED)

6.2 UNDERSTANDING INVESTORS' REQUIREMENTS

Arcus is transparent with Fund and Managed Account investors about its activities and maintains an active and recurring dialogue with investors. When committing to an Arcus fund, investors undertake detailed legal due diligence of the fund documentation and some investors also have a side letter where their particular requirements (whether they be in relation to investment approach, specific additional reporting or investment appetite) are documented.

As a result, investors' expectations and relationship with Arcus are clearly documented and understood at the outset of their commitment to the Arcus fund. Arcus considers and implements these requirements in its investment strategy and asset management approach and in the stewardship of those investments. Arcus has a dedicated Investor Relations Team, led by its Head of Investor Relations, responsible for ongoing interactions with the existing and prospective investors and investor reporting:

CASE STUDY: COMMITMENT TO REGULAR AND TRANSPARENT COMMUNICATION

In 2022, Arcus increased its Investor Relations team from three to five. Included in this headcount increase is a dedicated communications specialist, appointed to manage and improve the quality of communication with investors and stakeholders. In addition to this, Arcus increased the frequency of communication with quarterly calls with investors, giving them more frequent opportunities to ask questions and hear more detail from the Arcus team on developments in the investment portfolio. Arcus also prides itself on the transparency of its reporting, which includes detailed updates at both Fund and asset level. In line with Invest Europe guidelines, offering consistent quarter-on-quarter and year-on-year comparisons. This was solidified by Arcus being named in [2022] as the Top Performer for ESG Transparency in the Private Equity and Venture Capital Index was independently compiled from publicly available disclosure, assessed and ranked by the sustainability consultancies Orbis Advisory and ITPEnergised.

6.3 REPORTING TO INVESTORS

We report formally to all investors on a quarterly basis. The quarterly reports include information on the following:

- Fund or Managed Account investment activity and information on value of investments and assets under management, geographic and sector exposure, capital deployed, fees charged, distributions, and investor returns;
- Significant Fund or Managed Account related events, material risks and changes to management of Arcus or the respective investment vehicle;
- Details of Fund Advisory Board meetings during the quarter;
- Investment operational performance on an asset-by-asset basis including financial performance and KPIs;
- ESG developments and ESG-related KPIs at Arcus and investee companies and any material ESG events that occurred during the quarter; and
- Financial statements – Income statement, Balance sheet; and capital movements schedule.

The Arcus investee companies are valued annually by an independent valuer as part of the preparation of the year-end financial statements. The financial statements of the Funds and Managed Accounts, and Arcus itself, are audited and as part of the Fund Annual Review investment performance and ESG reporting on the Fund and the underlying assets is provided.

Arcus makes Investment Committee members and each Asset Manager available regularly to the Fund Advisory Boards, which comprise some of the larger investors from each fund respectively, to deal with stewardship matters regarding the Fund or its assets.

Investors also receive an annual report and are invited to attend an AGM of the fund as well as update calls on the performance of the Fund's assets. The Annual General Meeting ("AGM") of Limited Partners provides investors with a further opportunity to discuss areas of interest with Asset Managers and key decision makers. We also publish a publicly available Sustainability Report which includes ESG developments from the previous year[15].

For parts of 2022, the COVID-19 pandemic was still hindering our ability to meet in person and, as such, the AGMs for the various fund vehicles took place virtually once again. Arcus also commenced quarterly calls with investors to further communicate with them. All Limited Partners were invited to participate, with Arcus Partners and external speakers presenting market developments and providing updates on Arcus and the performance of the fund's assets. More importantly, this solution proved to be time-efficient, convenient, and cost-effective, but we are planning for the 2023 AGM to return to an in-person format with investors.

15 https://wp-arcus-2020.s3.eu-west-2.amazonaws.com/media/2022/06/3558_ARC_ESG-Report_2022_v10_AW.pdf

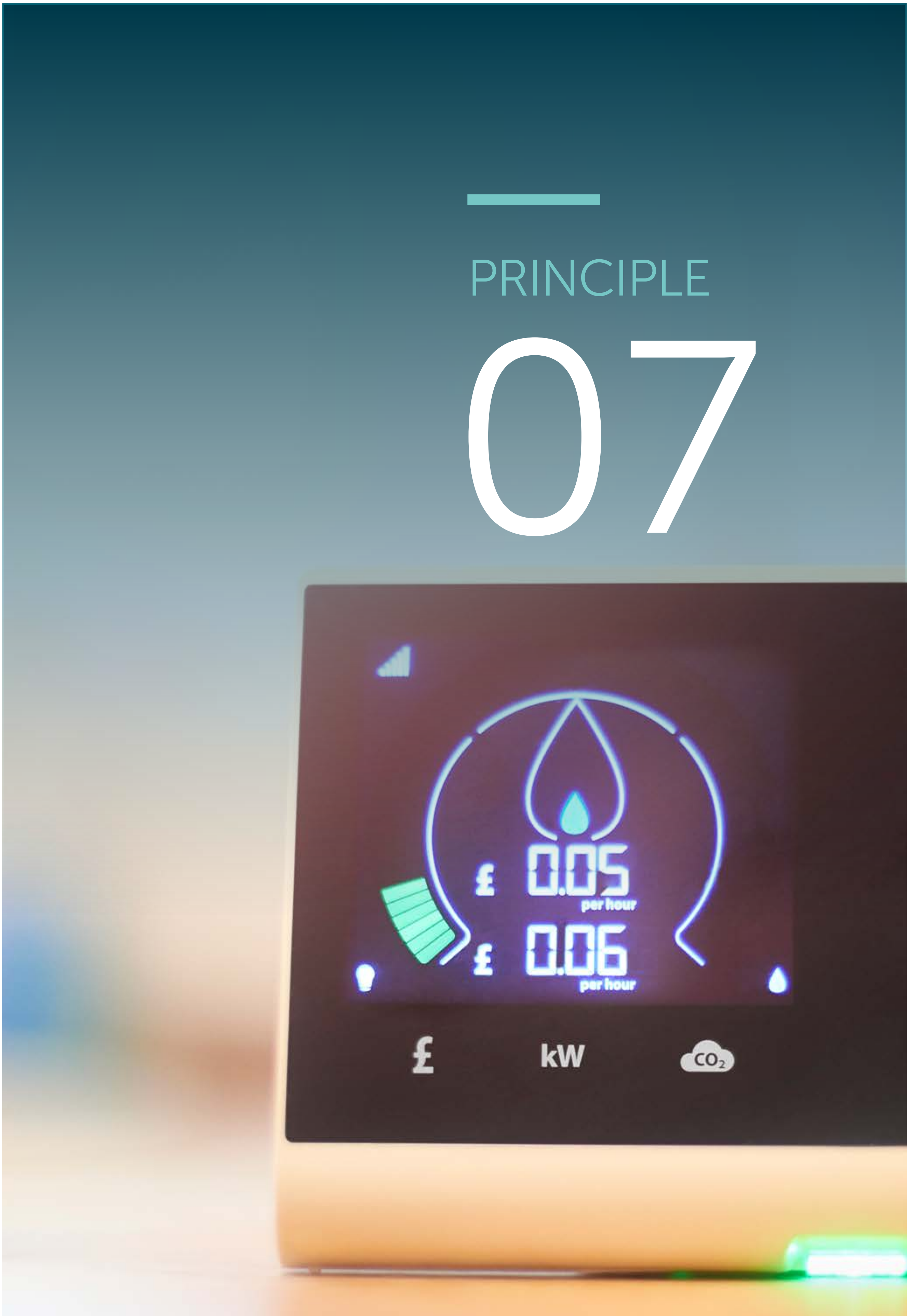
PRINCIPLE 6 (CONTINUED)

In addition, we discuss our activities, where legally permitted, with investors on an ad hoc basis should they have any questions or concerns that arise outside of the reporting process above.

Where an ad hoc incident arises at Arcus or an investee company, such as an ESG-related incident, Partners or Employees concerned, or where such incident relates to an asset, the relevant Asset Manager, Member or employee, notifies Manco and the Risk and Compliance Director (where Arcus-related) or the Investment Committee (where investment-related) and the ESG Committee as soon as reasonably practicable, and where relevant the crisis management process will be activated in accordance with the Business Continuity Plan. Depending on the severity of the incident, reporting to the regulator will be done by the Risk and Compliance Director and in addition reporting to investors may be immediate or in the next quarterly report. All communication to investors about such incidents is reviewed and approved by the Investment Committee, with the assistance of the ESG Committee before being released to investors by the Investor Relations team. Follow up reporting relating to the incident, where relevant, is provided in subsequent quarterly reports for as long as necessary.

Arcus uses GRESB reporting as a key medium for reporting its ESG performance to investors. GRESB reviews the organisational approach to sustainability and ESG, topics incorporating many elements of stewardship activities. Further information on GRESB results for 2022 are contained in Principle 7, section 7.6 GRESB.

PRINCIPLE 07



PRINCIPLE 7 – STEWARDSHIP, INVESTMENT AND ESG INTEGRATION

ARCUS RESPONSE

7.1 ESG OVERVIEW

As an asset manager, Arcus systematically integrates the evaluation of ESG risks and opportunities into our own organisation, investment origination, asset management and exit decisions. Our focus on managing ESG risks and pursuing ESG opportunities relevant to infrastructure stems from our aim to consistently act in the best interests of our investors and other stakeholders and our firm belief that incorporating ESG factors into our policies and procedures helps us to create responsible investee companies generating sustainable value for all stakeholders and thus delivering better long-term returns for our investors.

Arcus' day-to-day management, including oversight of ESG matters, is the responsibility of Manco. Manco has appointed a Head of ESG – Neil Krawitz – an ESG Committee, and allocated resources for a dedicated ESG team to assist in managing matters specifically relating to ESG, such as assessing and managing investment ESG factors, reporting, training, maintaining policies and driving Arcus' commitment to ESG. This structure has operated since 2016. More information regarding the ESG Committee can be found in section 2.1 Arcus Governance Overview.

Arcus has a dedicated ESG team which supports the ESG Committee to ensure the commitments to responsible investment and stewardship in this policy are implemented. The Arcus in-house ESG team consists of two dedicated ESG professionals, Kaj Bakker and Bansi Dhillon (see below), who report to Neil Krawitz as Head of ESG (background included in Principle 2 disclosure). Under the guidance of the Head of ESG, they are responsible for supporting the ESG Committee and investment professionals at Arcus to implement this policy.

ESG	Kaj Bakker ESG Director		In his role, Kaj manages ESG activities across the investment lifecycle from origination, through to asset management, contributing to long-term sustainable growth. Prior to joining Arcus, Kaj was an International Sustainability Manager at Cromwell Property Group, where he was responsible for the ESG framework across the European platform, helping minimise the adverse impacts the company's operations have on the environment, increasing disclosure and providing transparency on the performance of the assets managed, ensuring they were all in line with increasing reporting requirements and company objectives. He holds a Bachelor's degree in Real Estate from the Amsterdam University of Applied Sciences.
ESG	Bansi Dhillon ESG Executive		Bansi joined Arcus in 2018, working within the ESG team. Bansi is responsible for coordinating ESG reporting and company-wide sustainability activities. Prior to joining Arcus, Bansi held roles at Marks & Spencer and was a Structured Derivatives Analyst at RBS. She holds a BSc (Economics) from University of Birmingham (UK).

PRINCIPLE 7 (CONTINUED)

7.2 ARCUS' ESG APPROACH THROUGHOUT THE INVESTMENT CYCLE

Arcus has an ESG policy (last updated in December 2022) which applies to all Members, Employees and Contractors. Our ESG policy, available on our website[16], sets out Arcus' ESG objectives, the ESG factors Arcus considers material, international principles and standards Arcus aligns with, the ESG Committee's terms of reference and incorporates guidelines concerning responsible investing. The policy also details Arcus' approach to reporting ESG matters to investors and ESG training provided to, and consideration of ESG in setting remuneration of, Arcus team members.

The application of the ESG policy to our investments is relevant both to the origination and due diligence of new investments, and to the asset management of our existing portfolio. Regarding the latter, we target continuous sustainable improvements in the investee companies' management of ESG factors over time.

Arcus believes that investing responsibly protects its investors' interests, through identifying and managing ESG issues early in the investment process and actively managing and reporting on these through the investment cycle. By incorporating ESG factors into policies and procedures, Arcus seeks to identify both risks and opportunities which can ultimately add value (or avoid losses) for stakeholders and our investors. The graphic below shows how Arcus incorporates ESG considerations into the various stages of the investment lifecycle.

Policy	Origination	Asset Management	Reporting	Exit
• ESG Committee: management of ESG policy, its integration within Arcus and investee companies' policies and procedures 	• ESG risks and opportunities are assessed by transaction teams during origination/ initial evaluation • Comprehensive and detailed due diligence including full ESG risk and opportunity review • External ESG advisors as required • Detail of ESG considerations and assessment in final investment approval paper	• ESG risks and opportunities are assessed and proactively managed by asset teams on an ongoing basis • 100 Day Plan: implementing ESG policies and building business plan including key ESG KPIs and targets • "ESG continuous improvement programme": implemented at each asset annually, monitored and measured	• Quarterly risk reporting • Quarterly Investor reports • Annual Investor reports • Annual Sustainability Report • Incident reporting • Participation in UNPRI, GRESB, UK Stewardship Code assessments/ reporting	• ESG Continuous Improvement Programme throughout ownership • Management and decreasing risk factors • Value realisation from pursuing ESG opportunities 

7.3 ORIGINATION

Consideration of ESG risks and opportunities is a formal element of Arcus' origination process. Every investment opportunity undergoes a three-stage process where ESG factors are considered as part of 1) the initial sourcing and Investment Committee approval to progress preliminary due diligence, 2) the assessment of the investment prior to submission of a non-binding, indicative offer and, if successful, 3) the final review of due diligence and investment hypothesis prior to submission of a binding offer.

The first level of screening for ESG risks and/or opportunities occurs as part of the fortnightly Arcus origination meetings. When an investment opportunity enters the diligence phase, further analysis is undertaken on ESG risks and opportunities typically involving the appointment of third-party independent experts or consultants. Following on from the screening and the diligence phases, the investment opportunity then enters a decision-making phase where the results of the diligence exercise are provided to the Investment Committee, via a final approval paper.

16 Arcus-ESG-Policy-December-2022.pdf (wp-arcus-2020.s3.eu-west-2.amazonaws.com)

PRINCIPLE 7 (CONTINUED)

When reviewing potential investments, Arcus considers ESG factors associated with those opportunities. The full Exclusion policy can be found within the Arcus ESG policy on our website.

ESG-DRIVEN EXCLUSION POLICY:

- Companies that derive their revenue from the transport, trade and/or manufacture of armaments, civilian firearms, nuclear biological or chemical weapons, cluster munitions, landmines or other similar weaponry or associated strategic products;
- Companies that derive their revenue from the production or sales of, or involvement in adult entertainment, alcohol, opioids, animal experimentation, gambling, or tobacco;
- Companies that derive their revenue from the exploration, mining and/or refining of fossil fuels in solid, liquid and/or gas form (i.e. thermal coal, crude oil, natural gas);
- Companies that derive their revenue from the use of uranium, or thorium for electricity generation;
- Companies that derive their primary source of revenue from the use of fossil fuels for electricity generation;
- Companies that derive their revenue from building, operating or owning pipelines that facilitate transport or export of fossil fuels unless there is a clear strategy to transition the product type away from fossil fuels, with the exception in the case of natural gas related assets (such as distribution networks) where Arcus is satisfied these assets represent an interim low(er) carbon emission bridge prior to practical zero carbon alternatives becoming available;
- Companies that have a history of poor health and safety or environmental management;
- Companies that have a history of corrupt practices;
- Companies that have poor governance and ethics practices inter alia, child labour, modern slavery or human rights abuses; or
- Companies that do not demonstrate the ability or willingness to manage current and potential ESG risks effectively, unless Arcus believes that by virtue of its involvement, it will be able to significantly improve the situation, and rapidly cause the investee company to conform to the principles laid out in this policy document.

Arcus' ESG policy requires that consideration of appropriate ESG risks and opportunities is a formal element of Arcus' deal structuring process. Such consideration is documented in the due diligence completed on an opportunity and the relevant investment approval papers for each proposed investment opportunity. As part of this due diligence process, all potentially significant ESG issues are thoroughly analysed and identified, and the company's management of those evaluated. Climate change is incorporated into the 'E' section when evaluating relevant issues for any potential investment. Where necessary, specialists should be used, for example, to assess whether sites are subject to flood risk, throughput impacted by changing demand or supply patterns due to climate change or at risk of being impacted by the transition to a low carbon economy.

To the extent that the diligence suggests that any residual ESG risks cannot be successfully managed or mitigated, a commercial decision would be made by IC members to either price the risk, ask the sellers to bear the risk, or in extreme circumstances, walk away from the transaction. It is at this stage that ESG opportunities (in addition to the risks) would also be presented and valued as part of the business plan development.

This element forms part of the risk analysis for each opportunity.

CASE STUDY	IMPROVING FILTERING OF INVESTMENT OPPORTUNITIES ON ESG GROUNDS DURING THE REPORTING PERIOD
Background	Responsible investment is a key component of Arcus investment strategy. It reflects the fiduciary duty Arcus has towards its investors and other stakeholders. As part of the commitment Arcus makes to responsible investment, relevant policies and procedures are aligned with international standards.
Objectives	Ensure strong policies and processes to avoiding acquiring investment with unacceptable ESG risks. Provide the Arcus investment professionals with tools and guidance to consider ESG factors during the origination and due diligence process. Present the Investment Committee with sufficient and material ESG information to make well-balanced decisions within the Arcus and Fund risk appetite.

PRINCIPLE 7 (CONTINUED)

CASE STUDY	IMPROVING FILTERING OF INVESTMENT OPPORTUNITIES ON ESG GROUNDS DURING THE REPORTING PERIOD
Actions taken	In 2022 Arcus continued its origination approach as explained in Principle 7, section 7.3 Origination. Arcus further improved its Exclusions policy in line with market developments and best practice. The Exclusions policy was strengthened on the exclusion of companies that derive their primary source of revenue from the use, exploitation or transport of fossil fuels. The process was also further improved, with an assessment of material adverse impacts with the introduction of the PAI checklist as a mandatory element in the investment process to record evidence that Arcus considers the adverse impacts of its investment decisions. Furthermore, in December of 2022 Arcus became a signatory to the iCI and committed to integrate climate change analysis into investment processes.
Outcome	Arcus has excluded between 10-15% of all opportunities reviewed by the origination management team per year on grounds of ESG concerns from 2019 to 2022. In 2022 some of the more specific examples of the reasons Arcus excluded these transactions were due to the exposure to or the use, production or transport of fossil fuels (stranded asset risk), energy and/or carbon intensity (stranded asset risk), material social risks (health and safety or stakeholder management), minority shareholding positions without controlling governance rights (lack of control risk or mismatch to investment thesis), or where the profile of individuals or country involved created governance concerns (reputational risk).

CASE STUDY	ENHANCED ESG SCREENING 2022
Background	During the reporting period the Arcus Transport team reviewed an investment opportunity in a European ferry company. One of the key themes in Arcus its investment strategy is the decarbonisation of the transport sector. The maritime industry is expected to require more resources and time to transition to a low carbon economy compared to other transport assets. This required enhanced ESG and technical due diligence.
Objectives	As part of the technical due diligence the ESG and deal teams recognised the materiality of exploring carbon reduction initiatives and the mid to long term fleet replacement strategy as transitional risks impacting the business. Furthermore, increasing legislation regulating the reduction of carbon emissions impacting the asset replacement strategy.
Actions taken	Arcus engaged the engineering and environmental consultancy WSP for the technical due diligence, to provide an outlook on new and upcoming regulatory framework to reduce emissions that could impact the operations. Strategically review fleet replacement including energy efficiency measures and the opportunities for the use of alternative fuels such as LNG, HVO, hydrogen and ammonia to reduce the carbon footprint.
Outcome	The review concluded that the opportunity for alternative fuels in the short to medium term was limited. The technical life expectancy of the current fleet would not require replacement during the projected holding period and the alternative fuel price evolution is not expected to reach a competitive price point in this period. There are no best practise examples of other maritime businesses using alternative fuels at scale. The bunker facilities of the home ports didn't provide any alternatives at the moment. Due to other commercial reasons the potential investment opportunity was discontinued.

7.4 ASSET MANAGEMENT

Once Arcus has completed an investment, ESG risks and/or opportunities (identified as part of diligence and actions associated with ensuring investee companies meet Arcus' ESG requirements) are included in the 100-day plan workstreams. Arcus ensures that its investee companies have appropriate policies and procedures for ESG matters (either via an ESG or sustainability policy or specific subsidiary policies dealing with relevant ESG factors such as health and safety or environmental matters).

ESG risks and opportunities are continually assessed by the Asset Manager and monitored formally as part of monthly board reporting. ESG is monitored at Arcus level quarterly through the internal Arcus risk and ESG reporting process. All asset risk reviews are reported to the Investment Committee on a quarterly basis and any urgent issues are reported on an ad hoc basis to all appropriate committees and investors.

Specifically in relation to climate-related risks and opportunities, evaluation of climate change risks and opportunities has been embedded in Arcus' ESG oversight in origination and asset management processes. Recognising the importance of this area, Arcus commenced TCFD reporting for all investee companies in 2020 and will do so annually (both as part of the Firm's annual reporting to investors and in Arcus' Sustainability Report). As part of TCFD reporting, Arcus analyses in detail the climate-related risks and opportunities impacting each asset in line with IPCC scenarios.

In addition, one of the quarterly Arcus Asset Review Meeting topics for each investee company focuses particularly on ESG. The agenda for this meeting includes discussing the investee company's ESG approach; key ESG risks and opportunities (including climate change); key ESG KPIs reported and performance over time; and areas considered targets for the ESG continuous improvement programme.

PRINCIPLE 7 (CONTINUED)

7.5 REPORTING

Arcus focuses on disclosure and transparency of reporting as well as materiality of the ESG risk and opportunity when setting out ESG monitoring and performance targets. At Arcus we recognise that each investment is unique – whether by virtue of geography, size or other differences and we consider these factors when setting our initial reporting as well as when setting performance targets.

As of 1 January 2023, Arcus will report annually on the PAI for the entities that are required to do so under level 2 reporting obligations of SFDR which includes measuring and reporting on GHG and GHG intensity across the portfolio.

7.6 GRESB

Arcus uses the GRESB benchmarking process as a tool to assess ESG performance at investee company level, facilitate engagement for internal and external discussions and set performance targets, with the aim of consistently improving asset ESG performance. Each year GRESB assesses and benchmarks the ESG performance of real assets worldwide (real estate and infrastructure). The GRESB assessments are guided by what investors and the industry consider to be material issues in sustainable performance of real asset investments and are aligned with international reporting frameworks, goals and emerging regulations.

Each year, in Q4, the Arcus ESG team works closely with the asset teams and management at the investee companies to prepare a gap analysis based on the GRESB scoring and put a strategy in place to make specific ESG improvements. These improvements could relate to policies, processes, management oversight or KPI reporting.

Arcus has been a GRESB member since March 2017 and has completed the GRESB infrastructure reporting cycle for all Arcus funds and investee companies. We require their participation where they meet GRESB's qualification requirements (assets held in fund at year end and that have been held for more than six months of the reporting period).

We are very proud of the excellent results achieved in 2022 by our Funds and investee companies (all improving their scoring in 2022), which are summarised in the table below.

ARCUS 2022 GRESB RESULTS

FUND SCORES

	2018	2019	2020	2021	2022	GRESB Rating
AEIF1	79/100	87/100	95/100	–	–	★★★★★
AEIF2	–	62/100	86/100	82/100	91/100	★★★★
A1	74/100	77/100	88/100	95/100	97/100	★★★★★
AET	–	–	93/100	96/100	100/100	★★★★★
TIVANA	78/100	77/100	96/100	99/100	96/100	★★★★★

ASSET SCORES

	2018	2019	2020	2021	2022	GRESB Rating
Alpha Trains	85/100	84/100	92/100	96/100	100/100	★★★★★
Brisa	83/100	91/100	94/100	95/100	96/100	★★★★★
Constellation	–	–	–	67/100	87/100	★★★
efiber	–	56/100	85/100	91/100	89/100	★★★★
GTC	76/100	76/100	85/100	95/100	96/100	★★★★★
horizon	–	–	–	52/100	90/100	★★★★
Peacock	–	–	–	–	70/100	★★
Smart Meter Assets	–	–	–	–	87/100	★★★
swiss4net	–	48/100	85/100	86/100	94/100	★★★★★
tdf	80/100	75/100	97/100	100/100	95/100	★★★★★

PRINCIPLE 7 (CONTINUED)

Arcus' managed entities were named GRESB Sector Leader in each of the Global Transport Fund (excluding renewables and transport) and European Fund categories in the 2022 GRESB Infrastructure Assessment. Arcus again demonstrated best-in-class ESG performance with AET (the Alpha Trains holding partnership) ranking first out of 117 infrastructure funds which completed the full GRESB assessment, scoring 100 out of 100 possible points (compared to 96/100 in 2021). This strong score also meant AET has been named GRESB Infrastructure Sector Leader for European Funds and Global Transport Fund Sector Leader.

ARCUS GRESB AWARDS

GRESB INFRASTRUCTURE sector leader 2022

1. Global Transport – Fund
2. Europe – Fund

GRESB INFRASTRUCTURE sector leader 2022

1. Transport – Asset
2. Rail Companies – Asset

GRESB INFRASTRUCTURE most improved 2022

1. Network Utilities

Our most recent fund, AEIF2 ranked fourth in the European Diversified Infrastructure Funds category (against 26 peers), with assets scoring well when benchmarked against their peer groups. AEIF2 received a 4-star GRESB rating this year, up from a 3-star rating in the 2021 assessment, in line with Arcus's expectations, through annual ESG objectives and continuous improvement of ESG management implemented during the prior year.

Overall, Arcus' underlying assets scored very well when benchmarked against their peers with all Arcus' six participating assets showing an improvement on their scores, with Horizon Energy Infrastructure being awarded the most improved score in the Network Utilities peer group. Alpha Trains, Gdansk Transport Company ("GTC"), Horizon andSwiss4net were ranked first in the respective sub-sector peer groups and received 5-star ratings.

As ESG is an evolving topic, we are continuously striving to improve our management of ESG issues and the way we report on those to our Limited Partners and the way we communicate the importance of GRESB to the wider infrastructure community. GRESB is also a tool which provides feedback on areas where we can improve and develop. The results of the GRESB reporting have in the last year and will in future years provide a baseline for ESG performance and allow us to further analyse what we are doing both at fund and investee company level and target improvements.

7.7 CLIMATE CHANGE CONSIDERATIONS – COLLABORATING WITH ERM TO ENHANCE ARCUS' APPROACH

As part of its investment risk assessment, quarterly risk reporting and annual ESG-focused asset review meetings (as described above), Arcus includes consideration of climate-related risks and opportunities in its recurring processes. To further formalise our approach to managing and reporting climate-related risks and opportunities, Arcus reports under TCFD annually to investors and in our Sustainability Report.

Since 2020 Arcus has provided Task Force on Climate-related Financial Disclosures ("TCFD") reporting across the recommended four key areas (known as 'pillars'): Governance, Strategy, Risk Management, and Metrics & Targets. While it is widely recognised that the emission of greenhouse gases will cause further warming of the planet, the financial implications of climate change are more challenging to understand, which highlights the need for such reporting as well as processes for assessing, measuring and monitoring climate change risk.

Arcus' TCFD report is contained within its annual investor reporting, and a summary is included in the annual public Sustainability Report issued in June 2022 (for the year ending 31 December 2021). Since our initial TCFD report in 2020, Arcus has annually reported in line with the TCFD recommendations, in conjunction with ERM, a global sustainability consultancy, who we have been working with since the inception of our TCFD reporting. In 2022 Arcus reported directly to investors and publicly on the impact of the physical climate risks following the release of the Assessment Report 6 ("AR6") by the Intergovernmental Panel on Climate Change (IPCC). In addition, ERM conducted the full climate scenario analysis for three investments which had been acquired in late 2021/2022 and had not been previously included in TCFD reporting. In 2022 Arcus also supported the newer investments to consistently report in line with the GHG protocol standards on scope 1, 2 and material scope 3 emissions.

In December 2022 as part of the next steps in the TCFD implementation Arcus made a corporate commitment to become net zero by 2050 in line with a 1.5 degree temperature increase limit scenario. Through 2023 and 2024, Arcus will work to translate this commitment to its fund and investee companies and actively work with the management teams of the portfolio companies to map out the required next steps on each company's decarbonisation pathway. In support of this commitment, Arcus became a signatory of the iCI.

PRINCIPLE 7 (CONTINUED)

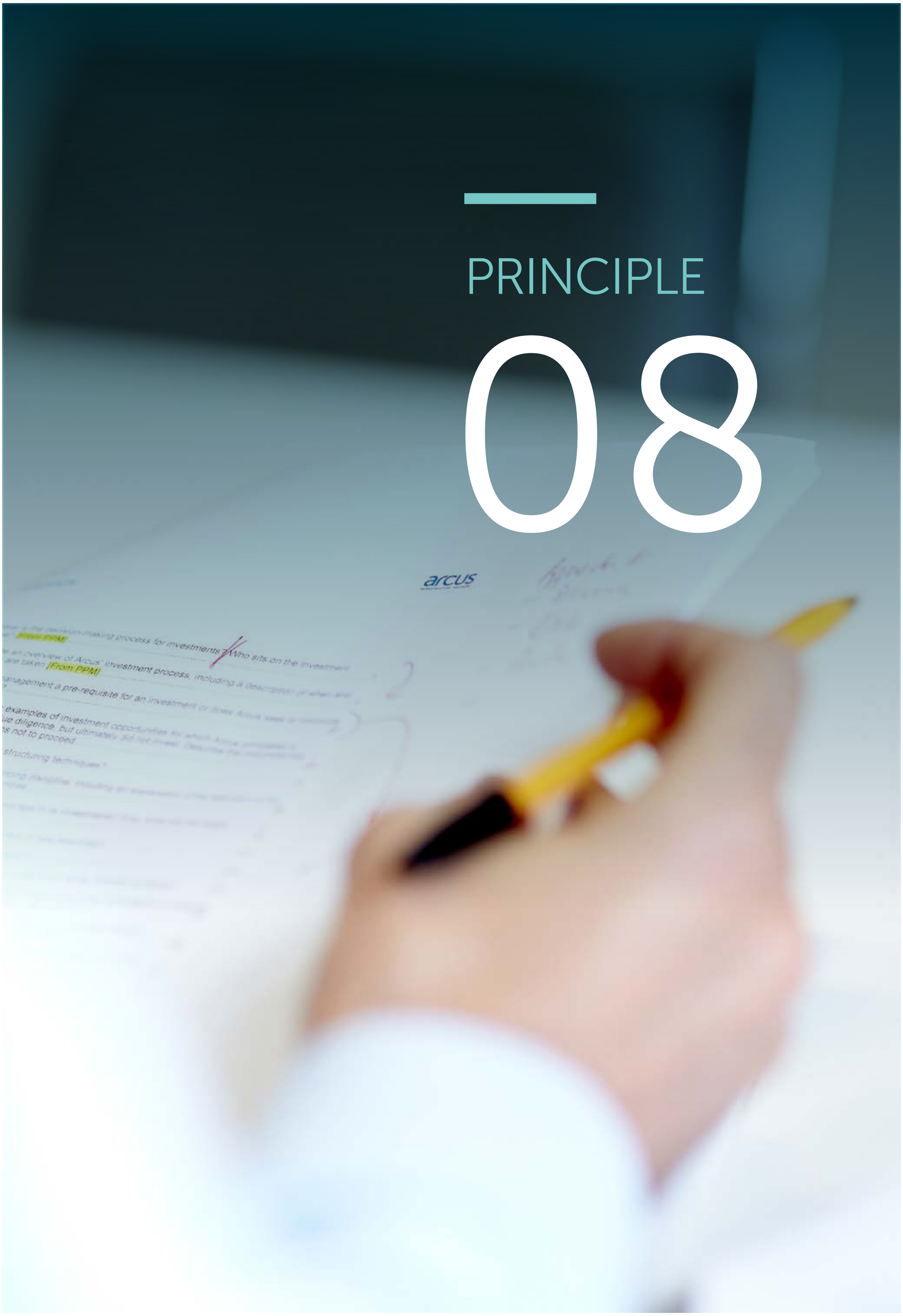
7.8 EXIT

Asset management activities throughout the lifecycle of Arcus' investments are focused on managing and reducing risk factors and pursuing value-add opportunities to improve investment returns. In many cases the benefits accruing from this approach materialise at the point of exit, either through a premium to valuation multiple on account of the improved business prospects or a reduced buyer equity discount rate due to the reduction in perceived investment risk. ESG is an integral part of the Arcus Asset Management Framework, and this systematic approach is incorporated for many years in advance of exit with value realisation in mind.

7.9 SERVICE PROVIDERS IN ESG INTEGRATION

As described in examples above, Arcus works with service providers such as ESG consultants and advisers to assist in various stages across the investment process. Please see our case study "Enhanced ESG screening 2022" above with regards to ESG screening where we discuss the role of third-party advisers during due diligence. This is another example where we engaged ERM in 2022 to work with us on our climate change matters. More information on how we ensure service providers is held to account can be found in Principle 8. However, we ensure that a full due diligence exercise has been undertaken prior to appointing any service providers to ensure alignment of company values and fiduciary duties. Once appointed, the initial brief provided to the company appointed is precise and descriptive of what Arcus would like to achieve, includes an overview of why this particular mandate is material to Arcus and requires action now, and finally the outcome, timeframes and how it should be presented. This is to ensure that service providers receive clear and actionable criteria prior to commencing any work and to ensure they have a deep understanding of why the mandate is important to Arcus.

PRINCIPLE 08



PRINCIPLE 8 – MONITORING MANAGERS AND SERVICE PROVIDERS

ARCUS RESPONSE

8.1 ARCUS' APPROACH TO SERVICE PROVIDERS

Arcus is an active asset manager invested in unlisted assets with most activities undertaken internally (as described below). When it is most efficient to outsource certain activities, Arcus typically uses market-leading and experienced service providers. Examples of the key service providers used by Arcus include administration services, and an Investor Relations data room provider, among others.

Prior to the appointment of any service provider, Arcus undertakes a full due diligence exercise to ensure that company's values are aligned, particularly as regards the fair treatment of Arcus investors. A formal process is followed for the appointment and oversight of external service providers. Depending on the contract value and the scope of services, approval needs to be obtained from the Arcus Management Committee and/or the Investment Committee. The engagement letter with the service provider is reviewed internally by the legal team.

The Arcus personnel responsible for the service delivery of the provider review the quality of service on an ongoing basis, hold periodic meetings and report any issues to the Management Committee. Following a project, the Arcus team provides feedback to the service provider with the aim of improving the service experience for future projects.

8.2 ARCUS ASSET MANAGER FOR EACH INVESTEE COMPANY

In relation to assets acquired by a Fund or Managed Account, a senior Arcus individual is designated and tasked with responsibility to be the Asset Manager who is responsible for delivering the investment objectives for that investee company. These objectives are reflected in the individual Asset Manager's objectives which are set annually and reviewed every year to assess performance and determine discretionary potential variable compensation. To better monitor an asset's financial performance, Arcus uses detailed financial models to monitor actual results against forecast. The forecasts are reviewed annually following discussions with investee companies. Arcus has also appointed one of the Members as Head of ESG and Asset Management to coordinate and ensure consistency in its approach to asset management.

Asset Managers and other senior asset management professionals are appointed to the boards of investee companies and regularly monitor governance, operational and financial performance. The boards will usually also approve the annual budget. In acquiring assets, Arcus ensures that it is entitled to exercise a high degree of control or, at least, significant influence over the relevant assets.

Asset Managers also review governance, strategy, returns and health and safety, and conduct quarterly risk reviews incorporating all these areas, which are reported on to the Investment Committee and Manco.

As part of the origination process in any possible future investment, Arcus would assess all the aspects listed above before investing and make improvements after acquisition where necessary.

Where applicable, we also meet and discuss overall performance and governance of an investee company with co-investors. In several instances we have worked with co-investors to improve governance structures and reporting provided to boards as part of our Asset Management Framework.

Finally, where appropriate, the Asset Managers monitor third party providers as part of their ESG oversight, in relation to the underlying investee companies.

8.3 UPHOLDING HIGH STANDARDS IN SERVICE PROVIDERS AND INVESTEE COMPANIES

In our response to Principle 4, we present the ESG factors most material to Arcus and its investments. The social factors include health and safety and human rights. Further governance factors include business integrity, anti-bribery and anti-corruption. These are key factors which Arcus takes very seriously in all its relevant operations, including making new investments, managing existing investments and working with any relevant service providers. Arcus expects all service providers we engage with to uphold a similar policy or stance towards these factors and uphold high levels of diligence in any matters concerning these topics. At investee company level, we work with management at each relevant company to establish policies and procedures to ensure no breaches occur.

PRINCIPLE 8 (CONTINUED)

8.4 PROMISE TO ERADICATE MODERN SLAVERY

Arcus is committed to being a responsible corporate citizen in protecting human rights, therefore each investment made by Arcus and every service provider we choose to work with must adhere to our Modern Slavery statement, as stated on our corporate website[17]. All Arcus members and employees receive training on the Modern Slavery Act on a regular basis.

CASE STUDY	AIFM SERVICES BY EXTERNAL ALTERNATIVE INVESTMENT MANAGER
Background	In 2022, as part of the establishment of AEIF3, Arcus assessed the most suitable depositary for AEIF3. Different depositaries (new and existing) were invited to prepare a formal service proposal, present their services, and provide Arcus with a quote. Following that process, which was conducted in accordance with Arcus' third party provider policy, Brown Brother Harriman ("BBH") most closely matched Arcus' requirements as assessed by the Arcus Compliance, Legal and Finance functions as the most suitable to Arcus for AEIF3. At the same time a decision was made to also make BBH the depositary for AET and AEIF2.
Actions taken	After careful due diligence, in 2022, Arcus appointed BBH as depositary, transfer agent and central administrator. The due diligence consisted of corporate information, structure charts, public information, annual statements and interviews.
Outcome	The relationship between BBH and Arcus is managed by the Director of Risk Compliance in close co-ordination with Arcus Finance, Legal and Investor Relations personnel given the breadth of BBH's role and services as depositary, transfer agent and central administration. Considering the new established relationship, close cooperation was established from the start. Weekly periodic service calls were held; in addition more frequent catch ups when needed, for example for the different closings of AEIF3. On a quarterly basis, depositary reports are shared and KPIs are agreed with the AIFM.

CASE STUDY	IMPROVING THE COLLABORATION WITH A SERVICE PROVIDER ON CLIMATE CHANGE ASSESSMENT
Background	Since the inception of our TCFD reporting in 2020, Arcus has annually engaged ERM, a global sustainability consultancy for climate change assessment. Furthermore, ERM provided GHG workshops and training to investee companies and externally verified GHG emissions data as a baseline for carbon reduction strategies.
Objectives	During the reporting period Arcus intended to further strengthen the collaboration with the ERM team to ensure a more streamlined working relationship, improving the assessment work and the quality of climate change impact reporting to investors, portfolio companies and key stakeholders.
Actions taken	Before contracting ERM in 2022 the Arcus ESG team gathered feedback from Arcus, investee companies and ERM team members post the completion of the 2021 climate change analyses and GHG reporting projects. Post-project feedback sessions with the ERM team enable both parties to contribute to further improvement on the projects. During the reporting period Arcus engaged ERM to analyse the three new Arcus investee companies and provide workshops to streamline GHG reporting of these companies in line with the GHG protocol.
Outcome	Arcus was able to improve its TCFD disclosures in 2022, further enhancing its communication on risks and opportunities. Arcus' asset management teams have a good understanding of TCFD and climate change impacts, which helps them to identify and consider both climate change risks and opportunities for future projects.

17 https://wp-arcus-2020.s3.eu-west-2.amazonaws.com/media/2019/04/Modern-Slavery-Act-2019-v2.pdf


PRINCIPLE
09

PRINCIPLE 9 – ENGAGEMENT

ARCUS RESPONSE

9.1 APPROACH TO MANAGING INVESTMENTS

Arcus invests in only one asset class, infrastructure, with a strict focus on Europe. Asset management is a core area for Arcus, a critical workstream into which we invest considerable resource. Arcus believes that obtaining controlling positions allows its asset management teams to drive value-add initiatives with the management teams of investee companies.

Arcus' asset management framework and active engagement are critical to the delivery of an investment thesis as well as essential to creating and protecting the value of each investment in constantly changing markets. The Arcus asset management approach is founded on combining dedicated and experienced senior resources with a structured asset management framework and institutionalised, repeatable processes.

Although infrastructure businesses are usually stable, they still require effective management to deliver strong operating and financial performance over the long term. Arcus seeks to be a responsible, long-term shareholder and supportive partner for the management team in each investment. Arcus believes that its structured approach and hands-on, active asset management is critical to delivering value that is not accessible by the broader infrastructure investing market.

These components are embedded in Arcus' investment strategy, as set out in section 1.2, where a value-add strategy requires detailed asset management activities which in turn requires controlling interests to allow the execution of asset management activities. Hence the asset management approach is critical to delivering the investment strategy. It is through these initiatives that Arcus delivers strong returns for investors and fosters a culture of continuous improvement acting in the best interests of its investors and other stakeholders. This is reflected in the positive investor perception study results expressed by Arcus' existing investors set out in more detail in Principle[6].

9.2 RESOURCING ASSET MANAGEMENT

Arcus allocates significant resource to managing investments in portfolio companies and typically dedicates between 1.0 to 1.5 FTEs per annum to managing each investment. As described in our response to Principle 2, the Management Committee appoints a dedicated Asset Manager (either an Arcus Partner or senior employee) to each new portfolio company, with responsibility for the stewardship of the investment and for shareholder-level interaction with the business.

Typically, Asset Managers spend a significant amount of their time building and maintaining relationships, supporting portfolio company executives and applying experience and judgment to key decisions. The Asset Manager is allocated one or more other team members to assist in the delivery of agreed asset management initiatives and is supported by other senior Arcus investment professionals on the Board of the company. The Asset Manager may also draw on Arcus' specialist treasury, tax, legal, financing, ESG and risk management functions to provide input into asset management initiatives when required. Arcus seeks to build deep, constructive relationships with portfolio company management, supporting the development of the business and providing guidance and constructive challenge to the executive teams.

The Asset Manager will normally have been involved in the original investment acquisition process or have been a member of the team managing that asset. The seamless integration of deal execution and asset management creates long-term alignment and provides valuable feedback loops and learning opportunities to further improve origination activities. Arcus believes that the individual with responsibility for running an acquisition and the underlying assumptions used to establish the investment thesis should have accountability for the delivery of those same assumptions. This model works particularly well given the long-term stability of the Arcus team.

9.3 ARCUS ASSET MANAGEMENT FRAMEWORK

Arcus uses an established, internally developed framework to ensure a consistent and rigorous approach to asset management across all investments, called the "Arcus Asset Management Framework". This forms the basis for value creation in every portfolio company and provides a transparent process that is systematic and repeatable. Every investee company is supported by a dedicated asset management team from within Arcus' Investment Team, including an appointed Asset Manager who supports the executive management teams in implementing and monitoring business plans.

The Arcus Asset Management Framework contains four key value creation components that Arcus uses both to assess new investments and manage existing investments. All four interconnected disciplines are critical to delivering value from investments.

PRINCIPLE 9 (CONTINUED)

ARCUS ASSET MANAGEMENT FRAMEWORK

Shareholder Leadership	Management Excellence	Strategy & Operations		Finance & Reporting
		Existing business	New business	
Clear strategic objectives	Arcus Partnership approach	Sustainable and profitable revenue streams	Growth investment	Refinancing and growth finance
Shareholder alignment	Senior management team strengthening	Opex control	M&A opportunities	Treasury management
Board effectiveness	Long term management incentive plans	Capex optimisation	Market / product expansion	Tax structuring improvements
ESG risks, mitigants and opportunities	Organisation design and effectiveness	Portfolio optimisation		Best-in-class reporting
Continual monitoring		Non-core divestments		

The approach to value-add asset management, with significant allocation of dedicated resources, is a critical element of Arcus' beliefs in delivering value to its investors and wider stakeholders (Principle 1) and in delivering on its stated investment approach which investors selected Arcus as a manager to do (Beneficiary needs – Principle 6).

To better monitor an asset's financial performance to maintain and enhance the value of assets, Arcus' asset teams create detailed financial models and monitor actual results monthly against forecasts. The forecasts are reviewed annually following discussions with investee companies. Asset Managers and other senior asset management professionals are appointed to the boards of investee companies and regularly monitor governance, operational and financial performance. The boards will also approve the annual budget. In acquiring assets, Arcus ensures that it is entitled to exercise a high degree of control or, at least, significant influence over the relevant assets. Arcus aims to enhance the value of assets as far as possible from acquisition through to exit.

Shareholder Leadership is a prerequisite to delivering investment value. Arcus sets clear strategic objectives for each portfolio company based on its investment thesis and due diligence findings, updating these throughout its ownership as the business and market environment evolve. At this stage, it is imperative to align shareholders around those objectives and to establish clear shareholder decision-making processes. Arcus then establishes a strong and effective board, with the appropriate governance structures (e.g., sub-committees, regularity of meetings) and populated with the right combination of Arcus representatives, co-shareholders, executive management and independent non-executive directors. The management of ESG risks, mitigants and opportunities are also important to Arcus in its governance approach. Arcus believes its responsibility is to ensure that the right governance framework is in place to quickly identify, monitor and, where necessary, act on ESG considerations. Arcus puts in place people and processes that enable the continuous monitoring of the business.

Arcus continually assesses how and where its asset management approach has delivered value in the past and seeks to use this experience to improve and evolve its Asset Management Framework and processes. For example, Arcus estimates that its approach to asset management and the specific value-add initiatives identified on the first six investments in AEIF2 have delivered an aggregate 'value-add' to investors of more than €110m, on approximately €600m of capital invested, over a two-year holding period.

All asset management activities through the lifecycle of Arcus' investments are initiatives targeted at managing and decreasing risk factors and pursuing value-add opportunities for the purpose of creating an investment and business which attracts a higher buyer multiple/lower buyer equity discount rate because of these actions. ESG is part of the Asset Management Framework and this systematic approach is incorporated for many years in advance of exit with value realisation in mind.

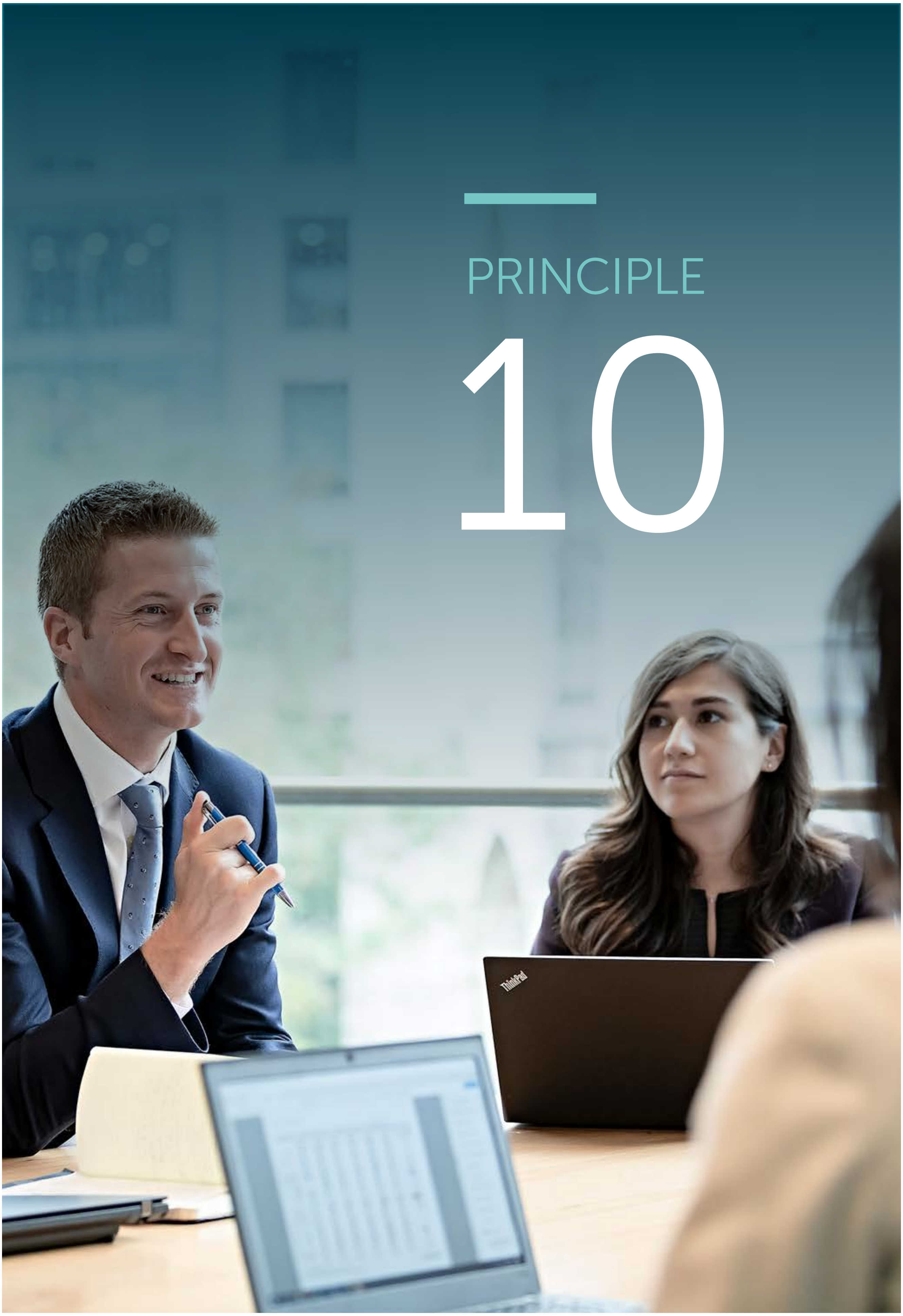
PRINCIPLE 9 (CONTINUED)

CASE STUDY		ASSET MANAGEMENT ACTIVITIES 2022
Shareholder leadership	WORKDRY INTERNATIONAL	**Background** Arcus acquired Workdry in September of 2022 as its first investment in Arcus European Infrastructure Fund 3 ("AEIF3"). Workdry is the UK's leading provider of water pump and wastewater treatment asset rentals. Through these activities Workdry has a material contribution to reducing the environmental impact of utilities and industrial projects on the UK water system. However, as part of the due diligence Arcus also identified that Workdry did not have any formal ESG policies and/or processes in place. Being a rental business Workdry has a material scope 3 GHG emissions profile; however the company did not have a consistent process to report on GHG emissions, and previous GHG reporting excluded scope 3 GHG emissions. **Objectives** As part of the 100-day plan for Workdry the Arcus asset management team would like Workdry to develop an formal corporate ESG policy to regulate ESG management within the business. Furthermore, the goal is for Workdry to map how their activities contribute to the UN SDGs and set-up processes to start reporting on scope 1, 2 and material scope 3 GHG emissions in line with the GHG protocol. **Outcome** Through multiple points of engagement since the acquisition, the Arcus team has worked together with Workdry and the newly hired dedicated sustainability resource within the Workdry team; this has resulted in the board approving Workdry's first ESG policy at the December board meeting. The policy includes a commitment to contribute to SDG 6 "Clean Water and Sanitation"; SDG 8 "Decent Work and Economic Growth"; SDG 9 "Industry, Innovation and Infrastructure"; SDG 12 "Responsible Consumption and Production"; SDG 13 "Climate Action" and SDG 14 "Life Below Water". And to annually report on scope 1, 2 and material scope 3 GHG emissions in line with the GHG protocol.
Management excellence	MOMENTUM Clean Energy Solutions	**Background** Momentum Energy Group ("Momentum") is a Danish-based integrated renewable energy investment and services platform covering the full lifecycle and a significant part of the value chain for wind and solar projects. Momentum has operations in Denmark and Germany and was acquired by Arcus in December 2021. **Objectives** As the Danish and German governments have increased their renewable energy targets in line with the latest EU policy evolution, Momentum has plans to substantially increase the scale of its business to benefit from this market opportunity. **Outcome** In 2022, Momentum almost doubled the size of its organisation, growing the employee count from 63 at the start of the year to 106 at year end. Momentum established a number of divisions including an energy hedging and risk management desk, an entire turbine technical servicing division now comprising over 20 specialist technicians, and a 24/7 surveillance and monitoring team. In 2022, Momentum completed 16 secondary acquisition transactions of operational wind turbines throughout the year in Denmark and Germany, representing c.68% growth since Arcus' acquisition in December 2021.
Strategy & Operations	horizon ENERGY INFRASTRUCTURE	**Background** Horizon Energy Infrastructure Limited ("Horizon", or,"HEI") is a UK-based smart metering asset provider ("MAP") founded in 2009, with a portfolio of more than one million smart meters installed in domestic and industrial & commercial ("I&C") premises. **Objectives** Horizon Energy Ventures ("HEV") was established alongside HEI, as a dedicated vehicle to pursue opportunities that are complementary to HEI with the focus on energy transition assets including EV charging infrastructure, rooftop solar and associated batteries, and heat pumps. That are complementary to HEI's core business. **Outcome** In May 2022, Horizon Energy Ventures' acquired a portfolio of roughly 600 air-source heat pumps backed by accredited inflation-linked Renewable Heat Incentive payments over the next seven years. The strategy to acquire an initial portfolio of scale has been pursued to speed up HEV's development and to provide credibility to the venture and also a template to fund investments beyond meters. Building on previous collaborations in the heat pumps space, HEV has started discussions with strategic partners on EV charging projects and additional heat pump opportunities.

PRINCIPLE 9 (CONTINUED)

CASE STUDY		ASSET MANAGEMENT ACTIVITIES 2022
Finance & Reporting	OPUS Bilprovning	**Background** Arcus acquired Opus B in March 2022. Opus B is a Swedish operator vehicle inspection business providing mandatory periodic technical inspections ("PTI") The PTI sector is well known to the Arcus team through its investment in Brisa, which owns a majority interest in the largest PTI operator in Portugal.
		Objectives Following the acquisition, the Arcus asset management team aims to establish an appropriate governance structure and also revise Opus B's standard monthly reporting materials to serve as a transparent and useful overview of the company's financial and non-financial performance.
		Outcome Arcus established a strong and effective board with two Arcus representatives and the CEO as members of the Swedish holding company. Arcus worked closely with the Opus B management to refine its standard monthly reporting framework. The established formal Board reporting materials provide a comprehensive overview of the company's operating performance and track the progress of its key initiatives. Additional monitoring and reporting areas were identified, including a focus on non-financial KPIs related to ESG, customer satisfaction (Net Promoter Score), quality controls as well as health and safety matters. Opus B undertook a shadow GRESB assessment in Q2 to prepare the company for its first full submission in the year ahead. Several workshops had been organised to identify development areas to strengthen and improve its policies, procedures and establish targets. The exercise has allowed both the Arcus asset management team and Opus B management to highlight the key priorities for performance optimisation and identify areas for further development.

PRINCIPLE 10



PRINCIPLE 10 – COLLABORATION

ARCUS RESPONSE

Arcus is an equity investor which holds the majority or controlling interests in private unlisted businesses which typically have a very limited number of direct shareholders, with each holding material equity ownership positions in those businesses. On every investment, through its controlling position, Arcus influences and guides its investee companies. Arcus will also consider collective engagement with other shareholders where it believes such engagement is necessary to protect or enhance the Fund or Managed Account's investment.

In some of the unlisted investments held by the Funds and Managed Accounts there are co-investors with whom we work together on a regular basis to deliver long-term value on those investments, including regular discussions in relation to strategy, business plan, management team performance and compensation, financing structure and ESG. These interactions occur on a monthly or more frequent basis, meaning common shareholder objectives are regularly discussed.

In relation to any listed investments we may make in the future (none currently held) we would seek active dialogue with a number of other institutional investors and look to work with them if the situation, in our view, warranted such engagement. Each matter would be considered on a case-by-case basis and would only be progressed if there was a path to a de-listing that could be achieved.

Collective bodies of which Arcus is a member include the British Private Equity and Venture Capital Association, the Global Infrastructure Investor Association, and GRESB. Arcus is a signatory to the Principles for Responsible Investment and the United Nations Global Compact and uses these bodies to influence relevant stakeholders and underlying infrastructure companies. In addition, Arcus is also a signatory to the Task Force on Climate-related Financial Disclosures and the UK Stewardship Code 2020 (since first reporting in 2021). Several Arcus employees are also members of Level 20, an industry-wide not for profit organisation dedicated to improving gender diversity in the European private equity sector.

ARCUS IS A MEMBER OF/SIGNATORY TO THE FOLLOWING ORGANISATIONS:

PRINCIPLE 10 (CONTINUED)

CASE STUDY	CONTRIBUTING TO THE DEVELOPMENT OF AN ESG INDUSTRY STANDARD
Background	Arcus is a member of GRESB infrastructure benchmark and participated in the assessment and benchmarking process over the last six years (2017-2022). Arcus requires all investee companies to complete the GRESB infrastructure assessment annually. Arcus uses the GRESB benchmarking process as a tool to assess ESG performance at investee company level, facilitate engagement for internal and external discussions and set performance targets, with the aim of consistently improving asset ESG performance. Neil Krawitz, Head of ESG and Asset Management at Arcus, was selected following the application process in early 2022 to the Infrastructure Standards Committee ("ISC"), one of GRESB's key governance bodies.
Objectives	Ensure that the ESG factors as mentioned in Principle 4, section 4.3 (Risk considerations during investment process) that are seen to be material to Arcus and the infrastructure industry in general are firmly included in the GRESB standards. Ensure that the Arcus ESG policy is aligned with the GRESB standards.
Actions taken	During the reporting period Arcus participated in all committee meetings of the ISC. With 15 years of relevant Infrastructure and ESG experience, Neil Krawitz actively contributed to further development of the GRESB standards, on behalf of Arcus.
Outcome	Through the participation, Arcus continues to have access to thought leadership by fellow ESG front runners in the infrastructure sector. Arcus can contribute to shaping the future of an important ESG infrastructure benchmark and align its own ESG strategy with the best practice of others. In 2022 the GRESB standard improved or adopted amongst others the following ESG factors: net zero, carbon reduction targets, physical and transitional climate change impact assessments and Diversity, Equity and Inclusion (DEI). In the same year Arcus made a public net zero commitment, and continued to prioritise the assessment of climate change risks and opportunities of its portfolio. Furthermore Arcus adopted a dedicated DEI policy. Through these initiatives Arcus seeks to continuously improve its approach and maintain its position as an ESG sector leader.

The contact details for Arcus for the purpose of cooperation amongst institutional investors are:
Martine Van Oppenraaij, Risk & Compliance Director, Netherlands Office or
Neil Krawitz, Head of ESG and Asset Management, London Office.
Both can be reached by calling +44 207 832 3400

PRINCIPLE 11

PRINCIPLE 11 – ESCALATION

ARCUS RESPONSE

Arcus is an equity investor in private unlisted businesses and as a result does not generally interact or have a need to influence public issuers. However, as an active asset manager, our stewardship of investee companies through having controlling interests is a critical component of our investment strategy. In particular, our key focus areas (and, consequently, the areas where escalations may occur) are: business strategy and performance, leadership and separation of non-executive board members from day-to-day management; effectiveness of the board in monitoring the company and executive management performance in the context of private investments; and risk management, accountability and executive remuneration.

The relevant Arcus Asset Manager is appointed to the board of each of our investee companies, and will take an active role in considering governance, risks, strategy, business plan, and to perform ongoing monitoring of financial, operational and sustainability matters and returns. For many of its investments, Arcus often appoints a second board director, who acts as a second pair of ears and eyes at board meetings, and as a sounding board for the Asset Manager. Arcus has developed sound relationships with investee company management teams and the Asset Manager maintains regular contact (both formally and informally) and strong professional relationships with key investee company management. Arcus understands and respects the proper boundaries between company executive management and non-executive board members, and consistent with always respecting these boundaries, we are quite certain that our views, as expressed to company management or during board meetings, are consistently factored into key decisions. We do not employ formal tools to evaluate these discussions but, through our active management approach, can monitor responses and outcomes achieved.

Additionally, by having seats on the boards of investee companies we influence strategy and set key objectives for management that align with delivering stakeholder value over the long term.

Each Asset Manager is also responsible for the preparation of information for Arcus to satisfy its reporting obligations to investors, communicating effectively and on a timely basis, to provide updates on the performance of the investments for the purposes of quarterly and annual reporting.

Given Arcus' hands-on approach, the requirement for escalation of stewardship activities is a rare occurrence. Our controlling shareholder interests generally allow Arcus to direct management team activities as and when required, although Arcus very much tries to operate in the main through solid/logical argument, persuasion and consensus whenever possible. As a result, Arcus was not required to escalate any engagement in the reporting period. The ongoing dialogue between the dedicated Arcus asset management team and the management teams of the investee companies ensures strong alignment in strategic initiatives and responsible business management.

PRINCIPLE 12

PRINCIPLE 12 – EXERCISING RIGHTS AND RESPONSIBILITIES

ARCUS RESPONSE

Arcus is an active asset manager in unlisted or private markets equity investments. Arcus generally holds greater than 50% shareholdings, meaning we have control or significant influence over the investee company. Material decisions relating to the investments require Arcus approval and Arcus votes on all agenda items and resolutions for every one of our holdings, either positively or negatively (as an active manager, abstaining is not a course we would normally choose to follow). This applies to all investments at recurring board meetings, annual or extraordinary general meetings, or via written shareholder resolutions where Arcus votes.

Our ownership interests provide strong governance rights to appoint board members to holding and operational subsidiaries of the investee company, where we appoint Arcus representatives and/or independent directors. The independent directors appointed by Arcus are specifically sourced for their experience on the geography and/or the knowledge of the specific asset classes of the investment. The Arcus appointed board members exercise their rights and responsibilities through consistent attendance of board meetings as set out in the table below.

12.1 BOARD ATTENDANCE

ARCUS BOARD MEMBERS (AS AT 31 DECEMBER 2022)		NO. OF ARCUS BOARD SEATS	2022 ATTENDANCE
Alpha Trains	Jack Colbourne, Manuela Abreu*	2 of 6 Seats	93%
Brisa	Daniel Amaral	1 of 12 Seats	100%
Constellation	Jordan Cott, Stuart Gray, Theo van Sambeeck (Arcus senior adviser)	3 of 6 Seats	96%
E-Fiber (realised)	Jack Colbourne, Jordan Cott	2 of 4 Seats	100%
GTC	Ian Harding, Stefano Brugnolo	2 of 4 Seats	88%
Horizon	Simon Gray, Stefano Brugnolo, Mark Cresswell	3 of 8 Seats	100%
HB RTS	Jordan Cott, Lisero Perez, Peter Willems (Arcus senior advisor) and Michael Heinkenfeld (Arcus senior advisor)	4 of 6 Seats	94%
Momentum	Stefano Brugnolo, Leo Kwan	2 of 4 Seats	100%
Opus	Michael Allen, Daniel Amaral	2 of 3 Seats	100%
Peacock	Jenni Chan, Neil Krawitz	2 of 4 Seats	100%
SMA	Christian Scott-Mackenzie, Stefano Brugnolo, Mark Cresswell	3 of 7 Seats	100%
S4N	Christopher Ehrke, Jack Colbourne	2 of 3 Seats	100%
TDF	Christopher Ehrke	1 of 10 Seats	100%
Workdry	Jordan Cott, Jake Woolfstein, Ian Harding	3 of 6 Seats	100%

The shareholders' agreements we enter in relation to the private investments set out delegated authorities given by the shareholders to the investee company boards. Our board representatives then vote, when required, in their capacity as board members. Arcus representatives vote on all agenda items and resolutions. ESG factors are standing topics on the board agenda and Arcus-appointed directors are motivated to promote stewardship and good corporate governance as part of their fiduciary duty to Arcus, its investors and other stakeholders. Where matters exceed or are outside of delegations, shareholders' resolutions are required to approve those matters, if acceptable.

Given the nature of unlisted investments and only investing in private companies, it is not always appropriate to disclose voting procedures or events voted on; matters being voted

*Audrey Lewis until 31 July 2022, Manuela Abreu from 1 August 2022.

PRINCIPLE 12 (CONTINUED)

on would be confidential as required by the shareholders' agreements in place with fellow shareholders and the investee company. We report quarterly on a private basis to our investors on material developments and events in our investee companies (including material matters considered by the board during that quarter) as outlined in Principle 6.

Arcus holds regular investor conference calls to discuss the investment performance incorporating the material board decisions. Investors have access on those calls to direct any questions they have or at any time on an ad-hoc basis, including on how we have voted.

Where material events occur relating to Arcus' investments that can be disclosed in the public domain, Arcus makes announcements on its website.

Arcus does not use the services of a proxy or voting advisers.

Arcus does not make stock for any listed security available for stock lending.

CASE STUDY	EXERCISING OUR RESPONSIBILITY TO INFLUENCE INVESTEE COMPANY POLICY
Objectives	As outlined in this principle, as part of the investment strategy Arcus seeks out investment opportunities that allow a greater than 50% shareholdings, meaning we have control or significant influence over the investee company. This enables Arcus to put in place an appropriate governance structure, set up formal board meetings and implement relevant board reporting and procedures.
Actions taken	In September 2022 Arcus acquired a c.83% interest in Workdry. The board of directors includes three Arcus staff members, two management team members of the company and a representative of the minority shareholder, providing Arcus with a position with significant influence over the investee company. As outlined in 12.1 board attendance overview the Arcus-appointed board members attended 100% of the board meetings during the reporting period.
Outcome	As the Workdry case study on shareholder leadership outlined in Principle 9 demonstrates, board seats and board attendance enable the Arcus asset management team to actively guide the management teams of investee companies to adopt, in this case, an ESG policy where the company didn't previously have a formal ESG policy.

GLOSSARY

Term	Definition
Advisory Board	A committee consisting of representatives of investors in AEIF1 and/or AEIF2, which will review, inter alia, AEIF1's or AEIF2's investment strategy and performance and any actual or potential conflicts of interest
AEIF1	Arcus European Infrastructure Fund 1
AEIF2	Arcus European Infrastructure Fund 2
AEIF3	Arcus European Infrastructure Fund 3
AGM	Annual General Meeting (of Limited Partners)
AET	Arcus European Trains SCSp
AIF	The Alternative Investment Funds (as defined in the Alternative Investment Fund Managers' Directive) managed by Arcus from time to time, including the AEIF1, AEIF2, AEIF3 and AET
AIFM	An Alternative Investment Fund Manager bound by AIFMD regulation
AIFMD	The Alternative Investment Fund Managers Directive, the regulation by which AIFMs are bound
AIP	Arcus Infrastructure Partners LLP
AEIM	Arcus European Investment Manager LLP
AIS	Arcus Infrastructure Services
Alpha Trains	Europe-wide rolling stock lessor (Arcus' Managed Account)
Asset Manager	The asset manager appointed by Arcus for each investment asset, having day-to-day responsibility for the services performed by Arcus in connection with that asset
AuM	Assets Under Management
Brisa	Toll road operator in Portugal (Arcus' Managed Account)
COBS	FCA Conduct of Business Sourcebook
Contractor	An agency worker or an independent contractor required to provide services on Arcus premises under the instruction or supervision of an Employee or Member
Constellation	Constellation Cold Logistics, A cold storage infrastructure platform, aggregating four AEIF2 portfolio companies: Glacio, Lintelo, Stockhabo and HSH Cold Stores
E-Fiber	Fibre-to-the-home business based in the Netherlands (AEIF2 portfolio company)
Employee	An individual with a contract of employment with Arcus
ESG	Environment, Social, Governance
ESG Committee	The ESG Committee of Arcus as constituted from time to time
ESG risk or sustainability risk	An environmental, social or governance event or condition which, if it occurs, could cause an actual or a potential material negative impact on the value of an Investment
Ethics Committee	The ethics committee of Arcus as constituted from time to time
FCA	Financial Conduct Authority
FSB	Fund Supervisory Board
FTE	Full time equivalent
Funds	AEIF1, AEIF2, AEIF3 and AET (as relevant)
GHG	Greenhouse Gas
Glacio	Cold chain infrastructure business in Norway (AEIF2 portfolio company, part of Constellation Cold Logistics)

GRESB	Global Real Estate Sustainability Benchmark
Gdansk Transport Company	Toll road operator in Poland (Arcus' Managed Account)
GWP	Global Warming Potential
HB RTS	HB Returnable Transport Solutions is a leading provider of critical logistics solutions to the Dutch food and retail industry (AEIF2 portfolio company)
Horizon Energy Infrastructure	A UK-based smart metering asset provider (AEIF2 portfolio company)
HSH Cold Stores	Cold chain infrastructure business in the UK (AEIF2 portfolio company, part of Constellation Cold Logistics)
IBC	Infrastructure Benchmark Committee
iCI	initiative Climat International
Investment	Any investment made by any Fund or Managed Account from time to time
IC	The investment committee of Arcus as constituted from time to time
Investor	An investor in AEIF1 or AEIF2 or AEIF3 or another fund or investment vehicle managed or advised by Arcus from time to time
ISC	Infrastructure Standards Committee
Lintelo	Cold chain infrastructure business in the Netherlands (AEIF2 portfolio company, part of Constellation Cold Logistics)
Managed Account	Any Arcus managed or advised investments (other than the Funds)
Managing Partner	Any individual(s) elected to the role of managing partner or co-managing partner from time to time
Manco	The management committee of Arcus
Member	A member of AIP
MiFID	Markets in Financial Instruments Directive
PAI or PAIs	Principle Adverse Impacts (in context of SFDR)
PRI	Principles for Responsible Investment
SDGs	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation: EU's Regulation on sustainability-related disclosures in the financial services sector
SMCR	Senior Managers & Certification Regime
Stop List	The list of companies maintained by Head of Compliance and Risk in which personal account trading is prohibited
Swiss4net	Fibre-to-the-home business based in Switzerland (AEIF2 portfolio company)
TCFD	Task Force on Climate-related Financial Disclosures
TDF	Broadcasting tower and FTTH infrastructure operator in France (Arcus' Managed Account)
UNGC	United Nations Global Compact
UNPRI	United Nations Principles for Responsible Investment

APPENDIX

ARCUS CONFLICT OF INTEREST POLICY

Arcus has a duty to act in its investors' best interests and is required to put the interests of its investors ahead of its own and to ensure that all investors are treated fairly. Members, Employees and Contractors must always act honestly, in good faith and in a manner which is in the best interests of investors.

Members, Employees and Contractors must not:

- Misuse their position within Arcus, or use information they receive in the course of their employment, to produce a personal benefit to themselves, their family or friends, or any other person or to cause detriment to Arcus;
- Participate in any activity or employment which may compete or conflict with the interests of Investors of Arcus or Arcus itself; or
- Participate in acts and/or decisions on behalf of Arcus where dealing with an entity in which that Member, Employee and Contractor has a material personal interest, a role as officer or other duty or a personal relationship with a person who has a role with the counterparty to the transaction being considered that may give rise to a conflict.

Arcus will take all reasonable steps to avoid conflicts of interest, and when they cannot be avoided, to manage, monitor and (where applicable) disclose conflicts of interest.

SCOPE

A conflict of interest may arise if competing professional, personal obligations or financial interests prevent an employee from carrying out his or her duties in a fair, honest and transparent manner. Even if there is no clear conflict of interest it could be perceived by an independent person, or a member of the public, that there could be one.

A conflict of interest could occur between the interests of Arcus regulated entities; Funds; our Investors; business partners; employees; Members/Partners, Board or Manco members; and Investments and AIP as shareholder.

A conflict of interest could impair the integrity and fairness of the Investments Arcus delivers and the decisions taken by staff and management. Conflicts of interest can lead to legal, regulatory, integrity and reputational risks and could even result in criminal prosecution, civil claims by stakeholders or other involved parties, and administrative/criminal sanctions being imposed by regulators. It's therefore essential for Arcus to be able to identify conflicts of interest and manage the risks deriving thereof in a timely and effective manner.

IDENTIFYING CONFLICTS OF INTEREST

Each and every conflict of interest situation can be unique. Arcus, its Members, Employees and Contractors need to identify any persons or entities whose interests they must take into account in their proposed activity and must evaluate any potential conflict of interest that may arise.

A conflict of interest is considered to be the real or potential conflict between the interests of two different parties in relation to the same matter. A conflict of interest may exist even if no unethical or improper act(s) result but there is the potential for the appearance of impropriety, which can undermine confidence in, or the reputation of, Arcus. The key element of any conflict of interest is a divergence of interests between a person or firm and the interests of the other person or firm to whom a duty is owed. Conflicts of interests may arise through a fiduciary relationship, legal/statutory duties or regulatory requirements.

Managing conflicts of interest, starts with recognising conflicts of interest. To determine this, one should always start by considering:

"Could the situation lead to lack of trust or negative impact by our investors? Do we act as promised and do we always put the investor's interest first?"

The following interests can be distinguished:

- Financial interests: This is where an individual may get direct financial benefits.
- Non-financial professional interests: This is where an individual may obtain a non-financial professional benefit such as increasing their professional reputation, status or promoting their professional career.
- Non-financial personal interests: This is where an individual may benefit personally in ways which are not directly linked to their professional career and do not give rise to a direct financial benefit.
- Indirect interests: This is where an individual has a close association with an individual who has a financial interest, a non-financial professional interest or a non-financial personal interest.

At a minimum Arcus, is required to identify conflicts of interest that arise in the course of conducting business between:

- Arcus, its Members and Employees, Funds or Managed Accounts and any investor(s);
- The Funds or Managed Accounts or the Funds or Managed Accounts Investors and another investor of the Funds or Managed Accounts or its investors;
- One investor and another investor;

together with any other matter that may be a conflict of interest or potential conflict of interest under the terms of an LPA.

In order to determine whether a conflict of interest is applicable Arcus must take into account the following factors:

- Arcus or any of its Members, Employees or Contractors is likely to make a financial gain, or avoid a financial loss, at the expense of the investor;
- Arcus or any of its Members, Employees or Contractors has an interest in the outcome of a service provided to an investor, or a transaction carried out for an investor, which is distinct from the investor's interests in that outcome;

APPENDIX (CONTINUED)

- Arcus or any of its Members, Employees or Contractors has a financial or other incentive to favour the interests of one investor over the interests of another investor;
- Arcus carries out the same business activities as the investor; and
- Arcus or any of its Members, Employees or Contractors will receive from a person other than the investor an inducement related to a service provided to the investor in a form other than standard fees for such service.

To identify conflicts of interest that might occur with respect to any investor, new investors are screened for potential conflicts of interests as part of the investor onboarding process.

Following identification of a conflict of interest, Members, Employees and Contractors should follow the guidance set out in this Policy. If any Members, Employees or Contractors remain unsure how to handle/manage a conflict of interest, they should contact the Compliance Function.

In the event a material conflict cannot be avoided, or falls outside the existing framework, the Compliance Function will request an Ethics Committee meeting to consider the issue. Any member of the Ethics Committee who is subject to the conflict will not be able to vote on any resolution of the conflict.

HOW TO SELF-ASSESS?

To help you assess and recognise a conflict of interest, there are a number of questions you should ask yourself. In case you can answer one of these the questions with "yes", then this is considered as a (potential) conflict of interest. It's a conflict of interest where a material conflict does occur and a potential conflict, when it is a possibility:

1. Is it in contradiction with Arcus' Code of Conduct, Values or any other Policies?
2. Could it lead to a breach of the Banker's Oath?
3. Does it give you or your immediate family member a personal/financial gain?
4. Could it have a negative impact on Arcus or its investors?
5. Is it disproportionate considering the circumstances?
6. Is the situation arising during a negotiating period of a new contract or are you an advisor in the contract?
7. Could acceptance lead to an advantage for yourself and a disadvantage for Arcus?
8. Could it be confusing to distinguish your personal activities from your professional activities?

MANAGING CONFLICTS OF INTEREST

Where a conflict of interest has been identified and cannot be avoided Arcus will put in place effective procedures to manage the conflict of interest to minimise the potential risk of damage to the interests of the investor. Such procedures include:

- Chinese walls and other appropriate information protocols;
- Segregation of functions;
- Independent supervision;
- Removal of direct remuneration incentives;
- Avoiding inappropriate influence being brought to bear in the way investors are treated;
- Operations of dual controls; and
- Policies in relation to Members, Employees and Contractors personal interests, such Personnel section above.

If it is determined that a potential conflict of interest cannot be managed using one of the methods set out here, then the conflict of interest must be avoided by, for example, declining to participate in the proposed transaction/activity; or updating the Stop List, which restricts the ability for Members, Employees and Contractors to enter into personal transactions in securities of particular companies.

The Manco may approve arrangements to manage the conflict for Arcus-related matters and any MiFID business.

To the extent that a conflict of interest or potential conflict of interest arises under a LPA, Arcus must also follow the procedure set out in the relevant LPA to resolve the matter including, where relevant, referral to the applicable Advisory Board. Further detail on the role of the Advisory Boards is set out in the Corporate Governance Manual.

POTENTIAL CONFLICTS OF INTEREST

Within Arcus there are several members who have more positions or similar roles in other Arcus entities. Since the entities and the funds are not competing, this is not considered a conflict of interest. Whenever one person has dual or more positions in different entities, this will be considered and examined.

Arcus associates: the allocation of opportunities applies across all associated entities in the Arcus group, regardless of which entity originated that opportunity.

Exits/Fund Conflicts: as the manager of a fund, we must refer any conflicts of interest between Arcus and the fund or its investors, to an advisory board of the investors or to the investors, including exit of investments to other fund investors or another entity managed by Arcus.

Co-investment: we must allocate co-investment opportunities in accordance with any co-investment protocol established in the fund agreements. Such agreements would typically allocate investments based on a combination of timing of commitment to fund close and quantum of commitment to the fund.

MONITORING CONFLICTS OF INTEREST

To manage potential conflicts of interests there are a few ground rules to be followed, dependent upon the different types of situations. These rules serve as protection of Arcus's reputation, the investors interest and even to prevent circumstances that could be perceived as corruption.

Arcus has prepared an inventory of the various conflicts of interests which it has identified based upon the services it provides to investors.

The Compliance Function maintains the Stop List, personal account trading records and the gifts and entertainment register.

APPENDIX (CONTINUED)

Members, Employees and Contractors should document and retain records of the steps which they have taken in order to identify, evaluate, manage and monitor a conflict of interest. Members, Employees and Contractors must cooperate with, and make available, copies of all relevant documents to the relevant Compliance Function, General Counsel, the Board and management as and when required.

All records relating to conflicts of interests must be retained for five years.

REPORTING OF OUTSIDE ACTIVITIES

Arcus encourages employees to engage in outside activities as these activities could contribute in being an active member in the community and gives the opportunity to grow and develop. However, some activities might conflict with Arcus's values, purpose, or business activities. Therefore, all outside activities need to be reported, except for activities that are exclusively social and have no risk of any appearance of conflict of interest.

Always inform your manager of your outside activities. Your manager can help you assess and is in the position to judge on conflicting purposes. Are you also one of Arcus' representatives on for example social media? This should be taken in to account as your influence on Arcus' reputation will have more impact.

To protect Arcus, our investors and yourself a few rules that need to be followed:

1. Discuss the outside activity with your manager to assess whether the activity could be potentially conflicting with Arcus' activities or could be perceived as such;
2. Discuss the hours to be spent to assess if you have enough time to commit to Arcus and to wind down from work;
3. Discuss any form of remuneration or advantages the outside activities brings;
4. Report the outside activity;
5. Was your outside activity from the past (not older than 12 months) and can this still be of impact on your participation or decision making? Then you should also report the outside activity.

REPORTING OF MATERIAL INTERESTS

A 'material interest' means a directorship, an ownership of an equity interest (stocks, investments income, etc.) aggregating to 5% or more of the total equity of a firm or corporation, or an equity interest aggregating to more than 30% of one's total personal investment portfolio.

As follows from the above, a conflict of interest could arise in situations in which an Arcus employee or an immediate family member of the employee has a material interest. An 'immediate family member' means a spouse or spousal equivalent, parent, child, brother, sister or another close relative.

As a rule, all material interests in line with the above definition need to be reported.

BREACHING THE RULES ON CONFLICTS OF INTEREST

Breaching the Conflicts of Interest Policy by not reporting any of the above-mentioned situations is treated seriously. By being transparent and open on anything that could potentially be of harm on Arcus and its investors, we live up to our purpose.

Therefore, you will be requested to declare that you have reported all potential conflicts on an annual basis. This will also serve as a reminder on situations you haven't been aware of and gives you the opportunity to set things right.

In case there are indications that potential conflicts of interest are not reported, this will be treated as an integrity incident and will be followed-up by an Integrity incident -investigation.

MEMBERS AND (INDEPENDENT) BOARD MEMBERS

To avoid any semblance of conflicting situations, the members of Arcus and (Independent) Board members need to observe additional requirements to maintain good governance and well-balanced decision making, regarding Arcus and its investors interests:

1. Members and (Independent) Board members may not hold directorships in competing institutions, unless they are institutions that belong to the same institutional protection scheme;
2. Accepting outside activities by one of the Members and (Independent) Board members should be discussed and noted in writing via a formal Board meeting; the Director Risk and Compliance together with the General Counsel are requested to provide an advice;
3. Members and (Independent) Board members abstain from voting on any matter where a member has or may have a conflict of interest or where the member's objectivity or ability to properly fulfil duties to the institution may be otherwise compromised; these identified conflicts need to be documented;
4. Before engaging in a new contract partner (professional relation) potential conflicts of interests (directorships, affiliated immediate family members or other close personal relationships) need to be identified and documented on the level of Members and (Independent) Board members;
5. Material interests (being a shareholder with a significant interest as described in section Reporting of Material Interests) of Members and (Independent) Board members need to be identified and documented;
6. In the situation where one of the Members and (Independent) Board members has a direct (financial) or indirect (financial) interest (via immediate family members) when engaging with professional relations, the independence to objective and impartial decision making becomes at risk. In these circumstances, the Risk and Compliance Director together with the General Counsel are requested to provide advice;
7. Members and (Independent) Board members abstain from voting on any matter where a member has or may have a conflict of interest or where the member's objectivity or ability to properly fulfil duties to the institution may be otherwise compromised.

APPENDIX (CONTINUED)

All actual and potential conflicts of interest at management committee or board level, individually and collectively, should be adequately communicated to Compliance and will be documented in the Conflicts of Interest register.

DISCLOSURE OF CONFLICTS OF INTEREST

Where a conflict has been identified and cannot be effectively managed with reasonable confidence to prevent the risk of damage to the relevant investor, Arcus will provide the investor with information detailing the general nature and/or sources of conflict of interest before undertaking business with that investor. Such disclosure will be made in a durable medium.

The assessment of what disclosures are appropriate will depend on individual facts and circumstances including: the nature of the conflict of interest; and the level of sophistication of the parties affected.

Any disclosure must be sufficient to allow the affected party to make an informed assessment of the conflict situation so they can exercise their discretion whether to provide consent regarding Arcus' activity or service in the context of which the conflict of interest arises. Tools for disclosure include:

- Engagement or mandate letters;
- Contracts and agreements;
- Formal and informal correspondence;
- Management Committee/Investment Committee meetings and minutes; or
- Information Memorandum, offer documents etc.

The form and content of disclosures and what constitutes the appropriate level of consent should be discussed with both the relevant Compliance Function and the General Counsel.

ROLES AND RESPONSIBILITIES IN RELATION TO CONFLICT OF INTEREST

Employees

- Are expected to avoid (the appearance of) conflicts of interests and act in the best interest of investors and Arcus;
- Must self-assess to see if they can be potentially conflicted guided by means of this policy;
- Are requested to declare on an annual basis that all (potential) conflicts of interests are reported via Compliance.

Management

- Are expected to assess any reported potential conflicts of their employees;
- Approve reported gifts and outside interests;
- Request Compliance for advice when they are in doubt and investigate proportionate restrictive measures in case a gift or outside interest could potentially be conflicted.

Compliance

- Provides advice to employees and management on conflicts of interests, where appropriate suggesting preventive measures;
- Educates and raises awareness on how to identify conflicts of interest and where to report conflicts of interests;
- Escalates and reports any relevant issues to the relevant Board or Management Committee in case a conflict of interest is identified;
- Monitors the operational effectiveness of this policy.

Board and Management Committee

- May impose further measures if/when necessary;
- Receives and reviews the reports on (potentially) identified Conflicts of interest on a frequent basis;
- Decides on possible additional measures to be implemented based upon a Compliance advice.

CONTACT

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