Arcus Infrastructure Partners
Sustainability Report 2020

We invest
We manage
We grow

arcus
INFRASTRUCTURE PARTNERS

Contents

Proven sustainability leadership

Creating value in European mid-market infrastructure investments

Arcus is an independent European infrastructure investment manager focused on three sectors: telecoms, transport and energy.

Our experienced and diverse team, proven investment strategy and repeatable approach to value creation enable us to deliver strong returns across the investment cycle.

Company Overview

EXPERIENCED, DIVERSE AND STABLE TEAM

53
PEOPLE

30
INVESTMENT PROFESSIONALS

60/40%
MALE / FEMALE GENDER SPLIT

26%
FEMALE SENIOR MANAGEMENT*

5
EUROPEAN OFFICES

11
YEARS AVERAGE EXPERIENCE IN INFRASTRUCTURE ACROSS THE INVESTMENT TEAM

PROVEN ABILITY TO CREATE VALUE ACROSS WHOLE PORTFOLIO

12
INVESTMENTS**

€6.0bn
ASSETS UNDER MANAGEMENT

€5.6bn
TOTAL PROCEEDS ACROSS THE PORTFOLIO

* Defined as Arcus Partners, senior investment team and key functional roles in compliance, risk and finance
** As at 31 December 2020, including existing and realized investments

Arcus at a Glance

EXPERIENCED, STABLE TEAM

30 investment professionals

5 offices

21 years' average Partners experience in infrastructure

14 years, Partners working together

70+ transactions

DEFINED MARKET OPPORTUNITY

Europe

Mid Market Value-Add

Telecom

Transport

Energy

FOCUSED ASSET SELECTION PROCESS

168 opportunities reviewed in the last 12 months[1]

REPEATABLE APPROACH TO VALUE CREATION

Shareholder Leadership	Management Excellence
Strategy & Operations	Finance & Reporting

[1] 12 months to 31 December 2020

Our Portfolio

The Arcus portfolio as at 31 December 2020

ALPHA TRAINS

Sector	Transport Railway Rolling Stock
Vehicle	Managed Account
Investment year	2008
Country	Luxembourg
Interest Managed	51%
Employees	121

Brisa

Sector	Transport Toll Roads
Vehicle	Managed Account
Investment year	2007
Country	Portugal
Interest Managed	81%
Employees	2,844

CONSTELLATION COLD LOGISTICS

Sector	Transport Cold Storage Logistics
Vehicle	AEIF2
Investment year	2019
Country	Luxembourg
Ownership	100%
Employees	230

efiber

Sector	Telecoms Fibre Network
Vehicle	AEIF2
Investment year	2018
Country	Netherlands
Ownership	98%
Employees	13

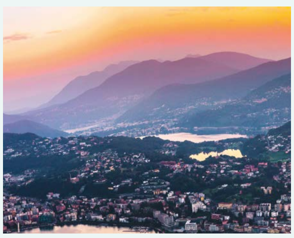
GTC

Sector	Transport Toll Roads
Vehicle	Managed Account
Investment year	2016
Country	Poland
Interest Managed	76%
Employees	12

horizon ENERGY INFRASTRUCTURE

Sector	Energy Smart Metering
Vehicle	AEIF2
Investment year	2019
Country	United Kingdom
Ownership	100%
Employees	20

swiss4net open fibre access



Sector	Telecoms Fibre Network
Vehicle	AEIF2
Investment year	2018
Country	Switzerland
Ownership	78%
Employees	6

tdf

Sector	Telecoms Telecommunications Towers
Vehicle	Managed Account
Investment year	2015
Country	France
Interest Managed	45%
Employees	1,847

Post 31 December 2020 Arcus has made two new investments, Peacock Leasing and Smart Meter Assets as well as follow-on investments for AEIF2 assets. These investments are not included in the 31 December 2020 aggregate Arcus portfolio statistics but information on the two investments is included in section 3 on pages 50 and 52.

LETTER FROM ARCUS CO-MANAGING PARTNERS

2020 – Resilience & stability in the face of a global pandemic

Dear Arcus stakeholders,

We are pleased to publish the second annual Sustainability Report of Arcus Infrastructure Partners LLP ("Arcus" or "we") for the year ended 31 December 2020. The Sustainability Report provides a short summary of Arcus' approach to ESG and reports on key 2020 initiatives, as well as providing an update on recent ESG activity at our investee companies. The report complements each of our individual Funds' Quarterly and Annual Reports which are provided exclusively to their respective investors.

Arcus believes that the provision of high-quality infrastructure is critical to Europe's future economic growth, environmental protection, societal development and to the reduction of inequality. As an asset manager, we systematically integrate the evaluation of ESG risks and opportunities into our origination, asset management and exit decisions.

Our focus on assessing and managing ESG risks and pursuing ESG opportunities relevant to infrastructure stems from our desire to act in the best interests of our investors and other stakeholders and 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.

Since its formation in 2009, Arcus has focused on responsible investment as a key component of its investment strategy, with detailed origination, due diligence and asset management processes for each of the environmental, social and governance areas. This approach was formalised in July 2014 with the development of Arcus' first ESG Policy, which has since been reviewed and revised annually, most recently in March 2021, and which is available on our website. In 2016, Arcus appointed a Head of ESG and formed an ESG Committee. The ESG Committee's performance was last reviewed by the Management Committee in December 2020 and the committee met quarterly during 2020.

Arcus is a signatory to the UN Principles for Responsible Investment ("UNPRI"), the UN Global Compact ("UNGC"), the Task Force on Climate-related Financial Disclosures ("TCFD"), the UK Stewardship Code, and is a member of GRESB Infrastructure, Invest Europe, the Global Infrastructure Investor Association ("GIIA") and the British Venture Capital Association ("BVCA"). Two subsidiaries of Arcus, Arcus European Investment Manager LLP ("AEIM") and Arcus Infrastructure Services LLP ("AIS"), are authorised and regulated by the UK's Financial Conduct Authority ("FCA").

ARCUS BUSINESS UPDATE

It goes without saying that 2020 was a difficult and unprecedented year, with the European economy dipping into sudden and sharp recession due to the COVID-19 pandemic, and subsequently beginning a subdued recovery in Q3 and Q4, thanks to the development of vaccines, substantial support from monetary and fiscal policies of respective governments and the rapid response of individual businesses.

Notwithstanding the wider global macro and significant health challenges resulting from the COVID-19 pandemic, 2020 was a good year for the Arcus business and was accompanied by steady operating and financial performance across the portfolio. Arcus continued to apply its intensive asset management approach to all investments in its portfolio.

Arcus' business continuity plan was formally activated on 16 March 2020 in response to the onset of the COVID-19 pandemic and in line with government guidance at the time that required offices to close. The team has seamlessly moved to remote working, with all IT and other systems working properly and employees remaining safe and well. No employee has reported a case of COVID-19 requiring medical intervention.

LETTER FROM ARCUS CO-MANAGING PARTNERS (CONTINUED)

Arcus itself and all investee companies were able to continue to operate effectively throughout the COVID-19 pandemic due to regular previous investment in IT systems, effective communication, Arcus' culture and employee engagement. We are pleased to report that all of our investee companies showed a high level of resilience during 2020 and none of them faced serious financial issues during this period or breached any financial covenants.

At the time of writing (June 2021) the team is continuing mainly to work from home after briefly having returned to the office on a carefully controlled voluntary basis in summer 2020.

In October 2020, Arcus completed the sale of the sixth and final investment in Arcus European Infrastructure Fund 1 ("AEIF1"), Brisa, which was sold to a consortium of APG Asset Management, Swiss Life Asset Management and National Pension Service of Korea. We are extremely pleased with the conclusion of the sale of Brisa and the outcome delivered for AEIF1 and its LPs, following 13 years of managing AEIF1 and its investee companies. AEIF1 performed in the top quartile of 2007 vintage funds according to Preqin.

In April 2020, Arcus held its final close for Arcus European Infrastructure Fund 2 ("AEIF2"), reaching total aggregate commitments of c. €1.22bn, representing commitments from 32 international investors. At the beginning of 2020, AEIF2 launched the Constellation Cold Logistics platform, with the acquisition of the Lintelo and Stockhabo cold storage transportation businesses, which followed the acquisition of Glacio in 2019. In December 2020, Constellation executed documentation to acquire a majority stake in HSH Cold Stores Limited ("HSH"). HSH is a family-owned, multi-facility cold storage and transport logistics company headquartered in Grimsby, an important fishing port located in the north east of the UK.

In February 2021, Arcus completed the acquisition on behalf of AEIF2 of Peacock Leasing, an ISO tank container leasing business based in Rotterdam and Singapore, that owns intermodal assets used in the transport of liquids and liquified gases globally. Arcus had been analysing the tank container sector during 2020 in advance of this acquisition and had considered several potential targets whilst carefully assessing the market performance during the COVID-19 pandemic. Arcus intends to grow this business through organic growth and acquisition, with a significant bolt-on acquisition of the Gem container assets announced in April 2021. Following the acquisition of the GEM portfolio, Peacock is now the sixth largest tank container leasing company globally.

In May 2021, Arcus also completed the acquisition of Smart Meter Assets, which provides long-term rental of smart meters to independent energy supply companies in the UK. We believe this will be a strategic acquisition for Arcus and one that will bring value and further scale to our metering strategy.

With strong investment activity in 2020 and the early part of 2021, AEIF2 is now c. 44% invested with good portfolio diversification consistent with its investment strategy. All investments are high-quality, European, mid-market companies in the telecommunications, transport and energy sectors.

As part of the separate Managed Account programme, Arcus was requested to provide ongoing management services for an 81.1% interest in Brisa in 2020. The three other investments in the Managed Account programme, namely Alpha, GTC and TDF, continued to perform well.

During the course of the year, Arcus strengthened its team with eight new hires. Feriel Feghoul joined the investment team as a Senior Investment Director alongside three Senior Investment Executives, three Investment Executives and a Corporate Paralegal. At the end of December 2020, Arcus' total headcount stood at 53 team members split across our five European offices. Staff turnover during the year was very low, with only one junior person leaving the team.

Arcus made several promotions during the year. In February 2020, Arcus announced the promotion of Jordan Cott to Partner. Jordan has been with Arcus since 2016 and is the asset manager and a board member for Constellation, as well as a board member for E-Fiber.

ARCUS ESG UPDATE

Arcus completed a number of improvements to its ESG management, collaboration and asset management initiatives during 2020 including enhancing its ESG policy, implementing TCFD reporting, continuing to improve the investee company ESG policies, procedures and reporting, encouraging portfolio companies to target implementation of the UN Sustainable Development Goals ("SDGs") and continuing to work with our peers to advance the infrastructure industry's management of ESG. Arcus undertook an IT review in February 2021 which included a Penetration Test designed to test the resilience of Arcus' IT systems such as internet facing servers and firewall. The test successfully concluded that Arcus' IT system is secure and resilient to cyber attacks.

LETTER FROM ARCUS CO-MANAGING PARTNERS (CONTINUED)

This strong ESG performance has been recognised with Arcus being named by GRESB as Sector Leader in the Global Diversified Fund and the Global Sector Specific Fund excluding (renewables) categories. Arcus was also named as the GRESB European Sector Leader in 2020 for our sustainability leadership and commitment. Arcus portfolio companies also performed very well in GRESB with each of GTC, Brisa, Swiss4Net and TDF being ranked first in their respective industry peer groups. All six reported portfolio companies received a 5-star rating. Arcus also improved scores for both categories in the PRI, achieving the maximum points available. These outstanding results further reinforce our commitment to sustainability and responsible investing.

Arcus has been a signatory of the United Nations Global Compact ("UNGC") since the beginning of 2020 and supports the Ten Principles covering human rights, labour, environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our business. Our commitment is reinforced by our approach to sustainable investing described throughout this report, the work we are doing to better understand climate-related risks and opportunities across our portfolio, ensuring clear policies and procedures are in place at Arcus and investee companies to safeguard relevant stakeholders and overall provision of critical infrastructure to communities to enhance quality of life. Arcus looks forward to furthering the work we do with regards to the SDGs and UNGC and improving how we report on these in the future. Pages 27-30 go into further detail on our approach.

OTHER SIGNIFICANT EVENTS

The COVID-19 pandemic is accelerating a number of trends, including the transition to greener energy, transport decarbonisation, further digitalisation and a growing requirement for widely available high-speed communications. These trends offer a supportive backdrop for infrastructure investment, especially where supported by regulation such as the European push for energy transition and the EU digital growth agenda.

Arcus and our employees supported several different charities in 2020 which helped those in need throughout the COVID-19 pandemic. More details can be found on page 23.

OUTLOOK FOR 2021

ESG has been, and continues to be, an important consideration for Arcus. We are proud of our approach to identifying, managing and improving overall ESG performance at Arcus and in our portfolio companies. We will continue to assess and develop Arcus' monitoring and management of ESG factors throughout 2021. After having achieved our goal of completing TCFD reporting for the first time in 2020, we will continue to develop and improve the quality of our disclosure in 2021, as well as working with investee companies to enhance our approach to climate change. We will also continue our participation in various sustainability working groups and committees to contribute to the shaping and improvement of the sustainability of the infrastructure asset class.

Over the course of the summer 2021, assuming circumstances permit, we intend to launch a social mobility programme for students through the Sutton Trust, a charity that focuses on improving social mobility in the UK through workplace programmes. Several Arcus employees will be hosting skills-based workshops aimed at increasing the chances of bright students from less privileged backgrounds accessing the finance sector.

We hope readers will find our Sustainability Report informative and transparent. Looking forward, we continuously strive to improve our, and our investee companies', ESG performance.

Ian Harding

Ian Harding
Co-Managing Partner

18 June 2021

Simon Gray
Co-Managing Partner

18 June 2021


PEACOCK
LEASING & RENTAL
WWW.PEACOCK.EU
CIMC TANK
PLEASE PUT LABELS HERE
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AMKD RID/ADR L4BN
UN PORTABLE TANK T11
IMPACT APPROVED
30 cbm.
4 Bar M.A.W.P.
C 19
S 21
PCVU 300028 8
AMKD
MAX GROSS: 39000 KG
85980 LB
TARE: 4180 KG
9215 LB
MPGM
ON UIC RAILWAYS
36000 KG
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AMKD RID/ADR L4BN
UN PORTABLE TANK T11
IMPACT APPROVED
PCVU 300029 3
AMKD
MAX GROSS: 39000 KG
85980 LB
TARE: 4180 KG
9215 LB
MPGM
ON UIC RAILWAYS
36000 KG
PCVU 300030 7
AMKD RID/ADR L4BN
UN PORTABLE TANK T11
IMPACT APPROVED
PCVU 300030 7
AMKD
MAX GROSS: 39000 KG
85980 LB
TARE: 4180 KG
9215 LB

Key Arcus Sustainability Highlights

Arcus believes that the provision of high-quality infrastructure is critical to Europe's future economic growth, environmental protection, societal development and to reduce inequalities.

379
TONNES OF CARBON OFFSET*

c.€45,000
AMOUNT SPENT ON STAFF TRAINING

M 68% F 32%
GENDER RATIO ACROSS ALL PORTFOLIO COMPANIES

Nil
MAJOR HEALTH & SAFETY INCIDENTS ACROSS ALL PORTFOLIO COMPANIES

Nil
MAJOR ENVIRONMENTAL INCIDENTS ACROSS ALL PORTFOLIO COMPANIES

14
LANGUAGES SPOKEN AT ARCUS

5,113
NUMBER OF EMPLOYEES ACROSS ALL PORTFOLIO COMPANIES

OUR AWARDS AND ACHIEVEMENTS

GRESB® INFRASTRUCTURE Sector Leader 2020

AEIF1 – Sectorally Diversified

Tivana – Europe

Tivana – Sector specific excluding renewables

GRESB ★★★★★ 2020

6 out of 6 Assets Achieved 5 star rating

Signatory of: PRI Principles for Responsible Investment

2020 UNPRI Assessment A+ in Strategy & Governance and A+ in Infrastructure

BVCA British Private Equity & Venture Capital Association

BVCA 2019 Responsible Investment Award Winner

ORGANISATIONS WE ARE MEMBERS/SIGNATORIES OF

Signatory of: PRI Principles for Responsible Investment

INVEST EUROPE

GRESB®

BVCA British Private Equity & Venture Capital Association **

GIIA

WE SUPPORT UN GLOBAL COMPACT

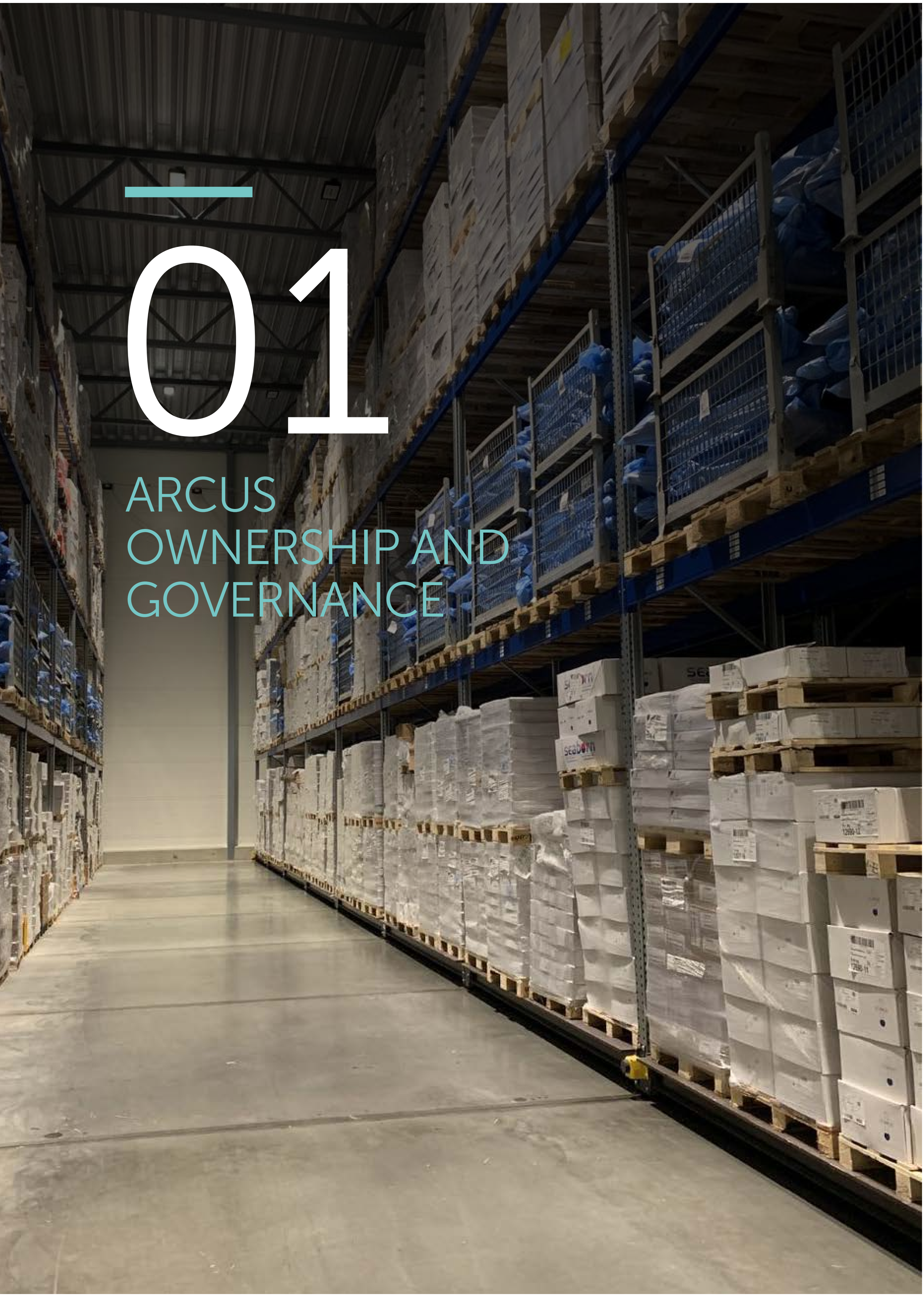
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

* Due to limited air travel in light of the COVID-19 pandemic in 2020, carbon emissions related to employee air travel were only 76 tonnes. As a result, Arcus decided to offset a number equal to our (substantially higher) 2019 carbon emissions to represent usual operating circumstances

** Membership-based organisation

01

ARCUS OWNERSHIP AND GOVERNANCE



1.1 ARCUS ORGANISATION STRUCTURE

ARCUS OWNERSHIP

Arcus is a partner-owned, independent fund manager focused solely on the European infrastructure sector. Arcus is owned by its 13 Partners, with no individual Partner owning more than 20% of the business. Twelve of the Partners work full time in the Arcus business and invest directly alongside our institutional investors in each of our investments, ensuring strong alignment between the investors in each of the pools of capital managed by Arcus and the owners of Arcus itself. Each Partner brings a different perspective on the European infrastructure market, and on average Partners have 21 years' experience working in the infrastructure industry.

The wider Arcus team includes 30 experienced investment professionals and 23 experienced operations professionals, located across five European offices. Many members of the Arcus team have worked together for more than a decade since the founding of the firm in 2009. Arcus' culture is one of collaboration and mutual respect, recognising the importance of the diverse views of all team members, and encouraging all our people to contribute to key decisions. The culture is supported by an incentive programme that shares the successes of the firm widely across investment and operations professionals, while also encouraging and rewarding outstanding individual contributions.

The firm has established robust governance structures and processes to provide strong alignment between the people in the business and the interests of our investors and other stakeholders. Arcus is structured to ensure that responsibilities for the organisation's principal activities are clearly apportioned so that management is conducted effectively, investment decisions are taken prudently and responsibly in well documented processes, and communication with investors is clear and transparent.

Two of Arcus's subsidiaries, AEIM and AIS, are authorised and regulated by the FCA. On 1 January 2021, Arcus appointed an external EU Alternative Investment Fund Manager ("AIFM")to ensure ongoing compliance with the Alternative Investment Fund Managers Directive in the management of AEIF2 and Arcus European Trains ("AET") post-Brexit. The appointed party is Carne Global Fund Managers (Luxembourg) SA. Portfolio management remains with AEIM under a delegation agreement. In parallel, Arcus has applied for the authorisation of a Dutch AIFM for the Arcus Group that will act as manager for AEIF2, AET and any future Funds. Arcus will require AEIM's continuing UK authorisation by the FCA, in which capacity it will continue as investment manager.

ARCUS MANAGEMENT POSITIONS

MANAGING PARTNERS
Simon Gray and Ian Harding are the current Co-Managing Partners and have led the business together since being elected to the positions in March 2016 by the broader Arcus Partner group. Ian and Simon are both founding partners of Arcus.

MANAGEMENT COMMITTEE
The day-to-day responsibility for management of Arcus rests with the Management Committee ("Management Committee"). The Management Committee comprises six positions, including the Co-Managing Partners, with the balance elected by Arcus' Partners on staggered two-year terms. The current members of the Management Committee are Simon Gray, Ian Harding, Toby Smith, Stuart Gray, Christopher Ehrke and Daniel Amaral. The Management Committee takes decisions on matters relating to the day-to-day management and conduct of Arcus' business but does not directly oversee the investments in AEIF2 and the separate Managed Accounts, which remains the responsibility of the Investment Committee (see page 12 below). Each Member of the Management Committee is a designated Senior Manager for Senior Managers and Certification Regime ("SMCR") purposes.


Ian Harding


Simon Gray


Stuart Gray


Toby Smith


Christopher Ehrke


Daniel Amaral

1.1 ARCUS ORGANISATION STRUCTURE (CONTINUED)

ARCUS MANAGEMENT POSITIONS (CONTINUED)

HEAD OF COMPLIANCE & RISK
Arcus has a Head of Compliance and Risk who is responsible for liaison with applicable regulators, overseeing its compliance with applicable regulations and coordinating and overseeing risk reporting.

GENERAL COUNSEL
Toby Smith is Arcus' General Counsel and is responsible for all legal aspects of the business, including Arcus' internal matters and investment transaction support. Toby approves and coordinates the use of external counsel, works closely with the Head of Compliance and Risk on matters of compliance and regulation and is supported by another senior lawyer and legal and company secretarial staff in London and Luxembourg. Toby was one of the founding Partners of Arcus in 2009.

CHIEF FINANCIAL OFFICER & HEAD OF TAX
Stuart Gray is Chief Financial Officer and Head of Tax. Stuart manages a team of three finance professionals in London and a further three team members in Luxembourg. Stuart was one of the founding Partners of Arcus in 2009.

HEAD OF ASSET MANAGEMENT AND ESG
Neil Krawitz is Head of Asset Management and ESG, with responsibility for overseeing and developing Arcus' ESG and asset management agenda and for coordinating ESG and asset management activities across portfolio companies. Neil and two other team members have specific responsibilities for managing Arcus ESG matters together with the ESG Committee as set out on page 13. Neil has been with Arcus since its founding in 2009 and was admitted as a Partner in 2015.

ETHICS COMMITTEE
The Arcus Ethics Committee is responsible for the oversight of conduct of Arcus Partners and staff, and the protection of the reputation and integrity of the business. The Ethics Committee comprises five members: Ian Harding, Jack Colbourne, Daniel Amaral, Neil Krawitz and the Head of Compliance and Risk. Members are appointed by the Management Committee.

1.2 ARCUS INVESTMENT OVERSIGHT AND INDEPENDENT ADVISORS

INVESTMENT COMMITTEE

Members as at 31 December 2020
Simon Gray, Nicola Palmer, Michael Allen, Ian Harding, Jack Colbourne (left to right)

Role

- Make investment decisions for Funds and Managed Accounts
- Monitor existing investment and overall Fund performance
- Approve distributions and capital drawdowns
- Monitor Arcus performance in provision of services to the Fund
- Review and approve investor reports and communications
- Refer matters to Advisory Boards where necessary
- Each Member of the Investment Committee is a designated Senior Manager for SMCR purposes

NON-EXECUTIVE DIRECTORS


Audrey Lewis


Garry Pieters


Tony Sugrue

INDUSTRY EXPERT PANEL


Dr Roland Mohr


Theo van Sambeeck


Arndt Rautenberg

INDEPENDENT ADVISORY COUNCIL

Post the reporting period, Arcus established an independent Advisory Council. The Advisory Council will meet on a quarterly basis to review underlying portfolio performance as well as to discuss and provide insight and guidance on risk and ESG and new potential investment opportunities.

ADVISORY COUNCIL


Sir Brian Ivory


Rosa Garcia


Lord Nicholas Macpherson


Miriam Maes


Laurence Mulliez


Robert Parker


Thomas Thune Andersen


Simon Gray (Arcus)


Ian Harding (Arcus)

- Established May 2021
- Meets quarterly
- Provides strategic insight and guidance to the Arcus team including risk and ESG and exploring new potential investment opportunities
- There are nine experienced founding Board members with diverse backgrounds, each contributing unique knowledge and experience relevant to Arcus' focused investment strategy of making and managing investments in high-quality sustainable infrastructure businesses involved in the energy transition, telecommunication, transportation and logistics sub-sectors.

NETWORK OF INDEPENDENT ADVISORS

- Arcus operates an external advisor panel to source external assistance as and when required
- There are six non-executive directors that operate supervisory roles for Arcus' Funds
- Arcus has six senior industry experts whose role is to provide further industry understanding, perspectives and networks to Arcus' investment activities. These industry experts do not have formal decision-making responsibilities but are consulted by the Arcus team as and when support or feedback on particular subsectors, trends or transactions are required.

ADVISORY BOARD

- AEIF2 has an Advisory Board formed by a representative set of that fund's investors
- Managed Accounts all have regular recurring forums for Arcus and the investors to interact
- These bodies:
  - Represent interests of respective Fund investors
  - Oversee the activities of the General Partner of the respective Fund

1.3 ESG MANAGEMENT AND RESPONSIBILITIES

ARCUS ESG OVERSIGHT – ESG COMMITTEE

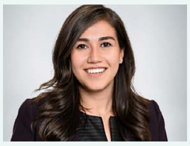
Arcus' day-to-day management, including oversight of ESG matters, is the responsibility of the Management Committee. The Management Committee appoints a Head of ESG and also appoints members to the ESG Committee to assist with the management of ESG policy and its integration within Arcus and investee companies' policies and procedures. This structure has operated since 2016.

The ESG Committee comprises a number of team members drawn from the asset management, origination and investor relations disciplines, meets quarterly and, as set out in the Arcus ESG policy, 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 members have specific Arcus ESG objectives included within their annual personal objectives.


Neil Krawitz


Jenni Chan


Ian Harding


Shirene Madani


Stephan Grillmaier


Bansi Chudasama

INVESTEE COMPANY ESG OVERSIGHT – ASSET MANAGEMENT TEAMS

For each investee company, Arcus appoints an Asset Manager with responsibility for the ongoing management of that investment. As part of that role, each Asset Manager is responsible for identifying and managing ESG risks and opportunities relating to the investment and has specific ESG objectives relating to the investee company included in their annual personal objectives. Investment professionals within Arcus (including Asset Managers) receive annual training on ESG issues and are expected to update and expand their ESG knowledge continually.

INVESTMENT COMMITTEE

NEIL KRAWITZ
HEAD OF ASSET MANAGEMENT & ESG


Feriel Feghoul
Brisa


Stefano Brugnolo
Horizon


Jenni Chan
Peacock


Jack Colbourne
E-Fiber


Jordan Cott
Constellation


Christopher Ehrke
TDF


Neil Krawitz
Alpha

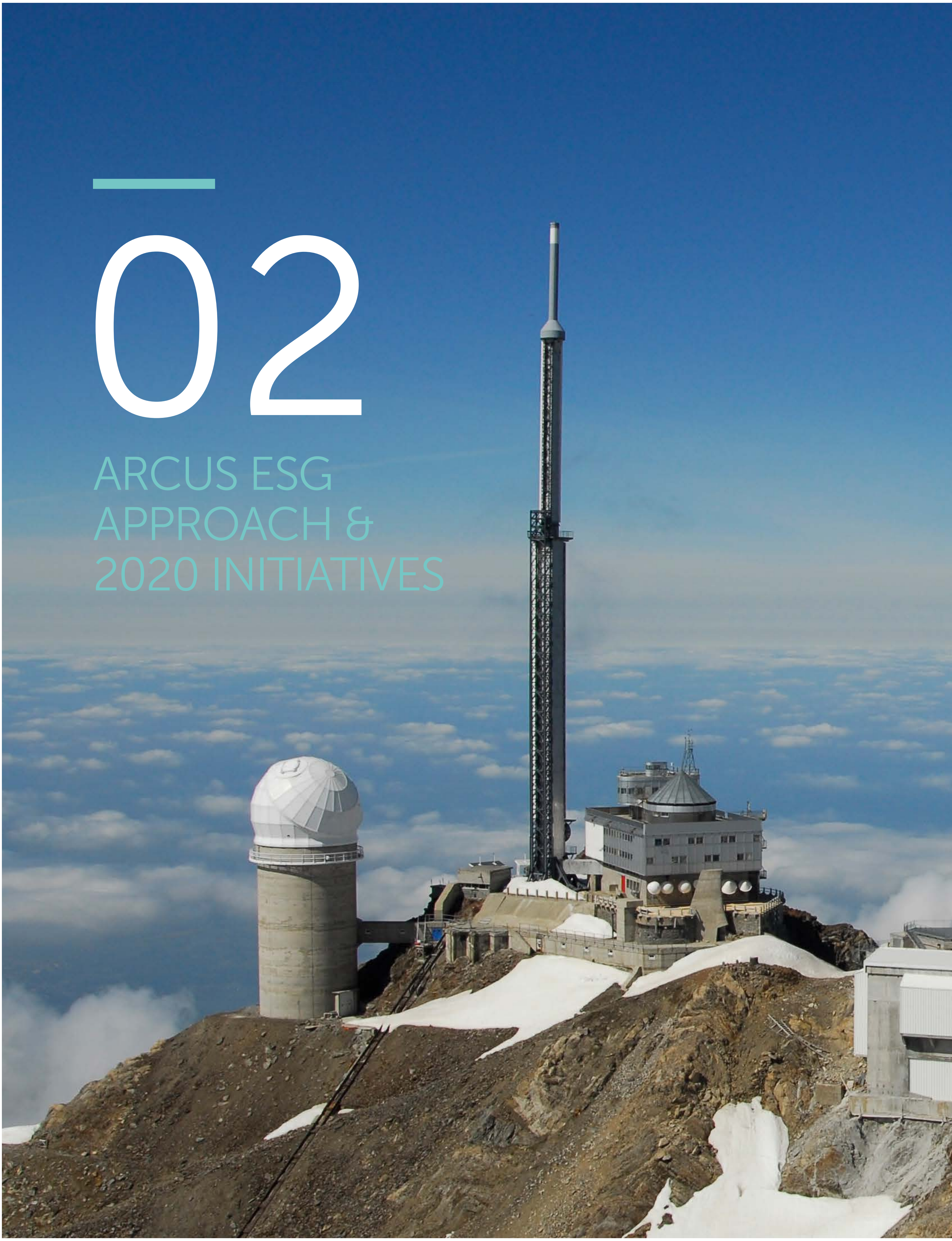

Nicola Palmer
GTC


Romain Roirand
Swiss4net


Christian Scott-Mackenzie
SMA

02

ARCUS ESG APPROACH & 2020 INITIATIVES



2.1 ARCUS ESG APPROACH – POLICY/FRAMEWORK

Arcus has an experienced, innovative private investments team targeting opportunities to invest in European infrastructure businesses, and subsequently seeking to unlock value through a dedicated and focused asset management approach. Arcus aims to deliver attractive, risk-adjusted returns and yield to its investors over the long term through rigorous investment selection, high-quality comprehensive due diligence, strong deal execution and comprehensive, structured asset management. Arcus believes that the provision of high-quality infrastructure is critical to Europe's future economic growth, environmental protection, societal development and reduction in inequalities.

As an asset manager, we systematically integrate the evaluation of ESG risks and opportunities into our 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.

ESG POLICY

Arcus has an ESG policy which applies to all members, employees and contractors. Our policy, available on our website, sets out our principles, the implementation of these principles, reporting, disclosure, communication and training of our team in relation to ESG. The policy is reviewed annually and was last updated in March 2021 to coincide with some updates required as part of the application of the Sustainable Finance Disclosure Regulation ("SFDR"). 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.

The ESG policy sets out Arcus' ESG objectives, the ESG principles that Arcus follows, 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 Arcus team members.

KEY CHANGES TO THE ESG POLICY DURING 2020

The following key changes were made as part of the last ESG policy update:

- Information on how Arcus integrates sustainability risks under SFDR;
- New reporting requirements in line with TCFD reporting to be undertaken annually; and
- Integration of ESG components, including sustainability risks, into the Arcus remuneration policy.

ESG MANAGEMENT THROUGHOUT THE INVESTMENT LIFECYCLE

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 on the following page shows how Arcus incorporates ESG considerations into the various stages of the investment lifecycle.

Origination

Consideration of ESG risks and opportunities is a formal element of the 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. Arcus pays particular attention to companies that operate, or have plans to operate in, difficult operating environments (including physical environments), e.g. countries which are prone to floods, droughts or industries that face significant supply or demand shifts driven by climate change, or where government is known to be weak, corruption prevalent, and regulation and enforcement of environmental and social issues poor.

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.

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. Climate change-related risks and opportunities are integrated into the quarterly risk reviews and are discussed further where identified as material. 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.

2.1 ARCUS ESG APPROACH – POLICY/FRAMEWORK (CONTINUED)

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.

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.

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. We require all our investee companies to complete the GRESB Infrastructure assessment.

The main channel for communicating management of ESG risks and opportunities to our investors is the relevant quarterly written Fund or Managed Account reports. Arcus follows the Invest Europe Investor Reporting Guidelines on ESG matters in each of its reports, as well as responding to ad-hoc questions on ESG matters from investors.

Exit ESG considerations

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.

ARCUS EXCLUSIONS POLICY

Arcus does not invest in businesses involved in the generation of power by coal, uranium or thorium or whose business is related to the production of cluster munitions, landmines and/or other similar weapons. In addition, no investments are made in companies that focus on certain excluded practices including, inter alia, child labour, weapons manufacture or distribution, animal experimentation, and gambling.

Arcus will also ordinarily not invest in companies that:

- Have a history of poor safety or environmental management;
- Have a history of corrupt practices;
- Exhibit a high degree of reputational risk for both Arcus and our investors;
- Have poor governance and ethics practices; or
- 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 contained in the Arcus ESG policy.

Policy

- ESG Committee: management of ESG policy, its integration within Arcus and investee companies' policies and procedures

Origination

- 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

Asset Management

- 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

Reporting

- Quarterly risk reporting
- Quarterly Investor reports
- Annual Investor reports
- Annual Sustainability report
- Incident reporting
- Participation in UNPRI, GRESB, UK Stewardship Code assessments/ reporting

Exit

- ESG Continuous Improvement Programme throughout ownership
- Management and decreasing risk factors
- Value realisation from pursuing ESG opportunities

ESG Screening

Ian Harding, Co-Managing Partner & Head of Origination

ESG ASSESSMENT AND EXCLUSIONS EARLY IN THE INVESTMENT PROCESS

While substantial progress has been made on raising awareness of ESG considerations, effective and comprehensive ESG integration in the investment selection process is "work-in-progress" in the infrastructure industry. The challenge beyond assessing the traditional financial risk and returns of a company is systematic analysis and integration of ESG factors, such as exposure to fossil fuels and carbon emissions, employee engagement, customer satisfaction, alignment of the management team with the shareholders and the environmental impact of business operations. These ESG factors can have a profound impact on the sustainability of a business's operating model and ultimately portfolio performance, and therefore not including a proper analysis of ESG factors early in the investment process may lead to an incomplete assessment, wasted efforts in diligence or worse, poor investment decisions.

ESG analysis is an integral part of Arcus' investment selection process. When reviewing potential investments, Arcus considers relevant ESG issues associated with those opportunities, paying particular attention to companies that operate, or have plans to operate in, difficult operating environments (including physical environments). This can include countries which are prone to extreme physical climate-related disasters or industries that face significant supply or demand shifts driven by climate change, or where government is known to be weak, corruption prevalent, and regulation and enforcement of environmental and social issues are poor. This approach is in line with our ESG policy as well as our support of global sustainability initiatives such as the UNPRI and UN Global Compact.

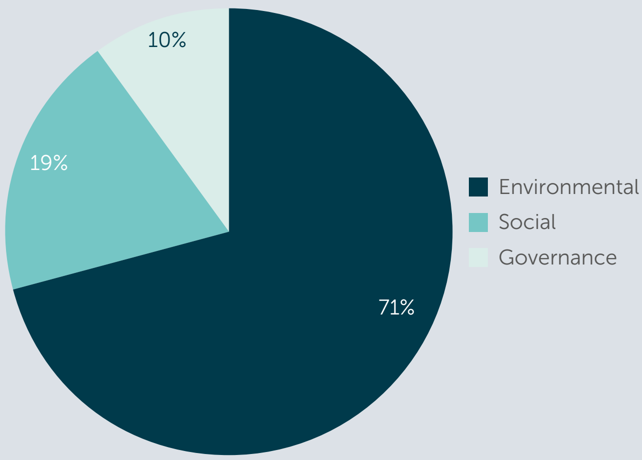
Even at the earliest stage of our preliminary investment analysis, ESG risks and opportunities are a key consideration. Throughout the origination process, ESG is factored into each step to ensure that every potential ESG-related risk or opportunity is considered and presented to the Investment Committee accordingly, as opportunities may be discarded based on material ESG issues being present.

During 2020 Arcus excluded 13% (c. 20 potential investments) of all opportunities reviewed by the origination management team solely on grounds of ESG concerns. Some of the more specific examples of the reasons Arcus excluded these transactions were due to the presence of hydrocarbons, such as oil & gas storage, or assets which posed an immediate environmental risk or also stranded asset risk, hazardous waste recycling which posed a health and safety risk, minority shareholding positions without controlling governance rights which posed a lack of control risk or mismatch to the investment thesis, or where the profile of individuals or country involved created governance concerns which posed a reputational risk. The graph as follows portrays the proportion of opportunities discarded based on environmental, social or governance factors out of the total 13%.

With fast-evolving legislation around environmental matters, global initiatives encouraging increased consideration of further social and governance matters, an emphasis on good stewardship and events such as the COVID-19 pandemic, Arcus continues to refine and differentiate its due diligence process to ensure that we are encompassing all these matters into our origination process.

Gradually the industry participants are realising that the method of investing in a responsible way is to seek sustainable business models and responsible businesses, which often may result in having a competitive advantage and enabling a company to achieve greater returns for investors. In the longer term incorporating ESG factors in the investment process and fundamental analysis will likely lead to better investment performance. This ultimately means that integrating ESG factors is simply a more complete way of investing. This gradual realisation is now leading to an increasing focus on the analysis of ESG factors in the overall investment process across the industry, which is very encouraging to see, especially as the world works its way through the COVID-19 pandemic.

Of the 13% of total transactions discarded for ESG reasons, the categories were as follows:



2.2 ARCUS ESG INITIATIVES – 2020

KEY ESG DEVELOPMENTS AT ARCUS DURING 2020

During 2020, Arcus continued to improve its ESG activities and reporting. Arcus participates in external ESG reporting and benchmarking processes to establish how our approach to ESG compares to our peers. Arcus also participates in and contributes to various ESG working groups and committees.

Arcus is a signatory to the UN Principles for Responsible Investment, UN Global Compact and is a member of GRESB. Arcus applied TCFD reporting for the first time in 2020 and further detail is contained on page 31. Key ESG risks and mitigants for Arcus and each investee company are reviewed quarterly. The Arcus ESG Committee met quarterly and the attendance score was 21 of 22 committee seats during the year (i.e. 1 committee member missed 1 meeting).

When reviewing potential investments, the Arcus origination team considers relevant ESG issues associated with those opportunities. In 2020, c. 13% of investment opportunities sourced by the origination team were rejected at an early stage on specific ESG grounds. Further details on this process are set out on page 17. Since the beginning of 2019, we have also enhanced our ESG due diligence process by assigning a designated member of the ESG Committee to discuss identified ESG issues and opportunities with deal teams at an early stage of the investment process. This process starts in advance of engaging and scoping specialist due diligence advisors to ensure application of an enhanced and best practice approach and consistent documentation of ESG due diligence across investment opportunities.

In 2020, Arcus continued to contribute to driving improvements in infrastructure ESG management through its participation and contribution to the GRESB Infrastructure Benchmark Committee ("IBC") which promotes ESG best practices as well as through attending GRESB's various working group sessions. The purpose of the IBC and GRESB Working Groups is to give technical input to GRESB regarding the content of the Infrastructure Assessment, and GRESB's other infrastructure products and services. The Head of ESG is the Arcus representative on the IBC. Arcus, at GRESB's request, participated in an ESG panel discussion at the GRESB results release presentation event held via video conference in November.

Arcus was a founding member of the GIIA, an industry association to promote private investment in the infrastructure community. Arcus continues to contribute to the GIIA on ESG matters, joining the GIIA ESG roundtable discussions and volunteering to participate in the GIIA ESG working group which was formed in 2020. Three members of the Arcus investment team were invited to join the GIIA Emerging Leaders in Infrastructure Investment network which was also formed in 2020. The network is intended to provide members with a platform for peer-to-peer networking, demonstrating thought leadership and shaping the future of the sector.

During 2019, Arcus commenced reporting carbon emissions related to employee air travel. In 2020, Arcus' carbon emissions related to employee air travel were 76 tonnes of CO_2, a reduction of 80% from 2019 emissions of 379 tonnes of CO_2. While this was a significant decrease, the reduction is primarily due to limited travel as a result of the COVID-19 pandemic. Consequently, Arcus decided to offset carbon emissions equivalent to its 2019 emissions, rather than the lower 2020 figure. Emissions were offset through Carbon Footprint, which planted 379 trees in the Yorkshire and Humber region in the UK and funded the Verified Carbon Standard certified (VCS977) Portel Pará reduction of deforestation project in Brazil in Arcus' name. Arcus continues to report office paper usage KPIs, targeting a reduced usage throughout the year. In 2019, Arcus migrated on to the DocuSign electronic signature platform and the use of this system during 2020 has saved over 500kg of trees (equivalent to over 1,300kg of avoided carbon release) by not printing documents for wet ink signature.

Arcus has been a signatory to the UK Stewardship Code since 2010 and is classified as a Tier 1 signatory, the top level assigned. Arcus is in the process of reviewing the revised 2020 Stewardship Code issued by the Financial Reporting Council ("FRC") and submitted its revised signatory response to the FRC by 31 March 2021 in line with the FRC timetable.

In late 2020, Arcus commenced its preparation for compliance with SFDR, which came into force on 10 March 2021. Arcus' preliminary assessment of its two investment funds' (AEIF2 and AET) classification under SFDR is that they are both Article 8 products and, while Arcus processes already cover the required elements applying to asset managers as at 10 March 2021, further work is being done to ensure Arcus and AEIF2 are ready to comply with the additional requirements that come into force in 2022.

2.2 ARCUS ESG INITIATIVES – 2020 (CONTINUED)

GRESB
Sector Leader
2020

GRESB
All Arcus assets achieved
a 5-star rating in 2020

GRESB AND UNPRI PROCESS AND RESULTS

GRESB

Arcus has been a GRESB member since March 2017 and since then has completed the GRESB reporting cycle for all Arcus funds and investee companies 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). This year marks the fifth year GRESB has run the infrastructure benchmarking process with 118 infrastructure funds and 417 infrastructure assets participating (compared to 107 funds and 393 assets in 2019, and the 51 funds and 134 assets participating in GRESB's first infrastructure assessment in 2016).

Arcus completed a fund assessment questionnaire for all its Funds and Managed Accounts in Q2 2019, along with each of the investee companies completing an asset participant assessment questionnaire.

Arcus has once again demonstrated its best-in-class ESG performance with the Tivana Investor Vehicles (the TDF holding partnerships) ranking top of the 75 infrastructure funds which completed the full GRESB assessment, scoring 96 out of 100 possible points (compared to 77 out of 100 in 2019). This strong score also meant Tivana has been named GRESB Infrastructure Sector Leader for European Funds and Sector Specific (Non-renewables).

For the fourth consecutive year AEIF1 was ranked top of the European Diversified Infrastructure Fund category (against 23 peers) and 2nd out of all 75 infrastructure funds. AEIF1 scored 95 out of 100 possible points (compared to 87 out of 100 in 2019). AET (the Alpha Trains holding partnership) and A1 Investor Vehicle (the GTC holding partnership) were ranked 3rd and 7th respectively out of all 75 infrastructure funds and TDF and Brisa both were ranked in the top 10 global assets (6th and 10th respectively out of 406 participating assets).

AEIF2 ranked third of the diversified European Infrastructure Funds (against 23 peers) category, and 9th of 75 infrastructure funds which completed the full GRESB assessment. AEIF2 also achieved a 5-star GRESB rating, a significant improvement on its 3-star rating in the 2019 assessment. This is a tremendous performance given AEIF2 is an early stage fund. AEIF2 scored 86 out of a 100 possible points (compared to 62 out of 100 in 2019) in the GRESB fund assessment while the average GRESB fund score was 65 out of 100. The AEIF2 assets scored well when benchmarked against their peer groups.

Both Swiss4net and E-Fiber received 5-star ratings from GRESB in the 2020 assessment with scores of 85 and 84, respectively, out of a possible 100 points, a significant improvement on 2019. Swiss4net ranked first against seven fibre network peers and E-Fiber took second place. The strong improvement in the overall asset scores is a credit to the ESG improvements and changes that the Arcus AEIF2 asset management teams and portfolio company executive management teams have made over the year. Horizon and Constellation undertook a trial participation but are not included within results under the GRESB assessment rules as they were owned by AEIF2 for less than six months of 2019.

Overall, all of Arcus' managed assets scored well when benchmarked against their peers with all six assets receiving a 5-star rating, placing all assets in the top quintile of participants.

GRESB is an important tool as it allows us to measure our ESG performance and benchmark ourselves against other funds and assets. As ESG is an evolving topic, we are continuously striving to improve our management of ESG issues and report to Limited Partners. GRESB is also a tool which provides feedback and is used to engage investee company management teams on areas where investee companies can improve and develop. The results of the GRESB reporting have in the last year provided, and will in future provide, a baseline for ESG performance and allow us to analyse further what we are doing both at Fund and investee company level and target improvements where necessary and possible.

The table on page 20 of this report summarises the GRESB performance of each of our Funds and Managed Accounts and the portfolio section of this report on pages 37-57 provides individual asset scores.

UNPRI

Arcus completed the PRI reporting in March 2020 and scored A+ for Strategy and Governance for the third consecutive year and improved to be awarded A+ for Infrastructure, from "A" in 2019. In addition to the A+ designation in both categories, Arcus achieved the maximum points score available, ahead of the peer median scores. Increasing our scores and ranking from the previous years and achieving full marks in both relevant categories demonstrate Arcus' continuous commitment to improving ESG and sustainability management. Arcus submitted a response to the revised and extended PRI reporting portal for 2020 in May 2021.

2.2 ARCUS ESG INITIATIVES – 2020 (CONTINUED)

ARCUS ESG PERFORMANCE AWARDS

AWARDS	ENTITY	2019	2020
GRESB®[1]	AEIF1	87/100; GRESB ★★★★★ 2019; GRESB Infrastructure Sector Leader 2019	95/100; GRESB ★★★★★ 2020; GRESB Infrastructure Sector Leader 2020
	AEIF2[2]	62/100; GRESB ★★★ 2019	86/100; GRESB ★★★★★ 2020
	A1[3]	77/100; GRESB ★★★★★ 2019	88/100; GRESB ★★★★★ 2020
	AET	N/A	93/100; GRESB ★★★★★ 2020
	TIVANA[4]	77/100; GRESB ★★★★★ 2019	96/100; GRESB ★★★★★ 2020; GRESB Infrastructure Sector Leader 2020
PRI	ARCUS	A+ Strategy & Governance Module; A Infrastructure Module	A+ Strategy & Governance Module; A+ Infrastructure Module; Arcus scored the **maximum points** available

[1] The GRESB scores shown above represent the "GRESB Score" for the entity. The GRESB Score is calculated by GRESB applying a weighting of 30% from the GRESB Fund Score (i.e. the performance of the manager) and 70% from the Weighted Average Asset Score sourced from the assets within the Fund (weighted by the proportion of the Fund's net asset value).

[2] 2019 was AEIF2's first year of participation with its two initial assets which were owned for eight months of 2018.

[3] A1 represents the Arcus A1 Investor fund vehicle holding the investment in the GTC toll road in Poland.

[4] Tivana represents the Arcus Tivana Investor fund vehicles holding the investment in the TDF in France.

2.2 ARCUS ESG INITIATIVES – 2020 (CONTINUED)

ESG ACTIVITIES AND REPORTING FOR FUND INVESTEE COMPANIES

Each of our portfolio companies continued to improve its ESG management and practices. For the recent additions to the Arcus portfolio, this consisted of updating or improving policies to initiating and monitoring ESG KPI reporting. For those investee companies where Arcus has managed the investment for longer, this included initiatives such as installing energy efficient operating equipment, implementing sophisticated carbon reduction initiatives and obtaining relevant ISO certifications. Our asset management teams continued to monitor and review key ESG risks and mitigants at each investee company on a quarterly basis.

Further detail is contained in the portfolio reporting section of this report on pages 37-57.

REPORTING TO INVESTORS

In 2020 we reported on ESG to Arcus investors on a quarterly basis both at Fund and Managed Account level and for each investee company. We also continued to report ESG developments to investors on an ad hoc basis during 2020 as we considered necessary.

AEIF2 issued a 2020 Annual Report to its investors in March 2021.

In 2020, Arcus implemented TCFD reporting for the first time. Further detail can be found in our TCFD summary on page 31.

2.3 ARCUS DIVERSITY, TRAINING AND CHARITY REPORTING – 2020

At Arcus, we recognise the importance of having a diverse, inclusive workforce with employees coming from different backgrounds. Arcus continues to be a diverse organisation with members and employees from 16 nationalities, speaking 14 languages. In relation to gender, 40% of the whole Arcus team are women (42% in 2019) and of the senior management* team 26% are female (27% in 2019).

Arcus team members engaged in technical and personal development training funded by Arcus at a cost of c. €45,000 during the year. Following the Arcus employee engagement survey conducted in December 2019, Arcus employees had a series of personal development workshops in 2020 on teamwork and trust building conducted by an external career coaching firm, Praesta. Members of the investment team also had one-on-one individual executive coaching sessions with Praesta coaches for further career development. Furthermore, Arcus' Investment, Investor Relations and Finance teams completed the Myers Briggs (MBTI) questionnaires, followed by a 90-minute individual feedback session to explore personal styles with an executive coach. The entire Arcus team also conducted anti-bribery and corruption and anti-money laundering training. Finally, ERM, an external environmental consultant, delivered Arcus-wide TCFD training in October 2020. ERM subsequently held 1-hour workshops with each of the asset teams to guide them through TCFD scenario analysis; see page 31 for further information.

Members of the Arcus ESG Committee attended various sustainability workshops and seminars during the year including "PRI Digital Forum" in October 2020, the UNPRI's main annual event including the infrastructure side event, GRESB training and results presentation, Women in Infrastructure Forum and PEI Global Summit's ESG & Sustainability Forum.

Arcus also supports social and environmental charitable activities and all members and employees are encouraged to fundraise, volunteer, participate and contribute to charitable organisations that they feel passionately about. Arcus supports individual volunteering and provides "matched-funding" for selected fundraising initiatives on an annual basis.

Arcus and employees made donations to several charities in 2020 including Sufra Food Bank, Age UK, Family Action, Caritas, Starlight Children's Foundation and Streets of London. Fundraising in Q2 of 2020 was specifically targeted to assist those we felt had been impacted most by the COVID-19 pandemic.

Arcus became a signatory to The Global Business Collaboration for Better Workplace Mental Health's Leadership Pledge and committed to prioritise action on workplace mental health, especially in light of recent events related to COVID-19 with the majority of employees working remotely.

Historically, Arcus' employees have volunteered at the Starlight Children's Foundation annual summer party; however due to the restrictions resulting from COVID-19, the event had been postponed this year. Additionally, Arcus had planned on tree planting in Elthorne Park in Ealing through the organisation "Trees for Cities" in March 2020; however this event was also postponed due to the ongoing pandemic.

In October 2020, two Arcus employees joined 177 others in supporting the Streets of London charity on its annual Sleep-Out event which raised a total of over £40,000. Due to the COVID-19 pandemic, the participants took part of the event by spending the night sleeping outside of their homes with only a sleeping bag in an act of solidarity and to raise money for people sleeping rough across London. Through the charity's donations, people living on the streets of London regain their dignity, build self-confidence and are empowered to get back on their feet and to make lasting changes in their lives.

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

Effective Asset Management in a Global Pandemic

Neil Krawitz, Partner, Head of ESG & Asset Management

RESPONSIBLE RESILIENCE AMIDST UNCERTAINTY

The COVID-19 pandemic has proven to be an extreme global health and economic challenge affecting every industry. In the infrastructure market, there have been sub-sectors which have been abruptly and negatively impacted (e.g. airports) but other sub-sectors, especially those providing critical local infrastructure, where their ongoing operations have been crucial to allow economies, communities and countries to keep functioning during this difficult period (e.g. food storage and distribution, roads, rail, fibre, towers).

Amidst a global health crisis and economic disruption, we have seen opportunities for improved sustainability management. The definition of what 'responsible investment' means and what 'ESG' stands for is evolving in asset management, with an increased emphasis on the 'S', i.e. social matters, and considerations of employees, customers and suppliers. For 'E', i.e. environmental matters, we have seen the resetting of global metrics from a year of less travel, and less pollution. This has been received positively by market participants and society more broadly, especially in light of COP26 and global 2050 environmental targets, and provided encouragement that companies that manage ESG well are more resilient businesses. Overall, the COVID-19 pandemic has highlighted the potential for systemic macro risks with low frequency, but high impact events where control and influence over these is limited. Resilience in policies, and investment in systems, equipment, people and culture have been key to dealing with the last 15 months and top the agenda for effective asset management, but it has certainly been a different year from those in which we have previously operated our business.

ARCUS & INVESTEE COMPANIES

Arcus itself and all investee companies have been able to continue to operate effectively throughout the COVID-19 pandemic. One of the ways Arcus could ensure performance under uncertainly is having robust "tail-risk" procedures in place. Arcus, for example, has a formal Business Continuity Plan ("BCP") in place, which has been tested annually every year leading up to the COVID-19 pandemic. As such, once formally launched on 16 March 2020, the transition to working from home was smooth for all employees. The BCP was launched in line with the UK Government guidance at the time which required offices to close. Arcus' offices in other countries also followed the respective government's guidelines. With all Arcus' employees working from home, the Management Committee paid particular attention to ensuring each employee was equipped with appropriate technology. To promote a socially connected working environment, albeit virtually, Arcus teams had regular intra-week functional team meetings and employees engaged in weekly social events such as virtual "pub quiz" sessions to aid social connectivity.

Arcus recognised that 2020 was a challenging period for employees, impacting all of our European offices and employees in different ways, and was cognisant of the potential for mental health issues that could be caused by isolation or worry connected to this event. Arcus became a signatory to The Global Business Collaboration for Better Workplace Mental Health's Leadership Pledge during this period and committed to prioritise action on workplace mental health. As an organisation we have a mental health support line, an employee assistance programme, regular team meetings and regular individual interaction, all designed to ensure that each person feels connected, irrespective of location.

In Q3 of 2020, the internal quarterly Arcus asset review meeting focused a review specifically on potential low probability/high impact events, including events that Arcus as an asset manager has limited control or influence over events similar to COVID-19, where each asset management team considered those events, how each investee company could potentially be affected and what mitigation could be undertaken. The infrastructure industry has also recognised that resilience amid uncertainty at the portfolio company level requires coordination and strong alignment between shareholders and the management teams of individual businesses. Businesses also need to be agile, to react quickly to the new circumstances. At Arcus, our hands-on active asset management approach has a dedicated Arcus Asset Manager responsible for each investment. That Asset Manager works in partnership with investee companies' management teams, and this approach has been critical in the effective response to the events of 2020 to ensure rapid coordination and alignment.

Effective Asset Management in a Global Pandemic (continued)

BY WAY OF EXAMPLE:

1

Constellation group companies rapidly reinforced existing staff safety protocols in the group's cold storage facilities – clear employee guidelines to be followed in event of symptoms or contact with infected persons, establishment of hygiene stations, enforcement of social distancing, introduction of physical barriers and a ban on external drivers entering the facilities.

2

E-Fiber quickly adapted new approaches to the way they dealt with 'final line drops' which are the final connection to the house from the street, and where we have changed our practice to reflect changes in the marketplace.

3

The senior team at Horizon, with Arcus support, dealt with ongoing smart meter stock deliveries and the impact of suspension of meter installations during lockdown.

4

Alpha Trains adapted engineering inspection regimes to ensure that passenger trains and locomotives ordered and coming out of production could safely be inspected, accepted and delivered to its customers.

5

Lastly, the management and protection of employees' health created significant crisis management challenges, especially testing management teams when needing to handle the occurrence of positive COVID-19 tests amongst employees or contractors.

We are very pleased and proud to be able to report that all Arcus' investee companies showed a high level of resilience during 2020 and none of them faced serious operational or financial issues during this period or breached any financial covenants. Many of our portfolio companies are classified as critical infrastructure and still working hard to provide those assets and services as efficiently as possible amidst challenges posed by the pandemic. Arcus itself and all investee companies have been able to continue to operate effectively throughout the COVID-19 pandemic due to regular previous investment in IT systems, culture, employee engagement and the nature of infrastructure as a critical asset class.

swiss4net
open fibre access

Roger Heggli
CEO, Swiss4net

Q How did you take care of the employees during the pandemic?

A The situation during 2020 was without precedent but we were able to rely on our Business Continuity Plan ("BCP"), which was part of the policies introduced by Arcus after the acquisition. Upon tightening of the COVID-19 restrictions across Switzerland, we implemented the BCP, which allowed all employees to comply with government guidance (Bundesamt für Gesundheit) and to safely work from the comfort of their homes. This ensured maximum safety for Swiss4net staff as well as the operations to continue running without any disruptions. We are pleased that all Swiss4net employees stayed healthy throughout the pandemic.

Since June 2020, as restrictions loosened, most employees could choose to work from home or come to the office, in which case social distancing measures were strictly applied and the appropriate sanitary requirements were provided. During the summer months, Swiss4net organised a team event in the form of an outdoor BBQ to ensure employees were able to maintain social bonds during this period.

Effective Asset Management in a Global Pandemic (continued)

Espen Schjerpen Karlsen
CEO, Glacio

Q How has 2020 impacted your planning under uncertainty?

A The pandemic, and importantly the various government responses, had significant impacts on food supply chains, testing our ability to adapt and find ways to protect our position and budgets throughout the year. We continued to plan on a rolling medium-term basis, knowing that while broader frozen food flows in the market will be relatively stable with some growth, there will always be intra-period changes between customers and products that require some agility.

To deal with this, we certainly stepped-up communication with our key customers throughout the year. One benefit we had working in our favour has been the strong relationships and reputation we have built with our customers; these assets provided us with a more realistic and reliable line of sight on demand, as well as an ability to react quickly to optimise our customer portfolio where appropriate. It's important to keep in mind that we are mission-critical partners for our customers, so it has been in their interest to engage with us on this as well.

Tom Thorp
CEO, Horizon Energy Infrastructure

Q What sort of challenges have you run into, and what have you done to solve them?

A The last 12 months have highlighted a number of challenges to HEI while also demonstrating the resilient business model and industry that we operate in. The stop/start nature to any lockdown creates pinch points within the supply chain which can significantly impact cash management if not closely monitored. For example, in lockdown 1 (March to June 2020), given the uncertainty of how long it would last and therefore how long meter installations would be put on hold, we worked with our manufacturing partners to 'turn off' new meter orders to conserve our working capital in the period of uncertainty, while also needing to ensure that when the lockdown was released we were able to ramp up new meter orders – this was achieved through strong relationships and keeping our partners informed.

HEI has a small team of 20 people, with our operations and finance teams historically based in an office in Salisbury on a permanent basis. The remainder of the team were based in London or working from home. This highlighted a challenge of how to ensure that the whole team could successfully work from home, from a technical and motivational perspective. I am very proud to say that the last 12 months have demonstrated ways of working that we collectively never thought possible while maintaining the same high level of service and interaction that we enjoy with our partners. Remaining connected with all team members has been my number 1 priority by ensuring that both work and non-work related activities are in place through fun activities such as weekly quizzes and virtual wine tastings.

We also had to consider the potential impact of Brexit on our supply chains into the UK as the majority of our gas and electricity meters are manufactured in the Far East. We experienced the challenge late in 2020 of meter deliveries being delayed on ships for several weeks within UK ports and uncertainties on timings. In reality, Brexit has had limited impact on our meters coming into the UK (whether that is tariff or logistics related); however the uncertainty has driven us to re-evaluate the supply chain from start to finish so that we can assess what areas can be improved/adjusted to benefit our increasing demands and scale of supply chain needed. This project is currently live within HEI.

2.4 EMPLOYEE ENGAGEMENT SURVEY 2020

2020 SURVEY RESULTS REAFFIRM STRONG CULTURAL ALIGNMENT AMONG ARCUS EMPLOYEES
Arcus conducts an annual employee engagement survey focusing on management effectiveness, engagement, culture and general wellbeing in the workplace.

The survey is a source of employee feedback and the results are used as an input to ongoing improvements within the business. By way of example, the 2019 survey highlighted that Arcus employees thought the Management Committee could be more in touch with issues that affect individuals at work. Acting on this feedback, the Management Committee sent an initial summary of its role and responsibilities and provided regular updates throughout 2020 to employees.

As a result, the year-on-year score for the Management Committee question increased by 18 percentage points to 80%, the highest percentage point increase in the survey.

The 2020 survey highlighted the effectiveness of feedback as an area where further attention is warranted, and that is a focus for 2021.

Arcus' investment strategy and beliefs with regards to responsible investment are clearly articulated by the results of the employee engagement survey. The three main highlights from the survey results below show that employees are culturally aligned and have faith in Arcus' approach to business and employee wellbeing.

Key Highlights

92%
RESPONSE RATE

100%
OF PARTICIPANTS ARE PROUD TO WORK FOR ARCUS

98%
BELIEVE THEIR PERSONAL VALUES ARE ALIGNED WITH ARCUS VALUES

100%
BELIEVE THAT ARCUS CONDUCTS ITS BUSINESS WITH HONESTY AND INTEGRITY

2.5 SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABLE DEVELOPMENT GOALS

Arcus is supportive of the 2030 Agenda for Sustainable Development adopted by the United Nations Member States in 2015. Among the SDGs, Arcus has a particular interest in supporting six: (i) 7: Affordable and Clean Energy, (ii) 9: Industry, Innovation and Infrastructure, (iii) 11: Sustainable Cities and Communities, (iv) 12: Responsible Consumption and Production, (v) 13: Climate Action and (vi) 17: Partnerships for the Goals. We are most likely to have the greatest impact on the SDGs identified above, as these are well aligned to where we are investing capital through our investment strategy and the long-term trends we see affecting our core European markets, such as decarbonisation of the economy as a result of climate change, demographic shifts leading to rapid urbanisation and increasing reliance on telecom data networks.

SDG	Target	Asset approach
7 AFFORDABLE AND CLEAN ENERGY	7.1 **By 2030, ensure universal access to affordable, reliable and modern energy services**	**HORIZON** Horizon provides smart meters in domestic and commercial premises. Smart meter technologies allow energy suppliers to offer tailored and cheaper energy tariffs. The customers' ability to observe energy usage with smart meters allows for better awareness of energy use and dynamic energy consumption smoothing demand and supply.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.c **Significantly increase access to information and communications technology and strive to provide universal and affordable access to the internet in least developed countries by 2020**	**E-FIBER** E-Fiber rolls-out fibre networks across the Netherlands, in areas where there are very low connection speeds. Fibre increases speeds and bandwidths available to consumers, is more resilient, more energy efficient, and is seen as the future of network connectivity.
11 SUSTAINABLE CITIES AND COMMUNITIES	11.a **Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning**	**SWISS4NET** Swiss4net's fibre network roll-out focuses on less densely populated areas of Switzerland. By focusing fibre deployment to more rural areas, Swiss4net helps bridge the gap in the connectivity discrepancies between rural and dense urban municipalities in Switzerland.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.3 **By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses**	**CONSTELLATION** Constellation provides critical storage infrastructure to the food supply chain, thereby allowing farming co-operatives, food processors and food manufacturers alike to efficiently manage the seasonal imbalances in the supply and demand of food products, minimising food waste in the process.
13 CLIMATE ACTION	13.2 **Integrate climate change measures into national policies, strategies and planning**	**PEACOCK** Peacock's tank containers facilitate efficient intermodal transfer for use across sea, rail and road, thereby reducing the carbon footprint of freight. The tank containers can be reused multiple times over their asset life, reducing waste during cargo discharge, and are recyclable at the end of 'their useful life. Peacock is also committed to reducing plastic waste globally by providing an alternative to use of flexibags for freight transport, working to mitigate impact on climate from plastics.
17 PARTNERSHIPS FOR THE GOALS	17.14 **Enhance policy coherence for sustainable development**	**ARCUS** Arcus and our portfolio companies collaborates with a number of public and private bodies to advocate responsible infrastructure investment, influence relevant stakeholders and encourage sustainable infrastructure development. For examples, Horizon's roll-out of smart meters is a key component of the UK Government carbon neutrality targets and adherence to international climate agreements.

SDG CASE STUDY

Horizon is a key player in the UK's energy system transition due its deployment of millions of pounds of investment to install smart meters across UK households and business premises.

The UK Government has set a net zero carbon national target for 2050 and via the Energy Act 2008 and the Smart Meters Act 2018 required that a country-wide adoption of smart meters will be a mandatory step, and key enabler, to achieve that national target.

Smart metering technologies allow real-time visibility of energy use, consumer control over their energy consumption, time-based variable tariffs and ease in switching to lower carbon energy suppliers. Visibility provides users with data to understand, measure and reduce their energy usage. The introduction of time-of-use tariffs helps shift energy consumption to periods of low demand and/or high renewable generation, reducing the need for grid reinforcement supply from fossil fuels or curtailment of renewable plants, contributing to UN's **SDG 12 "Responsible Production and Consumption"** and **SDG 13 "Climate Action".**

Smart meters are also a key technology to allow energy suppliers to offer pioneering packages to consumers such as Agile Octopus, marketed by Horizon's key client Octopus Energy. Through the use of smart meters, and real-time email and text message notifications Octopus provides its end users with the opportunity to adopt a dynamic, price-driven use of energy, alerting customers to time windows where it possible for consumers to be paid for electricity consumption when taking excess energy off the grid (for example when the grid is oversupplied by renewables and paying users of energy is required to balance the grid). This allows customers to shift non-time sensitive consumption to windows when renewables are plentiful and costs are low or non-existent, supporting affordable and renewable energy consumption patterns in line with **SDG 7 "Affordable and Clean Energy"**.

Beyond smart meters, Horizon is developing a platform to fund the infrastructure required in adjacent technologies of EV charging and heat pumps, with partnerships already agreed and pilot projects being launched. While the adoption of these technologies is not yet widespread, the support of capital deployment from Horizon is key to accelerating the development of these segments. An established, reliable and capillary EV charging infrastructure is an essential requirement to phase out Internal Combustion Engine ("ICE") vehicles. In the UK, the government is understood to be planning to bring forward the ban on purchase of new ICE vehicles to 2030 from the current 2040 target date. Similarly, adoption of alternative sustainable heating solutions is also seen as a priority by the UK Government, as outlined in the Energy White Paper 2020.

Horizon's role in funding the UK's evolving energy infrastructure positions the business as a key enabler of the UK Government's net-zero carbon strategy and its compliance with international climate agreement commitments, supporting the **SDG 17 "Partnership for the Goals".**

2.6 SUPPORTING THE UNITED NATIONS GLOBAL COMPACT

Arcus supports the 10 principles of the United Nations Global Compact ("UNGC") and formally became a signatory in February 2020. Our Sustainability Report also serves as our Communication on Progress for 2020.

Below are some examples of how we incorporate the principles into our operations at both the Arcus and asset company level.

HUMAN RIGHTS

- Arcus' approach to stewardship includes; an exclusions policy: Arcus personnel as board representatives directly making key decisions at the portfolio company level (i.e. no proxy voting); collaborative engagement across the infrastructure industry; and adherence to international frameworks to mitigate human rights abuses.
- Arcus has a proactive approach to due diligence to screen potential investments for issues which could imply human rights abuses exist within a company.
- Arcus has established an exclusions policy as part of the wider ESG policy and will not invest in any companies that focus on certain excluded practices including, inter alia, child labour, weapons, animal experimentation and gambling.

LABOUR

- The Modern Slavery Act 2015 is a piece of UK legislation which applies to Arcus. Arcus has a zero tolerance for slavery and human trafficking, our public statement can be found on our website.
- At Arcus and our investee companies, through our acquisition due diligence procedures and ongoing asset management of investments, our focus is on ensuring labour practices are in accordance with EU and national labour laws.
- Arcus will not invest in companies that focus on certain excluded practices including child labour.
- Arcus promotes diversity and inclusion within our approach to recruitment to ensure fairness and equality.

ENVIRONMENT

- Arcus' ESG policy outlines our overall approach to sustainability, including environmental factors.
- Arcus monitors environmental risks through quarterly risk reporting, including ESG issues at asset companies, as well as through TCFD reporting in which scenario analysis has enabled us to analyse the extent of climate-related risks and opportunities for each portfolio company.
- Arcus undertakes several initiatives to promote environmental responsibility by collaborating with peers, such as GRESB and GIIA.

ANTI-CORRUPTION

- Arcus has an Anti-Bribery & Corruption policy as part of the wider Compliance manual. Annual compliance training is mandatory for all staff and includes relevant modules on anti-corruption.
- When reviewing potential investments, Arcus considers relevant ESG issues associated with those opportunities. Arcus pays particular attention to companies that operate, or have plans to operate, in difficult operating environments, for example, where government is known to be weak or corruption prevalent.
- Once invested, Arcus asset managers work closely with investee companies to establish essential policies including ESG, Health & Safety, Anti-Bribery & Corruption if not already in place.

2.6 SUPPORTING THE UNITED NATIONS GLOBAL COMPACT (CONTINUED)

Many members of the Arcus team participated in supporting its ten principles on human rights, labour, environment and anti-corruption for the 20th Anniversary of the UN Global Compact in October 2020 (as seen in the photo above).

> "We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company. Arcus looks forward to furthering the work we do with regards to the UNGC and UNSDGs and improving how we report on these in the future."

Ian Harding & **Simon Gray**,
Co-Managing Partners

2.7 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORTING

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Implementation of the TCFD Recommendations for 2020 was a key Arcus priority. The evaluation of climate change risks and opportunities was already embedded in Arcus' ESG oversight in origination and asset management processes, largely in line with TCFD; however recognising the importance of this area, we voluntarily commenced TCFD reporting for all of the investment companies managed by Arcus to our investors.

Having reviewed the TCFD requirements, we identified a need for external input on incorporating widely accepted climate change data, to migrate from our historical qualitative approach to climate change assessment to a quantitative approach informed by data on climate scenarios, a critical element to the successful adoption of TCFD reporting. Arcus selected ERM, a global sustainability consultancy, to assist us with that process.

The TCFD developed voluntary reporting recommendations in four key areas (known as "pillars"): Governance, Strategy, Risk Management, and Metrics & Targets. These four overarching disclosure recommendations are intended to help identify the information needed by the financial community to appropriately assess and price climate-related risks and opportunities.

The Arcus disclosure is contained below and concludes that relative to other infrastructure sector peers, Arcus' average physical climate risk has been assessed as low, and the low carbon transition provides an opportunity not a risk, which aligns with our investment thesis to support the transition to a low carbon, resilient economy.

GOVERNANCE

Arcus has established robust governance structures and processes to manage climate-related risks and opportunities. Arcus' oversight of ESG matters, and specifically management of climate-related risks and opportunities, is the overall responsibility of Arcus via the Investment Committee, whose managerial responsibilities resemble that of a board for a corporate. Day-to-day management of climate change risks and opportunities for each investee company is delegated to the Arcus Asset Manager and the Arcus Head of ESG and the ESG Committee assist with the integration of climate-related risk management protocols within Arcus, investment origination processes and investee companies' policies and procedures.

Arcus asset management teams for each investee company review physical and transition climate change risks during the annual Q1 internal asset review meeting (a portfolio-wide knowledge and best practice sharing forum attended by all Asset Managers and the Investment Committee). The materiality of the climate-related risks and opportunities is discussed for each investee company and compared against other Arcus investments. Arcus also requires investee companies to monitor and review climate change risk on a quarterly basis through Arcus' risk reviews. These risk reviews are presented to the Investment Committee and the Head of Compliance who review the risk identification and assessment. They also assess the completeness of risk analysis and appropriate risk management.

Through our use of GRESB as a benchmarking process and tool for ESG performance assessment, which leverages the TCFD framework in its questionnaire, investee companies receive annual feedback on climate change management and performance. This allows Arcus to benchmark investee company performance against peers and generally accepted industry best practice measures.

STRATEGY

In 2020, Arcus appointed ERM to assist with climate scenario analysis in the short, medium and long term, which we have defined as 2025-2030, 2040 and 2050, respectively. The objectives of the assessment undertaken included:

- Understand, at a high level, where material exposures to climate-related physical and transition risk and opportunity may exist in the portfolio, understand the drivers and timing of related issues and a review of their financial relevance, in alignment with TCFD;
- Prioritise management of the current and future portfolio from a climate-related risks and opportunities perspective, and engage with investee companies to effectively manage these areas;
- Identify where further 'deep dive' climate assessments may be informative;
- Form part of our climate change engagement and disclosure with investors and other stakeholders; and
- Support the response to emerging regulatory and/or supervisory expectations.

SCENARIO ANALYSIS METHODOLOGY

The scenario analysis was conducted through two specific stages which were (i) a portfolio screen that provided an overview of climate risks and opportunities across the portfolio and (ii) a financial driver analysis that involved a review of the possible impact of climate-related issues and refined the identified risks and opportunities that had a material financial relevance. The assessment focused on both the operations of the portfolio companies as well as the value chain when it had a material impact on the business.

Two categories of climate-related exposure were considered in the portfolio screen:

1. Physical: risks and opportunities associated with changing physical climate, (e.g. more frequent or severe storms or flood events); and
2. Transition: risks and opportunities associated with a transition to a low carbon economy (e.g. the shift to electric vehicles and increasing carbon prices).

The scenario analysis considered a range of timeframes and scenarios in order to provide a comparative view of possible future operating environments, as well as to 'stress test' against possible key risks and opportunities that might emerge.

2.7 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORTING (CONTINUED)

Physical scenario selection

For the physical climate change element of the assessment, Intergovernmental Panel on Climate Change's ("IPCC's") Representative Concentration Pathways ("RCPs"), which provide data on future projected changes in climate, were used to measure the expected change in the severity and/or frequency of eight climate event types[1]. Physical risks and opportunities associated with changing climatic conditions (e.g. more frequent or severe weather events like flooding, droughts and storms) were assessed against a worst-case scenario which assumes business as usual, leading to approximately three times today's CO_2 emissions by 2100, referred to as RCP 8.5. This was compared against RCP 4.5 which represents a scenario best-aligned to an outcome where either through coordinated or uncoordinated global action, there is a reduction in emissions over future decades, roughly aligned with the Paris Agreement. The assessment assumed that the present-day baseline risk presented by physical climate should have largely been factored into corporate risk management and mitigation measures, but that future trends in changing climatic conditions from the worst-case scenario potentially creates enhanced risk (and opportunity) which management has not planned for.

Full details of the physical scenarios used were provided in the reporting to the relevant Fund/Managed Account investors.

Transition scenario selection

The approach consisted of a base case scenario compared against a low carbon scenario to explore the potential commercial effects of either outcome on sectors in the portfolio using International Energy Agency's (IEA's) 'Stated Policies Scenario' and 'Sustainable Development Scenario'. The analysis leveraged a dataset comprised of 13 scenario indicators[2], chosen to have a relevance to the investee companies and to capture the effects of the low carbon energy transition, for example, the effects of disruption in the transport sector due to increasing electrification of transport modes. Additional risk or opportunity presented by the Sustainable Development Scenario, which is a low carbon scenario, was assessed in comparison to the Stated Policies Scenario, also referred to as the base case. The analysis therefore assumes that risks that are present in the base case should have already been factored into 'business as usual' corporate risk management and strategy by management.

Full details of the transition scenarios used were provided in the reporting to the relevant Fund/Managed Account investors.

Translation of scenario data using forecast climate and policy information

The physical and transition scenarios were then mapped with the assistance of ERM into specific regional or country carbon reduction policy positions (transition) and projected climate data (physical) to assess how significant the risks and opportunities were for each investee company. This considered the country/region/location of operations and the commercial nature of the business and the potential exposure each investee company's business model has to the transition to a low carbon economy. The risks were then filtered by materiality and, for those considered with potential to be material, further investigation undertaken into the nature of each investee companies and its business model and whether those risks had the potential for a material impact on financial performance.

Results

The output of the analysis of potential transition and physical climate-related risks and opportunities is illustrated on the following page as an average position of our investee companies and compared to infrastructure asset benchmarks that represent the upper and lower ends of the risk and opportunity spectrum for both transition and physical.

While the scenario analysis exercise provided our assets with a clearer understanding of climate change effects on each of the investee companies, the assessment of the portfolio did not identify any material risks to any of the businesses or systematically across the portfolio. Relative to other sectors, Arcus's average physical climate risk can be viewed as low, and the low carbon transition provides an opportunity not a risk, and those opportunities are greater than many other infrastructure sector peers.

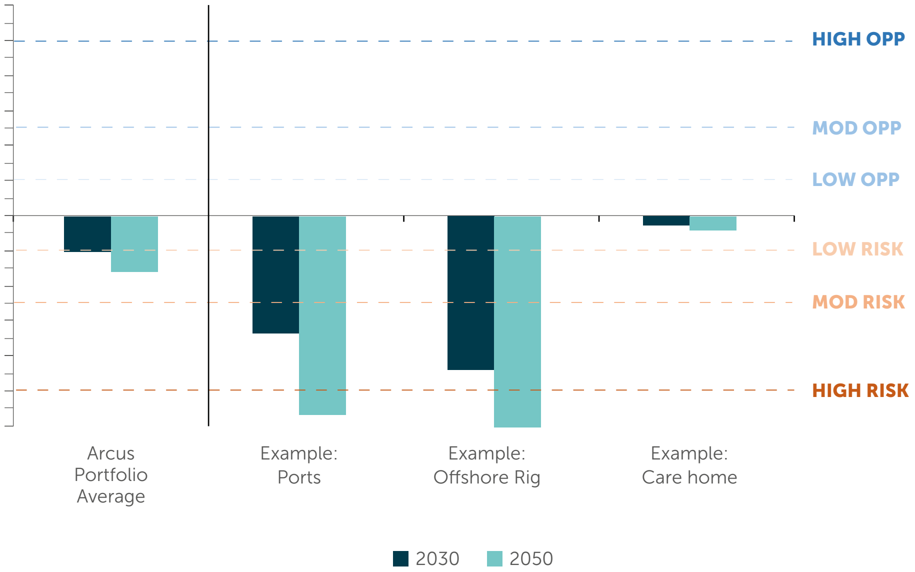
This is an unsurprising outcome for Arcus. In our investment selection process we are focused on acquiring and building the sustainable European infrastructure of the future and many of the businesses we are involved in are deploying capital to invest in the transition to a low carbon, resilient economy.

[1] The eight physical scenario indicators to assess potential risks and opportunities across the Arcus portfolio were: extreme heat, extreme cold, flooding, coastal and sea level rise, tropical cyclones, storms, wildfires and waters stress/drought.

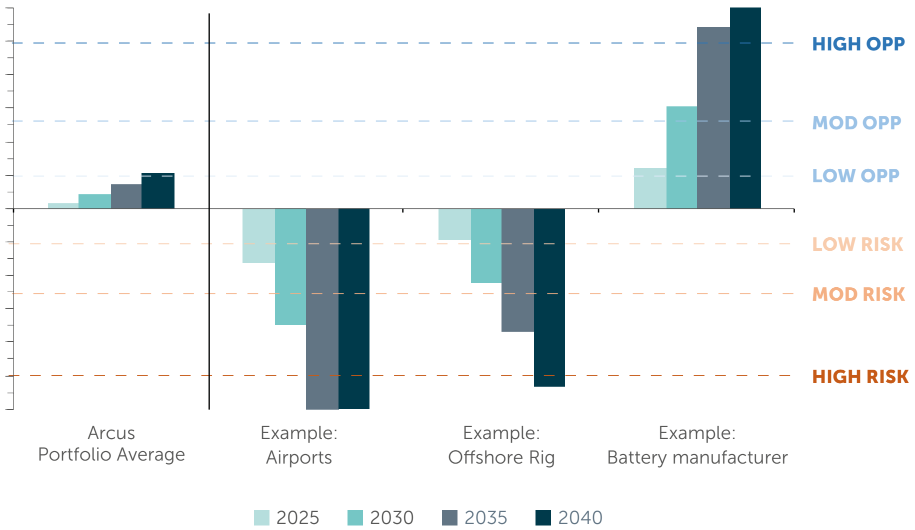
[2] The 13 transition scenario indicators to assess potential risks and opportunities across the Arcus portfolio were: energy intensity of GDP, CO_2 intensity of GDP, CO_2 emissions per capita, buildings CO_2 intensity, industrial CO_2 intensity, aviation emissions, shipping emissions, passenger rail km travelled, rail freight tonne km, passenger road km travelled, road freight tonne km, total power demand and wind & solar generation.

2.7 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORTING (CONTINUED)

PHYSICAL RISK



TRANSITION RISK



RISK MANAGEMENT

Arcus' ESG risk management approach aligns well with the TCFD Recommendations as we seek to clearly identify, assess and manage material risks throughout the investment lifecycle. Therefore the integration of climate-related risk management within this process was completed rather seamlessly, as detailed in the Governance section.

Please refer to the risk management process outlined in Section 2.1 which highlights our ESG management approach throughout the investment lifecycle, including climate change management.

METRICS AND TARGETS

Arcus follows a materiality driven approach to collection of metric data for all ESG risks and opportunities, including climate-related factors – data is collected to be used as information in decision making, not just data collection. No climate-related risks or opportunities are identified as material enough for us to consider consolidated reporting, and disclosure of key metrics for each investee company is included in their respective investor reporting.

NEXT STEPS IN TCFD IMPLEMENTATION

This first year implementation of TCFD is the first step within our TCFD reporting road map. In subsequent years we have identified next steps in improve our climate change considerations and those have been shared with the respective Fund and Managed Account investors.

ESG Regulatory Developments

AN INCREASING OBLIGATION AND EXTENSIVE MANAGEMENT CHALLENGE

In the past five years, investor demand for and positioning of investment products labelled as "sustainable" or "sustainably managed" have increased and, hence, investors', standard setters' and regulators' focus on sustainable finance disclosure and regulation has increased. By 2018, investments being managed under the banner of "sustainability" had increased by 34% globally compared to two years earlier, totalling $34.7 trillion AUM, according to the Global Sustainable Investment Alliance's annual review[1]. Europe is the global leader in sustainable investing where "buy-in" of ESG-driven strategies came early on, allowing EU regulators to act faster with the introduction of reforms and reporting obligations. There is still more opportunity and growing interest in this space, supported by the various global reporting standards and regulation which have developed over the past 20 years ranging from Global Reporting Initiative ("GRI"), UN Principles for Responsible Investing ("UNPRI"), UN Global Compact ("UNGC"), UN Sustainable Development Goals ("UNSDGs"), Task Force on Climate-related Financial Disclosures ("TCFD"), Climate Action 100+, EU Taxonomy and EU Sustainable Finance Disclosure Regulation ("SFDR").

The ESG Committee at Arcus is responsible for assisting the Management Committee and Investment Committee in the implementation and adoption of ESG standards, principles and regulation. It is the committee's role to continuously update our policies and procedures in line with any regulatory developments. Two key areas of recent regulatory development are TCFD and SFDR, where Arcus has implemented relevant requirements in 2020 and early 2021. We share some of the challenges we have met in doing so and our thoughts for what the future holds.

Shirene Madani, Senior Investment Executive

Task Force on Climate-related Financial Disclosures ("TCFD")

The implementation of TCFD reporting for FY 2020 was a key Arcus priority. The evaluation of climate change risks and opportunities was already embedded in Arcus' ESG oversight in origination and asset management processes; however recognising the importance of this area, we decided to voluntarily commence TCFD reporting across our portfolio. With the help of ERM, workshops were held to implement scenario analysis to establish the level of exposure to climate-related risks and opportunities, and financial impacts, relevant to each Arcus investee company. A summary of our approach can be found on page 31 of this report. Arcus is committed to reporting on TCFD annually.

With TCFD reporting still in a voluntary and early-adopter phase, we see a challenge in who is best placed to implement the TCFD reporting in a private infrastructure equity context – is it the portfolio company management team, the manager (the GP) or the investor (the LP)? They all have an interest in ensuring that the portfolio company understands the impact from climate scenarios on the business and appropriately manages climate risks and opportunities… but…. how, and who, should select the climate scenarios? How to apply scenario analysis consistently across investment portfolios to provide appropriate and consistent disclosure of potential risks and their impact? Who has sufficient data to inform the financial impact sensitivity analysis from the climate scenarios?

Arcus' chosen approach is a centralised one where we:

- engage consultants as the asset manager to assist in manager-led management and reporting of TCFD;
- select internationally well recognised and commonly chosen climate scenarios and time horizon assessments;
- disclose those selected scenarios to our investee companies and our investors; and
- consistently apply those scenarios across our portfolio while having investee company management assist where necessary providing information and data to understand the financial impact of risks and opportunities.

[1] Source: http://www.gsi-alliance.org/trends-report-2018/

ESG Regulatory Developments (continued)

This provides the benefit that we can be confident in the relative investee company and risk and opportunity profiles within our portfolio and our ability to benchmark those against each other. We are also able to provide detailed and consistent disclosure to our investors of the approach to implementation and the results.

The alternative of portfolio company preparation would mean a bespoke and varied approach to scenario selection and analysis if investee companies each did the exercise themselves (with little ability for consistent portfolio reporting), and equally our investors would not have access to sufficient detailed portfolio information to be able to undertake the analysis themselves. So while TCFD disclosure develops for our sized business and portfolio, the industries we invest in and our position in the asset management industry, this centralised approach was considered the most appropriate. However we can see the questions raised above being a recurring theme as adoption of TCFD increases.

A further challenge is quantification of impacts in a portfolio setting, especially those that operate in different sectors and vary geographically. For example, across our portfolio, different scenarios were run for assets depending on where they operate i.e., there are different climate implications for a road network in Portugal and a smart meter provider in the UK – how best to prepare these results to ensure they capture a true reflection of the analysis for each individual asset but can still be compared across the portfolio to understand the overall portfolio exposure? A further challenge lies in translating specific meteorological risk information into specific, quantifiable metrics. For example, while we might in the future expect a potential for flooding even in areas not historically prone to this, how often will this be and how high do mitigation defences need to be to deal with the height of flooding?

2020 was our initial step on our TCFD roadmap and Arcus is working to iron out such challenges in 2021 to improve the quality of our analysis and disclosure in 2021 and beyond.

ESG Regulatory Developments (continued)

Toby Smith, Partner, Arcus General Counsel

Sustainable Finance Disclosure Regulation ("SFDR")

SFDR, introduced by the European Commission, requires asset managers to complete disclosure in respect of sustainability matters. The aim of SFDR is to increase transparency of sustainability risk management across the asset management industry, encourage wider consideration of adverse sustainability impacts in investment processes, and to provide sustainability-related information regarding financial products. Level 1, effective from 10 March 2021, encompasses the main provisions of SFDR at entity level which requires disclosure of policies in place to integrate sustainability risks in investment decision making and any actions taken where relevant. Level 2, effective from 1 January 2022, is yet to be fully defined but will require detailed entity and product level disclosure with consideration of principal adverse impacts of investment decisions on sustainability factors. The EU intent from SFDR is to reduce the risk that asset managers "greenwash" their products and that their activities and process match how those products are marketed.

Although Arcus, as a UK organisation, is not currently directly subject to the SFDR, Arcus acts as delegate investment manager to European structures which are subject to the SFDR. As noted above, an Arcus subsidiary is applying for Dutch regulatory authorisation, which will take it within the ambit of SFDR. Discussions with legal advisers concluded that Arcus was already undertaking most of the process and disclosure to satisfy SFDR Level 1, other than some minor adjustments to public website disclosure which was implemented through an amendment to the publicly available Arcus ESG policy. Arcus' preliminary conclusion for AEIF2 and AET is that these will be "Article 8" products, products that consider or promote environmental or social characteristics in the pursuit of other financial objectives. The Arcus ESG policy is reviewed annually and was last updated in March 2021.

While Arcus has implemented the initial Level 1 compliance requirements, we consider there is the challenge of uncertainty while the asset management industry awaits clarity on the final Level 2 technical standards of SFDR (applicable from 1 January 2022). Thus far, we are aware that this will include product level reporting of how each financial product considers the principal adverse impacts on sustainability factors, and the likelihood of enhanced reporting requirements for all EU fund products. But the detail is still to be finalised. Arcus' controlling stake in our assets provide us with the flexibility to collate information to comply with disclosure requirements in short order.

However, the primary question on SFDR is whether the disclosures will really resolve the problem of greenwashing?

It is not clear what metrics, qualitative or quantitative, firms will have to report against for each product, how these will be assessed and, in turn, whether marketing certain financial products as sustainable and being able to disclose under SFDR provides a more accurate picture to investors and deters firms who cannot comply. What will this mean for investors in terms of capital allocation and demand for Article 8 and 9 products? When considering investing in infrastructure funds, will SFDR classification and reporting provide sufficient differentiation between funds in investor decision making?

The regulation also comes with a cost implication to these incremental disclosures which asset managers and investors will have to bear as regulatory obligations increase (in addition to the industry standard reporting like PRI and GRESB). And this raises the question of whether regulation such as SFDR is really adding value to investors, especially sophisticated professional investors, who undertake detailed ESG due diligence on managers before investing and gain comfort, through contractual documentation (LPA and side letters), on the manager's approach and commitment to sustainability.

These are all interesting themes to consider as the market adopts ESG regulatory developments in line with EU and global sustainability targets.

03

INVESTMENT PORTFOLIO REPORTING

Reporting in this section on our portfolio companies is governed by underlying shareholder agreements which include confidentiality provision restrictions. We have sought to provide transparency of investee company ESG activities and performance where possible within the confidentiality undertakings Arcus' underlying investment vehicles have made and without publicly disclosing commercially sensitive information.

3.1 TRANSPORT – RAILWAY ROLLING STOCK

ALPHA TRAINS

Alpha Trains

Continental Europe's largest and most diversified specialist rolling stock lessor.

BASIC COMPANY INFORMATION

LOCATION
Luxembourg

WEBSITE
www.alphatrains.eu

NUMBER OF EMPLOYEES
121 Total (58% male, 42% female)

ARCUS ASSET MANAGER
Neil Krawitz

ARCUS BOARD MEMBERS
Jack Colbourne, Audrey Lewis (Arcus holds 2 of 6 seats)*

INVESTMENT DATE
First acquired 5 August 2008

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
51.1%**

* In addition to the Alpha Trains (Luxembourg) Holdings S.à r.l. representatives, Neil Krawitz, the Arcus asset manager for Alpha Trains, represents Arcus on the board of the main operating company, Alpha Trains Group S.à r.l.

** Managed Account investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

ALPHA TRAINS

INVESTMENT DESCRIPTION

Alpha is the largest private sector rolling stock lessor active in the continental European rail sector. Its portfolio comprises 453 passenger trains and 361 freight locomotives with a gross book value of c. €3.0bn. These assets are leased to rail customers across 17 EU and EFTA countries. Alpha has also ordered c. €115m of new passenger trains (18 trains) which are under construction for forward starting long-term leases in Germany and c. €158m of new locomotives (37 locomotives) for operation in Belgium, France, Luxembourg, Portugal and Spain. Alpha is based in Luxembourg and has operational bases in Antwerp, Cologne, Madrid and Paris.

Alpha's passenger business is not directly exposed to farebox risk, making it stable and predictable with limited revenue volatility. Alpha's locomotive business has a high proportion of assets with multi-country certification, which makes them attractive to operators. The long-term nature of its leases with passenger operators together with the need to run freight services irrespective of short-term volume reductions provide protection from economic downturns.

ALPHA'S APPROACH TO ESG

Alpha is a low carbon business which is environmentally and socially aware of the contribution that rail makes as a sustainable and environmentally responsible mode of transport for people and goods. Alpha's fleet is c. 80% electric traction driven assets and it ensures that all its assets comply with relevant environmental regulation, for example regarding permissible emissions from diesel engines and the disposal of waste oil and other contaminants.

Safe operations are a top priority for Alpha; however, the company does not directly operate its passenger and locomotive assets; day-to-day responsibility for the rolling stock rests with the operators. When incidents happen, the operators are required to report them immediately to Alpha. Alpha has detailed procedures and policies in place to ensure that responses and actions are appropriate and timely. Separate to these incidents, Alpha supervises the implementation of any safety directives applicable to Alpha's assets which manufacturers or regulators may issue, and maintenance activities performed on the assets, to ensure compliance with required standards. The company also participates in industry and owner-wide safety and operational improvement initiatives.

Alpha's key ESG KPIs reported and monitored at Board level are asset-related operational utilisation and safety indicators, employee injury and sickness rates and employee engagement.

2020 KEY ESG EVENTS

In January 2020, Alpha obtained ISO 45001 certification for occupational health and safety as well as ISO 14001 certification for environmental management, both certified by TÜV. The company further published its first public sustainability report in June 2020, available on its website. The report provides a holistic overview of Alpha's ESG approach and policies and the sustainability of its business model. In July 2020 Alpha announced the acquisition of standard gauge Stadler E6000 electric locomotives, providing equipment for the first time allowing heavy haul locomotives to operate on the Mediterranean Corridor which currently has significant road freight volumes and limited rail volumes. This investment is a clear support of the European Commission's target of shifting freight from road to rail. In December 2020 Alpha joined the Nasdaq Sustainable Bond Network where only green, social and sustainable bonds are showcased.

During the COVID-19 pandemic, Alpha followed local government guidance and successfully shifted its team to working from home. The business was largely unaffected operationally and financially and its credit rating reaffirmed at 'BBB' with a stable outlook by Fitch.

ALPHA'S SDGS FOCUS

- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

GRESB RESULTS

Alpha scored 92 out of a possible score of 100 compared to the average GRESB score of 45. Alpha was ranked as follows in peer benchmarking:

- 3rd of 6 European rail maintenance company participants
- 20th of 406 participants overall

2019	2020
84 / 100	92 / 100

3.2 TRANSPORT – TOLL ROADS

BRISA

Brisa

One of the world's largest motorway operators and Portugal's largest transport infrastructure company.

BASIC COMPANY INFORMATION

LOCATION
Portugal

WEBSITE
www.brisa.pt

NUMBER OF EMPLOYEES
2,844 Total (61% male, 39% female)

ARCUS ASSET MANAGER
Feriel Feghoul

ARCUS BOARD MEMBERS
Daniel Amaral, Feriel Feghoul (Arcus holds 2 of 11 seats)

INVESTMENT DATE
27 June 2007

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
81.1%*

* Arcus manages 81.1% of Brisa investment on behalf of a Managed Account

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

INVESTMENT DESCRIPTION

Brisa is a leading European toll road operator which owns or operates six road concessions in Portugal with a total length of 1,557km (c. 50% of the total Portuguese network). BCR is the main concession, and accounts for over 80% of consolidated revenues and 100% of consolidated traffic and toll revenues.

BRISA'S APPROACH TO ESG

Brisa manages ESG performance against five fundamental vectors of sustainability: economic performance, sustainable mobility, social performance, human resources and environmental management. Brisa monitors its ESG performance on a wide range of indicators – including injury and accident rates, fuel consumption, electricity consumption, training hours or gender diversity – and has significantly improved its performance in many of these over the years. Brisa's ESG management is externally audited annually.

Brisa has a long and well-established history of a commitment to sustainable development and operations, taking a proactive stance in its responsibility towards societal well-being and development. The company has been a signatory to the United Nations Global Compact since 2007 and subscribes to various international reporting standards such as the World Business Council for Sustainable Development and the Global Reporting Initiative. Brisa also actively participates in a number of organisations such as APCAP (Association of Portuguese Concession Companies of Toll Motorways or Bridges), ASECAP (European Association of Toll Motorways Operators), CRP (Portuguese Road Centre), IBTTA (International Bridge, Tunnel and Turnpike Association), the Transport Decarbonisation Alliance and Roteiro para a Neutralidade Carbónica. Furthermore, Brisa is also an active participant in various international forums aimed at increasing transportation sustainability and has a long track record in road safety in Portugal and invests in mass media road safety campaigns.

2020 KEY ESG EVENTS

Brisa's primary focus in 2020 was on the improvement of the systems for collection and processing of information supporting environmental management, on the development of operational goals for each business unit, and on preparing an operating model for the energy transition, with a view to the systematic reduction of carbon emissions. Brisa has been developing a group-wide programme (Clima 2.0), a multi-year project targeting reduced energy and water consumption, cleaner fleet, and emphasis on circular economy measures. Under this initiative, it is targeting a 60% reduction of Brisa's carbon emissions by 2030.

The first phase involved the identification of key emissions indicators and the launch of a centralised dashboard that unifies sustainability indicators across the organisation, such as energy, water, waste and GHG emissions. During 2020, the company focused on scopes 1+2 emissions, comprising a combination of energy efficiency solutions to be implemented over the next four years, and including (i) increased production of solar PV energy, (ii) reduction of energy consumption for lighting, (iii) development of a pilot project for production and supply of green hydrogen for use by the operational vehicle fleet and (iv) integrated management of energy efficiency solutions based on an artificial intelligence system. A new fleet management model was also approved whereby all new company vehicles will be exclusively plug-in hybrid or full EV.

Building on the development of the monitoring dashboard mentioned above, in 2019 translated into an improvement in control and action in all environmental impacts, enabling the monitoring of the performance of such indicators and supporting the annual report for 2020. Operational goals were defined and approved for each business unit individually and were included in the Planning and Budget for 2021.

BRISA'S SDGS FOCUS

GRESB RESULTS

Brisa scored 94 out of a possible score of 100 compared to the average GRESB score of 45. Brisa was ranked as follows in peer benchmarking:

- 1st out of 21 European Motorway Networks
- 5th out of 31 Global Motorway Networks
- 10th of 406 participants overall

2019	2020
91/100 GRESB ★★★★★ 2019	94/100 GRESB ★★★★★ 2020

3.3 TRANSPORT – COLD STORAGE LOGISTICS

CONSTELLATION COLD LOGISTICS

Constellation Cold Logistics

A platform company comprising market-leading cold chain infrastructure businesses across Europe, providing mission-critical storage, transport and value-added services to food producers, wholesalers and retailers.

BASIC COMPANY INFORMATION

LOCATION
Luxembourg

WEBSITE
www.constellationcold.com

NUMBER OF EMPLOYEES
230 Total (88% male, 12% female)

ARCUS ASSET MANAGER
Jordan Cott

ARCUS BOARD MEMBERS
Stuart Gray, Toby Smith*

INVESTMENT DATE
30 September 2019

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
100%**

* Constellation Cold Logistics S.á.r.l. (the Holdco)
** AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

CONSTELLATION
COLD LOGISTICS

INVESTMENT DESCRIPTION

Constellation Cold Logistics ("Constellation" or the "Platform") is a platform of four European market-leaders in the cold storage industry, comprising over 350k pallet positions of capacity.

Glacio has two frozen storage facilities south of Oslo, Norway, with capacity of c. 60k pallet positions alongside a refrigerated transport fleet. Glacio's customer base comprises agri-food businesses across the poultry, meat, fish and processed food segments.

Lintelo, headquartered in the East of the Netherlands, operates c. 70k pallet positions across its two facilities which act as a consolidation hub facilitating global trade of products including dairy and veal.

Stockhabo has capacity of c. 160k pallet positions across four facilities around Mouscron, Belgium. The company has diversified product exposures, including food types such as french fries, bakery products and ice cream.

HSH operates c. 65k pallet positions across Grimsby and Redditch, UK, as well as a refrigerated transport fleet. Its sites are positioned in the UK's primary fish processing region, and benefit from efficient transport links to major shipping ports.

CONSTELLATION'S APPROACH TO ESG

Constellation has implemented a corporate ESG policy that was considered and approved at each of the group company Boards in H2 2020. This policy ensures that ESG issues are considered consistently at all levels of the group company activities and in accordance with International and National Codes and Principles. The policy standardises the ESG KPIs that should be tracked and reported across the group going forward and will document a harmonised methodology for the calculation of such KPIs. In turn, this framework and the associated KPIs will provide greater oversight of ESG performance and operational incidents at the Platform companies and the Platform itself and will help to identify and manage risks in this regard.

Constellation has incorporated its support of the United Nations SDG 12 "Responsible consumption and production" into its group ESG policy, with the aim of ensuring consideration of this goal at all levels of group business activities. The group companies' operations inherently support SDG Number 12 "Responsible consumption and production" with a focus on efficient management of shared natural resources including through the reduction of food waste.

During 2020, Constellation undertook a shadow GRESB assessment with the intention of preparing the company for its first full submission in the year ahead. The company is in ongoing discussions with GRESB to establish the most relevant infrastructure sector for benchmarking and materiality thresholds.

2020 KEY ESG EVENTS

During the year, Constellation group companies Lintelo and Stockhabo commenced programmes to replace certain older refrigeration installations that use hydro-fluorocarbon-based refrigerants with a high Global Warming Potential ("GWP") with refrigeration systems that utilise lower GWP refrigerants. Stockhabo finalised its refurbishment project in late 2020 and is already seeing significant energy cost savings of between 15-20% for the relevant facility. Lintelo is in the process of finalising designs related to the renewed systems and has appointed contractors to undertake the works which are scheduled to complete later in 2021. This replacement programme is not applicable to Glacio and HSH, who already use modern and environmentally efficient ammonia-based refrigeration systems across their facilities.

The companies continue to observe enhanced standards of hygiene measures in response to the ongoing COVID-19 pandemic. On the back of COVID-19, Stockhabo, partnered with its airline catering customer to donate frozen food that would have otherwise gone to waste given the grounding of planes across Europe.

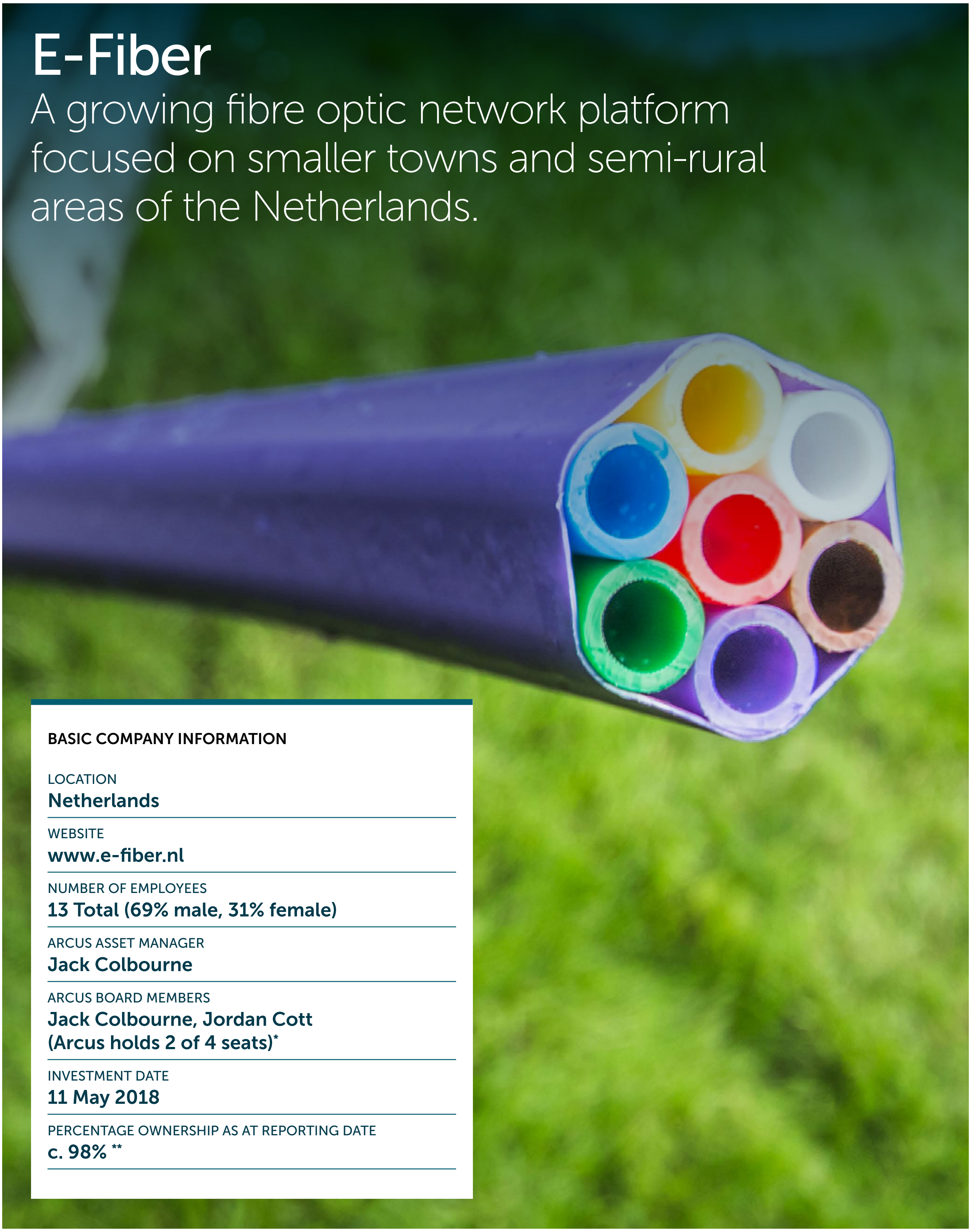
During the year, Arcus established a standardised board structure across the Platform and implemented consistent practices for seeking board-level approvals and reporting. The group also implemented corporate ESG and Ethics in Business policies that were considered and approved at each of the group company Boards in H2 2020.

CONSTELLATION'S SDGS FOCUS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

3.4 TELECOMS – FIBRE NETWORK

E-FIBER



E-Fiber

A growing fibre optic network platform focused on smaller towns and semi-rural areas of the Netherlands.

BASIC COMPANY INFORMATION

LOCATION
Netherlands

WEBSITE
www.e-fiber.nl

NUMBER OF EMPLOYEES
13 Total (69% male, 31% female)

ARCUS ASSET MANAGER
Jack Colbourne

ARCUS BOARD MEMBERS
Jack Colbourne, Jordan Cott (Arcus holds 2 of 4 seats)*

INVESTMENT DATE
11 May 2018

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
c. 98% **

* Arcus-appointed Board members have disproportionately higher voting rights; Arcus therefore controls the Board
** AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

efiber

INVESTMENT DESCRIPTION

E-Fiber is a growing FTTH platform in the Netherlands that develops, builds and commercialises FTTH networks in less dense areas (i.e. smaller towns and semi-rural areas) of the country. E-Fiber operates as a wholesale local network provider, and generates revenue by renting capacity on its network to ISPs who then provide high-speed broadband access to mainly residential end users. As of 31 December 2020, E-Fiber owned networks in operation or in construction comprising c. 207,000 Homes Passed (at completion) across 16 municipalities in the Netherlands.

E-FIBER'S APPROACH TO ESG

E-Fiber is a relatively young and small company. Arcus has worked with the founder and CEO of E-Fiber to establish and embed ESG management and best practices within the business. Since acquisition by Arcus in mid 2018, the company has adopted policies covering ESG, Anti-Bribery and Fraud Prevention, Health & Safety, as well as a Code of Conduct. ESG reporting is now part of the monthly management reporting. E-Fiber is also committed to comply with the TCFD recommendations.

E-Fiber's networks help to "level" the urban-rural digital divide and thus contribute to the SDGs. E-Fiber builds fibre networks that bring higher internet speeds to semi-rural communities that are often overlooked by larger players due to their smaller size and cost of investment, creating a digital divide for these semi-rural communities compared to large cities. E-Fiber's investment provides these communities with a communications utility fit for the future. E-Fiber regularly holds townhall sessions to provide those communities and stakeholders with information to understand more about the benefits of FTTH. In addition, E-Fiber regularly teams up with local schools and education groups to sponsor digital awareness programmes and has been actively involved in promoting FTTH for educational facilities.

2020 KEY ESG EVENTS

In 2020, E-Fiber engaged ERM to undertake an assessment of climate-related risks and opportunities across the company. The main objective of the assessment is to understand where material exposures to these risks may exist, understand the timings and drivers of related issues and comply with the above mentioned TCFD recommendations. Over the course of 2020 E-Fiber continued to develop new stakeholder engagement tools promoting the benefits of FTTH to the community, like recently becoming a proud partner of "Bee Landscape West Brabant" whereby sowing the roadsides with red and white clovers during construction of the fibre optic networks, E-Fiber will contribute to improving the habitat of pollinators.

E-FIBER'S SDGS FOCUS

GRESB RESULTS

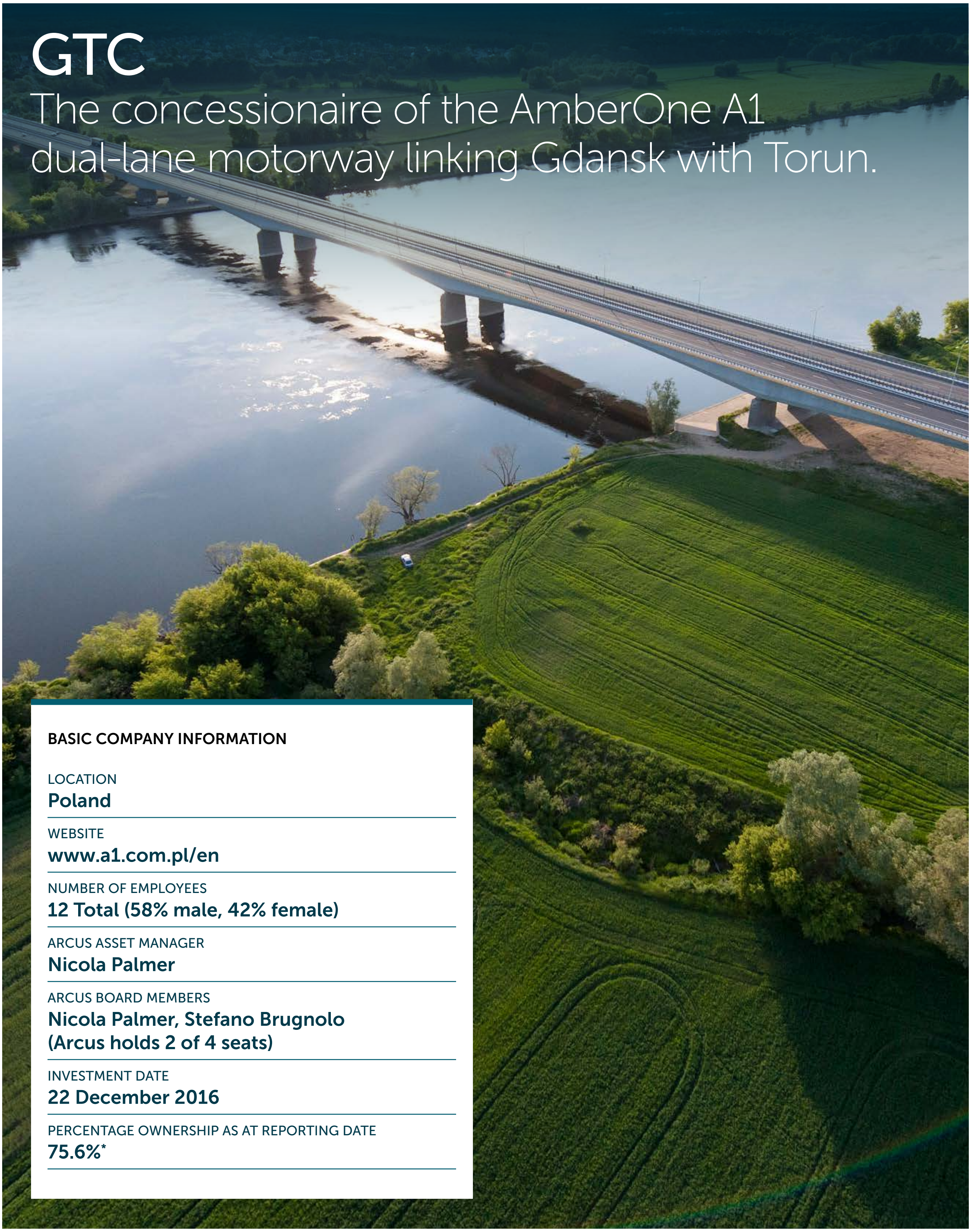
E-Fiber participated in the annual GRESB reporting for the second time in 2020, achieving an over 25-point increase vs 2019 GRESB score. E-Fiber scored 84 out of a possible score of 100 compared to the average GRESB score of 61 (and a peer average of 58). E-Fiber was ranked as follows in peer benchmarking:

- 2nd of 7 Global Fibre Networks
- 64th of 406 participants overall

2019	2020
	

3.5 TRANSPORT – TOLL ROADS

GTC



GTC

The concessionaire of the AmberOne A1 dual-lane motorway linking Gdansk with Torun.

BASIC COMPANY INFORMATION

LOCATION
Poland

WEBSITE
www.a1.com.pl/en

NUMBER OF EMPLOYEES
12 Total (58% male, 42% female)

ARCUS ASSET MANAGER
Nicola Palmer

ARCUS BOARD MEMBERS
Nicola Palmer, Stefano Brugnolo (Arcus holds 2 of 4 seats)

INVESTMENT DATE
22 December 2016

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
75.6%*

* Managed Account investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

INVESTMENT DESCRIPTION

GTC is the concessionaire of the AmberOne A1 dual-lane motorway linking Gdansk with Torun. The A1 concession comprises a 152km long dual carriage motorway linking the city of Gdansk in the North with Torun further South, and forms part of the broader c. 400km long Autostrada A1 motorway. The Autostrada A1 forms an integral part of the European integrated road plan (EU TEN-T) and constitutes a key North-South corridor that connects the main Polish Baltic port cities of Gdansk and Gdynia with the Czech Republic, Austria and Slovenia to meet the Adriatic Sea.

GTC'S APPROACH TO ESG

ESG matters are core to GTC's obligations under the Concession and Polish regulatory requirements and are important to GTC's stakeholders and enhancing shareholder value. The company aims to undertake initiatives to continuously improve and promote motorway safety, reduce congestion and carbon emissions, encourage greener technical solutions, improve ESG monitoring, establish a robust risk management framework, improve biodiversity and engage in charitable events.

Since acquisition in late 2016 Arcus has enhanced the GTC's reporting protocols on ESG-related topics. This has enabled better monitoring of the number and severity of accidents, as well as environmental and social initiatives, on a monthly basis, in order to further improve GTC's ESG performance. GTC's ESG policies and activities have also been enhanced as management has endeavoured to set meaningful annual ESG objectives that are well beyond minimum compliance.

GTC supports stakeholder events and campaigns on a regular basis to promote safe driving and first aid. The campaigns target a wide range of stakeholders and include promotional activities to motorway users at the services areas, learning sessions at local educational institutions and public demonstrations of first aid. The company has worked with local enforcement and rescue agencies to help analyse, prevent and respond to accidents.

GTC's key ESG KPIs reported and monitored at Board level are electronic tolling usage, motorway incidents, animal passage usage, water usage/treatment, and noise pollution. Additional emphasis is placed on monitoring motorway incidents as this is fundamental to the safety and functioning of the motorway.

2020 KEY ESG EVENTS

During 2020, GTC responded quickly and appropriately to maintain the safety of the motorway, its users and its employees throughout the COVID-19 pandemic and continues to do so. The company had replaced a significant amount of the road lighting on Phase 1 to LED-based lighting, reducing its energy consumption. GTC continued to plant additional greenery along the motorway as a carbon offset initiative and has started to replace its plastic mesh fences with alternative lower carbon materials. The company is also working with the Operator to improve waste and recycling management at the service areas. GTC aims to publish an annual sustainability report based on GRI Standards to report its ESG performance externally and has selected the appropriate Sustainable Development Goals it aims to endorse.

GTC'S SDGS FOCUS

GRESB RESULTS

GTC scored 85 out of a possible score of 100 compared to the peer average GRESB score of 55. GTC was ranked as follows in peer benchmarking:

- 1st of 10 European Motorways
- 2nd of 21 European Road Companies
- 58th of 406 participants overall

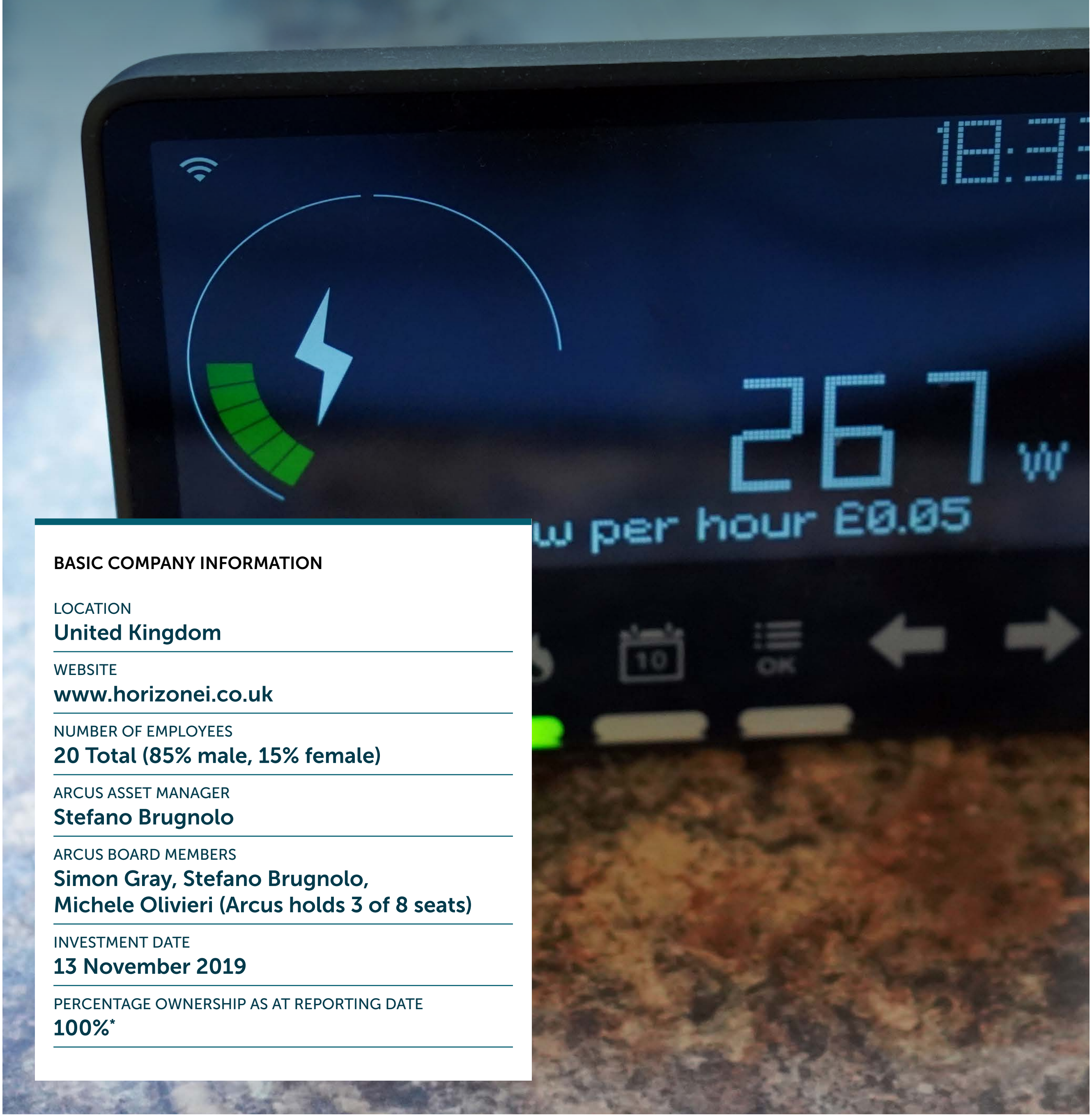
2019	2020
76/100 GRESB ★★★★★ 2019	85/100 GRESB ★★★★★ 2020

3.6 ENERGY – SMART METERING

HORIZON

Horizon Energy Infrastructure

A growing and dynamic meter asset provider working to develop sustainable partnerships with energy suppliers in the UK.



BASIC COMPANY INFORMATION

LOCATION
United Kingdom

WEBSITE
www.horizonei.co.uk

NUMBER OF EMPLOYEES
20 Total (85% male, 15% female)

ARCUS ASSET MANAGER
Stefano Brugnolo

ARCUS BOARD MEMBERS
Simon Gray, Stefano Brugnolo, Michele Olivieri (Arcus holds 3 of 8 seats)

INVESTMENT DATE
13 November 2019

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
100%*

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

horizon
ENERGY INFRASTRUCTURE

INVESTMENT DESCRIPTION

Horizon Energy Infrastructure Limited ("Horizon") is a UK-based smart metering asset provider founded in 2009, with a portfolio of c. 585,000 smart meters installed in domestic and industrial & commercial premises. The company finances the purchase and installation of smart meters on behalf of energy suppliers, retaining ownership of the assets and collecting monthly rental payments from secured, long-term leasing contracts (typically with a duration of 15 years). With the responsibility for the operation and maintenance of the meters fully transferred to the lessees, Horizon has a simple business model with scope for scalability using its largely fixed cost base. Moreover, Horizon benefits from favourable market dynamics in the context of the UK Government-mandated roll-out of smart meters.

HORIZON'S APPROACH TO ESG

Smart meters are an integral part of the transition to a safe and decarbonised energy system, with lower energy consumption expected through real-time updates of energy use, higher energy supplier switching to lower carbon energy suppliers (e.g. some energy suppliers offer 100% renewable energy tariffs), the introduction of time-of-use tariffs, which shift energy consumption to low demand periods, reducing the need for grid reinforcement and faster detection and communication of emergencies (leaks, fires and other) to network operators and energy suppliers. Horizon's business is a key driver of the investment in this transition.

The impact of Horizon's business activities on the environment are indirectly through its suppliers (e.g. installers who drive to customers' premises; a third-party contractor who disposes of the meters) and the company works with its partners to improve energy efficiency where possible. An area being considered for potential ESG improvements is formalising an environmental plan to drive efficiencies and cost savings in the future.

Horizon has a comprehensive set of company policies such as Health & Safety Environmental, Data Management and Data Protection Policy. Monthly Board reporting includes a detailed section on Health & Safety & Compliance, as well as a summary of the company's monthly performance with respect to a set of ESG KPIs.

2020 KEY ESG EVENTS

Over 2020, Horizon successfully transitioned to 100% renewable energy for its headquarters in Salisbury, UK, and has sharpened its focused on energy consumption monitoring. In August 2020, Horizon undertook its first GRESB assessment on a voluntary basis, the results of which were not accounted for in Arcus' overall scoring. Scores obtained by HEI were generally on the lower end of the spectrum and partially reflective of the management's little familiarity with the assessment (under the asset's previous ownership, GRESB-related matters were taken care of by the shareholder, with no management involvement) and inexperience in navigating the format. Ad-hoc coaching sessions have taken place with the Arcus ESG team to educate the management in this respect, and a dedicated member of the management team has been selected to follow GRESB and ESG-related matters on a regular basis. Additionally, the asset's score suffered from being misclassified in the category of "Network Utilities", which includes companies with very different business models and KPIs. To avoid being penalized by the lack of comparability of business models, for the 2021 assessment Arcus submitted feedback with regards to the key assessment area, as well as a possible request for change in category to smart metering under data transmission infrastructure.

During the second half of the year, the asset management team worked together with ERM to perform a Climate Change Risk assessment of the asset for the purpose of TCFD (Task Force on Climate-related Financial Disclosures), which highlighted the good positioning of Horizon vis-à-vis climate change and a generally low exposure to related risks.

As part of the Budget 2021, the Board of Directors has approved a new ESG 2021 Improvement Programme, the first of its kind for Horizon as a company. Contained in the programme there are several environmental policies targeted to further raise Horizon's green credentials, as well as plans to improve corporate social responsibility through an update of the internal Code of Conduct and Ethics and the development of a Supplier Code of Conduct. Additionally, the Budget 2021 introduces a new Performance Management Framework, under which the achievement of ESG targets is set to become part of staff performance measurement and related premia.

HORIZON'S SDGS FOCUS

3.7 TRANSPORT – TANK CONTAINER LEASING

PEACOCK LEASING

Peacock Leasing ("Peacock")

Fast-growing lessor of sustainable intermodal tank containers to European and global operators, chemical companies and food producers.

BASIC COMPANY INFORMATION

LOCATION
Europe, Singapore

WEBSITE
https://peacockcontainer.com

NUMBER OF EMPLOYEES
12 Total (67% male, 33% female)

ARCUS ASSET MANAGER
Jenni Chan

ARCUS BOARD MEMBERS
Nicola Palmer, Jenni Chan, Neil Krawitz (Arcus holds 3 of 5 seats)

INVESTMENT DATE
19 February 2021 (note post reporting date of 31-Dec-2020)

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
95%*

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

INVESTMENT DESCRIPTION

Peacock is a fast-growing ISO tank container leasing company with a predominantly European and Asian customer base, providing intermodal assets that transport specialised liquid cargo globally. The company owns a diverse fleet of over 17,000 tank containers and is the sixth largest tank container lessor globally. The tank container leasing business is not directly exposed to volume risk, making it stable with limited revenue volatility. Typical customers of Peacock include producers and transportation companies active in the international chemical, pharmaceutical and food processing industry.

PEACOCK'S APPROACH TO ESG

Peacock's tank containers are suitable across different transport modes which facilitates efficient intermodal transfer, opening their use across more environmentally friendly maritime and rail options, thereby reducing carbon footprint. The tank containers have sustainable benefits being reusable many times over their asset life, reduce waste during cargo discharge and recyclable at the end of their useful life. Tank containers comply with ISO worldwide standard and are considerably more efficient and safer than alternative options.

Safe operations are a priority for Peacock, and tank containers provide the safest form of transport of liquid products, including hazardous liquids. There are stringent regulations governing the operations and construction of tank containers and tanks are subject to periodic testing. As a result, instances of leakage of material from tank containers is extremely rare even when tanks are involved in accidents. Peacock does not directly operate the tank containers but works closely with manufacturers and customers to promote health and safety matters.

Peacock is a relatively small company and many ESG matters have historically been managed by the CEO. Arcus is working with Peacock to have a formally documented approach to ESG and embed ESG management and best practices within the business. This will include implementing an ESG policy as well as other relevant policies and establishing an ESG reporting framework.

Given that the investment in Peacock was completed after 2020 year end, there is no reporting of 2020 ESG matters nor did Peacock participate in the GRESB assessment process. The first GRESB assessment in which Peacock will qualify for full participation is in 2021, to be completed in mid-2022.

PEACOCK'S SDGS FOCUS

3.8 ENERGY – SMART METERING

SMA

Smart Meter Assets 1 Ltd. (“SMA”)

Fifth largest meter asset provider in the UK with a large and growing portfolio of smart meters.

BASIC COMPANY INFORMATION

LOCATION
United Kingdom

WEBSITE
www.smartmeterassets.co.uk

NUMBER OF EMPLOYEES
8 Total (50% male, 50% female)

ARCUS ASSET MANAGER
Christian Scott-Mackenzie

ARCUS BOARD MEMBERS
Christian Scott-Mackenzie, Stefano Brugnolo, Mark Cresswell

INVESTMENT DATE
12 May 2021
(note post reporting date of 31-Dec-2020)

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
100%*

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

Smart Meter Assets

INVESTMENT DESCRIPTION

SMA is the fifth largest meter asset provider in the UK, with a portfolio of c. 1.6m smart electricity and gas meters installed in domestic premises. Established in 2014, the company finances the purchase and installation of smart meters on behalf of energy suppliers, retaining ownership of the assets and collecting monthly rental payments under secure, long-term leasing contracts. With the responsibility for the installation, operation and maintenance of the meters fully transferred to the lessees, SMA has a simple business model with immaterial operational risk exposure. Moreover, SMA benefits from favourable market dynamics from the UK Government-mandated roll-out of smart meters.

SMA'S APPROACH TO ESG

Smart meters are an integral part of the transition to a safe and decarbonised energy system, with lower energy consumption expected through real-time updates of energy use, higher energy supplier switching to lower carbon energy suppliers (e.g. some energy suppliers offer 100% renewable energy tariffs), the introduction of time-of-use tariffs, which shift energy consumption to low demand periods, reducing the need for grid reinforcement and faster detection and communication of emergencies (leaks, fires and other) to network operators and energy suppliers. SMA's business is a key driver of the investment in this transition.

The impact of SMA's business activities on the environment are indirectly through its suppliers and customers (e.g. installers who drive to customers' premises; a third-party contractor who disposes of the meters). The environmental impact of these business activities is very limited and SMA's partners have strong ESG credentials.

SMA was previously covered by ESG policies and procedures at a group level, which ceased upon the investment date. Arcus plans to establish a comprehensive set of company policies such as Health & Safety Environmental, Data Management and Data Protection Policy. We will look to put in place an operations manual and environmental plan, and include monthly Board reporting on Health & Safety & Compliance, as well as a summary of the company's monthly performance with respect to a set of ESG KPIs. From this perspective, we are excited to work with SMA management to improve the ESG credentials of the company.

SMA'S SDGS FOCUS

3.9 TELECOMS – FIBRE NETWORK

SWISS4NET

Swiss4net

A fibre-to-the-home (FTTH) business that develops, builds and operates FTTH networks in rural and medium dense areas of Switzerland.

BASIC COMPANY INFORMATION

LOCATION
Switzerland

WEBSITE
www.swiss4net.ch

NUMBER OF EMPLOYEES
6 Total (50% male, 50% female)

ARCUS ASSET MANAGER
Romain Roirand

ARCUS BOARD MEMBERS
Christopher Ehrke, Romain Roirand (Arcus holds 2 of 3 seats, the third one being held by the executive director appointed by Arcus)

INVESTMENT DATE
27 April 2018

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
78.0%*

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

swiss4net open fibre access

INVESTMENT DESCRIPTION

Swiss4net Holding AG ("Swiss4net"or the "Company") is a fibre-to-the-home ("FTTH") platform that develops, builds and operates FTTH networks in rural and medium dense areas of Switzerland. Swiss4net currently operates two regional networks covering c. 28,000 households passed to date, has two projects being rolled-out covering over 18,000 households and has a pipeline of further networks to be rolled out. Swiss4net owns and operates the only privately-owned open-access wholesale FTTH networks in Switzerland and is very well positioned to secure further exclusive rights of use over regional utilities' ducts, leading to captive opportunities to roll out additional FTTH networks with quasi-monopolistic features. Swiss4net provides Communication Service Providers ("CSPs") with wholesale access to its dark fibre, in part under long-term Indefeasible Right of Use ("IRU") agreements where the CSPs make an advanced payment for agreed network volume prior to their retail commercialisation process.

SWISS4NET'S APPROACH TO ESG

When Swiss4net was formed as a corporate entity at the time of the Arcus acquisition in 2018, there were no formal ESG policies or practices in place, as prior to that the company was a pure holding company without employees. Since then, corporate organisational structure and processes have developed and Swiss4net is driving several initiatives to progress implementation of ESG best practices within the company. A number of policies were developed and approved by the Board which included ESG, Health & Safety, Anti Bribery and Fraud Prevention. In addition, an appropriate governance structure and improved internal and external reporting and operating procedures have been implemented.

Switzerland is generally considered to be one of the most developed countries in the world by various measures such as GDP per capita or average internet download speed; in 2020 ranked 7th with 110.45 Mbit/s. However, the situation is quite mixed across the country with only c. 30% of the population having access to FTTH. Swiss4net invests in building FTTH networks in rural and semi-rural areas in Switzerland which, given the prevalence of outdated copper lines in those areas, supports the "levelling" of the urban-rural digital divide and thus contributing to the SDGs and making a substantial contribution to providing the Swiss population with the telecoms utility of the future.

Swiss4Net's key ESG KPIs reported and monitored at Board level are health and safety items such as fatalities, injuries and lost time as well as energy consumption across the different operating units.

2020 KEY ESG EVENTS

During 2020 Swiss4net reviewed its ESG policy and updated it in alignment with industry standards. Swiss4net continued monitoring and reporting key ESG metrics on a monthly basis. These metrics include energy consumption, the percentage of energy sourced from renewable sources, injuries and fatalities, water and waste consumption, grievances from stakeholders, fraud attempts, and any other board-level or operational issues. The reporting on injuries and fatalities was further refined during 2020, now using Swiss accident rates as the basis of the calculation.

SWISS4NET'S SDGS FOCUS

GRESB RESULTS

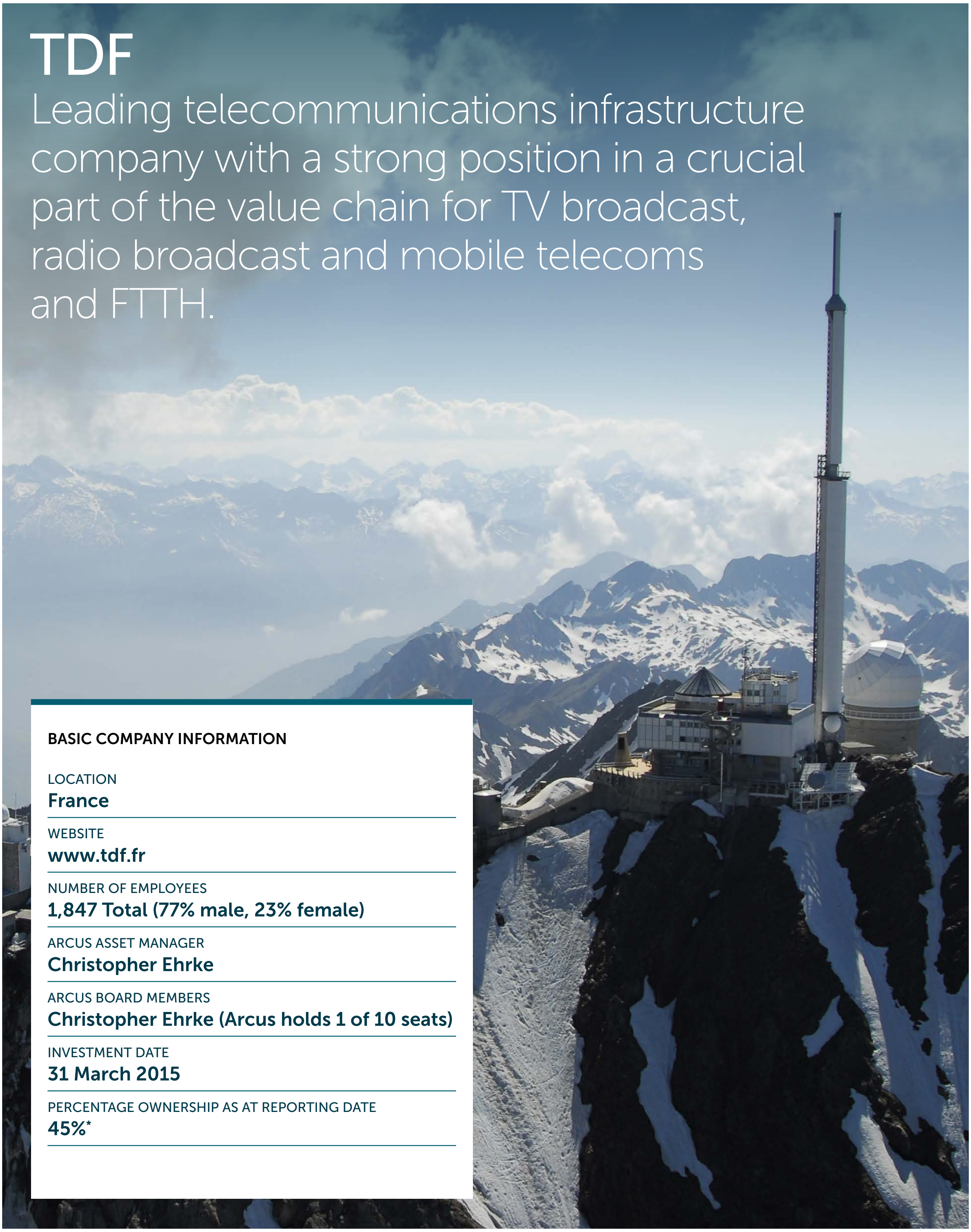
Swiss4net participated in the annual GRESB reporting process for the second time in 2020. Swiss4net scored 85 out of a possible score of 100 compared a score of 48 in 2019. Swiss4net was ranked as follows in peer benchmarking:

- 1st of 7 Global Fibre Networks
- 55th out of 406 participants overall

2019	2020
48/100, GRESB 2019	85/100, GRESB 2020

3.10 TELECOMS – TELECOMMUNICATIONS TOWERS

TDF



TDF

Leading telecommunications infrastructure company with a strong position in a crucial part of the value chain for TV broadcast, radio broadcast and mobile telecoms and FTTH.

BASIC COMPANY INFORMATION

LOCATION
France

WEBSITE
www.tdf.fr

NUMBER OF EMPLOYEES
1,847 Total (77% male, 23% female)

ARCUS ASSET MANAGER
Christopher Ehrke

ARCUS BOARD MEMBERS
Christopher Ehrke (Arcus holds 1 of 10 seats)

INVESTMENT DATE
31 March 2015

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
45%*

* Managed Account investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2020

INVESTMENT DESCRIPTION

TDF is the largest broadcasting tower infrastructure operator in France, with more than 75% market share in DTT and over 60% market share in radio. TDF is also one of the largest outsourced mobile tower site hosting services providers in France, with more than 25% market share. TDF owns and operates a comprehensive asset base of over 7,000 active sites in mainland France, close to 200 sites in French overseas territories and has entered into commercialisation agreements for over 11,500 additional sites in France, including rooftops, making it the largest independent portfolio of sites covering the entire French territory. This unique combination of interconnected infrastructure assets positions TDF as an essential French communications infrastructure operator and enables it to develop complementary business models which require reliability, high capacity and/or high-speed data transmission (e.g. datacentres, cloud, content delivery networks, etc.). TDF has also successfully launched a FTTH division and entered the PIN market at the beginning of 2017, with c. 730,000 plugs awarded to date.

TDF'S APPROACH TO ESG

TDF provides critical broadcast and telecoms infrastructure across France and is an important component of the French national communication infrastructure. TDF pays strict attention to protecting the environment and providing a high-quality service matching the expectations of its customers.

TDF's environment, health and safety policy is underpinned by identifying and classifying risks arising from the company's operations on an ongoing basis, defining safety measures for employees, customers and suppliers, ensuring the safety of infrastructure, improving labour conditions, protecting the environment, implementing training and awareness programmes for accident and incident prevention, with the overall objective of eliminating all high-risk incidents. To comply with the Sapin II law (French anti-corruption regulation), TDF has also implemented a training programme for at-risk employees on Anti-Bribery and Corruption principles. TDF has been a signatory of the UN Global Compact since 2014.

Since the TDF acquisition in March 2015, Arcus has played a leading role in evaluating and improving existing ESG practices at TDF. The monthly financial and ESG reviews and Board materials have been enhanced to provide a clearer structure, more focused reporting and new KPIs created by Arcus based on its long-dated telecoms experience. TDF's key ESG KPIs reported and monitored at Board level are health and safety items including all types of workplace accidents, incidents and working hours logged as well as fraud attempts.

2020 KEY ESG EVENTS

TDF piloted an energy efficiency programme involving the installation of solar panels at six of its sites for self-generation of renewable energy. The panels were positioned above electrical equipment to create shade and reduce cooling needs, serving as an additional energy saving mechanism. Overall, the programme was deemed to be successful, so the company intends on rolling out further solar panels on hundreds of existing and future sites going forward. As energy consumption in the telecommunications industry is generally quite high, this will significantly reduce TDF's carbon footprint.

TDF advanced some of its key social initiatives alongside their partners this year by creating employment for individuals with disabilities and promoting social mobility. In November 2020, TDF took part in the European Disability Employment Week by offering mentorship and work opportunities through the organisation "Arpejeh". Similarly, through the organisation "Article 1", TDF employees provided mentorship to disadvantaged secondary school students and hosted skills-based workshops.

As a result of COVID-19, TDF implemented a bespoke business continuity plan in 2020 and has effectively managed the impacts of the pandemic on the business to date.

TDF'S SDGS FOCUS

GRESB RESULTS

TDF scored 97 out of a possible score of 100 compared to the average GRESB score of 61. TDF was ranked as follows in peer benchmarking:

- 1st of 9 Global Telecom Towers
- 6th out of 406 participants overall

2019	2020
75 / 100 GRESB ★★★★★ 2019	97 / 100 GRESB ★★★★★ 2020

Our ESG Journey

Responsible investment has been an important consideration for Arcus since formation in 2009. Our focus on building the sustainable infrastructure of the future stems from our desire to act in the best interests of our investors and other stakeholders. We foster a culture of continuous improvement and look forward to progressing our ESG journey.

July 2009
Arcus established

Shareholder Leadership | Management Excellence | Strategy & Operations | Finance & Reporting

October 2009
Creation of Arcus Asset Management framework with ESG considerations

July 2014
First Arcus ESG policy and principle-based approach to managing ESG

December 2016
Appointment of Arcus Head of ESG and ESG Committee

March 2017
Signatory to UN PRI

March 2010
Signatory to the UK Stewardship code

June 2016
Arcus portfolio company, TDF, pilots participation in augural GRESB Infrastructure assessment

February 2017
Updated LP ESG reporting in line with Invest Europe Guidance

March 2017
Member of GRESB, and mandatory investee company participation in GRESB

July 2017
Arcus commences support of the Starlight Children's Foundation

December 2017
Integration of UNSDGs in ESG management

October 2018
Arcus joins the GRESB Europe Infrastructure Benchmark Committee

January 2019
Arcus begins carbon offsetting all business travel

October 2019
Arcus wins BVCA Responsible Investment Award for Firms with more than £1bn under management

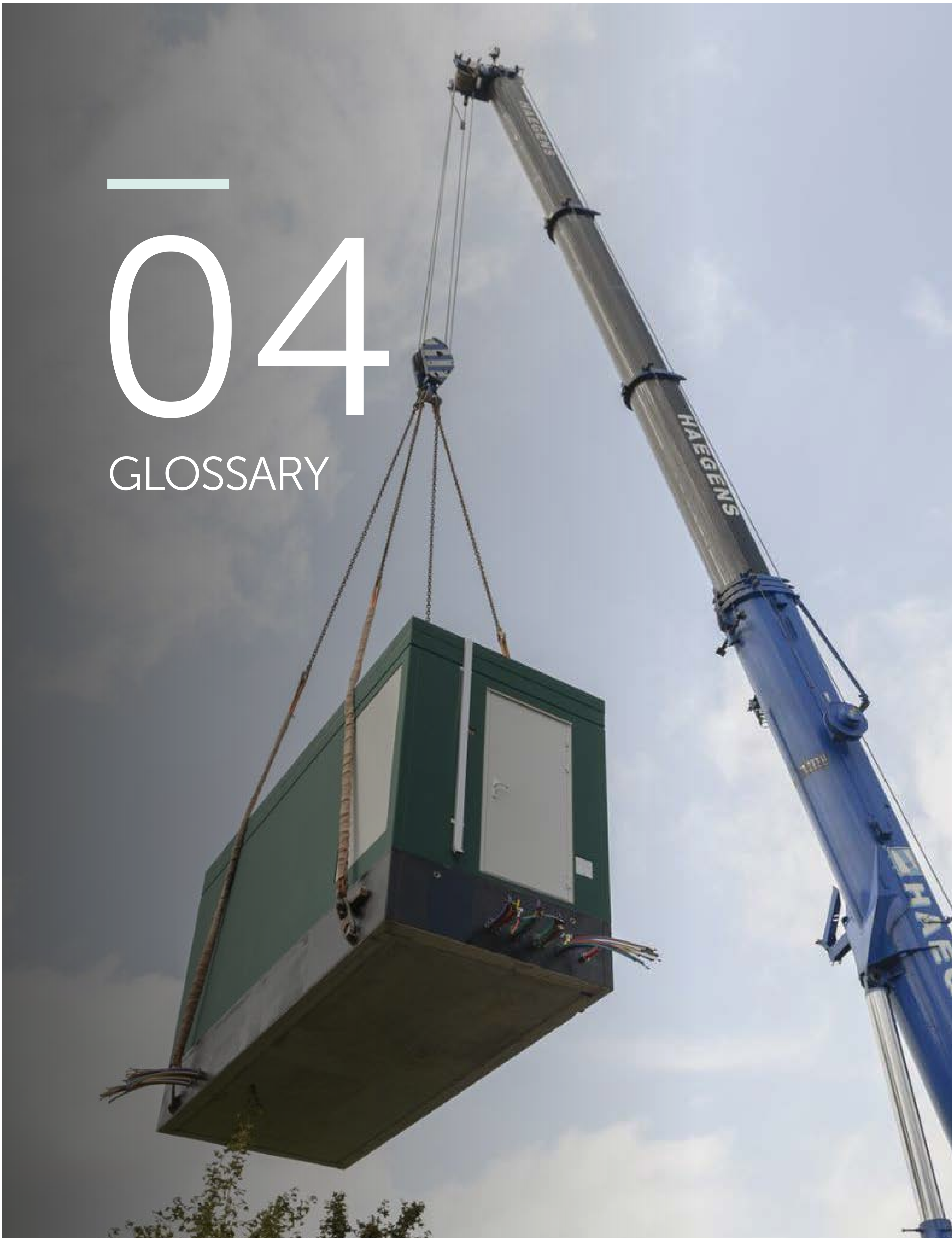
November 2019
Adoption of further UNSDGs

February 2020
Signatory of UN Global Compact

December 2020
Arcus implements TCFD reporting across all portfolio companies

March 2021
Update of ESG policy for integration of SFDR

04
GLOSSARY



GLOSSARY

Term	Definition
AEIF1	Arcus European Infrastructure Fund 1 L.P.
AEIF2	Arcus European Infrastructure Fund 2 SCSp
AEIM	Arcus European Investment Manager LLP
AET	Arcus European Trains SCSp
Alpha or Alpha Trains	The group of companies comprising Alpha Trains (Luxembourg) S.à r.l. and its subsidiaries and affiliates.
Arcus	Arcus Infrastructure Partners LLP
Asset Manager	Arcus individual delegated responsibility for managing the Arcus investment in an investee company on behalf of Arcus.
Asset Review Meeting	Quarterly meetings in which Asset Managers share detailed investee company updates with the Investment Committee and other Asset Managers with objective of best practice sharing. Each quarter has a rotating topic for discussion.
Brisa	The group of companies comprising Brisa Auto-Estradas de Portugal S.A. and its subsidiaries and affiliates.
BVCA	British Venture Capital Association
Constellation	The group of companies comprising Constellation Cold Logistics S.á.r.l. and its subsidiaries and affiliates.
CSP (Communication Service Provider)	Service providers offering telecommunication services or some combination of information and media services, content, entertainment and applications services over networks.
Ducts	Existing underground pipes or conduits that hold copper or fibre cables.
E-Fiber	The group of companies comprising E-Fiber Exploitatie B.V. and its subsidiaries and affiliates.
ESG	Environmental, Social and Governance
ESG Committee	Internal Arcus committee with oversight over ESG matters, as described in further detail on page 13.
FCA	Financial Conduct Authority
FTTH (fibre-to-the-home)	Also called "fibre to the premises" (FTTP), is the installation and use of optical fibre from a central point directly to individual buildings such as houses, apartment buildings and businesses to provide high-speed Internet access.
GHG	Greenhouse Gas
GIIA	Global Infrastructure Investor Association
GRESB	Global Real Asset Sustainability Benchmark, assesses and benchmarks the ESG performance of real assets, providing standardized and validated data to the capital markets. GRESB scores referenced throughout the report are taken from official benchmark reports issued by GRESB.
GTC	Gdańsk Transport Company S.A.
GWP	Global Warming Potential
Homes Passed	Premises passed in close proximity (i.e. fibre in the street, typically) by a network and which can be provided with broadband connectivity
Horizon	The group of companies comprising Horizon Energy Infrastructure Limited and its subsidiaries and affiliates.
HR	Human Resources
IBC	Infrastructure Benchmark Committee

GLOSSARY (CONTINUED)

Term	Definition
Investment Committee	Internal Arcus committee responsible for management and oversight of all investment activity undertaken by Arcus, as described in further detail on page 12.
IRU (Indefeasible right of use)	A permanent contractual agreement, that cannot be unwound except by agreement, between the owner of a communications system and a customer of that system. The word "indefeasible" means "not capable of being annulled, or voided, or undone."
ISPs	Internet Service Providers
LPA	Limited Partnership Agreement
Managed Account	Investment in a single investee company that is actively managed by Arcus on behalf of an investor which authorises Arcus to make investment decisions pertinent to the relevant investor, considering their needs and goals, risk tolerance, and asset size.
Management Committee	Internal Arcus committee responsible for management and oversight of Arcus as an organisation, as described in further detail on page 10.
Peacock	The group of companies comprising Peacock Group Holdings B.V. and its subsidiaries and affiliates.
SFDR	Sustainable Finance Disclosure Regulation
SMA	The group of companies comprising Smart Meter Assets 1 Ltd. and its subsidiaries and affiliates.
SMCR	Senior Managers and Certification Regime
SDGs	UN Sustainable Development Goals, a collection of 17 global goals designed to be a blueprint to achieve a better and more sustainable future for all.
Swiss4net Holding AG	The group of companies comprising Swiss4net Holding AG and its subsidiaries and affiliates.
TCFD	Task Force on Climate-related Financial Disclosure; climate-related financial risk disclosures guidance on providing information to investors, lenders, insurers, and other stakeholders.
TDF	The group of companies comprising TDF S.A.S. and its subsidiaries and affiliates.
UK Stewardship Code	Part of UK company law concerning principles that institutional investors are expected to follow, it is directed at asset managers who hold voting rights on shares in United Kingdom companies.
UN Global Compact	UN voluntary initiative based on CEO commitments to implement universal sustainability principles and to undertake partnerships in support of UN goals.
UNPRI	UN Principles of Responsible Investing; voluntary and aspirational set of investment principles that offer a number of possible actions for incorporating ESG issues into investment practice. UNPRI scores referenced throughout the report are taken from official reports published by UNPRI.

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