Arcus Infrastructure Partners
Sustainability Report 2021

We invest
We manage
We grow

arcus
INFRASTRUCTURE PARTNERS

Contents

Proven sustainability leadership

Creating value in European mid-market infrastructure investments

All information contained in this report is as at 31 December 2021 unless stated otherwise

Arcus Infrastructure Partners

Arcus is an independent European infrastructure investment manager focused on four sectors: digital, transport, logistics & industrials 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

54
PEOPLE

30
INVESTMENT PROFESSIONALS

61/39%
MALE / FEMALE GENDER SPLIT

23%
FEMALE SENIOR MANAGEMENT*

4
EUROPEAN OFFICES

13
YEARS' AVERAGE EXPERIENCE IN INFRASTRUCTURE ACROSS THE INVESTMENT TEAM

PROVEN ABILITY TO CREATE VALUE ACROSS WHOLE PORTFOLIO

16
INVESTMENTS**

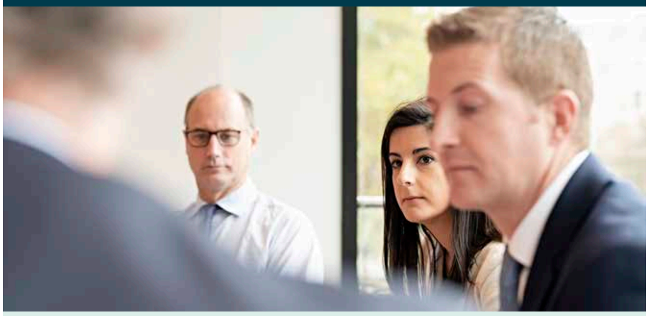
€6.4bn
ASSETS UNDER MANAGEMENT

€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 2021

Arcus at a Glance

EXPERIENCED, STABLE TEAM



30 investment professionals

4 offices

21 years' average Partners experience in infrastructure

14 years, Partners working together

70+ transactions

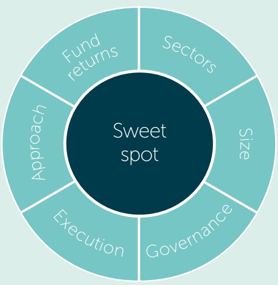
DEFINED MARKET OPPORTUNITY

Europe

Mid Market Value-Add

- Digital
- Transport
- Energy
- Logistics & Industrials

FOCUSED ASSET SELECTION PROCESS



200 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 2021.

Our Portfolio

The Arcus portfolio as at 31 December 2021

ALPHA TRAINS

Sector	Transport Rail Rolling Stock Leasing
Vehicle	Managed Account
Investment year	2008
Country	Luxembourg
Interest Managed	58%
Employees	129

Brisa

Sector	Transport Toll Roads
Vehicle	Management Services Agreement
Investment year	2007
Country	Portugal
Interest Managed	81%
Employees	2,727

CONSTELLATION COLD LOGISTICS

Sector	Logistics & Industrials Cold Storage
Vehicle	AEIF2
Investment year	2019
Country	Luxembourg
Ownership	100%
Employees	485

efiber

Sector	Digital FTTH
Vehicle	AEIF2
Investment year	2018
Country	Netherlands
Ownership	99%
Employees	14

GTC

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

HB Returnable transport solutions

Sector	Logistics & Industrials Asset Pooling
Vehicle	AEIF2
Investment year	2021
Country	Netherlands
Ownership	98%
Employees	116

horizon ENERGY INFRASTRUCTURE

Sector	Energy Smart Metering
Vehicle	AEIF2
Investment year	2019
Country	United Kingdom
Ownership	100%
Employees	21

MOMENTUM Clean Energy Solutions

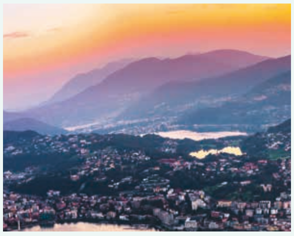
Sector	Energy Renewable Energy
Vehicle	AEIF2
Investment year	2021
Country	Denmark
Ownership	64%
Employees	64

Our Portfolio (continued)

The Arcus portfolio as at 31 December 2021*

Sector	Transport Tank Container Leasing
Vehicle	AEIF2
Investment year	2021
Country	Netherlands
Ownership	90%
Employees	14

Sector	Energy Smart Metering
Vehicle	AEIF2
Investment year	2021
Country	United Kingdom
Ownership	100%
Employees	9



Sector	Digital FTTH
Vehicle	AEIF2
Investment year	2018
Country	Switzerland
Ownership	78%
Employees	6

Sector	Digital Telecommunications Towers
Vehicle	Managed Account
Investment year	2015
Country	France
Interest Managed	45%
Employees	1,849

* Post 31 December 2021 Arcus has made one further investment, Opus B. This investment is not included in the 31 December 2021 aggregate Arcus portfolio statistics but information on the investment is included in section 3.9 page 55.

LETTER FROM IAN HARDING – MANAGING PARTNER

2021 – Strong ESG performance in an evolving ESG landscape

Dear Arcus stakeholders,

We are pleased to publish the Arcus Infrastructure Partners LLP ("Arcus" or "we") 2021 Sustainability Report. The Sustainability Report provides a short summary of Arcus' approach to ESG and reports on key 2021 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 all 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 January 2022, 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 2021 and the ESG Committee met quarterly during 2021.

Arcus is a signatory to the 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, the Global Infrastructure Investor Association ("GIIA") and the British Venture Capital Association ("BVCA"). A subsidiary of Arcus, Arcus European Investment Manager LLP ("AEIM"), is authorised and regulated by the UK's Financial Conduct Authority ("FCA").

ARCUS BUSINESS UPDATE

2021 was another year that was heavily affected by the COVID-19 pandemic, impacting business sentiment as well as general population morale. Two years after the World Health Organization declared COVID-19 a global pandemic, market participants finally signalled greater overall optimism about the economy than they expressed since the crisis began[1]. The Euro area saw a strong rebound in 2021 with GDP growth of 5.2%, as lockdown restrictions were gradually lifted[2]. Growth was fuelled by stronger consumption, with household saving rates decreasing, and higher investment due to national and European recovery plans.

The rise in inflation in 2021 came as a surprise to many economies and businesses in Europe. In the Eurozone, prices started increasing from the middle of last year, and by December 2021, annual inflation had reached 5.0%[3]. This was compounded in early 2022 by the Russian invasion of Ukraine and the associated supply chain shocks, particularly in food and energy. Inflation will likely shape the macroeconomic agenda in 2022, and will remain an area of careful consideration for Arcus when managing its investment activity.

1 McKinsey Economic Conditions Outlook (2021).
2 OECD (2021), EA and EU Economic Snapshot.
3 Eurostat (2022), Annual inflation up to 5.0% in the euro area.

LETTER FROM IAN HARDING – MANAGING PARTNER (CONTINUED)

The European private infrastructure investment pipeline remains robust, and infrastructure increasingly plays a key role in governments' agendas to boost economic growth[4]. The inflation-hedged, long-term, low volatility nature of most infrastructure investments ensures that the asset class remains highly sought after by the investor community.

Arcus and all its 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.

Notwithstanding the wider global macro and health challenges in 2021 resulting from COVID-19, 2021 was a successful year for the Arcus business, and the existing portfolio companies showed robust performance throughout the year against their respective business plans with good progress on strategic projects, despite the fluctuating macroeconomic environment. We are pleased to report that all of our investee companies showed a high level of resilience during 2021 and none of them faced serious financial issues during this period or breached any financial covenants.

During 2021 Arcus deployed further capital from Arcus European Infrastructure Fund 2 ("AEIF2"), increasing the number of investments in the Fund from four to eight while also completing follow-on acquisitions across the AEIF2 portfolio. These investments are outlined further below.

In February 2021, AEIF2 completed the acquisition of Peacock, an ISO tank container leasing business based in Rotterdam and Singapore that owns intermodal unitised assets used in the sustainable transport of liquids and liquified gases. During the year, Peacock became the sixth-largest ISO tank container leasing company in the world, with AEIF2 supporting the acquisition of the asset portfolio of GEM which completed in May 2021. This acquisition increased the Peacock ISO tank fleet to c.17,500 ISO tank containers at year end with capacities of between 13,000 and 35,000 litres.

The acquisition of SMA, an energy efficiency infrastructure provider in the UK, followed in April 2021. SMA has been active in the smart metering sector since 2014, with an installed meter portfolio of over 1.6 million smart meters in domestic premises at the end of December 2021.

There were two further acquisitions in December 2021: HB and Momentum. HB is a leading provider of rental, washing and integrated logistics services for returnable transport items in the Dutch food supply chain, while Momentum is an early mover in owning, managing and optimising late life renewable assets (mainly onshore wind turbines) across Denmark, Germany and Sweden.

Finally, during the year AEIF2 completed several follow-on investments for Constellation including the UK-based HSH Cold Stores, Belgium-based Frigologix and Swedish-based Goteborgs Fryshus, while also signing definitive documentation for the acquisition of Netherlands-based Lagemaat.

This brought the overall Arcus investment portfolio to 12 investments across AEIF2 and the Separate Managed Account programme as at December 2021.

During the course of the year, Arcus strengthened its team with five new hires including Martine van Oppenraaij who was appointed as Arcus' new Risk & Compliance Director, Kaj Bakker who joined as ESG Director and Alex Hume appointed as Arcus' Head of Tax. At the end of December 2021, Arcus total headcount stood at 54 team members split across our four European offices.

During the year Nicola Palmer, a Partner at Arcus for 12 years, communicated her desire to move back to Australia and left the business in March 2022. Nicola has been with Arcus since inception in 2009, and we would like to thank her for her significant contribution to the Arcus business over the years.

ARCUS ESG UPDATE

Arcus continued to evolve and improve its ESG approach in 2021 through enhancing its ESG policy and making further commitments to ESG principles and standards. Arcus ESG performance also continued to be market leading in 2021, with Sector Leader ESG performance recognition in the annual GRESB Infrastructure assessment, and several awards as detailed in this report. As part of wider initiatives to improve ESG reporting and transparency on Arcus ESG management and initiatives, we reorganised the responsible investing section of our website in a new and extended page layout.

During the year, Arcus expanded its ESG team resourcing reflecting the increasing complexity in managing ESG factors well and being able to deal effectively with increasing regulatory-related ESG requirements. Arcus and its employees continued to support charitable activities and, of particular note, established a partnership with the Sutton Trust, a charity that focuses on improving social mobility, to undertake a programme for students in the UK through workplace programmes. 17 Arcus team members hosted skills-based workshops aimed at increasing the chances of bright students from less privileged backgrounds accessing the finance sector. Further details of team developments and our charitable initiatives are contained in section 2.3 page 25.

[4] Preqin (2018), 2017 Private Capital Fundraising Update.

LETTER FROM IAN HARDING – MANAGING PARTNER (CONTINUED)

During 2021 we consistently considered relevant ESG factors in our deal origination process and c.10% of potential investment opportunities were not progressed post the initial screening phase due to specific ESG concerns. We continued to target ongoing ESG improvement across our portfolio as part of our active approach to asset management.

Arcus commenced compliance with the EU Sustainable Finance Disclosure Regulation ("SFDR") which came into force on 10 March 2021 and further work was done during 2021 to ensure that Arcus and its investment funds falling under the SFDR regulatory regime are ready to comply with the additional SFDR requirements that are scheduled to come into force from 1 January 2023. We also designated the relevant Arcus funds as Article 8 funds under SFDR.

In September 2021, the UK Financial Reporting Council confirmed Arcus as a signatory to the new UK Stewardship Code for the reporting period of 1 January to 31 December 2020. The new Code represents an enhancement of the 2012 UK Stewardship Code, to which Arcus was also a signatory.

Arcus has been a signatory of the 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 UNGC 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. Furthermore, through 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. We enhanced our focus on the SDGs in 2021 by expanding the number of goals we focus on from six to eleven. Pages 28-30 go into further detail on our approach.

OTHER SIGNIFICANT EVENTS

During the year, Arcus established an Advisory Council to strengthen Arcus' asset management capabilities by providing strategic insight and guidance to the Arcus team across the investment lifecycle. The Advisory Council includes seven independent members, each of whom are highly experienced senior executives with diverse backgrounds who bring unique knowledge and relevant experience to help Arcus make and manage investments in high-quality sustainable infrastructure businesses. Page 12 provides further information on the members of the Arcus Advisory Council.

OUTLOOK FOR 2022

ESG has been and continues to be a central factor in every way in which Arcus runs its business. We are proud of our approach to improving overall ESG performance at Arcus and in our portfolio companies. In Q1 2022, we set targets for continuous improvement in each of the investee company's management of ESG factors during the year. We will continue to assess and develop Arcus' monitoring and management of ESG factors throughout 2022.

In 2022 we will participate in the annual GRESB Infrastructure assessment. We will continue to develop and improve the quality of our TCFD reporting, as well as working with investee companies to enhance our approach to climate change.

Arcus is expecting the first close of its third European Infrastructure Fund ("AEIF3") in 2022, which has been designated as a product subject to Article 8 of SFDR.

At the time of writing (June 2022) global attention is focused on the war in Ukraine and our thoughts are with the Ukrainian people. In March, Arcus participated in a bake sale for Unicef's #CookForUkraine Emergency Appeal, which was match-funded by Arcus, which, together with other initiatives raised over £10,000 in total.

Arcus and its funds do not invest directly in Ukraine, Russia or Belarus, and Arcus does not hold any portfolio companies that have headquarters, subsidiaries or material exposure to any of these countries. The war is causing volatility in the energy market and Arcus will continue to closely monitor developments, evaluating and adjusting our investment approach as we deem necessary.

Over the course of the summer 2022, we intend to deliver our second social mobility programme for students, in association with the Sutton Trust. 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.

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

Ian Harding

Ian Harding
Managing Partner

10 June 2022

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.

147
TONNES OF CARBON OFFSET*

c.€26,000
AMOUNT SPENT ON STAFF TRAINING

M 71% F 29%
GENDER RATIO ACROSS ALL PORTFOLIO COMPANIES

1*
MAJOR HEALTH & SAFETY INCIDENTS ACROSS ALL PORTFOLIO COMPANIES

Nil
MAJOR ENVIRONMENTAL INCIDENTS ACROSS ALL PORTFOLIO COMPANIES

13
LANGUAGES SPOKEN AT ARCUS

5,954
NUMBER OF EMPLOYEES ACROSS ALL PORTFOLIO COMPANIES

OUR AWARDS AND ACHIEVEMENTS

GRESB INFRASTRUCTURE Sector Leader 2021

Tivana – Global Sector Specific Fund (excluding renewables & transport), Tivana – Europe, Arcus European Trains – Global Transport, A1 – Global Transport

ESG BEST PRACTICES HONOURS by SWEN Capital Partners

ESG engagement winner 2021

Signatory of: PRI Principles for Responsible Investment

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

2021 ESG Transparency A Private Equity and Venture Capital Index Private Equity Top Performer

1st place in the 2021 ESG Transparency index for Private Equity and Venture Capital Firms

ORGANISATIONS WE ARE MEMBERS/SIGNATORIES OF

GRESB | bvca** | GIIA | WE SUPPORT UN GLOBAL COMPACT | SUSTAINABLE DEVELOPMENT GOALS | UK STEWARDSHIP CODE 2021 Signatory of | TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES | Signatory of: PRI Principles for Responsible Investment

* Relating to Alpha Trains as explained on page 40
** Member-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. At 31 December 2021 Arcus was owned by 13 Partners, with no individual Partner owning more than 20% of the business. Twelve of the Partners work 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 investment professionals and 24 operations professionals, located across four 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 promotes a culture 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.

AEIM is 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 AET, AEIF2, AEIF3 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 PARTNER
In July 2021, Arcus' previous Co-Managing Partner, Simon Gray, reduced his time commitment to the business but remains a Partner in the business and a member of the Advisory Council and the Investment Committee. Following this change, the Arcus partnership elected Ian Harding as sole Managing Partner of the firm. Ian Harding has previously co-led the business since March 2016 and is a founding partner of Arcus.

MANAGEMENT COMMITTEE
The day-to-day responsibility for management of Arcus rests with the Management Committee ("Management Committee"). The Management Committee comprises five positions, including the Managing Partner, with the remaining members elected by Arcus' Partners on staggered two-year terms. 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). Each Member of the Management Committee is a designated Senior Manager for the Senior Managers and Certification Regime ("SMCR") purposes.


Ian Harding


Toby Smith


Stuart Gray


Christopher Ehrke


Neil Krawitz

1.1 ARCUS ORGANISATION STRUCTURE (CONTINUED)

ARCUS MANAGEMENT POSITIONS (CONTINUED)

RISK & COMPLIANCE DIRECTOR
Martine van Oppenraaij is Arcus' Risk & Compliance Director, who is responsible for liaison with applicable regulators, monitoring adherence with applicable compliance and risk regulations and coordination and oversight of 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 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
Stuart Gray is Chief Financial Officer. Stuart manages a team of eight finance professionals in Amsterdam, London and 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 three 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, Toby Smith and Martine van Oppenraaij.

1.2 ARCUS INVESTMENT OVERSIGHT AND INDEPENDENT ADVISORS

INVESTMENT COMMITTEE

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 IC is a designated Senior Manager for SMCR purposes

Ian Harding

Simon Gray

Jack Colbourne

Michael Allen

Stefano Brugnolo

Jordan Cott

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

ARCUS ADVISORY COUNCIL

Sir Brian Ivory

Rosa Garcia

Lord Nicholas Macpherson

Robert Parker

Miriam Maes

Thomas Thune Andersen

Laurence Mulliez

Ian Harding
Executive Member

Simon Gray
Executive Member

- Established in May 2021, to further strengthen Arcus' asset management capabilities by providing strategic insight and guidance to the Arcus team
- All members are experienced professionals with diverse backgrounds, with each contributing unique knowledge and experience

"The Advisory Council will ensure that relevant knowledge and best practice is shared appropriately and collaboratively to deliver optimum support to Arcus' portfolio companies and across the broader Arcus business."

Ian Harding, Arcus Managing Partner

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 in 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.

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 goals and objectives.


Neil Krawitz


Jenni Chan


Ian Harding


Shirene Madani


Stephan Grillmaier


Bansi Chudasama


Kaj Bakker

ARCUS ESG IMPLEMENTATION – ESG TEAM

Arcus has a four member ESG team, who are also members of the ESG Committee (pictured left), and undertake the day-to-day management and coordination of ESG at Arcus and with investee companies.

During 2021, Arcus made a significant investment in enhancing and expanding our ESG capabilities by recruiting a full-time ESG Director, Kaj Bakker, who is based in the Arcus Amsterdam office. Kaj brings over a decade of real estate asset ESG management experience having previously managed ESG at a real estate fund manager. In addition, in 2021, Bansi Chudasama was appointed as a full-time ESG executive increasing her time commitment to our ESG management.

With these dedicated resources together with Neil Krawitz, Head of Asset Management and ESG and Shirene Madani, Associate Investment Director, Arcus has significantly increased its ESG resource allocation and commitment to best practice management. This reflects the increasing complexity in managing ESG factors well and being able to deal effectively with increasing regulatory-related ESG requirements.

1.3 ESG MANAGEMENT AND RESPONSIBILITIES (CONTINUED)

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 factors 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

Ana Tavares
Brisa

Stefano Brugnolo
Horizon

Jenni Chan
Peacock

Jack Colbourne
E-Fiber

Jordan Cott
Constellation

Christopher Ehrke
TDF

Neil Krawitz
Alpha

Stefano Brugnolo
GTC

Romain Roirand
Swiss4net

Christian Scott-Mackenzie
SMA

Lisero Perez Lebink
HB

Leo Kwan
Momentum

Michael Allen
Opus B

02

ARCUS ESG APPROACH & 2021 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 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 factors 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 January 2022 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 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 2021

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

- Mapping of most material ESG factors impacting the infrastructure sectors in which Arcus invests;
- Enhancing the Arcus exclusions policy;
- Expanding the SDGs which Arcus and its investments contribute most to; and
- Ensuring compliance with upcoming SFDR reporting requirements.

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 a 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.

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

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 fossil fuels[5], 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 its 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.

The enhanced Arcus exclusions policy can be found within our ESG policy on the Arcus website.

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

[5] Will not invest in assets highly dependent on fossil fuels, without a path to a low carbon alternative.

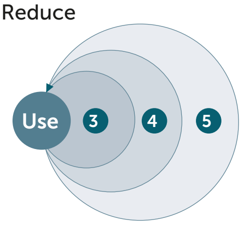
Circular Economy
The Role of Infrastructure in Asset Life-cycle Management

The Infrastructure for a circular economy
Infrastructure is essential to enable the transition to a low carbon future. The 1.5°C Paris Agreement target can only be achieved by combining renewable energy and efficient usage with other approaches, including promoting the circular economy[8]. Moving away from the linear consumable model of "take-make-use-dispose" and transitioning to a regenerative model is essential to keep resource consumption within limits. Therefore governments and intergovernmental bodies have been developing thinktanks and action plans to create awareness and draft policy.

Circular Infrastructure
A circular economy is one in which materials constantly flow around a "closed-loop" system, rather than being used once and then discarded. The value of materials is therefore not lost when they are thrown away and the cost of waste management and disposal is avoided.

Global Infrastructure Hub ("GI Hub") is an initiative launched by the G20. The GI Hub is a knowledge sharing hub, to produce data, insights, and programmes that inform both policy and infrastructure delivery. GI Hub reviewed the model for the transitioning to a circular economy and provided an outlook on how the infrastructure sector could positively impact the transition[9] as set out in the 6R model in the figure below.

1 Refuse and rethink	**Infrastructure using renewable materials** Implementing green, climate-resilient and nature-based solutions	**Digital/ Infratech** Digital infrastructure & technology that enables connectivity, automation & optimisation of circular economy activity across the value chain
2 Reduce	**Infrastructure using finite materials** Reducing demand for finite materials in construction through better planning and design	
3 Reuse 4 Repair and refurbish 5 Recycle	**Infrastructure for materials recycling** Recycling facilities, sharing networks, reverse logistics and marketplace, incorporating emerging technologies	
1 Recover (Minimised leakages and negative externalities)	**Infrastructure for resource recovery/ Near Zero Waste** Collection, sorting and processing facilities need to be in place	



The 6R principles for circularity
Within the 6R model there is a cross-section for what GI Hub calls 'Circular infrastructure' that would create great opportunity for investments in the transport, energy, social, communications, water and waste sectors. To control the "Use" phase of this model there is a clear prospect for lease and sharing economy business models. This would create a controlled environment for phases 3 (reuse), 4 (repair and refurbish) and 5 (recycle).

The European Green Deal was launched to set policy initiatives in line with the target of the Paris Agreement to reach carbon neutrality by 2050. One of the main building blocks of the European Green Deal is the EU's Circular Economy Action Plan ("CEAP") that was launched in March 2020.

The goal of CEAP is to scale-up the circular economy in Europe from a few front-runners to the mainstream economic players that will make a decisive contribution and decoupling economic growth from resource use, while ensuring the long-term competitiveness of the EU. A recent study estimates that applying circular economy principles across the EU economy has the potential to increase EU GDP by an additional 0.5% by 2030 and creates around 700,000 new jobs[10].

In the CEAP, the EU provides direction of future policy across multiple sectors and stakeholder groups among which is one on packaging and single-use material (e.g. plastics and cardboard). The EU states that in 2017 the packaging waste per capita reached a record level of 173 kg that has been growing continuously. CEAP states that towards 2030 the EU will review and reinforce the mandatory essential requirements for packaging in the EU market, steering the market to reduce (over)packaging and drive design for re-use and recyclability of packaging. The EU is establishing rules for the reduction of single-use plastic in food containers and beverage cups and bottles. These are only the first examples of legislation reducing packaging.

8 Research by the Ellen MacArthur Foundation.
9 GI Hub, 15 April 2021, The Role of Infrastructure in the Circular Economy.
10 Cambridge Econometrics, Trinomics, and ICF (2018), Impacts of circular economy policies on the labour market.

Circular Economy
The Role of Infrastructure in Asset Life-cycle Management (continued)

Following a strategic review and opportunity mapping exercise in 2020 Arcus identified HB Returnable Transport Solutions ("HB RTS" or "HB") as a key infrastructure player in the circular economy. Following a bilateral approach and completion of due diligence, AEIF2 completed the acquisition of HB in December 2021. HB provides an integrated offering of Return Transport Items ("RTI") rental, washing and logistics services to a diverse and blue-chip customer base in the Dutch food and beverage supply chain, ensuring the safe and sustainable transport of consumable products from suppliers to consumers. The main RTIs handled by HB are plastic crates and pallets, which serve as essential load carriers for products being transported from production locations to distribution centres, foodservice outlets and supermarkets across the Netherlands. These reusable load carriers are critical assets within the circular economy, ensuring reliable and efficient transport, while minimising the use of single-use, one-way packaging in a variety of fast-moving supply chains. With an asset pool of 2.8 million RTIs and a network of 10 strategically located washing and logistics facilities across the country, HB provides vital RTI logistics infrastructure and an integrated one-stop shop solution for its customers.

HB is well positioned to benefit from these significant legislative and regulatory requirements driving the shift from one-way cardboard packaging and single-use plastic to longer-life and reusable materials in line with the EU agenda, which is expected to provide strong support for baseline demand growth, new customer acquisitions and conversions (i.e., from one-way packaging) and entrance into new RTI rental verticals.

Momentum Energy Group ("Momentum"), another recent AEIF2 investment plays a very different, but essential, role in circular economy infrastructure. Momentum, acquired in December 2021, is a Danish-based energy company which manages and optimises well-located, late life, on-shore wind turbines. Momentum has an integrated renewable energy investment and services platform covering the full lifecycle and a significant part of the value chain for wind and solar projects. Momentum invests, services, manages technical and commercial operations, and undertakes the development of greenfield, repowering and lifetime extension projects.

A key theme is the 'end of initial life' for the first wave of wind turbines across western and northern Europe. Upgrading and replenishing these maturing wind parks is just as critical as new development projects; however this segment is often overshadowed by the headlines of large new greenfield or prestigious offshore renewable projects.

While there is a direct environmental benefit provided through provision of renewable electricity (such as avoiding emissions from fossil fuel sourced electricity), there are also potential ESG implications regarding residual decommissioning of waste at the end of the assets' life. As Momentum decommissions its wind turbines, it first seeks to refurbish the turbines and use them for repowering projects, use major components for re-installation elsewhere in the portfolio or retain components in storage as spare parts for future use, thereby extending asset lives, improving asset conditions, supporting the circular economy and minimising waste and cost.

The picture below appeared in the recent Bloomberg article titled "Wind Turbine Blades Can't Be Recycled, So They're Piling Up in Landfills"

New Life for Wind Turbines

[11] Photographer: Benjamin Rasmussen for Bloomberg Green.

Circular Economy
The Role of Infrastructure in Asset Life-cycle Management (continued)

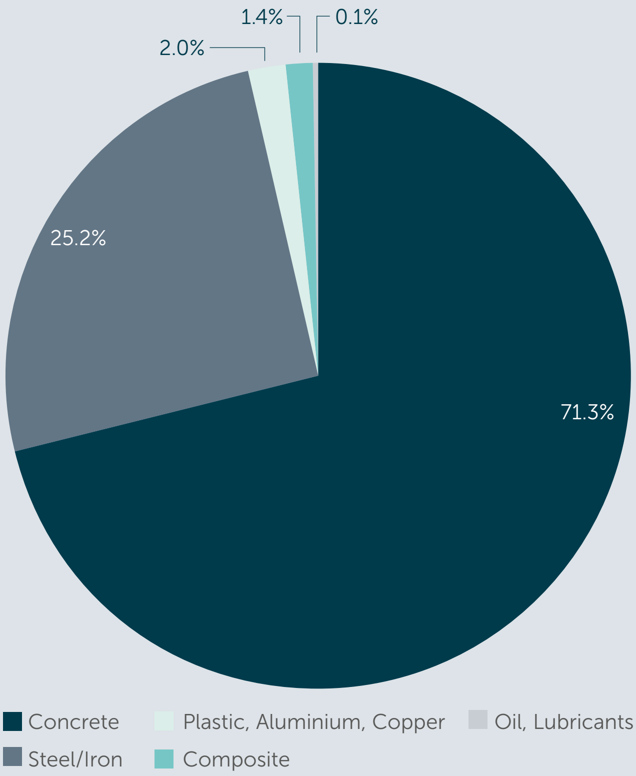
The Bloomberg article received global attention throughout the sector even though this picture and practice was only from the US. The article in our view correctly references that blades are made from composites materials, mainly fibreglass, which cannot be easily recycled, however there are options for recycling[12]. It also has to been seen in context as approximately 98% of the materials in an entire wind project can be easily recycled as shown in the figure opposite.

The blades going to landfill in the US and other parts of the world are due to a combination of factors, mainly based on economics and lack of local expertise in managing older turbine models. This is very different across Europe as several EU countries have banned blades being sent to landfill[13] and there is a strong local ecosystem to continue operating and repairing older turbine models. Fibreglass and composite materials are incredibly durable and can be repaired even when hit by lightning multiple times. Only when a blade is very severely damage structurally it would need to be replaced and blades (depending on make and model) are exchangeable. In a wind farm of the same make and model, one turbine can be decommissioned and parts saved to be reused, repaired or refurbished if required and fitted to other turbines for lifetime extension. Through this approach companies like Momentum contribute to an ecosystem where second-hand parts have a value in the marketplace.

Arcus believes that investing in maturing, 'end of initial life' renewable energy generation fleet is important to support the energy transition. Momentum is an early adopter in using refurbished turbines/components as a sustainable alternative for repowering/lifetime extension business cases. This approach has a strong alignment with phases 3-6 of the model for circularity (Reuse, Repair and Refurbish, Recycle and Recover), a scalable model of circular infrastructure.

Arcus is supportive of the 2030 Agenda for Sustainable Development adopted by the United Nations Member States in 2015 and supports eleven of the SDGs[15] through its allocation of capital and through Arcus' policies, values and asset management activity. The principles for circularity can also be found in two of the SDGs that Arcus supports, being: SDG 9 Industry, innovation and infrastructure[16] and SDG 12 Responsible consumption and production[17]. The contribution Arcus has to these SDGs is in part founded on its investment strategy that is focused on the infrastructure of the future. That is realised through investing in circular value add opportunities like HB and Momentum.

Wind farm materials



An illustrative breakdown of wind farm materials in mass[14]

[12] https://www.sciencedirect.com/science/article/abs/pii/S1359836819306055.
[13] Such as Austria, Finland, Germany and The Netherlands.
[14] Based on a recent environmental impact assessment report prepared by PlanEnergi.
[15] Please refer to page 28 regarding SDGs Arcus is supportive of.
[16] 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency.
[17] 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

2.2 ARCUS ESG INITIATIVES – 2021

KEY ESG DEVELOPMENTS AT ARCUS DURING 2021

Arcus is a signatory to the UNPRI, UNGC, TCFD, UK Stewardship Code and a member of GRESB Infrastructure and the GIIA. We enhanced our focus on the SDGs in 2021 by expanding the number of goals we target contributing to from six to eleven. Further details on how the Arcus investee companies contribute to the SDGs can be found in section 2.5.

In 2021, Arcus expanded its ESG team and resourcing. Kaj Bakker was recruited as ESG Director, based in the Amsterdam office, and Bansi Chudasama, ESG Executive, became full-time dedicated to the ESG team, based in the London office. The Arcus ESG Committee met quarterly during 2021, and the attendance score was 25 of 25 committee seats during the year.

When reviewing potential investments, the Arcus origination management team ("OMT") considers relevant ESG factors and in 2021, c.10% of potential investment opportunities were not progressed post the initial OMT screening meeting due to specific ESG concerns (2020: c.13%). We continued implementing our ESG due diligence process with a designated member of the ESG Committee working with deal teams during 2021 to identify ESG risks and opportunities at an early stage of the investment process. This process starts in advance of engaging and scoping specialist due diligence advisors to ensure the consistent application of best practice approach and documentation of ESG due diligence across all potential investment opportunities. This was undertaken for all acquisitions made by AEIF2 in 2021.

The key ESG risks and mitigants for Arcus and each investee company were reviewed quarterly and a full annual ESG review was undertaken for each investee company in the Q2 2021 Asset Review Meeting.

Arcus commenced compliance with the EU Sustainable Finance Disclosure Regulation ("SFDR") which came into force on 10 March 2021. Arcus is an infrastructure investor, and AEIF2 has an investment strategy primarily led by commercial assessment of the infrastructure characteristics of a potential opportunity. However, Arcus believes that ESG factors are highly relevant to infrastructure assets and that a commitment to good ESG practices is in the best interests of its investors and other stakeholders. As a result, Arcus views AEIF2 as being classified within Article 8 under SFDR.

While Arcus' processes already cover the required SFDR elements applying to managers as at 10 March 2021, further work was done during 2021 to ensure that Arcus and AEIF2, and subsequent funds, are ready to comply with the additional SFDR requirements that are scheduled to come into force from 1 January 2023.

In September 2021, the UK Financial Reporting Council confirmed Arcus as a signatory to the UK Stewardship Code 2020 for the reporting period of 1 January to 31 December 2020. The 2020 Code represents an enhancement of the 2012 UK Stewardship Code, to which Arcus was also a signatory. The Arcus Stewardship Report is available on the Arcus and FRC websites and provides a summary of the Arcus approach to the Principles of the Code and explanations of the activities we undertook in 2020. Arcus submitted its 2021 signatory response to the FRC by 30 April 2022 in line with the FRC timetable.

As part of wider initiatives to improve ESG reporting and transparency on Arcus ESG management and initiatives, we reorganised the responsible investing section of our website in a new and extended page layout. Arcus also published its 2020 Public Sustainability Report in June 2021. This is also available on the Arcus website.

In October 2021, Arcus commenced a project to improve GHG emissions and carbon footprint reporting at Arcus, as well as investee companies. ERM, a well-regarded sustainability consultant, was selected to assist in the development of an Arcus GHG emission methodology based on the GHG protocols and an Arcus reporting tool developed for this purpose. ERM also provided an Arcus-wide GHG emissions reporting training programme in January 2022 for investment team members and investee company participants and held detailed workshops with each of the asset teams to guide them through GHG emissions data collection and reporting. Please see pages 34-37 for further information.

Arcus extended its data collection in 2021 for its own Scope 1, 2 and 3 (material categories) emissions whereas previously the emissions reporting focused on business travel-related emissions. In 2021, Arcus' Scope 1, 2 and material Scope 3 carbon emissions were 147 tonnes of CO_2 which we consider to be lower than a "normal year" given COVID-19 related travel restrictions that existed for much of 2021. We envisage that the Arcus carbon footprint in subsequent years will be higher with increased business travel. The Arcus 2021 emissions were offset through Carbon Footprint, which manages the Verified Carbon Standard certified (VCS981) Portel Pará reduction of deforestation project in Brazil in Arcus' name. Arcus continues to monitor office paper usage and printing, targeting reduction throughout the year.

2.2 ARCUS ESG INITIATIVES – 2021 (CONTINUED)

GRESB
Sector Leader
2021

GRESB
Majority of Arcus assets
achieved a 5-star rating
in 2021

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 sixth year GRESB has run the infrastructure benchmarking process with 149 Infrastructure Funds and 549 infrastructure assets participating (compared to 118 Funds and 417 assets in 2020, 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 2020, along with each of the investee companies completing an asset participant assessment questionnaire.

Arcus has again demonstrated best-in-class ESG performance with the Arcus Tivana Investor Vehicles (these are the TDF investment partnerships or "Tivana") ranking first out of 106 infrastructure funds which completed the full GRESB assessment, scoring 99 out of 100 possible points (compared to 96/100 in 2020. This strong score also meant Tivana has been named GRESB Infrastructure Sector Leader for European Funds (for the second time running) and Global Sector Specific Fund Sector Leader (excluding renewables & transport).

Arcus European Trains SCSp (the Alpha Trains investment partnership) and Arcus A1 Investor Vehicle (the GTC investment partnership) were respectively ranked 2nd and 4th out of all 106 infrastructure funds. The two vehicles were also named joint GRESB Infrastructure Sector Leaders for Global Transport Funds.

AEIF2 was ranked sixth in the diversified European Infrastructure Funds (against 25 peers) category, and ranked 46th of 106 infrastructure funds which completed the full GRESB assessment. AEIF2 received a 3-star GRESB rating this year, down from a 5-star rating in the 2020 assessment, in line with Arcus's expectations as two out of four fund assets were participating in the GRESB assessment for the first time (it is rare for assets to score highly on their first attempt). AEIF2 scored 82 out of a 100 possible points (compared to 86 out of 100 in 2020) in the GRESB fund assessment compared to the average GRESB fund score of 77 out of 100. E-Fiber and Swiss4net received 5-star and 4-star ratings from GRESB in the 2021 assessment, with scores of 91 and 86 respectively out of a possible 100 points, both improving on their prior year scores. E-Fiber ranked second against nine fibre network peers. Constellation and Horizon, assets participating for the first time this year, saw good initial performances, scoring 67 points and 52 points respectively.

Also of note in the underlying asset assessments, TDF (held within the Tivana partnerships) scored full points with 100 out of a possible 100 points ranking first out of 549 asset participants, a truly fantastic score. In addition, TDF was awarded two Asset Sector Leader awards for Data Infrastructure and Data Transmission.

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 and will in future years 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 23 of this report summarises the GRESB performance of each of our Funds and Managed Accounts and the portfolio section of this report on pages 38-64 provides individual asset scores.

UNPRI

Arcus' most recent results in relation to PRI reporting are those for March 2020 where Arcus scored A+ for Strategy and Governance for the third consecutive year and improved to be awarded A+ for Infrastructure, from an "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 clarification response (no additional data provided) to the revised and extended PRI reporting portal for 2020 in May 2021. Due to technical issues with the PRI portal during 2021, the results have not yet been released but are expected in Q3 2022.

2.2 ARCUS ESG INITIATIVES – 2021 (CONTINUED)

ARCUS ESG PERFORMANCE AWARDS

AWARDS	ENTITY	2020	2021
GRESB®*	AEIF1	95/100; GRESB ★★★★★ 2020; GRESB® INFRASTRUCTURE Sector Leader 2020	N/A
	AEIF2	86/100; GRESB ★★★★★ 2020	82/100; GRESB ★★★★★ 2021
	A1**	88/100; GRESB ★★★★★ 2020	95/100; GRESB ★★★★★ 2021; GRESB® INFRASTRUCTURE Sector Leader 2021
	AET	93/100; GRESB ★★★★★ 2020	96/100; GRESB ★★★★★ 2021; GRESB® INFRASTRUCTURE Sector Leader 2021
	TIVANA***	96/100; GRESB ★★★★★ 2020; GRESB® INFRASTRUCTURE Sector Leader 2020	99/100; GRESB ★★★★★ 2021; GRESB® INFRASTRUCTURE Sector Leader 2021
PRI	ARCUS	A+ Infrastructure Module; A+ Strategy & Governance Module; Arcus scored the **maximum points** available	N/A

* 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).

** A1 represents the Arcus A1 Investor fund vehicle holding the investment in the GTC toll road in Poland.

*** Tivana represents the Arcus Tivana Investor fund vehicles holding the investment in the TDF in France.

2.2 ARCUS ESG INITIATIVES – 2021 (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 arranging sustainability-linked debt facilities, installing energy efficient and lower carbon operating equipment, investing in battery electric trains to replace diesel predecessors, inclusion of emissions criteria in capital works tender considerations, setting a new ESG strategy and enhancing biodiversity by encouraging pollinators, 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 38-64.

REPORTING TO INVESTORS

In 2021 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 2021 as we considered necessary.

AEIF2 issued a 2021 Annual Report to its investors in March 2022.

In 2021, Arcus updated portfolio-wide TCFD reporting and improved consistency of reporting on GHG emissions. Further detail can be found in our TCFD summary on pages 32-35.

2.3 ARCUS SOCIAL INITIATIVES REPORTING – 2021

At Arcus, we recognise the importance of having a diverse, inclusive workforce that is made up of employees from different backgrounds. Arcus continues to be a diverse organisation with partners and employees from 17 nationalities, speaking 13 languages (as at 31 December 2021). In relation to gender, 39% of the whole Arcus team are female (40% in 2020) and 23% of the "senior management team"[6] are female.

Arcus team members engaged in technical and personal development training, funded by Arcus, at a cost of c.€26,000, during the year, including Arcus engaging a specialist coaching firm during 2021 to provide mentoring and development courses. The entire Arcus team completed online training relating to CSR and ESG Investing, anti-bribery and corruption, anti-money laundering, information security and cyber risk awareness and GDPR training. Further to the work Arcus completed with ERM to improve the GHG emissions reporting across all portfolio companies, all investment team members received specific GHG emissions training from ERM. The annual employee engagement survey was conducted in December 2020. A theme resulting from the survey was employees requesting more regular feedback from managers, hence during 2021 review meetings, all managers and employees agreed the frequency and format for this tailored to individual needs.

Neil Krawitz, Head of Asset Management and ESG, continued to participate in and contribute to the GRESB Infrastructure Benchmark Committee ("IBC"), promoting ESG best practices and attended various GRESB Working Group sessions. GRESB underwent a restructuring of its governing committees in late 2021 and asked members to apply to participate in the new governance bodies including a Standards Committee and Expert Panels. Subsequent to year end, Neil Krawitz was selected to the Infrastructure Standards Committee, continuing Arcus' contribution to this key ESG organisation.

Arcus continued to contribute to the Global Infrastructure Investors Association ("GIIA") on ESG matters, joining the GIIA ESG working group discussions during 2021. Two members of the Arcus ESG Committee participated in GIIA ESG working group panel discussions relating to SFDR and climate change.

Members of the Arcus ESG Committee attended various sustainability workshops and seminars during the year including "PRI Digital Forum" in October 2021 which is the UNPRI's main annual event, GRESB training and results presentation, SFDR seminars and workshops and Women in Infrastructure Forum.

Arcus supports social and environmental charitable activities, and all members and employees are encouraged to fundraise, volunteer, participate and contribute to any charitable organisations that they feel passionately about. Arcus encourages individual volunteering and provides "match-funding" for selected fundraising initiatives on an annual basis. In 2021 Arcus donated a total of c.£60,000 to a selection of charities chosen annually by Arcus employees and approved by the Management Committee including Sufra Food Bank, Teenage Cancer Trust, Impact 100 London, Shelter, Starlight Children's Foundation, Disaster Emergency Committee, and Streets of London.

Historically, Arcus' employees have volunteered at the Starlight Children's Foundation annual summer party. However due to the restrictions resulting from the COVID-19 pandemic, the event was postponed again in 2021. During the year Arcus undertook two social contribution initiatives. In October, three of the Arcus team also participated in the Streets of London sleep out, raising money and awareness for the homeless. Ten Arcus team members volunteered at the Sufra Food Bank (a London charity focusing on food poverty) in December, helping to prepare food and assisting in the maintenance of Sufra's community edible garden.

Arcus staff volunteering at Sufra Food Bank

[6] Defined as Arcus Partners, senior investment team and key functional roles in compliance, risk and finance.

Supporting Social Mobility

The infrastructure assets that Arcus holds within its funds are shared community resources ranging from motorways to reusable crates for food transportation. Communities across Europe have a daily dependence on the use of these assets. The availability and quality of infrastructure shape the quality of life and opportunities in a region. Access for example to fast fibre internet, integrated public transport or clean and affordable renewable energy form the basis on which society in developed countries can flourish. The sustainability of communities is also dependent on equal opportunities for all members of that community whether through access to services or opportunities in employment. However in many European countries social mobility is challenging. For a child born in the UK today as an example, their educational opportunities and life chances are strongly linked to their parents' socio-economic background[7].

In 2021 Arcus engaged with the Sutton Trust, a charity focused on social mobility which promotes improved chances for education and careers for high performing students who come from underprivileged backgrounds. Since its foundation the Sutton Trust has worked with over 35,000 young people and given them the opportunity to change their lives. Furthermore Sutton Trust has published over 200 pieces of agenda-setting research, many of which have influenced government policy. Last summer, 17 Arcus team members delivered a summer placement programme via the Sutton Trust Pathways to Banking and Finance programme for students in their last years of schooling interested in the sector.

The programme was structured over four full days, by necessity delivered remotely due to COVID-19 restrictions, which covered insights into Arcus, infrastructure sector, finance industry, asset management and general business skills like CV building and professional use of social media. It also included an infrastructure investment-related case study to give the students insight into a real-life example of our industry.

The placement was successful with excellent feedback from the students. Our team also enjoyed the experience providing an opportunity to contribute our skills to develop and enhance the lives of young students who are capable but just need to be given a helping hand in their careers.

Following the placement, the students returned for a visit to our London office in February 2022 with follow up sessions on topics that were of interest from the placement. The visit was a good opportunity to solidify the content of the experience and build on the partnership. Arcus will be conducting the Pathways placement again this summer for another cohort of students.

[7] https://www.suttontrust.com/wp-content/uploads/2021/08/A-Fair-Start-Summary-Report.pdf

2.4 EMPLOYEE ENGAGEMENT SURVEY 2021

2021 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 2020 survey highlighted that Arcus employees were searching for more regular feedback on performance from their Line Managers. Acting on this feedback, Arcus organised a number of mentoring courses for employees, increased the frequency of touchpoints between Line Managers and employees based on individual needs, and from 2021, the annual appraisal meetings would be held with the Line Manager only who could provide direct feedback as well as other updates related to the employee. As a result, the year-on-year score for the question related to Line Manager feedback increased by 7 percentage points.

The 2021 survey highlighted that the steps taken above in relation to adapting employee feedback and improving employees' understanding of the Management Committee, have been effective but could be improved further, and that is a focus for 2022.

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

Key Highlights

76%

RESPONSE RATE

95%

OF PARTICIPANTS ARE PROUD TO WORK FOR ARCUS

90%

BELIEVE THEIR PERSONAL VALUES ARE ALIGNED WITH ARCUS VALUES

98%

BELIEVE THAT ARCUS CONDUCTS ITS BUSINESS WITH HONESTY AND INTEGRITY

SUSTAINABLE DEVELOPMENT GOALS

2.5 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 eleven: (i) SDG 3: Good Health and Well-being, (ii) SDG 4: Quality Education, (iii) SDG 5: Gender Equality, (iv) SDG 7: Affordable and Clean Energy, (v) SDG 8: Decent Work and Economic Growth, (vi) SDG 9: Industry, Innovation and Infrastructure, (vii) SDG 10: Reduced Inequalities, (viii) SDG 11: Sustainable Cities and Communities, (ix) SDG 12: Responsible Consumption and Production, (x) SDG 13: Climate Action and (xi) SDG 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
3 GOOD HEALTH AND WELL-BEING	3.6 **By 2020, halve the number of global deaths and injuries from road traffic accidents**	Constellation takes health and safety of its employees and stakeholders seriously across all operations including its transportation business units. A robust approach to health and safety is in place and Constellation seeks to continuously improve safety across its vehicle fleet and take steps to reduce the risk of road traffic accidents. Glacio participates in the Norwegian Truck Owners Association (Norges Lastebileierforbund) initiative "On the right side" in connection with the training and monitoring of drivers.
4 QUALITY EDUCATION	4.4 **By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship (4.4.1 Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill)**	Both E-Fiber and Swiss4net prioritise community engagement across their businesses and this includes working with local communities and schools to increase awareness of FTTH, supporting access to high-speed broadband, sponsoring educational events and innovative education labs.
5 GENDER EQUALITY	5.c **Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels**	All AEIF2 portfolio companies support gender equality across all levels, reinforced through ESG policies, regular monitoring of gender diversity and specific initiatives targeting women in professional careers. Please see the table in the "Key ESG Highlights" section for more detailed information regarding gender diversity at each portfolio company.
7 AFFORDABLE AND CLEAN ENERGY	7.2 **By 2030, increase substantially the share of renewable energy in the global energy mix**	Momentum is a key enabler through investing, operating, maintaining and developing renewable energy projects as its core business.
7 AFFORDABLE AND CLEAN ENERGY	7.3 **By 2030, double the global rate of improvement in energy efficiency**	Horizon and SMA provide 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.
8 DECENT WORK AND ECONOMIC GROWTH	8.2 **Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sector**	HB provides a sustainable solution to critical transport needs in the food and beverage supply chain through RTI rental. HB also provides washing services to users of RTIs, as well as storage, transport, and integrated return logistics solutions. The business is labour-intensive as a result. HB continues to target growth and productivity, whilst exploring innovative solutions to use technology where possible to streamline the labour force required.
8 DECENT WORK AND ECONOMIC GROWTH	8.6 **By 2020, substantially reduce the proportion of youth not in employment, education or training**	E-Fiber and Swiss4net facilitate employment creation, particularly through working with contractors in local municipalities to install the FTTH networks. The provision of quality high-speed internet is also material to increasing standards of education and training.

2.5 SUSTAINABLE DEVELOPMENT GOALS (CONTINUED)

SDG	Target	Asset approach
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 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.
10 REDUCED INEQUALITIES	10.2 **By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status**	All AEIF2 portfolio companies support diversity and inclusion across all levels, reinforced through ESG policies, regular monitoring of employee diversity and specific initiatives to support a diverse workforce and reduce inequalities. At Constellation, Stockhabo participates in a scheme to help disabled people into work by creating a more accommodating work environment.
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'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 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's ISO tank containers facilitate efficient intermodal transfer for use across sea, rail and road, thereby reducing the carbon footprint of freight. The tank container can be reused multiple times over its asset life, reducing waste during cargo discharge and are recyclable at the end of its useful life. Peacock is also committed to reducing plastic waste globally, 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 and its portfolio companies collaborate with several public and private bodies to advocate responsible infrastructure investment, influence relevant stakeholders and encourage sustainable infrastructure development. For example, Horizon and SMA'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

Constellation provides its customers with uninterrupted refrigerated storage and distribution activities to maintain the temperature of perishable food products, ensuring quality and safety from the point of origin to the final consumer. The group aims to contribute positively to the Sustainable Development Goals (SDGs) defined by the UN member states in 2015, and has identified and committed to a number of SDGs where it believes it can have the greatest impact.

Constellation sees itself as a key proponent and contributor to SDG 12 “Responsible consumption and production” in a European food supply chain context. The critical storage infrastructure provided by Constellation helps to maintain food product integrity, extend shelf life and contribute to the reduction of global food waste. Constellation tracks product spoilage within its facilities and aims to keep this to a minimum, working in conjunction with its customers.

Cold storage warehouses and transport assets are material consumers of energy due to the low temperatures required to preserve food quality. As such, Constellation considers SDGs 7 and 9, “Affordable and clean energy” and “Industry, Innovation and Infrastructure” in its day-to-day operations in order to reduce the environmental impact of the group’s mission-critical activities. In this respect, Constellation’s sites are built to high sustainability standards while the group pursues relevant certification (i.e. BREEAM) to evidence this.

Where sustainability improvements can be made through advancements in technologies or processes, Constellation aims to implement these swiftly. During 2021 the Arcus asset management team worked with Constellation to invest in upgrading its refrigeration plants in the Netherlands and Belgium to reduce energy consumption and GHG emissions. In respect of energy procurement, Constellation is moving towards more sustainable energy sources where possible and has fitted solar panels at the majority of its sites. These initiatives contribute to SDG 13 “Climate Action”.

From a social standpoint, Constellation considers SDG 3 “Good Health and wellbeing” and SDG 8 “Decent work and economic growth” across its human resource practices. In this respect, Constellation provides quality employment opportunities for local economies across six European countries and aims to employ a diverse workforce. Health and safety of Constellation’s employees and visitors is taken seriously across all of the group’s sites with robust health and safety policies in place to govern this. During the COVID-19 pandemic, the group reinforced existing staff safety and hygiene protocols to good effect.

2.6 SUPPORTING THE UNITED NATIONS GLOBAL COMPACT

This report also serves as Arcus' annual Communication on Progress ("COP"), submitted to the UN Global Compact ("UNGC"). As a signatory of the UNGC Arcus is committed to responsible investment and has aligned relevant policies and procedures with the UNGCs ten principles on human rights, labour standards, environment and anti-corruption.

In 2021 Arcus has updated its ESG policy, adopting eleven SDGs that Arcus is most like to have the greatest impact on, as set out on pages 28 and 29. Furthermore, Arcus has updated its exclusions policy focusing on topics such as human rights, labour practices, adverse environmental impacts and poor corporate governance. For transparency, the exclusions policy is publicly disclosed as part of the Arcus ESG policy.

HUMAN RIGHTS

- In 2021 Arcus has recognised Human Rights as a material topic in its ESG policy. Arcus' commitment towards human rights outlines the expectation that its members, employees, contractors, and its investee companies will respect human rights in their business activities.
- As part of Arcus' approach to continuous improvement and increased transparency, Arcus will annually report from 2022 on compliance of investee companies to the UN Global Compact principles and OECD Guidelines for Multinational Enterprises to investors and efforts made towards SDG 8 *"Decent work and economic growth"*.
- Arcus' statement in response to the UK Modern Slavery Act is publicly disclosed on the Arcus website. Arcus has zero tolerance for slavery and human trafficking in its supply chain management. Staff annually receive relevant compliance training. Through its acquisition due diligence procedures and ongoing asset management of investments, Arcus endeavours to ensure no form of slavery, servitude, forced or compulsory or child labour or human trafficking takes place.

LABOUR STANDARDS

- Arcus is committed to paying fair wages, supporting human capital development and providing ongoing employment security for its members, employees, contractors and investee companies. This is translated into Arcus it support of SDGs 3, 4, 5, 8 and 10.
- In 2021 Arcus has implemented a remuneration policy, which governs the processes concerning the payment of remuneration to Arcus' members and employees. The Remuneration Policy, and an individual's remuneration, incorporates the management of sustainability factors.
- Arcus has an inclusive corporate culture and recognises the importance of having a diverse, inclusive workforce with members, employees, contractors and investee company personnel coming from diverse backgrounds. During the reporting period, Arcus continues to promote Diversity, Equality and Inclusion ("DEI") within the approach to recruitment and DEI is firmly embedded in the Arcus HR processes to ensure fairness and equality.
- In 2021 Arcus commenced a programme in support of social mobility in association with the Sutton Trust charity, more detail on this programme can be found on page 26.

ENVIRONMENT

- Arcus is aware of the adverse impacts its operations could have on the environment and outlined environmental factors considered to be material to Arcus and the wider infrastructure sector in its latest ESG policy update (January 2022). These environmental factors are monitored from early stages of the investment analysis and throughout the lifecycle of Arcus' investment and public disclosure improves transparency to Arcus' investors and key stakeholders.
- During 2021, as part of Arcus' ESG continuous improvement, Arcus engaged with an external advisor to assist in enhancing GHG emissions reporting to improve consistency of reporting across investee companies. In line with the GHG protocol standards, investee companies will report separately on Scope 1, 2 and material Scope 3 emissions from 2021. On a corporate level, Arcus expanded its reporting and carbon offsetting programme to include Scope 1, 2 and material Scope 3 GHG emissions, ensuring its corporate operations are effectively carbon neutral.
- Following the release of the Intergovernmental Panel on Climate Change ("IPCC") its Assessment Report 6 ("AR6") in August 2021, Arcus has updated the physical climate risk review for all its investee companies as part of TCFD reporting, outlined in section 2.7 of this report.

ANTI-CORRUPTION

- A core Arcus value is "Integrity, honesty and professionalism" which in combination with Arcus' policy framework, forms the basis for a zero-tolerance approach to bribery and corruption that extends beyond Arcus' employees and members to service providers and investee companies.
- Arcus has an Anti-Bribery & Corruption policy as part of the wider Compliance manual. In 2021, 100% of Arcus staff have completed online Anti-Bribery & Corruption training and signed an annual attestation that they have read and adhered to the Arcus policy framework.

> "We are committed to making the UNGC 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. Furthermore, through 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."
>
> **Ian Harding**, Managing Partner

2.7 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORTING

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In the Arcus 2020 Sustainability Report, we commenced TCFD reporting across the recommended four key areas (known as "pillars"): Governance, Strategy, Risk Management, and Metrics & Targets. While it is widely recognised that the emission of greenhouse gases ("GHG") will cause further warming of the planet, the financial implications of climate change are more challenging to understand, which highlights the need for such reporting as well as processes for assessing, measuring and monitoring climate change risk.

Since our 2020 assessment, the Intergovernmental Panel on Climate Change ("IPCC") issued its Assessment Report 6 ("AR6") in August 2021, the first update since 2013, which has, as a result, brought a material change in our understanding of physical climate trends. We have engaged with ERM, a sustainability consultancy who supported our 2020 review to update the physical climate risk review for the AR6 forecasts.

The Arcus disclosure is contained below and concludes that the updated AR6 data results in a forecast increase in climate change risk across the portfolio; however this aligns with developing, and in some cases, accelerating climate changes now being experienced across the European continent, not isolated to Arcus. However, relative to other infrastructure sector peers, Arcus's average physical climate risk remains low to moderate and the low carbon transition continues to provide more of an opportunity than a risk, which aligns with our investment thesis that captures 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 factors 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 Risk & Compliance Director 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

The scenario analysis was conducted by ERM 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.

IPCC AR6 Climate Change Trends

In Q4 2020, Arcus began working with a team from ERM to assist with climate scenario analysis in the short, medium and long term, and ultimately reported on TCFD in 2020 and 2021 across the portfolio. In 2021 the IPCC issued AR6, the first update since 2013 and as a result brings a material change in physical climate outlook. We worked with ERM to update the physical climate risk review for the assets reviewed in 2020 with a detailed review of the changes in these forecasts. On average, AR6 climate data projects an increase in nearer-term climate risk scores for some of our portfolio companies by 2030 when compared with AR5, mostly driven by increased flooding as well as wildfires. This is unsurprising as AR6 suggests that observed global surface air temperatures have increased faster since 1970 than in any other 50-year period over at least the past 2,000 years and as a result has had several other follow-on effects on climate events. This update has attracted a high level of media coverage and had led to a description of the climate situation as a "code red for humanity". Notwithstanding the increase in risk, the diversification in many of our portfolio companies meant they exhibited less of an increase of physical climate risk owing to their large network span and low materiality of impact to the businesses. After having conducted the review, we remain confident that our management of climate change risk and our response to the assessment is proportionate to the level of risk exhibited.

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

In alignment with TCFD categorisation, two overall categories of climate-related exposure were considered in the portfolio screen:

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

SCENARIO ANALYSIS METHODOLOGY

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 (a) 'stress test' against possible key risks; and (b) assess preparedness for realising opportunities that might emerge.

Physical scenario selection

For the physical assessment we selected the date reference points of 2030 and 2050 aligning with the Intergovernmental Panel on Climate Change (IPCC) and Shared Socio-Economic Pathways (SSPs) 2-4.5 and 5-8.5, sourced from AR6. The SSP 2-4.5 scenario implies global climate warming of 2.1 to 3.5°C and 3.3 to 5.7°C by 2100 for SSP 5-8.5. For the physical climate change element of the assessment, scenarios providing data on future climate projections were used to measure the expected change in the severity and/or frequency of eight climate event types[18]. 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 (AR6 SSP 5-8.5) for most of the event types (with the exception of storms and water stress/drought which continued to use Assessment Report 5 ("AR5") data) to identify conditions experienced where there has been a failure to limit GHG emissions. 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 SSP 5-8.5 potentially create 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 'Stated Policies Scenario' and 'Sustainable Development Scenario'. The analysis leveraged a dataset comprised of 13 scenario indicators, 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. The scenarios were assessed on date reference points of 2025, 2030, 2035 and 2040 for the transition assessment.

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 company 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 below 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 impacts. The physical risk output also has an average position of the portfolio comparing the change in usage of AR5 to AR6 data.

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' average physical climate risk can be viewed as low to moderate, and the low carbon transition continues to provide more of an opportunity than a risk, and those opportunities are greater than many other infrastructure sector peers.

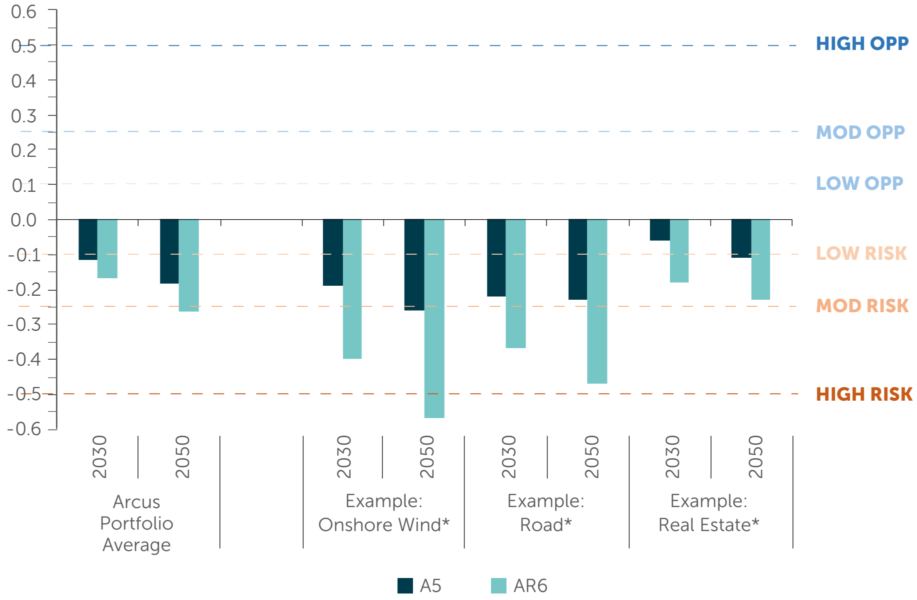
This is an unsurprising outcome for Arcus. In our investment selection process we are focused on acquiring and building the sustainable European infrastructure of the future and many of the businesses we are involved in are deploying capital to invest in the transition to a low carbon, resilient economy.

[18] 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.

[19] 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.

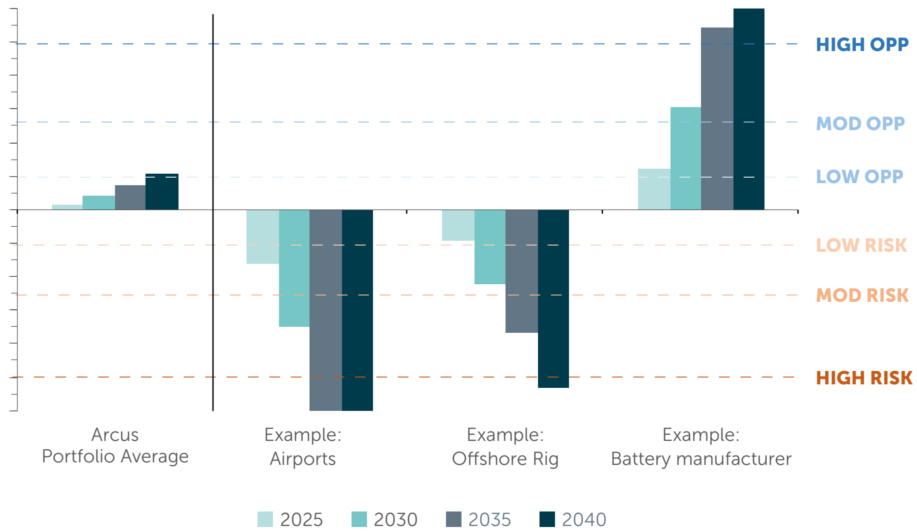
2.7 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORTING (CONTINUED)

PHYSICAL RISK



* Onshore wind is specific to Portugal, the road is specific to Germany and real estate is specific to France.
Source: ERM

TRANSITION RISK



Source: ERM

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. Disclosure of key metrics for each investee company is included in Section 03 for each portfolio company.

Arcus investee companies have historically reported on GHG emissions within the operational control of each investee company, focusing mostly on Scope 1 and 2 emissions. While the data has been collected and reported by investee companies, the sourcing and accuracy of the data has historically had elements of inconsistency between investee companies' methodology.

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

In addition, Arcus believes Scope 3 emissions calculations are the most challenging area for GHG emission collection and reporting. Long-standing and multi-source input supply chains are not always designed with integrated GHG data collection and reporting front of mind. The embodied carbon emissions of, for example, goods purchased overseas or emissions generated through outsourced services are generally not quantified. Equally, customer emissions are often connected to volumes of their own activities which is commercially sensitive information and difficult for investee companies to gain access to.

With the increasing focus on emissions reporting and reduction targets, Arcus has increased the rigour applied to emission calculations and reporting. As set out in the thought leadership piece on pages 36 and 37 during 2021 as part of Arcus' ESG continuous improvement, Arcus engaged ERM to assist us enhance our GHG reporting. Arcus investee companies will report separately on Scope 1, 2 and material Scope 3 emissions from 2021 onwards in line with the GHG protocol standards[20].

In relation to Scope 3 reporting, some data collection will require continued efforts from Arcus and investee company management teams to refine and improve the data sourcing and reporting (e.g. from supply chain and customers) and while initially there are still some data gaps, where estimations of emissions have been made with the assistance of ERM, it is our aim to improve the data quality and accuracy year on year. Arcus recognises that the 2021 baseline carbon footprint is affected by the COVID-19 pandemic. Increased working from home and limited corporate travel are likely to have reduced GHG emissions during 2021. The table below presents the portfolio emissions.

The table below presents the 2021 GHG emissions across the Arcus portfolio of investee companies (excluding HB, Momentum and Opus B given these were acquired close to or post year end 2021 for which GHG emissions will be calculated for the first time in 2022). GHG emissions have been calculated as an aggregate representation of the equity ownership share in the investee company.

The main Scope 1 emissions come from the cold store and transport operations at Constellation (transportation, refrigeration and electricity consumption) and construction projects at Brisa, GTC and TDF in 2021.

Over 90% of the Scope 3 emissions data comes from Category 11 "Use of sold products" of Brisa and GTC. Category 11 represents the emissions associated with the traffic on the motorway networks of Brisa and GTC and are indirect emissions generated through drivers' use of roads throughout the year. This category was calculated using assumptions supplied by Brisa and GTC on vehicle use, frequency of use and distance travelled for their respective road networks.

2021 GHG Emissions*	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)	Scope 3 (tCO_2e)	Total (tCO_2e)
Arcus portfolio average[21]	14,430	31,911	2,756,937	2,803,278

* Emissions are adjusted for the percentage of ownership of AEIF2 investee companies.

NEXT STEPS IN TCFD IMPLEMENTATION

Future targets on the Arcus TCFD roadmap have been shared with the respective Fund and Managed Account investors. Through the implementation of the consistent Arcus carbon footprint calculation methodology, this will facilitate establishing baseline emission reference points and allow the establishment of decarbonisation strategies in each investee company with the goal of being able to target how we intend to reduce the carbon footprint of our portfolio, in line with broader net-zero strategies.

[20] A detailed description of the GHG protocol emission scopes can be found in the GHG emissions reporting thought leadership piece on page 37.
[21] Emissions are adjusted for the percentage of ownership Arcus represents.

GHG Emissions Reporting

Increased transparency provides roadmap for reduced emissions

Interest and requirements for corporate GHG emissions reporting is rapidly on the rise. Just a few years ago GHG reporting was limited to large, mostly listed corporates. However carbon intensity reporting is moving to become part of risk management driven by an increasing awareness of the need to transition to a low carbon economy.

Many new GHG reporting standards and tools are being launched and similarly the number of carbon reduction standards and initiatives is on the rise. Throughout the developed world efforts are being made to set policy, targeting corporate GHG disclosure and emissions reduction. Net-zero by 2050 is a common phrase for corporate commitments. Currently still voluntary, for how long will these carbon reduction commitments remain unregulated? And to what standard, and emission scopes, will these commitments to be measured against?

During the 2015 United Nations Climate Change Conference (COP21) in Paris, 192 nations and the European Union signed what is known as the Paris Agreement, replacing the 2005 Kyoto Protocol and for the first time setting a measurable target. All signatories agreed to the goal of reducing greenhouse gas emissions and limit the global temperature increase to below 2 degrees Celsius above pre-industrial levels by the year 2100. Which can be translated to become net-zero by 2050 or sooner.

The UK has set a target to become a net-zero nation by 2050 and has made reporting in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations mandatory for the 1,300 largest companies. Within the EU this was translated into the European Green Deal that was approved in 2020. The Green Deal is a set of policy initiatives by the European Commission with the overarching aim of making the EU climate neutral by 2050. It is expected that ultimately regulatory policy will dictate carbon reduction requirements in line with the Paris Agreement target.

Companies setting a target of net-zero should not just be a marketing exercise, as a significant amount of work is required to set a realistic targets based on a scientific approach, known as science-based targets.

The key building block for setting a target is to have a good baseline dataset of a company's current emissions profile in order to understand where and how emissions can be reduced. The GHG Protocol is a corporate accounting and reporting standard which classifies emissions based on the source of the emissions. The standard is designed to provide a framework for businesses, governments, and others to measure and disclose emissions in a uniform way that supports their individual targets.

The infrastructure sector is one of the largest sources of GHG emissions today and therefore the sector also has high potential for reductions to make an material impact in the transition to a net-zero economy. In this transition there won't be room for infrastructure that is highly dependent on fossil fuels, without a path to a low carbon alternative and Arcus has committed to an exclusions policy that limits investments in infrastructure assets highly dependent of fossil fuels. In the Arcus' annual investor TCFD reporting we disclose the physical risks and transitional risk and opportunity of its portfolio.

With the increasing focus on emissions reporting and reduction targets, Arcus has increased the rigour applied to our existing emission calculations and reporting processes. During 2021, as part of Arcus' ESG continuous improvement, Arcus engaged sustainability consultant ERM to assist us enhance our GHG reporting and ensure alignment of the Arcus and investee company GHG reporting with the GHG protocol standards. ERM have assisted in the design of an Arcus emissions calculation methodology manual and reporting tool specifically for the infrastructure sectors we operate in, provided GHG calculation training to Arcus investment team and investee company management teams and run workshops with investee companies to discuss specific industry or company data collection queries.

As a result, Arcus will consistently report GHG emissions across investee companies for 2021 onwards. In line with the GHG protocol standards, investee companies will report separately on Scope 1, 2 and material Scope 3 emissions. This will form the baseline carbon footprint from which Arcus can start setting realistic GHG reduction targets.

Arcus intends to take a bottom-up approach assessing emission profiles with each of its investee companies and working together with the management teams to set reduction targets and timeframe applicable to each investee company. Our goal is to create investee companies that understand the importance of GHG emissions reduction to remain as infrastructure assets relevant and acceptable for the future which can autonomously operate to reduce their emissions footprint in line with sector best practice. We consider this approach more practical and realistic than starting with a 2050 portfolio-wide target but which we don't have the basis to commit to yet, as for some investee companies the commitment could be made much sooner than 2050 and with others the abatement of emissions will be more challenging.

GHG Emissions Reporting

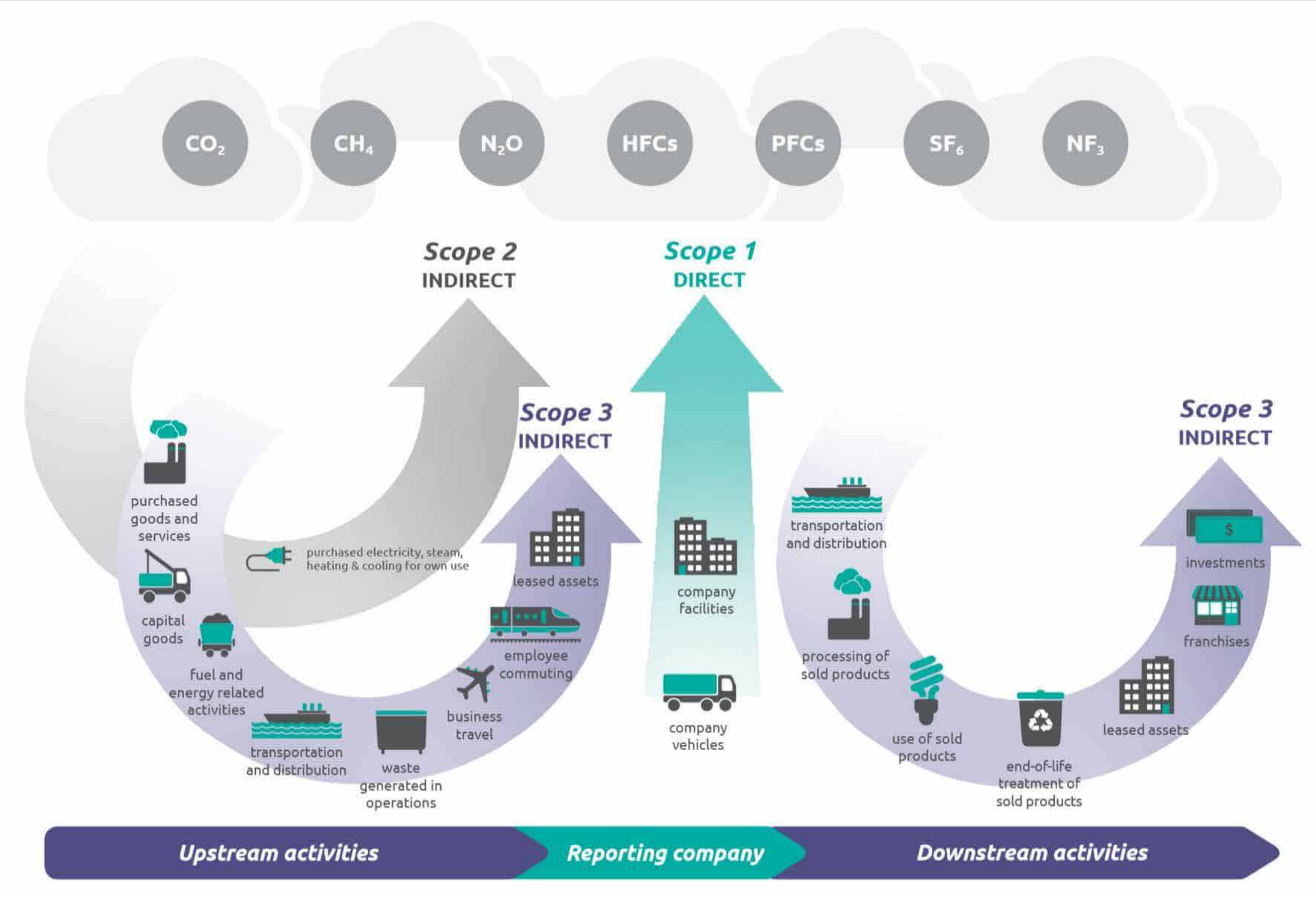
Increased transparency provides roadmap for reduced emissions

GHG PROTOCOL EMISSION SCOPES

Scope 1 emissions
('Direct' GHG emissions)
Direct emissions from fixed or mobile assets located within the organisational boundary (i.e. emissions from sources owned or controlled by the organisation). Key examples include combustion of fuel (e.g. diesel, petrol, natural gas, etc.) from fixed assets (e.g. generators, boilers, etc.) and mobile assets (e.g. vehicles, machinery, etc.) and refrigerant leakages.

Scope 2 emissions
('Indirect energy' emissions)
Indirect emissions associated with the production of purchased electricity, heat and steam used in for organisation activity.

Scope 3 emissions
('Other indirect' emissions)
All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, both upstream (suppliers) and downstream (customers) of their business operations. The GHG Protocol divides Scope 3 emissions into 15 further sub-categories as demonstrated in the image below.



Overview of GHG Protocol scopes and emissions across the value chain

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

Neil Krawitz

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
129 Total (60% male: 40% 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
58.3%**

GRESB RESULTS

Alpha scored 96 out of a possible score of 100 compared to the average GRESB score of 72. Alpha was ranked as follows in peer benchmarking:

- 3rd of 11 European rail maintenance company participants and;
- 15th of 549 participants overall

2020	2021
92/100 GRESB ★★★★★ 2020	96/100 GRESB ★★★★★ 2021

* 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.
** Arcus manages 58.3% of Alpha investment on a Managed Account basis

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

ALPHA TRAINS

INVESTMENT DESCRIPTION

Alpha is the largest private sector rolling stock lessor active in the continental European rail sector. Its portfolio comprises 441 passenger trains and 374 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.€292m of new passenger trains (49 trains) which are under construction for forward starting long-term leases in Germany and c.€242m of new locomotives (55 locomotives) for across Europe. Alpha is based in Luxembourg and has operational bases in Antwerp, Cologne, Madrid, Paris and Warsaw.

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 the company 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. Alpha 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.

2021 KEY ESG EVENTS

In August 2021 an Alpha locomotive on lease to and operated by one of Alpha's customers, which was pulling a passenger coach service, was involved in a serious frontal collision on a single track section in Eastern Europe. The accident resulted in three fatalities and several injuries. The driver of the locomotive missed red signals and entered a single track section of the network while it was occupied by another train. Alpha was not responsible for the accident and did not face any public exposure in relation to the incident or experience any reputational issues. The locomotive involved in the accident has been assessed as a total loss.

In December 2021, Alpha entered into binding documentation for the Netz Ostbrandenburg concession for the procurement of 31 battery electric Siemens Mireo passenger trains. The project will commence operation in 2024 and is supported through subsidies by the European Commission's Connecting Europe Facility which funds low carbon technology. This landmark transaction showcases Alpha's green credentials as the company's first battery electric project and a facilitator of investing to transition to a low carbon European transportation system.

As a result of COVID-19, most of Alpha's employees continued to work from home during part of 2021. The business was largely unaffected operationally and financially from COVID-19.

ESG KPIs at Alpha Trains

KPI	FY2020*	FY2021
Employee Gender Split	58% male / 42% female	60% male / 40% female
Energy Usage	83.3 MWh of electricity	81.4 MWh of electricity
GHG/Carbon Emissions*	220 tCO2e (Scopes 1 and 2)	Scope 1: 145 (tCO_2e) Scope 2: 30 (tCO_2e) Scope 3: 314,205 (tCO_2e)
H&S metric (no. of incidents involving employees)	1	Nil

* For Alpha, most Scope 3 emissions are related to the initial procurement, repair and maintenance of its fleet as well as ongoing fuel consumption by its lessees required to operate the fleet of freight locomotives and passenger trains.

3.2 TRANSPORT – TOLL ROADS

Ana Tavares

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
2,727 Total (62% male, 38% female)

ARCUS ASSET MANAGER
Ana Tavares

ARCUS BOARD MEMBERS
Daniel Amaral (Arcus holds 1 of 10 seats)

INVESTMENT DATE
First acquired 27 June 2007

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
81.1%*

GRESB RESULTS

Brisa scored 95 out of a possible score of 100 compared to the average GRESB score of 72. Brisa was ranked as follows in peer benchmarking:

- 1st out of 7 European Motorway Networks;
- 4th out of 48 Global Road Companies; and
- 30th of 549 participants overall.

2020	2021
92/100 GRESB ★★★★★ 2020	95/100 GRESB ★★★★★ 2021

* Arcus manages 81.1% of Brisa investment pursuant to a Management Services Agreement

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

Brisa

INVESTMENT DESCRIPTION
Brisa is a leading European toll road operator. Brisa 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 of Brisa, and accounts for over 80% of consolidated revenues and 100% of consolidated traffic and toll revenues (as other concessions are not consolidated).

BRISA'S APPROACH TO ESG
Brisa manages ESG performance against five fundamental vectors of sustainability which are considered as strategic for Brisa's activities. They are economic performance, sustainable mobility, social performance, human resources and environmental management. Brisa monitors its own ESG performance on a wide range of indicators to measure the effectiveness of its ongoing commitment to sustainability and has significantly improved its performance in many of these indicators over the years. Brisa's ESG management and approach is externally audited annually.

Brisa has a long and well-established history of a commitment to sustainable development and operations. Brisa takes a proactive stance in its responsibility towards societal wellbeing and development. Brisa 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. The company also actively participates in a number of organisations related to sustainable development such as APCAP (Association of Portuguese Concession Companies of Toll Motorways or Bridges), ASECAP (European Association of Toll Motorways Operators), CRP (Portuguese Road Centre) and IBTTA (International Bridge, Tunnel and Turnpike Association). In addition to these memberships, 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. During 2018, Brisa joined the Transport Decarbonisation Alliance, an international initiative led by France and Portugal to promote the decarbonisation of transport through the collaboration of government, cities and business, as well as the Roteiro para a Neutralidade Carbónica, a nationally sponsored initiative of the Portuguese Ministry of the Environment that is dedicated to achieving carbon neutrality.

Many of Brisa's current strategic initiatives such as new mobility ventures may be mapped to improving performance along multiple ESG factors, showing a commitment to long-term, sustainable growth. Brisa has recently launched a group-wide carbon reduction programme which targets a 60% reduction of Brisa's carbon emissions by 2030 and net-zero by 2045.

Brisa's key ESG KPIs reported and monitored at Board level are injury rates, accident rates, fuel consumption, electricity consumption, and several social KPIs including training, gender diversity, and social work.

2021 KEY ESG EVENTS
During 2021, Brisa undertook a broad Strategic Review for the 2021-25 period which had ESG as one of its main pillars. As part of this exercise, the company's board has approved its ESG strategy for the five-year period, which comprises six strategic goals: (i) reduce GHG emissions by 60% by 2030 and reach net-zero by 2045, (ii) adopt ambitious biodiversity regeneration policies and procedures, (iii) implement circularity in 100% of procurement and supply processes by 2030, (iv) reduce by 50% the number of deaths and serious injuries from road traffic accidents in 2030 vs. 2020, (v) implement a policy to respect human rights and a human rights due diligence process and (vi) have 30% of all leadership functions held by women and double the number of women in C-1 management positions by 2025. Brisa has started rolling out 30 initiatives, to be undertaken through 2025, with the aim of achieving these six goals.

Among the initiatives which were under way in 2021, the main ones include:

- E-TIM (Energy Transition in Motorways): an initiative started in 2020, comprising the roll-out of solar PV panels in 156 sites, replacement of traditional lamps with LED technology across the BCR network, roll-out of 333 EV chargers, among other initiatives
- Measurement of GHG Scope 3 emissions
- Physical climate risk assessment
- Assessing the potential for issuing sustainable finance instruments

ESG KPIs at Brisa

KPI	FY2020*	FY2021
Employee Gender Split	61% male / 39% female	62% male / 38% female
Energy Usage	27,868.2 MWh of electricity	28,323.9 MWh of electricity
GHG/Carbon Emissions*	11,250 (tCO_2e) (Scopes 1 and 2)	Scope 1: 5,470 (tCO_2e) Scope 2: 5,863 (tCO_2e) Scope 3: 1,988,556 (tCO_2e)
H&S metric (number of incidents)	Accidents: 2,028 Slightly Injured: 803 Seriously Injured: 53 Deaths: 22	Accidents: 2,577 Slightly Injured: 915 Seriously Injured: 78 Deaths: 23

* The FY2021 Scope 3 GHG emissions include category 5, 11 and 15 that are considered most material to Brisa. Category 11 are the emissions associated with the traffic on Brisa's motorway network and are indirect emissions generated through drivers use of Brisa's roads.

3.3 TRANSPORT – COLD STORAGE LOGISTICS

Jordan Cott

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
485 Total (85% male, 15% female)

ARCUS ASSET MANAGER
Jordan Cott

ARCUS BOARD MEMBERS
Stuart Gray, Toby Smith (Arcus holds 2 of 2 seats)*

INVESTMENT DATE
30 September 2019

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
100%*

GRESB RESULTS

Constellation participated in GRESB for the first time in 2021 and scored 67 out of a possible score of 100 compared to the average GRESB score of 72. Constellation was ranked as follows in peer benchmarking:

- 3rd of 6 'other transport' maintenance company participants; and
- 376th of 549 participants overall.

2020	2021
N/A	67 / 100, GRESB 2021

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

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

CONSTELLATION COLD LOGISTICS

INVESTMENT DESCRIPTION

Constellation (or the "Platform") is a platform bringing together European cold storage market leaders comprising 20 facilities and around 500k pallet positions of capacity. The Platform has established four regional divisions, each under the historical branding used in their respective local markets.

In the Nordics, Constellation owns two frozen storage facilities in Norway, and two further sites in Sweden with combined capacity of c.70k pallets, alongside a refrigerated transport fleet operating across both geographies. Constellation's Dutch operations consist of c.120k pallet positions across four facilities, while in Belgium and France, the group operates a further c.230k pallets positions across seven facilities. In the UK, Constellation operates c.65k pallets positions, as well as a refrigerated transport fleet.

Constellation has diversified product exposures across its operations, including food types such as french fries, fish, meat and poultry, dairy and bakery products.

CONSTELLATION'S APPROACH TO ESG

Constellation is committed to making a positive contribution in the geographies it operates in, ensuring a safe and sustainable environment for its employees and customers, and maintaining high standards of corporate governance. The group seeks to minimise its environmental footprint through wide-ranging initiatives across the platform and is committed to ensuring that its services contribute to the goal of reduction of global food waste. The group ensures compliance with regulations and guiding principles governing the protection of human rights, operational and occupational health and safety, environmental and business practices in the jurisdictions in which it operates.

Constellation aims to contribute positively to the Sustainable Development Goals (SDGs) defined by the UN member states in 2015. Constellation has identified a number of SDG's where it believes it can have the greatest impact, namely SDG 12 "Responsible consumption and production" which the group's operations inherently support via maintaining integrity of food supply chains and the reduction of food waste, and SDG 7 "Affordable and clean energy" with the group committed to moving towards more sustainable energy sources where possible including through the installation of solar panels and procurement of renewable power.

2021 KEY ESG EVENTS

The Constellation group advanced a number of ESG initiatives during the year. On the environmental front, the group improved its carbon footprint with a €2.5m capex project to replace older refrigeration installations with modern and environmentally efficient upgrades at one of its primary Dutch sites. This project is expected to reduce energy consumption by c.10-20% at the site, as well as significantly reduced greenhouse gas emissions over the lifecycle. The group finalised an equivalent project at one of its Belgian sites in Q4 2020 and has experienced meaningful consumption reduction during 2021. In Norway, Constellation signed up to an arrangement with its energy supplier to source 100% of its future electricity supply from renewable sources.

During the year, a manufacturing fault in refrigeration equipment at one of Constellation's sites in Norway led to the escape of ammonia gas into one of the storage chambers of the facility. Relevant alarm systems were triggered immediately following the leak, and the fire department and Company management were quickly on-site. There were no injuries or health issues as a result of this incident and the financial impact was limited given the successful containment of the leak, and because of insurance coverage of the event. Constellation was not involved in any other material environmental issue during the year.

The Company also continued to observe enhanced standards of hygiene measures in response to the ongoing COVID-19 pandemic.

Constellation also launched its corporate stakeholder engagement policy.

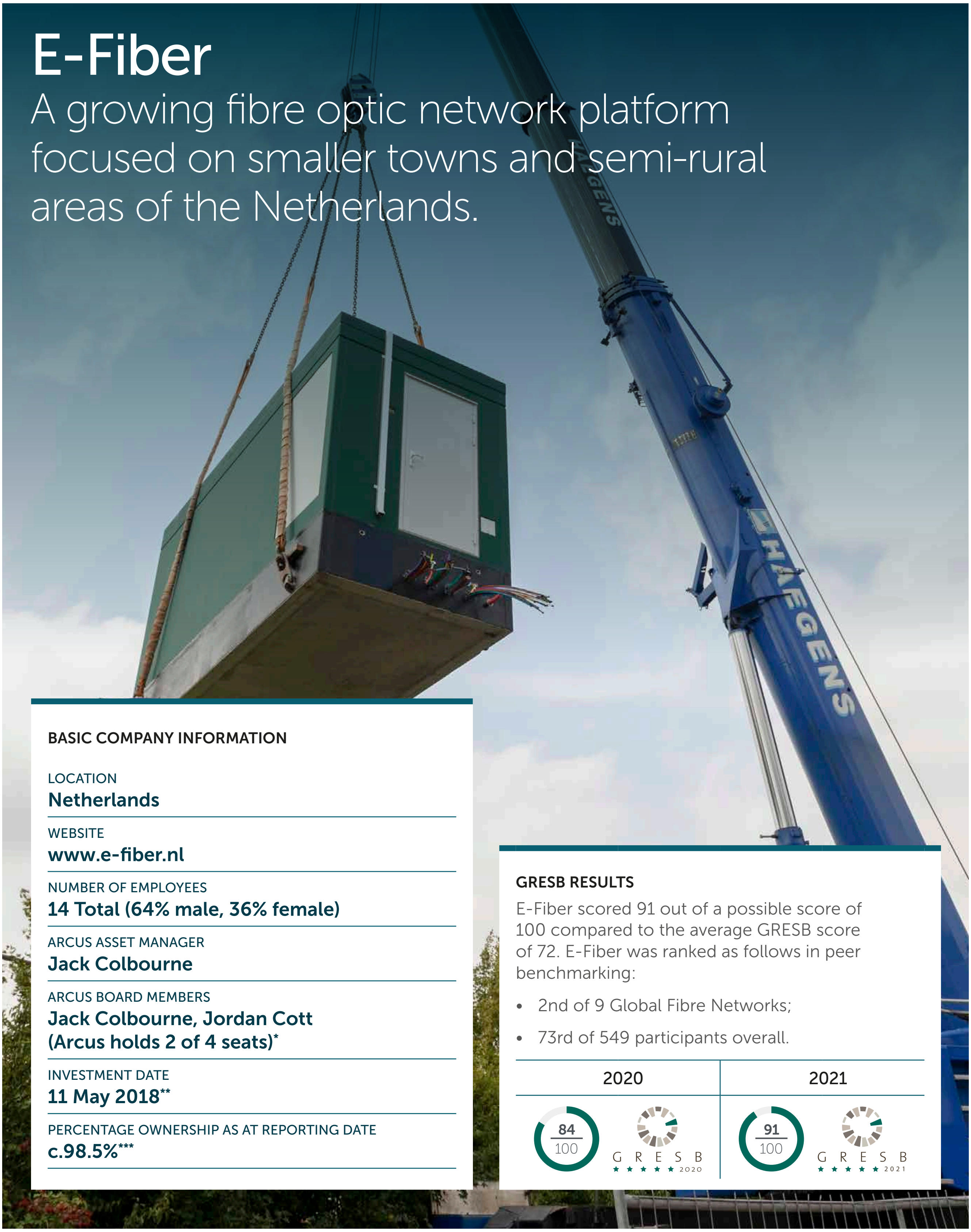
ESG KPIs at Constellation

KPI	FY2020	FY2021
Employee Gender Split	88% male / 12% female	85% male / 15% female
Energy Usage	27,000 MWh of electricity 887 kL of diesel / biodiesel	50,100 MWh of electricity 2,380 kL of diesel / biodiesel
GHG/Carbon Emissions*	8,100 (tCO_2e) (Scope 1 and 2)	Scope 1: 7,789 (tCO_2e) Scope 2: 8,527 (tCO_2e) Scope 3: 7,225 (tCO_2e)
H&S metric	3.2 injuries per 100,000 labour hours	8.2 injuries per 100,000 labour hours
Energy Consumption Per Pallet Position	0.11 MWh per pallet capacity	0.12 MWh per pallet capacity
Renewable Electricity Generation	2,311 MWh	3,890 MWh

* FY2021 GHG emission increases reflect the significant expansion of the Constellation platform perimeter during the 2021. Constellation's Scope 1 emissions represent emissions from transportation operation, refrigeration systems and heating of offices. The Scope 2 emissions relate to purchased electricity. The use of biodiesel, procurement of renewable energy and on-site generation for energy through PV cells has had a positive effect on FY2021, reducing like for like Scope 1 and 2 emissions. Scope 3 emissions for Constellation have been estimated for the first time in FY2021 and mostly represent embodied emissions from the construction of new facilities and the acquisition of associated operating plant and equipment. The data reflects Platform perimeter at year end 2020.

3.4 DIGITAL – FIBRE NETWORK

Jack Colbourne



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
14 Total (64% male, 36% 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.98.5%***

GRESB RESULTS

E-Fiber scored 91 out of a possible score of 100 compared to the average GRESB score of 72. E-Fiber was ranked as follows in peer benchmarking:

- 2nd of 9 Global Fibre Networks;
- 73rd of 549 participants overall.

2020	2021
84/100 GRESB ★★★★★ 2020	91/100 GRESB ★★★★★ 2021

* Arcus-appointed Board members have disproportionately higher voting rights; Arcus therefore controls the Board
** The investment in E-fiber was realised in April 2022
***AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

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 2021, E-Fiber owned networks in operation or in construction comprise c.316,000 homes passed (at completion) across 19 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 and 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.

2021 KEY ESG EVENTS
The company continues to oversee responsible, environmentally friendly construction activities across its projects, whilst refining its environmental reporting. A project of note was the partnership E-Fiber developed with Bee Landscape West Brabant in 2021. This initiative involves sowing red clover and white clover seed during the trench digging phase of projects, which improves the habitat of bees. Over the course of the year c.500km of construction trenches were planted (in the top cover soil) with clover seeds (in the municipalities of Moerdijk, Zundert, Hoeksche Waard and Oss), with plans to plant clover seeds across a further 500km to improve biodiversity.

Moreover, as part of its new marketing campaign, during 2021 E-Fiber continued to develop new tools to help the public understand the value and the ease-of-use of FTTH connectivity, all centred around concepts of community and staying connected.

ESG KPIs at E-Fiber

KPI	FY2020	FY2021
Employee gender split	69% male / 31% female	64% male / 36% female
Energy usage	261 MWh of electricity	435 MWh of electricity
GHG/Carbon emissions*	29 (tCO_2e) (Scope 1 and 2)	Scope 1: 56 (tCO_2e) Scope 2: 12 (tCO_2e) Scope 3: 18,718 (tCO_2e)
H&S metric	0 (Lost time injury frequency rate)	0 (Lost time injury frequency rate)

* FY2021 GHG emission increases reflect the expansion of the E-Fiber network during 2021. Scope 3 emissions for E-Fiber have been estimated for the first time in FY2021 and mostly represent the embodied emissions for the third -party contracted construction activities building new fibre networks.

3.5 TRANSPORT – TOLL ROADS

Stefano Brugnolo

GTC

The concessionaire of the AmberOne A1 dual-lane motorway linking Gdańsk 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
Stefano Brugnolo

ARCUS BOARD MEMBERS
Ian Harding, Stefano Brugnolo (Arcus holds 2 of 4 seats)

INVESTMENT DATE
22 December 2016

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
75.6%*

GRESB RESULTS

GTC scored 95 out of a possible score of 100 compared to the peer average GRESB score of 72. GTC was ranked as follows in peer benchmarking:

- 1st of 13 European Motorways;
- 1st of 13 European Road Companies;
- 3rd of 48 Global Road Companies;
- 27th of 549 participants overall.

2020	2021
85/100 GRESB ★★★★★ 2020	95/100 GRESB ★★★★★ 2021

* Arcus manages 75.6% of GTC investment on a Managed Account basis

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

INVESTMENT DESCRIPTION

GTC is the concessionaire of the AmberOne A1 dual-lane motorway linking Gdańsk with Torun, in Poland. The A1 concession comprises a 152km long dual carriage motorway linking the city of Gdańsk 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 Gdańsk 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 have 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 includes 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.

2021 KEY ESG EVENTS

During 2021, GTC continued to maintain the safety of the motorway, its users and its employees throughout the COVID-19 waves. The company rolled out several biodiversity and carbon offset projects in local municipalities adjacent to the motorway, including creating a flower meadow in an open habitat space over a hectare of land and developing a green area comprising trees, shrubs and flowers. The company continued to replace its plastic mesh fences with alternative materials and is improving waste management at the motorway service areas. The company produced its first sustainability report based on GRI standards. GTC also completed its carbon footprint calculator with its external consultant which enables it to calculate the estimated GHG emissions (including Scope 3) of work proposals submitted by contractors. This allows GTC to assess the carbon intensity of each work proposal across the different contractors and to consider their emissions as an additional tendering criteria.

ESG KPIs at GTC

	FY2020	FY2021
Employee Gender Split	60% male / 40% female	58% male / 42% female
Energy Usage	4.8 MWh of electricity	4.7 MWh of electricity
GHG/Carbon Emissions*	4,644 (tCO_2e) (Scopes 1 and 2)	Scope 1: 1,307 (tCO_2e) Scope 2: 3,157 (tCO_2e) Scope 3: 1,030,030 (tCO_2e)
H&S metric (number of incidents)	1	0

* The FY2021 Scope 3 GHG emissions include category 1, 2, 3, 5, 7, 11, 12 and 13 that are considered most material to GTC. Category 11 are the emissions associated with the traffic on motorway and are indirect emissions generated through drivers' use of GTC's road.

3.6 LOGISTICS & INDUSTRIALS – ASSET POOLING

Lisero Perez Lebink

HB Returnable Transport Solutions

Leading provider of critical logistics solutions to the Dutch food and retail industry.

BASIC COMPANY INFORMATION

LOCATION
Netherlands

WEBSITE
www.hb-rtc.com/en

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

ARCUS ASSET MANAGER
Lisero Perez Lebbink

ARCUS BOARD MEMBERS
Jordan Cott, Lisero Perez Lebbink (Arcus holds 2 of 4 seats)

INVESTMENT DATE
8 December 2021

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
98%*

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

INVESTMENT DESCRIPTION

HB Returnable Transport Solutions ("HB RTS" or "HB") is a leading provider of Return Transport Items ("RTIs") to the Dutch food sector through a dispersed network of 10 strategically located facilities. The Company controls c.2.8m RTIs which it rents out to a diverse customer base, providing a sustainable re-usable solution to critical transport needs in the food production and supply chain. Beyond RTI rental, HB also provides washing services to users of RTIs, as well as related transport and return logistics solutions.

HB'S APPROACH TO ESG

HB is well regarded in relation to ESG matters given the circular economy it promotes within the pooling sector. HB's pursuit of logistics optimisation translates into a positive environmental impact given the reduction in transport miles for crates through the Dutch food supply chain and subsequent reductions in the carbon footprint for HB's clients.

HB has a track record of investing in ESG improvements promoting energy savings and a safer and more hygienic environment for its workers. The company also engages with third-party operators with regards to waste collection, pest control, processes measurement, supply cleaning and chemicals, and safety equipment and gear for its employees.

Arcus is working with HB to further improve and embed ESG management and best practices within the business.

Given that the investment in HB was completed very close to the 2021 year end, there is no reporting of 2021 ESG matters and limited ESG KPI information nor did HB participate in the GRESB assessment process. The first GRESB assessment in which HB will qualify for full participation is in 2022, to be completed in mid-2023.

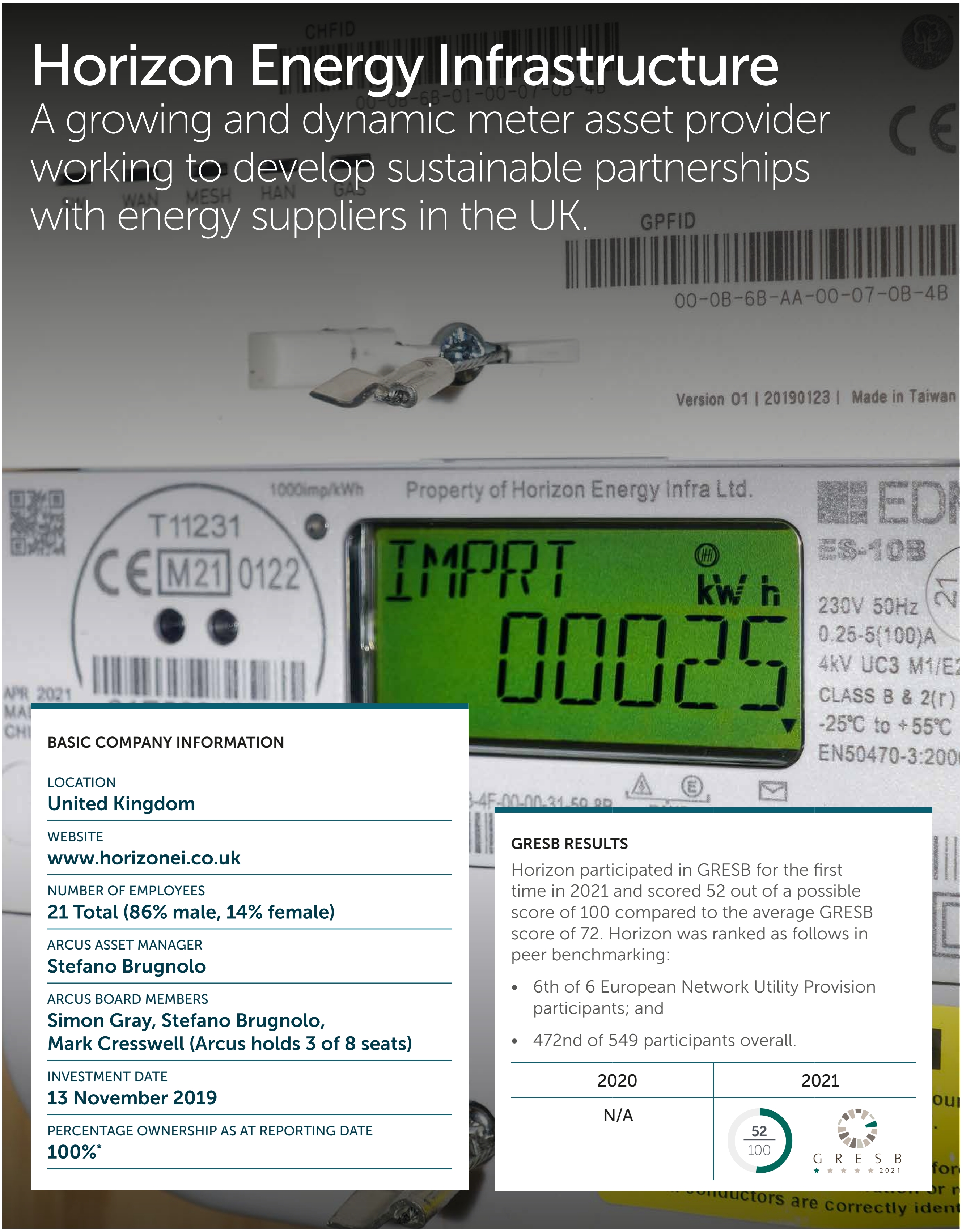
ESG KPIs at HB

KPI	FY2021
Employee gender split	85% male / 15% female (on basis of fixed employees base)
GHG/Carbon emissions	N/A – historically not reported by HB and given the proximity of the HB acquisition to the end of 2021, GHG emissions will be calculated for the first time in 2022.
Energy usage*	7509.1 MWh of electricity
H&S metric	4 medical treatment cases, 8 lost time accidents

* Exclusive of most of HB's in-house operations as embedded within customers' operations

3.7 ENERGY – SMART METERING

Stefano Brugnolo



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
21 Total (86% male, 14% female)

ARCUS ASSET MANAGER
Stefano Brugnolo

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

INVESTMENT DATE
13 November 2019

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
100%*

GRESB RESULTS

Horizon participated in GRESB for the first time in 2021 and scored 52 out of a possible score of 100 compared to the average GRESB score of 72. Horizon was ranked as follows in peer benchmarking:

- 6th of 6 European Network Utility Provision participants; and
- 472nd of 549 participants overall.

2020	2021
N/A	52/100 GRESB 2021

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

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.840,000 smart meters installed in domestic and industrial & commercial premises as the end of December 2021. 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 installation, 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 suppliers 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 which continues to be 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. Monthly Board reporting includes a detailed section on Health & Safety and Compliance, as well as a summary of the company's monthly performance with respect to a set of ESG KPIs.

2021 KEY ESG EVENTS

During the year, the company's offices energy consumption decreased by c.20% to 11.95 MWh. The company has two EV charging points installed at the headquarters' parking spaces for employees and guests to use. For the first year, with the aid of ERM and the Arcus ESG team, Horizon completed a comprehensive data collection for GHG emissions Scope 1, 2, and 3, which indicated minimal impact from the company's core activities.

While in line with previous years, no material social issue or material public exposure or reputational risks has arisen from the company's core business, the management has initiated the collection of data regarding H&S performance of Horizon's installation partners in their related activities. This allows Horizon to keep track of RIDDOR reports and other reportable events falling into the categories required for MOCOPA (electricity) and MAMCOP Gas Unsafe Situations Procedure.

A new management performance framework has been adopted by the Remuneration Committee to define the management's KPIs and objectives; and at the same time, an ESG 2021 Improvement Programme has been presented to guide the development of the management's ESG target implementation. The risk register has been also updated to include material ESG issues, and KPIs have now been included as performance measures for management.

ESG KPIs at Horizon

KPI	FY2020	FY2021
Employee gender split	85% male / 15% female	86% male / 14% female
Energy usage	15 MWh of electricity	11.95 MWh of electricity
GHG/Carbon emissions*	Not tracked	Scope 1 0 (tCO_2e) Scope 2 3 (tCO_2e) Scope 3 4,000 (tCO_2e)
H&S metric	0 incidents	0 incidents

* The Horizon offices are all run off electricity (purchase electricity included within Scope 2) and the company doesn't own or control any petrol, diesel vehicles therefore Scope 1 emissions are nil. Scope 3 emissions for Horizon have been estimated for the first time in FY2021 and mostly represent embodied emissions from the third-party manufacturing and transportation of smart meters.

3.8 ENERGY – RENEWABLE ENERGY

Leo Kwan

Momentum

Momentum is an integrated clean energy investment and services platform covering the full lifecycle and a significant part of the value chain for wind and solar projects.

BASIC COMPANY INFORMATION

LOCATION
Denmark

WEBSITE
www.momentum-gruppen.com

NUMBER OF EMPLOYEES
64 Total (69% male/31% female)

ARCUS ASSET MANAGER
Leo Kwan

ARCUS BOARD MEMBERS
Leo Kwan, Stefano Brugnolo (Arcus holds 3 of 4 seats)

INVESTMENT DATE
21 December 2021

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
64%*

* AEIF2 investment

PORTFOLIO COMPANY DETAIL AS AT 31 DECEMBER 2021

MOMENTUM
Clean Energy Solutions

INVESTMENT DESCRIPTION
Momentum Energy Group ("Momentum" or "the Company") is a Danish based integrated renewable energy investment and services platform covering the full lifecycle and a significant part of the value chain for wind and solar projects. Momentum invests, services, manages technical and commercial operations, and undertakes the development of greenfield, repowering and lifetime extension projects. Momentum owns a portfolio of operational wind projects and is developing a diversified pipeline of wind and solar projects.

MOMENTUM'S APPROACH TO ESG
Being a clean energy company, ESG is fundamental to Momentum. The company addresses ESG risks and opportunities at the corporate, project development and field operations levels. This includes setting corporate sustainability targets and initiatives, having the right corporate policies in place, reducing its corporate carbon footprint, developing projects with biodiversity and communities in mind, adopting creative circular economy strategies, endorsing stringent health and safety requirements, promoting equality and diversity, having the appropriate governance in place at the different organisational levels, and complying with laws and regulations.

Momentum is a leader in adopting circular economy strategies with respect to project development. It has the expertise to source and refurbish decommissioned turbines and to use them in repowering, life extension or major component exchange cases to reuse materials and reduce waste. By maintaining the condition of older turbines to a high standard, beyond their original design life, Momentum is enabling the continued production of clean energy from turbines that would otherwise be decommissioned.

The Arcus asset management team has established an ESG committee at Momentum to further improve its ESG culture. The ESG committee is currently developing a multi-year plan to set and formalise its long-term objectives and will lead the execution of these ESG initiatives.

Given that the investment in Momentum was completed very close to the 2021 year end, there is no reporting of 2021 ESG matters and limited ESG KPI information nor did Momentum participate in the GRESB assessment process. The first GRESB assessment in which Momentum will qualify for full participation is in 2022, to be completed in mid-2023.

ESG KPIs at Momentum

KPI	FY2021
Employee gender split	69% male / 31% female
GHG/Carbon emissions	N/A – historically not reported by Momentum and given the proximity of the Momentum acquisition to the end of 2021, GHG emissions will be calculated for the first time in 2022.
Energy consumption	62 MWh of electricity
H&S metrics	• 1 injury during the year • Lost time frequency rate – 7.8%

3.9 TRANSPORT – VEHICLE INSPECTION

Michael Allen

Opus B

Sweden's leading vehicle inspection operator focusing on mandatory safety and emissions testing.

BASIC COMPANY INFORMATION

LOCATION
Sweden

WEBSITE
www.opusbilprovning.se

NUMBER OF EMPLOYEES
508 Total (86% male/14% female)

ARCUS ASSET MANAGER
Michael Allen

ARCUS BOARD MEMBERS
Michael Allen, Daniel Amaral (Arcus holds 2 of 3 seats)

INVESTMENT DATE
29 March 2022*

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
100%**

* Opus B acquired post reporting date of 31 December 2021
** AEIF2 investment

PORTFOLIO COMPANY DETAIL AS AT 31 DECEMBER 2021

INVESTMENT DESCRIPTION

Opus Bilprovning AB ("Opus B") is a market leading vehicle inspection business in Sweden, with a network of 94 stations nationwide serving c.1.4m customers annually. The business comprises predominantly mandatory periodic technical inspections ("PTI") for light and heavy vehicles, with a strong presence in the more densely populated Stockholm area and a leading position in the northern parts of Sweden. PTIs are required by national law for all vehicles to pass safety and emissions tests with a prescribed frequency that increases with the age of the vehicle. Testing can only be performed by certified and accredited entities who must be independent from other adjacencies to the automotive sector.

OPUS B'S APPROACH TO ESG

Opus B plays an important role in several ESG aspects. Opus B's activities promote a cleaner environment as well as playing an important role in improving vehicle safety. The Swedish Government has adopted a "Vision Zero" target to eliminate death and serious injury caused by road accidents by 2050. Opus B has a Quality and Environment department that is in charge of monitoring environmental and social topics as well as ensuring compliance with strict testing requirements.

PTI of vehicles is part of a scheme designed to ensure that vehicles are in good condition from the point of view of safety and the environment during their use. The periodic inspections are the main instrument to ensure that vehicles remain roadworthy, are in good condition and safe to circulate on roads. In addition, as it relates to petrol and diesel powertrains, testing is undertaken to ensure that the vehicle is within the prescribed emissions levels. The technical inspection measures must be supplemented with awareness-raising campaigns aimed at the owners of vehicles and intended to develop good practices and customs as a result of basic inspections on their vehicles.

Studies have shown that vehicles that have operational problems in some of their systems have a negative impact on vehicle safety as they can contribute to traffic accidents, causing injuries or fatalities. Incidence rates could be lower if the scheme of technical inspections had been improved. Early communication of a relevant failure of a vehicle as regards vehicle safety measures will require repair or correction which contributes to preventing accidents. Through this approach Opus B has a direct impact on SDG 3 "Good Health and Well-being" and SDG 11 "Sustainable Cities and Communities".

In addition, vehicles with defective emission control systems have a greater environmental impact than properly maintained vehicles. Therefore, a periodic regime of technical inspections contributes to the improvement of the environment, allowing the average emissions of the vehicles to be reduced in line with SDG 13 "Climate Action".

As a PTI company, Opus B offers compulsory inspections which help ensure the level of pollution emitted by vehicles is within guidelines. In addition, Opus B also offers voluntary environmental and safety services – traffic safety controls, used car inspections, humidity and propane leakage checks of mobile homes, vehicle registration certifications, and more. Since 2016 Opus B follows international standard PAS 2060 Carbon Neutrality and is committed to a continuous reduction in emissions and a strict framework to ensure the accuracy of carbon emissions calculations and how the company and its customers can be carbon neutral.

Opus B works actively to deal with environmental issues and the environmental work and data collected internally is based on current legal frameworks, local and company requirements as well as specific customer requirements. The company has an Environmental policy and works systematically with reducing its energy consumption as well as increase the share of renewable energy.

Given that the investment in Opus B was completed after the 2021 year end, there is no reporting of 2021 ESG matters nor did Opus B participate in the GRESB assessment process. The first GRESB assessment in which Opus will qualify for full participation is in 2022, to be completed in mid-2023.

3.10 TRANSPORT – TANK CONTAINER LEASING

Jenni Chan

Peacock Leasing

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
www.peacockcontainer.com

NUMBER OF EMPLOYEES
14 Total (64% male, 36% female)

ARCUS ASSET MANAGER
Jenni Chan

ARCUS BOARD MEMBERS
Jenni Chan, Neil Krawitz (Arcus holds 2 of 4 seats)

INVESTMENT DATE
19 February 2021

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
90%*

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

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 and gas cargo globally. The company owns a diverse fleet of over 17,500 tank containers and is the 6th 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 its asset life, reduce waste during cargo discharge and recyclable at the end of its useful life. Tank containers comply with ISO worldwide standard, 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. The responsibility for ESG matters has now been extended to other members of the senior team. Peacock has an ESG policy as well as other relevant policies and established an ESG reporting framework. Arcus is working with Peacock to improve ESG management and best practices within the business.

2021 KEY ESG EVENTS

Peacock's focus in 2021 was on the development of its standard reporting to incorporate ESG KPIs and strengthening the governance framework in place by formalising procedures and implementing ESG-related policies. These policies ensure that ESG issues are considered, monitored and the associated KPIs regularly reported which provides oversight of ESG performance. In addition, ESG initiatives and targets have been incorporated into senior management's individual objectives and performance measures.

In February 2021, Peacock progressed with the testing phase of the all-in-one tool MultiProbe 1.0 prototype. The newly developed flanged top-mounted thermometer can increase control of the temperature in the tank to increase safety, quality and productivity. This is an example of Peacock's contribution to drive sustainable innovations in the tank container industry.

In November 2021, Peacock held training with all employees to raise awareness of environmental issues in the tank container industry and discuss business initiatives to reduce the environmental impacts. Peacock has already switched to use of electric cars for its Netherlands-based employees and continues to find solutions to reduce, reuse and recycle office resources.

During late 2021 Peacock negotiated a framework to convert its existing debt facility into a sustainability-linked loan. This amendment links Peacock's cost of finance to its ESG sustainability scorecard issued by EcoVadis, one of the world's largest providers of business sustainability ratings. This sustainability-linked loan represented the first of its kind in the container leasing sector and demonstrates Peacock's commitment and contribution to sustainable factors. Peacock achieved an EcoVadis rating that is in line with the average of its industry peers.

Given that the investment in Peacock was completed early in 2021 it was not eligible for participation in the 2021 GRESB assessment. During 2021, Peacock undertook a shadow GRESB assessment with the intention of preparing the company for its first full submission in 2022.

ESG KPIs at Peacock

KPI	FY2021
Employee gender split	64% male / 36% female
Energy usage	20.3 MWh of electricity
GHG/Carbon emissions*	Scope 1 13 (tCO_2e) Scope 2 12 (tCO_2e) Scope 3 115,346 (tCO_2e)
H&S metric	0 incidents

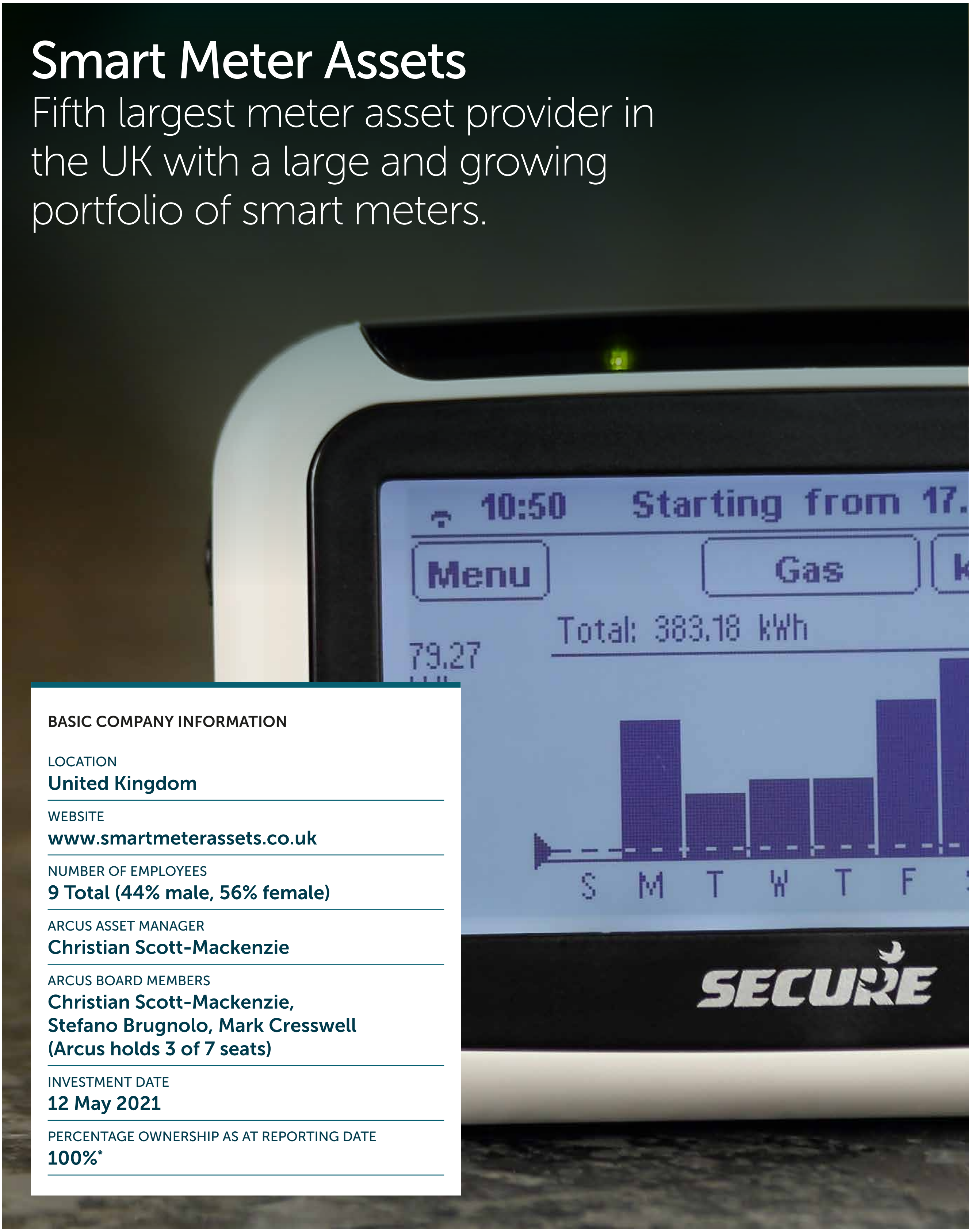
* Scope 3 emissions for Peacock have been estimated for the first time in FY2021 and mostly represent embodied emissions from the third-party manufacturing and transportation of tank containers which includes the steel and other raw material inputs into the construction of hull of the ISO tank container. The GHG Protocols also require disclosure of the embodied emissions relating to acquisition of second-hand assets, even though no emissions were generated in the production of these assets in 2021. As a result, in the table above c.70% of the Scope 3 emissions relate to the acquisition of the c.9,000 ISO tank containers from Gem which is not expected to be a recurring level of Scope 3 emissions.

3.11 ENERGY – SMART METERING

Christian Scott-Mackenzie

Smart Meter Assets

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
9 Total (44% male, 56% female)

ARCUS ASSET MANAGER
Christian Scott-Mackenzie

ARCUS BOARD MEMBERS
Christian Scott-Mackenzie, Stefano Brugnolo, Mark Cresswell (Arcus holds 3 of 7 seats)

INVESTMENT DATE
12 May 2021

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
100%*

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

INVESTMENT DESCRIPTION

Smart Meter Assets ("SMA") is the fifth largest meter asset provider in the UK, with a portfolio of c.1.6 million 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 number of customers switching to lower carbon energy (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. Since acquisition, Arcus has established a comprehensive set of company policies, including Health & Safety, Environmental, Data Management and Data Protection. We have improved ESG reporting through monthly Board reporting on Health & Safety and Compliance, as well as a summary of the company's monthly performance with respect to a set of ESG KPIs. In future, we plan to put in place an Operations Manual and Environmental Plan. From this perspective, we are excited to work with the SMA management team to improve the ESG credentials of the company.

2021 KEY ESG EVENTS

Following the SMA acquisition, Arcus undertook a preliminary assessment of potential environmental risks related to the SMA's operations and found no significant issues that require remediation. In June 2021, new governance arrangements for the company were successfully established and SMA implemented regular Board reporting for specific ESG KPIs to monitor material ESG factors.

In September 2021, SMA signed a Management Services Agreement ("MSA") with Horizon, another Arcus portfolio company. This contributed to additional governance improvements at SMA with the appointment of a CFO and independent chairman. SMA also implemented relevant policies in 2021, including ESG, H&S, Environmental, IT & Data Security, Ethics, Corporate Responsibility and Risk Management Policy that will assist in the ISO 9001 accreditation, which SMA is targeting to achieve in 2022.

Given that the investment in SMA was completed mid-2021 it was not eligible for participation in the 2021 GRESB assessment. During 2021, SMA undertook a shadow GRESB assessment and is preparing for its first full submission in 2022.

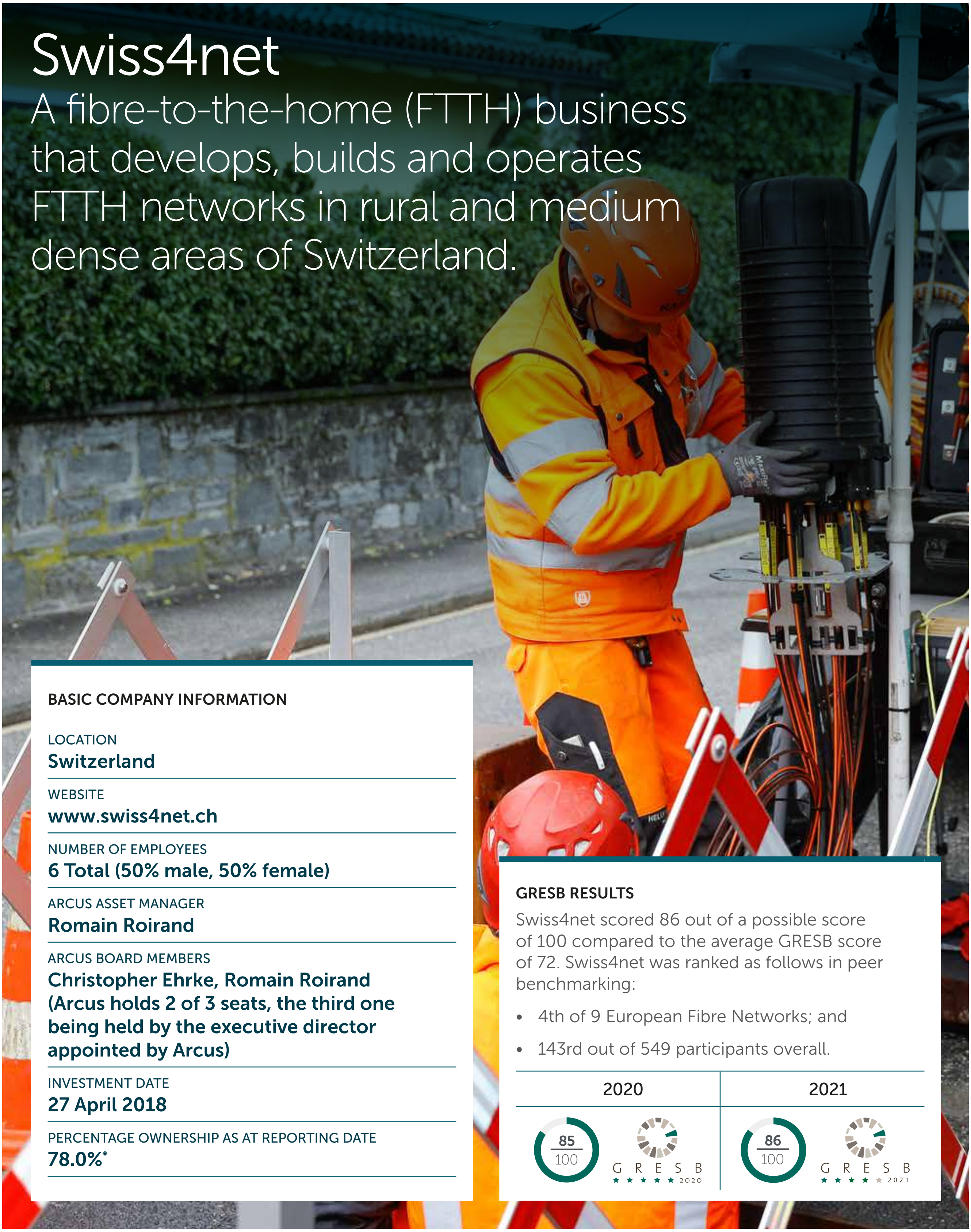
ESG KPIs at SMA

KPI	FY2021	
Employee gender split	50% male / 50% female	
Energy usage*	0	
GHG/Carbon emissions*	Scope 1	0 (tCO_2e)
	Scope 2	0 (tCO_2e)
	Scope 3	3,963 (tCO_2e)
H&S metric	0 incidents	

* SMA's employees permanently work from home resulting in nil scope 1 and scope 2 emissions. Scope 3 emissions for SMA have been estimated for the first time in FY2021 and mostly represent embodied emissions from the third-party manufacturing and transportation of smart meters.

3.12 DIGITAL – FIBRE NETWORK

Romain Roirand



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%*

GRESB RESULTS

Swiss4net scored 86 out of a possible score of 100 compared to the average GRESB score of 72. Swiss4net was ranked as follows in peer benchmarking:

- 4th of 9 European Fibre Networks; and
- 143rd out of 549 participants overall.

2020	2021
85/100 GRESB ★★★★★ 2020	86/100 GRESB ★★★★★ 2021

* AEIF2 investment

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

INVESTMENT DESCRIPTION

Swiss4net Holding AG ("Swiss4net") is a FTTH platform that develops, builds and operates FTTH networks in rural and medium dense areas of Switzerland. Swiss4net currently operates three regional networks covering c.28,000 households passed to date, has several projects being rolled out covering over 30,000 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 rights of use over regional utilities' ducts, leading to captive opportunities to roll out additional FTTH networks.

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 and Safety, Anti Bribery and Fraud Prevention as well as Cybersecurity. In addition, an appropriate governance structure, an improved internal and external reporting as well as 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 unemployment rate. The median internet download speed, stood at c.120 Mbit/s in 2021, ranking 15th globally (Ookla Speedtest estimate). 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.

2021 KEY ESG EVENTS

During 2021 Swiss4net reviewed its ESG policy and updated it in alignment with industry standards. Furthermore, all remaining policies such as Health & Safety, Anti-Bribery & Fraud or Code of Conduct were updated, and a firm-wide Cybersecurity policy was introduced. Swiss4net continued monitoring and reporting key ESG metrics monthly. These metrics include energy consumption, the percentage of energy sourced from renewable sources, injuries and fatalities, water and waste consumption, grievances from stakeholders and any other board-level or operational issues. Swiss4net also started to report on asphalt disposal due to the commencement of civil works activities on new networks as well as on potential climate change-related events. Swiss4net continued to source 100% of the electricity of its operations from renewable sources.

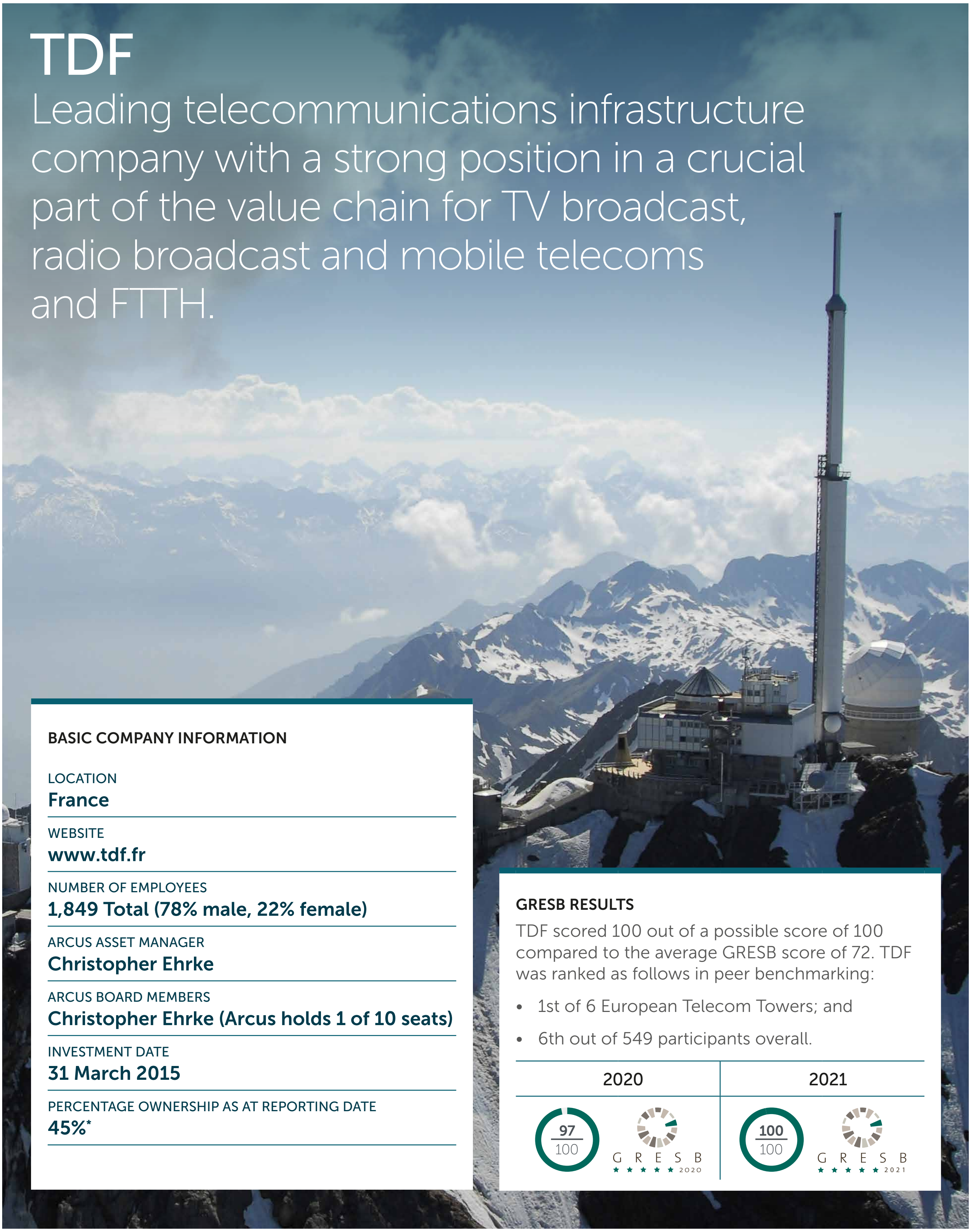
ESG KPIs At Swiss4net

KPI	FY2020	FY2021
Employee gender split	79% male / 21% female	50% male / 50% female
Energy usage	174.1 MWh of electricity	187.4 MWh of electricity
GHG/Carbon emissions*	0 (Scope 1 and 2)	Scope 1 0 (tCO_2e) Scope 2 5 (tCO_2e) Scope 3 1,998 (tCO_2e)
H&S metric	0 incidents	0 incidents

* Due to a combination of working from home and sourcing of renewable energy the Scope 1 and 2 Swiss4net emission are relatively low. Scope 3 emissions for Swiss4net have been estimated for the first time in FY2021 and mostly represent the embodied emissions for the third-party contracted construction activities building new fibre networks.

3.13 DIGITAL – TELECOMMUNICATIONS TOWERS

Christopher Ehrke



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
1,849 Total (78% male, 22% 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%*

GRESB RESULTS

TDF scored 100 out of a possible score of 100 compared to the average GRESB score of 72. TDF was ranked as follows in peer benchmarking:

- 1st of 6 European Telecom Towers; and
- 6th out of 549 participants overall.

2020	2021
97/100 GRESB ★★★★★ 2020	100/100 GRESB ★★★★★ 2021

* Arcus manages 45% of TDF investment on a Managed Account basis

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

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 c.20% market share. TDF owns and operates a comprehensive asset base of over 7,500 active sites in mainland France, close to 600 sites in French overseas territories and has entered into commercialisation agreements for over 12,000 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 and is considering further growth in this area over the next few years.

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 adheres to principles of sustainable development in its economic, social and environmental aspects.

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. The company believes that risk management requires a programme of preventative measures, group and individual security facilities, site and policy audits. Every year, the company prepares an ongoing improvement system working closely with the CHSCT (Health and Safety and Labour Conditions Committee, headed up by the Director of Industry) with an annual prevention plan that lays down specific actions and objectives. 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 encompass a variety of topics such as energy consumption, biodiversity, waste management, health and safety, equality and diversity, sustainable procurement, amongst others.

2021 KEY ESG EVENTS

Throughout the year, TDF continued its efforts to minimise energy consumption by rolling out further solar panels for self-generation of renewable energy, after having completed a successful pilot project in 2020. Two sites in Corsica, Ajaccio and Bastia, have been identified as optimal locations for solar farms, to bolster self-generation. Other energy savings efforts include the roll-out of energy smart meters on c.1,100 sites, to load shift energy consumed by both TDF and its customers to non-peak hours as well as monitor energy consumed to devise reduction plans. Other measures such as switching to hybrid and electric cars across TDF's fleet and securing power purchase agreements from wind farms in the Nouvelle Aquitaine region to increase the use of renewable energy in the total energy mix are also underway. In June and November, TDF held webinars with employees to raise awareness of biodiversity concerns in the surroundings of its sites in an effort to find ways to help preserve wildlife and to play a role in maintaining the ecosystem.

Various health and safety prevention programmes were held throughout 2021, including the implementation of a new management programme aimed at rewarding best practice demonstrated by employees and to encourage an active dialogue on improvement measures. On 23 November 2021, TDF was awarded the "Best Employer Brand 2021" by LinkedIn Talent Awards in the 1,000 to 5,000 employees' category due to the company's strong engagement with its employee base. The company rolled out new labour agreements with unions to increase flexible working hours, a profit-sharing scheme for all employees and a pay increase for overtime hours.

ESG KPIs at TDF

KPI	FY2020	FY2021
Employee Gender Split	77% male / 23% female	78% male / 22% female
Energy Usage	Not Tracked	464,799 MWh of electricity
GHG/Carbon Emissions*	Not Tracked	Scope 1: 6,385 (tCO_2e) Scope 2: 39,740 (tCO_2e) Scope 3: 100,537 (tCO_2e)
H&S metric (number of incidents)	All accidents (without lost time) – 46 Lost time injuries – 21	All accidents (without lost time) – 32 Lost time injuries – 14

* The FY2021 Scope 3 GHG emissions include category 1, 2, 4, 5, 6 and 7 considered most material to TDF

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

March 2010
Signatory to the UK Stewardship code

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

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

December 2016
Appointment of Arcus Head of ESG and ESG Committee

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

March 2017
Signatory to UN PRI

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

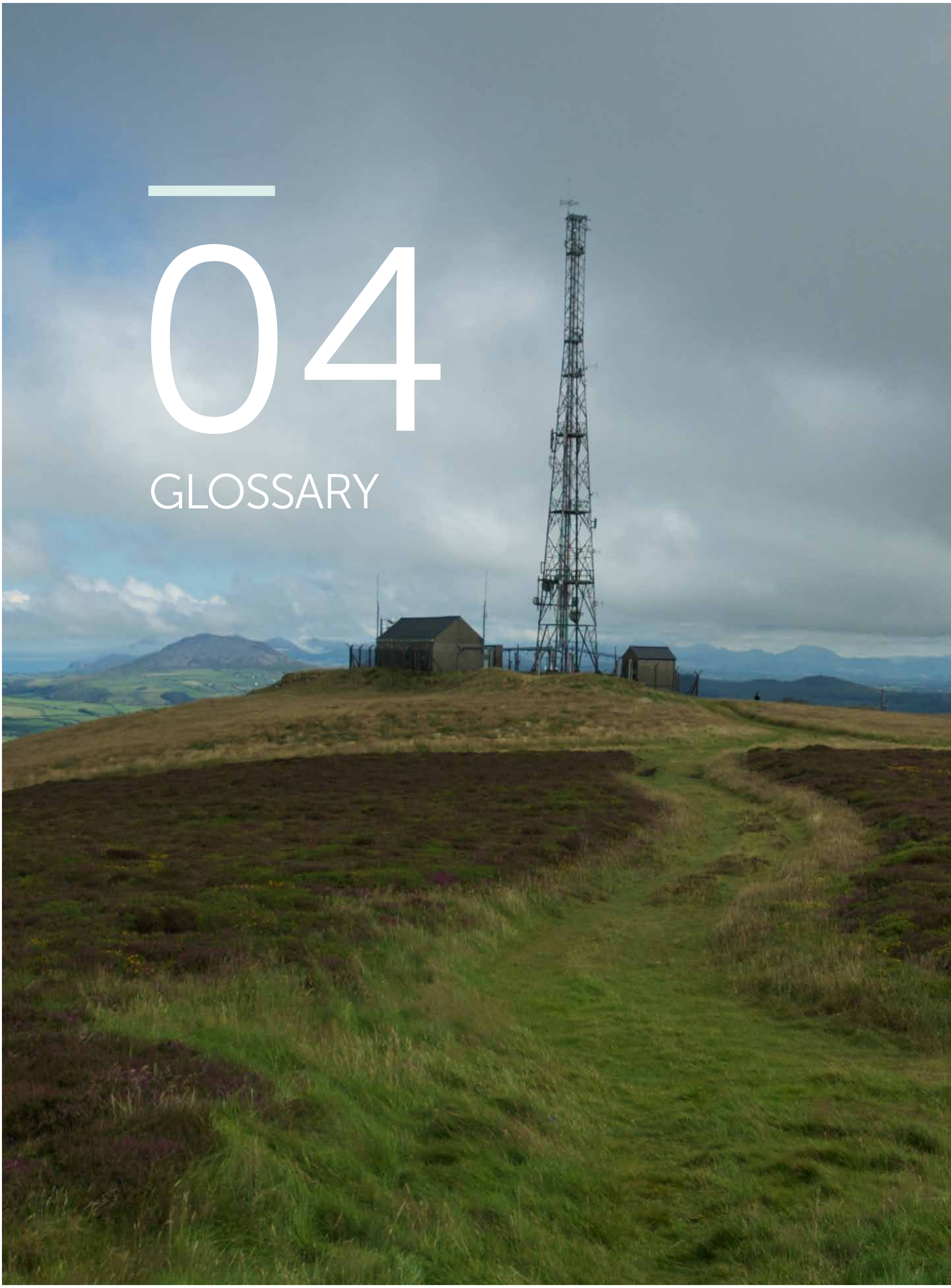
March 2021
Update of ESG policy for integration of SFDR

August 2021
Arcus initiates a social mobility programme in association with the Sutton Trust

November 2021
Arcus wins the SWEN ESG Best Practice Honours Award

January 2022
Member of the GRESB Infrastructure Standards Committee

February 2022
Arcus awarded 1st place in the 2021 ESG Transparency index for Private Equity and Venture Capital Firms



04
GLOSSARY

GLOSSARY

Term	Definition
AB	Advisory Board
AEIF2	Arcus European Infrastructure Fund 2 SCSp
AEIF3	Arcus European Infrastructure Fund 3 SCSp
AEIM	Arcus European Investment Manager LLP
AET	Arcus European Trains SCSp
AIFM	Alternative investment fund manager
Alpha or Alpha Trains	The group of companies comprising Alpha Trains (Luxembourg) S.à r.l. and any subsidiaries and affiliates.
Arcus	Arcus Infrastructure Partners LLP and, as the context requires, its associates
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 the 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 any subsidiaries and affiliates.
BVCA	British Venture Capital Association
Constellation	The group of companies comprising Constellation Cold Logistics S.á.r.l and any 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 any subsidiaries and affiliates.
EPC	Energy performance certificates
ERM	Environmental Resource Management
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 standardised 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.
H&S	Health & Safety

GLOSSARY (CONTINUED)

Term	Definition
HB RTS	The group of companies comprising HB RTS Holding B.V and any subsidiaries and affiliates.
HR	Human Resources
Homes or Households Passed	Number of premises passed in close proximity by a network and which can be provided with broadband
Horizon	The group of companies comprising Horizon Energy Infrastructure Limited and any subsidiaries and affiliates.
IBC	Infrastructure Benchmark Committee
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."
ISO Tank	A tank container which is built to the ISO standard (International Organization for Standardization). ISO tanks are designed to carry liquids and liquified gas in bulk, both hazardous and non-hazardous. The tank is made of stainless steel and is surrounded by various types of protective layers
ISPs	Internet Service Providers
LPA	Limited Partnership Agreement
LTIFR	Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million hours worked
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.
Momentum	The group of companies comprising Momentum Energy Group A/S and any subsidiaries and affiliates.
NBO	Non-binding Offer
Opus B	The group of companies comprising Opus Bilprovning AB and any subsidiaries and affiliates.
PAIs	Principle Adverse Impacts (in context of SFDR)
Peacock	The group of companies comprising Peacock Group Holdings B.V. and its subsidiaries and affiliates.
PIN	Public Initiative Network
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.
SFDR	Sustainable Finance Disclosure Regulation

GLOSSARY (CONTINUED)

Term	Definition
SMA	The group of companies comprising Smart Meter Assets 1 Ltd. and its subsidiaries and affiliates.
SMCR	Senior Managers and Certification Regime
Swiss4net	The group of companies comprising Swiss4net Holding AG and its subsidiaries and affiliates.
TCFD	Task Force on Climate-related Financial Disclosures; 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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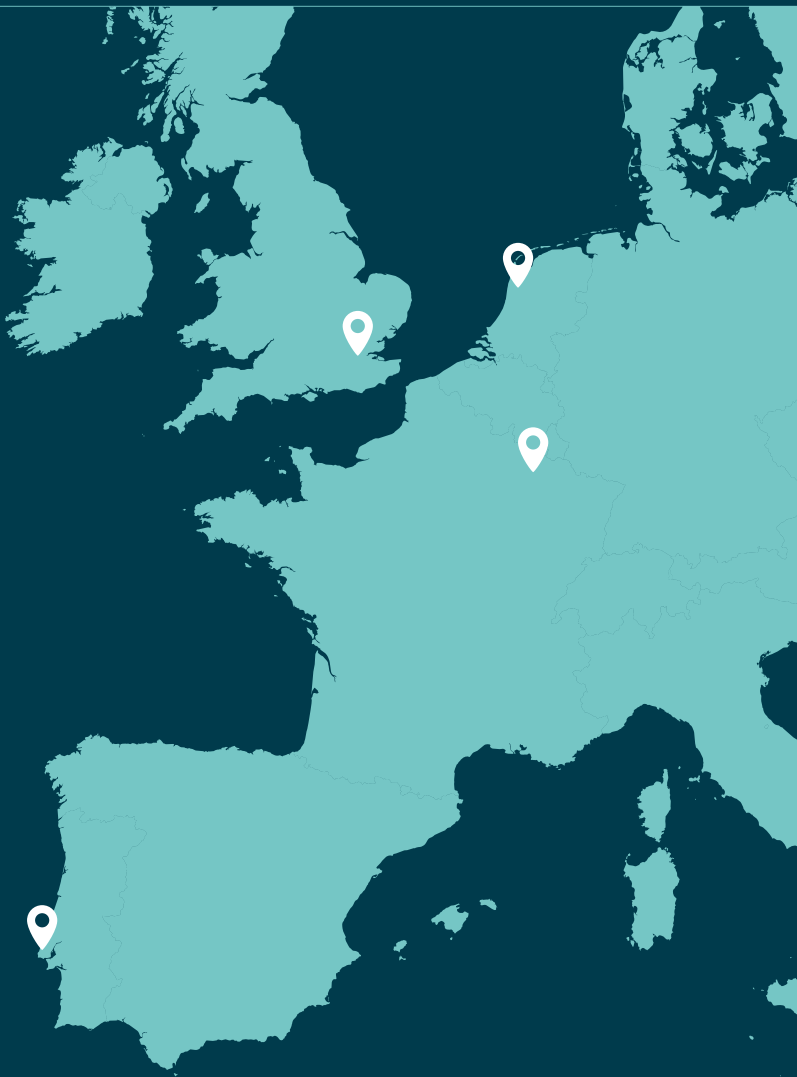

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