Arcus Infrastructure Partners
Sustainability Report 2022

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 2022 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

62
PEOPLE

33
INVESTMENT PROFESSIONALS

60/40%
MALE/FEMALE GENDER SPLIT

20%
FEMALE SENIOR MANAGEMENT[1]

4
EUROPEAN OFFICES

11
YEARS' AVERAGE EXPERIENCE IN INFRASTRUCTURE ACROSS THE INVESTMENT TEAM

PROVEN ABILITY TO CREATE VALUE ACROSS WHOLE PORTFOLIO[2]

18
INVESTMENTS

€8bn
ASSETS UNDER MANAGEMENT

€7.1bn
TOTAL REALISED PROCEEDS ACROSS THE PORTFOLIO

1 Defined as Arcus Partners, senior investment team and key functional roles in compliance, risk and finance.
2 As at 31 December 2022.

Arcus at a Glance

EXPERIENCED, STABLE TEAM

33
investment professionals

4
offices

15+
years' average Partners experience in infrastructure

70+
transactions

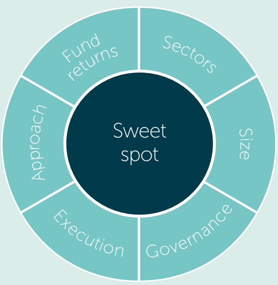
DEFINED MARKET OPPORTUNITY

Europe

Mid Market Value-Add

- Digital
- Transport
- Energy
- Logistics & Industrials

FOCUSED ASSET SELECTION PROCESS



178
opportunities reviewed in the last 12 months[3]

REPEATABLE APPROACH TO VALUE CREATION

Shareholder Leadership	Management Excellence
Strategy & Operations	Finance & Reporting

3 12 months to 31 December 2022.

Our Portfolio

The Arcus portfolio as at 31 December 2022

ALPHA TRAINS

Sector	Transport Rail Rolling Stock Leasing
Vehicle	Managed Account
Investment year	2008
Country	Luxembourg
Interest Managed	58.3%
Employees	132

Brisa

Sector	Transport Toll Roads
Vehicle	Management Services Agreement
Investment year	2007
Country	Portugal
Interest Managed	83.3%
Employees	2,867

CONSTELLATION COLD LOGISTICS

Sector	Logistics & Industrials Cold Storage
Vehicle	AEIF2
Investment year	2019
Country	Luxembourg
Ownership	75.9%
Employees	510

GTC

Sector	Transport Toll Roads
Vehicle	Managed Account
Investment year	2016
Country	Poland
Interest Managed	75.6%
Employees	12

HB Returnable transport solutions

Sector	Logistics & Industrials Asset Pooling
Vehicle	AEIF2
Investment year	2021
Country	Netherlands
Ownership	98%
Employees	129

horizon ENERGY INFRASTRUCTURE

Sector	Energy Smart Metering
Vehicle	AEIF2
Investment year	2019
Country	United Kingdom
Ownership	100%
Employees	22

MOMENTUM Clean Energy Solutions

Sector	Energy Renewable Energy
Vehicle	AEIF2
Investment year	2021
Country	Denmark
Ownership	64%
Employees	97

OPUS Bilprovning

Sector	Transport, Vehicle Inspection
Vehicle	AEIF2
Investment year	2022
Country	Sweden
Ownership	100%
Employees	509

Our Portfolio (continued)

The Arcus portfolio as at 31 December 2022[4]

Sector	Transport Tank Container Leasing
Vehicle	AEIF2
Investment year	2021
Country	Netherlands
Ownership	90%
Employees	15

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	10

Sector	Digital Telecommunications Towers
Vehicle	Managed Account
Investment year	2015
Country	France
Interest Managed	45%
Employees	1,525

Sector	Logistics & Industrials, Asset Rental
Vehicle	AEIF3
Investment year	2022
Country	UK
Ownership	83%
Employees	601

4 Post 31 December 2022 Arcus has made two further investments, Portus and Officium. These investments are not included in the 31 December 2022 aggregate Arcus portfolio statistics but information on the investments is included in section 3 page 57 and 64.

LETTER FROM IAN HARDING – MANAGING PARTNER

2022 – Pathway set for net zero by 2050

Dear Arcus stakeholders,

On behalf of the Arcus team, I am pleased to present the Arcus Infrastructure Partners LLP ("Arcus" or "we") 2022 Sustainability Report.

The following report provides an overview of our approach to ESG and key initiatives in this space at both an Arcus and portfolio company level. This report complements the quarterly and annual reports for our Funds, which are available to their respective investors.

We believe 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.

This focus enables us to act in the best interests of all stakeholders and incorporating ESG factors into our policies and procedures ensures that we nurture responsible investee companies. Not only does this generate long-term sustainable value for all stakeholders, but it also delivers stronger returns for our investors.

Since inception in 2009, Arcus has placed a great level of importance on responsible investment. It is a key component of our investment strategy, with detailed origination, due diligence, and asset management processes for each of the environmental, social and governance areas. This approach is formalised and documented in Arcus' ESG policy which is reviewed and revised annually, most recently in December 2022 (and is available on our website). Furthermore, the performance of the ESG Committee and its members is regularly reviewed by the Management Committee ("Manco").

The ESG Committee met quarterly during 2022, discussing key topics which included reviewing the Arcus ESG strategy in September 2022 to ensure that we and our investee companies remain at the forefront of ESG best practice. This resulted in several changes, discussed within this report, as well as setting ourselves medium-term objectives for improvements over the next three years.

Following this, Arcus committed to a 2050 net zero target and became a signatory to the Initiative Climat International ("iCI") and we intend, over the coming years, to establish specific decarbonisation pathways for each of our investee companies using the Science Based Targets initiative ("SBTi") methodology. In addition, the ESG Committee considered improved GHG emissions reporting, EU Sustainable Finance Disclosure Regulation ("SFDR") implementation status, discussed improvements on scoping of ESG factors during due diligence and implemented various social factor initiatives proposed by committee members.

ARCUS BUSINESS UPDATE

Despite higher inflation, European infrastructure remains resilient and is key for executing on government agendas to boost economic growth, bring down energy consumption, and increase the production of renewable energy. Therefore, the sector retains its appeal to investors thanks to its long-term, low volatility nature and Arcus is confident in the resilience of its portfolio thanks to the approach we take in mitigating risks and effectively managing our assets through controlled ownership over economic cycles.

As has been widely reported, inflation continues to impact European economies and is something that Arcus has closely monitored. When considering the impact on our portfolio companies, we worked closely with the senior management teams to balance the need for increases in pricing to cover higher operational costs with the impact of that on customers, and ensuring that this was communicated transparently.

In March 2022, Arcus European Infrastructure Fund 2 ("AEIF2") made its final investment, acquiring 100% of Opus Bilprovning ("Opus B"), a market-leading vehicle inspection business in Sweden. Opus B focuses on road safety and emissions testing across its network of 94 stations nationwide and serves c.1.5m customers annually. This acquisition completes a diverse portfolio of nine attractive investments for AEIF2, which are consistent with the Fund's mid-market investment strategy.

AEIF2 also realised its first investment, E-Fiber, which had scaled up from c.24k homes passed at entry in May 2018 to c.177k homes passed at sale in April 2022, and c.4k homes active at inception to c.34k homes active at sale.

LETTER FROM IAN HARDING – MANAGING PARTNER (CONTINUED)

In January 2022, Constellation completed the strategic acquisition of Lagemaat, a Dutch cold storage provider operating a total of c.45k pallet positions in the Nijkerk region. Following that, Constellation also signed (in December 2022) and completed (in January 2023) the acquisition of ACS&T in the UK, adding a further 72k pallet positions across six sites around Humberside and the Midlands, in addition to a small fleet of reefer trucks and trailers.

Arcus commenced fundraising for its third fund, Arcus European Infrastructure Fund 3 ("AEIF3") in 2022, with the first close taking place in June 2022. AEIF3 is classified as an Article 8 fund under SFDR.

In September 2022, AEIF3 acquired its first investment, Workdry International Limited ("Workdry"). Workdry provides critical water pump and wastewater treatment asset leasing solutions to UK water utilities, engineering firms and other industrial customers through the Selwood and Siltbuster trading brands. Operating from a network of 22 UK sites, Workdry has an asset register of over 5,500 pumps, c.3,800 pump accessories, c.3,000k wastewater treatment assets, and over 100k individual ancillary assets such as hoses, fittings and pipework.

AEIF3 also signed documentation in 2022 to acquire three more investments. In December, the Fund agreed to acquire Officium Holding GmbH ("Officium"), a provider of the long-term rental of submetering equipment and related services for the measurement of heat and water consumption within multi-dwelling properties in Germany. Two more transactions were also signed during 2022 which will form part of a broader aggregation strategy in the European data centre space.

The first is SDC SpaceNet DataCenter GmbH & Co. KG ("SDC"), a newly built data centre located in Munich with current sellable IT power capacity of 1.5MW and specialising in providing high-end colocation capacity and related services. The second transaction was the acquisition of European Data Hub S.A. ("EDH"), a 1.2 MW Luxembourg data centre providing high-end colocation capacity and related services, which subsequently closed in January 2023.

Arcus announced the promotion of Jenni Chan and John Shea to the Arcus Partnership in July 2022. The appointment of Jenni and John further strengthens Arcus' senior team and provides another example of Arcus' commitment to developing and promoting outstanding talent from within the organisation.

During the year, Arcus strengthened the team with new hires across all areas of the Arcus business, taking the business from 54 employees at year-end 2021 to 62 employees at year-end 2022 across our four European offices.

ARCUS ESG UPDATE

Arcus and its portfolio of investments continued to perform well in the annual GRESB infrastructure assessment and received numerous awards and recognitions. Please see the "ESG Overview 2022" section below for more information on this.

Arcus and its employees made c.£65k in donations to a number of employee nominated charities in 2022. These charities include Starlight Children's Foundation, Sufra Food Bank, Streets of London, Impact 100 London, Sutton Trust, UNICEF UK, Family Action, and Solving Kids' Cancer. The team also raised over £11k to support humanitarian aid efforts in Ukraine through a two-week 'Bake for Ukraine' campaign and other initiatives. In addition, Arcus contributed to Carbon Footprint in 2022, to offset its GHG emissions from the previous year.

In November, 24 staff volunteered for Sufra Food Bank, helping to set up the Winter Warmer Coat Pop-Up Shop, and maintaining the community garden. The Arcus' donation to Sufra was specifically contributed for a new yurt for the community garden, providing a space for local residents to come and learn and develop skills in a supportive environment.

Arcus also improved its Diversity, Equity & Inclusion ("DEI") policies with a new section included in the Arcus HR manual particularly documenting recruitment processes to ensure fairness and equality.

Arcus commenced compliance with the EU Sustainable Finance Disclosure Regulation ("SFDR"), which came into force on 10 March 2021, reporting our first periodic SFDR disclosure and Principal Adverse Impacts reporting for AEIF2, AEIF3 and Arcus European Trains ("AET") as part of the Annual Report to investors. The three funds are all classified by Arcus as Article 8 funds under SFDR. We also did work to ensure we were ready to comply with the additional SFDR requirements that came into force from 1 January 2023.

LETTER FROM IAN HARDING – MANAGING PARTNER (CONTINUED)

SUSTAINABLE DEVELOPMENT GOALS

Arcus has been a signatory of the United Nations Global Compact ("UNGC") since the beginning of 2020 and supports the 10 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, 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. In 2022 we expanded the number of goals we focus on from 11 to 13 – please see pages 27 for further information on this.

OTHER SIGNIFICANT EVENTS

In September, Arcus European Investment Manager Netherlands B.V. ("AEIMNL") received notification from the Dutch regulator, De Autoriteit Financiele Markten, that its Alternative Investment Fund Manager ("AIFM") licence application was approved for the two funds: AET and AEIF2. On 1 January 2023, AEIM NL became the AIFM of AET and AEIF2, replacing third party Carne Global Fund Managers (Luxembourg) S.A. ("Carne"). The AIFM of AEIF3 is expected to be transferred from Carne to AEIMNL after final fund closing.

OUTLOOK FOR 2023

We are proud of the central role that ESG plays across our business and this will continue to be the case in 2023 and beyond. We are continuously looking at ways we can enhance this and hold ourselves accountable, as well stay at the forefront of the ever-changing regulatory landscape in this space.

As we have done in previous years, we set targets for each of our portfolio companies to improve ESG factors over 2023 and will remain vigilant in monitoring and reporting on these throughout the year.

Once again, we will participate in the annual GRESB infrastructure assessment, building on the strong results of previous years, with some assets taking part for the first time. We will continue to report in line with the Task Force on Climate-Related Financial Disclosures ("TCFD") requirements as well as working with investee companies to enhance our approach to climate change in pursuit of net zero.

Arcus will continue to comply with the SFDR regime, particularly the additional requirements that came into effect from 1 January 2023.

Subsequent to year end, and prior to the publication of the report, Arcus delivered its third social mobility programme for students, in association with the Sutton Trust. Over the summer of 2023, we will conduct our first formal internship programme again working with the Sutton Trust to identify candidates who would benefit from access to such a role at a firm like ours. 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 that readers will find our Sustainability Report informative, transparent, and evidence of our ongoing commitment to improving our, and our investee companies', ESG performance.

Ian Harding

Ian Harding
Managing Partner

23 June 2023

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.

350
TONNES OF CARBON OFFSET

C. €32,000
AMOUNT SPENT ON STAFF TRAINING

M 72% F 28%
GENDER RATIO ACROSS ALL PORTFOLIO COMPANIES

Nil
MAJOR HEALTH & SAFETY INCIDENTS ACROSS ALL PORTFOLIO COMPANIES

Nil
MAJOR ENVIRONMENTAL INCIDENTS ACROSS ALL PORTFOLIO COMPANIES

21
LANGUAGES SPOKEN AT ARCUS

6,762
NUMBER OF EMPLOYEES ACROSS ALL PORTFOLIO COMPANIES[5]

ARCUS GRESB AWARDS AND RECOGNITIONS (2022):

GRESB INFRASTRUCTURE Sector Leader 2022
Global Transport – Fund
Europe – Fund

GRESB INFRASTRUCTURE Sector Leader 2022
Transport – Asset
Rail Companies – Asset

GRESB INFRASTRUCTURE Most Improved 2022
Network Utilities – Asset

PRI Principles for Responsible Investment
2022 UNPRI Assessment
Direct Infrastructure Module score 100/100
Investment & Stewardship Policy Module score 97/100

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

GRESB · TCFD Task Force on Climate-related Financial Disclosures · iCI initiative climat international · bvca · WE SUPPORT UN Global Compact · Signatory of: PRI Principles for Responsible Investment · GIIA Global Infrastructure Investor Association

5 As at 31 December 2022, including all investee companies except Officium and Portus, the acquisitions of which were agreed post reporting period.

01 ARCUS OWNERSHIP AND GOVERNANCE

1.1 ARCUS ORGANISATION STRUCTURE

ARCUS OWNERSHIP

Arcus is a partner-owned, independent fund manager focused solely on European infrastructure. At 31 December 2022, Arcus was owned by fourteen Partners, with no individual Partner owning more than 15% of the business. Thirteen of the Partners work in the Arcus business and invest in each of our investments alongside our institutional investors. This ensures 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 Partners have over 15 years' experience working in the infrastructure industry.

The wider Arcus team includes 33 investment professionals and 29 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.

For its regulated activities in relation to managing Alternative Investment Funds, a wholly owned subsidiary of AIP, AEIM, is the Investment Manager of our Funds, authorised and regulated by the FCA. On 1 January 2021, Arcus appointed Carne as a third-party interim AIFM to minimise the impact of Brexit on its Funds (AEIF2, AEIF3 and AET) and its investors and to ensure ongoing compliance with AIFMD. For these Funds, portfolio management remains with AEIM under a delegation agreement. In parallel, Arcus incorporated AEIMNL or "the Dutch AIFM", which applied to the Dutch regulator for the necessary authorisation. In September 2022, AEIMNL became authorised and regulated by the AFM and DNB[6]. Subsequent to year end, on 1 January 2023 AEIMNL became the AIFM for AEIF2 and AET and is also expected to take that role for AEIF3 after that fund's final close. AEIM, an FCA regulated entity, remains as investment manager for the Funds pursuant to delegation arrangements.

ARCUS MANAGEMENT POSITIONS

MANAGING PARTNER
Ian Harding is the current Managing Partner of the firm and was one of the founding partners of Arcus in 2009.

MANAGEMENT COMMITTEE
The day-to-day responsibility for management of Arcus rests with the Management Committee ("Manco"). Manco comprises five positions, including the Managing Partner, with the remaining members elected by Arcus' Partners on staggered two-year terms. The current members of Manco are Ian Harding, Toby Smith, Stuart Gray, Christopher Ehrke and Neil Krawitz. Manco 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, AEIF3 and the separate Managed Accounts, which remain the responsibility of the Investment Committee and the boards of their relevant managing entities (see page 12 below). Each Member of Manco is a designated Senior Manager for SMCR purposes.


Ian Harding


Toby Smith


Stuart Gray


Christopher Ehrke


Neil Krawitz

6 De Nederlandsche Bank, the Dutch central bank regulator.

1.1 ARCUS ORGANISATION STRUCTURE (CONTINUED)

RISK & COMPLIANCE DIRECTOR
Martine van Oppenraaij is Arcus' Risk & Compliance Director, and 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 two other senior lawyers, 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

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

ADVISORY BOARD

Members as at 31 December 2022

- AEIF2 and AEIF3 have an Advisory Board formed by a representative set of the respective fund's investors
- Managed Accounts all have regular recurring forums for Arcus and respective investors to interact

Role

- Represent interests of Fund Limited Partners
- Oversee the activities of the General Partner

NETWORK OF INDEPENDENT ADVISORS

- Arcus operates an external advisor panel to source external assistance as and when required
- Arcus works with 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.

INVESTMENT COMMITTEE

Members as at 31 December 2022

Ian Harding, Simon Gray, Stefano Brugnolo, Michael Allen, Jack Colbourne, Jordan Cott

Role

- Make all investment decisions for the Fund
- Analyse and review potential investments
- Refer matters to Advisory Board where necessary
- Make all investment recommendations for the Funds and Managed Accounts
- Monitor Arcus' performance in provision of services to the Fund Review and approve all Fund reports and communications to LPs
- Review and approve all distributions and drawdowns


Ian Harding


Simon Gray


Jack Colbourne


Michael Allen


Stefano Brugnolo


Jordan Cott

VALUATION COMMITTEE

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


Stuart Gray


Sanjeev Kumaranayakam


James Thomas

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 Manco. Manco appoints a Head of ESG and 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 Dhillon

Kaj Bakker

ARCUS ESG IMPLEMENTATION – ESG TEAM

At 31 December 2022 Arcus had a four member ESG team who undertake the day-to-day management and co-ordination of ESG at Arcus and its investee companies. This includes Kaj Bakker, ESG Director and Bansi Dhillon, ESG Executive, who focus their time on ESG matters. Post year end, Tanja Vocke joined Arcus in June 2023 as ESG Executive, further strengthening the Arcus resources dedicated to ESG.

With these dedicated resources together with Neil Krawitz, Head of Asset Management and ESG and Shirene Madani, Associate Investment Director, Arcus has significant 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

Jordan Cott
Constellation & Workdry

Lisero Perez Lebbink
HB

Mark Cresswell
Horizon

Leo Kwan
Momentum

Michael Allen
Opus B

Jenni Chan
Peacock

Christian Scott-Mackenzie
SMA

Jack Colbourne
Swiss4net

Neil Krawitz
Alpha

Ana Tavares
Brisa

Stefano Brugnolo
GTC

Christopher Ehrke
TDF

02
ARCUS ESG APPROACH & 2022 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 act consistently 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 December 2022 to include our net zero commitment and commitment to the iCI, as well as expanding on the policy on Diversity, Equity and Inclusion and the addition of SDG 6 for "Clean Water and Sanitation" and SDG 14 for "Life below Water". Furthermore, Arcus recognised 'Responsible use of resources' as a material environmental factor focusing of the circular economy and waste recycling. The application of the ESG policy to the Fund is most relevant in our investment origination process, where we consider material ESG factors in our opportunity screening and pre-acquisition due diligence, as well as in the asset management of our investments where we target continuous improvements to the investee company approach to, and management of, ESG factors over time.

The ESG policy sets out Arcus' ESG objectives, the ESG principles Arcus follows, and 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 2022

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

- Arcus made a commitment to become net zero by 2050 and in support of that commitment Arcus joined the iCI;
- Recognised "Responsible use of resources" as a material environmental factor focusing of the circular economy and recycling waste streams;
- Expanded our commitment to Diversity, Equity and Inclusion;
- Expanded our interest of supporting the SDGs with SDG 6 for "Clean Water and Sanitation" and SDG 14 for "Life below Water".

ESG MANAGEMENT THROUGHOUT THE INVESTMENT LIFECYCLE

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

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

Origination

Consideration of ESG risks and opportunities is a formal element of the Arcus origination process. Every investment opportunity undergoes a three-stage process where ESG factors are considered as part of 1) the initial sourcing and Investment Committee approval to progress preliminary due diligence, 2) the assessment of the investment prior to submission of a non-binding, indicative offer and, if successful, 3) the final review of due diligence and investment hypothesis prior to submission of a binding offer. Arcus pays particular attention to companies that operate, or have plans to operate in, difficult operating environments (including physical environments), e.g. countries which are prone to floods, droughts or industries that face significant supply or demand shifts driven by climate change, or where government is known to be weak, corruption prevalent, and regulation and enforcement of environmental and social issues poor.

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

Asset management

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

2.1 ARCUS ESG APPROACH – POLICY/FRAMEWORK (CONTINUED)

ESG risks and opportunities are continually assessed by the Asset Manager and monitored formally as part of regular 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 they are 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.

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.

In compliance with the SFDR, which came into force on 10 March 2021, Arcus reported its first periodic disclosure and completed PAI reporting for AEIF2 and AEIF3 as part of the Annual Report to Investors.

Arcus continues to monitor climate-related risks and opportunities across the investee companies and the portfolio-wide TCFD report can be found on page 35. Arcus has also increased its focus on global sustainable development and in section 2.6 we outline how each of the AEIF2 and AEIF3 investee companies contributes to the UN Sustainable Development Goals ("SDGs").

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.

2.1 ARCUS ESG APPROACH – POLICY/FRAMEWORK (CONTINUED)

ARCUS EXCLUSIONS POLICY

Arcus does not invest in businesses involved in the generation of power by fossil fuels[7], 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 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 we believe that by virtue of its involvement, we will be able to significantly improve the situation, and rapidly cause the investee company to conform to the principles of 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 

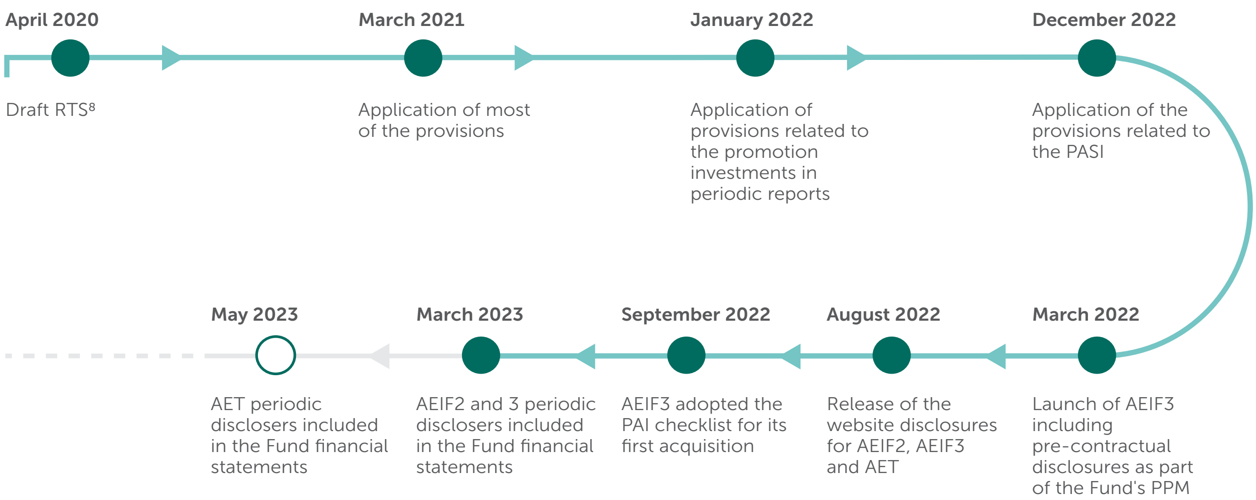
7 Where fossil fuels represent the primary source of revenue.

SFDR Implementation

As Arcus highlighted in the 2020 Arcus Sustainability Report in a thought leadership piece on "ESG Regulatory Developments", the SFDR requires asset managers like Arcus to make a series of operational changes, sustainability related disclosure changes and expand sustainability KPI data collection and reporting for periodic disclosure. SFDR is a significant first step by the EU to regulate non-financial reporting, developed to create consistency of ESG reporting and minimise greenwashing in the financial sector.

SFDR Recap

SFDR, introduced by the European Commission as part of the Sustainable Finance Action Plan in 2018, requires asset managers to complete disclosure in respect of sustainability matters. The aim of SFDR is to increase transparency of sustainability, risk management across the asset management industry, encourage wider consideration of adverse sustainability impacts in investment processes, and to provide sustainability related information regarding financial products.



The initial lack of guidelines and reporting standards in the market, as well as application to fund managers from a wide variety of asset classes, made it difficult to understand, translate as well as implement the SF requirements. Since our 2020 publication, more clarity on application of the legislation has been provided through ongoing consultation papers from industry bodies and Q&A with the legislator to clarify specific requirements which has assisted the industry to make the required disclosures.

The level 1 SFDR requirements which came into force on 10 March 2021 required three Arcus funds, being AEIF2, AEIF3 and AET, that are classified as a financial product under SFDR to make website disclosures. In addition, AEIF3, was launched after the level 1 requirements came into force, meaning that Arcus was also required to make pre-contractual disclosures included in the AEIF3 private placement memorandum. Arcus also opted to consider the principal adverse impacts (PAIs) of its investment decisions by adoption of a PAI checklist in its final investment approval paper.

The level 2 requirements comprised collecting the data required for the SFDR periodic disclosures. This data is required for the annual fund-level PAI reporting and to evidence the contribution the fund made towards the environmental and/or social characteristics promoted by the respective fund. Based on the contribution to the environmental and/or social characteristics and the management of PAIs to limit significant harm, Arcus has also disclosed the percentage of sustainable investments in each fund. The environmental and social characteristics Arcus has identified as relevant for our funds are:

8 Regulatory Technical Standards for SFDR.

SFDR Implementation (continued)

Environmental	Characteristics	Relevant SDGs
GHG emissions	Actively promote reducing CO_2 emissions intensity and aim to set a CO_2 reduction target for emissions within operational control.	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Energy efficiency	Actively promote reducing energy intensity and the use and production of renewable energy.	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Climate change	Assess the resilience of the portfolio companies in line with TCFD recommendations.	11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION

Social	Characteristics	Relevant SDGs
Diversity and equal opportunity	Committed to develop and promote diversity and equal opportunity for all employment practices and activities.	4 QUALITY EDUCATION; 5 GENDER EQUALITY; 10 REDUCED INEQUALITIES
Health and safety	Committed to maintaining safe and healthy working conditions through control of health and safety risks at investee companies and a safe environment for all those attending the working premises.	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
Labour standards and Human rights	Committed to ensure human rights and labour standards are met, in line with local laws and regulations of each country of operation.	8 DECENT WORK AND ECONOMIC GROWTH

Arcus has designated measurable KPIs and relevant SDGs for each characteristic, to ensure Arcus can transparently communicate to investors how the investment has contributed to these characteristics. In relation to the PAI, Arcus selected and reports on 16 of the voluntary PAIs (from the total 60 indicators), in addition to the 14 mandatory PAIs, that Arcus feels are generally material for the infrastructure sector.

Despite the complexities involved in implementing SFDR, Arcus welcomes the standardisation it seeks to bring and sees the value in preventing greenwashing. Throughout 2022 Arcus had positive engagement with investors and key stakeholders on our implementation of the SFDR regulation and we remain confident in our ability to navigate and comply with SFDR requirements.

2.2 ARCUS ESG INITIATIVES – 2022

KEY ESG DEVELOPMENTS AT ARCUS DURING 2022

Arcus is a signatory to the UN Principles for Responsible Investment, UN Global Compact, TCFD, UK Stewardship Code and a member of GRESB. In December 2022, Arcus became a signatory of the iCI[9], recognising the responsibility that the global investment community has to incorporate the materiality of climate risk and opportunity into its investment decisions. Furthermore, as a responsible investment manager, Arcus made a commitment to become net zero by 2050 in line with a 1.5 degree temperature increase limit scenario and further enhance its corporate approach to limit global warming.

We enhanced our focus on the SDGs in 2022 by expanding the number of goals from 11 to 13 of the 17 goals. Arcus identified that with the expanded AEIF2 and AEIF3 portfolio, Arcus could make an impact on water goals through the investments in HB and Workdry, adding SDG 6 (Clean Water and Sanitation) and SDG 14 (Life below Water) to the SDGs Arcus is most likely to have the greatest impact on through its investment strategy. How the investee companies contribute to the SDGs can be found in section 27.

When reviewing potential investments, the OMT considers relevant ESG factors and in 2022, c.10% of potential investment opportunities were not progressed post the initial screening meeting due to specific ESG concerns. We continued to enhance our ESG due diligence process with a designated member of the ESG team working with deal teams 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.

In 2022 this process was further improved, with the introduction of the PAI checklist as part of the final investment paper in compliance with article 4 of SFDR. The PAI checklist is included as a mandatory element in the investment process to record the Arcus considerations of adverse impacts when it makes its investment decisions. This can be seen in the appendix section 78.

In September 2022, the UK Financial Reporting Council ("FRC") reconfirmed Arcus as a signatory to the UK Stewardship Code for the reporting period of 1 January to 31 December 2021. Based on feedback from the FRC, Arcus targeted specific stewardship improvements which have been reported on in the most recent response submitted to the FRC in April 2023. The updated Arcus Stewardship Report is available on the Arcus and FRC websites and provides a summary of the approach to the Principles of the Code and explanations of the activities we undertake. Arcus will report annually on its stewardship activities in line with the Code's requirements.

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 Q1 2022 Asset Review Meeting.

Arcus continued its data collection in 2022 for its own Scope 1, 2 and 3 (material categories) emissions. In 2022, Arcus' Scope 1, 2 and material Scope 3 carbon emissions were 350 tonnes of CO_2 (tCO_2) which is more akin to a normal operating year compared to 147 tCO_2 in 2021 where some Covid-19 related travel restrictions still existed. The Arcus 2022 emissions were offset through Carbon Footprint, which manages the Verified Carbon Standard certified (VCS981) Portel Pará reduction of deforestation project in Brazil and the Verified Gold Standard Zoba Anseba Community Safe Water Project in Africa in Arcus' name. Arcus continues to monitor office paper usage and printing, targeting reduction throughout the year.

GRESB AND UNPRI PROCESS AND RESULTS

GRESB

Arcus has been a GRESB member since March 2017 and 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). In 2022 GRESB has run the infrastructure benchmarking process with 166 infrastructure funds and 649 infrastructure assets participating (compared to 149 funds and 549 assets in 2021).

Arcus completed a fund assessment questionnaire for all its Funds and Managed Accounts in Q2 2022, along with each of the investee companies completing an asset participant assessment questionnaire.

Arcus has again demonstrated best-in-class ESG performance with AET (the Alpha Trains holding partnership) ranking first of 117 infrastructure funds which completed the full GRESB assessment, scoring 100 out of 100 possible points (compared to 96/100 in 2021). This impressive score also meant that AET has been named GRESB Infrastructure Sector Leader in the following two categories: Europe and Global Transport. Alpha Trains came first out of the entire universe of 649 participating assets, a fantastic result, and was also awarded two Sector Leader awards for the overall Transport sector and for Rail Companies.

Arcus A1 Investor Vehicle (the GTC holding partnership) and Arcus Tivana Investor Vehicles (the TDF holding partnerships) were ranked second and third respectively out of all 117 infrastructure funds.

AEIF2 ranked fourth of the diversified European Infrastructure Funds (against 26 peers) category. AEIF2 received a 4-star GRESB rating this year, up from the 3-star rating in the 2021 assessment. This reflected the progress made by E-Fiber, Swiss4net, Horizon and, Constellation in improving their ESG performance.

9 Private markets action on climate change: a collective commitment to understand and reduce carbon emissions of private markets-backed companies and secure sustainable investment performance.

2.2 ARCUS ESG INITIATIVES – 2022 (CONTINUED)

AEIF2 scored 91 out of 100 possible points (compared to 82/100 in 2021) in the GRESB fund assessment, with the average fund score for the year being 81/100. The AEIF2 assets scored well when benchmarked against their peer groups. Swiss4net and E-Fiber received 5-star and 4-star ratings respectively with scores of 94 for Swiss4net and 89 for E-Fiber. Swiss4net ranked first place in the western European Fibre networks peer group. Reporting on calendar year 2021 data, E-Fiber participated in the 2022 assessment despite the asset being realised in May 2022.

Peacock and SMA completed the assessment for the first time this year, respectively scoring 70 and 87 out of 100 possible points, which are strong scores for first year participation when compared to E-Fiber and Swiss4net that scored 56 and 48 respectively in 2019, their first year of participation. These strong scores are in part the result of the Arcus team sharing and implementing best practices from the learnings from investee companies which have participated over multiple years.

Improving year on year GRESB asset scores demonstrate our commitment to continuous ESG improvement and the effectiveness of the various changes that we have implemented during the year to improve sustainability within the businesses. A great example of this commitment is Horizon, which in its second year of participation scored 90/100 compared to 52/100 in 2021. For this improvement of +38 points Horizon was awarded the 'Most Improved 2022' award for the Network Utilities sector.

GRESB remains an important tool for Arcus 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 continually striving to improve our management of ESG factors and report to investors. 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 assessment have and will continue to provide a baseline for ESG performance and allow us to analyse further what we are doing both at our Funds and Managed Accounts 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 40-74 provides individual asset scores.

UNPRI

Arcus completed the PRI reporting in April 2021 under the revised and extended 2021 PRI reporting template and portal. Due to the issues experienced by the PRI in implementing its new reporting system, the scores from this reporting were only disclosed in September 2022. Arcus was awarded 5* ratings in the 2021 United Nations PRI ESG assessment for the Investment & Stewardship Policy and Direct Infrastructure modules. Arcus scored 97/100 in the Investment & Stewardship Policy which all signatories must complete and 100/100 in the Direct Infrastructure asset class module, which both represent 5* ratings. In order to allow the PRI to stabilise and improve its reporting platform, signatories were not required to report in 2022. Arcus will report in line with the PRI's next reporting cycle which opened in May 2023.

2.2 ARCUS ESG INITIATIVES – 2022 (CONTINUED)

ARCUS ESG PERFORMANCE

AWARDS	ENTITY	2021		2022	
GRESB[10]	AEIF2	82/100	GRESB ★★★☆☆ 2021	91/100	GRESB ★★★★☆ 2022
	A1[11]	95/100	GRESB ★★★★★ 2021	97/100	GRESB ★★★★★ 2022
	AET[12]	96/100	GRESB ★★★★★ 2021	100/100	GRESB ★★★★★ 2022
	TIVANA[13]	99/100	GRESB ★★★★★ 2021	96/100	GRESB ★★★★★ 2022
PRI	Arcus	N/A		PRI Principles for Responsible Investment 2022 UNPRI Assessment Direct Infrastructure Module score 100/100 Investment & Stewardship Policy Module score 97/100	

ESG ACTIVITIES AND REPORTING FOR INVESTEE COMPANIES

Arcus' portfolio companies continued their proactive approach towards ESG management throughout the year, which included updating ESG policies and procedures, supporting the SDGs, and participating in the GRESB assessment. See asset sections for detailed updates, but of particular note is: Peacock was awarded EcoVadis Gold, putting it in the top 5% for business sustainability. The rating is testament to the work of the Arcus and Peacock teams in managing environmental, labour and human rights, ethics and sustainable procurement factors. Furthermore, Arcus supported the Workdry team to develop a dedicated ESG policy that was approved by the Board in Q4 2022.

Further detail is contained in the portfolio reporting section of this report on pages 40-74.

REPORTING TO INVESTORS

In 2022 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 and specific Arcus ESG-related initiatives and performance on an ad hoc basis as necessary.

AEIF2 and AEIF3 issued a 2022 Annual Report to its investors in March 2023 followed by an Annual General Meeting in May.

In 2022, Arcus continued portfolio-wide TCFD and GHG emissions reporting. Further detail can be found in our TCFD summary on page 35.

10 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).
11 A1 represents the Arcus A1 Investor vehicle holding the investment in the GTC toll road in Poland.
12 AET represents the Arcus Alpha European Trains vehicle holding the investment in Alpha Trains.
13 Tivana represents the Arcus Tivana Investor vehicles holding the investment in TDF in France.

2.3 ARCUS SOCIAL INITIATIVES REPORTING – 2022

Arcus staff volunteering at Sufra Food Bank

At Arcus, we recognise the importance of having a diverse workforce and maintaining an inclusive culture. Arcus continues to be a diverse organisation with partners and employees from 20 nationalities, speaking 21 languages (as at 31 December 2022). To ensure that the company is equipped for future growth, Arcus made a considerable number of new hires in 2022 and improved its Diversity, Equity & Inclusion (DEI) policies within the approach to recruitment to ensure fairness and equality. This resulted in an improved team gender balance of 40% female, compared with 39% in 2021. In March 2022 Arcus hosted a diversity workshop to actively contribute to creating a climate of trust, mutual respect and engagement.

Arcus team members engaged in technical and personal development training, funded by Arcus, at a cost of c.€32k, during the year. Following the annual employee engagement survey conducted in December 2021, Arcus resumed hosting multiple social team activities throughout the year that had been missed during the Covid-19 pandemic. A selection of Partners and team managers undertook leadership and mentoring training as part of a bespoke training programme delivered by external specialists. This was universally well received and additional team members will be enrolled in the programme in 2023. Furthermore, Arcus formed a social committee in 2022 to enable more team members to shape the social calendar going forward.

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.

Neil Krawitz, Head of Asset Management and ESG, was selected as a member of the GRESB Foundation Infrastructure Standards Committee. Previously Neil participated in and contributed to the GRESB Infrastructure Benchmark Committee ("IBC"); however in late 2021, GRESB underwent a restructuring of its governing committees and asked members to apply to participate in the new governance bodies including the GRESB Foundation Board, Infrastructure Standards Committee and Expert Panels. In this role, Neil Krawitz will continue Arcus' contribution to this key ESG reporting tool.

Members of the Arcus ESG Committee attended various sustainability workshops and seminars during the year including the UNPRI's main annual event, "In Person & Online Conference", the British Private Equity & Venture Capital Association ("BVCA") annual ESG conference, GRESB training and results presentation, the Private Equity European ESG Summit, the Women in Infrastructure Forum and several SFDR seminars and workshops.

In February 2022 Arcus ranked first place in the 2021 ESG Transparency Index for Private Equity and Venture Capital firms. The 2021 Index used over 70 criteria to evaluate the ESG performance of 155 Private Equity and 122 Venture Capital firms and scored them on ESG integration within their own organisations and across their investment portfolios.

Arcus, in association with the Sutton Trust charity, delivered its second annual social mobility programme in August 2022 to seven senior school students from underprivileged backgrounds. 17 Arcus team members participated in delivering sessions over four days, which covered insights into Arcus, infrastructure, finance, asset management and skills sessions including CV building and use of professional social media tools, and an infrastructure investment related case study to give the students insight into a real-life example of our industry. The placement was successful with excellent feedback from the students.

Arcus and its employees made c.£65k in donations to several staff nominated charities in 2022. These charities include Starlight Children's Foundation, Sufra Food Bank, Streets of London, Impact 100 London, Sutton Trust, UNICEF UK, Family Action, and Solving Kids' Cancer. The team also raised over £11k to support the crisis in Ukraine through its two-week 'Bake for Ukraine' campaign. In addition, Arcus contributed to Carbon Footprint in 2022, for carbon offsetting in respect of emissions level from the prior year.

In November 2022, 24 staff volunteered for Sufra Food Bank, helping to set up the Winter Warmer Coat Pop-Up Shop, and maintaining the community garden. Arcus also donated a new yurt for the garden, providing a space for local residents to come and learn and develop skills in a supportive environment.

DEI: What is it and why does it matter?


Social Mobility Programme

Diversity, Equity and Inclusion ("DEI"), is gaining importance for private market fund managers and institutional investors. It relates to a company's efforts towards ensuring a balanced, fair and inclusive working environment. DEI encompasses equality assessed through factors like gender, ethnicity, culture, sexuality, religion and age. DEI brings together the S and G of ESG and can contribute to improved performance, more varied thinking in decision making and reduction of portfolio risk. Essentially, companies that embrace a diverse, equitable and inclusive environment understand the value of embracing people's differences.

Diversity (D) relates to all the ways people differ based on factors like gender, culture, race, ethnicity, age, place of origin, religion, sexual orientation, disabilities (visible or invisible) and socioeconomic status.

Equity (E) relates to ensuring 'fairness' for all employees across all levels of an organisation, including fair treatment, access to opportunity, promotion and allocation of resources. Inclusion (I) relates to a working environment where any individual or group feels welcome, respected, supported and valued.

For Arcus, it is important both at our organisation but also investee company level to cultivate a positive working environment which encourages DEI. Arcus and all investee companies support and contribute to SDG 5: Gender Equality and SDG 10: Reduced Inequalities. We believe that the success of our business is ultimately driven by the wellbeing of the people we employ and work with across all our stakeholders.

Arcus fosters and promotes a collegiate, inclusive and desirable work environment by providing a full open-plan office, annual team offsites, and also by sponsoring team sporting, social, industry and charity events. To assist the career progression of its staff, Arcus also supports initiatives and courses to improve the skill sets and capabilities of individuals, including supporting additional education (e.g. MBA and CFA programmes), new language skills, and improving soft skills (e.g. presentations, modelling, valuation, Excel and PowerPoint training).

Through our interactions with non-profit organisations or programmes that promote DEI, Arcus has undertaken new initiatives in recent years. Arcus, in conjunction with the Sutton Trust, delivers an annual work experience programme for senior school students and is currently developing a formal summer internship programme for university level students. The Sutton Trust supports young people from less advantaged backgrounds to access leading universities and careers. In partnership with universities and employers, they run educational and work experience programmes that give students practical advice, skills and more confidence in their ability, allowing them to compete on a level playing field with all candidates. Both of the Arcus programmes target students with the same background and as a result the Sutton Trust is an important partner for Arcus delivering on the social mobility parts of our DEI objectives.

In addition, Arcus encourages staff and partners to participant in industry associations and events that promote DEI. In particular, many employees at Arcus, both senior and junior and both men and women, are members of Level 20, a 'Women in Private Equity' group, whose core aim is to improve gender diversity across Private Equity. Seven Arcus employees are members of Impact 100 London, a charity with a vision to help marginalised women and girls in the local community, through collective giving.

Arcus has also implemented various strategies to improve DEI policies and reporting across our organisation and we encourage and guide our investee companies to do so where possible. The first step to improve is to track the current data; we measure gender diversity at Arcus and all investee companies at employee and board/senior management level. In 2020, Arcus updated the recruitment policy that formalised the use of anonymous CVs when recruiting. Information related to gender, ethnicity and minority information is removed from all CVs sent through by recruitment agencies we work with and in some cases, the CVs are paraphrased by the recruiter to reduce the potential for bias. Since this was introduced, 57% of all new joiners since 2020 were female.

45% of all staff promoted in the last three years were female. In 2022, Arcus established a specific DEI section in the Arcus HR manual in addition to expanding on DEI as a material ESG factor in our ESG policy.

Well-known industry benchmarks like GRESB have also begun to increase their emphasis on reporting DEI metrics with more to come, and this will help to drive improvements in DEI adoption and reporting across the infrastructure market.

2.4 EMPLOYEE ENGAGEMENT SURVEY 2022

2022 SURVEY RESULTS SHOW AN INCREASE IN OVERALL EMPLOYEE SATISFACTION

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 2021 survey highlighted that Arcus employees welcomed increased Manager feedback and a better understanding of Manco's role. Acting on this feedback, Arcus organised Leadership academy training including five relevant modules and a debrief session, increased the frequency of touchpoints between Line Managers and employees based on individual needs, and provided more clarity to employees regarding Manco's role and items which had been discussed in the year.

The 2022 survey highlighted that the steps taken above in relation to increased employee feedback have been effective, leading to increased scoring on Line Manager related questions in the survey. The focus for 2023 will be on further employee training and career development as well as continuing the efforts around Line Manager-employee interaction.

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

Key Highlights

100% (vs 76% in 2021)

RESPONSE RATE

98%

OF PARTICIPANTS ARE PROUD TO WORK FOR ARCUS

97%

BELIEVE THEIR PERSONAL VALUES ARE ALIGNED WITH ARCUS VALUES

97%

BELIEVE THAT ARCUS CONDUCTS ITS BUSINESS WITH HONESTY AND INTEGRITY

2.5 SUSTAINABLE DEVELOPMENT GOALS

Arcus is supportive of the 2030 Agenda for Sustainable Development adopted by the United Nations Member States in 2015. Of the 17 SDGs, Arcus is particularly committed to the 13 outlined below.

We are most likely to have the greatest impact on these SDGs as they 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 actions taken to mitigate 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**	Opus B offers compulsory inspections that assure vehicles remain roadworthy with a level of emissions that is within the prescribed guidelines.
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**	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 enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels**	In 2022 multiple AEIF2 investee companies have adopted Diversity, Equity & Inclusion (DEI) principles in their ESG and or HR policies to improve gender diversity.
6 CLEAN WATER AND SANITATION	6.3 **By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally**	Through permanent water filtration, HB aims to reduce tap and wastewater significantly.
6 CLEAN WATER AND SANITATION	6.3 **By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally**	Workdry makes a material contribution to improving water quality through the provision of pumping and wastewater treatment equipment.
7 AFFORDABLE AND CLEAN ENERGY	7.2 **By 2030, increase substantially the share of renewable energy in the global energy mix**	Constellation approved around €3.5m of investment to add additional solar panels in the UK and Norway at HSH and Glacio. These will generate over 20% of our current energy needs across the UK and Norway. Momentum is a key enabler through investing, operating, maintaining and developing renewable energy projects as its core business.

2.5 SUSTAINABLE DEVELOPMENT GOALS (CONTINUED)

SDG	Target	Asset approach
7 AFFORDABLE AND CLEAN ENERGY	7.3 **By 2030, double the global rate of improvement in energy efficiency**	Constellation had the opening of Highbay 2 at Stockhabo in Q3 of 2022, an automated facility which is 50% more energy efficient than a traditional cold store. 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	8.5.1 **Average hourly earnings of female and male employees, by occupation, age and persons with disabilities**	In 2022, seven of the eight AEIF2 investee companies commenced reporting their average unadjusted gender pay gap.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4 **By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities**	In 2022 all AEIF2 investee companies have reporting on Scope 1, 2 and material Scope 3 GHG emissions in line with the GHG protocol. In December 2022 Arcus became a signatory of the initiative Climat International and committed to meaningfully engage with management teams of portfolio companies to develop an emissions reduction.
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**	In 2022, multiple AEIF2 investee companies adopted Diversity, Equity & Inclusion (DEI) principles in their ESG and or HR policies to improve gender diversity.
10 REDUCED INEQUALITIES	10.3.1 **Proportion of population reporting having personally felt discriminated against or harassed within the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law**	In 2022 all AEIF2 investee companies have reported on number of incidents of discrimination and number of incidents of discrimination leading to sanctions. On both accounts the investee companies have reported no incidents of discrimination.
11 SUSTAINABLE CITIES AND COMMUNITIES	11.4 **Strengthen efforts to protect and safeguard the world's cultural and natural heritage**	All AEIF2 investee companies assessed the adverse impact of their operations on biodiversity sensitive areas. None of the investee companies have material adverse impacts on biodiversity sensitive areas.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 **By 2030, achieve the sustainable management and efficient use of natural resources**	In 2022 Arcus recognised "Responsible use of resources" as a material environment factor. Through investee companies such as Momentum and HB, AEIF2 actively supports the principles for a circular economy.

2.5 SUSTAINABLE DEVELOPMENT GOALS (CONTINUED)

SDG	Target	Asset approach
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**	Through the expansion of both the Constellation platform and HB, AEIF2 has grown its contribution to limit food waste and improve food security.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.4 **By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment**	HB and Opus commenced hazardous waste reporting in 2022. This initial reporting data will act as a baseline to reduce hazardous waste intensity.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.6.1 **Number of companies publishing sustainability reports**	In 2022 Swiss4net and Constellation have initiated public ESG performance disclosure through sustainability reports. And Horizon and SMA has committed to start public ESG disclosures from 2023 onward.
13 CLIMATE ACTION	13.3 **Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning**	Arcus conducted physical and transitional climate change impact assessments by ERM of HB, Momentum and Opus. Currently all AEIF2 investee companies have completed climate change impact assessments that shape climate change mitigation and adaption strategies.
14 LIFE BELOW WATER	14.1 **By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution**	HB and Opus have started to report on emissions to water in 2022 with an aim to create robust baseline data and commence to reduce the emissions intensity.
14 LIFE BELOW WATER	14.1 **By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution**	Workdry supports industrial mining and construction clients through the provision of pumping and wastewater treatment equipment.
17 PARTNERSHIPS FOR THE GOALS	17.14 **Enhance policy coherence for sustainable development**	All AEIF2 investee companies have policies on ESG factors (either via an ESG or sustainability policy or specific subsidiary policies dealing with relevant ESG factors such as health and safety or environmental matters). As ESG is an evolving topic, policies are reviewed at least annually to facilitate continuous improvement.

SDG CASE STUDY

Momentum is a renewable energy platform with an integrated approach to investing, operating, maintaining and developing projects, covering the full lifecycle. The business was established to address various market segments, from optimising assets aging beyond their original design lives to developing next generation greenfield projects using circular economy strategies. Momentum aims to address four key Sustainable Development Goals ("SDGs") by integrated these goals into its core activities.

SDG 7 – AFFORDABLE AND CLEAN ENERGY (TARGET 7.1 AND 7.2)

Momentum's core activities are to develop, operate and maintain renewable energy projects in order to enable universal access to affordable, reliable and modern clean electricity to the population. To support the increase of renewable energy in the mix, Momentum continues to invest in a wide spectrum of renewable energy projects, including greenfield, repowering and lifetime extension projects, as well as investing and maintaining aging renewable energy sites beyond their original design lives using specialised professional management. In 2022, Momentum generated just under 290 GWh of renewable energy across its portfolio, which was enough to power more than 67,000 households across Denmark, Germany and Sweden.

SDG 13 – CLIMATE ACTION (TARGET 13.2)

Momentum is currently developing a substantial project pipeline and aims to continue investing significantly in aging sites to create a diversified and balanced portfolio of renewable energy projects across technologies and geographies. Momentum aspires to become a permanent provider of renewable energy through evolving climate conditions and its ambition strongly supports the climate targets and long-term strategies of the European countries where it operates. In particular, Momentum expects to play a meaningful role in the Danish government's commitment to a 70% reduction of its greenhouse gas emissions by 2030 and to meet 100% of its domestic electricity needs from renewable energy production.

SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE (TARGET 9.4)

Momentum is highly committed to ensuring its renewable energy infrastructure is maintained to the highest standard and is optimised in the most sustainable, reliable and resilient way. With specialised in-house professional management and dedicated maintenance, the resilience and technical life of existing renewable energy plants can be enhanced and upgraded well beyond their original design lives. Momentum's specialist teams form part of a distinct ecosystem, comprising highly skilled technicians from a range of leading/legacy manufacturers (e.g., Vestas, Enercon, NEG Micon, Bonus), who deliver a high level of craftsmanship to operate, service and repair older turbine models. Addressing the aging renewable energy fleet in Europe ensures access to affordable clean energy to promote industry competitiveness, resource efficiency, long-term sustainability, resilience to climate events and allowing industry to emit less CO_2 per unit of output. Momentum established its technical servicing division in 2022 and has grown the team to over 20 technicians during its first year. Momentum is certified to service a wide range of up to 72 different turbine model types, and currently services a portfolio of c.370 turbines (including external clients). In 2022, most of the renewable energy generated by Momentum was from professionally managed infrastructure that is more than 20 years old, which would otherwise be decommissioned and sent to landfill in other countries that do not have the specialist expertise to maintain them locally.

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION (TARGET 12.5)

Momentum has been an early adopter of circular economy strategies within the renewable energy sector, including adopting more sustainable uses of older decommissioned turbines and components. Momentum aims to promote the use of refurbished turbines and components for repowering and lifetime extension projects, as well as adopting decommissioned turbines and components as a part of their spare parts strategy, which it intends to repurpose and use across its portfolio. By incorporating circular economy strategies across its activities, Momentum is playing a fundamental role in preventing large waves of turbine components being sent to landfill and waste, whilst prolonging clean energy generation beyond their original design lives for the benefit of society.

What stands out about Momentum is that it is a fast-growing net negative carbon emissions business and a unique enabler of creative circular economy solutions within the renewable energy sector.

Reducing Water Pollution

WATER QUALITY

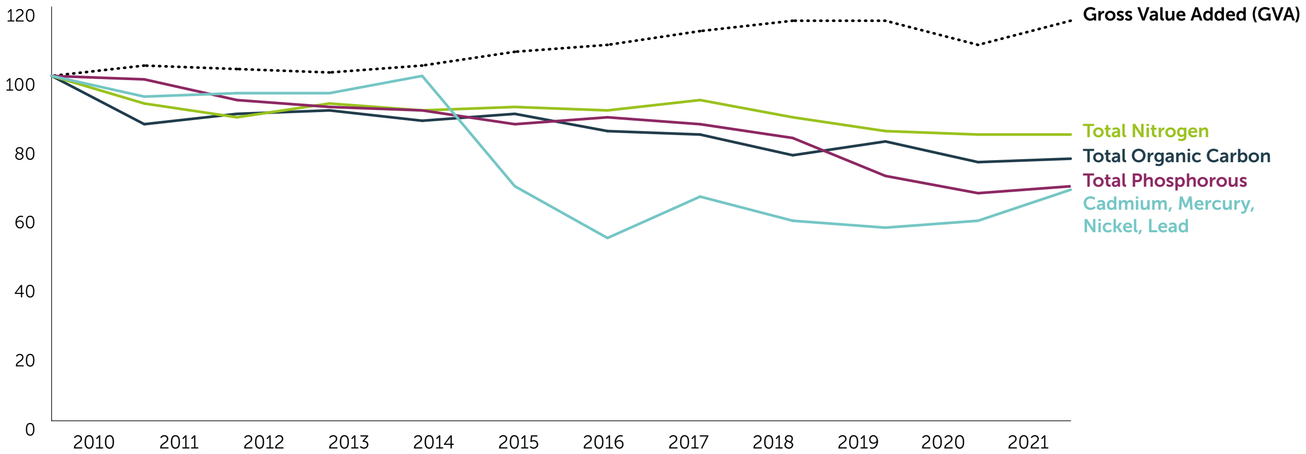
The combined impact of pollution, urbanisation, population growth and climate change are placing significant stress on European water systems and the overall wellbeing of aquatic environments. As water is vulnerable to pollution, water pollution control has received considerable attention from regulators, the press, and the general public and is recognised among the most critical environmental challenges[14].

European surface waters are contaminated by an extensive range of chemicals, including pesticides, pharmaceuticals, detergents, personal care products, and heavy metals, originating from diverse sources such as industrial discharges, agricultural run-off, sewage and wastewater effluents, and urban stormwater run-off[15]. One of the main issues that European cities are facing is the rapid population growth and wastewater system expansion, at rates that have not been matched by water infrastructure growth.

INDUSTRIAL AND AGRICULTURAL RELEASES OF POLLUTANTS TO WATER

Water pollution refers to circumstances where material or substances have accumulated in the water supply to unhealthy levels, endangering human health, animal and plant life[16]. One way in which harmful pollutants enter waterways is through industrial processes. *Industrial processes* often generate wastewater containing toxic chemicals, heavy metals and other harmful substances. If this wastewater is not properly treated or discharged without adequate controls, it can contaminate water bodies. Additionally, through chemical spills or poor waste management, such as landfill leakages, high levels of toxins can seep into groundwater or surface water, leading to serious implications for both humans and aquatic organisms.

Figure 1: Industrial releases of pollutants to water and economic activity in the EU-27[17]
GVA is used as a proxy for the economic activity of industry in Europe, accounting for inflation, based on 2010 values.



One of the leading causes of water pollution in the late 20th and early 21st centuries is *agricultural practices*. Especially, the use of fertilizers and pesticides in farming can result in run-off, where rainwater washes away excess nutrients and chemicals from fields into nearby water bodies. This run-off carries nitrogen, phosphorus, herbicides and insecticides, among other pollutants, into rivers, lakes and streams, as can be seen in the figure above. Excessive nutrient levels in water bodies can trigger eutrophication, a process where algal blooms proliferate, disrupting the ecological balance and leading to oxygen depletion. This can harm life below water such as fish and other aquatic organisms, and even cause dead zones where no marine life can survive.

Recognising the urgency of water security for humans and the environment, Clean Water and Sanitation (SDG 6) and Life below Water (SDG 14) have been designated as key goals within the 17 Sustainable Development Goals.

This likewise entails reframing wastewater from being considered a mere by-product, to a valuable resource. Wastewater treatment plants and water pumps play crucial roles in maximising the potential of wastewater and integrating it into the circular economy, which can be achieved through effective treatment processes and responsible management and right policies in place.

14 Saravanan, A., Kumar, P.S., Jeevanantham, S., Karishma, S., Tajsabreen, B., Yaashikaa, P.R. and Reshma, B., 2021. Effective water/wastewater treatment methodologies for toxic pollutants removal: Processes and applications towards sustainable development. Chemosphere, 280, p.130595.
15 Brack, W., Aissa, S. A., Backhaus, T., Dulio, V., Escher, B. I., Faust, M., & Altenburger, R. (2019). Effect-based methods are key. The European Collaborative Project SOLUTIONS recommends integrating effect-based methods for diagnosis and monitoring of water quality. Environmental Sciences Europe, 31(1), 1-6.
16 Abdallah, C. K., Cobbina, S. J., Mourad, K. A., Iddrisu, A., & Ampofo, J. A. (2022). Advances in Sustainable Strategies for Water Pollution Control: A Systematic Review
17 https://www.eea.europa.eu/data-and-maps/figures/industrial-releases-of-pollutants-to-4.

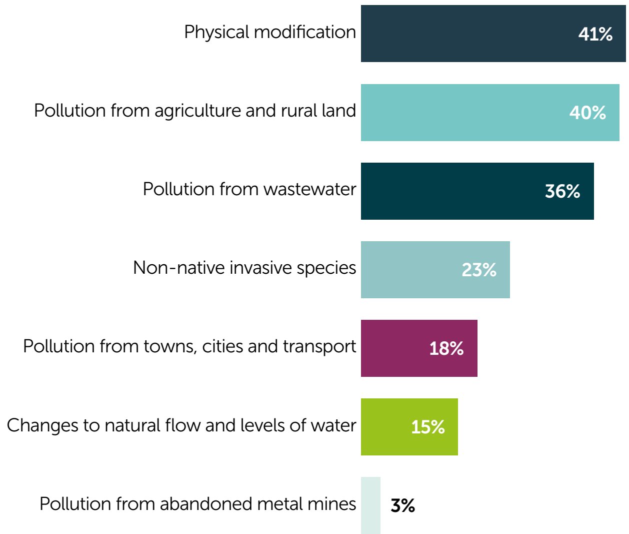
Reducing Water Pollution (continued)

CASE STUDY: WATER POLLUTION IN THE UK

The aging water infrastructure in England has become a prominent social and political concern in the UK. The expansion of cities and wastewater systems has not been accompanied by proportional growth and investments into the water infrastructure. As a result, there is a lack of sewer capacity to effectively manage the rising demands.

In the UK, the sewer system combines wastewater from domestic, commercial and industrial activities with stormwater run-off, directing it to wastewater treatment plants. However, during periods of heavy rainfall or extreme flow, Combined Sewer Overflows (CSOs) are utilised to discharge untreated sewage into natural watercourses before it reaches a treatment plant. These overflows can cause environmental degradation and pose risks to human health, leading to waterway pollution in natural water bodies. A Parliamentary House of Commons Environmental Audit Committe in 2022 has identified that chemical contamination significantly affects all rivers in England. The figure below illustrates the primary pressures impacting water bodies in England in 2022[18].

Figure 2: Top pressures impacting water bodies in England[19].
Water bodies are commonly impacted by more than one pressure, so the totals do not add up to 100%



In 2021, water companies discharged untreated sewage into English waterways more than 400,000 times, for a combined total of more than 2.5 million hours. To address the sources of water pollution and infrastructure, the UK government has implemented a regulatory framework encompassing legislation, permits, monitoring, and enforcement measures: the Environmental Improvement Plan 2023[20]. Entailing the "Plan for Water" (April 2023), which aims at tackling the issues of storm overflows, agriculture, plastics, road run-off and chemicals as well as the pressures on water resources as a result of climate change and population growth.

ARCUS INVESTEE COMPANY WORKDRY'S ROLE PROVIDING WATER SUPPLY INFRASTRUCTURE

In September 2022, AEIF3 acquired an c.83% in Workdry. Workdry is a leading provider of water pump and waste water treatment assets in the UK, operating through its trading brands Selwood and Siltbuster. The assets are leased to UK water utilities, construction and engineering firms and other industrial customers to manage the maintenance life cycle of the UK's water infrastructure network and to support large-scale infrastructure and construction projects. Workdry operates from a depot network of 22 UK sites, with an asset register of over 5.5k pumps, c.3.8k pump accessories, c.3k wastewater treatment assets, and over 100k individual ancillary assets such as hoses, fittings and pipework.

Workdry offers multiple asset solutions designed to address a number of the above-mentioned issue, thereby contributing to improved Clean Water and Sanitation (SDG 6) and Life below Water (SDG 14). Arcus is supportive of the 2030 Agenda for Sustainable Development adopted by the United Nations Member States in 2015 and supports thirteen of the seventeen SDGs goals, through its allocation of capital and through Arcus' policies, values and asset management activity.

The Arcus investment thesis in Workdry recognised the importance of water management, the increasingly stringent regulation and public scrutiny with respect to the UK's water infrastructure and that Workdry as the UK's leading provider of critical water pump and wastewater treatment assets meant the company had a key role to play both in supplying core infrastructure and to support the sustainable management of water resources.

18 Dunning, Hayley. "Sewage Overspills Result from Lack of Infrastructure Investment, Research Shows | Imperial News | Imperial College London." Imperial News, 23 Jan. 2023, www.imperial.ac.uk/news/242831/sewage-overspills-result-from-lack-infrastructure
19 Environmental Improvement Plan 2023." GOV.UK, 2023, www.gov.uk/government/publications/environmental-improvement-plan/environmental-improvement-plan-2023-executive-summary.
20 "Plan for Water: Our Integrated Plan for Delivering Clean and Plentiful Water." GOV.UK, 4 Apr. 2023, www.gov.uk/government/publications/plan-for-water-our-integrated-plan-for-delivering-clean-and-plentiful-water. Accessed 19 June 2023.

Reducing Water Pollution (continued)

The following two case studies provide examples of how the two operating divisions of Workdry, Selwood and Siltbuster,achieve these goals.

WATER PUMPS

Water pumps are used to divert water flows (either clean or waste) or extract water from various sources such as rivers, lakes, underground wells or reservoirs. Applications of water pumps can include temporary supply solutions for planned and unscheduled maintenance of water and sewer networks, supply of clean water to users, temporary removal of water for infrastructure repair or construction and diverting water during peak flows, such as flood events facilitating water transfer, and maintaining reservoirs. By efficiently managing water flows in pipe networks and wastewater to treatment plants, pumps help ensure a reliable supply of clean drinking water to communities, reducing reliance on potentially polluted water sources and the impact of wastewater discharges.

CASE STUDY: SELWOOD PUMP MINIMISES POLLUTION INCIDENTS

Water pumps play a critical role in safeguarding the environment, as exemplified by a recent real-life scenario. When a damaged sewer main threatened an ecosystem near Saltburn seafront, Selwood's pump rental team was hired by Northumbrian Water Group.

The compromised pipe, located beneath a prominent hill on the Saltburn seafront, resulted in the release of its contents onto the adjacent beach, thereby endangering the nearby Skelton Beck stream and the North Sea with the risk of contamination. Through comprehensive site surveys and meticulous planning, Selwood's team successfully overpumped the damaged pipe, diverting flows for repairs. To protect aquatic life and prevent pollution, an advanced treatment plant with screening capabilities was swiftly implemented.

WASTEWATER TREATMENT PLANTS

Wastewater treatment plants employ various processes to remove contaminants from agricultural, industrial or sewer wastewater, through physical, chemical and biological treatments. These processes target pollutants such as organic matter, solids, nutrients (e.g.,nitrogen and phosphorus) and harmful substances (e.g. heavy metals, pathogens and chemicals). Different levels of wastewater treatment can be categorized into four main stages: preliminary, primary, secondary and tertiary and/or advanced treatment[21].

CASE STUDY: WASTEWATER TREATMENT PROCESS: SILTBUSTER SOLUTIONS

In the primary treatment stage, the main focus is on separating liquids from solids. Siltbuster employs here a technology called "lamella clarifiers" or "Lamella Settlement Tanks" to remove gross solids and pollutants from wastewater through a process called settlement. However, this stage is unable to effectively remove dissolved organic components like Biochemical Oxygen Demand (BOD), which can be harmful to the aquatic environment. In certain cases, additional chemical pre-treatment may be necessary to improve the quality of water treatment.

Secondary treatment plays a crucial role in further enhancing the quality of wastewater effluent after primary treatment. Its objective is to eliminate remaining organic compounds and suspended solids, including BOD. Siltbuster utilises a fixed film process known as "Moving Bed Bioreactors (MBBRs)" for this stage. Bacteria are employed to process the sludge within the treatment works, allowing it to be repurposed for secondary applications such as fertilizer for farms or even as a source of energy. Chemical compounds are used to remove silt from the remaining wastewater, thereby minimising the environmental impact. Furthermore, these treatment techniques have the capability to extract valuable nutrients from the wastewater, facilitating their recycling into the soil and supporting a circular economy approach.

21 FAO. (2023). Wastewater Treatment. Wastewater treatment. https://www.fao.org/3/t0551e/t0551e05.htm

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 2022 Arcus has updated its ESG policy, adopting 13 SDGs that Arcus is most likely to have the greatest impact on, as set out on page 27. Furthermore, Arcus has updated its exclusions policy focusing on topics such as human rights, labour practices, adverse environmental impacts and poor corporate governance. To improve transparency, the exclusions policy is now publicly disclosed as part of Arcus' ESG policy.

HUMAN RIGHTS

- Arcus recognises 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 annually reports 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. All Arcus members and employees receive training on the Modern Slavery Act on a regular basis.

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' support of SDGs 3, 4, 5, 8 and 10.
- 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. This continues to be in effect.
- 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, Equity and Inclusion ("DEI") within the approach to recruitment. In 2022, Arcus implemented a standalone DEI policy to further enhance its approach.
    - In 2022 Arcus continued to support social mobility in association with the Sutton Trust charity through a work experience programme; more details can be found on page 24.

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 (December 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.
- Arcus reported GHG emissions across the organisation and all investee companies for the first time in 2022. In addition, Arcus made a commitment towards net zero and became a member of iCI.
- Arcus incorporated two additional SDGs to those we have already committed to.
- Arcus continues to report on physical and transitional climate-related risks and opportunities for all its investee companies as part of TCFD reporting, outlined in section 2.9 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 and Corruption policy as part of the wider Compliance manual. In 2022, 100% of Arcus staff completed online Anti-Bribery and Corruption training and signed an annual attestation that they have read and adhered to the Arcus policy framework.

"As part of our ongoing commitment to putting the UN Global Compact and its principles at the centre of the strategy, culture and day-to-day operations of our business, we have pledged to be net zero by 2050 and, in 2022, became a signatory of the iCI to support this goal. We also expanded the number of SDGs we focus on from 11 to 13, signifying Arcus' dedication to ensuring investee companies fulfil their responsibilities in the areas in which they can have the biggest positive impact. This report outlines the ways we are improving our understanding of climate-related risks and opportunities across our portfolio, and making the changes required to address them."

Ian Harding, Managing Partner

2.7 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORTING

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

The analysis contained within this report, and the underlying climate data, has been prepared in conjunction with ERM, a global sustainability consultancy, who we have been working with since the inception of our TCFD reporting. The Arcus disclosure is contained below and concludes that relative to other infrastructure sector peers, the Arcus portfolio'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 the Manager via the Investment Committee. 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 risk reviews. These risk reviews are presented to the Investment Committee and the Head of Compliance who review the risk identification and assessment and also for consideration of 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.

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

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 was used to measure the expected change in the severity and/or frequency of eight climate event types.[22] 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.

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

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

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 comprising 13 scenario indicators[23] to link with footnote, 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, the commercial nature of the business and the potential exposure each investee company's business model has to the transition to a low carbon economy. The risks were then filtered by materiality and, for those considered with potential to be material, further investigation undertaken into the nature of each investee companies and its business model and whether those risks had the potential for a material impact on financial performance.

Results

The output of the analysis of potential transition and physical climate-related risks and opportunities is illustrated 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 sectors in the physical risk chart are reflective of the average impact across Europe, as the data can vary depending on the underlying region(s).

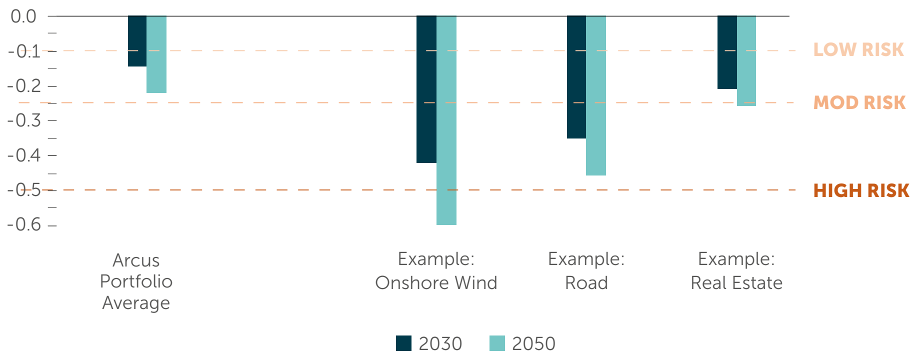
The assessment of the portfolio did not identify any material risks to any of the businesses or systematically across the portfolio. Relative to other sectors, Arcus' average physical climate risk can be viewed as low to moderate, and the low carbon transition continues to provide more of an opportunity 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.

23 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.

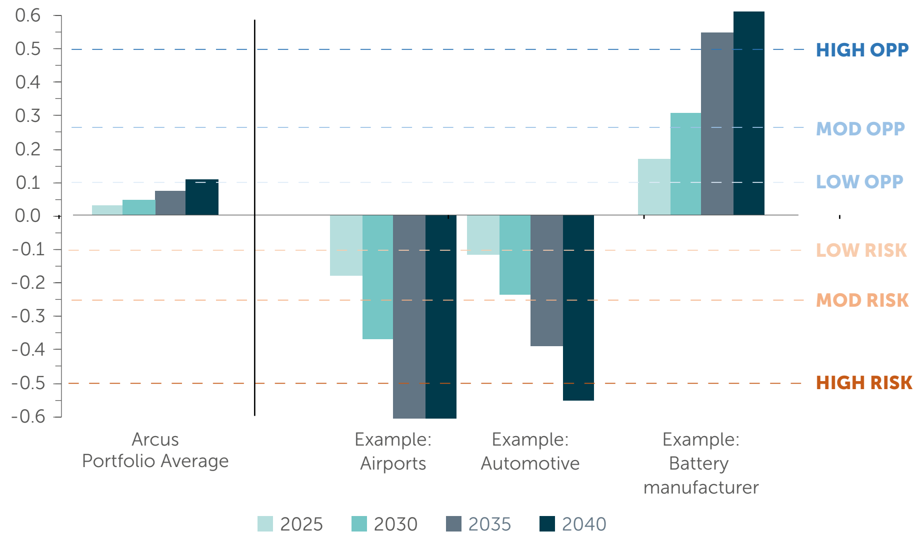
2.7 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORTING (CONTINUED)

PHYSICAL RISK



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. From 1 January 2023, Arcus' reporting commitments include reporting annually on the 14 mandatory PAI and an additional 16 voluntary PAI that Arcus feels are material for the infrastructure sector in accordance with Article 4 of SFDR.

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

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.

In 2021 as part of Arcus' continuous ESG improvement, Arcus engaged ERM to enhance our GHG reporting and ensure alignment of the Arcus and investee company GHG reporting with the GHG protocol standards. ERM has assisted in the design of Arcus emissions calculation methodology and reporting template tool specifically for the infrastructure sectors we operate in, provided GHG accounting 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, including the investee companies.

In line with the GHG protocol standards,[24] investee companies will report separately on Scope 1, 2 and material Scope 3 emissions. 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.

The table below presents GHG emissions across the Arcus portfolio of investee companies (excluding Portus and Officium) given these were acquired close to or post year end 2022 for which GHG emissions will be calculated for the first time in 2023). GHG emissions have been calculated as an aggregate representation of the equity ownership share in the investee company.

Arcus portfolio average[25]	2021	2022	Delta	Comment
Scope 1 (tCO_2e)	15,029	15,393	2.4%	n.m.
Scope 2 (tCO_2e)	34,674	34,790	0.3%	n.m.
Scope 3 (tCO_2e)	2,621,812	2,098,126	(20%)	The Scope 3 emissions for portfolio company GTC are not a like-for-like comparison between years as the 2022 emissions reporting is missing data primarily relating to emissions from road user vehicles. Due to SFDR reporting requirements the team had to report its GHG emissions much earlier after the year-end than in previous years. For the following year, it is intended that the GHG emissions data will be presented on a complete like-for-like basis.
Total (tCO_2e)	2,671,514	2,148,309	(19%)	The 2022 emissions includes Momentum, Opus B and Workdry. As these assets have been acquired in December 2021 or later, their emissions have not been included in the 2021 emissions.

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.

NEXT STEPS IN TCFD IMPLEMENTATION

Future targets on the Arcus TCFD roadmap include further consideration of methodologies for translating risk and opportunity into a quantification of financial risk or opportunity, although at this stage we do not consider this to be material to valuation. Some risks and opportunities identified are not easily quantifiable and hence require further consideration, such as determination of a materiality threshold of risk, or opportunity for quantification. In December 2022, Arcus made a corporate commitment to become net zero by 2050 in line with a 1.5 degree temperature increase limit scenario. Through 2023 and 2024, Arcus will work to translate this commitment to its fund and investee companies and actively work with the management teams of the investee companies to map out the required next steps on this journey. In support of this commitment, and as previously mentioned, Arcus became a signatory to iCI. Furthermore, in 2023 Arcus will assess the challenges and next steps to commit to a net zero target aligned with the Science Based Targets initiative (SBTi).

24 A detailed description of the GHG protocol emission scopes can be found in the GHG emissions reporting thought leadership piece on page 39 below.
25 Emissions are adjusted for the percentage of ownership Arcus represents.

iCI Spotlight

In December 2022 Arcus made a corporate commitment to become net zero by 2050 in line with a 1.5 degree temperature increase limit scenario. In parallel to this important commitment Arcus became a signatory to the Initative Climat International (iCI). The iCI is a private equity industry collective initiative for commitment to reduce carbon emissions of private markets-backed companies and secure sustainable investment performance by recognising and incorporating the materiality of climate risk.

The iCI is supported, and resourced, by the UNPRI and was originally launched as the iC20 (Initiative Climat 2020) in November 2015 with the objective to contribute to the Paris Climate agreement of limiting global warming to well-below 2 degrees Celsius.

Through the iCI Arcus gains access to climate-related training material and experience practitioners to inform and develop Arcus and investee company strategy for emissions reduction. Arcus recognises that the transition to a low carbon economy will require lots of changes. These changes will provide significant investment opportunities which deployment of capital to assist in the transition to a low carbon economy; however, they also require us to stay well informed and aware of climate change risks.

As a signatory to the iCI, Arcus has committed to:

- Recognise that climate change will have adverse effects on the global economy, which presents both risks and opportunities for investments;
- Joining forces to contribute to the objective of the Paris Agreement to limit global warming to well-below two degrees Celsius;
- Actively engage with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance.

03

INVESTMENT PORTFOLIO REPORTING

Reporting in this section on our portfolio companies is governed in most cases 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
132 Total (60% male: 40% female)

ARCUS ASSET MANAGER
Neil Krawitz

ARCUS BOARD MEMBERS
Jack Colbourne, Manuela Abreu[26] (Arcus holds 2 of 6 seats)[27]

INVESTMENT DATE
First acquired 5 August 2008

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
58.3%[28]

GRESB RESULTS

Alpha scored 100 out of a possible score of 100 compared to the average GRESB score of 79. Alpha was ranked as follows in peer benchmarking:

- 1st of 10 European rail company participants; and
- 1st of 649 participants overall.

2021	2022
96 / 100 GRESB ★★★★★ 2021	100 / 100 GRESB ★★★★★ 2022

26 Audrey Lewis until 31 July 2022, Manuela Abreu from 1 August 2022.
27 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.
28 Arcus manages 58.3% of Alpha investment on a Managed Account basis.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

INVESTMENT DESCRIPTION

Alpha is the largest private sector rolling stock lessor active in the continental European rail sector. Its portfolio comprises 457 passenger trains and 396 freight locomotives with a net book value of c.€2.3bn. These assets are leased to rail customers across 22 EU and EFTA countries. Alpha has also ordered c.€275m of new passenger trains (41 trains) which are under construction for forward starting long-term leases in Germany and c.€350m of new locomotives (79 locomotives) for operation 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, but as 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.

2022 KEY ESG EVENTS

Alpha updated its Green Finance Framework in October 2022 as part of a major refinancing. The revised framework follows the internationally acknowledged Green Bond and Green Loan Principles. It is also fully aligned with the EU Taxonomy, as Alpha's Eligible Green Assets have been evaluated and selected according to appropriate criteria. The framework will apply to all of the company's green financing instruments (existing and future), such as green notes and loans, and defines the standards applying to our green funding strategy.

In November 2022, one of Alpha's locomotives operated by XRail collided with the back of a freight train near Hannover, Germany. During the accident there was a concern that propane gas, that was contained in some of the freight wagons, could leak and the recovery operation was successfully controlled by the fire brigade. While both drivers were injured, there were no reported fatalities. The locomotive was heavily damaged in the accident and written off as a result. Alpha is not responsible for the operation of the locomotive and the investigations do not indicate the locomotive was the cause of the accident.

ESG KPIs at Alpha Trains

KPI	FY2021	FY2022
Employee Gender Split	60% male/40% female	60% male/40% female
Energy Usage	81,400 kWh of electricity	76,900 kWh of electricity
GHG/Carbon Emissions[29]	Scope 1: 145 (tCO_2e) Scope 2: 30 (tCO_2e) Scope 3: 53,508 (tCO_2e)	Scope 1: 96 (tCO_2e) Scope 2: 27 (tCO_2e) Scope 3: 73,918 (tCO_2e)[30]
H&S Metric	Incidents 0	Incidents 0

29 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.
30 Due to the timing of SFDR reporting, data does not include emissions from use of trains by customers due to timing for collection of that data.

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
2,867 Total (61% male, 39% female)

ARCUS ASSET MANAGER
Ana Tavares

ARCUS BOARD MEMBERS
Daniel Amaral
(Arcus holds 1 of 12 seats)

INVESTMENT DATE
First acquired 27 June 2007

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
83.3%[31]

GRESB RESULTS

Brisa scored 96 out of a possible score of 100 compared to the average GRESB score of 79. Brisa was ranked as follows in peer benchmarking:

- 3rd out of 8 European Motorway Networks;
- 4th out of 60 Global Road Companies; and
- 55th of 649 participants overall.

2021	2022
95/100 GRESB ★★★★★ 2021	96/100 GRESB ★★★★★ 2022

31 Arcus manages 83.3% of Brisa investment pursuant to a Management Services Agreement.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

INVESTMENT DESCRIPTION

Brisa is a leading European toll road operator, owning and operating 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 strategic vectors of sustainability: economic performance, sustainable mobility, social performance, human resources, and environmental management. Brisa uses a range of indicators to monitor its ESG performance, and through its commitment to sustainability and ongoing measurement has significantly improved against them over the years. Brisa's ESG management and approach is externally audited annually.

Brisa has a long and well-established history of committing to sustainable development and operations and takes a proactive approach when it comes to its responsibility for societal wellbeing and development. Brisa has been a signatory to the UNGC 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 organisations related to sustainable development, such as the Association of Portuguese Concession Companies of Toll Motorways or Bridges ("APCAP"), European Association of Toll Motorways Operators ("ASECAP"), Portuguese Road Centre ("CRP"), and International Bridge, Tunnel and Turnpike Association ("IBTTA"). In addition to these memberships, Brisa is an active participant in various international forums aimed at increasing transportation sustainability and has a long track record in road safety in Portugal, investing 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 dedicated to achieving carbon neutrality.

The performance of many of Brisa's strategic initiatives, such as new mobility ventures, are measured against 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.

2022 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 42% 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. 2019, towards zero fatalities, (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.

Throughout 2022, and in line with the above six goals, Brisa continued the implementation of 30 initiatives to be undertaken by 2025. Brisa has also added two additional ESG goals in 2022: to ensure that at least two disabled persons are hired every year until 2025 and to achieve work-life balance for Brisa employees.

Brisa continues to invest in health and safety across the road network. For example, in 2022 the company acquired a number of Track Mountain Attenuators ("TMAs"). TMAs work to significantly reduce the risk of collisions between traffic and workers maintaining highways, as well as lessen the impact of any collisions which may occur. The company has also started the process of achieving BREEAM certification for five of the buildings across the Brisa estate in order to further improve ESG performance. In particular, the headquarters of the BCR concession achieved BREEAM certification in Q1 2023.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

ESG KPIs at Brisa

KPI	FY2021	FY2022
Employee Gender Split	62% male/38% female	61% male/39% female
Energy Usage	28,323.9 MWh of electricity	28,600.6 MWh of electricity
GHG/Carbon Emissions[32]	Scope 1: 5,900 (tCO_2e) Scope 2: 6,230 (tCO_2e) Scope 3: 4,263 (tCO_2e) (without category 11) 1,984,456 (tCO_2e) (Category 11 – Optional accounting)	Scope 1: 5,730 (tCO_2e) Scope 2: 7,840 (tCO_2e) Scope 3[33]: 124,991 (tCO_2e) (without category 11) 2,321,029 (tCO_2e) (Category 11 – Optional accounting)[34]
H&S Metric	Accidents: 2,577 Slightly Injured: 915 Seriously Injured: 78 Deaths: 23	Accidents: 3,011 Slightly Injured: 931 Seriously Injured: 86 Deaths: 30

32 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.
33 The Brisal – Auto-Estradas do Litoral, S.A. concession became part of the Brisa Group's consolidation perimeter in 2022.
34 In 2022 Brisa complete its first Scope 3 emissions inventory, including all categories defined by the GHG Protocol that apply to its activity (Categories C1, C2, C3, C5, C6, C7 and C15). Accordingly the 2022 and 2021 data is not like for like.

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
510 Total (86% male, 14% female)

ARCUS ASSET MANAGER
Jordan Cott

ARCUS BOARD MEMBERS
Jordan Cott, Stuart Gray, Theo van Sambeeck[35] (Arcus holds 3 of 6 seats)

INVESTMENT DATE
30 September 2019

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
75.9%

GRESB RESULTS

Constellation scored 87 out of a possible score of 100 compared to the average GRESB score of 79. Constellation was ranked as follows in peer benchmarking:

- 4th of 7 'other transport' maintenance company participants; and
- 262nd of 649 participants overall.

2021	2022
67/100 GRESB ★★★★★ 2021	87/100 GRESB ★★★★★ 2022

35 Arcus senior advisor.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

CONSTELLATION
COLD LOGISTICS

INVESTMENT DESCRIPTION

Constellation (or the "Platform") is a platform bringing together European cold storage market leaders comprising 25 facilities and c.600k pallet positions of capacity through four regional divisions.

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.260k pallets positions across eight facilities. In the UK, Constellation operates c.140k 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 reducing 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.

2022 KEY ESG EVENTS

The Constellation group advanced several ESG initiatives during the year. In the Netherlands, the group finalised the replacement of older refrigeration installations at its Lichtenvoorde facility with modern and environmentally efficient upgrades in a €2.5m capex project which is expected to result in a 10-15% reduction in energy consumption. In the UK and Nordics, the group committed to the implementation of solar panels across a number of facilities with a total anticipated capital investment of €4.3m reflected in the FY23 capex budget. Constellation was not involved in any material environmental issue during the year.

A key governance initiative completed in 2022 was the restructuring of equity interests held by minority shareholders in each of the Constellation regional holding vehicles into equivalent-value minority interest in the group top company, in turn allowing for a material simplification in governance procedures across the Constellation group and supporting an enhanced level of operational integration across group geographies.

Otherwise, during the year, Arcus appointees' attendance score at Constellation Boards was 21 of 22 seats, where, in addition to the normal standing Board agendas, the Board considered and approved matters related to expansion projects, material customer contract negotiations and bolt-on acquisitions. Further, a number of group policies related to ESG, Ethics in Business and Stakeholder Engagement were updated and approved during the year.

ESG KPIs at Constellation

KPI	FY2021	FY2022
Employee Gender Split	85% male/15% female	86% male/14% female (439/71)
Energy Usage	50.1 GWh of electricity 2,380 kL of diesel/biodiesel	63.5 GWh of electricity 2,380 kL of diesel/biodiesel including diesel company cars
GHG/Carbon Emissions[36]	Scope 1: 7,789 (tCO_2e) Scope 2: 8,527 (tCO_2e) Scope 3: 7,225 (tCO_2e)	Scope 1: 5,915 (tCO_2e) Scope 2: 10,379 (tCO_2e) Scope 3: 14,448 (tCO_2e)
H&S Metric	8.2 injuries per 100,000 labour hours	4.9 injuries per 100,000 labour hours (of which 1.7 were lost time injuries)
Energy Consumption Per Pallet Position	0.12 MWh per pallet capacity	0.13 MWh per pallet capacity (based on 499,907 pallet capacity at the year end 2022)
Renewable Electricity Generation	3,890 MWh	5,158 MWh

36 FY2022 GHG emission increases reflect the significant expansion of the Constellation platform perimeter during the 2022. 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 have had a positive effect on FY2022, reducing like for like Scope 1 and 2 emissions.

3.4 TRANSPORT – TOLL ROADS

Stefano Brugnolo

3 GOOD HEALTH AND WELL-BEING · 5 GENDER EQUALITY · 7 AFFORDABLE AND CLEAN ENERGY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 15 LIFE ON LAND

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%[37]

GRESB RESULTS

GTC scored 96 out of a possible score of 100 compared to the average GRESB score of 79. GTC was ranked as follows in peer benchmarking:

- 1st of 14 European Motorways;
- 4th of 60 Global Road Companies;
- 55th of 649 participants overall.

2021	2022
95/100 GRESB ★★★★★ 2021	96/100 GRESB ★★★★★ 2022

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

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

INVESTMENT DESCRIPTION

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

GTC'S APPROACH TO ESG

ESG matters are core to GTC's obligations under the concession and Polish regulatory requirements and are important to GTC's stakeholders and to 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 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. These are monitored on a monthly basis to further improve GTC's ESG performance. GTC's ESG policies and activities have also been enhanced as management has endeavoured to set meaningful annual ESG objectives that are well beyond minimum compliance.

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

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

2022 KEY ESG EVENTS

During 2022, GTC progressed a number of ESG initiatives for its users and employees, alongside regular maintenance to ensure the safety of the motorway. The company continued with its biodiversity and carbon offset projects and has now reached a total of 1k bushes and trees planted, as well as a meadow of over 5,000m^2 developed locally outside of the highway belt, a project that has been ongoing for the last three years. GTC also continued with its energy usage and carbon reduction initiatives by replacing road lights with LED-type ones (working towards its target of replacing a total of c.4k lights). It is also developing solar panels (alongside operations and maintenance operator, Intertoll) that will allow GTC to partly rely on its own renewable energy production for domestic electricity use and is replacing the company's pool car with electric vehicles.

Lastly, the safety of the motorway has significantly improved since 2021 with only one fatal accident in 2022 as compared to six in the previous year and accident factors decreasing over the year as well.

ESG KPIs at GTC

KPI	FY2021	FY2022
Employee Gender Split	58% male/42% female	58% male/42% female
Energy Usage	4,701 kWh of electricity	4,524 kWh of electricity
GHG/Carbon Emissions	Scope 1: 1,307 (tCO_2e) Scope 2: 3,157 (tCO_2e) Scope 3: 1,030,030 (tCO_2e)	Scope 1: 971 (tCO_2e) Scope 2: 3,007 (tCO_2e) Scope 3: 851, 488 (tCO_2e)
H&S Metric	Incidents 0	Incidents 0

3.5 LOGISTICS & INDUSTRIALS – ASSET POOLING

Lisero Perez Lebbink

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
129 Total[38] (82% male, 18% female)

ARCUS ASSET MANAGER
Lisero Perez Lebbink

ARCUS BOARD MEMBERS
Jordan Cott, Lisero Perez Lebbink, Peter Willems[39] and Michael Heikenfeld[39]

INVESTMENT DATE
8 December 2021

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
98%[40]

38 Permanent FTEs.
39 Arcus senior advisor, Michael Heikenfeld appointed as executive board member (CCO) as per 1/1/2023.
40 AEIF2 investment.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

INVESTMENT DESCRIPTION

HB Returnable Transport Solutions ("HB") is a leading provider of Return Transport Items ("RTIs") to the Dutch food sector, with activities run from a network of 29 operating facilities and depots. The company rents a pool of c.6m RTIs to a diverse customer base in the Dutch food industry as well as surrounding geographies, providing a sustainable solution to critical transport needs in the food and beverage supply chain. Beyond RTI rental, HB also provides washing services to users of RTIs, as well as storage, transport and integrated return logistics solutions.

HB'S APPROACH TO ESG

HB is well regarded in relation to ESG matters given the role it plays in the circular economy 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 in regard to waste collection, pest control, process measurement, supply cleaning and washing detergent, 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.

The first GRESB assessment in which HB will qualify for full participation is for reporting year 2022, to be completed in mid 2023.

2022 KEY ESG EVENTS

In 2022, HB demonstrated its strong commitment to ESG principles through a series of key events and initiatives. Firstly, the company initiated an operational improvement programme aimed at enhancing the company's sustainability profile through measures aimed at conserving energy and water. Proposed improvement initiatives include actions such as the adoption of new detergents for washing processes, measures to prevent water leakages, the introduction of a water filtration mechanism to minimise water usage, and the installation of frequency modulating equipment to drive down electricity consumption. To oversee and drive the success of this programme, Olaf Langenstein was appointed as Operational Director, bringing valuable expertise and leadership to the company's sustainability efforts.

To establish a comprehensive ESG framework across its operations, HB implemented group-wide policies encompassing stakeholder engagement, health and safety practices, and broader ESG considerations. This holistic approach ensured that sustainable practices were embedded throughout the organisation, fostering responsible business conduct and long-term value creation.

In a significant milestone, HB successfully executed the relocation of its Bleijswijk facility – its largest washing site – showcasing its dedication to optimising operations while considering environmental and social factors. This relocation not only contributes to improved efficiency but also provides an opportunity to implement sustainable practices and modern technologies throughout the facility.

In line with its focus on risk management, the company implemented a robust risk register that is reviewed at every board meeting. As part of its commitment to transparency and accountability, HB updated its board reporting practices including KPIs related to energy consumption and GHG emissions. This enhanced reporting framework allowed for better tracking and assessment of the company's environmental impact, enabling informed decision-making and strategic planning.

Recognising the importance of proper chemical storage and management, HB improved its chemical storage practices in alignment with industry guidelines and best practices. This initiative is aimed at enhancing safety standards and mitigating potential risks associated with chemical handling. In addition to this, HB also completed a thorough audit to assess and strengthen its cyber defences. This proactive measure is aimed to safeguard sensitive information, protect against cyber threats, and ensure the integrity and resilience of the company's digital infrastructure.

To reinforce governance structures, Michael Heikenfeld was hired as CCO as of 1 January 2023 to drive strategic decision-making. This broadening of HB's executive board further enhances the company's commitment to ethical practices, transparency and accountability.

Lastly, HB demonstrated its commitment to diversity and inclusion by fostering a gender-split workforce with a larger female presence, underpinned by the integration of CCER.

ESG KPIs at HB

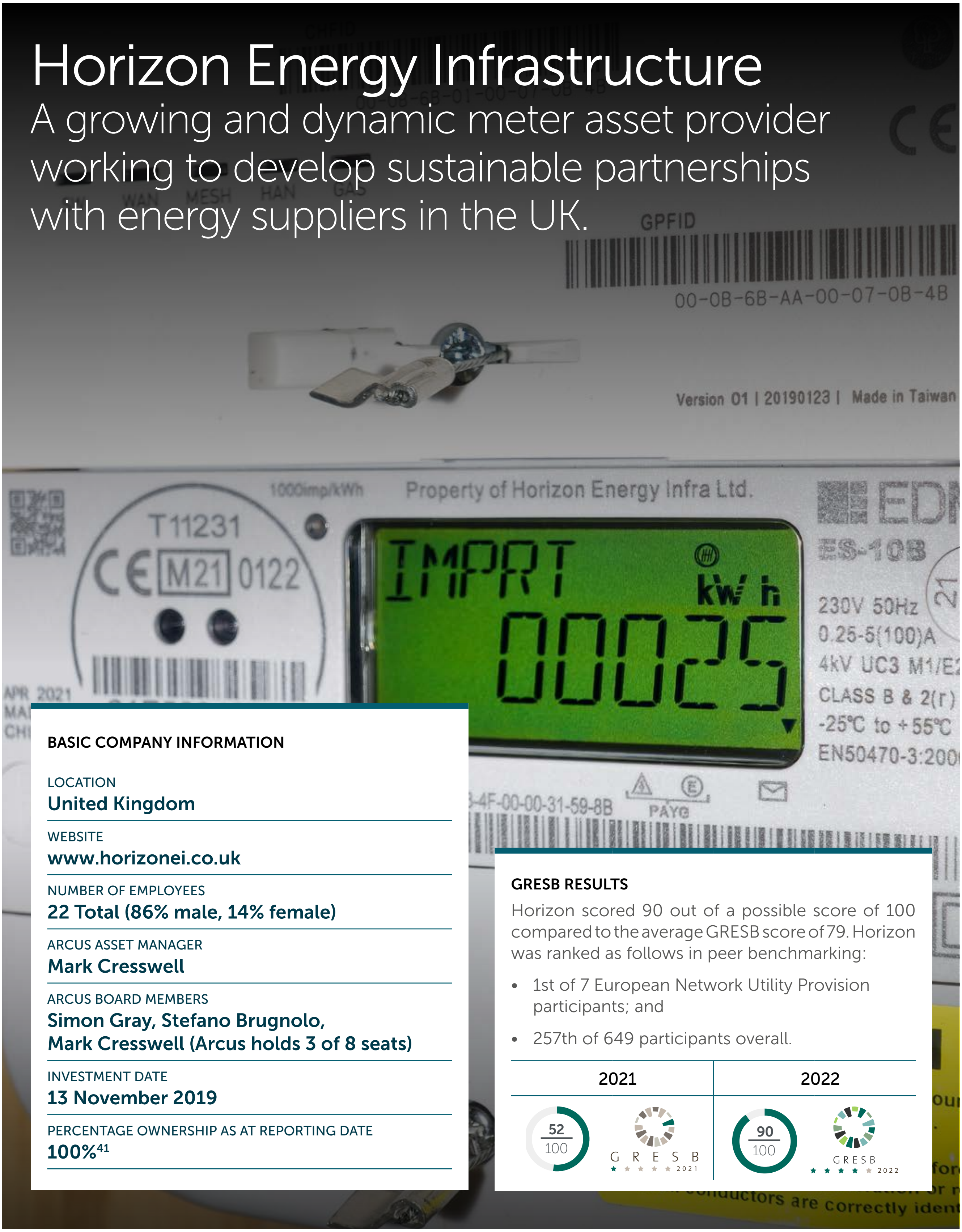
KPI	FY2021	FY2022
Employee Gender Split	85% male/15% female	82% male/18% female
Energy Usage	7,491 kWh of electricity 782 m^3 gas	7,048 kWh of electricity 38 m^3 gas
GHG/Carbon Emissions[2]	Scope 1: 300 (tCO_2e) Scope 2: 2,800 (tCO_2e) Scope 3: 4,500 (tCO_2e)	Scope 1: 300 (tCO_2e) Scope 2: 2,600 (tCO_2e) Scope 3: 7,400 (tCO_2e)
Water Usage	105.1 m^3	102.3 m^3
H&S Metric	Accidents 8	Accidents 9
Training Hours Per Employee	500	N/A

3.6 ENERGY – SMART METERING

Mark Cresswell

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
22 Total (86% male, 14% female)

ARCUS ASSET MANAGER
Mark Cresswell

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%[41]

GRESB RESULTS

Horizon scored 90 out of a possible score of 100 compared to the average GRESB score of 79. Horizon was ranked as follows in peer benchmarking:

- 1st of 7 European Network Utility Provision participants; and
- 257th of 649 participants overall.

2021	2022
52/100 GRESB ★★★★★ 2021	90/100 GRESB ★★★★★ 2022

41 AEIF2 investment.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

horizon
ENERGY INFRASTRUCTURE

INVESTMENT DESCRIPTION
Horizon Energy Infrastructure ("Horizon") is a UK-based smart metering asset provider founded in 2009, with a portfolio of c.105m smart meters installed in domestic and industrial and commercial premises as the end of December 2022. 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 supplier switching to lower carbon energy suppliers (e.g. some energy suppliers offer 100% renewable energy tariffs), the introduction of time-of-use tariffs, which shift energy consumption to low demand periods, reducing the need for grid reinforcement and faster detection and communication of emergencies (leaks, fires and other) to network operators and energy suppliers. Horizon's business is a key driver of the investment in this transition.

The impact of Horizon's business activities on the environment are indirectly through its suppliers (e.g. installers who drive to customers' premises; a third-party contractor who disposes of the meters) and the company works with its partners to improve energy efficiency where possible. An area 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.

2022 KEY ESG EVENTS
During the year, the company's office energy consumption increased by c.13% to 13.50 MWh, as office attendance increased following relaxation of Covid restrictions. The company has two EV charging points installed at the headquarters' parking spaces for employees and guests to use. Building on successes in 2022 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 again 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 continued the collection of data regarding H&S performance of Horizon's installation partners in their related activities. This has allowed 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; no material RIDDOR events occurred within the year.

A new management performance framework was adopted in 2021 by the Remuneration Committee to define the management's KPIs and objectives. During 2022, following the ESG 2021 Improvement Programme, the Board was updated monthly on ESG KPIs and health and safety performance of installation partners. A thorough review of IT strategy and cyber security was undertaken, bringing enhanced security, resilience and functionality. Horizon also completed the second ISO 9001 audit, retaining its certification.

In May 2022, Horizon completed a refinancing of its senior and junior debt facilities, putting in place a platform financing to sustainably fund future growth in the meter portfolio as well as explore complementary opportunities in the energy transition space. The senior facilities were structured under the UK Green Financing Framework following in the footsteps of SMA's refinancing earlier in the year.

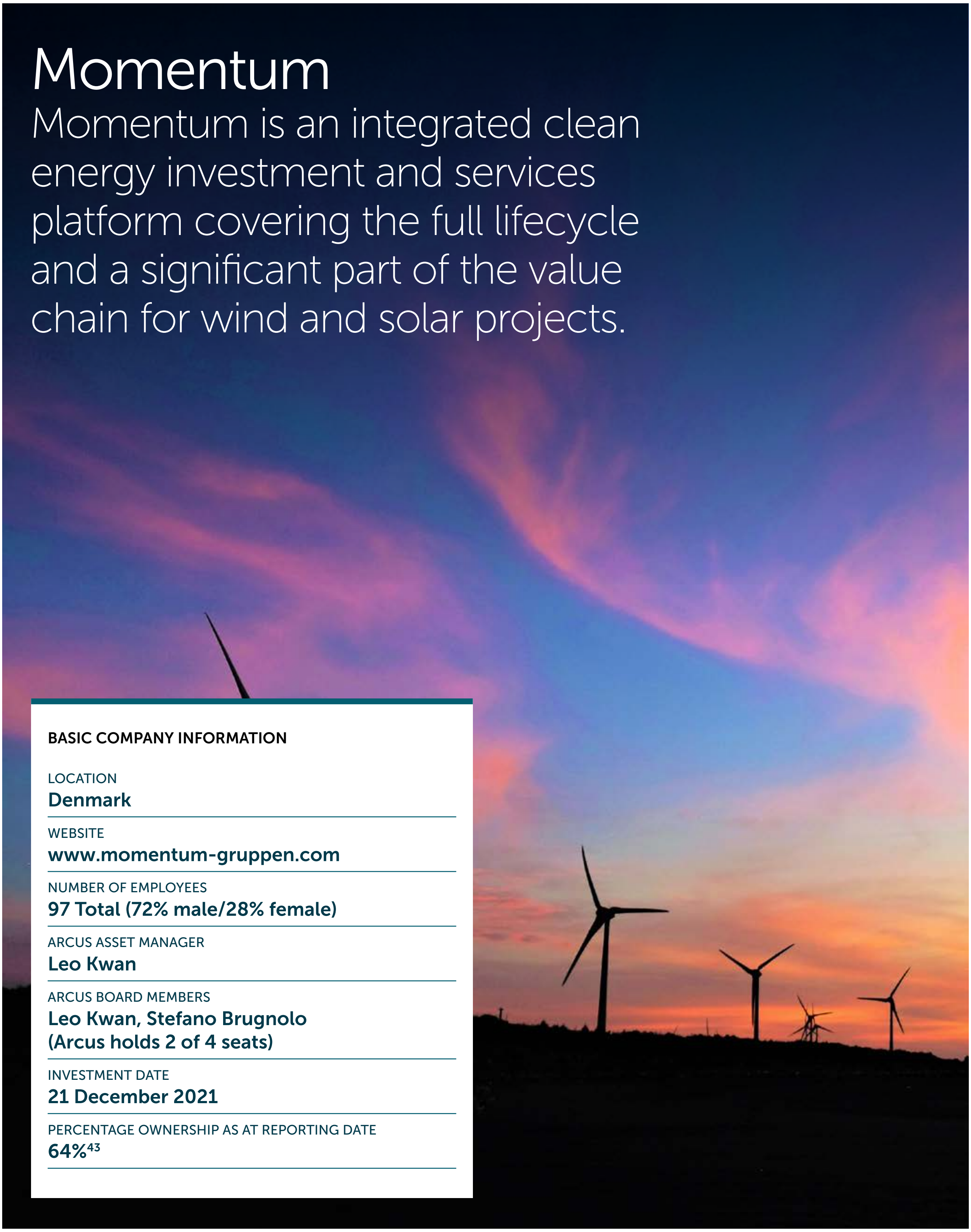
ESG KPIs at Horizon

KPI	FY2021	FY2022
Employee Gender Split	86% male/14% female	86% male/14% female
Energy Usage	11.95 MWh of electricity	c.144 MWh of electricity
GHG/Carbon Emissions[42]	Scope 1: 0 (tCO_2e) Scope 2: 3 (tCO_2e) Scope 3: 4,000 (tCO_2e)	Scope 1: 0 (tCO_2e) Scope 2: 4 (tCO_2e) Scope 3: 3,500 (tCO_2e)
H&S Metric	Incidents 0	Incidents 0
Training Hours Per Employee	–	21 hours

42 Horizon's offices all run on 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 FY21 and mostly represent embodied emissions from the third-party manufacturing and transportation of smart meters.

3.7 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
97 Total (72% male/28% female)

ARCUS ASSET MANAGER
Leo Kwan

ARCUS BOARD MEMBERS
Leo Kwan, Stefano Brugnolo (Arcus holds 2 of 4 seats)

INVESTMENT DATE
21 December 2021

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
64%[43]

43 AEIF2 investment.

PORTFOLIO COMPANY DETAIL AS AT 31 DECEMBER 2022

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

Sustainability and ESG are fundamental to Momentum and they aim to become a permanent contributor to the green transition and the sustainable economy. Momentum addresses ESG risks and opportunities through three verticals, 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 social inclusion, 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 has an integrated approach to operating and managing the aging renewable energy fleet through specialised professional management. By having the internal expertise to maintain the older fleet to a high standard and beyond its original design life, Momentum is enabling the continued production of clean energy from a fleet that would otherwise be decommissioned. Momentum is also a leader in adopting circular economy strategies with respect to project development. The team has the expertise to incorporate a wider set of development possibilities, including sourcing and refurbishing decommissioned turbines for use in repowering, life extension or major component exchange cases to reuse materials and reduce waste.

The Arcus asset management team has established an ESG steering committee within Momentum to further improve its ESG culture and to drive ESG initiatives across the organisation. The ESG steering 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.

2022 KEY ESG EVENTS

During 2022, Momentum's rapid organisational growth led to the implementation of an updated set of frameworks, procedures and processes to allow for more effective governance at different levels. This included the update and revision of the majority of its policies to ensure they are scalable for the foreseeable future. With the establishment of the new turbine servicing and repair technician team, Momentum adopted new firm-wide health and safety policies and procedures to ensure a healthy and safe working environment that protects the wellbeing of all its employees. Momentum has also set up a system to track its GHG emissions and carbon footprint to assess the various carbon reduction strategies that it can undertake to achieve net negative GHG emissions. Furthermore, with the construction of its first solar PV project, Momentum conducted extensive due diligence of the solar PV supply chain on a voluntary basis. This allowed the Company to identify suppliers that represented lower ESG risk exposure and helped it make more responsible decisions in the procurement process. Momentum will be participating in the GRESB annual assessment for the first time in 2023.

ESG KPIs at Momentum

KPI	FY2021	FY2022
Employee Gender Split	69% male/31% female	72% male/28% female
Energy Usage	62 MWh of electricity 30,752 litres of diesel and 595 litres of petrol	65 MWh of electricity 64,157 litres of diesel and 595 litres of petrol
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	Scope 1 = 133 tCO_2 Scope 2 = 19 tCO_2 Scope 3 = 10,568 tCO_2
H&S Metrics	Injury 1 Lost time frequency rate – 7.8%	Injury 2

3.8 ENERGY – RENEWABLE ENERGY

Stefano Brugnolo

Officium

A lessor of submetering equipment for the measurement of heat and water consumption in multi-dwelling properties in Germany.

BASIC COMPANY INFORMATION

LOCATION
Germany

WEBSITE
www.officium.gmbh

NUMBER OF EMPLOYEES
c.150

ARCUS ASSET MANAGER
Stefano Brugnolo

ARCUS BOARD MEMBERS
Stefano Brugnolo
Christian Scott-Mackenzie

INVESTMENT DATE
18 January 2023

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
99%[44]

44 AEIF3 investment.

PORTFOLIO COMPANY DETAIL AS AT 31 DECEMBER 2022

OFFICIUM

INVESTMENT DESCRIPTION

Officium provides long-term rental of submetering equipment and related services for the measurement of heat and water consumption and cost allocation in multi-dwelling properties in Germany. Founded in 2020, the company has seen rapid growth over the past two years from a successful roll-up strategy that led to the acquisition of 10 submetering companies across various German regions.

Officium operates within a resilient sector which benefits from strong infrastructure characteristics and supports the transition to a decarbonised energy system. Through its portfolio of over one million submetering devices, Officium enables consumption-based billing for each individual dwelling, allowing people to better monitor and reduce their own domestic energy consumption.

OFFICIUM'S APPROACH TO ESG

The submeters owned and leased by Officium are an integral part of the transition to a safe and decarbonised energy system, allowing for individual consumption-based billing and transparent real time energy use though digitisation.

In the 1970s, a time of soaring energy prices, adoption of submeters was enforced by government regulation to support multi-dwelling properties in order to accurately monitor energy consumption. Since then, landlords and property managers have been obliged to equip apartments with heat cost allocators and meters, which are periodically read by third-party players like Officium. Increased regulation and improved technology have over time led to monthly readings being required and improvements in data collection, making submetering a key tool for sustainable energy consumption.

The company's operations have limited environmental impact beyond normal electricity and water consumption at its offices. However, health and safety is an important KPI due to Officium's large employee base, both in office and the field (installation and reading of devices), and as such is monitored closely and included in board materials.

The business has an indirect impact on the environment via its installers and suppliers (e.g. installers who drive to customers' premises; a third-party contractor who disposes of the meters) so the formalisation of a plan to drive efficiencies and cost savings in this areas is being considered.

In terms of governance, the integration of family-owned businesses to the Officium platform to ensure a consistent and professional approach to ESG is a key priority.

Whilst we have not identified any issues related to the company's ESG track record, Officium has not implemented group-wide policies like health and safety, ESG, Anti Bribery and Corruption, or IT, and as such Arcus will undertake significant work to consolidate and professionalise the ESG function. Officium is compliant with current regulations and has recently appointed an external data protection officer for the company and its subsidiaries to address future developments.

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
509 Total (88% male/12% female)[45]

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%[46]

45 Average number of permanent FTEs. At management level, gender ratio is 54%/ 46% female/ male and overall female salary is 1.9% higher than male.
46 AEIF2 investment.

PORTFOLIO COMPANY DETAIL AS AT 31 DECEMBER 2022

INVESTMENT DESCRIPTION

Opus Bilprovning AB ("Opus B" or the "Company") is a market leading vehicle inspection business in Sweden, with a network of 94 stations nationwide serving c.1.5m 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, including promoting a cleaner environment and improving road safety, particularly in line with the Swedish Government's "Vision Zero" target to eliminate death and serious injury caused by road accidents by 2050. Opus B has a Quality and Environment department 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 vehicles are in good condition from the point of view of safety and the environment during their use, with periodic inspections ensuring they remain roadworthy and safe to circulate on roads. Testing is also undertaken to ensure that the vehicle is within the prescribed emissions levels when in relation to petrol and diesel powertrains. The technical inspection measures must be supplemented with awareness-raising campaigns aimed at vehicle owners, encouraging good practices and customs as a result of basic inspections on their vehicles.

Studies have shown that operational problems with vehicles can contribute to traffic accidents, causing injuries or fatalities, and have a generally negative impact on road safety, but incident rates could have been lower if the scheme of technical inspections had been improved.

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.

As a PTI company, Opus B offers compulsory inspections which help ensure the level of pollution emitted by vehicles is within guidelines. It 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. 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 to reduce its energy consumption and increase the share of renewable energy.

2022 KEY ESG EVENTS

Following the acquisition of Opus B in March 2022, the Arcus team worked with the Company to undertake a shadow GRESB assessment in preparation for its first full submission in 2023. Workshops were organised to strengthen and improve its policies, procedures and target-setting. The exercise has allowed both the Arcus and the Opus B management team to highlight the key ESG priorities for performance optimisation and identify areas for further improvement.

A comprehensive Risk Register was developed as part of the exercise, identifying all pertinent risks for the business and measures that have or can be adopted to reduce their occurrence and impact. In addition, to fulfil the recommendations of TCFD, the team focused on identifying key climate-related risks and opportunities and assessed their potential financial impact. This exercise was undertaken in conjunction with an external advisor and the conclusions were discussed with the management.

Under previous ownership, Opus B was largely covered by group-wide ESG policies and practices, which were less targeted to its own business operations. Post-acquisition, a key asset management initiative was to review and strengthen its policy framework, during which a set of new ESG and related policies were approved by the Board and implemented by the company in Q4 2022. The key updates include strengthening the ESG policy with formalised E, S and G commitments, including ESG as a dedicated Board agenda item, improved control/monitoring on health and safety performance indicators, introducing the Risk Register and Finance and Treasury policy as part of the framework, and restructuring the HR Policy to cover business ethics, diversity, equality and inclusion guidelines.

The company has continued to work towards its ESG targets through a holistic approach. As the only inspection operator in Sweden with 100% carbon offsetting of its own operations, Opus B continues to improve its energy efficiency through various operational measures and has approximately 95% of total energy usage from renewable sources.

On the social side, two Opus B employee-led charity campaigns took place during the year to raise awareness of breast and prostate cancer, through which a total of SEK 362,400 was raised and contributed by the employees and customers. In addition, as part of the effort to improve workplace health and safety and general risk management, a three-day firm-wide training session was held for managers and employees to provide education on laws, regulations and conditions that affect the working environment. Since acquisition, the new board of directors has focused on strong governance and reporting frameworks as well as strengthening existing policy framework. Several targets, including a long-term incentive plan and the formalisation of delegated authorities, have been set for 2023 to further enhance the governance structure.

PORTFOLIO COMPANY DETAIL AS AT 31 DECEMBER 2022

ESG KPIs at Opus B

KPI	FY2022
Employee Gender Split	88% male/12% female
Energy Usage	1,600 MWh of electricity
GHG/Carbon Emissions	Scope 1 = 138 tCO_2 Scope 2 = 801 tCO_2 Scope 3 = 2,315 tCO_2
H&S Metrics[47]	Incidents 3

47 Number of injuries that led to five or more days sick leave.

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
Netherlands, Singapore

WEBSITE
www.peacockcontainer.com

NUMBER OF EMPLOYEES
15 Total (60% male, 40% 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%[48]

GRESB RESULTS

Peacock participated in GRESB for the first time and scored 70 out of a possible score of 100 compared to the average GRESB score of 79. Peacock was ranked as follows in peer benchmarking:

- 5th of 6 European 'Other Transport' participants; and
- 492nd of 649 participants overall.

2021	2022
N/A	70/100 GRESB 2022

48 AEIF2 investment.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

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 19,800 tank containers and is the sixth largest tank container lessor globally. The tank container leasing business is not directly exposed to volume risk, making it stable with limited revenue volatility. Typical customers of Peacock include producers and transportation companies active in the international chemical, pharmaceutical and food processing industry.

PEACOCK'S APPROACH TO ESG

Peacock's tank containers are suitable for intermodal use, enabling them to be used across more environmentally friendly maritime and rail options, and therefore reducing carbon footprint. The containers themselves also have sustainable benefits, including being reusable many times over their life, reducing waste during cargo discharge, and are recyclable at the end of their useful life. Tank containers comply with ISO worldwide standards and are considerably more efficient and safer than alternative options.

Safe operations are a priority for Peacock, and tank containers provide the safest form of transport of liquid products, including hazardous liquids. There are stringent regulations governing the operation and construction of tank containers and they 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 are managed by the CEO and senior management team. Peacock has an ESG policy as well as other relevant policies and has established an ESG reporting framework. Arcus continues to work with Peacock to improve ESG management and best practices within the business.

2022 KEY ESG EVENTS

During 2022, Peacock extended its suite of corporate policies and formalised several new policies focused on customer and supplier due diligence. In addition, Peacock approved its overarching ESG policy and risk management framework, building upon the foundation of ESG-related initiatives implemented in 2021. Peacock's management team participated in a series of Arcus-led workshops, applying structured tools and framework approaches to identify, evaluate and assess the risks within the business.

In December 2022, Peacock submitted its annual assessment to EcoVadis, one of the world's largest providers of business sustainability ratings. Peacock significantly improved both its score and ranking from industry average to being placed in the top 5% of all companies, and was awarded a Gold Medal. This result unlocks the full benefit of reduced debt margins under Peacock's sustainability linked loan subject to the company maintaining this level of score going forward.

ESG KPIs at Peacock

KPI	FY2021	FY2022
Employee Gender Split	64% male/36% female	60% male/40% female
Energy Usage	20.3 MWh of electricity	48.4 MWh of electricity
GHG/Carbon Emissions[49]	Scope 1 13 (tCO_2e) Scope 2 12 (tCO_2e) Scope 3 115,346 (tCO_2e)	Scope 1 19 (tCO_2e) Scope 2 13 (tCO_2e) Scope 3 27,391 (tCO_2e)
H&S Metric	Incidents 0	Incidents 0

49 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 – RENEWABLE ENERGY

John Shea

Portus

A data centre group focused on providing colocation services in Germany and surrounding countries.

BASIC COMPANY INFORMATION

LOCATION
Luxembourg

NUMBER OF EMPLOYEES
N.A.[50]

ARCUS ASSET MANAGER
John Shea

ARCUS BOARD MEMBERS
Christopher Ehrke, John Shea, Su-Anne Pang

INVESTMENT DATE
11 January 2023

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
100%[51]

50 The information has not been provided as the acquisitions have not been completed yet. The number of employees prior to acquisitions is not necessarily reflected of employee base after the completion given changes in organisational structure (e.g. a carve-out) that are happening during the processes.
51 AEIF3 investment.

PORTFOLIO COMPANY DETAIL AS AT 23 JUNE 2023

INVESTMENT DESCRIPTION

Portus Data Centers ("Portus") is a newly created data center group that provides colocation/data center capacity and related services to customers in highly secure, resilient and well-connected facilities in key regional hubs across Germany and Luxembourg. Once two pending acquisitions have completed (planned for June 2023) it will consist of three operating assets, namely: an 85% interest in European Data Hub S.A. ("EDH"), which owns a 1.5MW dataspace center in Luxembourg; 100% of SDC SpaceNet DataCenter GmbH & Co. KG ("SDC") which owns a newly built 1.5MW dataspace center in Munich; and a further transaction yet to be completed.

Going forward, Portus plans to progress with a buy and build aggregation strategy. As such, the asset management team will standardise and enhance operational, commercial and technical activities throughout the platform and supplement the local management teams with additional skills and expertise needed to further develop and grow, such that Portus becomes a local champion in the markets in which it operates.

PORTUS' APPROACH TO ESG

Portus and Arcus are highly aware of the environmental impact that data centers have and thus ESG is a fundamental consideration for the group. We are in the process of establishing and implementing formal ESG KPIs, targets and policies across the group and at each individual operating entity and location. These KPIs are likely to include: energy efficiency and sustainability metrics; water and diesel usage metrics; emissions targets. We are implementing an energy procurement policy (which will require that all electricity consumed by Portus be renewably sourced) and have already mandated that one of the data centers, based in Luxembourg, use hydrotreated vegetable oil ("HVO"), a form of biofuel, to run its generators rather than diesel. While HVO can be up to 25% more expensive than regular diesel, it reduces associated emissions by c.90%.

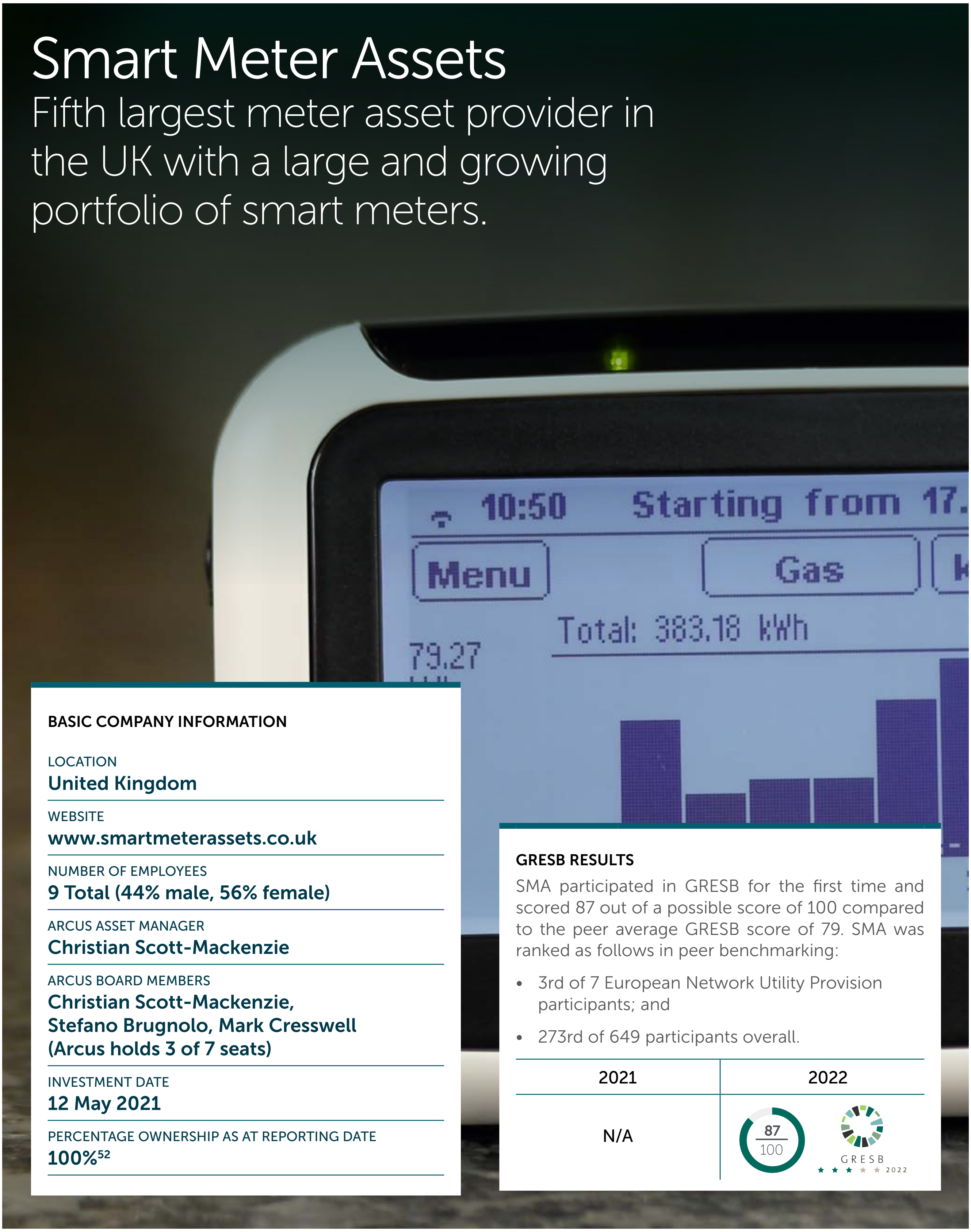
Given that Portus is newly established, with a number of acquisitions completing in 2023, there is no reporting of 2022 ESG matters. Portus will participate in the GRESB assessment in 2024 for reporting year 2023.

3.12 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%[52]

GRESB RESULTS

SMA participated in GRESB for the first time and scored 87 out of a possible score of 100 compared to the peer average GRESB score of 79. SMA was ranked as follows in peer benchmarking:

- 3rd of 7 European Network Utility Provision participants; and
- 273rd of 649 participants overall.

2021	2022
N/A	87 / 100 GRESB ★★★ 2022

52 AEIF2 investment.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

Smart Meter Assets

INVESTMENT DESCRIPTION

Smart Meter Assets ("SMA") is the fifth largest meter asset provider in the UK, with a portfolio of almost two 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 customer switching to lower carbon energy suppliers (e.g. some energy suppliers offer 100% renewable energy tariffs), the introduction of time-of-use tariffs, which shift energy consumption to low demand periods, reducing the need for grid reinforcement and faster detection and communication of emergencies (leaks, fires and other) to network operators and energy suppliers. SMA's business is a key driver of the investment in this transition.

There is limited indirect impact from SMA's business activities on the environment through its suppliers and customers (e.g., installers who drive to customers' premises; a third-party contractor who disposes of the meters), but SMA ensures its 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 and 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 and are excited to work with the SMA management team to improve the ESG credentials of the company.

2022 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. SMA continued to perform strongly during 2022, experienced no material negative ESG events and achieved ISO 9001 accreditation. SMA management has provided a monthly update to the Board for specific ESG KPIs to monitor material ESG factors.

Under the Management Services Agreement ("MSA") signed with Horizon in September 2021, Horizon has supported SMA to enhance governance and reporting quality through 2022.

Building on the shadow assessment undertaken in 2021, SMA undertook its first full GRESB submission in 2022. During Q1 2022, SMA completed a full refinancing of its outstanding debt facilities put in place as part of the acquisition. The financing was the first green financing undertaken by a UK meter asset provider and SMA established a Green Financing Framework to provide full transparency and demonstrate alignment of the Green Finance Instruments issued with the Green Loan Principles. As part of the green financing, SMA must produce an annual report on its alignment with the Green Financing Framework to lenders; the 2022 report confirmed that 100% of the drawn debt was allocated to funding green assets.

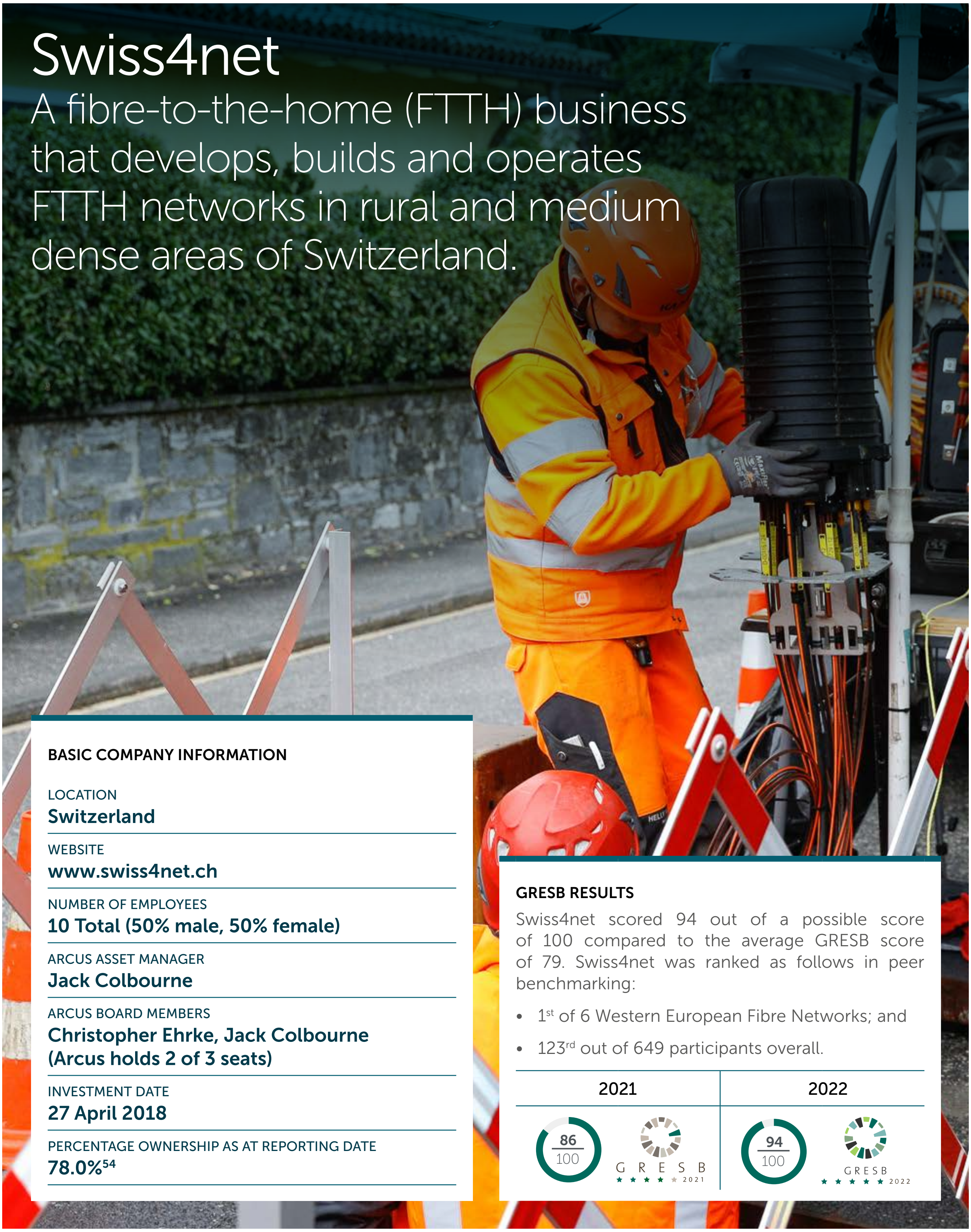
ESG KPIs at SMA

KPI	FY2021	FY2022
Employee Gender Split	50% male/50% female	44% male/56% female
Energy Usage	0	0
GHG/Carbon Emissions[53]	Scope 1 0 (tCO_2e) Scope 2 0 (tCO_2e) Scope 3 3,963 (tCO_2e)	Scope 1 0 (tCO_2e) Scope 2 0 (tCO_2e) Scope 3 3,685 (tCO_2e)
H&S Metric	Incidents 0	Incidents 0
Training Hours	26 hours	42 hours

53 Due to employees permanently working from home (zero Scope 1 and Scope 1 emissions)

3.13 DIGITAL – FIBRE NETWORK

Jack Colbourne



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
10 Total (50% male, 50% female)

ARCUS ASSET MANAGER
Jack Colbourne

ARCUS BOARD MEMBERS
Christopher Ehrke, Jack Colbourne (Arcus holds 2 of 3 seats)

INVESTMENT DATE
27 April 2018

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
78.0%[54]

GRESB RESULTS

Swiss4net scored 94 out of a possible score of 100 compared to the average GRESB score of 79. Swiss4net was ranked as follows in peer benchmarking:

- 1st of 6 Western European Fibre Networks; and
- 123rd out of 649 participants overall.

2021	2022
86/100 GRESB ★★★★ 2021	94/100 GRESB ★★★★★ 2022

54 AEIF2 investment.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

INVESTMENT DESCRIPTION

Swiss4net Holding AG ("Swiss4net") is a fibre-to-the-home ("FTTH") platform that develops, builds and operates FTTH networks in less densely populated areas of Switzerland. Swiss4net currently operates three regional networks covering c.30k Homes Connected ("HC") to date, and has five further projects approved and in the process of being rolled-out which will cover over 45k additional HC at completion. Swiss4net also has a pipeline of further areas it intends to roll out. Swiss4net operates the only privately-owned open-access wholesale FTTH networks in Switzerland. Swiss4net's build model is to secure the right to lay fibre into publicly owned regional utility ducts (otherwise housing electricity cables). Swiss4net provides Internet Service Providers ("ISPs") with wholesale access to its dark fibre, to date largely under long-term Indefeasible Right of Use ("IRU") agreements.

SWISS4NET'S APPROACH TO ESG

At the time of acquisition, and when Swiss4net was formed as a corporate entity, there were no formal ESG policies or practices in place due to the company being a holding company without employees. Since then, a corporate organisational structure and processes have been developed enabling Swiss4net to progress implementation of ESG best practices within the company. Several 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, improved internal and external reporting and operating procedures have been implemented.

Switzerland is generally considered to be one of the most developed countries in the world when considering various measures such as GDP per capita or unemployment rate, but access to FTTH is variable. The median internet download speed is c.145 Mbit/s in 2022, ranking 12th globally according to Ookla Speedtest estimate, but only c.30% of the population has access to FTTH. Therefore, 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 contributes to the SDGs and making a substantial contribution to providing the Swiss population with the telecoms utility of the future.

The 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.

Swiss4net continues to source 100% of the electricity for its operations from renewable sources.

2022 KEY ESG EVENTS

During 2022, Swiss4net updated its ESG policy and its alignment with industry standards. Swiss4net also reviewed and updated all remaining policies such as Health & Safety, Anti-Bribery & Fraud, Code of Conduct or Cybersecurity. As well as the update to policies mentioned above, 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.

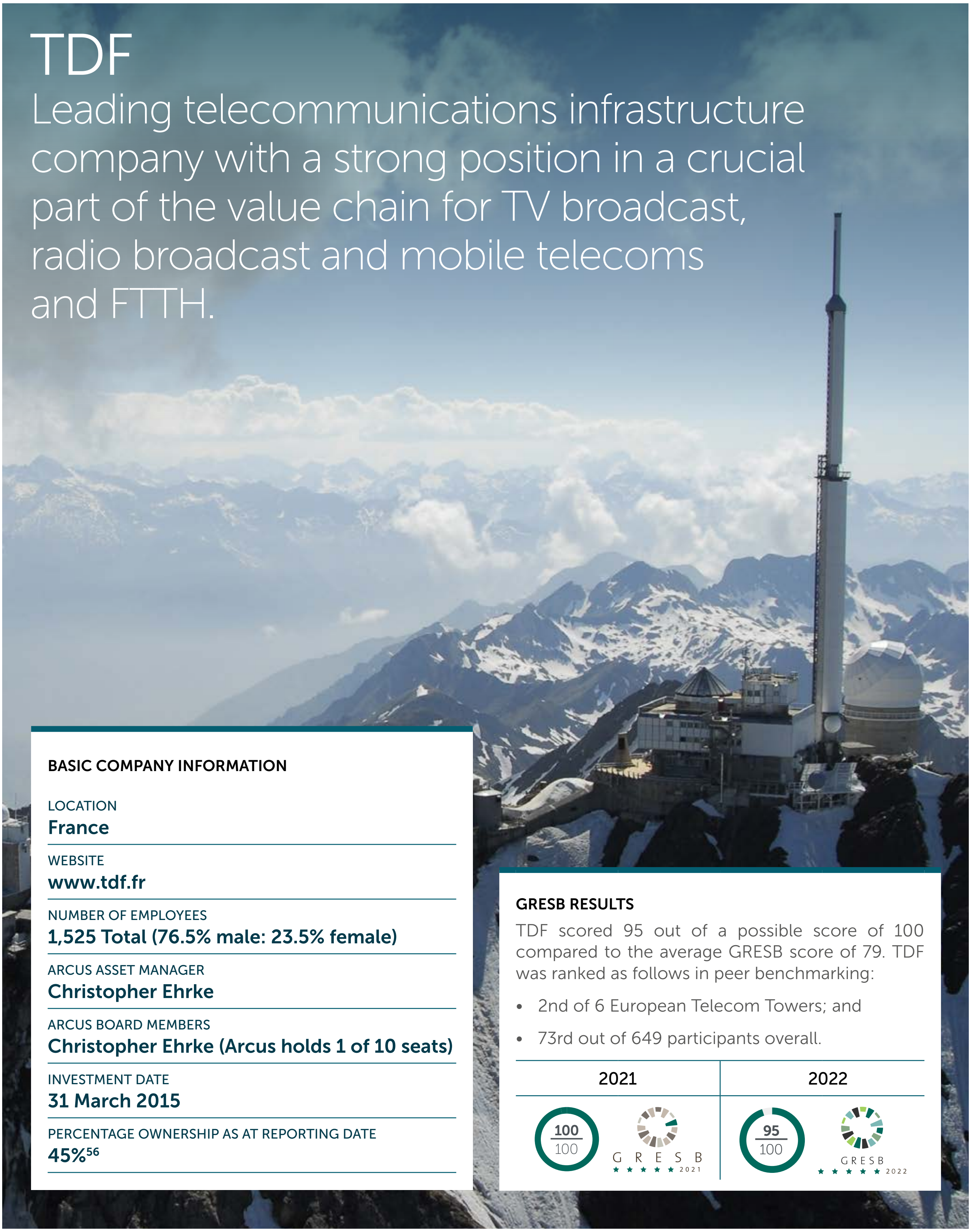
ESG KPIs At Swiss4net

KPI	FY2021	FY2022
Employee Gender Split	50% male/50% female	50% male/50% female
Energy Usage	187 MWh of electricity	195 MWh of electricity
GHG/Carbon Emissions[55]	Scope 1 0 (tCO_2e) Scope 2 5 (tCO_2e) Scope 3 1,998 (tCO_2e)	Scope 1 0 (tCO_2e) Scope 2 5 (tCO_2e) Scope 3 1,918 (tCO_2e)
H&S Metric	Incidents 0	Incidents 0
Training Hours		10

55 The increase in energy usage largely reflects increased total customer numbers. Total energy consumed per active subscriber has dropped significantly over the past few years.

3.14 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
1,525 Total (76.5% male: 23.5% 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%[56]

GRESB RESULTS

TDF scored 95 out of a possible score of 100 compared to the average GRESB score of 79. TDF was ranked as follows in peer benchmarking:

- 2nd of 6 European Telecom Towers; and
- 73rd out of 649 participants overall.

2021	2022
100/100 GRESB ★★★★★ 2021	95/100 GRESB ★★★★★ 2022

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

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

INVESTMENT DESCRIPTION

TDF is the largest broadcasting tower infrastructure operator in France, with more than 80% market share in DTT and over 50% market share in radio. TDF is also one of the largest outsourced mobile tower site hosting services providers in France, with c.17% market share on towers and c.4% market share on rooftops. TDF owns and operates a comprehensive asset base of active sites in mainland France and in French overseas territories and has entered into commercialisation agreements for c.12,500 additional sites in France, including rooftops, making it the largest independent portfolio of sites covering the entire French territory. This unique combination of interconnected infrastructure assets positions TDF as an essential French communications infrastructure operator and enables it to develop complementary business models which require reliability, high capacity and/or high-speed data transmission (e.g. data centres, cloud, content delivery networks, etc.). TDF's traditional core business is in the downstream segment where it distributes and broadcasts terrestrial signals on behalf of public and commercial television channels and radio stations, and in the wireless site hosting services business, where it hosts the active equipment of MNOs on its towers. TDF entered the FTTH market at the beginning of 2017, with 4 PIN contracts and 1 AMEI contract won to date for a total of c.752,000 plugs, and is considering further growth in these areas 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 the Principles of Sustainable Development in its economic, social and environmental aspects.

TDF's environmental and health and safety policies are underpinned by identifying and classifying risks arising from the company's operations on an ongoing basis. These include defining safety measures for employees, customers and suppliers, ensuring the safety of infrastructure, improving labour conditions, protecting the environment, and implementing training and awareness programmes for accident and incident prevention, the overall objective of which is to eliminate all high-risk incidents.

The company believes that risk management requires a programme of preventative measures, group and individual security facilities, and 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, and sustainable procurement, amongst others.

2022 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. At year end, TDF equipped 106 sites with solar shades, which compares to 28 sites at the end of 2021 and which exceeded its target of 100 sites with solar panel shades. Other energy savings efforts include the rollout of energy smart meters on c.2,500 sites, the replacement of boilers by heat pumps, switching to hybrid and electric cars across TDF's fleet and shifting energy consumed by both TDF and its customers to non-peak hours as well as monitoring energy consumed to devise reduction plans. TDF's energy costs for 2023 are secured (c.€120m), and all underlying framework contracts for 2024 and 2025 are already in place. In addition, TDF signed in 2022 a Corporate Power Purchase Agreement with NEOEN to acquire all the solar energy produced by two farms to be operated by NEOEN from 2026. Throughout the year, TDF has continuously 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 2022, including multiple training, focused on new joiners, designed to promote safety and emphasise employees' responsibility. TDF continued participating in management programmes aimed at rewarding best practice demonstrated by employees and at encouraging an active dialogue on improvement measures. TDF received an award from 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 continued enhancing dialogue with unions to increase flexible working hours, implemented a profit-sharing scheme for all employees and a pay increase for overtime hours.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2021

ESG KPIs at TDF

KPI	FY2021	FY2022
Employee Gender Split	78% male/22% female	76.5% male/23.5% female
Energy Usage	464,799 MWh of electricity	501,524 MWh of electricity
GHG/Carbon Emissions[57]	Scope 1: 6,385 (tCO_2e) Scope 2: 39,740 (tCO_2e) Scope 3: 100,537 (tCO_2e)	Scope 1: 4,482 (tCO_2e) Scope 2: 32,037 (tCO_2e) Scope 3 148,670 (tCO_2e)
H&S Metric	All accidents (without lost time) 32 Lost time injuries 14	All accidents (without lost time) 32 Lost time injuries 20

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

3.15 LOGISTICS & INDUSTRIALS – ASSET RENTAL

Jordan Cott

Workdry International Limited

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

BASIC COMPANY INFORMATION

LOCATION
United Kingdom

WEBSITE
www.selwood.co.uk www.siltbuster.co.uk

NUMBER OF EMPLOYEES
601 Total[58] (85% male, 15% female)

ARCUS ASSET MANAGER
Jordan Cott

ARCUS BOARD MEMBERS
Jordan Cott, Jake Woolfstein, Ian Harding

INVESTMENT DATE
21 September 2022

PERCENTAGE OWNERSHIP AS AT REPORTING DATE
83.1%[59]

58 Permanent FTEs.
59 AEIF3 investment.

INVESTMENT PORTFOLIO REPORTING AS AT 31 DECEMBER 2022

INVESTMENT DESCRIPTION

Workdry International Limited ("Workdry") provides critical water pump and wastewater treatment asset leasing to UK water utilities, engineering firms and other industrial customers through the Selwood and Siltbuster trading brands.

Workdry operates from a depot network of 22 UK sites, with an asset register of over 5.5k pumps, c.3.8k pump accessories, c.3k wastewater treatment assets, and over 100k individual ancillary assets such as hoses, fittings and pipework.

WORKDRY'S APPROACH TO ESG

Workdry is committed to making a positive societal contribution, ensuring a safe and sustainable environment for its employees and customers, and maintaining high standards of corporate governance. The core business model of Workdry is the rental of pump and wastewater treatment assets that by their very nature help to contribute to prevention of environmental incidents and reduce the environmental impact of Workdry's customers' activities. The group ensures compliance with regulations and guiding principles governing the protection of human rights, operational and occupational health and safety, and environmental and business practices in the UK.

2022 KEY ESG EVENTS

Since acquisition, Workdry has implemented a corporate ESG policy, ensuring that ESG issues are considered consistently at all levels of the company's activities and in accordance with International and National Codes and Principles. The policy also aims to formalise the ESG KPIs that should be tracked and reported going forward, and will document an agreed methodology for the calculation of such KPIs. Further to the implementation of the group ESG policy, Workdry is preparing to advance several environmental initiatives, focusing on enhancement of data collection and reporting tools, and making targeted reductions in its carbon footprint and GHG emissions.

Arcus also supported Workdry in advancing the implementation of sustainability linkage to the pricing under the group's debt facilities, a process that was finalised subsequent to year end. As such, going forward, the company's loan will incorporate a margin ratchet based on attainment of a set of ESG improvement KPIs related to sustainability targets in respect of GHG emissions, environmental asset standards and GRESB benchmarking.

ESG KPIs at Workdry

KPI	FY2022
Employee Gender Split	85% male/15% female (508/93)
Energy Usage	Scope 1: (Gas emissions and owned transport) – 14,431 MWh Scope 2: (Purchased electricity) – 1,842 MWh
GHG/Carbon Emissions[60]	Scope 1: 3,445 (tCO_2e) Scope 2: 356 (tCO_2e)
H&S Metric	3 RIDDOR's, happening over the first five months of the year: currently on seven months RIDDOR-free

60 As Workdry was acquired close to year-end 2022, the Company is yet to go through the process of understanding and reporting on material Scope 3 GHG emissions

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 inaugural GRESB Infrastructure assessment

December 2016
Appointment of Arcus Head of ESG and ESG Committee

March 2017
Signatory to UN PRI

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

July 2017
Arcus commences supporting the Starlight Children's Foundation Annual Summer Party

December 2017
Integration of UN SDGs in ESG management

October 2018
Member of 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 UN SDGs

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 Sustainable Finance Disclosure Regulation ("SFDR")

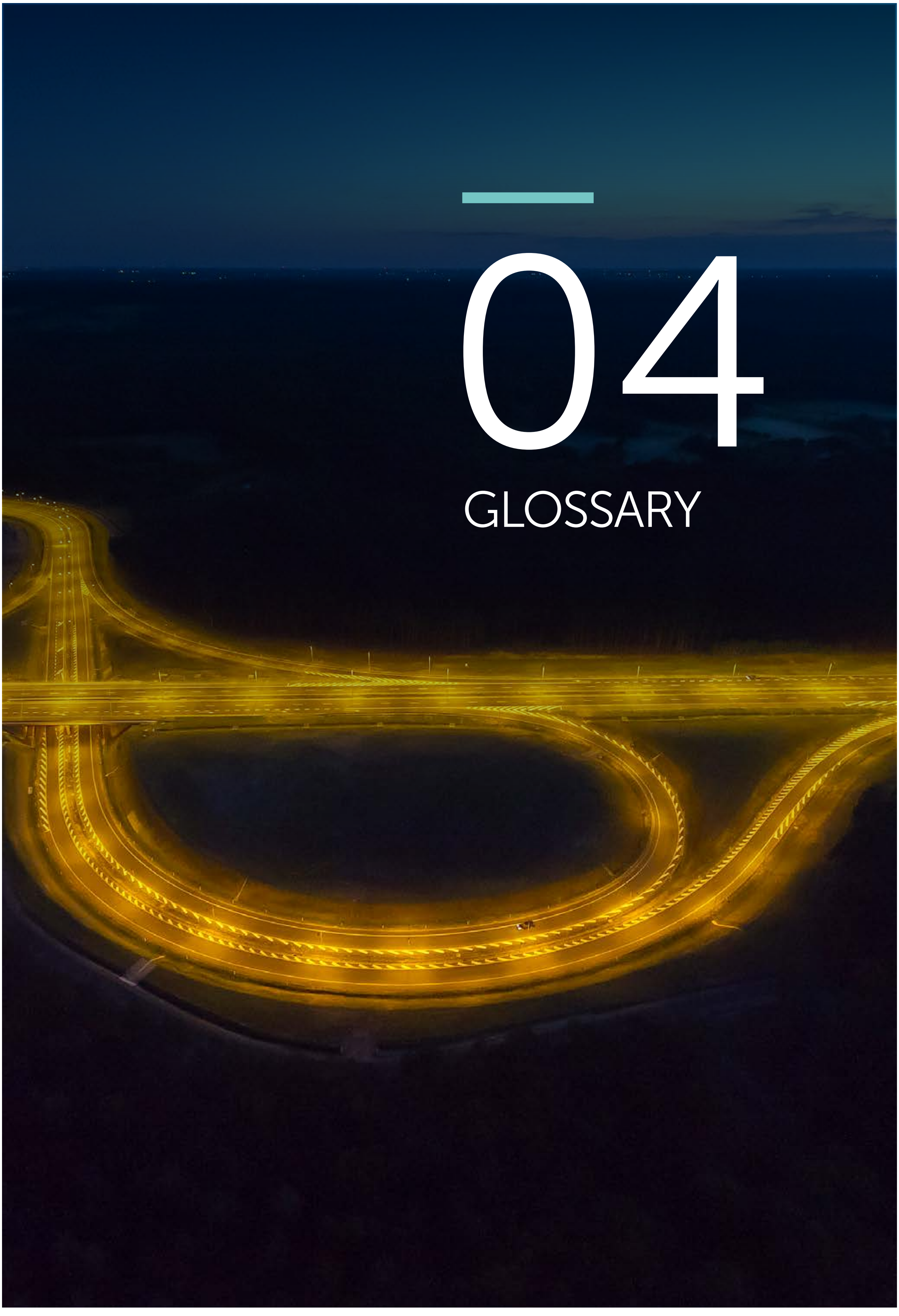
August 2021
Arcus initiates a social mobility programme in association with the Sutton Trust

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

December 2022
Member of iCI



04 GLOSSARY

GLOSSARY

Term	Definition
AEIF2	Arcus European Infrastructure Fund 2 SCSp.
AEIF3	Arcus European Infrastructure Fund 3 SCSp.
AEIM	Arcus European Investment Manager LLP.
AEIMNL	Arcus European Investment Manager Netherlands B.V.
AET	Arcus European Trains SCSp.
Alpha or Alpha Trains	The group of companies comprising Alpha Trains (Luxembourg) S.à r.l. and its subsidiaries and affiliates.
Arcus	Arcus Infrastructure Partners LLP 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 objective of best practice sharing. Each quarter has a rotating topic for discussion.
BREEAM	Stands for Building Research Establishment Environmental Assessment Method, BREEAM assessment evaluates the procurement, design, construction and operation of a development against a range of targets based on performance benchmarks.
Brisa	The group of companies comprising Brisa Auto-Estradas de Portugal S.A. and its subsidiaries and affiliates.
BVCA	British Venture Capital Association.
Carbon Footprint Ltd.	Carbon Footprint Ltd is a company which provides organisations with solutions to track and reduce carbon emissions through carbon offsetting projects.
Constellation	The group of companies comprising Constellation Cold Logistics S.á.r.l and its subsidiaries and affiliates.
CSP (Communication Service Provider)	Service providers offering telecommunication services or some combination of information and media services, content, entertainment and applications services over networks.
Ducts	Existing underground pipes or conduits that hold copper or fibre cables.
E-Fiber	The group of companies comprising E-Fiber Exploitatie B.V. and its subsidiaries and affiliates.
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 standardized and validated data to the capital markets. GRESB scores referenced throughout the report are taken from official benchmark reports issued by GRESB.
GTC	Gdańsk Transport Company S.A.
HB	HB is a leading provider of critical logistics solutions to the Dutch food and retail industry.
Horizon	The group of companies comprising Horizon Energy Infrastructure Limited and its subsidiaries and affiliates.
HR	Human Resources.

GLOSSARY (CONTINUED)

Term	Definition
iCI	Initiative Climat International (iCI) is a global community of private markets investors who seek to display leadership in improving the industry's understanding and management of the risks and opportunities associated with climate change.
ISPs	Internet Service Providers.
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 or "Manco"	Internal Arcus committee responsible for management and oversight of Arcus as an organisation, as described in further detail on page 10.
Momentum	Momentum is an integrated clean energy investment and services platform.
Opus B	Opus Bilprovning, a market-leading vehicle inspection business in Sweden.
PAIs	Principal Adverse Impacts as defined in the context of the EU Sustainable Finance Disclosure Regulation.
Peacock	The group of companies comprising Peacock Group Holdings B.V. and its subsidiaries and affiliates.
Periodic Technical Inspections	A mandatory inspection in Europe to promote road safety and protect the environment.
SFDR	Sustainable Finance Disclosure Regulation.
SMA	The group of companies comprising Smart Meter Assets 1 Ltd. and its subsidiaries and affiliates.
SMCR	Senior Managers and Certification Regime.
SDGs	UN Sustainable Development Goals, a collection of 17 global goals designed to be a blueprint to achieve a better and more sustainable future for all.
Swiss4net	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 or UNGC	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.
Workdry	Workdry International Limited provides critical water pump and wastewater treatment asset leasing to UK water utilities, engineering firms and other industrial customers through the Selwood and Siltbuster trading brands.

IMPORTANT NOTICE

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