UK Stewardship Code Report

Report by Arcus Infrastructure Partners LLP

April 2025 for the year ending 31 December 2024

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Letter from the Managing Partner

Dear Arcus stakeholders,

We are pleased to publish Arcus' 2024 Stewardship Report (the "Arcus Stewardship Report" or "the Report"), which demonstrates our commitment to the UK Stewardship Code ("the Code").

The Report provides a summary of our approach to applying the Principles of the Stewardship Code and highlights the activities undertaken during the year to 31 December 2024 in pursuit of these principles. The FRC's previous feedback on our Stewardship Code response continues to be taken into consideration in this report.

We see our role as deeply custodial and committed and are proud of our leading position in responsible investing. We are committed to maintaining it through continuous improvement and the outcome of this report is testament to that.

Arcus advanced its net zero approach in 2024, translating its net zero commitment into its fund and investee company operations. In 2024, Arcus collaborated with sustainability consultant Anthesis to assist its funds and investee companies with setting interim CO_2 reduction targets aligned with science-based standards for Scope 1 and Scope 2 emissions and to prepare decarbonisation roadmaps. As part of the 2024 phase of work, Arcus worked with the first four AEIF2 investee companies (namely Constellation, HB RTS, Opus B and Peacock) setting decarbonisation roadmaps, supporting investee companies to transition in a way that is in line and consistent with the Paris Agreement. Through this project, Arcus has identified a decarbonisation strategy covering over 85% of AEIF2 emissions. In addition, Arcus is aligning its processes with the IIGCC Net Zero Investment Framework ("NZIF") 2.0 Arcus will continue to make significant progress on these workstreams in 2025, ensuring infrastructure continues to fulfil its critical role in a more sustainable future.

When reviewing potential investments, Arcus considers relevant ESG factors, and in 2024, c. 6% of potential investment opportunities were not progressed post the initial screening phase due to specific ESG concerns, an example of how seriously we take our stewardship responsibilities.

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

To show our commitment to transparent reporting, we published our annual public Sustainability Report and reported each of our individual Funds and Managed Accounts to respective investors. We also assess and issue a an annual Task Force on Climate related Financial Disclosures ("TCFD") aligned section as part of our reporting.

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

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

Ian Harding
Managing Partner
29 April 2025

Background & introduction

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

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

Our second fund, Arcus European Infrastructure Fund 2 ("AEIF2"), is an unlisted closed ended fund with c. €1.2 billion of commitments, backed by over 50 institutional investors from around the world. At 31 December 2024, AEIF2 had seven current investments and two realised investments. We will continue to conscientiously manage those investments, to deliver long-term value for AEIF2's investors.

Our third fund, Arcus European Infrastructure Fund 3 ("AEIF3") represents a continuation of the successful mid-market strategy that Arcus has followed for AEIF2. AEIF3 held its final close on 15 March 2024 with c. €1.6 billion of commitments. Similarly to AEIF2, AEIF3 is supported by a broad range of institutional investors. The fund has made six investments to date in the Digital, Transport, Logistics & Industrials, and Energy with c. 50% of AEIF3 commitments deployed in these investments. The Arcus origination team continues to source opportunities for AEIF3 with the aim to deliver a fund with eight to ten investments in European infrastructure companies.

Arcus also has a further c. €6.4 billion of assets under management (as at 31 December 2024) for investors on a Managed Account basis and Managed Services basis. The services provided under these arrangements include, subject to the terms agreed with the relevant investor and with investor consent where applicable, sourcing, advising, and arranging acquisition of equity or equity-like investments in the infrastructure sector, managing those investments, and ultimately arranging the disposal of the investments when considered in the best interests of investors.

An Arcus wholly owned subsidiary, Arcus European Investment Manager Netherlands B.V. ("AEIMNL"), is licensed by the Netherlands financial services regulator (AFM and DNB) to operate as an Alternative Investment Fund Manager ("AIFM") in the Netherlands. This subsidiary was established and licensed following the end of the Brexit transition period, in order for Arcus to manage EU-domiciled Alternative Investment Funds ("AIFs"). However, portfolio management remains with the Arcus UK FCA-regulated investment manager Arcus European Investment Manager LLP ("AEIM") under a delegation agreement.

At the date of this report AEIMNL manages four AIFs: AEIF2, AEIF3, AET and CSIV, and AEIM provides portfolio management services on all of these.

Arcus will require AEIM's continuing UK authorisation by the FCA, in which capacity it will continue as investment manager and adviser to the Managed Accounts and portfolio manager to the EU-domiciled Funds.

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

Terms used in this statement are defined in the glossary on page 73.

1 https://id.preqin.com/ (requires Preqin login for access)

Principle 1

Principle 1

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Arcus response

1.1 Strategy of organisation, culture, values and business model

Arcus is an independent European mid-market infrastructure fund manager, founded in July 2009. The Firm seeks to source diversified investment opportunities of controlling interests in unlisted company infrastructure assets through a thesis-led origination approach. Through our active asset management, we aim to create long-term sustainable value and maximise return potential while controlling risks. As at 31 December 2024, Arcus had 75 Members and Employees across four European offices: Amsterdam, Lisbon, London, and Luxembourg.

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

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

Principle 1

Arcus' values were originally defined by the Partners in 2010, along with behaviours expected to support those values. These were re-assessed by the Partners in 2023/24 reflecting an evolution of the organisation over this period as follows:

Arcus Values	Supporting behaviours
Transparent	Transparency and integrity sit at the core of our business. Evidenced in our partner-owned structure, through our partnerships with our portfolio companies and investors, and in the focused approach that we apply to our investment decisions. Our investors' interests always come before ours.
Collaborative	Our individual expertise is a strength. When combined it becomes a true differentiator. We recognise this and approach our work as a team, embracing diversity of thought, expertise and experience to deliver the best results.
Accountable	We hold ourselves and our work to high standards. We trust each other to deliver excellent work, knowing that when the time comes to be on, we can rely on each other to be all in. We value diligence and reliability in ourselves and each other.
Meticulously innovative	We believe that a rigorous approach and a deep understanding is critical in order to think differently. We understand first, before applying creativity to the challenges that we face and the opportunities that we uncover.
Respectfully humble	We approach our work and the trust instilled in us by our investors and portfolio partners with the respect that it deserves. We complement our deep expertise with a level of humility that enables us to remain open to learning and different perspectives.

Case study	Diversity during the reporting period
Background	Arcus recognises the importance of having a diverse, inclusive workforce with members, employees, contractors and investee company personnel coming from diverse backgrounds. Diversity and inclusion are promoted within the approach to recruitment to ensure fairness and equality.
Objectives	As a signatory of the UN Global Compact, Arcus is committed to eliminating discrimination in respect to employment and occupation. Arcus is committed to providing equality and fairness to internal and external stakeholders and not providing less favourable facilities or treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, colour, nationality, national origin, religion or belief, sex and sexual orientation, social or educational backgrounds.
Actions taken	In November 2024, Arcus hosted a diversity and inclusion training which focused on strengthening a culture of trust, mutual respect, and engagement. Arcus worked closely with investee companies at the end of 2024 to encourage improved policies on Diversity, Equity and Inclusion either by implementing standalone policies or through further clarification within the ESG or HR policies.
Outcome	During the reporting period 42% of the 12 new joiners were female, contributing to the gender diversity encouraged in the Arcus recruiting process. All portfolio companies support gender equality across all levels, reinforced through ESG policies, regular monitoring of gender diversity and specific initiatives targeting women in professional careers. Several portfolio companies improved their ESG policies in 2024, including DEI-related KPIs and objectives.

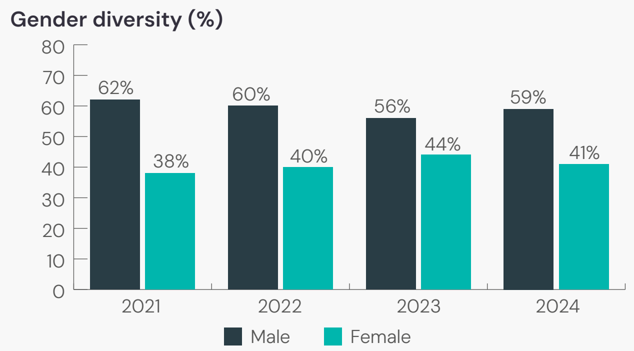
Principle 1

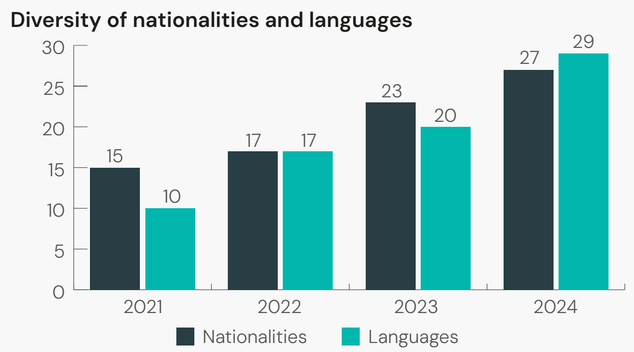
The Arcus business model is to periodically raise capital from sophisticated institutional investors in closed ended alternative investment Funds ("AIFs") and invest in the mid-market European infrastructure space (which we define as fund sizing of between €1.0-2.5 billion). The capital is raised in typical limited partnership vehicles where Arcus entities act as the general partner/investment manager for the period of the Fund (current Funds and expected future Funds have a duration of 10-15 years). Investors undertake detailed due diligence of Arcus and the specific Fund's investment strategy before investing in the partnership vehicle. Except in very limited circumstances, limited partners ("LPs") in the partnership vehicles do not have decision making rights regarding the investment policy of the Fund and, accordingly, Arcus is responsible for the management of the vehicles.

Once Arcus raises a Fund, we aim to deploy capital into controlling equity interests in between eight and ten infrastructure investments over a five-year commitment period from the first close of the Fund. We then actively manage those investments during the period of the closed ended Fund. Once we have undertaken and completed our "value-add" asset management initiatives, and judge that exit timing is good, we seek to exit the investments and return the capital plus a target return to investors. Further information on our investment strategy and approach to asset management can be found in section 1.2 of Principle 1 and section 7.4 of Principle 7.

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

We support and strengthen our team through Human Capital Development, which has grown with the business over time, and we encourage integrity, high quality work, professionalism, teamwork, and a healthy work-life balance. We recognise the importance of having a diverse, inclusive workforce. Arcus continues to be a diverse organisation with partners and employees from 27 nationalities, speaking 29 languages (as at 31 December 2024) (compared to 23 nationalities and 20 languages in 2023). Arcus continues to grow its team, with 12 new hires in 2024 whilst applying its Diversity, Equity & Inclusion ("DEI") policy within the approach to recruitment to ensure fairness and equality. This resulted in an Arcus gender balance of 41% female (44% in 2023) with 17% of females in senior management positions[3] (18% in 2023).





3 Defined as Arcus Partners, senior investment team members and senior roles across key support functions including risk and compliance, ESG, legal and finance

Case study

Arcus employee engagement

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

The 2024 Arcus employee engagement survey (which had a 91% response rate compared to 96% in the previous year) showed that 100% of participants enjoy working at Arcus, 97% believe their personal values are aligned with Arcus' values and 99% believe that Arcus conducts its business with honesty and integrity. This shows that employees appreciate the strong culture of idea-sharing and collaboration at Arcus. In 2024, for the first time, three questions scored 100 out of 100 points namely i) clarity on Arcus' strategic objectives, ii) understanding of the role employees play in helping Arcus achieve its objectives, and iii) overall enjoyment of the job performed.

Further to this, there were significant increases in scores on questions relating to relationships between employees and managers, as well as the understanding of the company's goals. Overall, employees felt that they are recognised for the part they play in the company's success, with a strong belief that the employee engagement survey results will deliver actions.

Following the survey, Arcus shares the results with the team in Q1 and provides an opportunity for a debrief session to close the feedback loop and guide follow up actions. This is part of the Arcus culture of continuous improvement. Specific actions were taken in 2024 as a result of the 2023 employee engagement survey, including enhanced maternity/paternity leave, equalising this for all employees and Partners. In Q1 2025, the Head of HR developed a list of areas to improve based on the feedback from the 2024 employee engagement survey and has been proactively engaging with the Management Committee for support on various initiatives.

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

4 https://betterworkplacemh.com/pledge/

Case study

Culture of community engagement and support

Arcus supports social and environmental charitable activities, and all members and employees are encouraged to fund raise, volunteer, participate and contribute to any charitable organisations that they feel passionate about. Arcus encourages individual volunteering and provides “match-funding” for selected fundraising initiatives on an annual basis. In 2024 Arcus donated a total of c. £60,000 to a selection of charities chosen that year by Arcus employees and approved by ManCo, including Starlight Children’s Foundation, Sufra Food Bank, Streets of London, Trees for Cities, Impact 100 London, Sutton Trust, Het Fort, and the foundation Kriibskrank Kanner.

In June 2024, members of the Arcus team spent a day volunteering at Sufra Food Bank, a London charity tackling food poverty, helping in their local community kitchen. In October, five of the Arcus team also participated in the Streets of London sleep out, raising money and awareness for the homeless. In November, seven Arcus team members participated in a corporate volunteer day at Trees for Cities, a UK-based charity which plants urban trees to create greener cities, planting twelve brand new elm and hazel trees in Ashburton Playing Fields, Croydon.

Case study

Encouraging social mobility

Arcus, in association with the Sutton Trust charity, delivered its fifth annual social mobility programme to six A-level school students from underprivileged backgrounds in June 2024. Arcus team members participated in delivering sessions over four days, which covered insights into Arcus, infrastructure, finance, asset management and general skills sessions such as CV building and the use of professional social media tools. The placement ended with presentations from the group, in the forum of a mock Investment Committee scenario.

In addition to the June social mobility programme, in July 2024, Arcus delivered its second formal summer internship programme, also in partnership with the Sutton Trust, for university students from minority and underprivileged backgrounds. The programme saw four university students join Arcus in paid roles for six weeks, predominantly working with the investment teams while receiving weekly teach-ins on topics such as infrastructure investing, accounting, investor relations and more. The four students also had the opportunity of a practical infrastructure experience on site at a former Arcus investee company.

Arcus plans to deliver its sixth social mobility programme in May 2025 and third summer internship programme in June/July 2025.

Principle 1

1.2 Arcus Funds' investment strategy

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

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

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

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

1.3 Embedded responsible investment

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

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

Arcus has a publicly available company-wide ESG policy[5], last updated in December 2024, which is influenced by its investment beliefs and the organisation's culture. Arcus also requires all portfolio companies to establish and operate a clear ESG policy. Arcus acts as delegate investment manager to European structures which are subject to the EU's Sustainable Finance Disclosure Regulation ("SFDR"). The Arcus ESG policy contains information on how Arcus integrates sustainability in its investment decision-making process in accordance with SFDR, including consideration of principal adverse impacts of investment decisions.

Arcus actively seeks external scrutiny, validation and peer benchmarking of ESG performance for itself and its portfolio companies, through membership and participation in the GRESB infrastructure assessment and benchmarking process. Arcus is a signatory to the Principles for Responsible Investment ("PRI")[6], the Task Force for Climate-related Financial Disclosure ("TCFD") and United Nations Global Compact ("UNGC")[7]. 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 support of this commitment, Arcus became a signatory of the initiative Climat International ("iCI"). Signatories to the iCI commit to sharing knowledge, tools, experience and best practice methods on the reduction of carbon emissions and recognise the importance of climate change resilience and adaptation.

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

5 Arcus-ESG-Policy-December-2024-Final.pdf
6 Arcus has been signatory to the PRI since March 2017
7 Arcus has been signatory to the UNGC since February 2020

Principle 1

1.4 Actions to enable implementation of investment strategy and beliefs

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

In addition to annual objectives and review, Arcus has in 2024 and will continue in 2025 and beyond to seek to:

- Continually evolve and improve stewardship and ESG practices at Arcus and investee companies;
- Apply early exclusion screening to investment origination opportunities not matching Arcus' sustainability criteria and thoroughly perform ESG due diligence in advance of investment approval decision making;
- Actively manage Arcus and investee companies' ESG policies and performance using the annual PRI and GRESB assessment processes to track ESG performance at Arcus and investee companies;
- Contribute to driving improvements in infrastructure ESG management through participation and contribution in industry co-operative activities (for example our participation in the GRESB Infrastructure Standards Committee);
- Provide transparent disclosures (including ESG) to our investors quarterly and all stakeholders annually[8];
- Embrace, adopt and accelerate the implementation of new sustainability and ESG considerations (for example where applicable, preparation for CSRD reporting requirements from 2026); and
- Supporting our investee companies to reduce emissions in a way that is in line and consistent with the mitigating goals of the Paris Agreement.

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

Case study

2024 Stewardship activities

In 2024 Arcus has achieved the following:

- Set, pursued and reviewed the eight Arcus corporate stewardship and ESG objectives;
- Set, pursued and reviewed stewardship and ESG objectives for each investee company and the objectives of the Asset Managers involved in managing those investee companies;
- Excluded c. 6% of opportunities entering its investment origination pipeline on adverse ESG grounds;
- Achieved market-leading ESG performance with improved GRESB ESG benchmark scores in 2024 across each of its Funds and portfolio companies as set out in Principle 7;
- Actively participated in and contributed to the GRESB Infrastructure Standards Committee and joined the GRESB Expert Group as well as the GRESB Net Zero and GRESB Data Center working groups during 2024;
- Published the Arcus public Sustainability Report in June 2024[9] and provided quarterly ESG reporting to its investors;
- Worked with external consultant ERM to assess climate scenarios in line with the Intergovernmental Panel on Climate Change its ("IPCC") AR6 data for TCFD reporting and to implement consistent GHG emissions reporting across newly acquired portfolio companies;
- As part of Arcus' 2050 Net zero target we worked with the four AEIF2 investee companies (namely Constellation, HB RTS, Opus B, and Peacock) setting interim CO_2 reduction targets, and aligning with science-based standards for Scope 1 and Scope 2 emissions;
- Worked with all the portfolio companies to ensure consistent SFDR data collection of the mandatory PAI and relevant voluntary PAI that Arcus feels are generally material for the infrastructure sector, reporting in accordance with SFDR;
- In association with the Sutton Trust charity, Arcus delivered a social mobility programme in June 2024 to six A-level school students from underprivileged backgrounds;
- In association with the Sutton Trust charity, Arcus delivered its second social mobility internship programme in July 2024 to four university students from underprivileged backgrounds;
- Arcus submitted its Communication on Progress ("COP") process as a signatory of the ten principles of the UNGC in July 2024;
- Arcus was effective in serving the best interests of its clients and beneficiaries by continuing to demonstrate strong investment performance, with the value of all portfolio companies increasing, whilst also successfully completing new investment acquisitions for AEIF3 and further bolt-on acquisitions for AEIF2 portfolio companies; and
- Arcus has an ESG policy which is reviewed annually and was updated in December 2024 to include an update on net zero commitments, as well as updates on the policy's exclusion criteria.

9 Arcus-Sustainability-Report-2023.pdf

Principle **2**

Principle 2

Signatories' governance, resources and incentives support stewardship.

Arcus response

2.1 Arcus governance overview

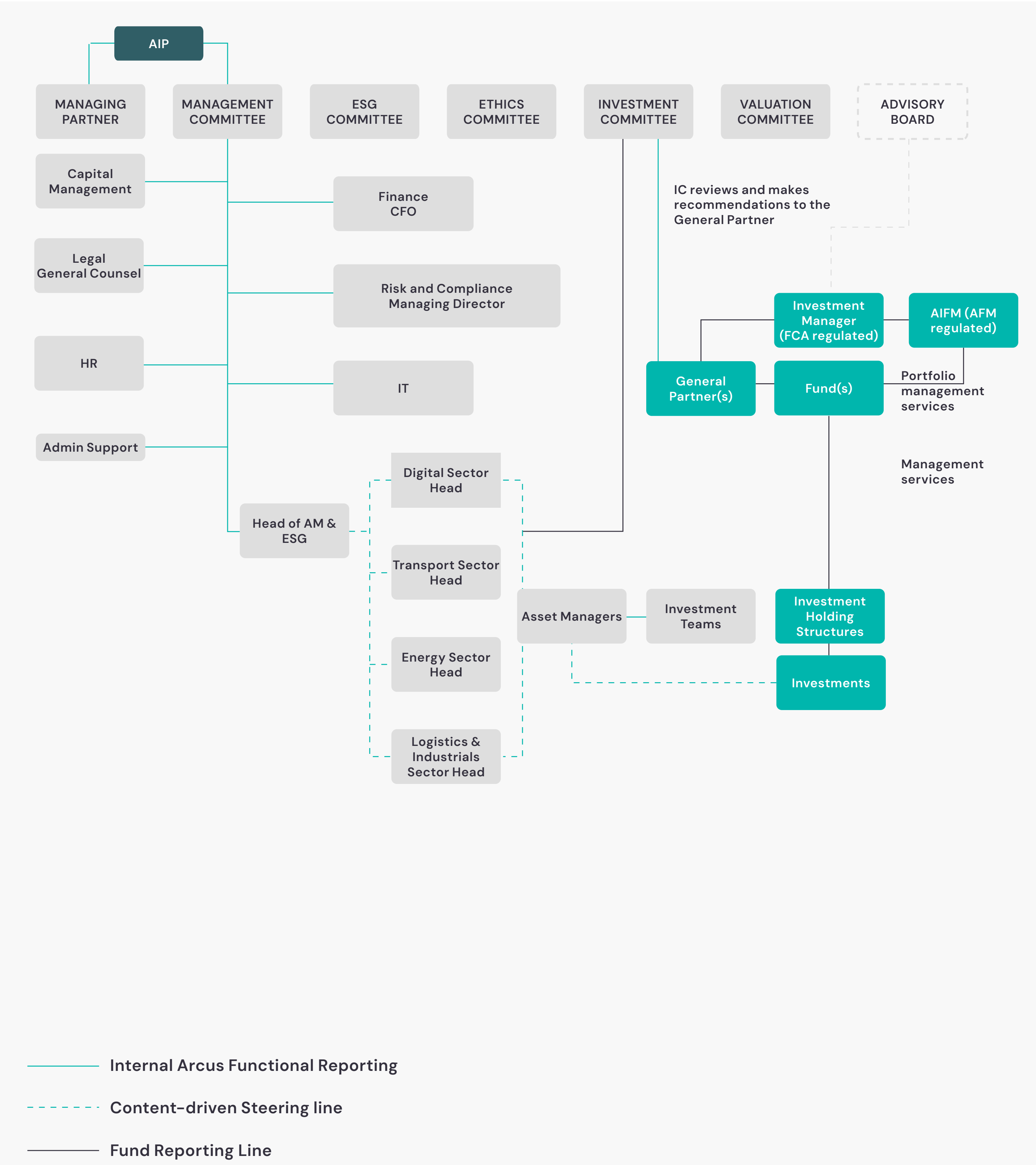
AIP, the ultimate parent entity in the Arcus group, is owned by its 14 Partners (13 individuals and one corporate member) (as at 31 December 2024), with no individual Partner owning more than 25% of the business.

Most of the Partners have worked together for over a decade, bringing a powerful blend of sector specialist perspectives across the European infrastructure market, over 250 years of collective infrastructure investing experience and well over 15 years on average individually. The Partners have worked across several economic cycles, from the early 1990s onwards, and this experience is a differentiator and strong competitive advantage.

The wider Arcus team includes 39 investment professionals with diverse backgrounds, split across four sector teams. The investment team is supported by 36 operations professionals who bring in-house specialist expertise in finance, treasury, tax structuring, investor relations, communications, legal, compliance, risk, ESG, modelling and valuation. As an independent manager, Arcus operates a business model which provides strong alignment with its Fund investors, and senior team members invest alongside investors in Arcus' Funds and Managed Accounts.

Principle 2

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



Principle **2**

Management Committee

ManCo comprises five Partners, including the Managing Partner, with the balance elected on staggered two-year terms. The Managing Partner is also elected by the Partner group and serves a three-year term. The current members of ManCo are Ian Harding (Managing Partner), Toby Smith (Partner, General Counsel), Stuart Gray (Partner, CFO), Neil Krawitz (Partner, Head of Asset Management and ESG) and Christopher Ehrke (Partner, Sector Head Digital). ManCo have collective work experience of c. 141 years (average 28 years).

Ian Harding

Toby Smith

Stuart Gray

Christopher Ehrke

Neil Krawitz

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

ManCo appoints an Asset Manager as the person responsible for the stewardship of each individual investment held by a Fund or a Managed Account. That Asset Manager is responsible for the specific investment and its governance and performance and reports to the Investment Committee, AEIMNL Board, GP Board. Asset Managers are also responsible for the interaction with portfolio company management and other shareholders. The Asset Managers of the Arcus investments have collective work experience of c. 251 years (average 19 years).

ManCo appoints individuals to Committees and roles, taking into account experience of individual members, the diversity of their background and skills and provides the training and internal and external resources required for them to undertake their respective roles[10]. The terms of reference for ManCo are outlined in the Arcus Corporate Governance Manual, which is available to all Arcus Members and Employees.

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

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

Principle **2**

Governance area	Leader	Photo	Responsibilities and support
Risk and Compliance	**Martine van Oppenraaij** Managing Director, Head of Risk & Compliance		Martine van Oppenraaij is Managing Director, Head of Risk & Compliance, having joined the firm in 2021. Based in Amsterdam, Martine is responsible for Risk and Compliance for London and the European offices and is also one of the Directors of the AEIMNL Board. Martine has extensive experience in enterprise and operational risk management, financial crime risk management, investigations, compliance, and audit in different roles at KPMG and Aegon. Martine is a member of the Institute of Chartered Accountants in the Netherlands and holds a Post-master's degree in Accountancy from the University of Amsterdam, a Master of Science degree in Business Administration from the RSM Erasmus University and a Bachelor of Business Administration degree in Hotel Management from the Hotel Management School Maastricht.
Legal	**Toby Smith** General Counsel		Toby was part of the team that founded Arcus in 2009. As General Counsel, Toby has oversight of all legal matters within Arcus. Toby is also a member of ManCo and GP Boards. Before joining Arcus, Toby was Head of Legal for Babcock & Brown's European Infrastructure Team in London. Prior to that, he was a Senior Counsel at Amey plc, having previously been an associate Solicitor at Herbert Smith and Wragge & Co, where he qualified as a solicitor. He holds a BA Hons in History & Politics from Keele University, legal qualifications from the College of Law and an MSc (with Distinction) in International Strategy and Diplomacy from the London School of Economics and Political Science. Toby was admitted as a Solicitor in England and Wales in 1999.
Finance	**Stuart Gray** Chief Financial Officer		Stuart was part of the team that founded Arcus in 2009. Stuart is the CFO of Arcus and is also a member of ManCo and GP Boards. Prior to joining Arcus, Stuart was Tax Director with Babcock & Brown in London. Before Babcock & Brown, Stuart was Global Head of Tax at Taylor, Nelson Sofres based in London. Stuart started his career with Andersen and Sanmina SCI in Glasgow. Stuart holds a BA from University of Glasgow. Stuart is a member of the Institute of Chartered Tax Advisors and the Institute of Chartered Accountants Scotland.
Asset Management & ESG	**Neil Krawitz** Head of Asset Management & ESG		Neil was part of the team that founded Arcus in 2009. Neil was appointed as Arcus Head of Asset Management in February 2016 and leads the coordination and best practice sharing activities with the Arcus asset management teams. In his role as the Head of ESG, Neil drives improvements in Arcus and investee company ESG management. Neil is a member of ManCo. Neil holds a BCom from University of New South Wales (Australia). In addition, Neil is a member of The Chartered Accountants Australia and New Zealand.
Human Resources	**Sarah Curme** Head of HR		Sarah joined Arcus as Head of HR in 2023. Based in London, Sarah is responsible for the HR function across all Arcus locations, with 15-plus years of global experience across all HR functions within Technology companies.

Principle 2

Investment Committee

The Investment Committee is responsible for the investment process, including inter alia investment approval/recommendation, asset management activities and divestments. The Investment Committee comprises five members: Simon Gray (Partner), Ian Harding (Managing Partner), Jordan Cott (Partner, Head of Logistics & Industrials), Michael Allen (Partner, Head of Transport), and Stefano Brugnolo (Partner, Head of Energy) with a rotating chair each quarter. The Investment Committee has collective experience of c. 135 years (average 27 years).

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

Simon Gray

Ian Harding

Jordan Cott

Michael Allen

Stefano Brugnolo

ESG Committee

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

The ESG Committee comprises Neil Krawitz (Partner, Head of Asset Management and ESG, and Chair of the ESG Committee), Ian Harding (Managing Partner), Kaj Bakker (Senior ESG Director), Jenni Chan (Partner), Ronak Patel (Partner, Head of Capital Formation & Investor Relations), Shirene Madani (Investment Director). The ESG Committee have collective experience of c. 154 years (average 26 years).

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

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

Neil Krawitz

Ian Harding

Kaj Bakker

Jenni Chan

Shirene Madani

Ronak Patel

`The Ethics Committee is responsible for the oversight of conduct of all Arcus Partners and staff, and the protection of the reputation and integrity of the business. The Ethics Committee comprises four members: Ian Harding (Managing Partner), Toby Smith (Partner, General Counsel), Daniel Amaral (Partner) and Martine van Oppenraaij (Managing Director, Head of Risk & Compliance). Members are nominated by ManCo and approved by the Partners in AIP. The Ethics Committee have collective experience of c. 111 years (average 28 years).

Ian Harding

Toby Smith

Daniel Amaral

Martine van Oppenraaij

Further detail on our governance structure can be found in our Annual Sustainability Report available on the Arcus website[11].

11 Arcus-Sustainability-Report-2023.pdf

Principle **2**

Valuation Committee

The Valuation Committee is responsible for implementing the valuation framework, overseeing updates to asset models used for valuations, agreeing the valuations with the independent auditor, coordinating the external valuation process and recommending valuations to the AIFM Board and GP Board. The Valuation Committee comprises three Arcus professionals (independent of the asset management process): Sanjeev Kumaranayakam (Head of Valuations & Investor Reporting), James Thomas (Head of Fund Accounting) and Stuart Gray (CFO). The Valuation Committee have collective experience of c. 72 years (average 24 years).

Sanjeev Kumaranayakam

James Thomas

Stuart Gray

2.2 Arcus regulated activities

For its regulated activities in relation to managing AIFs, a wholly owned subsidiary of AIP, AEIMNL, is licensed by the Netherlands financial services regulators (AFM and DNB) to operate as an AIFM in the Netherlands. This subsidiary was established and licensed following the end of the Brexit transition period, for Arcus to manage EU-domiciled AIFs. However, portfolio management remains with AEIM under a delegation agreement. The Management Accounts are managed by AEIM. AEIM is authorised and regulated by the FCA.

2.3 External oversight and governance

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

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

2.4 Performance management and remuneration

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

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

Arcus provides its staff members with a range of non-financial incentives, including a positive work culture, additional ancillary employment benefits (including healthcare and access to various support institutions) and actively supports and encourages further education and career development. In 2024, Arcus introduced equal parental leave.

Principle 2

2.5 Human capital development and training

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

Following the annual employee engagement survey conducted in December 2022, Arcus formed a social committee in Q1 2023 to enable team members to shape the Arcus team social calendar. Arcus team members continued to engage in technical and personal development training, funded by Arcus, at a cost of c. €48,000 during 2024.

The entire Arcus team completed online training relating to anti-money laundering, code of conduct, Senior Managers and Certification Regime conduct rules, information security and cyber risk awareness and GDPR training. Arcus encourages employees to participate in seminars, conferences, and networking events to expand their knowledge and professional network.

Case study	Developing and equipping the team
Background	In 2024, Arcus' AuM and the number of investee companies in its portfolio grew, leading Arcus to expand its team to 75 Members and Employees across four offices by the end of the reporting period, reflecting a 19% increase from the previous year.
Objectives	Arcus actively promotes human capital development and a positive working environment on a corporate level for its Members, Employees, and for investee company personnel. An annual budget is allocated for Arcus team members to engage in technical and personal development training. The objective was to build a structure and provide development opportunities for team that effectively support Arcus' evolving business needs. This included internal knowledge sharing, leadership development, and other soft skill training courses.
Actions taken	Arcus' Head of HR focused on organising employee engagement, health and well-being sessions as well as career development training to strengthen the organization's human capital. Arcus continued to organise technical and personal development training, funded by Arcus at a cost of c. €48,000 during the reporting year.
Outcome	As a result of the above, during the reporting period, 18 voluntary training sessions were scheduled, seven specifically for managerial positions and the remaining open to all employees. The online training covered a range of topics, from soft skills such as time management, communication, and presentation skills to diversity, equity, and inclusion ("DEI"). Managerial training focused on performance management and leadership development. On average, at least 10 full-time employees (FTEs) attended each of the 11 sessions available to all staff. Additionally, all Arcus employees completed mandatory online training on key regulatory and compliance topics, including anti-money laundering, the code of conduct, Senior Managers and Certification Regime ("SMCR") conduct rules, information security and cyber risk awareness, and GDPR compliance. By establishing more structured training opportunities, Arcus created an approach to managing its growing team and at the same time fostering a balanced work environment that supports both professional growth and employee well-being.

2.6 Service providers in governance

Service providers are not traditionally used by Arcus in the context of governance and supporting stewardship functions. Arcus as AIFM of the Funds is required to appoint a depositary for the Funds, which has to be appointed and perform an important function, however, we do not consider this to relate to the governance of Arcus. More information on how we select service providers in our investment activities can be found in our response to Principle 8.

2.7 Governance stewardship

Through the governance and management structures described above, Arcus effectively implements stewardship over its Funds and Managed Accounts. Arcus has been running its business effectively under the governance structures substantially as outlined above for c. 15 years, with limited Member and staff turnover, while at the same time continuing to attract new investors to its Funds and Managed Accounts. Given the nature of Arcus' investors being classified as sophisticated professional investors and the detailed nature of the due diligence those investors undertake, this provides evidence of support, trust, and confidence that the Arcus governance structure supports stewardship.

Principle **3**

Principle **3**

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Arcus response

3.1 Arcus conflict of interest overview

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

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

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

3.2 Arcus conflict of interest policy

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

Members, Employees and Contractors must not:

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

Principle **3**

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

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

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

Please refer to Appendix I for the Arcus Conflicts of Interest Policy on page 73.

3.3 Independence in valuation of unlisted assets

Arcus is an equity investor which holds investments in private unlisted businesses. This requires a process for recognising fair value of its investments and reflecting those in reporting to investors. Arcus reports unrealised valuations quarterly to investors and once a year an independent external valuation process is undertaken, coinciding with year-end fair value reporting for the relevant asset and fund.

As outlined in our response to Principle 2, Arcus has a Valuation Committee which is responsible for implementing the valuation framework and recommending valuations to the AIFM Board and GP Board. The Valuation Committee consists of operational staff being Head of Valuations & Investor Reporting, Head of Fund Accounting, CFO and Board member of AEIMNL to maintain its independence from investment staff. The Arcus valuation framework is in line with IPEV's Valuation Guidelines.

There is increasing scrutiny on the valuation processes of financial market participants like Arcus from investors and other stakeholders, especially where management fee income is linked to unrealised fair values. Arcus asset management fee income is calculated as a percentage of committed capital or invested capital. Management fees are not linked to unrealised fair value of assets. Performance fees are also only earned on realised returns, not unrealised valuations. This contractual fee structure removes one potential conflict of interest.

The Valuation Committee coordinates Arcus's annual external valuation process with the third-party valuation firm, agrees valuations with the auditor and oversees quarterly updates to asset models used for reported valuation.

The Valuation Committee also meets with the executive management of each investee company on an annual basis to independently discuss each company's performance, material events and outlook to tie into the annual and quarterly valuation processes.

Arcus' enhanced valuation process creates a robust and consistent governance framework, ensuring valuations are appropriate, independent and reported in line with industry best practice.

3.4 Conflicts in 2024

No material conflicts arose in 2024. The following case study is a recent example which provides an example of how Arcus addressed an actual or potential conflict.

Case study **Advisory Board Consideration of a Potential Conflict of Interest**

Following a widely marketed sale process, in October 2024, AEIF2 completed the 100% sale of its investment in Constellation to EQT Infrastructure VI ("EQT"). EQT offered Arcus the option to participate in up to a 25% new equity shareholding in Constellation, funded by underlying Arcus investors who would make a new commitment to acquire this interest through a new Arcus managed vehicle. The option provided an opportunity for Arcus investors who wished to retain or gain exposure to the cold storage industry through an investment in Constellation on substantially the same terms as EQT had acquired the business from the Fund.

To ensure transparency and mitigate any potential conflicts of interest associated with fully exiting an investment from one Arcus fund and then acquiring a minority interest by another Arcus fund, the details of the sale transaction and terms for the potential Constellation investment option were presented to the AEIF2 LP Advisory Board in advance of initiating any work to pursue the option. The transaction was discussed in a meeting with the AEIF2 LP Advisory Board, who provided their approval for the proposed transaction.

Following approval from AEIF2's LP Advisory Board, Arcus established a new Luxembourg-based fund vehicle, CSIV, funded by several Arcus investors who had interest in an investment in Constellation, which exercised the option for the acquisition of the 25% interest.

Principle **4**

Principle **4**

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Arcus response

4.1 Arcus risk overview

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

- The operational teams, finance, legal, investment relations are the first line of defence – controls are designed and embedded within processes to ensure compliant outcomes.
- Risk Management and Compliance Functions – second line of defence consists of oversight functions with a major role for the risk management organisation under responsibility of the Head of Risk Management and Compliance. Comprises of the risk management controls, design and implementation of policies and procedures, monitoring and objectively challenge the execution, management and performance of processes & internal controls, the business's compliance with the risk management policies and procedures, and providing training to staff. Furthermore, Independent reporting on risks and controls.
- Independent oversight – third line of defence relies on oversight by ManCo, the Investment Committee, the Board, the Board of the General Partner and/or in the case of valuations, the Valuation Committee, and external auditors.

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

Arcus is a long-term investment manager in private controlling equity interests in European infrastructure businesses. Accordingly, Arcus' investment thesis in selecting these assets is strongly influenced by considerations of long-term macro and thematic trends, as well as the risks and opportunities associated with these trends.

Across Europe, a confluence of thematic and secular trends continue to have a profound impact on the rate of change across Arcus' four target sectors: Digital, Transport, Logistics & Industrials, and Energy. Arcus believes the transition to net zero, the emphasis on the circular economy, and the continued advance of digitisation and AI each present significant opportunities to invest in high-potential infrastructure businesses operating in attractive markets.

Principle **4**

In addition, Arcus sees significant opportunities at the intersection of these four sectors, where large-scale structural shifts create a need for cross-disciplinary skill and cooperation. For instance, the electrification of transport is an example of an energy-for-mobility infrastructure opportunity; the requirement of distributed renewable energy generation and energy efficiency platforms to transmit significant volumes of data is an example of an energy-to-data infrastructure opportunity; and the energy usage and carbon footprint of data centres provides an energy-for-data opportunity.

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

4.2 Risk management framework

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

Arcus has a proprietary Enterprise Risk Management ("ERM") framework which it uses to assess and manage risk. This tool ensures that risk management activities are embedded in its business practices, systems, processes, and behaviours. The objective of Arcus' ERM framework is to create and protect value for its investors, employees, investments, and other stakeholders. The framework seeks to support Arcus' objectives while complying with all relevant laws and regulations.

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

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

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

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

Case study	Enhancing risk management methodology in origination phase
Background	In recent years, Arcus has updated its risk methodology within the asset management process. While risks were previously identified during the origination phase, the approach was not structured in the same way as for the asset management phase. To strengthen this process, further enhancements were required.
Objectives	The aim was to refine and align the risk management methodology used in the origination phase with the structured approach applied during the asset management phase. This would ensure consistency, improve risk identification and assessment.
Actions taken	To enhance the risk methodology while maintaining efficiency, several steps were undertaken. Meetings were held with Arcus sector heads to gather insights and consult on preferred approaches and ensure that any enhancements integrated into existing workflows without adding unnecessary complexity. The focus was on improving risk identification and assessment. The structure and risk methodology used in the Final Investment Approval Request ("FIAR") was revised to align with the Arcus established risk management framework.
Outcome	The FIAR is now aligned with Arcus' risk management methodology. Key improvements include the incorporation of a standardised risk taxonomy, a more structured assessment of risks within the origination phase, and the integration of qualitative and, where possible, quantitative risk processing within the acquisition financial model.

Principle **4**

4.3 Risk consideration during investment process

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

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

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

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

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

Macroeconomic, regulatory & political risks

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

Legal, commercial & technical risks

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

Financial (interest & currency) risk

Interest and currency risk management form an important part of the investment and asset management process. Hedging strategies, which are not performed at a fund level, are assessed by the Arcus Treasury team, and external advisers, and reviewed by the Investment Committee, AEIMNL Board, and GP Board. Hedging strategies are tailored to each investment and positions are monitored actively and reported on regularly. Arcus typically seeks to comprehensively mitigate interest rate risk by using interest rate swaps or caps linked to the underlying cash flows of the investment, with a high proportion being fixed for the tenor of the debt. Deal contingent and vanilla FX forward exchange contracts are also used to hedge the foreign currency purchase price between signing and closing of investments, or when selling an investment between contracting for an asset disposal and receipt of sale proceeds. Any currency hedging will hedge risks back to the base currency of the relevant Fund or Managed Account, this typically being Euros.

Principle **4**

ESG risks

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

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

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

The ESG risk assessment during the investment process also includes a Principal Adverse Impacts ("PAIs") assessment as part of the final investment paper meeting sustainability-related considerations of the Regulation (EU) 2019/2088 of the European Parliament in the financial services sector (the "SFDR"). The PAI assessment is included as a mandatory element in the investment process to record evidence that Arcus considers the adverse impacts of its investment decisions.

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

Case study	Enterprise Risk Management Process – AEIF3
Background	At December 2024, AEIF3 owned six portfolio companies. Throughout the year, AEIF3 maintained its risk reporting framework, continuing to monitor key risks in line with previous years.
Objectives	The objective was to identify and monitor the risks for the two new portfolio companies, EZE and FixMap, from an individual investment materiality perspective, as well as monitoring portfolio level risks and potential risk symmetry from a Fund portfolio perspective. This is consistent with the approach already undertaken for other Arcus Funds.
Actions taken	Workshops were held with the Arcus AEIF3 asset management teams facilitated by the Risk function, in which first the relevant risks were identified, thereafter the risks were assessed on the basis of likelihood and impact. The risks were identified on a gross level (without any controls) and thereafter on a net level (taking existing controls into account).
Outcome	As a result, the top five key risks were identified for the two newly acquired AEIF3 portfolio companies and this will now be re-assessed each quarter alongside the rest of the Arcus portfolio quarterly review.

Principle **4**

4.4 Risk considerations post acquisition

Once an asset has been acquired, the Asset Manager for each investment is required to complete an enterprise risk management maturity assessment on an annual basis. This includes assessing the maturity of the governance, risk management, policies, compliance, finance, IT, tax and ESG within the investment. This is then reviewed and discussed with the Risk Management Function and after completion reported to the Investment Committee, AEIMNL Board, and GP Board. The asset team can use this assessment to make further enhancement to the maturity of the internal control environment to the extent deemed necessary. All action items will be further monitored during the quarterly risk reporting cycle.

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

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

The Managing Director, Head of Risk & Compliance also completes a review of the risk registers for Arcus, the Funds and produces relevant reports which are reviewed by ManCo, Investment Committee or the Boards of the Manager or GP as applicable.

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

Events which may require the process to be repeated include:

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

4.5 Arcus response to market-wide and systemic risks

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

Climate change risk

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

Case study **Crisis management exercise**

In December 2024, a crisis simulation exercise was organised at Arcus, in which the Arcus crisis management capabilities were reviewed, including the response time of the designated business continuity team members to a simulated event preventing physical access to the Arcus London office. This was followed by testing the “call out” tree on an assumed scenario of emails, Microsoft teams and WhatsApp being unavailable, requiring voice calls to the entire Arcus team.

It was considered useful to perform such a simulation exercise, to identify enhancements that could be made to, for example the business continuity plan, communication plan, governance and call out tree.

Principle **4**

4.6 Arcus involvement in industry-wide initiatives

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

These events target sector-wide themes, emerging trends and risks and improvement opportunities offering participants a platform to learn, co-operate, share best practices and network. Arcus has been an active participant of GRESB since 2017, our latest scores and results are mentioned in our response to Principle 7, section 7.6 GRESB. From October 2018 to late 2021, Arcus sat on the GRESB European Infrastructure Benchmark Committee and, since early 2022, on the GRESB Infrastructure Standards Committee. In 2024, Arcus also participated in, and contributed to, various ESG working groups, namely the GRESB Expert Group as well as the GRESB Net Zero and GRESB Data Center working groups. For more information about our active contribution, please refer to the Case Study on "Participation in the GRESB Standards Committee" under Principle 10. From Arcus' perspective, participation in discussions on leading edge developments and thought leadership discussions provide valuable insight and sharing of peer experience for Arcus to adopt into its own management of market-wide and systemic risks.

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

Principle **5**

Principle **5**

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Arcus response

5.1 Arcus-wide policies

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

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

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

Principle **5**

5.2 Continuous improvement of ESG policy

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

Arcus' ESG policy sets out the objectives and principles Arcus follows, such as the United Nations Principles for Responsible Investment ("PRI"), United Nations Global Compact ("UNGC"), UN SDGs and Task Force on Climate-related Financial Disclosures ("TCFD"). The policy outlines the Arcus ESG Committee's terms of reference, incorporating guidelines regarding responsible investing, and details Arcus' approach to ESG reporting to investors and consideration of ESG objectives in the remuneration of Arcus' Members and Employees. The policy was most recently updated in December 2024 to include an update on our net zero commitments, ESG team resourcing, as well as updates on the policy's exclusion criteria.

5.3 Investee company policies

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

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

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

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

5.4 Assuring our processes and reporting

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

As part of the feedback received from one of its underlying fund investors in 2024, it considered Arcus' ESG reporting is considered to meet that of a best-practice and received an A+ in all categories.

Principle **6**

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Arcus response

6.1 Overview of Arcus' clients

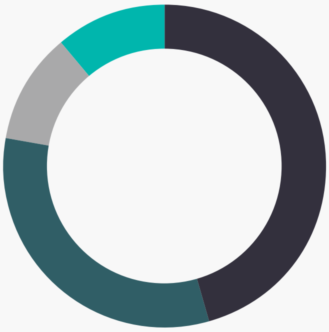
At 31 December 2024, Arcus managed eighteen investments across its portfolio with total value of assets under management of approximately €9.3 billion. All investments are in unlisted infrastructure assets. Arcus only invests in infrastructure assets or businesses that are primarily located in the EU, the United Kingdom, Switzerland and Norway[12], where it has considerable experience of prior infrastructure investments in most of the eligible countries.

Arcus' clients are institutional investors who have long-term investment time horizons, often beyond 10 years. Arcus provides its asset management services to investors who are predominantly European institutional investors (pension funds, insurance companies, and other asset owners)[13] seeking exposure to long-term illiquid investments in the European infrastructure asset class. These sophisticated institutional investors each undertake detailed due diligence on Arcus, and the product they are investing in, prior to committing. Such due diligence typically includes on-site diligence meetings with the Arcus team. Arcus aims to deliver attractive risk-adjusted returns and distribution yield to its investors over the long-term through careful selection and active management of appropriate infrastructure assets. The following charts illustrate an approximate breakdown of the Arcus assets under management and investor base:

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

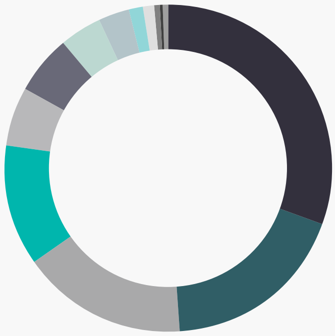
Principle 6

Arcus portfolio split by sector



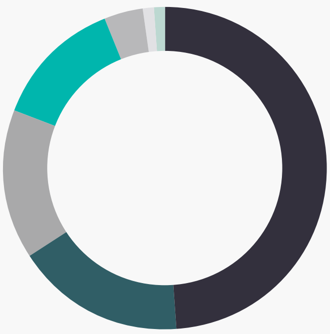
Transport	45.7%
Digital	32.2%
Energy	11.0%
Logistics & Industrials	11.1%

Arcus portfolio split by country



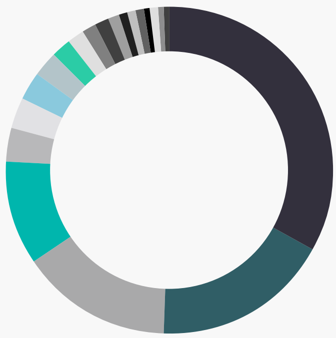
France	30.6%
Portugal	18.6%
Europe-wide	16.2%
United Kingdom	11.9%
Poland	6.1%
Nordics	5.8%
Germany	4.1%
Netherlands	3.0%
Other	1.3%
Switzerland	1.2%
Luxembourg	0.5%
Rest of world	0.5%
Ireland	0.3%

Arcus investor split by type (excl AEIF1 and Alpha AET)



Public Pension Fund	48.6%
Fund of Funds / Advisor	17.1%
Private Pension Fund	15.0%
Insurance	13.3%
SWF / Government Entity	4.4%
General Partner	0.7%
Family Office	0.7%
HNW Individual	0.1%

Investor Distribution by Region (All investors excl AEIF1 and Alpha AET)



The Netherlands	33.2%
Switzerland	17.6%
United Kingdom	14.9%
Germany	10.3%
Luxembourg	3.3%
Abu Dhabi	3.0%
Ireland	2.9%
France	2.3%
Japan	2.2%
Sweden	1.5%
Denmark	1.5%
Spain	1.4%
Austria	1.1%
Canada	0.9%
Finland	0.8%
Korea	0.7%
Italy	0.7%
Belgium	0.6%
Lichtenstien	0.6%
USA	0.5%

Principle **6**

6.2 Understanding investors' requirements

Arcus is transparent with Fund and Managed Account investors about its activities and maintains an active and recurring dialogue with investors. Arcus has a dedicated Investor Relations Team, led by Ronak Patel (Partner, Head of Capital Formation & Investor Relations) responsible for ongoing interactions with the existing and prospective investors as well as investor reporting. The Investor Relations team is in regular contact with the investors, spending significant time understanding their requirements from time to time as their investment strategies evolve and regulatory changes affect them.

When committing to an Arcus fund, investors undertake detailed legal due diligence of the fund documentation and some investors also have a side letter where their particular requirements (whether they be in relation to investment approach, specific additional reporting or investment appetite) are documented. As a result, investors' expectations and relationship with Arcus are clearly documented and understood at the outset of their commitment to the Arcus fund. Arcus considers and implements these requirements in its investment strategy and asset management approach and in the stewardship of those investments.

Case study	Enhanced review to ensure data quality
Background	Arcus follows a materiality driven approach to collection and reporting 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. Since January 2023, Arcus' reporting has included reporting annually on the mandatory PAIs and relevant voluntary PAIs that Arcus feels are generally material for the infrastructure sector in accordance with SFDR. Given the increasing complexity and regulatory expectations surrounding ESG data, ensuring accuracy, consistency, and reliability became a key focus area.
Objectives	Arcus wants to ensure it uses and presents high data quality aligned with anti-greenwashing guidance from the FCA.
Actions taken	A structured review framework was introduced to assess the accuracy and consistency of ESG data across all relevant reporting categories. Internal validation processes were strengthened, incorporating cross-functional reviews and enhanced quality control measures to identify discrepancies and improve data reliability.
Outcome	In 2024, ERM updated the existing GHG Assessment Tool to incorporate the most up-to-date emission factors, which has been used by the AEIF2 and AEIF3 investee companies to report on their emissions. The baseline GHG emissions of all portfolio companies have been externally verified by the team at ERM. In line with the GHG Protocol standards, investee companies will report separately on Scope 1, Scope 2, and material Scope 3 emissions. These initiatives have also contributed to Arcus' ongoing enhancement of internal data collection and verification processes, ensuring continuous improvement in data integrity. Arcus further enhanced its internal data quality process by reviewing reported data against the previous year's information and identifying potential outliers. Using a year-on-year comparison approach, the Arcus team collaborated with investee companies to identify discrepancies and requested explanations when necessary. Additionally, reported data was analysed alongside information submitted to the independent infrastructure benchmark of GRESB. As part of the benchmarking process, GRESB conducts manual validation for qualitative data, automatic validation for quantitative ESG metrics, as well as a separate data quality check post response submission. Thus, increasing the overall robustness of reported information.

Principle **6**

6.3 Reporting to investors

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

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

Investors also receive an annual report and are invited to attend an AGM of the fund as well as quarterly update calls on the performance of the Fund's assets. The Annual General Meeting ("AGM") of Limited Partners provides investors with a further opportunity to discuss areas of interest with Asset Managers and key decision makers. We also publish a publicly available Sustainability Report which includes ESG developments from the previous year[14].

In 2024, Arcus hosted the Annual General Meeting ("AGM") for both AEIF2 and AEIF3 in person. The event was held in London, with all Limited Partners invited to participate. Arcus Asset Managers for the respective Funds' investee companies and portfolio company CEOs presented market developments and provided updates on Arcus and the performance of each fund's assets.

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

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

Arcus uses GRESB reporting as a key medium for reporting its ESG performance to investors. GRESB reviews the organisational approach to sustainability and ESG, topics incorporating many elements of stewardship activities. Further information on GRESB results for 2024 are contained in Principle 7, section 7.6 GRESB.

14 Arcus-ESG-Policy-December-2024-Final.pdf

Principle **7**

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Arcus response

7.1 ESG overview

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

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

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

Principle **7**

ESG	**Kaj Bakker** Senior ESG Director		Kaj joined Arcus in 2021 as ESG Director. In his role, Kaj manages ESG activities across the investment lifecycle from origination, through to asset management, contributing to long-term sustainable growth. Prior to joining Arcus, Kaj was an International Sustainability Manager at Cromwell Property Group, where he was responsible for the ESG framework across the European platform, helping minimise the adverse impacts the company's operations have on the environment, increasing disclosure and providing transparency on the performance of the assets managed, ensuring they were all in line with increasing reporting requirements and company objectives. He holds a Bachelor's degree in Real Estate from the Amsterdam University of Applied Sciences.
ESG	**Tanja Vocke** ESG Executive		Tanja joined Arcus in 2023 as an ESG Executive within the ESG Team and is based in Amsterdam. Prior to this, Tanja was in the responsible investment sector working for Triodos Investment Management. Tanja holds a BSc in International Management and a M.Sc. in Environmental Science from the University of Utrecht.
ESG	**Fabio Schweinoster Manfroni** ESG Executive		Fabio joined Arcus in 2024 as an ESG Executive within the ESG Team and is based in Amsterdam. Prior to this, Fabio served as an Infrastructure Associate for GRESB, the Global Benchmark for Real Assets. Fabio holds a BSc in Economics, a MSc in International Management and a MSc in Finance from the University of Amsterdam.

7.2 Arcus' ESG approach throughout the investment cycle

Arcus has an ESG policy (last updated in December 2024) which applies to all members, employees and contractors. Our ESG policy, available on our website[15], sets out Arcus' ESG objectives, the ESG factors Arcus considers material, international principles and standards Arcus aligns with, the ESG Committee's terms of reference and incorporates guidelines concerning responsible investing. The policy also details Arcus' approach to reporting ESG matters to investors and ESG training provided to, and consideration of ESG in setting remuneration of, Arcus team members.

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

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

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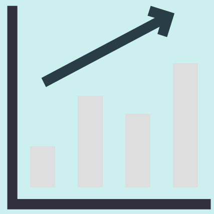
Principle 7

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

7.3 Origination

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

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

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

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

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

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

Principle 7

Case Study	Improving filtering of investment opportunities on ESG grounds during the reporting period
Background	Responsible investment is a key component of Arcus' investment strategy. It reflects the fiduciary duty Arcus has towards its investors and other stakeholders. As part of the commitment Arcus makes to responsible investment, relevant policies and procedures are aligned with international standards.
Objectives	Ensure strong policies and processes to avoid acquiring investments with unacceptable ESG risks. Provide the Arcus investment professionals with tools and guidance to consider ESG factors during the origination and due diligence process. Present the Investment Committee with sufficient and material ESG information to make well-balanced decisions within the Arcus and Fund risk appetite.
Actions taken	In 2024 Arcus continued its origination approach as explained in Principle 7, section 7.3 Origination. The dedicated ESG team advised and supported the investment teams with the assessment of the material ESG risks and opportunities in the potential investments. Arcus engaged with external technical due diligence providers to ensure that the assessments of material ESG factors (including adverse impacts) were included in the supplier's scope of services. All final investment approval papers that passed the relevant thresholds cover PAI assessment.
Outcome	Arcus has excluded 6% of the 321 opportunities reviewed by the origination management team in 2024 on grounds of ESG concerns. In 2024, more specific examples of the reasons Arcus excluded these transactions were due to the exposure to or the use, exposure to fossil fuels (stranded asset risk), energy and/or carbon intensity (stranded asset risk), minority shareholding positions without controlling governance rights (lack of control risk or mismatch to investment thesis), or where the profile of individuals or country involved created governance concerns (reputational risk).

7.4 Asset management

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

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

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

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

7.5 Reporting

Arcus focuses on disclosure and transparency of reporting and 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.

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

Principle 7

7.6 GRESB

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

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

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

We are very proud of the excellent results achieved in 2024 by our funds and investee companies (all improving their scoring in 2024), which are summarised in the table below.

Arcus demonstrated "best-in-class" ESG performance once again in the 2024 GRESB Infrastructure Assessment with Arcus European Trains (the Alpha Trains holding partnership or "AET") was named Sector Leader in the Infrastructure Fund category, and ranked first in the Transport Sector, scoring 98 out of 100 points. Alpha Trains also received a Sector Leader Award, scoring 100 out of 100 points, ranking first in the Rail Companies category for the third year in a row. AEIF2 maintained a 4-star GRESB rating, with the Fund's score increasing by two-points this year to 93 out of a possible 100 points in the GRESB fund assessment. Constellation, which was sold by the fund in October 2024, scored 99 out of 100 points, an increase of six-points compared to 2023, and received a 5-star rating, up from a 4-star rating received in 2023. This compares to a score of 67 out of 100 received in the first year of the company's participation in GRESB. This result reflects Arcus' dedication to continuously improving Constellation's ESG approach over the Fund's ownership and represents the significant change that can be generated by the point of exit. Peacock ranked first out of 695 assets for the Performance module, with 60 out of 60 points. The asset scored 93 out of 100 points overall.

Other AEIF2 assets performed very well, with Horizon, SMA and Swiss4net all receiving 93 out of 100 points. Momentum received a score of 95 out of 100 points, and the HB and Opus scores increased to 77 and 86 points respectively (both out of 100 points).

AEIF3's GRESB score increased by 18 points, from 67 to 85 out of 100 points in 2024, the second year of participation. Workdry's score improved by 35 points, reflecting many of the initiatives Arcus has implemented with the management team during the last year, scoring 89 out of 100 points. The asset improved from a 1-star rating in 2023, to a 3-star rating in 2024. Officium and Portus participated for the first time in 2024, scoring solid first year results of 67 and 75 points (out of 100) respectively.

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

7.7 Climate change considerations – collaborating with advisers to enhance Arcus' approach

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

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

Arcus' TCFD report is contained within its annual investor reporting, and a summary is included in the annual public sustainability report issued in June 2024 (for the year ended 31 December 2023). Since our initial TCFD report in 2020, Arcus has annually reported in line with the TCFD recommendations, in conjunction with ERM, a global sustainability consultancy, who we have been working with since the inception of our TCFD reporting. ERM conducted the full climate scenario analysis for two investments which had been acquired in 2024. Arcus also supported the newer investments to develop reporting capacity in line with the GHG protocol standards on Scope 1, 2 and material Scope 3 emissions.

Evolution of GRESB assessment over time

	2018	2019	2020	2021	2022	2023	2024	Star rating
Fund scores								
A1 Investor Vehicle	74/100	77/100	88/100	95/100	97/100	96/100	96/100	★★★★★
AEIF2	–	62/100	86/100	82/100	91/100	91/100	93/100	★★★★
AEIF3	–	–	–	–	–	67/100	85/100	★★
AET	–	–	93/100	96/100	100/100	99/100	98/100	★★★★★
Tivana Investor Vehicle	78/100	77/100	96/100	99/100	96/100	98/100	96/100	★★★★★
Asset scores								
Alpha Trains	85/100	84/100	92/100	96/100	100/100	100/100	100/100	★★★★★
Brisa	83/100	91/100	94/100	95/100	96/100	97/100	100/100	★★★★★
Constellation Cold Logistics	–	–	–	67/100	87/100	93/100	99/100	★★★★★
GTC	76/100	76/100	85/100	95/100	96/100	96/100	97/100	★★★★★
HBRTS	–	–	–	–	–	73/100	77/100	★
horizon energy infrastructure	–	–	42/100	52/100	90/100	92/100	93/100	★★★★
momentum green energy	–	–	–	–	–	95/100	95/100	★★★★
OFFICIUM	–	–	–	–	–	–	67/100	★
OPUS Bilprovning	–	–	–	–	–	82/100	86/100	★★
PEACOCK Leasing & Rental	–	–	–	–	70/100	91/100	93/100	★★★★
Portus	–	–	–	–	–	–	75/100	★

Evolution of GRESB assessment over time

Asset scores	2018	2019	2020	2021	2022	2023	2024	Star rating
Smart Meter Assets	–	–	–	–	87/100	91/100	93/100	★★★★
swiss4net	–	48/100	85/100	86/100	94/100	91/100	93/100	★★★★
tdf	80/100	75/100	97/100	100/100	95/100	98/100	96/100	★★★★★
WORKDRY INTERNATIONAL	–	–	–	–	–	54/100	89/100	★★★

In December 2022, as part of the next steps in the TCFD implementation, Arcus made a corporate commitment to become net zero by 2050 in line with a 1.5-degree temperature increase limit scenario. In support of this commitment, Arcus became a signatory of the iCI. In 2024, Arcus, with the support of Anthesis, worked with four AEIF2 investee setting interim CO_2 reduction targets in alignment with the science-based standards for Scope 1 and 2 emissions. For Scope 3 emissions that result from upstream and downstream activities, Arcus will continue to influence and support reduction of emissions.

Case Study	Enhanced TCFD reporting
Background	The FCA introduced mandatory TCFD reporting requirements in January 2022 for UK asset managers, life insurers, and FCA-regulated pension providers. Firms with £5 billion or more in assets under management ("AUM") must publish annual climate-related disclosures covering governance, strategy, risk management, and metrics/targets by 30 June 2024. These disclosures align with the TCFD framework and aim to improve transparency on climate risks and opportunities for investors. Arcus European Investment Manager LLP ("AEIM") is authorised and regulated by the FCA in the UK, and provides portfolio management services to Arcus' Funds. As an FCA regulated asset manager, AEIM is required to prepare and publish a climate report based on the TCFD Recommendations and Recommended Disclosures and compliant with the FCA Rules.
Objectives	Arcus aims to achieve full compliance with FCA-mandated TCFD reporting while striving to achieve a high standard in climate-related financial disclosures. To support this goal, Arcus engaged the advisory firm Simmons & Simmons for expert guidance and conducted a comprehensive gap analysis to identify and address areas for improvement, ensuring adherence to regulatory and industry standards.
Actions taken	Through the work with Simmons & Simmons, Arcus developed and published its TCFD entity-level report as part of its annual sustainability report, ensuring it is accessible to the public. This approach enhances transparency and aligns with regulatory requirements.
Outcome	Arcus' TCFD reporting was already very extensive; however, through the alignment of enhanced requirements set by the FCA, Arcus aligned with meeting those requirements The Sustainability Report represents AEIM's TCFD entity-level report in accordance with the FCA Rules. As a result, our public TCFD disclosures provided greater transparency and alignment with industry best practices.

Principle **7**

Case Study	Constellation: Integration of ESG in the investment cycle
Background	Constellation Cold Logistics is a chain of cold storage companies comprising 20 facilities and approximately 515k pallet positions of capacity. The Constellation platform is one of the more energy intensive investments within the Arcus portfolio. The platform's buy and build strategy has resulted in a good geographical spread across multiple European countries. Arcus first invested in Constellation in 2019, since that time, and through close collaboration with Arcus on material ESG factors, Constellation has become an ESG pioneer in the cold storage sector.
Objectives	Arcus targets reduction of the transitional risk profile of the Constellation platform, ensuring the company's competitive position in a transition to a low carbon economy and longevity as critical infrastructure ensuring food security. When looking at market-wide and systemic risk in the context of our investments, we identified energy efficiency and climate risk exposure as examples of key considerations. The implementation of these issues into investment strategy is evidenced by the businesses that Arcus buys, and the ways we manage them.
Actions taken	From a social aspect perspective, Constellation has implemented robust measures, including the adoption of Personal Protective Equipment ("PPE") standards and comprehensive policies across all sites to ensure employees are protected to the highest possible standard. From an environmental perspective, Arcus identified energy efficiency solutions.
Outcome	Investments during Arcus ownership to upgrade refrigeration systems achieved up to 40% energy efficiency improvements and the installation of self-generation into renewable energy generation have also been a key part of the firm's ESG strategy, contributing to reductions in carbon footprint. The investment of 12.4MW of solar capacity during Arcus' ownership allows an average self-generation of 12% of Constellation's total energy requirements. The company also has installed more efficient LED lighting, best-in-class insulation and rapid-roll doors across multiple sites to further increase energy efficiency during Arcus' ownership. These improvements implemented through Arcus' guidance and stewardship were well recognised at exit and contributed to the successful exit of Constellation from AEIF2.

7.8 Exit

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

7.9 Service providers in ESG integration

As described in examples above, Arcus works with service providers such as ESG consultants and advisers to assist in various stages across the investment process. Please see our case study "Improving filtering of investment opportunities on ESG grounds during the reporting period" in the response to Principle 7, section 7.3 where we discuss the role of third-party advisers during due diligence, and another example where we engaged ERM in 2024 to work with us on improving GHG emissions reporting at Arcus and portfolio companies. More information on how we ensure service providers are held to account can be found in Principle 8. However, we ensure that a full due diligence exercise has been undertaken prior to appointing any service providers to ensure alignment of company values and fiduciary duties. Once appointed, the initial brief provided to the company appointed is precise and descriptive of what Arcus would like to achieve, includes an overview of why this particular mandate is material to Arcus and requires action now, and finally the outcome, time frames and how it should be presented. This is to ensure that service providers receive clear and actionable criteria prior to commencing any work and have a deeper understanding on why the mandate is important to Arcus and the ESG factors which are material to Arcus.

Principle **8**

Principle **8**

Signatories monitor and hold to account managers and/or service providers.

Arcus response

8.1 Arcus' approach to service providers

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

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

The Arcus personnel responsible for the service delivery of the provider review the quality of service on an ongoing basis, hold periodic meetings and report any issues to ManCo. Following a project, the Arcus team engages the service provider for a feedback session to improve the service experience for future projects.

8.2 Arcus asset manager for each investee company

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

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

Principle **8**

Asset Managers also review internal control environment (including governance, culture, risk management, IT, Tax, Finance and ESG on an annual basis and ensure necessary enhancement is conducted throughout the year and report this accordingly in the quarterly risk reviews to the Investment Committee and Boards.

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

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

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

8.3 Upholding high standards in service providers and investee companies

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

8.4 Promise to eradicate modern slavery

Arcus is committed to being a responsible corporate citizen in protecting human rights, therefore each investment made by Arcus and every service provider we choose to work with must adhere to our Modern Slavery statement, as stated on our corporate website[16]. All Arcus members and employees receive training on the Modern Slavery Act on a regular basis.

Case Study	**Selection and Onboarding of new service provider**
Background	In 2024, the Arcus ESG Team wanted to address multiple topics such as NZ objectives, prepare its assets for CSRD, and EU Taxonomy alignment, which required engaging the right service providers to support these efforts. A careful and structured approach is needed when selecting a new service provider to ensure alignment with our operational and ESG principles. Arcus always considers multiple providers, evaluating them thoroughly before presenting the shortlisted options to the Investment Committee and ESG Committee for approval.
Objectives	The goal was to appoint a service provider that met our operational needs while maintaining high standards of quality. By working with trusted partners, we ensure a long-term, value-driven relationship that supports our strategic objectives.
Actions taken	A structured selection process was followed, involving detailed assessments of potential providers and defining a clear scope of services. Throughout the process, we collaborated closely with internal and external stakeholders, ensuring alignment on expectations and approvals from the Investment Committee and ESG Committee.
Outcome	By working closely together, we successfully onboarded a provider that meets our operational and ESG expectations. As the project progressed, we tailored the process to address emerging needs, improving communication and refining workflows.

16 https://arcusip.com/wp-content/uploads/2024/10/Anti-slavery-and-human-trafficking-statement-2024.docx.pdf

Principle **9**

Principle **9**

Signatories engage with issuers to maintain or enhance the value of assets.

Arcus response

9.1 Approach to managing investments

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

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

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

These components are embedded in Arcus' investment strategy, as set out in section 1.2, where a value-add strategy requires detailed asset management activities which in turn required controlling interests to allow the execution of asset management activities. Hence the asset management approach is critical to delivering the investment strategy. It is through these initiatives that Arcus delivers strong returns for investors and fosters a culture of continuous improvement acting in the best interests of its investors and other stakeholders.

Principle **9**

9.2 Resourcing asset management

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

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

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

Case Study	**Hiring experienced Technical and Operations Director**
Background	Arcus employs roll-up strategies across multiple investee companies. To maximise synergies, it is essential that these companies integrate operationally and financially in a value-accretive manner. Effective structuring and execution of these integrations are key to unlocking their full potential.
Objectives	Arcus identified the need for dedicated asset management support to help investee companies structure and procure large-scale projects effectively. This ensures value for money and establishes robust governance frameworks to mitigate risk exposure.
Actions taken	In Q2 2024, Arcus recruited a Technical and Operations Director to strengthen its asset management and operational oversight capabilities. Rolo Prabakar who now holds this role, collaborates with the investment management teams to identify and drive value creation opportunities within portfolio assets, fulfilling a key stewardship function. Rolo Prabakar is an engineer by background with 12 years of experience across the infrastructure cycle. He previously led PwC's digital infrastructure team, operating within the firm's Delivering Deal Value practice.
Outcome	The newly appointed Director has worked closely with Arcus' more mature businesses to optimise organisational structures and streamline operations, enhancing both efficiency and financial performance. Several of Arcus's investee companies are undertaking large-scale capital projects. The Director is providing strategic asset management support to ensure these projects achieve the best value for money while aligning with Arcus's long-term business objectives.

Principle 9

9.3 Arcus asset management framework

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

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

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

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

Shareholder leadership

- Clear strategic objectives
- Shareholder alignment
- Board effectiveness
- ESG risks, mitigants and opportunities
- Continual monitoring

Management excellence

- Arcus Partnership approach
- Senior management team strengthening
- Long term management incentive plans
- Organisation design and effectiveness

Strategy & operations

Existing business

- Sustainable and profitable revenue streams
- Opex control
- Capex optimisation
- Portfolio optimisation
- Non-core divestments

New business

- Growth investment
- M&A opportunities
- Market / product expansion

Finance & reporting

- Refinancing and growth finance
- Treasury management
- Tax structuring improvements
- Best-in-class reporting

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

Arcus continually assesses how and where its asset management approach has delivered value in the past and seeks to use this experience to improve and evolve its Asset Management Framework and processes. For example, Arcus estimates that its approach to asset management and the specific value add initiatives identified on the nine investments in AEIF2 have delivered an aggregate 'value-add' to investors of more than €445m, on approximately €1.2bn of capital invested, over a four-year average holding period.

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

Principle 9

Case studies
Asset management activities 2024

The following are Arcus portfolio 2024 case studies for each of the key areas of the Arcus Asset Management Framework.

Shareholder leadership

FIXMAP

Background

Arcus acquired FixMap in September of 2024 as the sixth investment in Arcus European Infrastructure Fund 3 ("AEIF3").

FixMap is a leading Polish fibre-to-the-home ("FTTH") operator, currently comprising 20 FTTH subsidiaries. By the end of 2024, FixMap's network covered approximately 280,000 Homes Passed ("HPs") and around 100,000 Homes Connected ("HCs") across Poland. The subsidiaries of FixMap operate as both internet service providers ("ISPs") and network operators. Poland remains a relatively underdeveloped FTTH market, ranking in the lower half of the EU coverage rates.

Objectives

As part of the 100-day plan for FixMap, the Arcus asset management team aimed to execute on operational and technical integration strategies for the FTTH networks it has acquired. In addition, Arcus worked with FixMap to establish key corporate policies to formalise their approach towards various areas of the business, focusing on ESG and Health & Safety Policy.

Outcome

After transaction completion, two new initiatives are being advanced on operational integration as well as efforts to aggregate traffic for technical integrations have been made.

Through multiple points of engagement since the acquisition, the Arcus team has worked together with FixMap to provide ESG guidance, identify relevant SDGs, set an ESG policy and SFDR reporting, with a focus on GHG emissions. FixMap makes a material contribution towards the SDGs through the nature of its business operations which are located in semi-rural areas. The company was found to materially contribute to the following SDGs: SDG 9 Industry, innovation and infrastructure and SDG 11 Sustainable Cities and Communities. Furthermore, during the reporting period, the Arcus ESG and asset management team worked with the team at FixMap to set up processes to start reporting on SFDR PAIs including Scope 1, 2 and material Scope 3 GHG emissions in line with the GHG protocol. FixMap will report on the material Principal Adverse Impact indicators for the first time in 2026.

Management excellence

momentum green energy

Background

Momentum, acquired in December 2021, is a Danish-based energy company which manages and optimises well-located, late life, on-shore wind turbines. Momentum has an integrated renewable energy investment and services platform covering the full lifecycle and a significant part of the value chain for wind and solar projects. 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.

Objectives

The Arcus Asset Management team for Momentum focused on strengthening the central management functions, including the appointment of a new CFO and the implementation of a CEO succession planning process.

Outcome

During 2024, the company recruited a CFO. Momentum also finalised a CEO transition plan with Momentum's current CEO and Founder, moving to a non-executive chairperson role in Q1 2025. A new CEO has been selected and will also commence in Q1 2025.

Principle **9**

Strategy & Operations	WORKDRY INTERNATIONAL	**Background** Arcus acquired Workdry International Limited ("Workdry") in September of 2022 as its first investment in Arcus European Infrastructure Fund 3 ("AEIF3"). Workdry provides critical water pump and wastewater treatment asset leasing to water utilities, engineering firms and other industrial customers through the Selwood and Siltbuster brands in the UK, Vanderkap brand in the Netherlands and Holland Pump brand in the US. **Objectives** The Workdry Asset Management team focused on its strategic expansion goals into new markets. **Outcome** During 2024, Workdry added the United States to its operating markets. Workdry identified and acquired Holland Pump, a leading provider of pump rental solutions with a strong presence across the East and Gulf Coast states. The company operates from 14 depots and maintains a fleet of c. 1,000 pump assets alongside significant ancillary pumping equipment. This further expanded the Workdry footprint and diversified its business.
Finance & Reporting	EZE	**Background** Arcus acquired eze.network GmbH ("EZE") in June 2024, an independent electric vehicle Charge Point Operator head quartered in Munich, Germany. The company develops, operates and owns electric vehicle charging infrastructure in on-street municipal car parking spaces. EZE was established in 2019 and currently owns and operates over 1,000 charge points across several key German metropolitan areas. EZE partners with cities and municipalities to develop and operate charging infrastructure under long-term contracts. **Objectives** Following the acquisition, the Arcus asset management team has established an appropriate governance structure and initiated monthly reporting materials of the Company's financial and non-financial performance. **Outcome** Arcus established a strong and effective board with two Arcus representatives appointed. In December 2024, EZE collaborated with the Asset Management team on the development of its ESG policy. Arcus worked closely with the company to refine its periodic reporting. Additional monitoring and reporting areas were identified, including a focus on non-financial KPIs related to ESG. EZE Network reported for the first time on SFDR PAIs for reporting year 2024, including Scope 1, 2 and material Scope 3 GHG emissions in line with GHG protocol. Several workshops have been organised at the end of 2024 to identify further ESG development areas to establish policies, procedures and KPI targets. The exercise has allowed both the Arcus asset management team and EZE management to highlight the key priorities for 2025.

Principle **10**

Principle **10**

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Arcus response

10.1 Approach to collaborative engagement

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

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

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

Principle **10**

Collective bodies of which Arcus is a member include the Global Infrastructure Investor Association, iCI and GRESB. Arcus is a signatory to the Principles for Responsible Investment and the United Nations Global Compact and uses these bodies to influence relevant stakeholders and underlying infrastructure companies. In addition, Arcus is also a signatory to the TCFD and the UK Stewardship Code 2020 (since first reporting in 2021).

Arcus is a member of/signatory to the following organisations:

GRESB

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Signatory of:

PRI Principles for Responsible Investment

initiative climat international

WE SUPPORT UN GLOBAL COMPACT

GIIA Global Infrastructure Investor Association

Signatory of:

UK STEWARDSHIP CODE

SUSTAINABLE DEVELOPMENT GOALS

Principle **10**

Case Study	**Influencing Industry Benchmark and ESG Standards**
Background	Arcus is a member of the GRESB infrastructure benchmark and participated in the ESG assessment and benchmarking process over the last eight years (2017-2024). Arcus requires all investee companies to complete the GRESB infrastructure assessment annually. Arcus uses the GRESB benchmarking process as a tool to assess ESG performance at investee company level, facilitate engagement for internal and external discussions and set performance targets, with the aim of consistently improving asset ESG performance. Neil Krawitz, Head of ESG and Asset Management at Arcus, was selected following the application process in early 2022 to the Infrastructure Standards Committee ("ISC"), one of GRESB's key governance bodies and has been a member of the ISC since. Kaj Bakker, Senior ESG Director serves as expert in the infrastructure working group that supports GRESB by providing technical expertise, industry resources and guidance used to develop GRESB ESG standards. In addition, in Q4 2024 Arcus team members participated in the GRESB Data Center and Net Zero working groups.
Objectives	Ensure that the ESG factors as mentioned in Principle 4, section 4.3 (Risk considerations during investment process) that are seen to be material to Arcus and the infrastructure industry in general are firmly included in the GRESB standards. Ensure that the Arcus ESG policy is aligned with the GRESB standards. Support the advancement and improvement of GRESB ESG standards.
Actions taken	During the reporting period, Arcus participated in all committee meetings of the ISC. With 16 years of relevant infrastructure and ESG experience, Neil Krawitz actively contributed to further development of the GRESB standards, on behalf of Arcus.
Outcome	Through the participation Arcus continues to have access to thought leadership by other ESG frontrunners in the infrastructure sector. Arcus can contribute to shaping the future of an important ESG infrastructure benchmark and influence as well as align its own ESG strategy with the best practice of others. In 2024 following work and guidance of the ISC and associated working groups, the GRESB standard improved or adopted amongst others the following ESG topics: net zero, carbon reduction targets, physical and transitional climate change risk and opportunity assessments, verification and assurance of GHG information, and Diversity, Equity and Inclusion ("DEI"). Arcus and our portfolio companies made a public net zero commitment, and continued to prioritise the assessment of climate change risks and opportunities of its portfolio. In addition, Arcus' portfolio companies also targeted improvements in policies and reporting on DEI during the reporting period. Through these initiatives Arcus seeks to continuously improve its approach and maintain its position as an ESG sector leader.

The contact details for Arcus for the purpose of cooperation amongst institutional investors are:
Martine Van Oppenraaij, Managing Director, Head of Risk & Compliance, Netherlands Office or
Neil Krawitz, Head of ESG and Asset Management, London Office.
Both can be reached by calling +44 20 7832 3400

Principle 11

Principle **11**

Signatories, where necessary, escalate stewardship activities to influence issuers.

Arcus response

11.1 Escalating stewardship activities

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

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

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

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

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

Principle 12

Principle **12**

Signatories actively exercise their rights and responsibilities.

Arcus response

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

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

Principle **12**

12.1 Board attendance

	Arcus Board Members (as at 31 December 2024)	No. of Arcus Board Seats	2024 Attendance
Alpha Trains	Neil Krawitz, Manuela Abreu, Carsten Goeke	3 of 12 Seats	89%
Brisa	Daniel Amaral, John Shea	2 of 11 Seats	100%
Constellation	Jordan Cott	1 of 6 Seats	100%[17]
Coolworld	Jordan Cott, Stuart Gray, Dan Ibbetson	3 of 4 Seats	100%
EZE	Andrew Copeland, Michael Allen	2 of 4 Seats	100%
FixMap	Christopher Ehrke, Grazyna Piotrowska-Oliwa (Arcus Senior advisor)	2 of 4 Seats	100%
GTC	Ian Harding, Stefano Brugnolo	2 of 4 Seats	100%
HB RTS	Jordan Cott, Lisero Perez, Peter Willems (Arcus Senior Adviser)	3 of 4 Seats	92%
Horizon	Stefano Brugnolo, Mark Cresswell, Simon Gray	3 of 8 Seats	100%
Momentum	Stefano Brugnolo, Jake Woolfstein	2 of 4 Seats	100%
Officium	Stefano Brugnolo, Christian Scott-Mackenzie	2 of 7 Seats	100%
Opus	Michael Allen, Daniel Amaral	2 of 3 Seats	100%
Peacock	Jenni Chan, Neil Krawitz	2 of 4 Seats	100%
Portus	Christopher Ehrke, Su-Anne Pang, John Shea	3 of 6 Seats	100%
SMA	Stefano Brugnolo, Mark Cresswell, Christian Scott-Mackenzie	3 of 7 Seats	100%
S4N	Christopher Ehrke, Martin Puder[18]	2 of 3 Seats	100%
TDF	Christopher Ehrke	1 of 10 Seats	100%
Workdry	Jordan Cott, Ian Harding, Jake Woolfstein	3 of 6 Seats	100%

17 Arcus acquired its stake into the Constellation SIV entity in November 2024
18 Arcus holds 2 of 3 board seats, the third one being held by the executive director appointed by Arcus

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

Given the nature of unlisted investments and only investing in private companies, it is not always appropriate to disclose voting procedures or events voted on; matters being voted on would be confidential as required by the shareholders' agreements in place with fellow shareholders and the investee company. We report quarterly on a private basis to our investors on material developments and events in our investee companies (including material matters considered by the board during that quarter) as outlined in Principle 6.

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

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

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

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

Glossary

In the policies and procedures, unless otherwise stated, the following expressions have the following meanings:

Advisory Board	A committee consisting of representatives of investors in AEIF1 and/or AEIF2, which will review, inter alia, AEIF1's or AEIF2's investment strategy and performance and any actual or potential conflicts of interest
AEIF1	Arcus European Infrastructure Fund 1
AEIF2	Arcus European Infrastructure Fund 2
AEIF3	Arcus European Infrastructure Fund 3
AGM	Annual General Meeting (of Limited Partners)
AET	Arcus European Trains SCSp
AIF	The Alternative Investment Funds (as defined in the Alternative Investment Fund Managers' Directive) managed by Arcus from time to time, including the AEIF1, AEIF2, AEIF3, AET, and CSIV
AIFM	An Alternative Investment Fund Manager bound by AIFMD regulation
AIFMD	The Alternative Investment Fund Managers Directive, the regulation by which AIFMs are bound
AIP	Arcus Infrastructure Partners LLP
AEIM	Arcus European Investment Manager LLP
AIS	Arcus Infrastructure Services
Alpha Trains	Europe-wide rolling stock lessor (Arcus' Managed Account)
"Arcus", the "Firm" or "we"	Arcus Infrastructure Partners LLP and its directly and indirectly controlled subsidiary undertakings
Asset Manager	The asset manager appointed by Arcus for each investment asset, having day-to-day responsibility for the services performed by Arcus in connection with that asset
AuM	Assets Under Management
Brisa	Toll road operator in Portugal (Arcus' Managed Account)
COBS	FCA Conduct of Business Sourcebook
CSIV	Constellation Strategic Investment Vehicle SCSp

Glossary

Contractor	An agency worker or an independent contractor required to provide services on Arcus' premises under the instruction or supervision of an Employee or Member
Constellation	Constellation Cold Logistics
Coolworld	Coolworld Investments B.V. ("Coolworld") temperature control asset leasing for a range of industrial and commercial applications. The company is head quartered in the Netherlands and operates across Germany, the Netherlands, France, Belgium, Austria, and Switzerland
CSRD	The Corporate Sustainability Reporting Directive ("CSRD") is EU legislation that requires EU businesses to disclose their environmental and social impacts, and how their environmental, social and governance ("ESG") actions affect their business
Employee	An individual with a contract of employment with Arcus
ESG	Environment, Social, and Governance
ESG committee	The ESG committee of Arcus as constituted from time to time
ESG risk or sustainability risk	An environmental, social or governance event or condition which, if it occurs, could cause an actual or a potential material negative impact on the value of an investment
ESOS	Energy Savings Opportunity Scheme ("ESOS") is a mandatory energy assessment and reporting scheme for large organisations in the UK
Ethics committee	The ethics committee of Arcus as constituted from time to time
eze.network	eze.network operator of charging infrastructure at publicly available "park and charge" locations across several key metropolitan areas in Germany
FCA	Financial Conduct Authority
FixMap	FixMap is a FTTH company in Poland which owns and manages 20 subsidiaries who are network operators and local internet service providers covering c. 270k homes passed with c. 100k homes connected throughout Poland
FSB	Fund Supervisory Board
FTE	Full time equivalent
Funds	AEIF1, AEIF2, AEIF3 and AET (as relevant)
GHG	Greenhouse Gas
GRESB	The Global ESG Benchmark for Real Assets
Gdansk Transport Company	Toll road operator in Poland (Arcus' Managed Account)

Glossary

GWP	Global Warming Potential
HB RTS	HB Returnable Transport Solutions is a leading provider of critical logistics solutions to the Dutch food and retail industry (AEIF2 portfolio company)
Horizon Energy Infrastructure	A UK-based smart metering asset provider (AEIF2 portfolio company)
iCI	initiative Climat International
Investment	Any investment made by any Fund or Managed Account from time to time
IC	The Investment Committee of Arcus as constituted from time to time
IIGCC	Institutional Investors Group on Climate Change, a European network of investors working to address climate change and promote sustainable investment practices
Investor	An investor in AEIF1 or AEIF2 or AEIF3 or another fund or investment vehicle managed or advised by Arcus from time to time
ISC	GRESB Infrastructure Standards Committee
Managed account	Any Arcus managed or advised investments (other than the Funds)
Managing Partner	Any individual(s) elected to the role of managing partner or co-managing partner from time to time
ManCo	The Management Committee of Arcus
Member	A member of AIP
MiFID	Markets in Financial Instruments Directive
Officium	Officium Holding GmbH, a provider of the long-term rental of sub metering equipment and related services
PAI or PAIs	Principal Adverse Impacts (in context of SFDR)
Portus	Portus Data Centers S.à r.l. ("Portus") is a datacentre group that provides colocation/datacentre capacity and related services to customers
PRI	Principles for Responsible Investment
SDGs	Sustainable Development Goals

Glossary

SDR	The UK SDR is a proposed set of rules that will govern sustainability disclosure requirements for financial market participants in the United Kingdom
SECR	The UK's Streamlined Energy and Carbon Reporting ("SECR") regulation is a new policy that requires UK companies to disclose their energy consumption and carbon emissions annually
SFDR	EU's Regulation on sustainability related disclosures in the financial services sector
SMA	Smart Meter Assets is a UK-based smart metering asset provider
Stop list	The list of companies maintained by Head of Compliance & Risk in which personal account trading is prohibited
Swiss4net	Swiss4net Holding AG or Swiss4net is the holding entity in Switzerland that owns the two existing brownfield networks and will develop the future networks to be rolled out
TCFD	Task Force on Climate-related Financial Disclosures
TDF	Broadcasting tower and FTTH infrastructure operator in France (Arcus' Managed Account)
UNGC	United Nations Global Compact
UNPRI	United Nations Principles for Responsible Investment
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. It also operates under the Vanderkamp brand in the Netherlands and the Holland Pump brand in the USA

Appendix

ARCUS CONFLICT OF INTEREST POLICY

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

Members, Employees and Contractors must not:

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

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

Scope

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

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

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

Identifying conflicts of interest

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

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

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

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

The following interests can be distinguished:

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

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

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

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

Appendix

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

- Arcus or any of its Members, Employees or Contractors is likely to make a financial gain, or avoid a financial loss, at the expense of the investor;
- Arcus or any of its Members, Employees or Contractors has an interest in the outcome of a service provided to an investor, or a transaction carried out for an investor, which is distinct from the investor's interests in that outcome;
- Arcus or any of its Members, Employees or Contractors has a financial or other incentive to favour the interests of one investor over the interests of another investor;
- Arcus carries out the same business activities as the investor; and
- Arcus or any of its Members, Employees or Contractors will receive from a person other than the investor an inducement related to a service provided to the investor in a form other than standard fees for such service.

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

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

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

How to self-assess?

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

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

Managing conflicts of interest

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

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

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

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

Appendix

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

Potential conflicts of interest

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

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

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

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

Monitoring conflicts of interest

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

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

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

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

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

Reporting of outside activities

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

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

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

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

Reporting of material interests

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

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

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

Appendix

Breaching the rules on conflicts of interest

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

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

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

Members and (independent) Board members

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

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

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

Disclosure of conflicts of interest

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

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

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

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

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

Appendix

Roles and responsibilities in relation to conflict of interest

Employees

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

Management

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

Compliance

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

Board and Management Committee

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

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