

UK Stewardship Code Policy

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Version 2.1

UK Stewardship Code Disclosure Statement

Arjun Infrastructure Partners Limited (“**Arjun**”) is required to make a public disclosure in relation to the nature of its commitment to the UK’s Financial Reporting Council’s Stewardship Code (the “**Code**”), in accordance with the requirements set out in COBS 2.2.3R and COBS 2.2A.5R of the Financial Conduct Authority Handbook.

The Code is directed at institutional investors, which in the context of the Code, means both asset owners and asset managers (such as Arjun) with equity holdings in UK listed companies. The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. It provides a set of principles and guidance for how institutional investors should perform their duties. It is to be applied by firms on a “comply or explain” basis.

The Financial Reporting Council (“**FRC**”) recognises that not all parts of the Code will be relevant to all institutional investors and that smaller institutions may judge some of the principles and guidance to be disproportionate. It is of course legitimate for some asset managers not to engage with companies, depending on their investment strategy, and in such cases, firms are required to explain why it is not appropriate to comply with a particular principle.

Arjun offers investment management services to institutional investors. Arjun principally invests in privately held equity and debt in respect of infrastructure assets on behalf of its investors.

While Arjun respects the general objectives of the Code, not all provisions of the Code are relevant to the type of investment activities currently undertaken by Arjun. Therefore, Arjun only complies with the provisions of the Code relevant to the type of investment activity currently undertaken by Arjun as set out in this disclosure statement. If Arjun’s investment strategy changes in time, such that additional provisions of the Code become applicable, Arjun will amend this disclosure accordingly.

Twelve principles of the Code that institutional investors should follow:

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.
2. Signatories’ governance, resources and incentives support stewardship.
3. Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
4. Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
5. Signatories review their policies, assure their processes and assess the effectiveness of their activities.
6. Signatories take account of client and beneficiary needs and communicate the activities and

- outcomes of their stewardship and investment to them.
7. Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
 8. Signatories monitor and hold to account managers and/or service providers.
 9. Signatories engage with issuers to maintain or enhance the value of assets.
 10. Signatories, where necessary, participate in collaborative engagement to influence issuers.
 11. Signatories, where necessary, escalate stewardship activities to influence issuers.
 12. Signatories actively exercise their rights and responsibilities.

Arjun's compliance with each of the twelve principles of the Code are detailed, in turn, below:

1. Purpose, strategy and culture

Arjun is committed to making and managing investments in a responsible manner and incorporates best practice approaches at all stages of the investment lifecycle. We believe that our responsible investment practices represent an important part of our fiduciary responsibilities and our ability to deliver attractive risk-adjusted returns over the long term.

Arjun's asset management activities are focussed around both value preservation and sustainable value creation, reflecting our investors' long-term investment horizon. Responsible investment practices and comprehensive consideration of ESG factors at all stages of the investment lifecycle are a critical aspect of this long-term approach. ESG issues present opportunities as well as risks and are therefore integrated into both value preservation and value creation initiatives.

Arjun recognises that the infrastructure investments we make and manage on behalf of our clients can have a material impact on the environment and the societies and stakeholders associated with those assets. We are committed to conducting our business in a manner that protects the environment, health and safety of our employees, customers and the international communities in which we operate. We operate on the principle that we can make quality business decisions while conserving and enhancing resources for future generations.

2. Governance, Resources and Incentives

Investment recommendations and decisions are based on Arjun's own research and structuring of transactions into those assets in which it is intending to invest. This research may be supplemented with independent reports and other data, in order to arrive at Arjun's own assessments of the asset. The process puts emphasis on the long-term investment decision and includes on-going monitoring and a review of the assets through the appointment of Arjun representatives onto the boards of the project companies that hold the assets.

Every member of the investment and asset management team is responsible for implementation of Arjun's responsible investment policy and stewardship of assets during the investment evaluation, execution and asset management phases of the investment lifecycle. Team training is undertaken to

ensure that team members have the appropriate knowledge to carry out their responsibilities.

Arjun's Management Committee oversees the implementation of the responsible investment policy, with executive responsibility delegated to Peter Antolik (Partner, board member and COO).

3. Conflicts of Interest

As a privately-owned company which advises on and invests primarily in illiquid assets, Arjun does not encounter some of the conflicts faced by larger asset managers who deal with large volumes of clients and liquid assets. Arjun has therefore determined that it is not appropriate to publicly disclose its conflicts of interest policy. Notwithstanding this, Arjun has a detailed conflicts of interest policy in place, stipulating that Arjun has a duty to act in the best interests of its investors. Should a conflict arise, Arjun's senior management will take appropriate steps to ensure fair treatment of all of investors, including disclosure of the conflict to affected investors.

4. Promoting well-functioning markets

Arjun is a signatory to the UN PRI and works with other industry participants to promote the continued improvement of the infrastructure market and respond to industry-wide risks through our membership of the Long-Term Infrastructure Investors Association (LTIIA) and the Global Infrastructure Investors Association (GIIA). We follow the ESG guidance and participate in the ESG-related activities of these associations, which includes engagement with other infrastructure industry participants and wider stakeholders on responsible investment topics.

5. Review and assurance

On an annual basis, our responsible investment and stewardship policies are reviewed and updated (if required) and objectives are set for the year ahead. Objectives can include team training on specific aspects of ESG incorporation (e.g. techniques for improving analysis and measurement of ESG risks and opportunities), participation in relevant initiatives (e.g. industry working groups to promote or enhance responsible investment practices) or expanding the scope of our responsible investment practices.

6. Client and beneficiary needs

In terms of reporting to investors, quarterly reports on each individual investment contain a section on ESG which reports on ESG KPIs, updates on any relevant ESG initiatives/developments and any incidents during the quarter. Where an ESG related incident takes place which Arjun considers to be of importance to the investors in the relevant asset, Arjun will disclose the incident to those investors as soon as reasonably practical after learning of the incident.

Arjun will complete the UN PRI assessment annually, with the resulting report being publicly available on the UN PRI website. Arjun also intends to publish an annual responsible investment report starting from 2020, which will be made publicly available via our website. This report will summarize ESG-relevant

conclusions and actions from investment activities, ESG initiatives undertaken during the year across the portfolio of assets under management and plans for the following year.

7. Stewardship, investment and ESG integration

Arjun typically focusses on investments in operational infrastructure assets. As a result, our responsible investment activities begin at the pre-investment stage by identifying and assessing the existing ESG issues relevant to the asset being evaluated as well as considering issues which may affect the asset in the future (for example, due to climate change). Assuming our due diligence supports the case for investment, we will then incorporate initiatives, processes and policies to monitor and manage material ESG considerations as part of the asset management plan created for the asset and as part of the ongoing reporting and engagement processes.

Infrastructure assets that we evaluate as potential investment opportunities can be at significantly different levels of progress toward incorporating ESG issues within their policies and operations. When we identify that current ESG standards are not satisfactory, or where material ESG risks are identified, we may still be prepared to invest if we have conviction that we can mitigate the risks and improve ESG outcomes during our ownership. However, if an ESG risk is identified as being material and no satisfactory mitigants exist, then we will not pursue the investment.

There are a wide range of potential environmental, social and governance issues which can impact infrastructure investments. The issues which are relevant will vary from asset to asset depending on variables including the size and type of asset and its geographic location. As a result, we believe that it is not effective to take a 'one-size-fits-all' checklist approach to identifying, assessing, managing and monitoring material ESG risks and that each process must be tailored to each asset.

8. Monitoring managers and service providers

Third party operators are often engaged to provide operations and maintenance services to infrastructure assets managed by Arjun. In some instances, all operational activities will be outsourced with the relevant asset having no employees or internal management.

When hiring service providers, AIP will include ESG considerations as part of the selection process. Factors considered include:

- Evidence of fair wages and benefits being paid by the service provider
- Health & safety track record
- Environmental track record
- Policies and procedures in place including in relation to human resources, ESG practices and management governance

We take a hands-on approach to monitoring the performance of service providers as part of our ongoing asset management practices, with daily interaction being the norm for assets currently in the

portfolio which involve third party service providers. We will revisit relationships with service providers in the event that they fail to meet ESG expectations.

9. Engagement

Through its representation on the boards of project companies, Arjun is able to ensure that those issues which protect and enhance shareholder value are actively considered on a continuing basis.

10. Collaboration

Where Arjun has majority control of a project company, it may be able to initiate change independently of any other investor. In circumstances where it has a minority interest or where outside minority consent is required, it will engage investors in activities related to the project company. In cases where Arjun's investors invest alongside other investors, the governance of the investment will be subject to a shareholders' agreement agreed between the parties.

11. Escalation

For infrastructure assets with an internal management structure, upon acquisition Arjun will ensure that appropriate governance structures are in place and that management devotes sufficient resources to managing issues that have been identified.

Within each business, responsibility for ESG and safety matters must be allocated to one or more executive manager(s) who report directly to the board of directors. Responsibilities will include reporting on agreed ESG key performance indicators ("KPIs"), leading ESG improvement initiatives, and identifying material ESG-related incidents to the board, who will in turn report such incidents to Arjun.

Arjun also oversees the implementation of responsible investment policies and practices at the portfolio company level which are appropriate to each portfolio company's specific circumstances and which specifically address any material ESG issues identified in the pre-investment phase. Topics to be covered by appropriate policies include ESG, human resources (covering aspects including discrimination, fair wages, human rights) and responsible contractor requirements.

12. Exercising rights and responsibilities

Arjun's representatives, in their capacity as directors of project companies, will actively consider the interests of the companies' stakeholders when voting on any resolution that is proposed. Any decision will be made after due consideration of the facts. Arjun representatives will not actively seek to disclose the voting activity of its representatives except when required by law, due to commercial sensitivities that exist at the project company level.

To date, Arjun has not invested in listed companies and therefore has no voting history to disclose.