APRIL 2021

RESPONSIBLE INVESTMENT POLICY

ATLAS
INFRASTRUCTURE

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1 SUSTAINABILITY RISK

1.1 Sustainability Risks

A sustainability risk in the context of the ATLAS Global Infrastructure Fund (the 'Fund') is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. The following are environmental, social and governance themes that may be relevant for the Fund. Within these themes, events may happen, or conditions may arise that impact the valuation of the Fund.

Environmental

- Climate change mitigation risk – climate change mitigation will require substantial changes to business activities, user demand and Government regulations & policy. This will expose companies to a combination of changes to end user demand, supply availability and costs and well as changes to regulatory and policy environment.
- Climate change adaption risk – the physical risks associated with climate change are expected to increase over the coming years and manifest in both changes to climate as well as increases in frequency of extreme weather events.
- Greenhouse gas emissions – direct and indirect emissions from companies contribute to climate change and potentially expose companies and their investors to higher future costs either through carbon taxes or stranded asset costs.
- Resource depletion, including water – companies that make use of finite resources as part of their business models may be required to either limit their use or to pay full costs in the future to avoid excessive depletion.
- Waste and pollution – all companies produce some amount of waste and pollution as part of their activities, however companies that produce material amounts of waste and / or pollution may well be exposed to a combination of either increased regulation, higher future costs and liabilities for making good historic pollution.
- Deforestation – Many companies can have direct or indirect exposure to deforestation, either through their own activities or through their suppliers. Any business model that relies upon deforestation should be considered as likely unsustainable and therefore subject to restrictions in the future.

Social

- Working conditions, including no slavery or child labour – infrastructure companies procure products and services in its development, maintenance and operation of assets as well as sustain its own workforce. This may expose companies to sub-standard working conditions, including forced or compulsory labour or child labour along its supply chain and through its procurement practices. A company's own employment practices, contracts and conditions it offers may also pose a risk. If infrastructure companies are employing, facilitating, or otherwise aiding, whether directly or indirectly, human trafficking, slavery or forced labour, this may result in material fines, changes to asset operating rights or permanent changes to operating cost structures.
- Local communities, including indigenous communities – infrastructure developments may take place on land on or bordering areas of indigenous cultural significance and may impact the economic, social and/or environmental contexts of these communities. Projects run the risk of not obtaining necessary regulatory approvals as well as reparations which may need to be made to offset any negative consequences of developments.

- **Health and safety –** Infrastructure companies and the supply chains in which they operate can pose serious health and safety issues for those which build, operate or otherwise access these assets. Health and safety risks extend to a company's employees, contractors, users/customers, the broader community in which it operates and those along its supply chain.
- **Employee relations and diversity –** there is a risk that employee dissatisfaction may contribute to lower retention rates and overall productivity at a company. Further, lack of diversity on investee companies' management teams and boards has been considered to have a negative impact on investment decisions and organizational competitiveness such as excess risk taking, or group think.
- **Social contract & stakeholder relations –** infrastructure assets operate under an implicit social contract and there is a risk that the through management actions or public policy the services provided is carried out in an unsustainable manner that is not considered beneficial by all third-party groups and individuals that have a stake in common interest.

Governance

- **Board composition** – risks to proper governance resulting from board appointments include directors not being appointed on merit through an open and transparent process, lack of independent directors and lack to protection for minority directors. Board composition should also change at regular terms, with adequate staggering of changes to preserve continuity of corporate knowledge.
- **Board diversity and structure -** (in terms of age, gender, educational and professional background): risks a board does not reflect a range of different attributes required to assure it can properly fulfil its role.
- **Executive pay** – risk of misalignment of executive remuneration with shareholder objectives as a result of adverse short term or long-term incentives
- **Anti-bribery and corruption** – "Bribery and corruption are deceptive practices which can taint not only the individuals involved but an entire organisation or process, sometimes long into the future."

Sustainability risk can either represent a risk on its own or have an impact on other risks and contribute significantly to those risks, such as market risks, operational risks, liquidity risks or counterparty risks.

1.2 Market Risk in connection with sustainability risks

The value of investments may be affected by risks from environmental, social or corporate governance related risks. For example, the value of investments can change if companies do not act sustainably and do not invest in sustainable change. The strategic orientation of portfolio companies that do not consider sustainability can have a negative impact on their share prices. Furthermore, reputational risk arising from unsustainable corporate activity can have a negative impact on the value of an investment in such companies. In addition, infrastructure companies operate under an implicit environmental and social contract which has a long-term influence on the returns on an investment in such companies. For the Fund, the key sustainability risks to market pricing and valuations are as follows:

Environmental

- Climate transition demand changes – climate change and energy transition will have a fundamental and material impact on listed infrastructure companies. Governments, regulators, and other industry groups will implement policy actions over time which will, together with technological evolution, will lead to material changes in demand and production within global energy systems and transport systems. This in turn will result in material changes to operational volumes, revenues, and capital expenditure requirements for impacted companies.
- Carbon pricing – Where some form of carbon pricing is embedded in local climate policy, this may have a material effect on the operating expenditures, profitability, industry dynamics and long-term viability of companies within our investment universe.
- Stranded asset risk – assets which suffer material and/or sudden demand changes may become 'stranded' either physically or economically. This may occur because of climate transition policies which, for instance, may rule out coal-fired electricity generation, whereby an asset which is not fully depreciated by the time the policy is in force, requiring a write-down of remaining value.
- Extreme weather events – Instances of wildfires, hurricanes and other extreme weather events can result in material unexpected expenses where insurance coverage is insufficient. Further, this is not always recoverable from users, which can pose short term cashflow risks for the company, including bankruptcy, which we have seen occur in the past.

Social

- Social contract breaches – Long term infrastructure operators are party to an implicit 'social contract' with the government and regulators which grant license to operate, and the customers who pay to use the infrastructure. The ability for a company to earn long-term sustainable returns is predicated on honouring this contract. Failure to do so, examples of which may include gaming regulatory systems to over-earn or over-charging/under-investing in the operating assets, can result in material changes to regulatory inputs, concession rights, revenues and ultimately profitability.
- Health & safety – Infrastructure companies and the supply chains in which they operate can pose serious health and safety issues for those which build, operate or otherwise access these assets. This includes but is not limited to construction/heavy machinery related risks, large volumes of electricity and hydrocarbon exposure and operating from heights. If companies to not operate using highest standards and according to local law, there is potential that accidents result in material fines, loss of operating rights, or other outcomes which will affect profitability.
- Employee relations & diversity – Workforce diversity and inclusion results in stronger operating outcomes which improve profitability over the long term. Failure to abide by laws and regulations regarding diversity may also result in material changes to profitability by way of fines or other penalties.

Governance

- Capital allocation & reinvestment risk – Decisions taken by management (and enabled by the board) regarding reinvestment of free cashflow will materially affect future profitability, cashflows and market valuations. Investing outside of areas of operational competence, geographic expertise, in regions, sectors or auctions with high levels of competition and without appropriate benchmarks, hurdles or appropriate due diligence can result in sub-par returns in the future.
- Executive remuneration and incentives – Mmanagement teams need to be incentivised in some form. Poor incentive structures, such as those focussed on short-term gains or growth for growth's sake, may result in

value destructive investment decisions, both within the existing business and in the context of a company's strategic aspirations. Poor incentives may ultimately lead to withdrawal of shareholder support.

- Board diversity & decision making – As with employee diversity, experience, knowledge, and expertise at the Board level ensures that the company is best placed to produce long-term sustainable returns. Board diversity is increasingly recognised by investors as a point of differentiation in the valuation of a company. It is included in ESG screens for some passive investment strategies and boards with insufficient diversity may find they are screened out of consideration.

1.3 Liquidity & counterparty risk in connection with sustainability risks

The value of the portfolio may also be impacted by liquidity and counterparty risks. For the Fund, the key sustainability risks to liquidity and counterparty risk are as follows:

- Regulation impact on liquidity and trading – improper conduct by financial market participants, involving market manipulation, insider trading, market abuse or tax avoidance, may result in changes to the regulation of financial market trading and the activities of trading participants. This may have the impact of reducing the liquidity in securities held by the Fund which may result in higher costs to enter or exit positions and greater impacts on unit values from applications or redemptions to the fund.
- **Counterparty risk**- Counterparty risk could present itself in circumstances where an issuer within the portfolio pursues an environmentally unsustainable or socially irresponsible policy that breached a tolerance threshold of a trading counterparties banks ESG policy. This may result in the removal of certain counterparty trading facilities which could reduce liquidity, impacting the Funds ability to liquidate all or some of its position.
- **Liquidity risk** - The strategic orientation of issuers that do not consider sustainability can constrain certain investor's ability to participate in their securities, consequently reducing liquidity. A sudden negative change to an issuer's sustainability score (??) could lead to mechanical changes to the shareholder base which may temporarily or permanently impact liquidity in the affected securities. (similar to index inclusion / deletion)

2 INTEGRATION OF SUSTAINABILITY RISKS IN INVESTMENT PROCESS

ATLAS Investment Philosophy – Environment and Sustainability: Over the long term, all Infrastructure assets operate under an implicit Environmental and Social 'contract' which will influence long term cashflows in the same way as any formal contracts they may have. We therefore incorporate Environmental, Social and Governance factors and risks directly into our forecast cashflows and hence directly into our decision making.

ATLAS Infrastructure aims to deliver long term sustainable investment outcomes through the incorporation of environmental, social and governance (ESG) risks into every stage of analysis and decision making in the investment process. There are a number of elements to this process, whereby ATLAS:

- considers the implications of each ESG factor at an individual portfolio company level and takes these factors into account through its modelling and the impacts of those factors on the portfolio companies' cash flows and asset stress testing. This includes the use of external ESG data providers to complement their internal process and analysis.
- uses the results of the company level ESG due diligence in order to make portfolio investment decisions and to monitor and report ongoing portfolio risk to investors.
- uses the ESG analysis to actively engage with portfolio companies to promote responsible and sustainable decision making by company management teams.
- establishes formal ESG governance structures and responsibilities to monitor the incorporation of ESG in the investment process and ensure that the portfolio outcomes are consistent with the sustainable objectives of the portfolio as well as consistent with the managers commitments under the NZAM
- We are active members of industry groups and bodies that support ESG outcomes.
- We ensure that our corporate culture and incentives promote the ESG outcomes of the portfolio.

2.1 Governance of ESG incorporation, risk management and sustainability outcomes

The ATLAS approach to responsible investment forms part of the investment process and investment philosophy of the firm. As such accountability is as follows:

- ATLAS Board – ensures that policies (including RI and Investment Process) are being followed by ATLAS investment function.
- ATLAS Investment Governance Board – independent board that monitors portfolio compliance with investment mandate aims and policies including ESG. Reports to ATLAS board
- ATLAS Head of Investments – responsible for the Investment function within ATLAS including implementation and monitoring of ESG and RI policies and objectives. Reports to ATLAS Board
- ATLAS Investment team Partners (sector leads), responsible for ensuring that all sector research includes ESG and RI in accordance with ATLAS investment process and policy.

2.2 Incorporation of ESG in the Investment Process

ATLAS's aim is to deliver long term sustainable outcomes for clients, incorporating the principles of responsible investing will help ATLAS deliver these outcomes whilst minimising risks.

ATLAS believes that companies that make good long-term returns can only do so if they maintain and reinforce their 'social licence' to operate. This is particularly true in Infrastructure where companies are often managing vital assets that are directly or indirectly regulated by the state. Our approach to implementing the principles of responsible investing is to ensure that we are capturing and measuring the positive and negative ways in which companies can influence society and the environment and that these impacts are reflected in our forecasts of future returns and potential risks.

We have incorporated RI objectives through developing an ESG implementation framework that covers measurement, investment decision making and engagement with company management:

ATLAS ESG Implementation

	Measure	Incorporate	Engage
Environment Transition & policy risk	▪ CO2 Intensity ▪ Carbon Beta ▪ Scenario modelling	▪ Benchmark intensity & carbon beta ▪ Forecast depreciation & write downs ▪ Include scenario returns in portfolio construction	▪ Test scenario assumptions with management ▪ Highlight value creation opportunities
Environment Physical risk & resilience	▪ Historic impacts of climate events	▪ Asset lives and maintenance spending rates ▪ Specific capital projects	▪ Ask about recent extreme events and lessons learned ▪ Ask about plans for resilience based investment
Social	▪ Regulation contract ▪ Social contract ▪ Corporate citizenship ▪ Workforce engagement	▪ Pain / gain sharing ▪ ROIC corridors ▪ Re-investment ▪ Value sharing	▪ Ask how management support social & regulatory contract ▪ Ask for examples of value sharing
Governance	▪ Ownership ▪ Alignment ▪ Incentives	▪ Focus on sustainable equity cashflows (not NPVs) ▪ Make specific capital assumptions including re-investment and dividends	▪ Understand strategy and associated targets ▪ Test remuneration for alignment with LT shareholders

Source: ATLAS Infrastructure

Where	How
Universe screening	Sustainability – only companies that can provide long term predictable cashflows meet the definition of infrastructure. Governance – companies that do not provide sufficient disclosure or cannot demonstrate adequate governance systems and protections are excluded
Company/asset research	We incorporate ESG issues as follows: Environment / Climate transition – we utilise detailed forward scenarios for climate transition and policy responses with specific inputs for the timing of changes to regulation for each energy source and the impacts on supply chain demand. The research team is then responsible for incorporating those assumptions into the forecasts for each asset including explicitly modelling the impact on cashflows, returns and asset write downs. We also explicitly model forecast emissions from each company including Scope 1&2 and material scope 3. Environment / Physical risk – we identify for each type of asset the potential physical risk exposure from climate change and the analyst team is responsible for including sufficient mitigation spending in the base case as well as identifying 'tail risk' events to include in scenarios. Social contract – an important part of the research and due diligence is to assess the 'social contract' of each company i.e. what service does it provide to society? Is the way it provides this service sustainable and considered beneficial by all parties? Only once we have answered these questions can we be confident of including long term excess returns or margins in our forecasts. Governance – company level due diligence and analysis involves an assessment of company governance and management. This assessment is then incorporated into our specific assumptions on long term capital allocation policy and capital discipline (capital structure and re-investment assumptions)
Company/asset valuation	All ESG inputs detailed above are incorporated either into the base case cashflows (which determine the base case expected DCF based valuation) or into one of the scenario cashflow forecasts (which determine the scenario DCF valuation)

2.3 Incorporation of ESG in Portfolio Construction, risk monitoring & reporting

The result of this process is that we do not need to introduce separate 'qualitative overlays' in portfolio construction which can then create conflicting signals with the 'quantitative' outputs. The ESG exposures and risk for each asset are reflected in either base case cashflows or scenario / stress case outputs or both and therefore are directly and automatically part of each portfolio decision.

We record ESG risks and key issues for each company as part of the research process. A summary of the key ESG issues is also included in all proxy voting recommendations that are considered at Investment Committee. Hence ESG identified risks and issues are brought to the attention of Investment Committee in three ways:

- ESG issues identified through the research process will be raised at research meetings which are attended by the ATLAS IC members and will be incorporated into the investment scenarios and stress cases which form the inputs to the IC decision process, in particular.
    - The base case expected financial returns.
    - The scenario returns.
    - The stress case returns
    - Other portfolio risk metrics (such as alignment with net zero pathways)

Stock/security/asset selection	All ATLAS portfolios are constructed using the same decision support system which ranks all potential assets according to base case expected return (incorporating ESG impacts as above) and details their scenario risk exposures (calculated using ESG impacts as above)
Portfolio construction	The ATLAS investment committee construct portfolios based on optimising absolute returns whilst minimising risks. Incorporation of ESG factors directly impact the absolute returns (positively or negatively) and the scenario (risk) returns and therefore will directly influence the portfolio construction decisions.
Portfolio implementation	Portfolio implementation is governed by best execution and does not include any additional ESG considerations.
Risk management	Portfolio risk management is based upon the calculation of the individual asset exposures to common factor risks (such as climate transition scenarios). As such the risk management of the portfolio directly incorporates the ESG impacts calculated during the analysis process.

- ESG issues that are central to the investment case will be recorded in company assertions and monitored by the investment team on an ongoing basis with any incidents or potential breaks reported at weekly workflow.
- ESG issues and risks are included in proxy voting recommendations to IC (see proxy voting below).

2.4 Membership and support of industry bodies

ATLAS is a signatory to the UN Principles of Responsible Investment (UNPRI), policies and processes from which have been incorporated into the ATLAS Investment Process.

ATLAS is also an active member of the Institutional Investor Group on Climate Change (IIGCC), which is a partner organisation to the Climate Action 100+. As an active member of the IIGCC, ATLAS is part of the Investor Practices Program, and a member of the Working Group for the Paris Aligned Investment Initiative.

Based on our business aims for RI we will continue to monitor available initiatives and support those which are consistent with our views on ESG and CSR. We set out our policy on joint engagement and stewardship activities in section 5.

2.5 ESG incorporation in recruitment and culture

ATLAS believe that the most important driver of values and culture is the system of incentives that we put in place and the examples set by senior staff. As such, during the recruitment process we make it very clear that:

- ATLAS invests on a long-time horizon and explicitly includes the impact of climate transition and other ESG factors into every investment decision;
- All decisions and analysis are team based, we do not attribute stock recommendations or performance to an individual.
- ATLAS investment staff are not remunerated based on specific investment outcomes or short-term performance.
- There is no traditional 'discretionary bonus' element to compensation, profit share accrues with progress against the ATLAS skills matrix over time; and
- Individuals who are looking to maximise compensation through taking credit for short term investment outcomes are unlikely to be happy within the ATLAS team structure.

We have found that this approach has enabled us to recruit an investment team who are aligned with a 'long term' mindset and who are interested and willing to bring multiple viewpoints on each investment, including ESG and not to feel pressure to produce the 'right' call to meet any short-term targets.

2.6 ESG incorporation in company engagement & proxy voting

We record ESG risks and key issues for each company as part of the research process and these are captured through the ATLAS Research Management System (RMS). These key issues then form the basis for future ESG engagement at company meetings and updates and follow ups are likewise tracked through the RMS. This extends to both formal engagements and ATLAS decisions on proxy voting. The ATLAS policy on stewardship and proxy voting is set out in section 5.

2.7 Remuneration Disclosure

The ATLAS Renumeration policy has been reviewed and where necessary updated to meet the requirements of the Sustainable Finance Disclosure Regulations. Accordingly, the management of long-term risks including sustainability risks are reflected within the remuneration policy.

3 CLIMATE TRANSITION & NET ZERO ASSET MANAGEMENT

ATLAS's investment philosophy recognises that full integration of ESG, and climate transition in particular, is necessary to ensure that investors can achieve long term sustainable returns from their infrastructure investments, and accordingly we have pioneered the full integration of climate transition scenarios in our investment process.

- This ESG integration has resulted in the ATLAS Global Strategy holding a different set of portfolio exposures compared to many of our peers and to the infrastructure indices, and has also led to the ATLAS Global Strategy being included in a number of investors' ESG allocations; ATLAS received the award for 'Best Climate Impact Responsible Investor' from CFi.co in 2020
- We believe that, given our existing investment approach, the current ATLAS Global Strategy portfolio is well aligned with the Paris climate goals, especially for those companies and countries that have already committed to net zero emissions and/or meeting the Paris climate targets. As the pace of government and company level emission commitments increases over the next 12 months and beyond, we would expect that this alignment will increase further as we update the policy and resulting forecasts for our companies.

ATLAS commitment to the Net Zero Asset Manager initiative

- ATLAS is an active member of the IIGCC and we are actively involved in the working groups of their Paris Alignment Investor Initiative (PAII) which aims to develop a framework for aligning investor's portfolios with the Paris climate targets
- ATLAS is a founding signatory to the Net Zero Asset Manager (NZAM) initiative (announced 11th December) which is sponsored by the IIGCC and five other global investor alliances. This initiative commits ATLAS to achieving net zero emissions across all our investments by 2050, and to set an interim (2030) target for the proportion of our investments which are aligned with this goal. ATLAS was happy to support this initiative as it aligned well with our investment beliefs, as well as with our strategy and focus as a long term, sustainable investment manager.
- This commitment is consistent with our investment belief that we can deliver superior sustainable returns through ensuring that our portfolios are well positioned to take advantage of opportunities from climate transition as well as minimising the risks associated with stranded assets.

4 EXCLUSION & SCREENING POLICY

The ATLAS Universe Construction process is an active process whereby all included companies are reviewed by the ATLAS Research Meeting and deemed to be 'investable' based on their infrastructure characteristics and risk profile. Our policy for integration of ESG into this 'active screening' process is as follows:

- For a company to be part of the ATLAS investment universe it must be able deliver 'long term sustainable cashflows' in line with our investment objectives. In assessing the sustainability of cashflows, the ATLAS investment team will pay particular head to Environmental and Social risks
- For a company to be part of the ATLAS investment universe it must be analysable such that ATLAS can be confident in the cashflow forecasts. In assessing the transparency and reliability of equity cashflows, the ATLAS investment team will pay particular head to Governance & structure risks
- A record is kept of all companies that, as a result of the screening, have been excluded from the ATLAS investment universe.

As part of this screening ATLAS undertakes its own due diligence as well as use screening based on external benchmarks such as the UN Global Company principles.

5 STEWARDSHIP

ATLAS is committed to using its influence as a responsible shareholder and investor to maximise sustainable, long term value of its clients and beneficiaries. Stewardship activities begin with the investment sector teams who identify, monitor and engage with companies and other stakeholders. The Investment Committee has ultimate responsibility for ensuring that ESG risks are controlled within client portfolios, including the use of engagement and escalation of engagements.

As stewardship practices are part and parcel of the analysis within the investment process, 'signals' from stewardship activities as a result of company responses feed back into the investment case via cashflows; conversely, investment analysis may reveal 'signals' and topics for engagement. This feedback loop ensures ATLAS's stewardship activities are intimately connected to its investment outcomes and portfolio composition.

5.1 Engagement with companies

Our approach to engagement

ATLAS believes in active management and that management engagement is core to our responsibilities as a responsible investor. The ATLAS policy on company engagement is as follows:

- ATLAS will engage actively with both investee companies and potential investee companies
- All engagements incorporate identified ESG issues (that is where ATLAS will seek to foster improvement of a practice on an ESG issues or request a company to improve its disclosure practices) and risks as part of the agenda with specific outcomes and objectives
- Key ESG issues, questions and follow ups are recorded for each company and are available to ATLAS clients as part of our portfolio reporting
- Outstanding ESG issues that are deemed critical can be escalated through the ATLAS IC and formally tracked as part of the recorded investment 'assertions'
- For each company, monitoring of engagement progress (including ESG) is the responsibility of the relevant Investment sector team.
- Regular reviews will be undertaken through internal research meetings and through regular independent oversight (quarterly IGB review)
- All engagements undertaken by ATLAS are covered by our Material Non Public Information (MNPI) policy and require an attestation by ATLAS staff that no inside information was sought or received
- ATLAS engages directly with companies and does not rely upon 3rd party service providers for engagement.
- However ATLAS may make use of 3rd party providers from time to time to add to our due diligence and risk assessment

Setting engagement priorities

When determining priorities and issues for initiating a company engagement, the investment teams and IC will give consideration to:

- The materiality of the ESG issue to the ATLAS investment process and the potential impact on investment outcome for the company or the risk perception (i.e. ESG reporting) for the company
- Whether the ESG issues are measurable or actionable within a reasonable timeframe
- Either relate to portfolio companies or companies where we are well known and / or have a relationship with management (and therefore our engagement will have the greatest chance of positive outcome)
- Are most likely to result in some form of positive real world change (e.g. prioritising climate transition for companies with large potential scope to reduce emissions)
- Where the company is either in breach or potentially in breach of a portfolio guideline that requires an active engagement prior to divestment (See 5.1.5 below)

Measuring engagement progress & escalating engagements

The ATLAS engagement and stewardship process is a based on a continuous two-way communication between the investment team and company management teams. In the event that either:

- An issue has been raised by the investment team with management and has not been resolved to our satisfaction; or
- We have voted against a company sponsored shareholder resolution and the resolution has been passed with no subsequent review or amendment; or
- The ESG issue identified relates specifically to a board level governance or strategy decision

We have the option to escalate to a formal written communication from ATLAS Infrastructure to the board of the target company.

These written engagements are proposed by the relevant ATLAS investment partner and reviewed through the ATLAS investment research meeting. Each written engagement is recorded in the ATLAS RMS and any subsequent follow up, including an assessment of the success of the engagement is also recorded prior to close.

The topics, progress and outcome of formal engagements are also reviewed by the ATLAS Investment Governance Board on a quarterly basis.

Outcomes & remedies following an unsuccessful engagement

In the event of an unsuccessful (or partially unsuccessful) formal engagement, the IC of ATLAS may take one or more of the following potential courses of action:

- Divesting from the asset
- Requiring an investment review that will incorporate new ESG risk assumptions which may lead to a review of the position and a full or partial divestment.

- Initiating or joining a collaborative engagement that would address the unresolved issues (including supporting filing of shareholder resolutions)
- Voting against one or more management sponsored resolutions (including director re-elections and remuneration policies)

Our approach to climate engagement within the IIGCC PAII / Net Zero Framework

ATLAS is a signatory to the Net Zero Asset Manager Initiative, sponsored by the IIGCC. To support this we have implemented a net zero / PAII framework in line with the IIGCC guidelines. Engagement has a very specific role to play within this framework, in particular:

- Portfolio emissions and alignment budgets are set by the framework, in line with science based sector pathways
- Companies must be either aligned with their relevant science based pathway, or they must be the subject of a specific engagement on emissions reduction trajectory
- If that engagement is unsuccessful, and the company remains on a trajectory to exceed emissions pathway budget, then that company may be partially or fully divested from the portfolio

5.2 Engagement with regulators and other stakeholders

As part of our stewardship responsibilities, ATLAS will engage with regulators and other stakeholders wherever we believe that our submission can improve the outcomes and sustainability of either the finance sector or the infrastructure sector. These engagements include, but are not limited to:

- Singular or joint engagements with national infrastructure regulators where we have identified improvements to company regulation that could improve the sustainability of the relevant company or sector. These engagements will generally be led by the ATLAS Investment sector teams and approved through the ATLAS Research Meeting
- Singular or joint engagements with financial regulators or other policy makers regarding the sustainability and performance of the financial sector (including infrastructure investment). These engagements will generally be initiated and approved through the Executive Committee of ATLAS

5.3 Collaborative engagements

ATLAS recognises that our influence as an investor will be enhanced if we can utilise collective engagements. Therefore if we have identified an ESG issue through our investment process (through 5.1 above), we will seek to identify any active collaborative engagements that we would be able to join in preference to initiating a unilateral engagement, provided that the collaborative engagement addressed at least the majority of the issues we have identified.

We also monitor collaborative engagements that are active and assess them against our ESG priorities and issues. The decision on whether to join an active collaborative engagement is reviewed by the ATLAS Research Meeting and ultimately the responsibility of the IC.

Where a collaborative engagement is used in preference to a sole engagement, it will be tracked in the same way (through the ATLAS Research Management System) and outcomes will be reviewed by the ATLAS IGB.

5.4 Voting

ATLAS believes that it should and can influence good corporate governance through the exercise of its legal rights for the benefit of its clients. Voting is an extension of, and an expression of, our investment process and our focus on delivering sustainable long term returns. As such, responsibility for voting recommendations lies with the sector teams which undertake research on the companies. The Investment Committee has ultimate responsibility for final decisions on proxy votes submitted for a portfolio holding. This oversight provides consistency and ensures compliance with voting guidelines.

Transparency and public disclosures

ATLAS believes its clients and other shareholders should have full transparency of its voting policy and voting record. The voting policy which forms part of the Responsible Investment Policy is publicly available on our website. Our voting record for the past year is also available for viewing.

We will publish our voting actions on a yearly basis which, depending on the timing of a company AGM, could be up to one year after an AGM.

Voting guidelines

ATLAS will assess each proposal on a case by case basis following the below general guidelines.

Board of Directors

Vote according to management's/shareholder's recommendations on director appointments unless:

- Nominated director has a demonstrable history of inadequacy with respect to carrying out duties of a board member and/or would reduce the calibre or competence of the board overall
- Insufficient independence of board composition as a result of appointing new director
- Increases a lack of diversity on the board if nominee was appointed and reduces the ability for the board to meet its relevant national diversity target
- Other specific to identified governance issues – i.e. we have identified a specific board skill requirement that is not met by the proposed appointment

Remuneration

Vote for remuneration policy unless:

- It incentives short term focus at the expense of long term value creation
- It results in misalignment between executive compensation and shareholder outcomes or management being rewarded in an incommensurate manner with the value added
- Disclosure around specific details of remuneration package is opaque or vague
- It includes excessive, non standard sign on arrangements and pension provisions, golden parachutes, one off payments not linked to specific performance targets

We also vote for inclusion of specific ESG metrics and targets in remuneration policy and we support the inclusion of climate transition specific targets in executive remuneration for all companies with material emissions

Capital Management

ATLAS will vote on capital management proposals based on our assessment of the sustainability of the companies capital structure and the appropriateness of the capital allocation policy. These are identified through our company profiles and flagged as part of the proxy voting process.

Mergers and acquisitions

ATLAS will assess all potential M&A on a case by case basis and will evaluate it based on our internal financial analysis and due diligence. If we believe a deal will in any way materially reduce returns and/or increase risk then we will vote against.

Financial statements and external auditors

Vote to accept the financial statements and appointment of auditors unless:

- Concerns around validity of accounts and the company has not provided sufficient justification or satisfactory responses to questions on the accounts
- Auditor is suddenly changed without sufficient reason or there are concerns around the quality or independence of the nominated auditor

Shareholder rights

To be assessed on a case by case basis.

Shareholder proposals

ATLAS is supportive of proposals which enhance long term value creation, e.g., the management of ESG risks and opportunities and increased, best practice disclosures around ESG metrics in company sustainability reports.

Social and environmental topics

Environmental management and climate change

All things being equal we would support resolutions that advance environmental management and help to improve climate transition alignment, unless those resolutions are likely to lead to worse outcomes over time if implemented.

Political donations and lobbying contributions

ATLAS will generally not vote in favour of political donations and lobbying contributions unless they can be shown to be reasonable and limited in scope for the purpose of promoting information rather than influencing outcomes.

Diversity and inclusion

All things being equal we would support resolutions that advance diversity and inclusion at out investee companies, provided they are in line with best global best practice and unless those resolutions are likely to lead to worse outcomes over time if implemented.

Voting procedure

ATLAS analyses voting proposals internally and does not use proxy advisors. The internal procedure is as follows:

- Proxy vote recommendations are submitted to the IC by the relevant sector investment team

- Proxy vote recommendations contain a summary of ESG risks and key issues identified for that company including, where relevant, recommendations for voting on specific issues
- Final decision on proxy votes submitted by ATLAS for a portfolio holding are the responsibility of the relevant Investment Committee. The only exception is where the ATLAS segregated mandate client has requested and exercised their right to override proxy votes on shares held by their custodian
- Proxy votes are recorded and are made available to ATLAS clients and other interested parties on ATLAS's website
- Where we intend to vote against companies our policy is that the relevant sector investment team communicates this to company management ahead of time and explains the rationale

Where ATLAS votes against company management, ATLAS will explain our decision at the next company engagement including making reference to the underlying ESG issues.

ATLAS does not have a securities lending program.

5.5 Conflicts of Interest

It is possible that ATLAS could find a conflict of interest with regards engagement or proxy voting. ATLAS has two approaches to managing conflicts of interest

- If a member of an IC has a temporary conflict of interest arising from specific client information. This situation will be managed under our Chinese walls policy under the direction of the ATLAS Chief Compliance Officer (CCO). In this circumstance that IC member will not be involved in making decisions or recommendations regarding proxy voting or engagement
- If ATLAS has a conflict of interest with respect to a security that the CCO concludes cannot be managed under the Chinese wall policy outlined above, then ATLAS will utilise 3rd party recommendations for that security until such time as the CCO concludes that the conflict situation has passed.

5.6 Policy Review

ATLAS reviews its Stewardship policies at least annually or more frequently if required. The review is carried out by the ATLAS Investment team with input from risk & compliance as well as Operations. Changes will be approved by the ATLAS Executive Committee.

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