2020 STEWARDSHIP REPORT

ATLAS
INFRASTRUCTURE

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LETTER FROM GIP-ATLAS HOLDINGS LIMITED

Dear ATLAS Infrastructure stakeholders,

We are pleased to publish the 2020 ATLAS Infrastructure stewardship report (the "ATLAS Stewardship Report") which addresses how we implement the UK Stewardship Code 2020 ("the Code").

This report provides a summary of the ATLAS approach to applying the Principles of the Code and explanations of the activities we have undertaken during the year to 31 December 2020.

We plan to publish a report annually on our stewardship activities in line with the Code's requirements, available on our website, in addition to our annual reports which are provided directly to investors.

ATLAS Infrastructure ("ATLAS") believes that the provision of high-quality infrastructure is critical to sustainable and inclusive future economic growth, environmental protection, societal development and to the reduction of inequality. We are strongly positioned to act as good stewards as an asset manager specialising in listed infrastructure investments with a distinct focus on the long-term outlook for the companies in which we invest. Our stewardship extends to engaging with companies as interested owners, and systematically integrating the evaluation of ESG risks and opportunities into our origination, asset management and exit decisions.

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

We hope readers will find the ATLAS Stewardship Report informative and transparent.

Charles Kirwan-Taylor
EXECUTIVE CHAIRMAN

(Signed on behalf of the ATLAS Infrastructure Partners and Board of Directors of GIP ATLAS)

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

ATLAS BACKGROUND

ATLAS was founded in March 2017 as a partnership between the ATLAS Partners and Global Infrastructure Partners (GIP), one of the world's leading infrastructure managers with over US$70bn under management.

It has been a founding principle of the Firm's development that ATLAS should be established with the investment resources and support to provide a world class service to its clients including best in class ownership, governance and investment structures. We have a diverse and highly experienced investment team with deep infrastructure sector knowledge. ATLAS has also established an independent Investment Governance Board and Macro and Climate Advisory Board, to help guide and oversee our investment processes, with a key focus on ensuring that we are investing our clients' funds responsibly and with a strong focus on capital preservation.

The table below outlines what we believe are the key elements of the ATLAS business and investment structure that promote and continuously improve stewardship practices.

ATLAS foundational principles	Stewardship outcomes
A team of sufficient size and experience to cover the investment universe in depth, and to provide the resource commitment necessary for the execution of this mandate	Assurance that research coverage is comprehensive and without gaps, so output will be thorough, and opportunities will not be missed. Confidence that all client communication needs can be met by experienced investment Partners.
A global investment team with substantive investment operations based in London and Sydney.	Well-resourced bases in both the Northern and Southern hemispheres promotes easier access to management teams in every part of the world and so facilitates more active engagement with portfolio companies.
A team driven approach to research, with firm- wide ownership of the investment process. Final investment decisions taken through Investment Committees rather than by one or two individuals.	Reduced 'key man' risk: portfolios are managed considering a wide range of expertise, thereby reducing the reliance on the judgement of a single individual. No individual 'owns' a stock, nor do we have 'buy/sell' recommendations. This greatly improves the ability of the firm to adjust to new information since individuals are not handcuffed to previous recommendations or views.
Incentives and equity structures designed to encourage team-focussed behaviours and to reduce zero sum thinking and internal competition.	This is essential to encourage unbiased decision making, reduce misalignment, enhance knowledge transfer and to provide a resilient and sustainable business model which aims to endure well beyond the expected tenure of the original team.

ATLAS foundational principles	Stewardship outcomes
Detailed, proprietary investment models focussed on the long-term cash generation of investee companies	A focus on long-term cash flows and the valuation of those cash-flows, rather than other secondary investment metrics or short-term market relative forecasts, improves the likelihood that ATLAS will build portfolios of assets that meet our client's infrastructure investment requirements.
A partnership approach to investment, with leadership from a broad team of Infrastructure specialists rather than a narrow group of portfolio managers.	Focus on generating returns through investing in high quality assets rather than through portfolio trading. Significantly deeper and broader sub-sector experience enabling more informed research and investment decision making.
A commitment to our own research and due diligence, avoiding broker research and other third-party recommendations.	Avoids consensus thinking and investment influenced by short term trading objectives, to concentrate on the identification of long-term value.
A capability to model changes in macro variables, and to analyse the effects of economic or sector-oriented stresses across the entire investment universe or a specific portfolio in order to analyse the comparative effects of particular changes	The ability to compare portfolio and single stock outcomes to stress events in the economy or different sectors of the infrastructure universe provides a valuable risk management tool, facilitating better investment decisions.
Establishment of independent Investment Governance Board, Macro Advisory Board and Climate Advisory Boards	Independent oversight of its investment process and outcomes focussing on consistency of investments against the stated investment strategy for each portfolio, including risk budgets, illiquidity tolerance and risk/return objectives, the consideration of the long-term interests of the investors/clients.
Ability to model in detail the potential impacts of climate change policies on the portfolio.	The ability to assess and compare single stock and portfolio exposures to climate change policy scenarios in a consistent and quantifiable manner. This is aimed to ensure that the portfolio remains resilient in a range of climate policy environments.
Knowledge sharing through Sector Review Forums undertaken with Global Infrastructure Partners, one of the pre-eminent private infrastructure investors in the world.	We can leverage a knowledge base greater than that available within our internal team, even given the experience of that team. Access to GIP's insight and experience deepens our own perspective and sector understanding, leading to enhanced decision making.

INVESTMENT PHILOSOPHY AND BELIEFS

Investment philosophy

ATLAS is at its core an infrastructure investor acting in the public markets, rather than an equities manager specialising in the infrastructure sector. Our central aim is to construct portfolios of high-quality infrastructure assets which meet our clients' investment objectives, and which deliver sustainable returns over long time periods.

Our investment approach is centred around a belief in the long-term fundamental analysis of infrastructure assets, in the reliance on our own primary research and proprietary investment modelling, in the detailed scrutiny of relevant regulatory regimes and in the construction of cash flows to derive a profile of forward returns. We see ourselves as investors in companies, rather traders aiming to anticipate fluctuations in market price.

The listed equity market contains a large number of infrastructure stocks. However, a combination of the short-term approach of most market participants, together with relatively limited expertise in the sector of most large general equities managers means that companies within the investment universe are rarely priced in line with long-term value, and similarly, longer term risks (and opportunities) are often not well reflected in current valuations.

Therefore, an investment approach which looks beyond short-term market sentiment and simple market narratives, and which operates independently of market noise can identify and take advantage of market mispricing – to avoid those stocks which are overpriced and to acquire companies where long-term value is underappreciated by the market.

ATLAS's investment philosophy is based on a belief in fundamental analysis, in the reliance on our own team-based research and proprietary investment modelling, in the detailed scrutiny of regulatory regimes and in the construction of cash flows to derive a profile of forward returns. Indeed, we model company cash flows over a horizon of up to around 80-years. Our objective is to create a set of comparable investment opportunities, consistently expressed and subject to rigorous stress testing across a range of macroeconomic scenarios, to select the optimal portfolio to maximise long-term returns. This philosophy supports the ability to operate as good stewards of capital, as it requires us to focus on issues that impact on generation of value for investors and also society over the very long run.

Importance of detailed asset level expertise

As part of its commitment to understanding the different influences affecting the cash flows of individual companies, ATLAS recognises the importance of a detailed understanding of the sector in which a company operates. Accordingly, ATLAS organises its investment team into sector focussed teams. Analysis of specific sectors within the infrastructure universe, and the companies which fall within that sector, is undertaken by the team as a whole, rather than through the allocation of specific stocks to particular analysts.

The number of senior investment personnel in the investment team means that the Firm is able to provide senior leadership in the analysis and review of all sectors within its universe. The senior personnel are supported by a deep bench of analytical capability, thus combining experience and analytical firepower across the whole spectrum of investment opportunities. This process also allows senior personnel to mentor the development of other team members, facilitating knowledge transfer and enhancing the sustainability of the Firm over time.

Furthermore, the knowledge and insight gained by our senior team in working through several market cycles and witnessing in real time the ups and downs undergone by companies in a sector enables us to critically question management's assertions and assumptions as to their current state of readiness, and to distinguish short term market noise from matters of long term significance. This long-standing presence in our subsectors has also fostered close relationships with management teams, which facilitates improved access and engagement

Importance of climate change scenario risk analysis

In purchasing companies with long dated infrastructure assets investors inevitably acquire an exposure to climate driven changes in economic activity and government policies. Accordingly, the integration of climate driven changes in economics and policy is critical to understanding the long-term value of all infrastructure assets. Despite this, very few market participants are able to include these factors quantitatively within their models with the result that these important long-term considerations are often mispriced by the market.

ATLAS has developed an integrated approach to including climate change scenario modelling into each of its company models. This enables ATLAS both to identify potential risks and to capture opportunities that other market participants are unlikely to be able to see and/or quantify. We expect that the identification and quantification of the risks and opportunities presented by climate change policies will assist ATLAS in generating excess returns over the long term, and informs our engagement activities. These matters are discussed further under Principle 4 and Principle 9.

Other key investment beliefs

Investment mindset	We see ourselves as long-term investors, rather than traders aiming to anticipate near-term price fluctuations. ▪ We are set up to take meaningful, timely, investment decisions based on our own analysis and due diligence, based on the long-term outlook for cash flows; ▪ We are high conviction investors with a preference for concentrated portfolios; we add diversification or liquidity to a client's portfolio only when it is warranted by the client's objectives; ▪ We engage directly with companies in our portfolio and use our influence to reinforce good governance and support companies in generating long term, sustainable returns; ▪ We do not try to anticipate market movements or expect to generate performance through market timing.
Definition and measurement of risk	We consider risk to be the probability of a permanent (not temporary) impairment to our clients' investment returns. Good risk control targets the preservation of capital. We believe risk is rarely symmetric; the assumption of greater risk does not automatically lead to potentially higher returns. We believe that risk exposure is not effectively captured through top-down categorisations and aggregation and instead should be considered through an understanding of the behaviour of each asset in a range of scenarios at both the asset and portfolio level. We not concerned with short-term price volatility, which we see as potentially creating opportunities. We do not manage tracking error versus our benchmark.
Incentives and alignment	We believe that alignment between ATLAS and our clients does not come from short term performance incentives (internally and externally), it comes from an approach of genuine partnership, the alignment of interests and full transparency.
Breadth and comparability of investment metrics	We believe that it is imperative that investment decisions are taken on the basis of a range of investment parameters, which provide a more complete understanding of investment risks and returns. The ATLAS process delivers a very comprehensive set of risk and return metrics for each asset under consideration. They capture long-term expected returns and their sensitivity to various fundamental factors such as economic, inflation and discount rate fluctuations. These are prepared on a comparable basis (including scenario and risk analysis). Portfolio decisions by the Investment Committee are process-driven with reference to these metrics.
Emphasis on social contract	A core component of the ATLAS philosophy is that infrastructure assets are subject to an inherent social contract to operate and that they must therefore provide acceptable quality services to society at a fair price. Although infrastructure assets are monopolies, regulators and other oversight structures will act to restrict their ability to extract monopoly rents. Our investment processes are therefore designed to reduce the expectations that infrastructure firms can earn high excess returns over long time periods.

IMPLEMENTATION

Our process involves integration of ESG considerations into our company analysis, rather than introducing separate qualitative ESG metrics which may provide confused or conflicting investment signals. ESG risks for each asset are reflected in either base case cashflows or scenario / stress case outputs or both, and therefore directly and automatically form 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. ESG issues identified through the research process will be raised at research meetings which are attended by the ATLAS IC members and are be incorporated into the investment scenarios and stress cases which form the inputs to the IC decision process. In particular, ESG analysis informs:

- The base case expected financial returns.
- The scenario returns.
- The stress case returns.

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 constructs portfolios based on optimising absolute returns whilst minimising risks. Incorporation of ESG factors directly at the cash flow level translates to impacts on absolute returns (positively or negatively) and the scenario returns. This then directly influences the portfolio construction decisions.
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.

Ratings and Awards

ATLAS's comprehensive approach to ESG and climate change in particular has been recognised in a range of forums and by several bodies.

cfi.co 2020 BEST CLIMATE IMPACT RESPONSIBLE INVESTOR WINNER UK; cfi.co 2021 BEST CLIMATE IMPACT RESPONSIBLE INVESTOR WINNER UK	In recognition of our actions around climate scenario testing and emissions forecasting, ATLAS was awarded the "Best Climate Impact Responsible Investor UK" award by Cfi. This was the second year running that ATLAS has received this award.
PRI Principles for Responsible Investment	ATLAS is a signatory to the UN Principles of Responsible Investment and has achieved the following ratings: • Strategy & Governance: A+ • Listed Equity – Incorporation: A • Listed Equity – Active Ownership: B
MSCI ESG RATINGS AA	ATLAS has achieved an MSCI ESG rating of AA. This establishes the ATLAS fund as being a "Leader" in its sector.

PRINCIPLE 2

Signatories’ governance, resources and incentives support stewardship

BACKGROUND

The ATLAS governance and organisation structure has been designed around the belief that long term sustainable outcomes for investors can only be met with robust and effective governance and accountability structures. In particular, our organisational design has emphasised the importance of having independent and well-resourced functions for:

- Investment decision making;
- Compliance and risk governance; and
- Investment governance.

Importantly each of these functions is able to report directly to the ATLAS Board. We have achieved this through the following organisational design decisions:

- The compliance function (led by the CCO) reports directly to the ATLAS Board through the executive committee. The CCO of ATLAS also has a direct contact with the head of GIP legal and compliance
- Investment decision making is the responsibility of the Investment Committee and supported by one of the most experienced teams in the industry (see below). The IC structure ensures that there is no ‘key person risk’ in decision making and the make of the IC includes both investment specialists as well as client requirement specialists
- Investment Governance is the responsibility of the Investment Governance Board which is chaired by the Executive Chairman and which has a direct report into the ATLAS Board.

Areas for future development

ATLAS has identified the following as areas for future development in the governance and resourcing of the firm:

- As the firm grows, we will need to add or develop our resources so that all key functions within ATLAS have defined succession plans such that we can mitigate key person risk as much as possible
- The firm was founded as a boutique with a strong common heritage amongst the team members, as the firm grows and develops, we have identified those areas where we would wish to add diversity of experience and background to our investment and governance functions to ensure that we are able to continue meeting the requirements of clients into the future

RESOURCING

The ATLAS investment team consists of a group of five investment Partners with a deep knowledge of the infrastructure sector, supported by seasoned Principals, Associates and Analysts; their collective expertise spans a wide range of infrastructure sectors, geographies and disciplines. The team comprises 13 investment professionals in total, which we believe to be one of the largest in the field of listed infrastructure.

The team is split between offices in London and Sydney. Well-resourced bases in both the northern and southern hemispheres promote easier access to management teams in every part of the world and so facilitate more active engagement with portfolio companies. The separate well-resourced locations also facilitate a 24-hour coverage, when required, and contribute to high operational resilience.

The ATLAS team has been assembled to include individuals with diverse but complementary skills across a range of investment and corporate disciplines as well as experience in both listed and unlisted infrastructure investment.

Organisational Structure

ATLAS Board

Executive Committee
Chaired by Charles Kirwan-Taylor
(Executive Chairman, LDN)

Investment	Investor Relations	Execution & Operations	Compliance
Rod Chisholm (Partner, SYD)	Matt Lorback, Sam Carter (Partner, SYD) (Head of Dist, LDN)	Clinton Joyner (Partner / COO, SYD)	Carl Chambers (CCO, LDN)

Investment

David Bentley*	(Partner, LDN)
Peter Hyde	(Partner, LDN)
Matt Lorback*	(Partner, SYD)
David McGregor	(Partner, SYD)
Michal Rydzkowski	(Principal, LDN)
Amanda Xie*	(Principal, SYD)
Janie Shi	(Principal, SYD)
Patrick Burfitt	(Associate, LDN)
Tom Neugebauer	(Associate, SYD)
Sam Ward	(Associate, LDN)
Luke Farrar	(Analyst, SYD)
Jane Xu	(Analyst, SYD)

**Denotes both investment and IR responsibilities*

Investor Relations

David Bentley*	(Partner, LDN)
Amanda Xie*	(Principal, SYD)

Execution & Operations

Tom Donagan	(Senior Trader, SYD)
Ivan Cho	(Execution Ass, SYD)
Susie Fulton	(Operations Ass, SYD)

The Chair of the ATLAS Board and of the ATLAS Executive Committee does not have any functional lead responsibilities and is therefore independent of the executive functions of ATLAS. The role of the Chair is to ensure proper governance within ATLAS and to act as the contact point between the Company and the ATLAS Board, as well as between the ATLAS IGB and the ATLAS Executives, on the one hand and Board, where necessary.

OWNERSHIP AND ALIGNMENTS

ATLAS is majority owned by GIP with the remaining 40% owned by ATLAS partners and staff.

Partners & Staff Equity Ownership

It is a principle of the Firm that ownership should be widely spread among its employees, including among its Investment Principals and non-Investment staff, to align employees with the long-term objectives of the firm and its clients. Accordingly, equity ownership within the firm is distributed among 11 of the 20 members of staff.

ATLAS is in the process of establishing a mechanism for the transfer of equity between current equity holders and the next generation of leaders in the firm. This process is designed to promote coherent and stable succession planning to ensure the long-term sustainability of the firm.

GIP Equity Ownership and Involvement

GIP is a leading global, independent investor in private infrastructure. GIP is represented on ATLAS's main board; it has no managerial or operational responsibilities within the Firm: the businesses of GIP and ATLAS are completely separate.

ATLAS is able to leverage the deep knowledge base of the GIP infrastructure team through quarterly Sector Forums, in which ATLAS and GIP discuss a specific sector. The ability to access GIP's deep knowledge base provides insights into the infrastructure sectors and provides important input into asset valuation and investment decision making.

The requisite Chinese walls and information barriers are observed during these forums. Members of the compliance teams from both organisations participate in the forums to ensure that the correct regulatory protocols are in place and adhered to by all parties.

ATLAS GOVERNANCE STRUCTURES

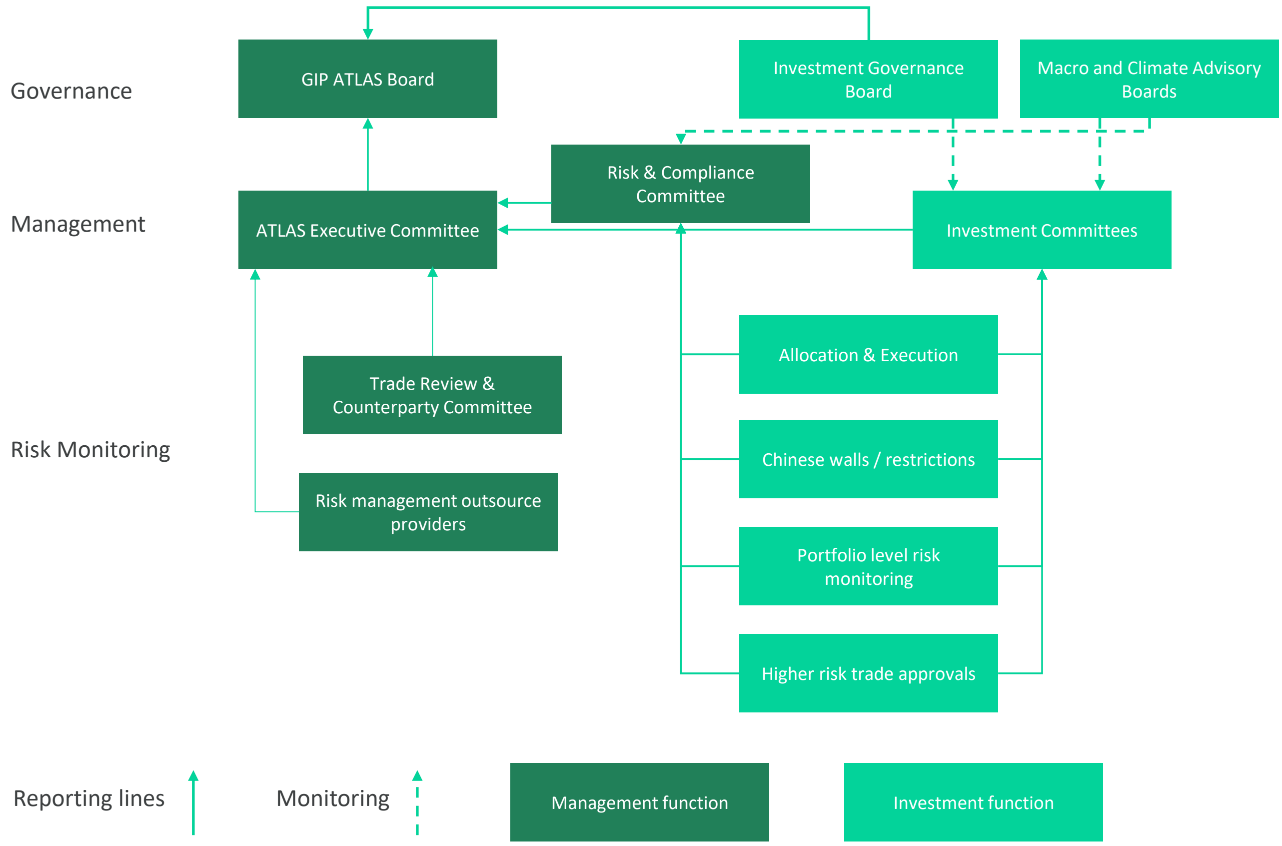
The ATLAS approach to responsible investment forms part of the investment process and investment philosophy of the firm. As such accountability is as follows:

- 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 Investment – 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.
- Macro and Climate Advisory Boards –these two boards are advisory in nature only and provide information to the investment team which the investment team may choose to incorporate in its analysis. These two advisory boards are discussed further in Principle 4.

ATLAS has established strong governance structures to control both its business and its investment decision process. These provide a strong focus on risk management and regulatory compliance within the structure of the business and embed the protection of clients' interests within our investment framework.

The following diagram illustrates ATLAS's governance structures

ATLAS Governance Structure



INVESTMENT GOVERNANCE BOARD (IGB)

ATLAS is aware that asset management firms face a number of challenges that can adversely impact risk and performance over time. These may include style drift, misalignment with investors leading to excessive risk taking, management distractions and simply poor investment decision making.

With this in mind, ATLAS has established an IGB to provide independent oversight of its investment process and outcomes focussing on consistency of investments against the stated investment strategy for each portfolio, including risk budgets, illiquidity tolerance, risk/return objectives and ESG considerations including climate risks, the consideration of the long-term interests of the investors/clients in the ATLAS funds; and the policies of ATLAS relating to equal treatment of clients and best execution and allocation.

The IGB has no direct investment or management duties and is not involved in considering or recommending individual investment decisions. Its purpose is to provide independent scrutiny of the investment decision making within ATLAS, and to provide advice for ensuring consistency of ATLAS's investment decision making with the mandates given by its investors/clients.

The IGB meets quarterly and has the option to request information or presentations from one or more members of ATLAS's Investment Committees to assess the execution of portfolio decision making against expectations. Typically, the IGB reviews at least one individual investment decision per quarter as part of its regular monitoring.

The Chairman of the IGB provides a report to the ATLAS Board on its activities, and may make recommendations for action to the Board, if its reviews so warrant.

INVESTMENT IN SYSTEMS, PROCESSES, RESEARCH AND ANALYSIS

Research Management System

As part of ensuring good investment stewardship, it is essential that all research, investment and engagement activities are recorded and tracked. ATLAS has implemented the Factset Research Management System which provides a centralised repository for managing all our research outputs including all company meeting notes, company engagements, research meeting presentations, financial model outputs, investment decisions and voting decisions.

Financial Analysis / Modelling

ATLAS produces all its own models and does not utilise any broker models (or extracts from broker models) within this process. The models are long-term, projecting cash flows up to a horizon of up to 80-years.

We believe that the ATLAS master model is a best-in-class valuation tool developed by the ATLAS team using years of previous experience in listed infrastructure modelling. The model, which represents several man years of programming, provides the investment team with a fully constructed and heavily automated accounting and valuation tool, enabling the team to focus their time on asset cashflow modelling.

The master model is based in Excel but sits within Modano software. This software allows analysts to add or subtract assets, change accounting treatment or run scenarios with one click due to its use of a robust formula link management system. This automation greatly improves efficiency and materially reduces the potential for errors.

The model connects to the ATLAS database and decision support through a discrete upload process that generates a time stamped audit trail (including a reference copy of the underlying model) every time an analyst uploads new forecasts into the ATLAS database. This includes a reconciliation to the last uploaded forecasts and associated commentary.

STAFF PERFORMANCE MANAGEMENT AND REMUNERATION

Remuneration

The ATLAS remuneration structure has been developed to encourage teamwork over individual performance. A key element of this is that all staff at a particular level are remunerated equally. This is in contrast to a system which calculates remuneration individually.

The remuneration of all ATLAS staff is comprised of a base salary and a variable component which is linked to the performance of the business and, through either equity ownership or through participation in a profit share scheme.

Long term outperformance of the strategy will result in attracting and retaining client funds which will support profitability of ATLAS and payments through profit share and dividends. Since all investment staff are involved in supporting all mandates, we believe it is appropriate that the team is rewarded and incentivised.

ATLAS believes that discretionary annual bonuses mechanically linked to short term performance metrics are not well aligned to achieving longer term outcomes for clients and can lead to excessive risk taking.

Salary levels are set so as to be competitive with other firms in the market (for those staff that don't have equity participation). The Firm's system of profit allocation allows for a further payment of up to 100% of each individual's salary to be allocated from profits in the course of a year. In the event of there being insufficient profit to allow this for all staff, the most junior staff are paid first. Partners compensation is linked to investor returns through co-investment over medium to long time periods.

Monitoring

Formal staff appraisals occur annually. ATLAS has developed a skills matrix for both investment and non-investment positions within the Firm to articulate the expectations for knowledge and skills within its four role categories (Analyst, Associate, Principal, Partner).

ATLAS sets remuneration KPIs and performance expectations for each level in the organisation as part of their skills matrix based review. The KPIs include the requirement to formulate adequate ESG risk scenarios around potential investments as well as the requirement to identify and prioritise for engagement the key ESG issues facing each company in our coverage.

SUCCESSION AND SUSTAINABILITY

ATLAS is a global business, and all critical functions have a backup between Sydney/London. ATLAS has adopted a 'Partnership approach' with leadership from a broad team of Infrastructure specialists rather than individual Portfolio managers. Investment decisions are made through an Investment Committee which reduces 'key man' risk and ensures portfolios are managed using greater resources of expertise.

ATLAS is mindful that an effective succession plan enables the smooth transition of critical roles and therefore seeks to minimise disruption to the firm and its clients. As unexpected events can have short-term and long-term implications, the ATLAS succession plan contemplates both.

TRAINING AND PROFESSIONAL DEVELOPMENT

All staff are required to attend an annual compliance training session provided by a third-party or conducted by a member of the RCC. The internal compliance function provides ad-hoc / thematic training sessions if there are any changes to regulation. All staff are required to sign annual acknowledgements to ongoing compliance. The Chief Compliance Officer regularly monitors and reviews the training record to ensure continued compliance and to remedy any non-compliance.

There is access to regular online technology training (covering areas of security awareness, phishing) and this is provided by an outsourced technology provider.

ATLAS encourages all staff to pursue continued professional development through participation in industry forums, conferences, workshops etc. ATLAS offers funding assistance for registration, materials, examination costs and paid study leave. Interested staff are required to submit formal applications to seek Exco approval.

Ongoing training needs are formally discussed and agreed at least once a year during staff performance review meetings.

Designated ATLAS partners approve staff training requests while functional heads are responsible for mentoring staff within their division.

DIVERSITY AND INCLUSION

Diversity is likely to rest on a wide variety of factors: culture, education, experience, gender, ethnicity, and sexual orientation are among the factors we consider when we assess diversity within our own organisation, and we aim to foster an environment which is inclusive and respectful of all individuals, so as to represent an attractive career option for as wide a group of people as possible. We consider the same factors when we assess diversity among our investee companies and among our suppliers. Our aim is to promote an environment in which all can thrive and where merit and contribution are the basis for compensation and advancement. Further information on our policies and progress in this area can be found on our website.

PRINCIPLE 3

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

BACKGROUND

ATLAS has an overarching responsibility to ensure that it pays due regard to the interests of its clients and to that end aims to always treat them fairly. As a regulated entity, ATLAS is required to take all appropriate steps to identify, prevent or manage conflicts of interest that may arise while conducting regulated activities. The firm has a conflicts of interest policy which articulates how matters are dealt with when the interest of clients or beneficiaries diverge from each other. A summary of the conflicts of interest policy as it pertains to stewardship can be found below.

We believe that identifying conflicts of interest is the first mitigating step to managing potential conflicts and we have sought to identify circumstances that we believe may give rise to a conflict of interest. We support this with clear lines of responsibility, so all members of staff are aware of their role in the process. As a general rule, we will typically seek to disclose an actual or potential conflict of interest as a method of managing a conflict, unless doing so will breach a legal or regulatory guideline or would not be in the interests of clients. An alternative approach, when faced with conflicts, which in certain situations may be appropriate, is to refrain from acting.

ATLAS recognises that conflicts can arise in a range of situations and are often driven by business, resourcing and reward structures which lead to misalignment of interests either between a firm and its clients, or between members of its client base. Accordingly, there are a number of elements of the ATLAS business and team structure that have been established to mitigate the risk of conflicts arising. These include:

- A reliance on our own internal research and no use of broker materials. This ensures the integrity of the research process and avoids any issues around the payment for broker research;
- An investment process which eliminates individual analyst ownership of stock research or recommendations. Our observation is that research and remuneration structures in which one individual "owns" a particular stock of group of stocks and is remunerated on the basis of their recommendations, can lead to misalignment between the analyst and the client interests. The ATLAS team approach to research and remuneration aims to overcome these types of conflicts;
- A range of governance bodies (in particular the IGB) which are charged with ensuring that ATLAS is operating in the best interests of its clients and in accordance with all regulatory requirements. For example, the IGB has queried the ATLAS investment team around higher-than-expected turnover in 2020 and whether this was in the interest of ATLAS investors and in line with the ATLAS philosophy;
- Fee structures that do not incentivise ATLAS to act in contravention of the interests of its clients or to pursue short term performance. These include performance fee structures that preference short term and/or index relevant performance over long term absolute return;
- Establishment of clear investment capacity guidelines, noting that increasing the firm's assets under management beyond the natural capacity of the strategy can reduce the ability of the firm to deliver the strategy in line with client expectations; and
- Clear policies and procedures around trading and trade allocation to ensure the fair treatment of all clients.

We also recognise that each conflict situation is unique and we continue to review the specific matters relevant to our business and update our policies accordingly.

GUIDELINES FOR CONFLICT IDENTIFICATION AND MANAGEMENT

ATLAS has established clear guidelines for identifying conflicts of interest. In particular, staff should consider whether ATLAS:

- is likely to make a financial gain, or avoid a loss, at the expense of a client;
- has an interest in the outcome of a service or activity provided to a client, or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interests of one client or group of clients over another;
- carries out the same business as the client; or
- receives or will receive an inducement from a person other than the client in relation to services provided to the client in the form of monetary or non-monetary benefits or services.

Conflict Management and Avoidance

A number of arrangements have been put in place with a view to taking all appropriate steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of any client. Where conflicts are unavoidable, ATLAS ensures that appropriate policies and procedures are put in place to manage such conflicts.

Conflict Monitoring

The Conflicts of Interest Policy is reviewed by the CCO on an ongoing basis and is reviewed by the Board annually to determine whether all conflicts remain relevant or if any conflicts no longer apply. At the annual review, the CCO will confirm whether in his/her view conflicts are being effectively managed. The Board of ATLAS will review all aspects of ATLAS's Conflicts of Interest Policy in conjunction with the Conflicts Register with a view to identifying any conflicts that may previously have gone undetected or are no longer live conflicts or potential conflicts.

Where there is concern that the conflict management arrangements are not being followed, the CCO will raise this with the Board who will consider appropriate steps to ensure compliance with the arrangements.

Recording and Disclosing Conflicts

ATLAS maintains a register of conflicts which includes details of both actual and potential conflicts faced by ATLAS daily in its business.

In cases where a conflict is not capable of being managed so as to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the Firm will make a disclosure to affected clients. This may only be done as a last resort and after all attempts at mitigating or managing the conflict have failed.

Conflicts Training

All staff receive a copy of the Firm's Compliance Manual and Compliance Policies & Procedures Manual and receive training in respect of conflicts of interest. In addition, all staff are required to give a periodic undertaking confirming compliance with the Firm's compliance procedures, including PAD and policies relating to the receipt of gifts, benefits and entertainment.

PRINCIPLE 4

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

SYSTEMIC OPERATIONAL RISKS

ATLAS takes the view that it is not itself a large enough enterprise to pose any kind of systemic risk to the entire market but that as a party exposed to the efficient functioning of the market as a whole, it has a duty to interrogate and monitor its financial counterparties, and to maintain an appropriate diversity of counterparties. Operational risks are addressed through a Risk and Compliance Committee ("RCC") which is responsible for the maintenance and oversight of the Firm's Operational Risk Framework, and which approves the appointment of all new counterparties. The RCC consists of the Firm's Chairman, COO and CCO (see also Risk Oversight in the next section).

SYSTEMIC INVESTMENT RISKS

ATLAS defines risk as the probability of a permanent (not temporary) impairment to our clients' investment returns. Good risk control means preservation of capital not low volatility. Risk is rarely "symmetric" and does not automatically lead to potentially higher returns.

We recognise that the Infrastructure asset class is exposed to common risk factors such as GDP growth, Inflation, cost of capital and climate transition (among others). Controlling this risk is important not just to reduce portfolio risk but also because common factor exposure is one of the primary causes of cross-asset class correlation.

All ATLAS financial models are built on a standardised platform. This master model platform has direct links into a centralised macro database, which incorporates all macro forecasts. These macro scenarios can be adjusted to enable

The consistency with which macro factors are included in our investment models means that we have the ability to evaluate the comparative influence of macro factors and macro scenarios (such as global recession) on the prospective return of each investment and on the portfolio as a whole.

The ATLAS approach to risk evaluation and management comprises three main components which are discussed in further detail below:

- Stress testing – asset specific;
- Stress testing – macro environment; and
- Macro factor exposure analysis.

Stress testing – asset specific

ATLAS stresses all assets based on a "minor" and "major" stress events. These stress scenarios are asset specific and therefore not directly comparable between assets, but are designed to be similar in probability (e.g. a 1 in 10-year event for a Minor Stress and a 1 in 15+ year event for major stress). An example of a Minor Stress for an Airport is a small and short-term traffic shock, whereas the Major Stress would be the modelled bankruptcy of the hub carrier.

In conducting these stress tests, ATLAS seeks to evaluate the resiliency of the company including testing where companies may need to raise additional debt or equity capital at unfavourable rates. Given our focus on capital preservation discussed in Principle 1 above, ATLAS aims to evaluate the risk of a capital loss over a three year time horizon.

Stress testing – macro environment

As noted above, the consistency of the ATLAS financial model platform enables a range of macro scenarios to be run to stress test all assets and the portfolio as a whole against a range of potential macro environments. At present ATLAS runs a stress test based on a near term global recession as well as a stagflation environment. We see these as the most likely and most impactful economy wide shocks at the current time. However, other scenarios can be run across the portfolio at from time to time where emerging macro-economic or system wide threats emerge.

Recognising that climate policies present a key particularly those in the energy and transportation sector, ATLAS also models two climate scenarios: a “Fast Transition” scenario and a “Delayed Action” scenario. ATLAS aims to ensure that its portfolio is resilient particularly in a Fast Transition scenario.

Macro factor exposure

Macro betas are a representation of specific macro factor risk within the universe constituents and ATLAS portfolios more broadly. All ATLAS cashflow models utilise a common macroeconomic database which is governed for comparability and consistency by the ATLAS Macro Advisory Board at least semi-annually.

The macro betas are produced by running a scenario whereby the macroeconomic inputs into the cashflow model are increased by 1 percentage point for the entire duration of the model (generally 50+ years).

The macro betas represent the change in the perpetuity free cash flow to equity internal rate of return (FCFE IRR) given a 1 percentage point change to the macroeconomic factor. As an example, a real GDP beta of 0.80 would imply a 0.80% move in the FCFE IRR if real GDP growth was increased by 1% over the entire length of a cashflow model. Conversely, a negative macro beta would imply a lower FCFE IRR resulting from a lift in the specific macro factor. All macro betas use the nominal FCFE IRR, except for the inflation beta, which uses the real FCFE IRR to distinguish the underlying changes.

Macro risks included in portfolio construction

The table below provides further discussion on the macro risks included in our analysis and the portfolio management guidelines for each risk.

Metric	Approach to analysis	Portfolio guidelines
GDP Beta	ATLAS is conscious that our clients are seeking a portfolio of assets which are not excessively exposed to economic conditions and in particular are not leveraged to economic growth. ATLAS therefore tests the impact on company cashflows of a permanent 1% movement in GDP. Different assets have very different return outcomes from this change in GDP expectations with assets such as toll-roads being particularly sensitive, whilst most utilities have very low sensitivity to economic growth.	Through the cycle the portfolio should have similar exposure to GDP than the universe. In particular, the portfolio must not have a materially higher GDP exposure than the investment universe.
Inflation Beta	ATLAS tests the impact on company cashflows and investment returns of a permanent 1% increase in inflation. Each financial model reflects the level of inflation passthrough included in regulatory and contractual arrangements and therefore changes in inflation are reflected in changes in long term asset cashflows. ATLAS calculates then calculates the inflation passthrough at the whole of portfolio level.	The ATLAS portfolio is constructed with an explicit guideline of reducing inflation risk and achieving as close to a full inflation hedge as possible. The portfolio should aim for as close to a hedged exposure to CPI as possible and lower exposure than the investment universe
Long Bond Beta	ATLAS tests the impact on cashflows and investment returns of a permanent 1% increase in long bonds. Infrastructure assets often have regulatory and contractual structures that enable movements in the long bond to be passed through in the form of changes to the allowed return on the underlying asset base, however, these mechanisms work very differently for different assets. Each financial model reflects the level of long bond passthrough included in regulatory and contractual arrangements and therefore changes in long bonds are reflected in changes in long term asset cashflows.	The portfolio should aim for as close to a hedged exposure to bond rates as possible and lower exposure than the investment universe
Global Recession Scenario	This scenario evaluates portfolio performance in a world with above-trend CPI and neutral GDP growth. The scenario starts with the base case and increases CPI over the medium term. The equity risk premium also increases to reflect higher inflation risk. Bond yields are assumed to increase commensurate with higher inflation. These changes are greater for countries we have identified as having greater political and monetary policy risk. Over the long term, we assume a reversion to the base case.	The portfolio should have similar or less downside than the investment universe in the macro risk scenarios
Stagflation Scenario	This scenario evaluates portfolio performance in a world where the post-GFC productivity decline is extended, resulting in subdued growth and inflation. The scenario starts with the base case and reduces GDP, inflation, industrial production and long bonds. These reductions are more pronounced for countries identified as most at-risk given a recession scenario. The scenario also assumes an increase in the equity risk premium. Over the long term, we assume a reversion to the base case.	The portfolio should have similar or less downside than the investment universe in the macro risk scenarios
Fast Transition Climate Scenario	This scenario evaluates the impact of acceleration of climate change mitigation policy. In the Fast Transition, the bulk of climate transition policy including shut down of coal generation, progression to >50% electric vehicles, and a start to phasing out gas usage all begin in the 2020s. By 2050 the developed world economy is at near net zero carbon emissions without the use of carbon dioxide removal or carbon capture and storage technology. Fast Transition heavily impacts the oil and gas pipelines sector and electricity generation/networks directly, as well as indirectly through supply chain impacts on freight rail and seaports	The portfolio should minimise any downside risk in Fast Transition scenario – aiming for close to 0

RISK OVERSIGHT AND MANAGEMENT

Investment Committee

A key responsibility of the IC is to limit the exposure of the portfolio to any one common exogenous risk factor in order to limit large permanent capital loss. This is the purpose of the macro and climate scenarios. Examples include GDP sensitivity (recession) and exposure to small changes in Market Risk Premia (stagflation).

Investment Governance Board

A key responsibility of the ATLAS IGB is to periodically review the exposure of the portfolio to these macro risks and also to consider how the ATLAS Investment Committee is recognising and responding to any other systemic risks that may arise from time to time.

MACRO AND CLIMATE ADVISORY BOARDS

To assist in its assessment of the wider economic, political, and climate policy trends affecting the financial performance of the infrastructure sector, ATLAS has implemented a Macro Advisory Board (the "MAB") and a Climate Advisory Board ("CAB").

Macro Advisory Board (MAB)

The role of these two advisory boards is to provide specialist advice to the investment team with respect to the critical macro-economic inputs in the Firm's investment model, which include interest rates, economic growth, inflation, market risk premia and foreign currency rates.

The ATLAS Macro Advisory Board comprises:

- Geoffrey Warren: Geoffrey is an Associate Professor at the Australian National University, who brings with him experience of economic strategy in both commercial and academic roles. His input at the MAB focusses on Australian and global trends.
- Chris Watling: Chris is the CEO and Chief Market Strategist of Longview Economics, which he founded in 2003 following a career at Cazenove and KPMG. With a strong background in economic and scenario modelling, his geographic focus at MAB is on Europe and the US.

Climate Advisory Board (CAB)

The ATLAS Climate Advisory Board meets on a six monthly basis and assist in the establishment of scenarios around climate change policies and expectations around changes to potential

The CAB includes three members who bring complementary experience in the climate change and energy policy fields. The experience of these members provides a very valuable addition and input into the ATLAS investment process as it relates to considering climate change risks. Members of the ATLAS CAB are:

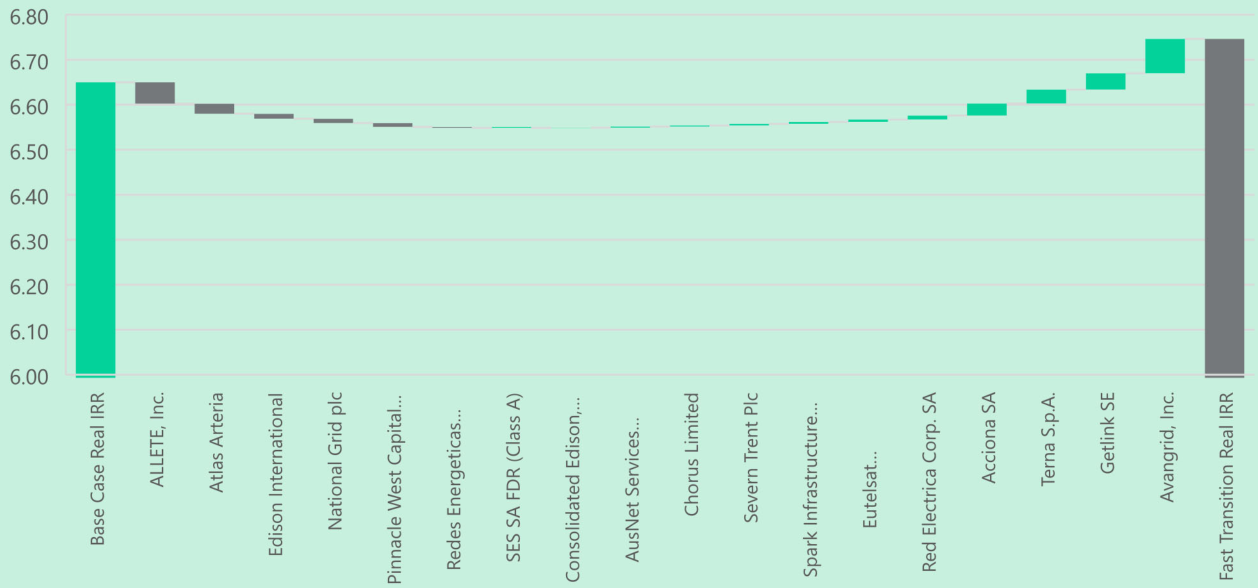
- Ben Caldecott: Ben is the founding Director of the Oxford Sustainable Finance Programme at the University of Oxford and one of the leading authorities on the economics of climate change. His focus at MAB is on climate change policy and its economic implications.
- Amandine Denis-Ryan: Amandine is the Head of System Change and Capability at ClimateWorks Australia; the leading climate change think tank in Australia.
- Randolph Brazier: Randolph is the Director of Innovation and Electricity Systems at the Energy Networks Association. He is also a Future Energy Leader on the World Energy Council.

CASE STUDY – CLIMATE CHANGE POLICY RISK MANAGEMENT

As noted above, all ATLAS models include cash flow and IRR forecasts under three climate scenarios. ATLAS then utilises these IRR's in constructing its portfolio. ATLAS primarily utilises the Base Case for stock selection, however, it also aims to ensure that at the total portfolio level, the portfolio has the same or a better IRR under a Fast Transition scenario. The aim being that the portfolio is not negatively exposed to such a scenario.

ATLAS can identify the contribution of each security to the overall Fast Transition exposure. The following chart demonstrates the contribution of each stock in the portfolio to the Fast Transition exposure of the portfolio, relative to the Base Case. Whilst the portfolio does contain stocks that would perform less well in a Fast Transition scenario, the portfolio as a whole would be expected to perform better in a Fast Transition climate policy environment than under the Base Case.

Base Case vs Fast Transition Real 10-year IRR as at 30 June 2021



Source: ATLAS Infrastructure

Net Zero Asset Manager Initiative

In November 2020, ATLAS was one of the 30 founding signatories of 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
- Although the ATLAS Global Strategy does not explicitly target net zero emissions as an outcome, our incorporation of climate transition scenarios and risks has resulted in a portfolio which is closely aligned with a net zero pathway and we believe this alignment will increase over time; hence we are very confident in our ability to make a commitment on behalf of our investors regarding an alignment target for 2030

CASE STUDY – PARIS ALIGNMENT INVESTOR INITIATIVE CASE STUDY

ATLAS is actively involved in the working groups of the Institutional Investors Group on Climate Change (IIGCC) Paris Alignment Investor Initiative (PAII). Launched in May 2019, the PAII aims to develop a framework for aligning investors' portfolios with the Paris climate targets. Over the past 12 months, the ATLAS investment team has worked to implement and embed the PAII Framework (based on the September 2020 PAII document) within the ATLAS investment process.

This implementation has involved an extensive process of measuring, forecasting and benchmarking the Scope 1, 2 and material Scope 3 emissions for each company in our portfolio and broader investment universe. The process has also involved significant engagement with companies to understand their long-term business plans. ATLAS is one of the first institutions to implement the PAII framework in detail in our asset level analysis.

In order to assist other institutions in their implementation of this PAII framework we have published a detailed case study which we have shared with both the IIGCC and a number of institutions. This case study provides a detailed overview of the implementation process and includes:

- the initial outcomes of and findings from our implementation to date;
- a summary of some of the key issues and learnings we have identified thus far; and
- our view of the major developments and next steps in our implementation

JOINT INITIATIVES

ATLAS is a member of the IIGCC's Policy Working Group and has participated as a signatory in a number of the IIGCC's initiatives which are designed to encourage governments and policy makers to improve standards around climate change standards and reporting:

- Joint signatory to a letter to senior officials in the European Commission highlighting their support for a robust methane policy as part of implementing the Green Deal.
- Joint signatory to a letter to the UK Prime Minister, which calls for an ambitious UK 2030 Nationally Determined Contribution (NDC) in line with a net zero 2050 target.
- Joint signatory on the 2021 Global Investor Statement to Governments on the Climate Crisis

IDENTIFICATION OF OTHER DISRUPTIVE FORCES

Given the risk of capital impairment which can be caused by disruptive technologies, ATLAS has developed a number of features within its models to evaluate the potential impact of these changes. In particular, the structures developed to model the impact of climate change policies may also be leveraged to model the impact of disruptive technologies.

In addition to climate change, there are three other key areas in which ATLAS sees material risk of disruptive technology:

- Technology change in communications. Communications infrastructure is particularly exposed to potential changes in the ways in which consumers utilise different forms of communications.
- Transportation. This includes the potential impact of autonomous/electric vehicles on energy systems as well as potential changes around the transition of short air travel to rail. ATLAS has implemented scenarios within relevant models to test the exposure of assets to these two significant changes in the transportation sector.
- Renewable energy price declines: Impact of the declining cost of renewables on electricity generation (note this is a different risk than climate change policy).

PRINCIPLE 5

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

INVESTMENT, GOVERNANCE AND COMPLIANCE POLICIES

ATLAS has implemented various policies to govern its business conduct including those that cover investment implementation, governance and regulatory compliance. The following policies and manuals form daily guidance for ATLAS practices:

- Employee Handbook
- Compliance Manual
- Trade Allocation Policy
- Order Execution Policy
- LinkedIn and Social Media Policy
- Cyber Security Policy
- Expert Network Policy
- Remuneration Policy
- Client Trading Policy
- Risk Management Framework
- Outsourcing Policy
- Diversity and Inclusion Policy
- Press Policy
- Responsible Investment Policy
- Pandemic Policy
- Travel policy

ATLAS Compliance policies cover topics such as, Conflicts of Interest, Breaches, Marketing (including Financial Promotions), Best Execution, Aggregation and Allocation, Trading Errors, Market Abuse, Use of Dealing Commission, Interaction with Third Parties, Personal Account Dealing, Gifts, Benefits and Entertainment, Outside Business Interests, Complaints, Training and Competence, Client Privacy and Data Security, Account Opening and Closing Procedures, Proxy Voting, Whistleblowing, Financial Crime & Money Laundering, Anti-Bribery, Telephone Recording & Electronic Communications, Managing ERISA Clients, Side letters, US Political and Charitable Contributions and Public Positions.

These policies are maintained by the Chief Compliance Officer and all changes must be approved by the Executive Committee and where appropriate by the ATLAS Board. Investment policies, particularly those that relate to portfolio guidelines and limits are also reviewed and approved by the ATLAS Investment Governance Board.

ATLAS considers its CPPM to be a living document and is updated as significant changes occur but at a minimum, every 12 months. The CCO will obtain external assistance with regards to regulatory changes and update the CPPM as required. CPPM changes are reviewed and approved by the ATLAS Risk & Compliance Committee. ATLAS staff are required to attest to reading and understanding the CPPM and where necessary additional staff training will be provided.

RISK OVERSIGHT

The ATLAS Risk Management Framework ("RMF"), outlines the requirements that the RCC and Board of Directors have determined should be met to monitor ATLAS complying with best market practice with regards to risk management standards. The RMF was developed based on the International Standards for Risk Management ISO 31000 and is reviewed periodically (at least annually) by the RCC.

Operational risks identified by ATLAS are documented/logged within the RMF and fall under the following risk categories; trading risks, post-trade risks, counterparty risks, business conduct and reputational risks, technology and cyber security risks, business continuity risks, fraud and financial crime risks, outsourcing risks, communications risks, compliance risks and insurance risks.

THIRD PARTY ASSESSMENT

Regulatory Compliance

ATLAS also an ongoing engagement with an external compliance consultant, ACA Compliance, to provide ongoing support and independent review of ATLAS's policies, procedures and processes.

ATLAS is a member of the Alternative Investment Management Association (AIMA) and has access to a large database of global regulatory requirements including impending changes. RCC members attend regular industry forums to keep abreast of industry and regulatory developments.

GS007 Assessment

ATLAS engages Ernst & Young to conduct Investment Operational Due Diligence ("ODD") assessments of ATLAS.

The GS007 assessment is designed to assess operational risks and included an inspection of the frameworks in place underpinning the investment philosophy, people and processes, in order to assess the capability of ATLAS to implement the investment strategies it has been engaged to manage on behalf of its clients, who have signed agreements with ATLAS. EY did not raise any issues in its most recent assessment in September 2021.

PRINCIPLE 6

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

UNDERSTANDING INVESTOR REQUIREMENTS

As a boutique investment manager, ATLAS has a close relationship with its clients which facilitates a frequent and open interaction.

A key element in understanding client requirements and reflecting these in the investment process is to ensure that there is direct connectivity between members of the investment team and our clients. Accordingly, several members of the ATLAS investment team (including two of the five Investment Committee members) also have roles which involve direct client liaison.

Furthermore, the ATLAS Investment Governance board comprises three individuals who have each worked for pension and sovereign wealth funds (BP Pension Fund, CalPERS and Catholic Super). A key role of the IGB is to leverage their experience from the client side to provide feedback to the ATLAS investment team on likely client requirements.

ASSETS BY TYPE

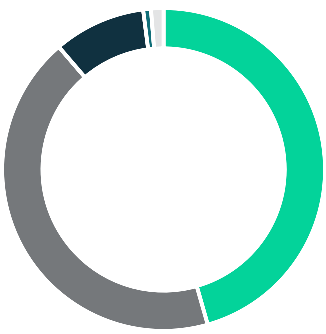
As at 30 September 2021, ATLAS's total AUM was US$1.9bn via the ATLAS Global Infrastructure UCITS ICAV and segregated mandates (all managed under the "Global Strategy").

AUM by Investor Type

■ Wholesale ■ Institutional
■ Other ■ GIP and ATLAS staff

Source: ATLAS Infrastructure

AUM by Geography



■ Australia ■ UK ■ Europe ■ USA ■ Africa

Source: ATLAS Infrastructure

INVESTMENT OBJECTIVES AND BENCHMARKING PERFORMANCE

Absolute real-return benchmark

ATLAS recognises that infrastructure is typically included in our client's Real Assets allocation. This allocation is typically focussed on delivering absolute, inflation linked returns. Importantly, the Real Assets allocation is not focussed on delivering any equity benchmark related performance and often is used to derive returns that are less correlated with the equity market.

Reflecting this, the ATLAS benchmark is set against an absolute, real return target of G7 CPI +5.0% p.a. All ATLAS investments are made with this benchmark in mind.

Importantly, ATLAS does not manage its funds with reference to any of the listed infrastructure indices as we believe that doing so would undermines our objective of being absolute returns focussed.

Focus on 10-year investment return metric

Reflecting the fact that ATLAS is often included in portfolios alongside unlisted infrastructure investments, the ATLAS investment process seeks to utilise investment research, valuation and decision-making metrics which are similar to those used in the unlisted infrastructure market. ATLAS utilises long term valuation models similar to those used in the private markets infrastructure sector. Furthermore, ATLAS utilises a 10-year real investment return assuming exit at the discounted value of the business at the end of the holding period as the primary metric for assessing stocks for inclusion in the portfolio, and measures and reports the expected 10-year real IRR of the portfolio as a whole. This metric is similar to the longer term investment return metrics that unlisted managers use to evaluate their investments and therefore enables our clients to directly compare the available returns in the listed and unlisted infrastructure portfolios. This in turn facilitates informed decisions around where they believe their real assets allocations are best invested.

IMPORTANCE OF TRULY ACTIVE AND INDEPENDENT PORTFOLIO MANAGEMENT

ATLAS recognises that investors have a choice of approaches to investing in the listed infrastructure sector. It also recognises that in choosing to invest with ATLAS, our clients are seeking a manager that is providing them with an experienced investment team which seeks to differentiate between the available investment opportunities to only invest in those securities that meet their investment requirements.

The ATLAS Investment process therefore includes several components that are essential to facilitate independent investment management and the active stewardship of their investments, including:

- Independence: ATLAS does not use any broker inputs in its investment process. Our large investment team has the resources and experience to do its own independent research.
- High conviction: Concentrated portfolio reflecting a high conviction approach and a focus on only those assets that meet client risk and return requirements.
- Company meetings: Regular interaction with portfolio company management. The regularity with which we engage with our portfolio companies is important for two reasons: Firstly it ensures that our forecasts are informed by the most recent management strategy and insights into the business operations. Secondly it provides us with the opportunity to communicate our preferences to management which in turn reflect the preferences of our clients.

INVESTOR REPORTING

ATLAS provides clients with a range of monthly, quarterly, and annual reports to assist them in understanding and evaluating how ATLAS has performed with respect to risk, return, exposure and stewardship of their portfolio.

A key focus of our client interaction and reporting is to ensure that we address our clients' questions and requirements around stewardship, sustainability and the outputs and possible impacts of our strategy and portfolio. Whilst we endeavour to meet all investor information needs relating to the topic through effective and effective reporting (see below), we recognise the varied nature of current and future enquires and will always seek to support sustainability related requests as fully and in as much detail as possible.

The main sources of stewardship information in our reporting appear in the quarterly and annual performance report.

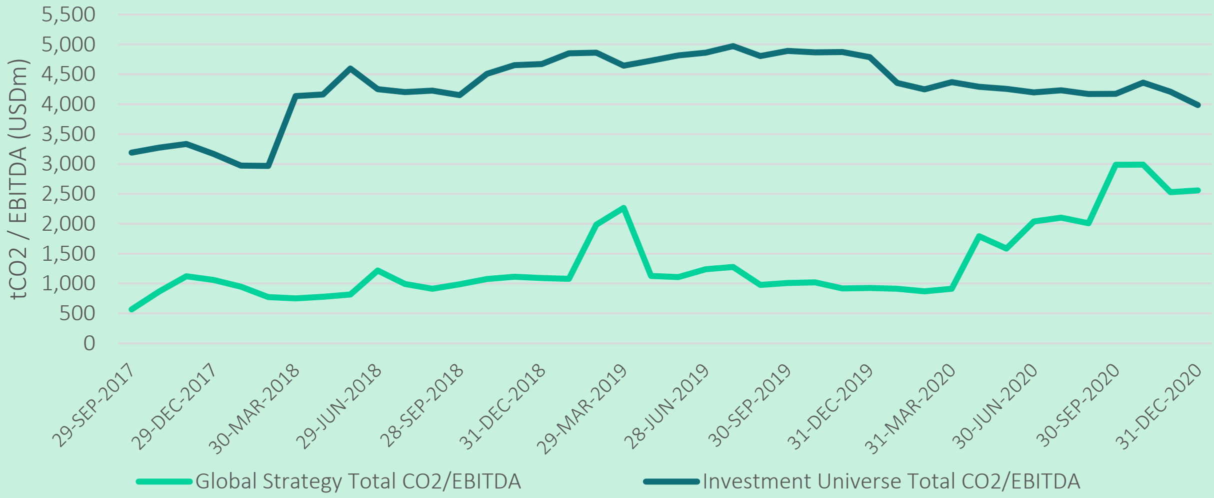
Quarterly Reporting – ESG and stewardship	Additional stewardship information in Annual Report
• ESG issues and risks identified for all stocks in the ATLAS portfolio • Current live engagement processes, including any joint engagements and any engagements concluded in the period • Reporting against key ESG metrics: • Fast Transition climate scenario exposure • Look forward portfolio emissions against SBTi targets	• ATLAS voting records • Detailed stock by stock investment return attribution: breakout return between underlying asset return and impact of buy/sell signals – identifies what part of the return is the underlying stock return and what part was driven through ATLAS investment decisions • Attribution of performance between sector performance and buy/sell signals providing investors with insights as to the driver of returns

Further, as part of our commitment to SFDR, ATLAS will be reporting on a number of climate transition KPIs that are reported internally and externally to ATLAS clients and monitored by the ATLAS Investment Governance Board.

CASE STUDY – REPORTING ON EMISSIONS FORECASTS

ATLAS reports on our portfolio company emissions relative to the broader investment universe and how the emissions profile of our portfolio has changed over time. The below chart shows the Trucost annual estimated direct tonnes of carbon dioxide emissions per last annual report EBITDA (USDm) on a weighted average basis for the Global Strategy and ATLAS coverage universe.

Global Strategy and Coverage Universe Direct & Total CO2/EBITDA (USDm)



Source: ATLAS Infrastructure, Trucost

Notes:

ATLAS uses direct emissions – those from sources owned or controlled by the company. This is equivalent to the international standard 'scope 1' emissions (GHG Protocol).

Trucost emissions data is updated annually from a combination of company disclosures and Trucost estimates.

EBITDA is converted to USD millions as at the report date for consistency across the portfolio and universe.

Total emissions (unused) includes direct suppliers such as purchased electricity from the grid. As such, electric utilities with large proportions of carbon intensive generation are disproportionate contributors to aggregate statistics. This also means that a company internalising a carbon-intensive socialised cost at a lower emission intensity than their suppliers will increase its direct CO2 emissions but provided a net social benefit by reducing total societal emissions. An example of this may be Pennon Group – burning waste for electricity instead of using landfill and buying energy from the grid. Here, less land is used for burying waste, and less carbon-intensive fuels are used to generate electricity. Pennon's emissions rise, but social land and air pollution fall.

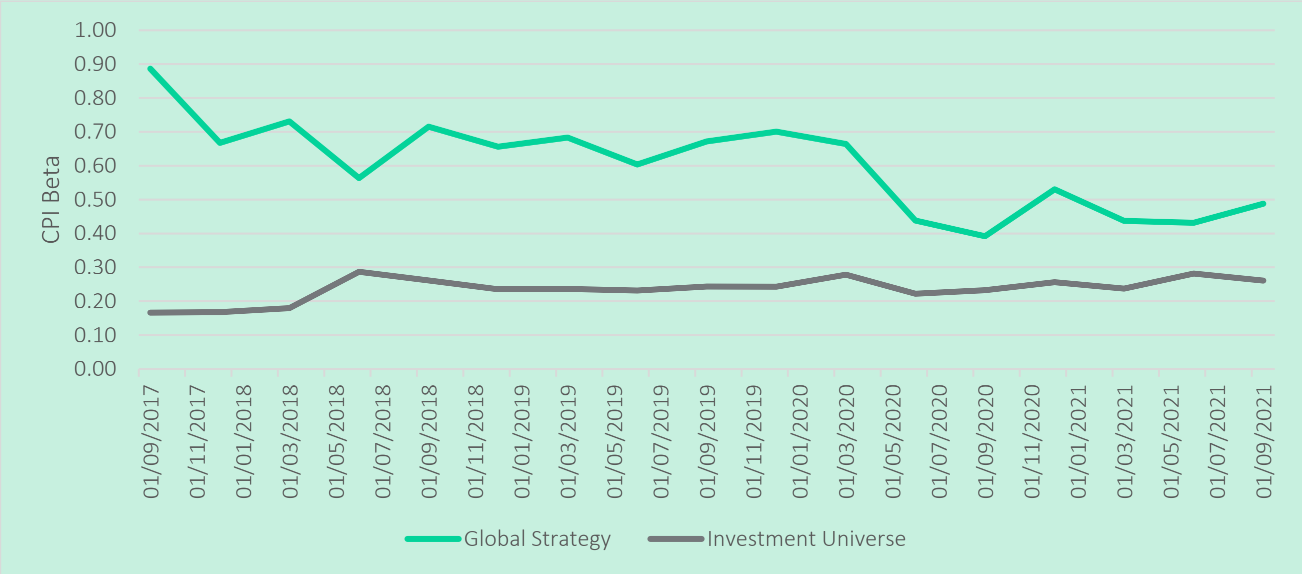
CASE STUDY – UNDERSTANDING AND REPORTING INFLATION EXPOSURES

ATLAS recognises that inflation protection is a key part of the reason that our investors allocate to the asset class.

Infrastructure assets can form an important source of inflation protection within investors' portfolios although it is important to note that such protection is not consistent across all assets and we must be conscious of the range of inflation protection provided by different assets in the portfolio.

Recognising the inflation protection is a key element of our client's requirement for this portfolio, ATLAS constantly monitors and reports to our clients (on at least a quarterly basis) the exposure of the portfolio to inflation and aims to ensure that the portfolio is materially better hedged to inflation than the broader index. The chart below shows the ATLAS inflation beta since inception. As highlighted, the portfolio has consistently maintained a materially stronger inflation hedge than the investment universe.

Portfolio Inflation Beta Since Inception



Source: ATLAS Infrastructure

PRINCIPLE 7

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

INTEGRATION OF STEWARDSHIP AND INVESTMENT

ATLAS's approach to the environmental, social and governance aspects of investment is one which aims to understand the implications of each of ESG factor at a company level and to account for these factors within our models through their impacts on company cash flows and through asset stress testing. In summary, our investment process incorporates ESG factors as follows:

- Environmental: We divide environmental influences into two categories: environmental performance and climate change. Environmental performance is monitored through company and regulatory disclosures, and we reflect that performance within the cash flows of our company models. These may include fines or changes to allowed returns. We model the impact of climate change very specifically, as discussed in Section 3.
- Social: ATLAS recognises that infrastructure assets operate under an implicit social contract and that companies which fail to perform in line with that contract (through overcharging, or under delivering) may be subject to penalties or reduced allowed returns. ATLAS's financial models make explicit assumptions about the level of profits that are earned by infrastructure assets and our forecasts assume that companies earn "fair" returns over time, provided that the company provides a service in line with customer and regulator expectations. Whilst historically some companies have earned significant excess returns, we have experienced that these are eroded over time (through regulation or other means) and so our models migrate these returns to more normalised levels over time. In doing so we avoid assumptions that companies can earn excessive profits over extended periods at the expense of their customers and other stakeholders.
- Governance: Governance is considered on multiple levels. In evaluating the impact of the company's management and oversight we make specific assumptions around management's ability to generate (or undermine) the company's value over time. A key element is the capability and incentivisation of management to make value accretive (or value destructive) investment decisions, both within the existing business and in the context of a company's strategic aspirations. This also incorporates assessment of capital structure decisions and subsequent uses of cash.

ESG area	Topic	Incorporation in Investment process and analysis	Portfolio construction impact (Global Strategy example)
Environment transition & policy risk	CO2 Intensity	Trajectory of emissions used in company profile report, emissions data included as specific risk field in portfolio construction	The Global Strategy guideline is for lower emissions than the universe which will place a limit on the selection of high emission companies for the portfolio
	Carbon Beta	The carbon beta for each company is calculated in the financial model and stored in the company profile as well as the ATLAS database	The Global Strategy guideline is for lower carbon beta than the universe which will place a limit on the selection of high carbon beta companies for the portfolio
	Scenario modelling	Prior to upload, each scenario (including fast transition) is run and the cashflow outputs stored in the ATLAS database such that scenario returns always appear alongside portfolio returns in portfolio construction	The Global Strategy has a guideline of positive exposure to fast transition which will limit the ability to hold assets with negative exposure to fast transition scenarios
Environment physical risk & resilience	Impacts of climate events	Increased costs of climate events will increase capex forecasts which will either directly reduce returns or will impact any excess returns earned through regulatory outcomes	Lower forecast returns will result in companies with high physical risk not being selected compared with similar risk / return assets
Social	Regulatory contract	We make explicit assumptions around the sharing of efficiencies (and overruns) between customers and the utilities. This in turn influences the amount of any excess returns retained by shareholders	Companies with strong regulatory relationships will keep more returns and therefore be more likely to be included than similar risk / return assets.
	Social contract	Long term excess returns need to be justified with social contract in company profile, strong social contract leads to higher returns for longer	Companies with strong social contract have higher equity returns and similar risk / return assets.
	Corporate citizenship & Workforce engagement	Poor corporate citizenship and engagement is reflected in base case returns and in potential stress case results	A company showing a lower return or a greater risk of loss in a stress scenario would be harder to place in the portfolio
Governance	Ownership	ATLAS financial models can forecast changes in ownership including dilution and accretion which impact equity returns	In portfolio construction we would see the direct impact in expected returns and monitor expected equity dilution as a separate risk factor
	Alignment & Incentives	We incorporate poor alignment and incentives through explicit forecasts for reinvestment and capital discipline which can increase or decrease equity returns	Companies with poor reinvestment will show lower returns and higher risk and will be less likely to form part of a portfolio

USE OF THIRD-PARTY DATA

ATLAS utilises third party provider RepRisk to provide input into its evaluation of ESG factors. RepRisk is a firm which specialises in the evaluation of ESG matters and applies a detailed methodology which systematically identifies and assesses material ESG risks. The RepRisk Rating (RRR) is a letter rating (AAA to D) that facilitates corporate benchmarking against a peer group and the sector, as well as integration of ESG and business conduct risks into business processes.

ESG ISSUES IDENTIFIED IN THE PORTFOLIO

ATLAS incorporates ESG risks directly into our estimates of asset level cashflows and scenario risks. We then quantify this for each company and represent as either an impact to the base case estimate equity IRR, a change to the estimated IRR under a scenario, or as a risk of capital loss in a stress event. The table below lists the portfolio companies where the application of ESG risk has produced a change (greater than 0.5% reduction to base case real IRR from a climate transition perspective or greater than 5% risk of equity loss in stress case) to forecast or risk estimates and the follow up engagement actions taken:

Company	Risk	Incorporation	Measurement and return implication	Engagement	Escalation
Acciona	Governance and reinvestment risk	Stress scenarios include deployment of material capex into new projects that are below the cost of capital	Estimated capital loss of 19% in major stress event	This is a new addition to the portfolio, and we have not engaged significantly with the company at this time	N/A
ALLETE, Inc.	Environment - Fast Transition	Base case scenario shuts down remaining coal in 2030s, fast transition scenario shuts down and strands coal generation mid 2020s	Equity IRR reduced by 2% in Fast Transition scenario	Engaged with management on ability to bring forward coal plant retirements and how this would reduce both emissions and risk for the company ATLAS modelling indicates that despite early retirement of coal plants, ALLETE is currently not in line with a Paris Agreement emissions reduction pathway.	ATLAS began an engagement with ALLETE on 22 March 2021, but this has not yet resulted in meaningful response from the company. The vote against executive compensation is an escalation of engagement.
Avangrid	Social - Regulatory stress, Environment - Delayed action	The company does not complete its offshore wind pipeline due to social and environmental pushback from local communities	Estimated capital loss of 14% in major stress event	Engaged with management on how they intend to avoid wind project problems in the future	N/A
Chorus	Social - Regulatory stress	Regulated asset base is reduced in order to lower costs to end customers	Estimated capital loss of 13% in major stress event	Engaged with management on how they can reduce prices for customers as well as eliminate rural broadband gaps and hence reduce social contract risk	N/A
Edison International	Environment - physical risk	Liabilities from current wildfire litigation are increased in the stress case vs base case. In delayed action increased wildfire frequency results in bill stress and increased liabilities	Estimated capital loss of 7% in major stress event, reduction of 2% in equity IRRs in delayed action (physical risk) scenario	Engaged with management about their wildfire mitigation spend and strategies to reduce future risk	N/A
Eutelsat	Governance and reinvestment risk	Stress scenarios include deployment of material capex into new technology assets with poor returns	Estimated capital loss of 43% in major stress event	Engaged with management on capital discipline and risk management setting out ATLAS preferences and concerns	Wrote to company board to set out concerns over reinvestment risk and management incentives
Pinnacle West Capital	Environment - Fast Transition	Base case scenario shuts down remaining coal in 2030s, fast transition scenario shuts down and	Equity IRR reduced by 0.6% in Fast Transition scenario	Engaged with management on potential to exit coal earlier and challenges with	N/A

Company	Risk	Incorporation	Measurement and return implication	Engagement	Escalation
		strands coal generation mid 2020s		mitigation of impacts on local communities	
SES SA	Governance and reinvestment risk	Stress scenarios include deployment of material capex into new technology assets with poor returns	Estimated capital loss of 32% in major stress event	Engaged with management on capital discipline and risk management setting out ATLAS preferences and concerns	N/A
Spark Infrastructure	Social - Regulatory stress, Governance - Reinvestment risk	Stress scenarios include capital deployed on higher risk projects that do not support core assets	Reinvestment returns reduced in minor and major stress scenarios	Engaged with management on discipline on acquisitions outside of regulated business as well as importance of maintaining social contract	Wrote to company board to set out concerns over engagement with regulators, managing reinvestment risk and management incentives

CLIMATE CHANGE

Transition risk analysis

Whilst ATLAS regards all ESG factors as important to our analysis, we believe that climate change and energy transition are the risks that will have the most fundamental impact on the companies in our investment universe, as well as being of great significance to many of our clients as well as society more broadly. Climate transition is hence the risk to which we pay most attention, and on which we spend the most time modelling.

We believe that it is inevitable that governments will implement material climate policy actions through time and that the combination of these climate policies, together with technological evolution, will lead to material changes in global energy systems. This is likely to have profound implications for infrastructure assets, some of which will be beneficiaries of this change, whilst others may see their businesses significantly disrupted.

ATLAS has integrated an approach to measuring the impact of future climate policies within all its financial models. The ATLAS approach evaluates the expected investment return of each company universe under three different climate policy scenarios:

- Base Case: The world implements climate policy at a firm but moderate pace. Energy transition occurs in a meaningful but relatively orderly manner. Certain assets become stranded.
- Fast Transition: Climate policies implemented at an accelerated pace, disrupting several industries and leading to stranded assets in a number of fossil fuel related sectors.
- Delayed Action: Minimal climate policy in the near term. However, physical climate change prompts more severe policies over the longer term which leads to market disruption and stranded assets.

As noted above, all ATLAS models include cash flow and IRR forecasts under three climate scenarios. ATLAS then utilises these IRRs in constructing portfolios. While the primary focus in stock selection is the events and valuation reflected in our Base Case, we also take account of expected IRRs under both Fast Transition and Delayed Action scenarios in managing portfolio risk. ATLAS aims to ensure that at the total portfolio level, the portfolio has the same or a better IRR under a Fast Transition scenario than under its Base Case such that the portfolio is not negatively exposed to such a scenario.

Emissions forecasting and alignment to commitments

ATLAS calculates company emissions data from the asset operations level and integrates this data to a mechanism modelled on the Science Based Targets Initiative's analysis of the trajectory individual companies (or sectors) are required to deliver to be Net Zero aligned company goals. The SBTi is a reputable evaluator of corporate emissions reduction goals supported by the World Resources Institute, IEA, and UN IPCC and recommended to ATLAS as signatories of the IIGCC Paris Aligned Investment Initiative.

1. ATLAS uses combined scope 1 and 2 emissions the benchmark company reductions against the SBTi pathways for B2DS and 1.5C scenarios.
2. Emissions data is updated annually from a combination of company disclosures and ATLAS estimates.
3. Revenue is converted to USD millions as at the report date for consistency across the portfolio and universe.

SUSTAINABLE DEVELOPMENT GOALS

The ATLAS ESG assessment includes a number of factors that form part of the SDGs, which also impact our investment analysis and portfolio decisions as follows:

- GOAL 6: Clean Water and Sanitation – We have a number of companies which provide water and wastewater services. Through due diligence we identify the opportunities those companies have to improve access to water and wastewater services, including providing solutions to water scarcity as well as improvements to recycling and treatment. We then include these opportunities in our growth and return forecasts
- GOAL 7: Affordable and Clean Energy – We include renewable energy in our universe, and our climate transition assumptions assume a growing preference for zero carbon technologies. This results in higher growth and lower risks for those companies that are making material contributions to the clean energy build-out.
- GOAL 9: Industry, Innovation and Infrastructure – We actively support the case for long term infrastructure investment to support the economic growth and reduction in inequalities. We preference companies that have a strong 'social contract' where they are investing to provide essential infrastructure that improves the lives and outcomes for the members of society
- GOAL 13: Climate Action – We explicitly include climate transition assumptions which results in lower forecasts for companies that are not taking climate action and higher forecasts (and hence investment) in companies that are taking proactive climate action and are aligned with Paris targets. Our analysis extends beyond renewable energy to all companies in the infrastructure sector and we use company and sector specific benchmarks to ensure that our companies are taking sufficient proactive action.

CASE STUDY – SDG 6: CLEAN WATER AND SANITATION

The SDGs call for substantial improvements by 2030 to water use efficiency, water resource management and wastewater treatment. In our UK water utility forecasting we make explicit assumptions about company strategy to address these targets and identify those companies where investment plans are sufficiently large and well targeted to have a material impact. For those companies with well aligned strategies and investment plans we assume higher rates of regulatory returns and lower incidence of regulatory penalties, resulting in higher forecast equity returns for investors.

PRINCIPLE 8

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

OVERVIEW

Use of Third Parties for Investment Related Data

The ATLAS investment process in founded on a reliance on our own primary research and proprietary investment modelling. Accordingly, we use third party services providers primarily for detailed industry level data where it is not possible or efficient for us to generate this data ourselves.

The main providers of third party data in the ATLAS investment process include: Trucost (emissions), S&P Market Intelligence (financial), RepRisk (ESG), Factset (financial), OAG (airline industry data) and we have also trialled Sustainalytics for further ESG data.

As part of our sector and company due diligence, we undertake regular review of the accuracy of that data and seek to verify against other sources of information from management teams, regulators, market participants and other primary sources. This process has identified a number instances which have required us to revert to data providers and resulted in amended data sets. In this way, we have made some contribution to the improved integrity of the data that is made available to investors.

Use of Third Parties for Operational Support

Extensive due diligence was conducted during 2016/2017 to determine the ideal ATLAS operating model. Our approach was to identify key global providers and build on their proven systems to develop a robust end-to-end operating model capable of supporting our long-term ambitions. Both local and global administrators were considered.

Comprehensive discussions were held with around 6 providers over several months and Northern Trust was determined to be the ideal partner given their ability to demonstrate:

- their global offering was most aligned to our global ambitions;
- the broader Northern Trust had existing capabilities to provide leading outsourced back/middle office, custody, depository and transfer agency services;
- a proven ability to integrate with our other service providers and system vendors;
- an ability to support a UCITS ICAV and Australian registered scheme; and
- best in class operations.

The ATLAS Chief Operating Officer is the owner of the Northern Trust relationship and if services are not delivered promptly, efficiently and accurately, or performance as measured against the service level agreement is not satisfactory, he will address the relevant issues.

OUTSOURCING SELECTION AND APPROVAL PROCESS

ATLAS has always undertaken to develop an operating model comprising leading global service providers with a proven ability to integrate with each other and our chosen system providers. Depending on the outsourced services being provided, some or all of the following steps are undertaken when short-listing a service provider:

- establish an appropriate selection criteria;
- short-list potential partners who are interested, capable and compatible with the Firm;
- if determined necessary, prepare and distribute a Request for Proposal (RFP);
- determine who will participate in the final selection process;
- determine/assess any potential conflicts of interest;
- gain comfort with service providers financial stability; and
- visit finalists with a view to understanding compatibility with the Firm and seek greater detail on technical capabilities, service commitments and pricing.

Although the above allows for some discretion, material service providers are subject to a more thorough evaluation process compared to a less critical function such as ad hoc legal services.

Subsequent to the above, the Executive Committee will determine a shortlist of preferred providers who are subject to detailed due diligence. The Executive Committee has ultimate discretion as to whether to approve the appointment following the outcomes of due diligence.

All third-party providers are required to be engaged via a legally binding written agreement.

Monitoring

The owner of each third-party service provider (typically the COO), will monitor service levels on an ongoing basis to ensure each provider abides by the terms of their engagement. This will include regularly measuring the performance of providers against their engagement terms and/or service level agreement (SLA).

Material outsourced providers are subject to the following:

- Regular communication of agreed reporting;
- Ongoing communication in relation to any issues or outstanding matters;
- Quarterly SLA meetings which are formally documented; and
- Annual onsite visits in the relevant locations, if feasible.

Where appropriate, ongoing evidence will also be required from service providers to demonstrate their ongoing financial stability which may be in the form of financial statements and/or official credit ratings from a reputable provider. For example, this is required for Northern Trust as custodian of the ATLAS funds.

If services are not delivered promptly, efficiently and accurately, or performance as measured against their SLA is not satisfactory, the COO will address the relevant issues, or if deemed necessary the Executive Committee may terminate the relevant engagement and appoint an alternative service provider.

All service providers are subject to face-to-face meetings on at least an annual basis, if feasible.

PRINCIPLE 9

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

BACKGROUND

ATLAS believes in active management and that management engagement is core to our responsibilities as a responsible steward of the capital we invest. We view engagement as a constant process involving a strong focus on being pro-active and open-dialogue with companies to promote good practice, with a view to reducing the potential for a situation that requires remedial action.

The size and deep experience of the ATLAS team, together with our investment process which is heavily focussed on long term outcomes, results in company interactions which emphasise long term, sustainable cash flows.

ATLAS includes a section in every company profile (stored in its Research Management System) which tracks the matters that are required to be followed up with management. This section provides a central repository for all questions or other topics that emerge during either the research process, or during the presentation of companies to the investment team. The company profile also includes a separate section for tracking all ESG issues which are also required to be addressed with management.

COMPANY MEETINGS

ATLAS aims to meet with each of its portfolio companies on at least an annual basis and with as many other assets in our investment universe as possible over the course of the year. These company meetings are an essential part of both pre-investment due diligence and investment company monitoring. Company meetings provide an opportunity for our investment team to both illicit information from the company on their expectations for the company and to discuss strategy. Importantly, the meetings also provide an ability for our team to provide feedback to the company management on the areas we see as being important for management to focus on.

ATLAS requires that all company meetings include a discussion of identified ESG issues and risks as part of the agenda, during which ATLAS will seek to foster improvement ESG practice or disclosures towards 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.

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

Company	Engagement Purpose	Engagement objective	Status & Consequences
Eutelsat Communications SA	Governance	▪ Make clear support for current strategy of prioritising stable infrastructure cashflows as opposed to chasing new growth opportunities. ▪ To have the board re-assess management remuneration such that there are no incentives to chase growth whilst reducing returns and increasing risk	Closed – Failed. Reduced position
Spark Infrastructure Group	Governance	▪ Provide feedback to board that ATLAS disapproves of remuneration encouraging new investments in unregulated infrastructure assets. ▪ Provide feedback to board on ATLAS view of capital allocation and use of capital structure. ▪ Reinforce ATLAS desire for management to use their position to advocate for ultimate customer benefit, not just simple economic outcomes.	Ongoing* Vote against remuneration at FY20 AGM Maintained position
Pinnacle West Capital Corporation	Environment – Climate Change	▪ Gain additional information and/or commitments from management to reduce emissions in line with science-based pathway to 2050 (re: GFG) ▪ Gain commitments from board on monitoring climate transition risk and outcomes and including in remuneration / KPIs.	Open – Partially achieved Maintained position
ALLETE Inc	Environment – Climate Change	▪ Gain additional information and/or commitments from management to reduce emissions in line with science-based pathway to 2050 (re: coal and GFG) ▪ Gain commitments from board on monitoring climate transition risk and outcomes and including in remuneration / KPIs.	Ongoing Vote against remuneration at FY20 AGM Maintained position
SSE plc	Environment – Climate Change	▪ Obtain utilisation rates and closure dates for gas fired generation ▪ Agree SBTi 2030 below two degrees scenario target ▪ Understand when the management AIP will be reviewed with respect to renewable output and carbon intensity targets	Closed – Partially achieved. Sold (unrelated)
Avangrid Inc	Environment – Climate Change	▪ Gain visibility over plans for GFG in service after 2030 ▪ Obtain some certainty that company is developing a plan to reduce GFG post 2030 in line with 1.5C scenario ▪ Encourage board to adopt more formal climate transition reporting against targets and link remuneration	Ongoing

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.

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

PRINCIPLE 10

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

COLLABORATIVE ENGAGEMENTS

As a high conviction manager, ATLAS has a high level of interaction with each of our portfolio companies, and has had limited need to collaborate with other investors on specific company issues.

Nonetheless, we recognise that our influence as an investor will be enhanced if we can utilise collective engagements. Therefore, where we have identified an ESG issue through our investment process (through 5.1 above), we 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.

INVOLVEMENT IN AND CONTRIBUTION TO INDUSTRY BODIES

ATLAS is involved with a range of investment and infrastructure industry bodies which provide a platform to facilitate collaborative engagements.

Ceres	ATLAS has recently become a signatory to the CERES investor network on climate risk and sustainability. CERES are the leading organisation in North America for coordinating investor, corporate, and policy action on climate change. CERES is linked with the IIGCC in Europe, with whom ATLAS originally started engaging as founding signatories of the Paris Aligned Investment Initiative and Net Zero Asset Managers initiative. ATLAS has joined CERES in order to leverage off the scale of CERES investor network for furthering existing and future engagements with portfolio companies located in North America.
IIGCC Institutional Investors Group on Climate Change	ATLAS is a member of the IIGCC and is an active participant in many of the group's initiatives. ATLAS is a member of the IIGCC's Infrastructure Working Group and Implementation Working Group which form part of its Paris Alignment Investment Initiative ("PAII"). ATLAS became a founding signatory to the Net Zero Asset Managers commitment in December 2020. We believe this is an important commitment as it entails a tangible set of goals for the asset management community that go beyond other general statements of intent.

GRESB	Over the last year ATLAS has started working with GRESB (the Global Real Estate Sustainability Benchmark), an industry-driven organization committed to assessing the environmental, social, and governance performance of real assets globally, including infrastructure assets, to investigate the application of its processes to the listed infrastructure sector.
GLOBAL LISTED INFRASTRUCTURE ORGANISATION	ATLAS has been an active member of the Global Listed Infrastructure Organisation since its inception in 2018. ATLAS is a member of the GLIO Index advisory board, which helps to set criteria for the inclusion of stocks in the GLIO Index. As part of our membership of the GLIO and the index committee, ATLAS discusses the inclusion of particular companies in the GLIO index. Part of the evaluation of potential constituents includes an evaluation of whether the companies meet minimum requirements for infrastructure quality that meet our investor requirements.

CASE STUDY – AENA – INITIATIVE ON CLIMATE CHANGE FOCUS

At Aena's Octobr 2020 AGM, after a major shareholder sponsored initiative to bring more focus to climate change, the company agreed to put forward a shareholder resolution seeking approval for its climate change action principles, environmental governance and a change to its Articles of Association such that climate change would become a permanent AGM agenda item. ATLAS supported this initiative and hence voted in favour of the resolution. Therefore, commencing with the 2021 AGM, Aena will annually outline its climate action plan and progress for shareholder approval. Current targets include net-zero emissions at its airports by 2040 and 100% self-generated renewable energy use by 2026.

PRINCIPLE 11

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

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, with a view to constructively encouraging improves in company practices. We consider escalating the engagement to a formal written communication from ATLAS Infrastructure to the board of the target company 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.

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.

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 to incorporate new ESG risk assumptions which may lead to 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)

ESCALATED ENGAGEMENT ACTIVITIES

Pinnacle West

Engagement Status	Open Engagement	• Engagement opened 19 March 2021 • Pinnacle West was identified through the ATLAS PAII implementation as a Tier 3 'Potential to Transition' and therefore prioritised for engagement
Engagement objectives	Environment Transition & Governance	• Gain additional information and / or commitments from management towards reducing emissions in line with a science based pathway to 2050, particularly with regards the retirement plans for the gas fired generation fleet • Gain additional commitments from the Board regarding the monitoring of climate transition risk and inclusion of climate transition outcomes in management remuneration and KPIs
Engagement outcomes	Partially Achieved	• During follow up meeting on May 12th, the company provided guidance on seasonal operation of coal plants, as well as provided more details on intended management of gas fleet • These gave the ATLAS team the details required to re-forecast emissions
Investment Impact / next steps	Reduced pathway risk	• The reduction in near term emissions and the longer term gas plant plans resulted in lower fast transition risk & brought the company emissions forecast to below the B2DS pathway to 2030 • Company was upgraded from Tier 3 to Tier 2 (Transitioning to Net Zero) • Currently awaiting follow up with company following Board incentive review planned for Q4 2021

Eutelsat Communications

Engagement Status	Open Engagement	• Eutelsat was identified as a company likely to chase growth at the expense of cutting returns as it was experiencing a slowdown in its core video business and under pressure to follow its peers to expand its top line growth by investing in businesses/assets with less infrastructure characteristics
Engagement objectives	Governance - Reinvestment	• Made clear our support of current company strategy of prioritising stable infrastructure cashflows as opposed to chasing new growth opportunities • Requested that the Board re-assess management remuneration to remove incentive to chase growth whilst reducing returns and increasing risk
Engagement outcomes	Failed	• On 27 April 2021, Eutelsat announced it has invested $550m in OneWeb, a start-up Low Earth Orbit Constellation • Follow up meeting with the CEO on 28 May 2021 confirmed the high risks associated with the OneWeb business • Eutelsat justified the investment in OneWeb as preserving the future growth opportunity in connectivity expansion
Investment Impact / next steps	Increased risk, reduced portfolio position	• Initial $550m investment in OneWeb, combined with the uncertainty around the viability of the business, was evaluated as leading to increased reinvestment risk for the stock. • Reduced our portfolio position in Eutelsat from 6.5% to 4.5%

PRINCIPLE 12

Signatories actively exercise their rights and responsibilities.

PHILOSOPHY

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. Responsibility for voting recommendations lies with the sector teams which undertake research on the companies. The IC has ultimate responsibility for final decisions on proxy votes submitted for a portfolio holding. This oversight provides consistency and ensures compliance with voting guidelines.

An advantage of maintaining a relatively concentrated portfolio is that ATLAS has the capacity to consider each resolution individually, supported by frequent management interaction and a deep understanding of each portfolio company. ATLAS therefore does not need to rely on third party voting advisors.

TRANSPARENCY AND PUBLIC DISCLOSURES

ATLAS believes its clients and other shareholders should have full transparency when it comes to 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 on our website.
https://www.atlasinfrastructure.com/esg/

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

VOTING RECORD FOR CALENDAR YEAR 2020

	Total votes	For	Against	Abstained
2020 – Full Year	296	277	7	12

VOTING PROCEDURE

The internal procedure for reviewing and determining company voting 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.

CASE STUDY – SPARK INFRASTRUCTURE – VOTE AGAINST REMUNERATION

Spark Infrastructure is a regulated Australian utility. The company undertook several projects and acquisitions that ATLAS believed were potentially not in the interests of shareholders. ATLAS engaged with management on several occasions to convey our concerns that the management team appeared to be focussed on growth rather than responsible capital allocation As part of our engagement we held a call with the Chairman and the head of the remuneration committee and expressed concerns that the management remuneration structures focussed on revenue growth.

Ultimately, despite this engagement, ATLAS decided to vote against the management remuneration structures.

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