

# MIFIDPRU 8 PUBLIC DISCLOSURE

Issued December 2023

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## INTRODUCTION

The Investment Firm Prudential Regime (“IFPR”), as implemented by the Financial Conduct Authority (“FCA”), sets a prudential framework for all UK MiFID investment firms. The framework sets standards for a firm’s own funds and liquid assets, concentration risk, governance and risk management frameworks, regulatory reporting and public disclosure.

These IFPR rules are included within the Prudential Sourcebook for MiFID Investment Firms (“MIFIDPRU”).

Arcus Infrastructure Partners LLP (“AIP” or the “Firm”) is an independent, specialist fund manager focused on unlisted investments in the European infrastructure sector, founded in July 2009. The Firm seeks to source diversified investment opportunities of controlling interests in unlisted company infrastructure assets through a thesis-led origination approach, creating value by actively managing assets to maximise return potential while controlling risks.

Our first fund, Arcus European Infrastructure Fund 1 (“AEIF1”), was an unlisted closed ended fund with c. €2.2 billion of commitments. The last asset in AEIF1 was sold in 2020, and the fund was liquidated in 2022. Our second fund, Arcus European Infrastructure Fund 2 (“AEIF2”), is an unlisted closed ended fund with c. €1.2 billion of commitments. At 31 December 2022 AEIF2 had eight investments and the balance of the fund will target follow-on equity investments in these assets. Arcus also has a further €5,952m of assets under management (as at 31 December 2022) for Investors on a Managed Account basis, Managed Services basis or in Arcus European Trains (“AET”). In February 2022 we launched our third fund, Arcus European Infrastructure Fund 3 (“AEIF3”), also an unlisted closed ended fund. As at 31 December 2022, AEIF3 had one investment.

Arcus European Investment Manager LLP (“AEIM”), a subsidiary of AIP and Arcus ISH LLP, is authorised and regulated by the FCA (FRN 506441) as a MIFIDPRU investment firm due to the MiFID top-up permissions held for the purposes of servicing separately managed accounts. Until 31 December 2020, we provided our services to clients through AEIM. As of the end of the Brexit transition period, however, we were no longer able to manage EU domiciled AIFs from a non-EU member entity. Consequently, the relevant Funds (being AEIF2 and AET) are currently being managed by our internal Dutch based AIFM (license obtained per 22 September 2022). AEIF3 is currently still managed by an external Luxembourg based AIFM. Our intention is to replace the external Luxembourg based AIFM for AEIF3 with our internal Dutch AIFM around the second quarter of 2024, after the final closing of the AEIF3 fundraising process. Arcus will require AEIM’s continuing UK authorisation by the FCA, in which capacity it will continue as investment manager and advisor to the managed accounts and portfolio manager to the EU funds.

AEIM does not meet the criteria for small and non-interconnected (“SNI”) investment firms, detailed in MIFIDPRU 1.2, and so is categorised as a non-SNI investment firm.

The purpose of this document is to fulfil AEIM’s obligations in MIFIDPRU 8, which requires firms to publish a disclosure of key information relating to:

- governance arrangements,
- risk management objectives and policies,
- own funds,
- own funds requirements, and
- remuneration policy and practices.

This disclosure document has been prepared to meet this requirement and is verified by AEIM’s senior management. Unless otherwise stated, all figures are as at the 31 March 2023 and are seen as complementary to AEIM’s published financial statements for the same period, AEIM’s implementation of other areas of the MIFIDPRU rules and AEIM’s internal capital adequacy and risk assessment (“ICARA”) process.

This statement will be reviewed, at a minimum, on an annual basis and is approved by Arcus’ Management Committee. Arcus believes an annual disclosure is adequate when considering the nature, size and complexity of its business.

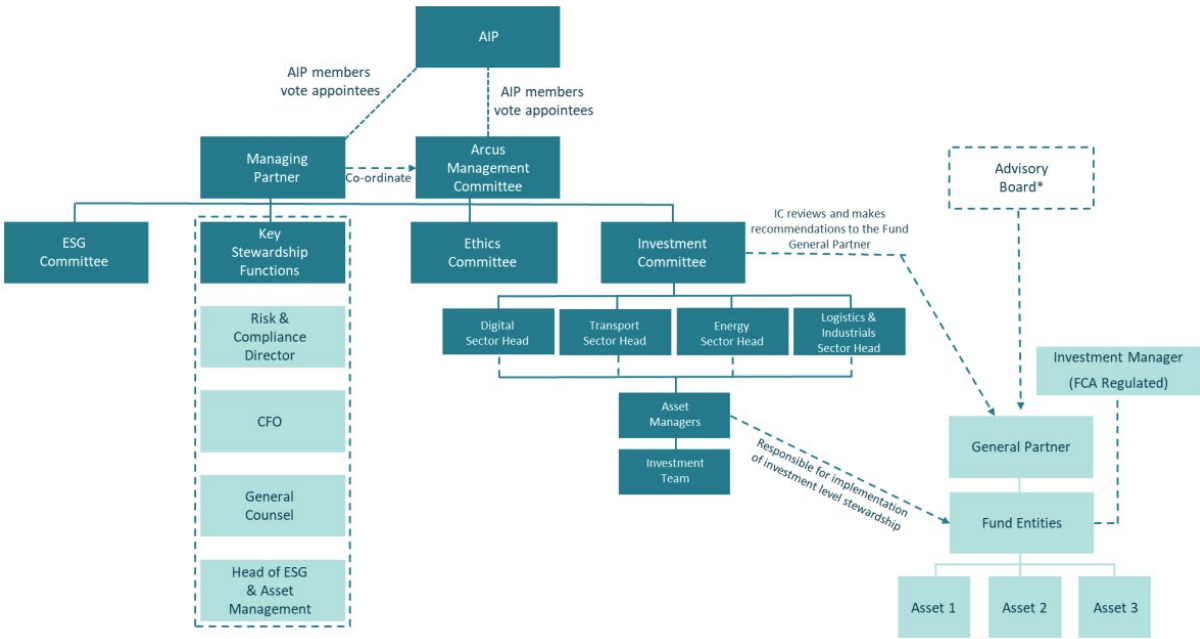
# GOVERNANCE ARRANGEMENTS

## ARCUS GOVERNANCE OVERVIEW

AIP, the ultimate parent of the Arcus group, is owned by its fourteen Partners (thirteen individuals and one corporate member) (as at 31 March 2023), with no individual Partner owning more than 25% of the business. Most of the Senior Team of thirteen individual Partners have worked together for over a decade. The Senior Team bring a powerful blend of sector specialist perspectives across the European infrastructure market, and collectively have more than 220 years of infrastructure investing experience. The Partners have worked across many cycles, from the 1980s onwards. As the world economy moves from a low interest rate environment to a potentially more inflationary outlook, this long experience is a differentiator and strong competitive advantage. The wider Arcus Team includes 31 investment professionals with diverse backgrounds, split across four sector teams. The investment team is supported by 27 operations professionals who bring in-house specialist expertise in finance, treasury, tax structuring, investor relations, legal, compliance, risk, ESG, modelling and valuation. As an independent manager, Arcus operates a business model which provides strong alignment with its Fund investors, and all Senior Team members are encouraged and incentivised to invest alongside investors in Arcus’ Funds and Managed Accounts.

The below diagram provides a simplified depiction of the Arcus governance structure. The committees are described in the paragraphs that follow.

The Members of AIP elect a Managing Partner (or Partners) and a Management Committee which is responsible for all day-to-day matters relating to the business of Arcus, including the appointment of members of other committees. Management Committee has appointed the members of the Investment Committee and ESG Committee, and delegated certain activities to them, as set out in a Corporate Governance Manual. The membership of those committees and their performance is regularly reviewed by Management Committee. In addition, an Ethics Committee is established.



<sup>8</sup> This excludes support staff roles.

## COMMITTEE OVERSIGHT ARRANGEMENTS

### Management Committee

Management Committee comprises five Partners, including the Managing Partner, with the balance elected on staggered two-year terms. The Managing Partner is also elected by the Partner Group and serves a three-year term. The current members of Management Committee are Ian Harding (Managing Partner), Toby Smith, Stuart Gray, Neil Krawitz and Christopher Ehrke.

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

The responsibilities of the Management Committee include but are not limited to the following matters:

- Maintaining and reviewing relevant policies and procedures, including to ensure that AEIM complies with all relevant regulatory obligations;
- Ensuring that AEIM has robust governance arrangements which include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report any potential risks, and internal control mechanisms, including sound administration and accounting procedures and effective control and safeguard of arrangements for information processing systems;
- Approving entry into material contracts, expenditure or other commitments on behalf of Arcus;
- Monitoring delegations of authority and apportionment of responsibilities to senior management;
- Ensuring appropriate business continuity plans are in place and tested regularly;
- Reviewing reports from business groups and other key areas, e.g. financial, risk and compliance;
- Reviewing the management accounts of AEIM to ensure AEIM complies with its regulatory capital requirements;
- Monitoring performance of services to Investors to ensure any contractual obligations are met;
- Nominating the Investment Committee and reviewing the membership of such committee;
- Nominating Members and/or Employees to the ESG Committee and such other committees as may be established from time to time, as determined by the Management Committee, taking into account experience of individual members, the diversity of their background and skills and providing training and internal and external resources required for them to undertake their respective roles;
- Responsibility and oversight of employment related matters, including conducting performance and remuneration reviews and determining awards of interests in any carry vehicles. There is not a separate remuneration committee;
- Managing any litigation or other disputes

The Management Committee reviews, at least annually, its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness and to implement any changes it considers necessary.

## Investment Committee

The Investment Committee is responsible for the investment process, including inter alia investment recommendations, asset management activities and divestment recommendations to the relevant GP/ AIFM Board. The Investment Committee comprises six members: Simon Gray, Ian Harding, Jordan Cott, Michael Allen, Stefano Brugnolo and Jack Colbourne (Chair of the Investment Committee). The Investment Committee meets on a weekly basis (or as required). The decisions and recommendations are taken by a majority vote, with no member having a veto right. The Investment Committee has responsibility for considering and reviewing all investment proposals which Arcus may consider either making on behalf of a Fund, Managed Account or recommending to a person to whom it provides investment advisory services and such other powers and authorities in the discharge of such function as may be determined by the Management Committee, including responsibility for the following:

- Reviewing all investment proposals on behalf of each relevant Fund and Managed Account, including new investments, any follow-on investment in existing investments or other significant investments being considered within existing investments that have the potential to impact the dividends from the investment or the financing;
- Making any final recommendations to the relevant GP/ AIFM Board in regard to an Investment by Arcus on behalf of a Fund or Managed Account, who will give the authorisation;
- Monitoring the performance of existing investments to ensure compliance with the original investment case and any approved amendments to that investment case;
- Recommending actions in relation to all material events in relation to existing investments that would change the original investment case, including refinancing, material acquisitions or mergers, amendments to dividend policy and any exit by other shareholders where there are pre-emption rights or a first right of refusal;
- Considering and reviewing the exit strategy and any divestment proposals for all investments (and ultimately any terms of exit);
- Reviewing the Fund investment policy and objectives taking into account portfolio construction, the relevant model and anticipated returns;
- Reviewing any updates to the Fund model from time to time;
- Recommending distributions to Investors;
- Reviewing any regular correspondence with Investors, including any quarterly and annual reports and annual asset valuations;
- Monitoring actual or potential conflicts of interest in regards to the Funds and Managed Accounts;
- Authorising third party expenditure (lawyers, experts etc.) to be incurred in pursuing investment proposals or any other costs to be incurred by a Fund or Managed Account.

## ESG Committee

The ESG Committee is responsible for the oversight of, and the development and implementation of, policies relating to ESG matters. The ESG Committee terms of reference can be found publicly disclosed within the Arcus ESG policy on our corporate website. The ESG Committee meets on a quarterly basis (or as required). The decisions are taken by a majority vote with no member having a veto right. The ESG Committee comprises Neil Krawitz (Head of Asset Management and ESG, and Chair of the ESG Committee), Ian Harding (Managing Partner), Kaj Bakker (ESG Director), Jenni Chan (Partner), Stephan Grillmaier (Head of Investor Relations), Shirene Madani (Senior Investment Executive) and Banshi Dhillon (ESG Executive). As set out in the Arcus ESG policy, the ESG Committee is responsible for assisting with: policy and procedure matters; external compliance and reporting; managing ESG continuous improvement programmes at Arcus and investee companies; managing ESG training; reviewing ESG reporting to investors; coordinating Arcus' social and environmental charitable activities; measuring and improving ESG KPIs and considering and managing ad-hoc ESG matters on an incident-driven basis.

## Ethics Committee

The Ethics Committee is responsible for the oversight of conduct of all Arcus Partners and staff, and the protection of the reputation and integrity of the business. The Ethics Committee comprises five members: Jack Colbourne, Ian Harding, Toby Smith, Daniel Amaral and Martine van Oppenraaij.

Arcus does not have a separate risk committee. The enterprise risk management framework for AEIM; consisting of the risk appetite statement, risk strategy, risk culture and the capital, liquidity and funding plan strategy etcetera are covered in different board and committee meetings, such as Management Committee and Investment Committee.

## SENIOR MANAGEMENT AND EXTERNAL DIRECTORSHIPS

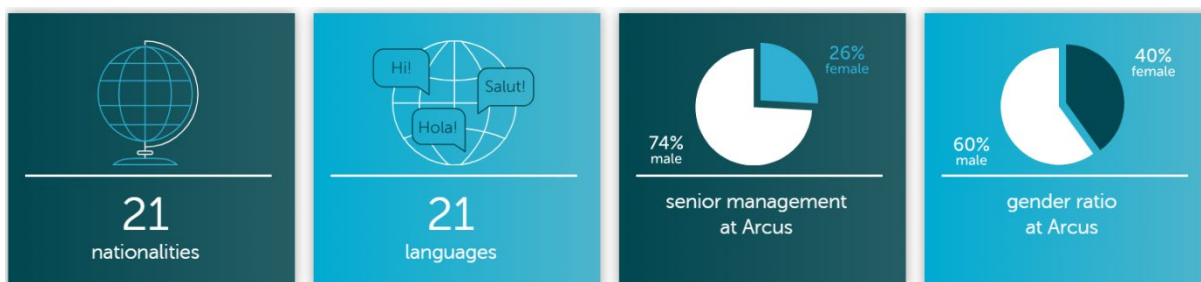
The diagram below shows the appointments of Management Committee, including any directorships held at external, commercial organisations as at 31 March 2023. The members all possess adequate collective knowledge, skills and experience and they understand all activities, including the main risks. They have different experiences and work with integrity.

Name	SMF Function Role	Responsibility	Number of other external directorships
Ian Harding	SMF 1 & SMF 27	Ian was part of the team that founded Arcus in 2009. He is the Managing Partner and a member of Management Committee furthermore he is a member of Investment Committee.	0
Stuart Gray	SMF 27	Stuart was part of the team that founded Arcus in 2009. He is a member of Management Committee, furthermore he is Head of Human Resources and Chief Finance Officer.	0
Toby Smith	SMF 27	Toby was part of the team that founded Arcus in 2009. He is a member of Management Committee, and he is the General Counsel.	0
Neil Krawitz	SMF 27	Neil was part of the team that founded Arcus in 2009. He is a member of Management Committee, furthermore he is Head of ESG and Head of Asset Management.	0
Christopher Ehrke	SMF 27	Christopher was part of the team that founded Arcus in 2009. He is a member of Management Committee, and he is Head of Sector Digital.	0

## DIVERSITY AND INCLUSION

Arcus embraces a diverse and inclusive work environment (in its own activities and within investee companies), drawing upon a variety of viewpoints and personal experiences, along with broad professional expertise. This leads to better decisions, is critical to innovation and provides a competitive advantage.

At Arcus, we recognise the importance of having a diverse workforce and maintaining an inclusive culture. Arcus continues to be a diverse organisation with partners and employees from 21 nationalities, speaking 21 languages (as at 31 December 2022). To ensure that Arcus is equipped for future growth, it made a considerable number of new hires in 2022 and improved its Diversity, Equity & Inclusion (DEI) policies within the approach to recruitment to ensure fairness and equity. In March 2022 Arcus hosted a diversity workshop to actively contribute to creating a climate of trust, mutual respect and engagement. The Management Committee does not set diversity targets but ensures a varied skillset from across the business is represented.



## RISK MANAGEMENT OBJECTIVES AND POLICIES

The foundation of risk management at Arcus is that we identify and assess risks by having a robust enterprise risk management framework and that we make deliberate decisions that result in the best return for our investors and a positive and sustainable impact, while meeting expectations of our stakeholders, employees, society and regulators.

Arcus' risk management framework is designed to document the process for identifying, assessing, managing, and monitoring risks faced by AEIM in its capacity as portfolio manager of the Arcus funds and manager of the managed accounts. It is deemed appropriate for the nature, scale and complexity of its business. Arcus has a risk management policy which describes the risk culture and strategy, risk process and risk taxonomy. In addition the risk appetite is well defined and different procedures are in place for performing Risk and Control Self-Assessments, capital and liquidity adequacy, monitoring and reporting of risks and reviewing of the ICARA process.

The aims and objectives with respect to risk management at Arcus are as follows:

- to determine the level and capacity of acceptable risk for Arcus and for each Investor based upon the relevant investment strategy being pursued;
- to proactively identify, understand, and manage risks for both Arcus and for each investor in its funds and managed accounts in a balanced way by taking appropriate actions to maximise opportunities and to minimise the likelihood of risks occurring and/or reducing the impact of consequences should risks occur;
- to provide safeguards against conflicts of interest; and
- to provide information as to the effectiveness of the arrangements for risk management to the appropriate board or committee and as a contribution towards the annual report to respective investors.

Arcus has a permanent risk management function that is functionally and hierarchically separate from the portfolio management function. The Management Committee has delegated the responsibility of day-to-day risk management to the Firm's Director Risk and Compliance within Arcus, who has the necessary authority, access to all relevant information and regular contact with Senior Management. Everyone in Arcus has a responsibility in managing risk across Arcus. 1<sup>st</sup> Line is business operations and portfolio management, they are considered the risk owner, those who own and potentially benefit from the risk; own, generate earnings, identify, and manage the risks. 2<sup>nd</sup> Line is independent risk management and compliance functions. The Risk Function challenges and controls the risks within the portfolio management activities and risk efforts. 3<sup>rd</sup> line, in Arcus' case the external auditor or external consultants are performing an independent review of the effectiveness of the risks and controls identified and on the challenging efforts.

Within AEIM's ICARA process the key risks are assessed. It facilitates AEIM in identifying and managing material harms that the Firm may cause through its regulated activities. The ICARA process further seeks to determine the level of own funds and liquid assets the Firm needs to hold. The ICARA process includes the following elements:

- AEIM and Fund strategies
- Material harm assessment
- Assessment of own funds adequacy
- Assessment of liquidity adequacy
- Capital and liquidity planning
- Stress testing
- Recovery actions
- Wind-down Plan

A key part of the risk management framework is the material harms assessment, in which AEIM documents its findings in relation to the harms arising to customers, market participants and the firm itself. As part of the annual review of AEIM's ICARA process, the most material harms are considered in additional detail in terms of their impact on own funds, concentration risk and liquid assets.

The overall outcome of the material harms assessment is that the most material harms are those to AEIM itself. This is because, if AEIM identifies a potential harm to customers or market participants, AEIM implements safeguards to minimise their exposure and, ultimately, transfer the risk to AEIM itself.

The risk appetite statement forms the basis for the risk tolerance statements, which are translated into risk tolerance measures, risk limits, thresholds, policies and other operating guidelines. Arcus has a conservative



risk appetite which is set by the Management Committee on business strategy level and by the Investment Committee on Fund and managed Account level; this reflects the objectives agreed with the investors.

### **Market risk**

Market risk refers to the potential for changes in the market value of the investments, resulting from changes to the fair value of the underlying investments or other assets and liabilities held by the investment holding entities, including derivative financial instruments. There are various types of market risk including exposures associated with interest rates, equity market prices, currency rates and the general market values of asset classes in which Arcus invests.

Arcus exposure to currency risk is low, it is exposed through the investment holding entities which undertake certain transactions denominated in foreign currencies. Certain of the underlying investments held by the investment holding entities are valued in currencies other than Euro. Fund entities can also hold assets and liabilities denominated in currencies other than Euro or the entity's local currency, furthermore most costs are in GBP. Arcus monitors the exposure on all foreign currency denominated assets and liabilities, and regularly assesses whether hedging would be appropriate.

### **Credit risk**

Credit risk refers to the loss that Arcus would incur if a debtor or other counterparty failed to perform its contractual obligations. Cash balances are held with high-credit-quality financial institutions with minimum credit ratings of AA- for cash deposits and A for derivatives as rated by S&P. All counterparties are assessed for credit risk before contracting with them.

A potential credit risk also arises in respect of the ability to request additional investors' capital under the terms of the different Limited Partnership Agreements for the Funds and relevant management agreements for the Managed Accounts. This risk is not considered significant due to:

- i) the nature of the investors which are mainly pension and other investment funds of a stable nature;
- ii) significant due diligence was carried out on all potential investors prior to them committing to the relevant Fund or entering into the relevant Managed Account arrangement; and
- iii) In the case of Funds, failure to comply with a Drawdown Notice under the Limited Partnership Agreement results ultimately in the General Partner being able to forfeit the entire interest of that Limited Partner.

### **Liquidity risks**

Arcus manages liquidity risk through a combination of (i) contractual uncalled capital contributions and recallable distributions, which can be called with 10 business days' notice, to fund investments and management fees; and (ii) maintaining cash levels to fund short term operating expenses.

### **Concentration risks**

Arcus does not deal on its own account and does not hold client money or assets, therefore this risk does not apply. Within the Fund the concentration of assets, sector, jurisdiction and currency is monitored.

### **Operational risks**

Operational risk is defined as the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events.

Arcus operates a robust enterprise risk management process which is regularly reviewed. The independent risk and compliance functions are responsible for the periodic reviews and recommending changes to the Management Committee. All senior management take responsibility for internal controls and the management of the different risk categories, as part of their accountability to the Management Committee.

A detailed governance process is in place and documented in a Corporate Governance Manual and further guidelines on investment process and asset management are set out in an Operations Manual.

## OWN FUNDS

As a component of the ICARA, Arcus conducts an internal analysis assessing additional own fund requirements considering the harm the firm poses to clients, the market and the firm.

### COMPOSITION OF REGULATORY OWN FUNDS

	Item	Amount (EUR thousands)	Source based on reference numbers of the audited financial statements
1	OWN FUNDS	2,328	
2	TIER 1 CAPITAL	2,328	
3	COMMON EQUITY TIER 1 CAPITAL	2,328	
4	Fully paid up capital instruments	1,700	Statement of financial position
5	Share premium	-	n/a
6	Retained earnings	628	Statement of financial position
7	Accumulated other comprehensive income	-	n/a
8	Other reserves	-	n/a
9	Adjustments to CET1 due to prudential filters	-	n/a
10	Other funds	-	n/a
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER	-	n/a
19	CET1: Other capital elements, deductions and adjustments	-	n/a
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	n/a
22	Share premium	-	n/a
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	n/a
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	n/a
25	TIER 2 CAPITAL	-	
26	Fully paid up, directly issued capital instruments	-	n/a
27	Share premium	-	n/a
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	n/a
29	Tier 2: Other capital elements, deductions and adjustments	-	n/a

## OWN FUNDS: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1
		As at period end	As at period end	
<b>Assets</b> - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Tangible assets	45,882,282	n/a	n/a
2	Debtors	4,276,623	n/a	n/a
3	Cash at bank and in hand	4,091,017	n/a	n/a
5	Total Assets	54,249,922	n/a	n/a
<b>Liabilities</b> - Breakdown by liability classes according to the balance sheet in the audited financial statements				
6	Creditors: Amounts falling due within one year	6,088,088	n/a	n/a
7	Creditors: Amounts falling due after more than one year	45,833,683	n/a	n/a
8	Members' other interests – other reserves classified as equity	2,238,151	n/a	n/a
9	Loans and other debts due to members	-	n/a	n/a
10	Total Liabilities	54,249,922	n/a	n/a
<b>Shareholders' Equity</b>				
11	Members' capital classified as equity	1,700,200		4
12	Ordinary share capital			n/a
12	Retained earnings	627,951		n/a
13	Total Shareholders' equity	2,238,151		n/a

## OWN FUNDS: MAIN FEATURES OF OWN INSTRUMENTS ISSUED BY AEIM

Public or private placement	Private
Instrument type	Eligible LLP Members' Capital
Amount recognised in regulatory capital	€1,700,200
Nominal amount of instrument	€1,700,200
Accounting classification	Equity
Perpetual or dated	Perpetual

## OWN FUNDS REQUIREMENT

As at 31 March 2023, AEIM's basic own funds requirements, in accordance with MIFIDPRU 4.3, were as follows:

- K-factor requirement (KFR), consisting solely of K-AUM, being €1,004k
- Fixed overheads requirement (FOR), being €2.39 million

AEIM monitors its expenditure monthly and considers any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year. This is monitored by the Chief Financial Officer with the assistance of external accounting and prudential specialists and reported to senior management on a monthly basis. Due to the anticipated growth of the business over the forecast period, the own funds and liquid assets requirements are expected to grow commensurately. The profit allocation clauses in the LLP Agreement, provide that the Firm will not automatically retain profits that have been audited. As such, the Firm expects to need a further injection of own funds in FY2025, which is currently planned as €160k of eligible members' LLP capital in Q3 2024. At such time, the Firm will assess the situation and confirm the appropriate level of additional own funds to be added to ensure the surplus is preserved.

AEIM conducts an Internal Capital Adequacy and Risk Assessment (ICARA) process throughout the year to ensure it satisfies the overall financial adequacy rule in accordance with MIFIDPRU 7.4.7. This process includes financial planning, identification and assessment of material harms, stress and scenario testing and recovery and wind-down planning. AEIM conducts a formal review of these processes annually and documents the findings in its ICARA Process Report. It is the conclusion of this Report that AEIM does, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- AEIM is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- AEIM's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

## REMUNERATION POLICY AND PRACTICES

AEIM's financial year runs from 1 April to 31 March, however its remuneration year and performance period runs from 1 January to 31 December for employees and partners.

Accordingly, AEIM's current remuneration disclosure is in line with MIFIDPRU TP12.7, which means the below remuneration disclosure is in accordance with the BIPRU requirements which applied to the remuneration disclosure as at 31 March 2023.

AEIM's 2022 MIFIDPRU 8 remuneration disclosure will be made in line with SYSC 19G, disclosing information relating to AEIM's first performance period under IFPR.

### OVERVIEW

AEIM is required to disclose certain information on at least an annual basis regarding its Remuneration Policy and practices for those staff whose professional activities have a material impact on the risk profile of AEIM ("Code Staff"). AEIM considers the following functions to represent Code Staff:

Senior management, control functions (i.e., staff responsible for compliance, risk and audit), business unit heads, risk takers (including managers and advisors); and

- Staff who exert a material influence on the risk profile of AEIM.

### DISCLOSURE

AEIM's disclosure is made in accordance with its size, internal organisation and the nature, scope and complexity of its activities.

1. Summary of information on the decision-making process used for determining AEIM's remuneration policy including use of external benchmarking consultants where relevant.
  - AEIM's policy has been agreed by the Management Committee.
  - Due to the size, nature, and complexity of AEIM, it is not required to appoint an independent remuneration committee.
  - AEIM's policy is reviewed as part of the annual compliance review process, and following a significant change to the business requiring an update to its internal capital adequacy assessment.
  - AEIM's ability to pay bonuses is based on the performance of AEIM overall and derived after the fund's managed returns have been calculated by client-appointed third-party administrators.
  - There is no involvement by AEIM in deriving asset prices.
2. Summary of how AEIM links between pay and performance.
  - Individuals are rewarded based on their contribution to the overall strategy of AEIM.
  - Other factors such as performance, reliability, effectiveness of controls, business development and contribution to AEIM are considered when assessing the performance of the senior staff.
3. Aggregate quantitative information on remuneration broken down by significant business division (where such business divisions exist).

<b>Business Area</b>	<b>Aggregate compensation expense for the period ended 31 March 2023</b>
Investment Management	€5,153,795

4. Aggregate quantitative information on remuneration, for staff whose actions have a material impact on the risk profile of AEIM.

Code Staff	Aggregate compensation expense for the period ended 31 March 2023
Senior Management:	€6,112,429

AEIM may omit required disclosures where it believes that the information could be regarded as prejudicial to the UK or other national transposition of Regulation (EU) 2016/679 General Data Protection Regulation, as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (SI 2019/419) (“UK GDPR”), on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

AEIM has made no omissions on the grounds of data protection but due to confidentiality has omitted to provide a breakdown of remuneration expense given the limited number of Code Staff.

**PROPORTIONALITY**

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA has sought to apply proportionality in the first instance by instituting two tests. The first test provides that a firm that is significant in terms of its size, internal organisation and nature, scope and the complexity of its activities must disclose quantitative information referred to in BIPRU 11.5.18R at the level of senior personnel. The second test provides that a firm must make disclosure that is appropriate to the size, internal organisation and the nature, scope and complexity of its activities.

AEIM does not consider that it is ‘significant’ because;

- a) its relevant total assets are less than £50bn, and
- b) it is simple in terms of internal organisation, nature, scope and complexity of its activities.

Therefore, AEIM makes this disclosure in accordance with BIPRU 11.5.20R(2)

