Vantage Infrastructure (UK) Limited

MIFIDPRU 8 Disclosure Statement

June 2024

1. Introduction

MIFIDPRU 8 Disclosure

The Financial Conduct Authority ("FCA" or "regulator") in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook ("MIFIDPRU") sets out the detailed prudential requirements that apply to Vantage Infrastructure (UK) Limited ("Vantage" or " the Firm"). Chapter 8 of MIFIDPRU ("MIFIDPRU 8") sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

Vantage is classified under MIFIDPRU as a Non-Small and Non-Interconnected MIFIDPRU investment firm ("Non-SNI Firm"). As such, the Firm[1] is required by MIFIDPRU 8 to disclose information on the following areas:

1. Risk management objectives and policies[2]
2. Governance arrangements[3]
3. Own funds[4]
4. Own funds requirements[5] and
5. Remuneration policy and practices[6].

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm's culture and data on the Firm's own funds and own funds requirements allows potential investors to assess the Firm's financial strength.

This document has been prepared by Vantage in accordance with the requirements of MIFIDPRU 8 and has been approved by the Firm's Board. Unless otherwise stated, all figures are as at the Firm's 31st December financial year-end.

Business Strategy

Vantage specialises in investing in private market infrastructure debt and equity opportunities on behalf of its clients that require dedicated investment origination, execution and asset management skills. Working within a clearly defined portfolio construction framework, Vantage aims to produce strong risk-adjusted returns over time via a team of experienced infrastructure debt and equity investment professionals applying a disciplined

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[1] As a 'smaller' Non-SNI Firm, Vantage is not required to comply with MIFIDPRU 8.7 in relation to disclosures relating to its investment policy and has therefore been omitted from this document.

[2] MIFIDPRU 8.2
[3] MIFIDPRU 8.3
[4] MIFIDPRU 8.4
[5] MIFIDPRU 8.5
[6] MIFIDPRU 8.6

investment process. Assets are generally held for the long term with limited trading as a reflection of the asset class.

The Firm undertakes the following activities:

- management of discretionary and non-discretionary mandates ("MiFID business") for institutional clients
- acts as delegated Investment Manager for an Irish AIF
- market funds and conducts capital raising activities
- authorised as a UK Alternative Investment Fund Manager (AIFM) (although it does not currently have any active AIFs) under management.

Vantage is a Collective Portfolio Management Investment (CPMI) management firm and as at 31st December 2023 its assets under management ("AUM") was £2.896 bn.

The Firm's clients are comprised of:

- investment funds - with the underlying investors typically being institutional investors, such as pension funds, insurance companies, and other professional investors and
- mandate clients - with the individual clients looking for specific target return and/or yield objectives.

Vantage primarily seeks to grow its revenues by growing the underlying asset base on which it charges a management fee for each mandate / fund NAV that it manages. This is achieved by the prudent growth of the Firm's client's assets and by seeking additional asset inflows from prospective clients and costs are controlled carefully to ensure long-term sustainability and profitability.

2. Risk Management Objectives and Policies

Risk Management and Governance

Vantage has implemented an organisational framework appropriate for the nature, scale and complexity of its business activities. An Executive Committee has been established to undertake the day-today management of the Firm's business. The Vantage UK Board is represented by two senior staff members from this Committee as Executive Directors who are registered as SMF3 with the FCA, along with one Non-Executive Director.

The Firm's risk appetite and the risk framework in place for the Vantage Group, has been considered, set and approved by the Board. The aim of the risk framework is to:

- identify and capture potential risks that may harm or disrupt the Firm
- monitor effectiveness of risk controls and processes
- facilitate a safe and well organised operating framework.

The Vantage Board and Executive Committee have established various committees to appropriately manage the Firm's risk environment, comprising:

- Remuneration Committee
- Risk Committee and
- Investment Committees (Infrastructure Equity and Infrastructure Debt).

The Firm's appointed Risk Officer has responsibility for the implementation of the Risk Framework and enforcement of the Firm's risk principles whilst the Risk Committee oversees the risk management process, ensuring that it has effective systems and controls in place to identify, monitor and manage risks arising from the business and taking overall responsibility for this[7].

The Risk Committee meets on a quarterly basis and considers the Firm's risk management arrangements and, amongst other things, current projections for profitability, cash flow, regulatory capital management and business planning. The Risk Committee engages in management of the Firm's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles, and rules with the aim to operate a defined and transparent risk management system.

The Firm has a Risk Assessment Plan ("RAP") and formally reviews its risks, controls, risk mitigation arrangements and assesses its effectiveness on a periodic basis - the approach and response to this review is aligned to the overall risk appetite set for Vantage. Appropriate action is taken where risks are identified that fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in Vantage's mitigating controls.

The firm's Internal Capital Adequacy and Risk Assessment ("ICARA") aims to capture all the material risks which the Firm is exposed to, as documented in its Risk Register within the RAP. This Risk Register details the risk, any controls to mitigate the impact or likelihood of the risk occurring and the residual risk remaining, assuming the proper implementation of the controls. Risks that are assessed as material, are further considered in the ICARA.

K-Factor Risk Categories

The Firm's ICARA considers three categories of risks which are relevant in determining the Firm's K-Factor requirement when calculating its Own Funds threshold requirement:

- risk-to-client ("RtC") covers risks carried by an investment firm during its services, actions or responsibilities, which could negatively impact its clients.

- risk-to-market ("RtM") covers the risk associated with the impact an investment firm could have on the markets in which it operates and on those counterparties it trades with.

- risk-to-firm ("RtF") is intended to capture risks to an investment firm's solvency from its own trading activity and market participation.

[7] Risk management is also set out as a specific responsibility undertaken by an individual SMF and documented in their Statement of Responsibility

Management considers that Vantage activities can only cause RtC as its activities and operations may not be significant to cause RtM and it does not trade on its own account to cause RtF. Any idiosyncratic risks that are not designated as RtC but pose a significant risk to Vantage will be captured and categorised as other risks in the Firm's ICARA.

Key Material Risks

MIFIDPRU 8.2.1 requires Vantage to disclose its risk management objectives and policies for the categories of risk addressed by:

- Own Funds requirements
- Concentration Risk and
- Liquidity.

Own Funds requirements

Vantage's Risk Register includes key harms and detailed risks identified across the following broad risk categories:

- Business volume – attracting and retaining sufficient clients to maintain a viable business
- Compliance & Regulatory
- Insurance (maintaining sufficient coverage)
- Investment (origination and asset management)
- Legal & Governance
- Market Risk
- Operations (including fund finance and corporate finance)
- Outsourcing & Third Party
- People (retaining and attracting staff)
- Political
- Reputation
- Tax
- Technology

The material risks to Vantage's Own Funds considered in the ICARA[8] are:

- Business Risk
  Failure to secure additional capital to meet AUM and profitability targets.

  Failing to secure additional capital would jeopardize the ability of the firm to continue to meet growth targets, meet subsequent financial obligations and appropriately motivate, incentivise and retain key staff putting client relationships at risk. Vantage mitigates this risk via strategic partnerships to support

[8] As at 31 December 2023

business development and capital raising activities, ensuring product development involves market soundings, feedback from strategic partners and client feedback to ensure products are attractive to investors and ensuring EC and Board approval processes before a product is launched. In addition, Vantage continue to focus on deployment of existing capital to develop the investment track record and highlight investment opportunities to potential investors.

- Cyber Security Risk
  Risk of network and systems being hacked, virus through phishing attacks, sensitive data accessed and associated ransom and financial requests/costs.

  A material cyber event could have a significant impact on the firm's clients, business operations, liquidity and own funds. Mitigating controls include a third party information technology provider engaged to provide all IT infrastructure including advice on Cyber Security. Regular monthly meetings to discuss issues, systems and improvements to cyber security measures and controls and 24/7 customer support to assist if a cyber security issue arises. Network firewalls are in place in all Vantage offices over all networks. Two factor authentication is required for staff to access Vantage Office 365 and networks remotely. Mimecast software is installed across the network to filter suspicious or phishing e-mails from reaching staff accounts. Penetration tests are conducted at least annually on the Vantage network by an independent party to test for network and system vulnerabilities. Compulsory cyber-security testing and training conducted for all staff.

Refer to section 5 for details of Vantage's own funds requirement.

Concentration Risk

- Concentration Risk
  Highly concentrated client and therefore revenue base which may lead to a material loss of revenue with the loss of a client (cessation of investment activity, termination etc) and contagion risk triggering similar actions from other Vantage clients.

  Mitigating controls include a business development strategy implemented and monitored by the EC and Board to raise additional capital/launch new products, including entering into strategic partnerships to support business development and capital raising activities and expand the client base. Each Vantage client has a personal VI relationship/portfolio manager who will hold regular meetings and discussions on the portfolio and strategy with the client. Each client also has a backup portfolio manager with experience and skill set to manage the relationship in the absence of the primary relationship/portfolio manager.

Liquidity Risk

- Liquidity Risk

Firm's inability to meet liabilities as and when they fall due and in breach of regulatory requirements. This is an outcome related risk and is assessed throughout the firm's ICARA and in all stress testing scenarios documented in the ICARA.

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate liquid resources in the event of a stressed scenario.

To mitigate liquidity risk, Vantage has access to an approved loan facility from its former parent company to ensure funding can be accessed to meet liquidity requirements at all times. Management completes a cash flow forecast on a monthly basis to monitor this risk and determine if drawings of the facility are needed. Vantage has no external third party debt to service.

Vantage has calculated a reasonable estimate of the maximum amount of liquid assets that it would require to fund its ongoing business operations during each quarter over the next twelve months. This assessment is required to take into account any potential material harms (eg RtC) and other material risks that Vantage has identified which are unable to be mitigated appropriately through its systems and controls.

When considering the liquid assets that are required to fund the Firm's ongoing business operations, it has considered the following factors:

i) the ordinary level of liquid assets that would typically be required to operate the Vantage's underlying business, taking into account any seasonal variations through a 12-month financial cycle
ii) any material harms that may realistically occur during the next 12 months and their potential impact on the Firm's liquidity position
iii) any estimated gaps in funding, including during periods of severe, but plausible, stress.

Vantage has assessed its regular cash inflows and outflows for each quarter for the next twelve months in accordance with FCA expectations and to determine a reasonable level of liquid assets to fund on-going business operations.

Liquidity Requirement	£'000
Basic Liquid Assets Requirement ("BAR")	581
PLUS the higher of:	
Liquid assets to fund ongoing operations	1,124
Additional liquid assets required to commence wind down	1,744
Liquid Assets Threshold Requirement ("LATR")	2,325

3. Governance Arrangements

Overview

Vantage believes that effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to the Firm, its stakeholders, and the wider market are identified, managed, and mitigated. The Vantage Board has overall responsibility for defining and overseeing the governance arrangements at the Firm, with the day to day management of the Firm's activities delegated to the Executive Committee.

Board of Directors

Vantage's management body is the Board of Directors. In order to fulfil its responsibilities, the Vantage Board meet on at least a quarterly basis. Amongst other things, the Board approves and oversees the implementation of the Firm's strategic objectives, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

A key document that is reviewed, discussed and ratified by the Board annually is the Senior Management Systems and Controls Document ("SYSC Document"), as this demonstrates how the Firm has met its obligations with regard to its governance arrangements. The SYSC Document sets out information on the functioning and performance of all aspects of the Firm, including the following areas:

- General organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies
- Employees, including steps taken by the Firm to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure that they are fit and proper persons
- Policies, procedures, and controls for meeting its compliance and financial crime requirements.
- Internal capital adequacy and risk assessment process
- Outsourcing of critical or material operating functions or activities
- Record-keeping controls and arrangements
- Conflicts of interest management
- Remuneration policies and practices and
- Whistleblowing controls.

Director Biographies

Tim Cable

Tim joined Vantage in 2012 and has more than 20 years of relevant experience. Tim is the Head of the Global Infrastructure Debt business and the portfolio manager of a number of the firm's debt mandates. He is the Chair of the Debt Investment Committee and a member of the firm's global Executive Committee.

Prior to joining the firm, Tim worked in senior banking roles at Westpac in Sydney and London. He holds a Bachelor of Commerce and a Master of Business from the University of Otago and a Master of Business Administration from the London Business School.

Cameron Price

Cameron joined Vantage in 2006 and has more than 20 years of relevant experience. Cameron is the Chief Operating Officer for the group, responsible for Corporate and Fund Finance, Client Reporting, Operations, Information Technology and Human Resources. He held a variety of finance and compliance roles within the firm across Australia, USA and the UK. Cameron is a member of the firm's global Executive Committee.

Prior to joining the firm, Cameron held various roles at UBS in London and BDO Australia. He holds a Bachelor of Commerce from the University of Melbourne and is a member of the Institute of Chartered Accountants in Australia.

Dominic Fry

Dominic Fry Joined B-FLEXION in July 2021 as Head of Corporate Development within the Group Investments Office team. Prior to joining B-FLEXION, Dominic was a Managing Director at Apollo Global Management, Inc. and a Partner of Apollo Management International, Apollo's European business, where he led strategic growth initiatives across the European platform. Prior to this he was the Head of the Investment Management Advisory Group at Morgan Stanley where he led a number of M&A and capital markets assignments for a variety of traditional and alternative investment management businesses, and a Vice President with Credit Suisse's European Financial Institutions Group.

Dominic started his career at Hawkpoint (now Canaccord Genuity) where he focused on a number of transactions involving discretionary wealth managers and alternative investment firms. Dominic holds a LLB degree in Law and European Law from University College, London.

Directorships

The below table provides the number of directorships held by each member of the management body as at 31st December 2023.

Management Body Member	Position at Vantage	Number of Directorships Held	
		Executive	Non-Executive
Tim Cable	Senior Partner	2	0
Cameron Price	Chief Operating Officer	1	0
Dominic Fry	Non-Executive Director	0	9

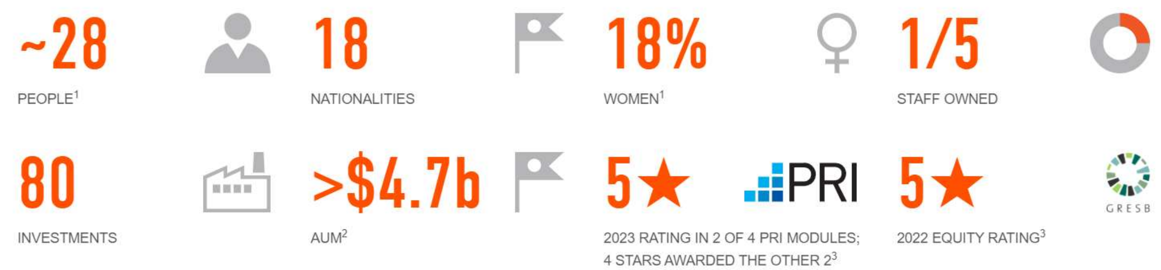
Diversity of the Management Body[9]

Vantage's diversity, inclusion and equal opportunities ethos is designed to attract, develop, and advance the most talented workforce regardless of their race, sexual orientation, religion, age, gender, disability status, background or any other protected characteristic or dimension of diversity, including cognitive.

Vantage's commitment to diversity, inclusion and equal opportunities are founded on the following core beliefs or principles:

- promoting diversity, creating an inclusive work environment and eliminating discrimination in all forms is not only the right thing to do from a societal viewpoint but also contributes to the success of Vantage's business
- everyone should be entitled to equal opportunities during recruitment and employment
- without an inclusive and non-discriminatory environment, a diverse workforce on its own would constitute a wasted opportunity - an equal opportunities environment is an enabler for both diversity and inclusion and
- it is the responsibility of all staff to promote these principles and ensure that equality and fairness is promoted in the workplace.

This applies to all aspects of Vantage's working practices along with recruitment and selection, as well as to the individuals who work for Vantage and at all levels, including Partners and Senior Managers of the Firm.



9 SYSC 4.3A.10R

All figures as of 30 June 2023
1 Full time employees
2 AUM includes undrawn commitments and have been converted at a rate of GBP 1 = US$ 1.21
3 Score awarded by the United Nations supported Principles for Responsible Investment (PRI) to Vantage Infrastructure's 2023 survey in Private Infrastructure Debt (5*), Private Infrastructure Equity (5*), Policy, Governance & Strategy (4*), and Confidence Building Measures (4*) modules as of 22 December 2023
4 GRESB is an industry association score and benchmarks the ESG management and performance of infrastructure fund managers and assets
5 Vantage pays fees to some these organisations to cover the cost of its membership and the services provided, specifically, fees are paid to UN PRI, GRESB, GIIA, myclimate, IIGCC

4. Own Funds

As at 31st December 2023, Vantage maintained own funds of £4,855k The below regulator-prescribed tables provide a breakdown of the Firm's own funds:

Composition of Regulatory Own Funds			
	Item	Amount (£000s)	Source Based on Reference Numbers/Letters of the Balance Sheet in the Audited Financial Statements
1	OWN FUNDS	4,855	
2	TIER 1 CAPITAL	3,930	
3	COMMON EQUITY TIER 1 CAPITAL	3,930	
4	Fully paid up capital instruments	6,801	Note 16
5	Share premium	3,649	
6	Retained earnings	(8,124)	
7	Accumulated other comprehensive income	-	
8	Other reserves	1,604	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	

22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	TIER 2 CAPITAL	925	
26	Fully paid up, directly issued capital instruments	925	Note 17
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements				
		Balance Sheet as in Published/Audited Financial Statements	Under Regulatory Scope of Consolidation	Cross-Reference to Above Template
		As at 31 Dec 2023	As at 31 Dec 2023	
Assets - Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements (in £’000)				
1	Property, Plant & Equipment	45		
2	Right of use assets	77		
3	Investments in subsidiaries	4		
4	Deferred tax assets	10		
5	Other non-current financial assets	649		
6	Trade and other receivables	4,474		
7	Cash and cash equivalents	4,040		
	Total Assets	9,300		
Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements (in £’000)				
1	Long term lease liabilities	3		
2	Current portion of long term lease liabilities	42		
3	Trade and other payables	2,413		
4	Provisions	1,987		
5	Loans and borrowings	925		Item 26
	Total Liabilities	5,370		
Shareholders' Equity (in £’000)				
1	Share capital	6,801		Item 4
2	Share premium	3,649		Item 5
3	Other reserves	1,604		Item 8
4	Retained earnings	(8,124)		Item 6
	Total Shareholders' Equity	3,930		Item 3

Own Funds: Main Features of Own Instruments Issued by the Firm	
The main features of the own funds issued by the Firm are highlighted below:	
Public or private placement	Private
Instrument type	Ordinary share
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	10,450
Nominal amount of instrument	£1
Issue price	N/A
Redemption price	N/A
Accounting classification	Share capital + share premium
Original date of issuance	16/01/2006
Perpetual or dated	N/A
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	Fully discretionary dividends
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

Public or private placement	Private
Instrument type	Unsecured loan facility
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	925
Nominal amount of instrument	N/A
Issue price	N/A
Redemption price	N/A
Accounting classification	Loans and borrowings
Original date of issuance	03/07/2023
Perpetual or dated	Dated
Maturity date	02/07/2028
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	Coupons
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	6-month forward looking ICE Term SONIA Reference Rate “TISONI6M” fixed on the first day of each Interest Period plus 2 percent. per annum.
Existence of a dividend stopper	N/A
Convertible or non-convertible	Non-convertible
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

5. Own Funds Requirements

Vantage is required to at all times maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the minimum requirement of capital the Firm is required to hold, taken as the higher of the PMR and FOR.

The below illustrates the core components of Vantage's own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	1,744
(C) K-Factor Requirements ("KFR")	617
K-AUM – Risk arising from managing and advising on investments	617
K-COH – Risk arising from order execution and reception and transmission of orders	-
(D) Own Funds Requirement (Max. [A, B, C])	1,744

Vantage is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on Vantage to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The Firm 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
- The Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Where Vantage determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm must maintain 'additional own funds required for winding down', above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations', above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm's own funds threshold requirement is the higher of:

- The Firm's PMR
- The sum of the Firm's FOR and its additional own funds required for winding down and
- The sum of the Firm's KFR and its additional own funds required for ongoing operations.

This is the amount of own funds that Vantage is required to maintain at any given time to comply with the OFAR.

To determine the Firm's own funds threshold requirement, Vantage identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds required to cover the residual risk.

This process is documented in the Firm's ICARA and presented to and ratified by, the Vantage Board of Directors, at least an annual basis.

6. Remuneration Policy and Practices

Overview

As a 'Non-SNI MIFIDPRU' Investment Firm, Vantage is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")). As an alternative investment fund manager, the Firm is also classified as a collective portfolio management investment ("CPMI") firm, and as such, is also subject to relevant provisions in the AIFM Remuneration Code (SYSC 19B).

The purpose of the remuneration requirements is to:

- promote effective risk management in the long-term interests of the Firm and its clients
- ensure alignment between risk and individual reward
- support positive behaviours and healthy firm cultures and
- discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of Vantage's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, Vantage recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

Vantage is committed to excellence, teamwork, ethical behaviour and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

Characteristics of the Firm's Remuneration Policy and Practices

The Vantage remuneration structure provides for both fixed cash remuneration (base salary) plus annualised variable reward (bonus) in the form of short-term cash payments as well as long term incentives via deferral into Vantage's Long Term Incentive Plan (LTIP).

Under this structure, a significant component of Vantage employees' remuneration is at risk through the annual variable reward which is linked to client results and the overall performance of the Firm over the long-term. All Vantage employees' performance for their variable reward is assessed on Vantage's financial outcomes but also in the way these outcomes are achieved to ensure Vantage's values are upheld which management believes is important to the sustainability of outcomes and preservation of a good risk culture.

All Vantage employees are eligible to be considered for the annual variable reward. The payment, amount, nature and timing of any such variable reward and the terms upon which it is payable (including the deferral of any part thereof into the Vantage LTIP) are at the Firm's absolute discretion and based on factors which include all facets of an employee's performance.

Fixed and Variable Remuneration

Fixed based remuneration (base salary) is agreed at the point of hiring an individual and is in line with prevailing market conditions for the role and specific person in consideration of experience, skill set, role and responsibilities as well as educational background. Contractual terms of employment at the Firm make clear the amount of fixed salary for each employee.

The terms of employment contracts at the Firm make clear that an employee may be eligible for variable remuneration however this is at the sole discretion of the Firm and is therefore, not guaranteed.

Each employee has a target variable reward expressed as a percentage of their base salary. The target percentage is dependent on the business unit and level of seniority within the Firm. In setting target percentages of base salary for variable remuneration, the Vantage Executive Committee and Remuneration Committee consider the total of both base salary and variable remuneration against prevailing market conditions in order to ensure an employee is eligible for an appropriate compensation package in order to attract and retain quality staff, however, also ensure an appropriate proportion of an employee's overall compensation is at risk and subject to their overall performance assessment.

This framework and policy enable:

- the natural supply and demand of the employment market to set the appropriate level of base salary to attract talent, based solely on that fixed remuneration figure and

- allows for any negative performance to result in negative or zero, variable remuneration.

In deciding an individual's total compensation (fixed and variable remuneration combined) due regard is taken of the appropriate balance between fixed and variable remuneration against prevailing market conditions and ensuring that levels are based on and in line with the principles and restrictions set out in the Vantage Remuneration Policy.

Base salaries are reviewed at least annually at the same time employees are assessed for performance and variable remuneration allocations.

Ex-ante and Ex-post Risk Adjustment of Remuneration

Vantage's remuneration policies include a framework for assessing the level of remuneration to be paid to staff members and a policy that applies both ex-ante and ex-post risk adjustment criteria to the level of remuneration paid to enable effective risk adjustment management. The factors taken into account include[10]:

- Identified Risks

  The Vantage Performance Adjustment Policy sets out the basis on which Vantage will apply ex-post risk adjustments to variable remuneration. Vantage may apply risk adjustments to take account of a specific crystallised risk or adverse performance outcome including those relating to staff misconduct ("Relevant Event") and which may include an adjustment to meet all or a significant part of the cost of regulatory action and fines, redress and other associated costs from a Relevant Event. Where the misconduct, failings or poor performance which may lead to a Relevant Event occurred primarily in particular business units or divisions, collective adjustments will be weighted towards those areas.

  The Remuneration Committee is responsible for the application of, and decisions made under the Performance Adjustment Policy.

  When deciding the amounts to be adjusted following a relevant event, the Remuneration Committee may take all criteria that it considers relevant into account. It shall also take the following specific criteria into account in connection with the Relevant Event:

  i) The impact on the firm's customers, counterparties and the wider market.
  ii) The impact of the failure on the firm's relationships with its other stakeholders including shareholders, employees, creditors, the taxpayer and regulators.
  iii) The cost of fines and other regulatory actions.
  iv) Direct and indirect financial losses attributable to the relevant failure.
  v) Reputational damage.

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10 MIFIDPRU 8.6.6(3)R

When applying ex-post risk adjustment, Vantage will apply the principle that individuals should not profit from a relevant event. Vantage will also consider the extent to which past variable remuneration was earned as a result of identified failings and the cost of consequent redress and other financial impacts.

In determining the precise form and extent of any ex-post risk adjustment, Vantage will take account of the degree of culpability, involvement or responsibility of an individual and the specific criteria above.

In all cases, Vantage will strive to ensure that the size of ex-post risk adjustment reflects the severity of the relevant event.

- Application of In-year adjustment, Malus and Clawback

Vantage will consider applying ex-post risk adjustment to variable remuneration whenever there is a relevant event. This includes where the payment of variable remuneration is not sustainable according to the financial situation of Vantage or any business unit of Vantage.

Vantage may, at its discretion, apply ‘in-year adjustment’ on all Vantage staff current year variable remuneration. The assessment will be made by the Remuneration Committee as part of the Vantage year-end performance appraisal and remuneration review process.

Malus is the reduction or cancellation of deferred incentive awards that have not yet vested. Vantage may, at its discretion, apply malus to the unvested deferred variable remuneration of any MRT where:

(a) there is reasonable evidence that the MRT has participated in (alone or with others) or has been responsible for (alone or with others) or has been accountable for misconduct or material error;
(b) Vantage or the relevant business unit suffers a material downturn in its financial performance;
(c) Vantage or the relevant business unit suffers a material failure of risk management in which the MRT has participated (alone or with others) or for which the MRT was responsible (alone or with others) or was accountable.

Clawback is the recovery of variable remuneration awards that have already vested or been paid. Vantage may clawback variable remuneration where an MRT participates in (alone or with others) or is responsible for (alone or with others) or is accountable for:

(d) fraud, serious and deliberate misconduct or breaches of duty which lead to significant losses or reputational damage to Vantage; and/or.
(e) severe negligence which leads to significant losses or reputational damage to Vantage.

Guaranteed Variable Remuneration

The Firm's Remuneration policies do not offer and award guaranteed variable remuneration

Severance Pay

The Firm may award severance pay in circumstances where an employees' role is made redundant and the severance pay, including the size of the pay, has been approved by the Executive Committee and Remuneration Committee or Board. The EC and Remuneration committee will consider all employee laws and regulations in determining the amount of any severance pay.

Any Severance pay the firm elects to award relating to the redundant role will reflect the individual's performance over time, and include consideration of both success and failure of that person (in the duties assigned to them), any noted misconduct and the overall capital and liquidity position of the Firm.

Governance and Oversight

The Remuneration Committee is a sub-committee of the Vantage Infrastructure Holdings Limited Board (the Firm's parent company) and is responsible for setting and overseeing the implementation of Vantage's remuneration policy and practices. In order to fulfil its responsibilities, the Remuneration Committee:

- is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity
- prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm
- ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm and
- ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Vantage's remuneration policies and practices are reviewed annually by the Remuneration Committee.

Material Risk Takers

Vantage is required to identify its material risk takers - those members of staff whose professional activities have a material impact on the risk profile of the Firm (and of the assets that the Firm manages). The types of staff that have been identified as material risk takers at Vantage are:

- members of the management body in its management function
- members of the senior management team
- those with managerial responsibility for a client-facing or client-dealing business unit of the Firm
- those with managerial responsibilities for the activities of a control function[11]

[11] A control function is defined as a function (including, but not limited to, a risk management function, compliance function and internal audit function) that is independent from the business units it controls and that is responsible for providing an objective assessment of the Firm's risks, and for reviewing and reporting on those risks.

- those with managerial responsibilities for the prevention of money laundering and terrorist financing
- those that are responsible for managing a material risk within the Firm.