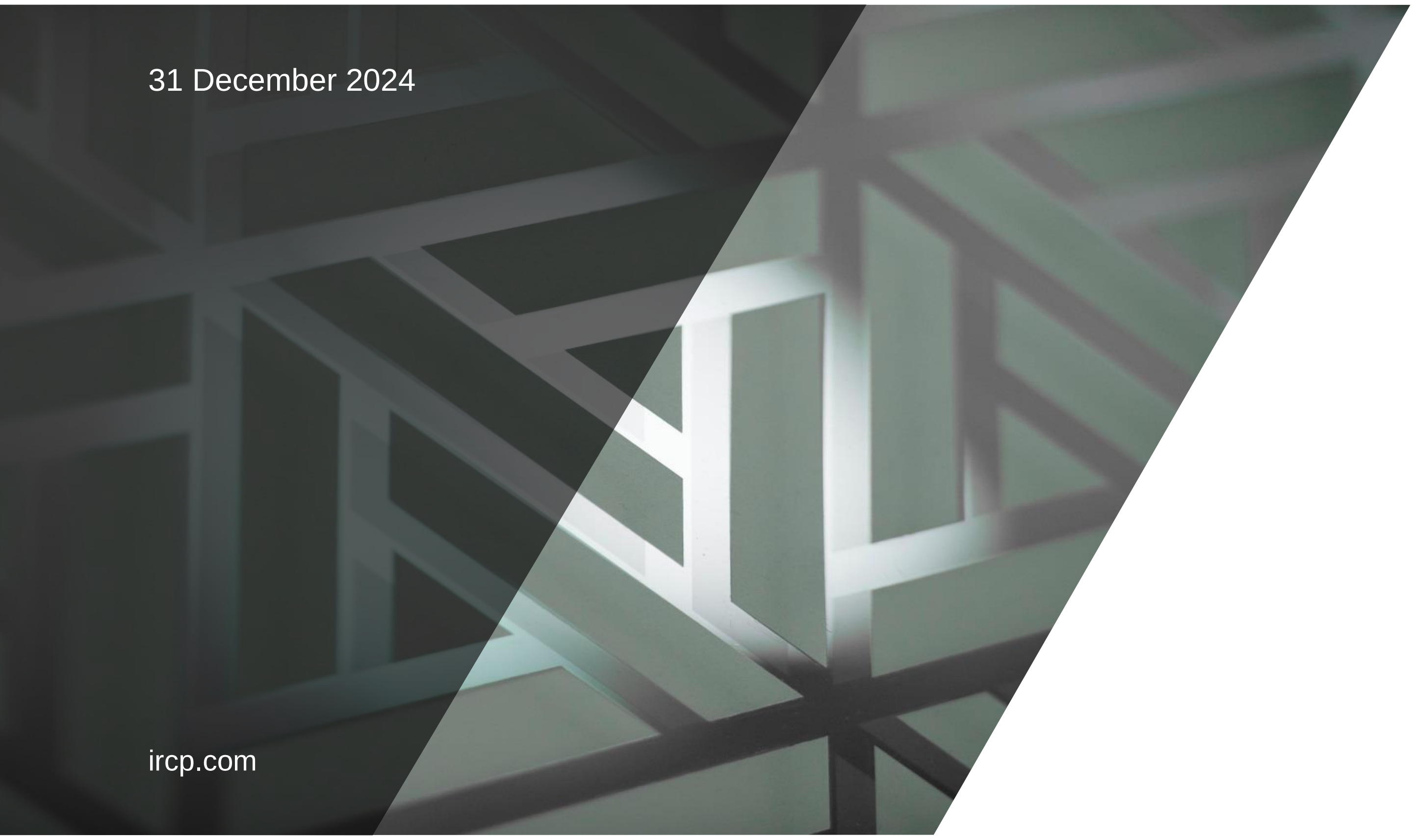
Creating Real Value.

InfraRed Capital Partners

MIFIDPRU Disclosure

InfraRed Capital Partners Limited



31 December 2024

ircp.com

MIFIDPRU Disclosure

1. Introduction

InfraRed Capital Partners Limited ("IRCP", the regulated entity) is an international infrastructure investment manager, investing in infrastructure. InfraRed Capital Partners Limited is authorised and regulated by the Financial Conduct Authority ("FCA"), FCA ID No. 195766) as an operator of unregulated collective investment schemes and as an investment management firm.

IRCP is a MIFIDPRU limited licence firm and has been authorised as a full scope Alternative Investment Fund Manager under the Alternative Investment Fund Managers Directive ("AIFMD").

IRCP is a Collective Portfolio Management Firm (CPMI) firm and is required to carry out a risk assessment and capital review under the Internal Capital Adequacy and Risk Assessment (ICARA) process.

For the purposes of MIFIDPRU, IRCP is categorised as a non-SNI firm and it publishes its disclosures in accordance with the provisions outlined in MIFIDPRU 8 of the Investment Firm Prudential Regime ("IFPR").

This report is based on the financial year end 31 December 2023.

2. Basis of Disclosure

IRCP (a MIFIDPRU investment firm) and InfraRed Capital Partners (Holdco) Limited are wholly owned subsidiaries of InfraRed Partners LLP.

InfraRed Partners LLP is 100% member of InfraRed (UK) Holdco 2020 Ltd (the UK Parent Entity). Thus IRCP is part of an Investment Firm group and report on a consolidated basis.

For the purposes of this disclosure ("Disclosure"),

IRCP is required to:

- At all times hold own funds and liquid assets which are adequate, both as to their amount and to their quality, to ensure it is able to remain financially viable throughout the economic cycle, with the ability to address any material harm that may result from its ongoing activities; and
- Ensure that the business can be wound down in an orderly manner, minimising harm to consumers or other market participants.

The disclosure for IRCP is prepared on a consolidated basis. It does not constitute any form of audited financial statement and has been produced solely for this purpose. This Disclosure document is proportionate to IRCP's size and organisation, and to the nature, scope and complexity of its activities.

This Disclosure document is updated and published annually. It will be updated more frequently if there are significant changes to the business (such as changes to the scale of operations or range of activities) or to its risk profile.

This Disclosure is published on IRCP's website – www.ircp.com.

3. Risk management objectives and policies

The following is a description of risk management and governance in the InfraRed group as at 31 December 2024.

The IRCP Operational Risk and Internal Control Framework ("ORIC") outlines the policies, systems, processes, and controls in place to identify, monitor, report on and manage risks across the IRCP and the funds it manages. During 2024, the Governance Board and Risk Oversight Committees were merged into one committee to become Governance Risk and Oversight committee (GRO).

The risk framework comprises of the following:

- Governance Risk and Oversight Committee
- Defined process around the preparation of the ICARA
- Risk Appetite Statements
- Key Risk Indicators
- Firmwide and Fund Risk Matrices
- Appropriate segregation of duties
- Operational Risk Management Policy (including operational incident management)
- Governance using the three lines of defence model
- Risk Control Self-Assessment and Internal Controls Certification process
- Documented Procedures and Policies

The ORIC promotes a three lines of defence model to manage risk.

- The first line of defence is represented by management in InfraRed's business having in place effective controls in the processes for which they are responsible and is supported by the principle of individual responsibility.
- The second line of defence is comprised of Operational Risk and Compliance, who undertake reviews, set policies and monitoring of first line.
- The third line of defence is formed by the Governance Risk & Oversight Committee receiving through the second line of defence comprehensive reporting on the previous quarter and any operating incidents or breaches of policy, emerging risks, and the firm's overall risk profile. GRO offers challenge to the ORIC and the firm's risk profile. Sun Life internal audit provides another level of third line defence.

The GRO, comprising of CEO, Partner Head of HR, GC & CCO and Head of Core Income Funds is responsible for the supervision and authorisations of the entity's actions as Operator of regulated or unregulated collective investments schemes (the Funds). Amongst other things this is responsible for approving and maintaining business policies, procedures and controls; and audit, compliance and regulatory affairs.

The annual ICARA forms an integral part of InfraRed's risk management process.

Risk management operates at all levels throughout InfraRed, across business areas, geographies and professional functions. Underpinning these arrangements is the principle of individual responsibility and accountability across InfraRed's business, supported by guidance and training as required.

Additional risk controls are in place at the level of the investment funds in respect of which IRCP acts as investment manager, controlling and monitoring the risks specific to those funds. The relevant risk registers are reviewed quarterly and InfraRed's Governance, Risk & Compliance function monitors these tools to ensure they remain up to date and appropriate.

InfraRed's subsidiary in the Americas, InfraRed Capital Partners (US) LLC is registered with the US SEC as a registered investment adviser and has its own governance board with risk management responsibility. The risk management and wider operations are not integrated with InfraRed, but it will report material breaches of policy and operating incidents to InfraRed as part of the ongoing service arrangements and for good governance.

Below are the risk management objectives and policies for InfraRed's most material categories of risk. InfraRed does not have a trading book and has no direct material exposure to market risk.

3.1. Business (strategy) risk

Business risk is the risk to InfraRed arising from changes to the internal and external commercial environment, including the risk that the organisation may not be able carry out its business plan and desired strategy. It also includes risks arising from remuneration policy.

The primary impact of business risks on InfraRed is the reduction of profitability from failed fund launches or from reduced management fees due to the winding down of non-sustainable business lines of business.

This risk is controlled by the commitment of InfraRed's Management Committee and Sun Life to only approve business strategies that balance commercial opportunity, and the risks associated with growth. InfraRed is committed not to compromise its management of risk and its capital position to achieve growth. The business/product approval process acts as an important preventive control. Robust management accounting, reporting and monitoring of business areas ensures InfraRed is in a position to detect and respond to deteriorating business performance.

The risk is also mitigated by InfraRed's ability to adjust its cost base in light of poor operating performance and by the diversity of the fund products in relation to which it acts as advisor or manager.

3.2. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. InfraRed's definition of operational risk includes legal risks.

The majority of the risks affecting InfraRed by volume and severity can be classified as operational risks and therefore most of InfraRed's risk management efforts are focused on mitigating operational risk to acceptable residual levels by maintaining a strong control environment through its risk management framework.

InfraRed employs experienced and competent people, maintains clear segregation of duties and has clear lines of escalation. A performance appraisal process promotes the importance of all individuals upholding InfraRed's values which include adhering to standards set by the business. Relevant operational procedures are documented, and all individuals are given appropriate induction training. Outsourced relationships are monitored to ensure adherence to contractual obligations and service quality. Business continuity plans are in place and are subjected to regular review and testing. The IT systems used are held onsite and are supported by dedicated resources of the outsourced service provider. In addition, the critical IT systems are mirrored and backed up to a data recovery centre.

A dedicated and experienced Compliance Team is responsible for providing advice and ensuring the business operates in a compliant manner. The General Counsel and Chief Compliance Officer joined InfraRed in January 2024 and established the "legal function" during the year. The legal team operates controls to ensure legal risks are considered in all contracts and works with a panel of legal service providers where considered necessary.

InfraRed also has comprehensive suite of professional indemnity and commercial insurance arrangements in place to mitigate operational risks.

There is significant reliance on third parties to perform outsourced tasks. All such relationships are subject to assessment in advance, ongoing relationship management and periodic review of the service provider.

3.3. Credit risk

For InfraRed, credit risk is the risk of financial loss if a counterparty fails to meet its obligations to repay outstanding amounts as they fall due.

Credit risk for InfraRed primarily arises from (1) its own working capital in liquid deposits and (2) from receivables from funds advised by IRCP.

With regards to (1), InfraRed maintains liquid deposits with appropriately rated banks. In relation to (2), credit risk stems indirectly from the risk of investor default. This underlying risk is mitigated by investors' contractual obligation to commit capital, the forfeiture provisions of limited partnership agreements and the variety and diversity of investors. It is further controlled by an assessment of creditworthiness prior to accepting investors.

3.4. Reputational risk

Reputational risk is the risk of damage to InfraRed's or its partnership entities' reputation. This could in turn cause a loss of confidence by investors, which could affect InfraRed's ability to generate income, for example by investors not investing in follow-on funds.

InfraRed considers a loss of reputation to be a significant risk to a business operating in the financial services sector. InfraRed believes that the risk to its reputation could arise from poor investment performance, the departure of key individuals, a failing in relation to investor relations or as a result of a failure to manage sustainability policy or its other risks. Therefore, InfraRed always endeavours to act with integrity. InfraRed believes it can minimise reputational risk by carefully designing its policies, complying with the obligations of law and regulation, meeting the expectations of investors and other stakeholders, and effectively operating a robust system of internal controls, including controls on external communications.

4. Governance Arrangements

IRCP has established a few committees which are designed to provide governance, oversight, support and advise over the running of the business. These committees include:

- Regulated Entity Governanace Board
- Governance Risk & Oversight
- Valuations Committee
- Allocations Committee

The Regulated entity Governance Board as at 31 December 2024 responsible for review and approval of the ICARA is shown below.

Role	**Board role**
CEO	Alternate Chair
HR-Partner	Member
General Counsel & CCO	Member
Head of Core Income Funds	Member

5. Own Funds [MIFIDPRU 8.4]

In line with MIFIDPRU 8.4 IRCP has prepared the reconciliation of own funds in line with the MIFIDPRU 8 Annex 1.

As at 31 December 2023, IRCP held capital resources of £55,114,929. This comprised solely of core Tier 1 capital after deductions.

Item	Composition of own Funds	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**Own Funds**	**£55,114**	Statement of financial position

2	**Tier 1 capital**	**£55,114**	
3	**Common Equity Tier 1 Capital**	**£55,114**	
4	Fully Paid-up Capital instruments	£31	Share Capital Note 13
5	Share premium	N/A	
6	Retained Earnings	£54,084	Profit and Loss account
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 1	N/A	

IRCP held no additional Tier 2 or Tier 3 capital.

InfraRed conducts an annual internal assessment of the financial resources that are adequate to cover the risks facing its current and future activities. This exercise is known as the ICARA and is a requirement of the prudential regulation of investment firms in the UK by the Financial Conduct Authority.

In order to carry out this assessment, InfraRed considers its current business strategy and outlook, which is already supported by projections of financial profitability, financial resources and capital and liquidity requirements.

The firm also considers the main risks to which its business is or might be exposed. A range of scenario tests are used to estimate the financial resources which would be required to respond to the impact of extreme but plausible events.

The resulting report, including this Disclosure, has been approved by the Governance Board of IRCP.

6. Own Funds Requirements [MIFIDPRU 8.5]

6.1. Own Funds

In accordance with MIFIDPRU 4.3, the Own Funds Thresholds Requirement, IRCP must maintain at all times capital resources equal or in excess of each of the following:

- The base capital resources requirement of (€125,000) for AIFMD
- The variable capital requirement

  which is defined as the higher of its Permanent Minimum Requirement (PMR) £75,000 [MIFIDPRU 4.4], Fixed Overhead Requirement (FOR) [MIFIDPRU 4.5], and K -factor requirement (KFR) [MIFIDPRU 4.6].

  As set out in part 5 of this Disclosure, InfraRed holds capital (£55,114,929) significantly in excess of its Own Funds requirement of £10.4m as at 31 December 2023 and foresees no impediments to continuing to hold capital in excess of the fixed overheads requirement.

K Factors	**Calculation methodology**
K-AUM	0.02% of IRCP's average AUM above €250m (£2.3m)
K-CMH	N/A

K-ASA	N/A
K-COH	N/A
Total K Factor	£2.3m
Fixed Overhead Requirement	£10.3m - based on one quarter of relevant IRCP expenditure.

6.2. Risk Assessment

InfraRed has assessed its Risk Assessment capital requirement as part of the ICARA, including through the use of scenario tests. The main risks to which InfraRed is exposed are operational and business-related since it primarily acts as an agent to the funds it manages; IRCP does not invest its own capital in these funds.

On completion of the ICARA it was concluded that InfraRed's Risk Assessment requirement does not exceed its Own Funds capital requirement.

The firm is required to plan for and calculate the cost of an orderly wind-down of the business in the eventual catastrophic failure of its business model. The purpose of this is to demonstrate that the firm has enough capital and liquidity to support a wind down without breaching regulatory requirements. IRCP has undertaken an analysis of the circumstances giving rise to, and the actions that management would take to effect, an orderly wind-down of the business. This analysis has confirmed that IRCP would remain sufficiently liquid and maintain enough capital resources in the event of, and throughout, an orderly wind down without the need to raise capital.

7. Remuneration policies [MIFIDPRU 8.6]

MiFID investment firms that are prudentially regulated by the FCA in the UK (FCA investment firms) are within scope of the MIFIDPRU Remuneration Code (the Code) in the FCA Handbook at SYSC 19G. As part of the Code, firms are expected to ensure that their remuneration policies and practices (including performance assessment processes and decisions) are clear and documented.

IRCP's disclosure provides information regarding the remuneration policy and practices for staff identified (using qualitative and quantitative criteria) as undertaking professional activities which have a material impact on the firm's risk profile.

7.1. Remuneration Policy responsibility

Responsibility for the Remuneration Policy for IRCP, its adoption and ongoing oversight of remuneration policies and practices for staff globally rest with the with the Management Committee in discussions with HR and in consultation with SLC Management and a "InfraRed Remuneration Committee".

The Management Committee ensures compliance with the principles of the remuneration policy and the policy is reviewed annually to confirm it remains appropriate and in compliance with the requirements of the AIFMD and MIFIDPRU.

7.2. Remuneration Policy

The Remuneration Policy and its practical application must be consistent with the business strategy, objectives and long-term interests of the firm.

The remuneration policy is reviewed annually. The Management Committee with the support of Compliance and HR ensures compliance with the principles of the remuneration policy and the policy is reviewed annually to confirm it remains appropriate and in compliance with the requirements of the AIFMD and MIFIDPRU.

7.3. Remuneration Principles

Staff reward remains strongly linked to performance of the business and includes the following:

There is only one bonus pool based on the performance of the overall business and no bonus arrangement links an individual's remuneration directly to an individual or team P&L.

Discretionary bonus scheme for employees is the principal source of variable compensation for employees (i.e. non-partners), with the exception of those awarded carried interest. It is a single pool in which all employees of InfraRed globally (c. 150 people) participate.

As is the case with all variable remuneration, the assessment of performance is part of a multi-year framework that considers longer-term performance. The business cycle of InfraRed and its business risks are considered when determining when payment of variable remuneration will be made.

The Partners compensation is aligned the profits of the Company and includes an element of profit share.

The application of malus and clawback will apply where a material risk taker participated in or was responsible for conduct which resulted in significant losses to the firm and/or failed to meet appropriate standards of fitness and probity.

7.4. Remuneration Disclosure

InfraRed Capital Partners Limited intends to make its public disclosure under MIFIDPRU 8.6 in the group accounts.

7.5. Ratio between fixed and variable remuneration

InfraRed ensures that the fixed and variable components of an individual's remuneration are appropriately balanced. When considering the balance between fixed and variable remuneration, the following matters are considered:

- Overall business performance
- Ensuring adequate capital is retained to cover prudential and conduct risks related to the business.
- Individuals' contribution to business performance

8 Conclusion

Based on our analysis of risks faced by the business and the capital required to be set aside for those risks, InfraRed is adequately capitalised.

IRCP has concluded that the ICARA process is fit for purpose. The firm's ICARA process covers its risk management, and incorporates the results of business model assessment, forecasting & stress, recovery planning, and wind down planning. IRCP's ICARA process has shown that the firm meets the Overall Financial Adequacy Rule (OFAR), effective from January 1, 2024.

- IRCP holds funds in excess of the firm's Own Funds Threshold Requirement
- The firm also has liquid assets in excess of the firm's Own Threshold Liquid Asset Requirement