ATLAS Infrastructure Partners (UK) Ltd Pillar 3 Disclosure

Disclosure Policy

The Capital Requirements Directive ("CRD") is the framework for implementing Basel II in the European Union. Basel II implements a risk sensitive framework for the calculation of regulatory capital. This was implemented in the United Kingdom through changes to the Financial Conduct Authority ("FCA") Handbook of Rules and Guidance, and specifically through the creation of the General Prudential Sourcebook ("GENPRU") and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), specifically BIPRU 11.

The framework consists of three pillars:

- Pillar 1 – sets out the minimum capital requirements for the investment manager;
- Pillar 2 – deals with the Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by the Firm to assess the adequacy of capital held in relation to its material risks; and
- Pillar 3 – requires the Firm to publicly disclose its policies on risk management, capital resources and capital requirements.

The Pillar 3 disclosure of ATLAS Infrastructure Partners (UK) Limited ("ATLAS" or the "Firm") is set out below. The regulatory aim of the disclosure is to improve market discipline.

ATLAS makes Pillar 3 disclosures annually, via its website at www.atlasinfrastructure.com. The information contained in this disclosure is accurate as at 30 June 2018. It has not been audited by ATLAS’s external auditors and does not constitute any form of financial statement.

Certain information relating to BIPRU 11.5 may be omitted on the basis that it has been deemed to be immaterial or proprietary/confidential. The Firm regards information as material in the disclosure if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. The Firm regards information as proprietary/confidential if sharing that information with the public would undermine its competitive position. Proprietary/confidential information may include information on products or systems which, if shared with competitors, would render the Firm’s investments therein less valuable. Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality.

Background to the Firm

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised by the FCA, for capital purposes, as a BIPRU firm. It is an investment management firm and has no trading book exposures. The Firm is not required to prepare consolidated reporting for prudential purposes.

Capital Resources Requirement

Pillar 1 - Minimum Capital Requirements

As a BIPRU firm, ATLAS has adopted the standardised approach for the Pillar 1 regulatory capital calculation of credit risk. ATLAS does not deal as principal and holds no commodity or securitisation
The Firm calculates its Foreign Currency Position Risk Requirement by multiplying the sum of the absolute values of its ‘open currency position’ by 8%.

The Pillar 1 capital requirement for a BIPRU firm is calculated as the higher of the:

- Fixed Overheads Requirement ("FOR"); and
- the sum of market and credit risk requirements or
- the base capital requirement of €50,000.

The Firm has deemed the FOR to be the higher and this is therefore used for the Pillar 1 calculation.

**Pillar 2 – ICAAP**

The Firm’s ICAAP includes an assessment of the design and performance of the internal controls in place to mitigate risks, the probability of the risk occurring, the potential financial and reputational impact, and the adequacy of the Firm’s capital base.

The ICAAP is the process through which ATLAS determines that it is able to identify and manage its key risks on an on-going basis and ensure that it has sufficient capital in respect of such risks. The process is forward looking and is an integral part of the management of the Firm. The Chief Operating Officer ("COO") is responsible for the ICAAP and consulted with appropriate members of staff to ensure the accuracy of his findings.

The Firm’s senior management formally reviews and approves a finalised ICAAP document on at least an annual basis (or more frequently if there are material changes to the Firm’s business model and risk exposures). The senior management, as part of its review of the ICAAP, sets the Firm’s risk appetite, validates that the Firm’s key material risks have been considered and assessed, and validates the stress testing scenarios.

**Capital Resources**

The main features of the Firm’s Capital Resources are as follows:

<table>
<thead>
<tr>
<th>Capital Item</th>
<th>£’000s</th>
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</thead>
<tbody>
<tr>
<td>Tier 1 capital less innovative tier 1 capital</td>
<td>£1,359</td>
</tr>
<tr>
<td>Tier 2 capital</td>
<td>£0</td>
</tr>
<tr>
<td>Tier 3 capital</td>
<td>£0</td>
</tr>
<tr>
<td>Total capital resources, net of deductions</td>
<td>£1,359</td>
</tr>
</tbody>
</table>

**Risk Management Objectives and Policies**

Due to the nature, size and complexity of the Firm, ATLAS does not have an independent risk management function. The Chief Compliance Officer ("CCO") in conjunction with the Risk and Compliance Committee ("RCC") is responsible for the management of risk within the Firm and their responsibilities are clearly defined. The RCC reports jointly to the Firm’s Executive Committee ("Exco") and the ATLAS Board of Directors (the ‘Board’) regularly. ATLAS has clearly documented policies and procedures, which are designed to minimise risks to the Firm and all staff are required to confirm that they have read and understood them, at least annually.
ATLAS undertakes an ICAAP at least annually, which is the process through which ATLAS determines that it is able to identify and manage its key risks on an ongoing basis and that it has sufficient capital in respect of such risks. The process is forward looking and is an integral part of the management of the Firm.

Following the completion of the ICAAP, the Firm has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

**Remuneration**

ATLAS must comply with the BIPRU Remuneration Code ("the Code"). The purpose of the Code is to ensure that firms have risk focused remuneration policies, which are consistent with and promote effective risk management and do not expose themselves to excessive risk. The Firm has reviewed all existing employment contracts to ensure they comply with the Code.

Senior management are responsible for setting the Remuneration Policy Statement for all staff and the Compliance Officer is a member of the senior management team. No external consultants have been engaged on remuneration matters.

The Code can be applied in a proportionate way and the FCA have stated that it will normally be appropriate to disapply certain rules. As such senior management has determined that the following rules are not proportionate to ATLAS and have not implemented these detailed rules:

- SYSC 19C.3.44 – Ratios between fixed and variable components of total remuneration;
- SYSC 19C.3.47 – Retained shares or other instruments;
- SYSC 19C.3.49 – Deferral; and
- SYSC 19C.3.51 – Performance adjustment

Variable remuneration is not based solely on the financial performance of the individual. Senior management also considered the individuals overall (non-financial) performance to the whole team and the overall results of the fund/firm. The performance of the individual is assessed over the entire year.

**Quantitative Information**

The aggregate remuneration for 2017/18 was £1.36m (excluding National Insurance Contributions).

Remuneration was split between senior management and risk takers as follows:

<table>
<thead>
<tr>
<th></th>
<th>Senior Management (000’s)</th>
<th>Risk Takers (000’s)</th>
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<tbody>
<tr>
<td>Total remuneration</td>
<td>£751</td>
<td>£171</td>
</tr>
<tr>
<td>for the year</td>
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