

MIFIDPRU 8 Public Disclosures

1. Introduction

- 1.1 HarbourVest Partners (U.K.) Limited (the “**Firm**”) is authorised and regulated by the Financial Conduct Authority (“**FCA**”) of the United Kingdom and is a “MIFIDPRU investment firm” as defined in the FCA Rules. The Firm is a non-small and non-interconnected (a “**Non-SNI**”) firm for the purposes of the rules in the Prudential sourcebook for MiFID Investment Firms (“**MIFIDPRU**”).
- 1.2 The Firm’s governing body is its board of directors (the “**Management Body**” or the “**Firm’s Board**”).
- 1.3 Under the FCA Rules (specifically Chapter 8 of MIFIDPRU), the Firm is required to make specific disclosures relating to its:
 - Risk Management Objectives and Policies;
 - Governance Arrangements;
 - Own Funds; and
 - Remuneration Policy and Practices.
- 1.4 The Firm is part of a consolidation group for prudential regulation purposes. However, in accordance with MIFIDPRU 8.1.7 R, the Firm is providing these disclosures on a solo basis only.

2. Significant changes since last disclosure period

- 2.1 This is the Firm’s first disclosure under the Pillar 3 disclosure requirements under MIFIDPRU 8. As such, there have been no significant changes to the information disclosed since the Firm’s last disclosure period.

3. Risk Management objectives and policies

- 3.1 The Firm was established in 1990 as a private limited company incorporated in the United Kingdom and registered in England and Wales with Companies House. The Firm is a wholly-owned subsidiary of HarbourVest Partners, LLC (“**HVP LLC**” together with its affiliates, “**HarbourVest**”). HVP LLC is registered with the United States (“**U.S.**”) Securities and Exchange Commission (“**SEC**”) as an investment adviser. The HarbourVest group is an independent investment firm that provides private markets solutions to institutional and sophisticated High Net Worth Investors (“**HNWI**”) worldwide. HarbourVest’s primary advisory business is managing private funds (“**Funds**”) and customised separately managed accounts (“**Separate Accounts**”) on a discretionary or non-discretionary basis.

- 3.2 The Firm is regulated by the FCA as an “adviser/arranger”. It has been operating for 32 years and primarily provides the following key investment services:
- A. Agreeing to carry on a regulated activity;
 - B. Advising on investments;
 - C. Making arrangements with a view to transactions in investments; and
 - D. Arranging (bringing about deals) in those investments.
- 3.3 The Firm’s business model is straightforward. In accordance with its regulatory permissions, the Firm provides the following services to its affiliates:
- A. it researches and evaluates potential private markets investments in the UK and elsewhere;
 - B. it makes recommendations to relevant HarbourVest strategy investment committees, with a view to Funds and Separate Accounts established and managed by HarbourVest investing directly or indirectly (through partnerships or similar vehicles) in private markets investments;
 - C. it negotiates terms of investments on behalf of HarbourVest, prepares and reviews documentation and otherwise assists in arranging deals; and
 - D. it provides financial promotions to eligible UK and non-UK investors in relation to Funds and Separate Accounts.
- 3.4 The Firm is permitted to deal with Professional Clients and Eligible Counterparties only and is not permitted to hold client money.
- 3.5 pursuing the strategy above, the activities of the Firm will give rise to certain risks which carry a potential for harm. Below we have set out a summary of the harm that could potentially be caused as a result of certain categories of risks related to the Firm’s (i) own funds requirement; (ii) requirements around its concentration risk; and (iii) requirements around its liquidity. We have also set out a summary of the strategies and processes used to manage each of these categories of risk.
- 3.6 Regarding the Firm’s approach to risk generally, the Firm has adopted a statement of

risk appetite:

- A. *Details of how the firm sets its risk appetite* - the Firm's Board has adopted a conservative risk appetite to maintain a strong capital position and balance sheet throughout all market cycles with strong liquidity and a robust capital structure. The Firm's Board recognises that reputational risk could arise from shortcoming in the foregoing areas. The Firm is committed to ensuring all business activities are conducted with a clear understanding of relevant risks, to maintaining an appropriate risk management framework, ensuring transparent disclosure and treating its clients fairly, and to meet the expectations of major stakeholders, including clients, shareholder(s), employees and regulators.

- B. *Summary of how the Firm assesses the effectiveness of its risk management processes* - the Firm's Board is responsible for ensuring that the Firm maintains a risk culture that is compatible with the risk appetite statement (see above). The Firm seeks to promote a positive risk culture throughout the Firm by supporting appropriate accountability from, and communication with, staff members in relation to the Firm's risk appetite.

The Firm holds a risk register that sets out relevant risks applicable to the Firm, any controls to mitigate the impact or likelihood of the risks occurring, and the residual risk assuming the proper implementation of the controls and any capital or liquid assets required to mitigate any residual risks, if any. The risk register is reviewed periodically, as required under applicable rules, or where there is a material change in the Firm's business model and is considered to be a 'live' document.

C. *Details of the firm's risk management structure and operations, including relevant committees and their responsibilities and the senior management responsible for each area of risk* - due to the nature, size and complexity of the Firm, the Firm does not have an independent risk management function. The Firm's Board is responsible for the management of risk within the Firm. The Firm has clearly documented policies and procedures (these are contained in the Firm's UK Compliance Manual), which are designed to minimise risks to the Firm and all staff members are required to confirm that they have read and understood them.

The Firm has established, or relies on policies established by HarbourVest in relation to:

- governance arrangements and sound administrative and decision-making processes including, but not limited to, adopting terms of reference for the Management Body that establish the Firm's Board as the main decision-making body of the Firm and set out its duties and responsibilities;
- an organisational structure that clearly specifies reporting lines and allocates functions and responsibilities, in the form of staff member organisation charts and written policies, and which seeks to minimise the risk of staff members undertaking multiple functions inappropriately through effective segregation of duties;
- internal control mechanisms, designed to ensure compliance with decisions and procedures, and appropriate communication and escalation of information;
- objective compliance and financial crime prevention arrangements;
- adequate safeguards for the security, integrity and confidentiality of information;
- effective processes to identify, manage, monitor, mitigate and report on the risks the Firm is, or might be, exposed to;

- contingency and business continuity plans to ensure ability to operate on an on-going basis and limit losses in the event of severe business disruption;
- policies and procedures to ensure reasonable steps are taken when relying on a third party for the performance of critical operations;
- defined arrangements for the segregation of duties and the prevention of conflicts of interest;
- internal control mechanisms, including sound administrative and accounting procedures, effective control and safeguarding arrangements for information processing systems; and
- whistleblowing arrangements for the protection of staff members.

Risks Related to the Firm's Own Funds Requirement

3.7 The Firm has identified the following risks of harm relating to its strategy which relate to, and are intended to be addressed by, the Firm's own funds obligations and the mitigating control factors:

- A. *Risk of advising on investments* - this risk relates to the potential harm the Firm may cause clients from incorrectly advising client portfolios. This risk is very limited as the Firm does not manage investments and its only investment advisory client is one of the parent entities of the Firm.
- B. *Risk of the reception and transmission of orders* - this risk relates to both the execution of orders in the name of the client and the reception and transmission of client orders. The Firm's mistakes in handling of client orders, including failing to deliver best execution where required and applicable, may lead to client harm. This risk is very unlikely to arise as the Firm does not receive and transmit orders for investors in the Funds.

The Firm has compared its own fund requirements against its own internal assessment for each of the activities. The higher of the two outputs is assigned to that risk, and all sources of risk are summed together alongside any other additional risk that the firm has identified as material or unavoidable.

Concentration Risk

- 3.8 The Firm has identified a single concentration risk arising from its strategy, which relate to the Firm's relationships with, or direct exposure to, a single client, its parent entity, HarbourVest Partners LLC. The business strategy of the Firm is to earn fees for the provision of services to its affiliate(s). The fee income the Firm receives from HarbourVest LLC is linked to its costs, but in general, is positively correlated with the broader expansion of the HarbourVest group.
- 3.9 The Firm seeks to maintain sufficient capital to ensure that even under stressed conditions the regulatory capital requirements are not breached. To limit the risk of insufficient availability of capital, the Firm will forecast its capital position on a forward looking and stressed basis over a 3-year period. Given the privately owned nature of the Firm's parent and its non-reliance on market funding, the Firm will hold a reasonable buffer of liquid assets, limiting the need to raise funds under stressed market circumstances, and is governed and reviewed as part of the Internal Capital Adequacy and Risk Assessment ("ICARA") process. In addition, it should be noted that a Fund or Separate Account will typically take the form of a closed-ended fund, thus providing relatively predictable and stable revenues for HarbourVest.
- 3.10 In addition, the HarbourVest Finance team confirm on a quarterly basis, as part of the Firm's compliance oversight, if there has been any material deterioration in the financial position of HarbourVest Partners LLC, and that the Firm has at all times maintained sufficient regulatory capital.

Liquidity

- 3.11 The Firm is subject to potential liquidity risk arising from the fact that raising new capital depends on the Firm's parent (HVP LLC) and its financial strength, and its access to funds may be suddenly restricted if the parent's creditworthiness is downgraded or materially deteriorates.
- 3.12 The Firm has set limits to control liquidity risk exposures by holding 100% of the own funds and liquidity requirements in cash. Share capital injections are made towards the end of each year in anticipation of the year-end of the following year, *e.g.* an injection in December 2023 to meet the expected capital for 2024.
- 3.13 The Firm has developed systems and controls to manage the risk that the Firm cannot meet its liabilities as they fall due. The Board has allocated responsibilities to certain individuals to ensure the effective on-going monitoring and management of liquidity risk. The Firm's Financial Controller has been allocated overall responsibility for the management and monitoring of the liquidity risk and reports to the Board on a regular basis. The Board formally reviews and signs off the liquidity assessment at least annually. The liquidity risks are outlined in the ICARA and are examined throughout the year to ensure that the Firm maintains liquidity resources which are adequate, both as to their amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. The Firm's Board understands that changes in the business might trigger the liquidity assessment to be revised and updated.

- 3.14 Taking into account the simple business model operated by the Firm and the fact that the Firm is only authorised to deal with professional clients, the Firm's Board believe that appropriate strategies, policies, processes and systems have been implemented to enable the Firm to identify measure, manage and monitor liquidity risk.

4. **Governance arrangements**

Oversight of Governance Arrangements by the Management Body

- 4.1 The Firm, as a MIFIDPRU Investment Firm, is subject to the organisational requirements in 4.3A.1 R of the Senior Management Arrangements, Systems and Controls Sourcebook of the FCA Handbook ("SYSC").
- 4.2 Under SYSC 4.3A.1 R, the Firm must ensure that the Management Body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of the Firm's clients.
- 4.3 The Firm's Board is the main decision-making body of the Firm. The primary function of the Firm's Board is to supervise and oversee the operations which are undertaken by the Firm and by its appointed service providers. The Firm's Board ensures that the Firm has competent and prudent management, and that it has appropriate procedures for the maintenance of adequate accounting, other required internal control mechanisms, and for compliance with applicable legal and regulatory obligations.
- 4.4 As part of the Firm's governance arrangements and structure, the Firm's Board defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Firm. These arrangements include ensuring that the Firm and its individual functions are adequately resourced and ensuring that there is appropriate segregation of duties and responsibilities. The Firm's compliance officer operates independently from the rest of the business and reports directly to the Firm's Board on all compliance and regulatory matters. The Firm's policies, procedures and controls framework is designed to promote efficient business management, in the interests of the Firm's clients. This includes the HarbourVest Code of Ethics (and associated policies), Conflicts of Interest Policy and the Firm's Remuneration Policy.
- 4.5 The Firm's Board has adopted Terms of Reference ("ToR") which set out, *inter alia*, the membership of the Board, the frequency of the Firm's Board meetings, the duties and responsibilities of the Firm's Board and details of committees and sub-Committees of the Firm's Board, if any. The ToR are reviewed on a regular basis by the Firm's Board.
- 4.6 The Firm's Board is comprised of four directors: Corentin du Roy de Blicquy, Peter G. Wilson, David A. Atterbury and Mary Traer. The Board meets on a quarterly basis to discuss all relevant matters relating to the Firm, in particular:
- A) to supervise and oversee the operations undertaken within the Firm and by its appointed service providers;

- B) to review and approve the policies and procedures of the Firm;
- C) to monitor the compliance of the Firm with its regulatory obligations;
- D) to oversee the preparation of, and approve, the annual financial statements of the Firm;
- E) to ensure that the Firm operates in an open and co-operative manner with its regulators; and
- F) to review and reassess the ToR regularly, and enact appropriate changes.

4.7 The duties of the Firm's Board also include requirements under the Senior Managers and Certification Regime. All members of the Firm's Board are required to commit sufficient time to ensure that they can perform their functions within the Firm and to act with honesty, integrity and independence of mind to effectively assess and challenge decisions where necessary and to effectively oversee and monitor management decision-making. On a quarterly basis before each meeting, the members of the Firm's Board attest to their fitness and propriety.

Directorships

- 4.8 The table below sets out how many directorships each member of the Firm's Board holds, broken down into executive and non-executive directorships. The table below does not include, in respect of each member of the Firm's Board:
- any directorships the member holds in an organisation which does not pursue a predominantly commercial objective (for example, a charitable organisation or a company that has been established to own the freehold to a building in which the member lives);
 - separate directorships held for multiple entities within the same group (all such directorships are accounted as a single directorship for the purposes of the table below); or
 - separate directorships in undertakings in which the Firm holds a qualifying

holding.¹

Member of the Management Body	Number of executive Directorships	Number of non-executive Directorships	Total number of directorships
Peter George Wilson	1	0	1
David Ashley Atterbury	1	0	1
Mary Traer	1	0	1
Corentin du Roy de Blicquy	1	1	2

Risk Committee

- 4.9 The Firm is not required to establish a risk committee, and so has not established such a committee.

Diversity Policy

- 4.10 In accordance with SYSC 4.3A.10 R, the Firm maintains a policy for promoting diversity on the Management Body (the “**Management Body Diversity Policy**” or “**Policy**”).
- 4.11 The Management Body Diversity Policy sets out the Firm’s approach to diversity within the Management Body. The Management Body Diversity Policy recognises and acknowledges the benefits of having a diverse Management Body in terms of supporting the attainment of the Firm’s strategic objectives and its sustainable development.
- 4.12 Under the Management Body Diversity Policy, there are a range of diverse factors, described in the Policy that may be considered by the Firm in determining the optimum composition of the Management Body. Where practicable and relevant, the Firm attempts, that the composition of the Management Body reflects as broad a range of backgrounds and experiences as possible. The key objectives of the Management Body Diversity Policy, in summary, is to ensure that:
- A. appointments to the Management Body are made on merit against objective criteria, but while paying due regard to the benefits associated with complimenting and expanding the knowledge, skills, diversity and experience

¹ A qualifying holding is a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights, or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

of the Management Body as a whole;

- B. the Firm considers the diversity principles set out above in determining the optimum composition of the Management Body and, where practicable, the composition of the Management Body reflects as broad a range of backgrounds and experience as it can; and
- C. the Management Body will annually review and assess its own composition and any requirements relating to the appointment of new members of the Management Body with a view, where practicable, to reflecting in its composition the diversity principles set out above.

4.13 The Firm is a relatively small firm that has a relatively small Management Body (consisting of 4 individuals). Although the Firm recognises the benefits that a diverse Management Body could create, it is mindful that its ability to achieve broad diversity within the Management Body may be constrained, in practice, by the Firm's size.

5. Own Funds and Own Funds Requirement

Own Funds

- 5.1 The Firm is subject to the disclosure requirements stipulated in MIFIDPRU 8.4.1 R. As such, the tables below set out:
- A. details of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the [own funds](#) of the [Firm](#) (i.e. a composition of regulatory own funds);
 - B. a reconciliation of the Firm's composition of regulatory own funds with the capital in the balance sheet in the audited financial statements of the Firm; and
 - C. a description of the main features of the [common equity tier 1 instruments](#), [additional tier 1 instruments](#) and [tier 2 instruments](#) issued by the [Firm](#).

Please see the tables below which set out these disclosures.

A. Composition of regulatory own funds (OF1)			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	1,500	See line item titled "Called up Share Capital", which can be found in the Company Statement of Financial Position in the section headed "Capital and reserves"

2	TIER 1 CAPITAL	1,500	See line item titled "Called up Share Capital", which can be found in the Company Statement of Financial Position in the section headed "Capital and reserves"
3	COMMON EQUITY TIER 1 CAPITAL	1,500	See line item titled "Called up Share Capital", which can be found in the Company Statement of Financial Position in the section headed "Capital and reserves"
4	Fully paid up capital instruments	1,500	See line item titled "Called up Share Capital", which can be found in the Company Statement of Financial Position in the section headed "Capital and reserves"
5	Share premium	0	
6	Retained earnings	0	
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	
19	CET1: Other capital elements, deductions and adjustments	0	
20	ADDITIONAL TIER 1 CAPITAL	0	
21	Fully paid up, directly issued capital instruments	0	
22	Share premium	0	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
24	Additional Tier 1: Other capital elements, deductions and adjustments	0	
25	TIER 2 CAPITAL	0	
26	Fully paid up, directly issued	0	

	capital instruments		
27	Share premium	0	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
29	Tier 2: Other capital elements, deductions and adjustments	0	

B. 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 template OF1
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Tangible fixed assets	1,036		
2	Investments	3,344		
3	Debtors: amounts falling due within one year	13,471		
4	Cash at bank and in hand	1,702		
5	Total Assets	19,553		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	(14,196)		
2	Deferred taxation	(62)		
3	Total Liabilities	(14,258)		
Shareholders' Equity				
1	Called up share capital	1,500		OF1:4
2	Profit and loss account	3,795		
3	Total Shareholders' equity	5,295		

Please note that HarbourVest Partners (UK) Limited is making these disclosures on an individual basis in accordance with MIFIDPRU 8.1.7R, and so has not completed column B above on the basis that it relates to prudential consolidation.

C. Own funds: main features of own Instruments issued by the Firm
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The CET 1 instruments issued by the Firm consist of 1.5 million ordinary shares of GBP 1.00 each (the “shares”). The shares have attached to them full voting rights. The shares are not publicly traded and are 100% owned by the parent company, HarbourVest Partners, LLC. The shares do not have a maturity date and are classified as equity on the balance sheet of the Firm as at 31 December 2022.

Own Funds Requirements

5.2 The below table relates to the Firm’s own funds requirements under MIFIDRU 4.3.

K-Factor Requirement (calculated by the Firm in accordance with MIFIDPRU 4.6)	The Firm’s K-Factor Requirement is: GBP 50,000*	The Firm’s K-Factor Requirement can be further broken down as follows:
		the sum of: <ul style="list-style-type: none"> - the K-AUM requirement; - the K-CMH requirement; and - the K-ASA requirement, which is: GBP 78,751
		the sum of: <ul style="list-style-type: none"> - the K-COH requirement; and - the K-DTF requirement. which is: GBP 0
		the sum of: <ul style="list-style-type: none"> - the K-NPR requirement; - the K-CMG requirement; - the K-TCD requirement; and - K-CON requirement, which is: GBP 0

<p>Fixed Overheads Requirement</p> <p>(calculated by the Firm in accordance with MIFIDPRU 4.5)</p>	<p>The Firm's Fixed Overheads Requirement is:</p> <p>GBP 50,000</p>
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**Please note that this figure reflects the application of the transitional provision in MIFIDPRU TP 2 2.10R.*

5.3 As part of its ICARA process, the Firm assesses the adequacy of its own funds in accordance with the overall financial adequacy rule in MIFIDPRU 7.4.7 R.

5.4 In particular, the Firm assesses the own funds it requires to:

- address any potential harms it has identified which it has not been able to mitigate;
- address any residual harms remaining after mitigation; and
- ensure an orderly wind down of its business.

5.5 As the Firm is not an SNI firm, it is required to use its K-factor requirement as a starting point for determining the appropriate amount of own funds to cover risks of harm to the business as a going concern, to the extent that such risks have not or cannot be mitigated.

5.6 The Firm assesses whether and to what extent a K-factor requirement covers each risk of harm identified during the ICARA process on a going concern basis (to the extent the risk of harm is not or cannot be adequately mitigated).

5.7 For this purpose, each risk of harm that is not adequately mitigated is mapped to the corresponding K-factor requirement. To the extent that the applicable K-factor requirement is insufficient to cover the post mitigation risk of harm or to the extent that there is no applicable K-factor requirement, the Firm will calculate a suitable amount of additional capital.

5.8 As part of its ICARA, the Firm also assesses the level of own funds that it would need in order to effect an orderly wind down, taking into account any additional risks of harm it identifies and whether the Firm's fixed overheads requirement adequately covers such risks.

6. **Remuneration policy and practices**

Qualitative disclosures

6.1 The Firm's approach to remuneration for staff² can be summarised as follows:

- **Philosophy:** The Firm's remuneration policies and practices are driven by its desire to reward its staff fairly and competitively, but at the same time create a culture of principled behaviour and actions (particularly with regards to the areas of risk, compliance, control, conduct and ethics). As such, the Firm's remuneration policies and practices are implemented so as to contribute to the achievement of the Firm's objectives, but in a way that does not encourage excessive risk-taking or the violation of applicable laws, guidelines, and regulations, and which takes the capital position and economic performance of the Firm over the long term into account.
- **Linkage between variable remuneration and performance:** The total amount of an individual's variable remuneration will generally be based on a combination of the assessment of the performance of the individual, the business unit concerned and the overall results of the Firm. When assessing individual performance, financial as well as non-financial criteria are taken into account.
- **Main performance objectives:** The Firm's main performance objectives relating to the remuneration of staff is based on a combination of:
 - (i) the Firm's financial performance and achievement of profitability objectives;
 - (ii) the achievement of other relevant firm, business and individual goals;
 - (iii) performance against specific development items and demonstration of leadership model behaviours; and
 - (iv) compliance related performance & risk mitigation.
- **Categories of staff eligible to receive variable remuneration:** Employees, Members and Partners of the Firm are eligible to receive variable remuneration.

6.2 As indicated above, the Firm's objective in using financial incentives with its staff is to contribute to its strategic objectives, but in a sufficiently prudent manner that does not encourage excessive risk-taking or the violation of applicable laws, guidelines, and regulations, and which takes into account the capital position and long-term economic performance of the Firm.

6.3 The below is a summary of the decision-making procedures and governance surrounding the development of the Firm's remuneration policies and practices (which the Firm is required to adopt under SYSC 19G (the "MIFIDPRU Remuneration Code").

- The Management Body has adopted remuneration policies and practices in line with applicable rules and guidance laid down by the FCA and the MIFIDRU Remuneration Code, and the Management Body has delegated responsibility for the implementation of such policies and practices including pay, performance and

² The term 'staff' as used here should be interpreted broadly to include, for example, employees of the firm itself, partners or members.

promotion decisions, where applicable, to the HarbourVest Review Committee and Compensation Committee. Both committees are composed of members of the HarbourVest group, along with business and control function representation.

- The Management Body periodically reviews the Firm’s remuneration policy in accordance with the guidance and rules in SYSC 19G.3.
- The Management Body ensures that the Firm, at least annually, conducts a central and independent internal review of whether the implementation of its remuneration policies and practices complies with the remuneration policy and practices adopted by the Management Body.
- The Firm engaged with Simmons & Simmons LLP to review the development of its remuneration policies and practices in light of the requirements set out in the MIFIDPRU Remuneration Code.

Material Risk Takers (“MRTs”)

6.4 The Firm follows SYSC 19G.5 and identifies the following groups of employees as MRTs based on qualitative criteria (related to the role and decision-making authority of employees) and quantitative criteria (related to the level of total gross remuneration):

- (A) whose professional activities have a material impact on the risk profile of the Firm or the assets managed; and
- (B) who meet any of the MIFIDPRU Code identification criteria

Key Characteristics of the Firm’s Remuneration Policies and Practices.

Different components of remuneration (fixed and variable) awarded by the Firm		
Component of remuneration	Salary or Fixed monthly payment	Fixed
	Pension / Retirement contributions	Fixed
	Benefits: private health insurance cover, life assurance cover, income protection, etc.	Fixed
	Carried interest (baseline awards)	Fixed
	Discretionary performance-related bonus	Variable
	Guaranteed variable remuneration, retention awards, severance pay and buy-outs	Variable
	Carried interest (out-performance awards)*	Variable

	Profit share	Variable
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*The carried interest consists in an allocation of interests in certain partnerships, which at the time of issuance have no intrinsic value. They will be valued accordingly for the purpose of determining the appropriate ratio between variable and fixed compensation

Summary of the financial and non-financial performance criteria used across the Firm which impact variable remuneration awarded to staff		
Performance Criteria	Performance criteria used in relation to the Firm	<u>Financial performance criteria:</u> Gross Revenue EBITDA Profitability Costs & Expense Management
		<u>Non-financial performance criteria:</u> Achievement of firm strategic goals Compliance related performance & risk mitigation
	Performance criteria used in relation to the Firm's business units	<u>Financial performance criteria:</u> Attributable revenue generation Attributable contribution margin Expense management
		<u>Non-financial performance criteria:</u> Achievement of business strategic goals Compliance related performance & risk mitigation
	Performance criteria used in relation to the Individuals	<u>Financial performance criteria:</u> Business development, investing and/or operational criteria specific to the role
		<u>Non-financial performance criteria:</u>

		<p>Performance against specific goals/objectives</p> <p>Performance against specific development items and demonstrating leadership model behaviours</p> <p>Adherence to the Firm’s risk and compliance management policies</p> <p>Achieving targets relating to ESG and D&I where applicable</p>
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Framework and criteria used by the Firm for ex-ante and ex-post risk adjustments of remuneration.

The Firm faces various current and future risks, which include both financial risks and non-financial risks.

Financial risks include but are not limited to:

- risks relating to the Firm’s revenue;
- risks relating to the Firm’s profit;

Non-financial risks include but are not limited to:

- risks relating to the reputation of the Firm;
- risks relating to the conduct of the Firm’s staff;
- risks relating to the Firm’s relationship with its customers; and
- risks around the achievement of the Firm’s wider strategy.

The Firm will apply ex post adjustments to variable remuneration to ensure that remuneration awarded is fully aligned with the risks faced / taken by the Firm.

Ex ante risk adjustment	Manner of application	Not applicable
	Criteria considered when applying ex-ante adjustments	Not applicable
Ex post risk	Manner of	The Firm applies ex post risk adjustments to variable

adjustment	application	remuneration at an individual level. Ex post risk adjustments can be operated by re-claiming ownership of upfront amounts or deferred amounts already vested (clawback).
	Criteria considered when applying ex-post adjustments	The criteria that the Firm will take into consideration when applying ex post adjustments to variable remuneration include: <ul style="list-style-type: none"> • whether there is evidence or serious error by the staff member (e.g., breach of code of conduct and other internal rules, especially concerning risks) • whether the Firm has suffered from a significant downturn in its financial performance; • whether the Firm has suffered from a significant failure of risk management; and • where there are significant changes to the Firm’s economic or regulatory capital base.

Guaranteed Variable Remuneration

6.5 In exceptional and justified circumstances, the Firm may award guaranteed variable compensation, granted as part of a contractual obligation. An award of guaranteed variable remuneration may be made in the context of hiring new personnel where it is determined that such an award is in the interests of the Firm and its clients and does not compromise the Firm’s capital base. In respect of MRTs, such guaranteed awards are limited to the first year of service. The Firm does not award multi-year guarantees to any employees. Guaranteed compensation arrangements to existing employees are prohibited.

Severance Payments

6.6 In certain circumstances, severance payments may be made at the Firm’s absolute discretion. In such circumstances, severance pay is determined on a case-by-case basis and involves, as appropriate, input from the legal, human resources and compliance departments. Additionally, the advice of external counsel is sought, where required, to ensure any severance payment is sound.

6.7 When determining whether severance pay will be awarded to an individual, where such payments relate to the early termination of an employment contract of an MRT, the Firm will ensure that the payment reflects the individual’s performance over time and does not reward failure or misconduct.

Fixed and Variable Remuneration Payments

6.8 Both fixed and variable remunerations are paid out in cash.

Quantitative disclosures

6.9 The total number of MRTs identified by the Firm under SYSC 19G.5 was 10. Remuneration paid or awarded for the financial year ended 2022 comprised fixed remuneration (salaries, pension, benefits) and variable remuneration. The following tables show aggregate quantitative remuneration information for the Firm’s “Senior Management”, “Other Material Risk Takers” and “Other Staff” according to the following definitions:

- **Senior Management:** those persons at the Firm who exercise executive functions and who are responsible and accountable to the Management Body for the day-to-day management of the Firm;
- **Other MRTs:** other employees whose activities have a material impact on the risk profile of the Firm and have been classified as MRTs; and
- **Other Staff:** other employees whose activities are not deemed to have a material impact on the risk profile of the Firm and have not been classified as MRTs.

Disclosures required under MIFIDPRU 8.6.8R (4) and (5)(a) and (b)	
Disclosures required under MIFIDPRU 8.6.8R (4)	
<i>Senior Management</i>	
2022 Total remuneration awarded to Senior Management	£14,526,362
2022 Fixed remuneration awarded to Senior Management	£8,812,221
2022 Variable remuneration awarded to Senior Management	£5,714,141
<i>Other MRTs</i>	
<i>2022 Total remuneration awarded to Other MRTs</i>	£0 (please note that no “Other MRTs” were identified by the Firm)
<i>2022 Fixed remuneration awarded to Other MRTs</i>	£0 (please note that no “Other MRTs” were identified by the Firm)
<i>2022 Variable remuneration awarded to Other MRTs</i>	£0 (please note that no “Other MRTs” were identified by the Firm)

Disclosures required under MIFIDPRU 8.6.8R (5)(a)	
Senior Management	
2022 Number of Senior Management that received guaranteed variable remuneration awards	0
2022 Total amount of guaranteed variable remuneration awards made to Senior Management	£0
Other MRTs	
2022 Number of Other MRTs that received guaranteed variable remuneration awards	0 (please note that no “Other MRTs” were identified by the Firm)
2022 Total amount of guaranteed variable remuneration awards made to Other MRTs	£0 (please note that no “Other MRTs” were identified by the Firm)
Disclosures required under MIFIDPRU 8.6.8R (5)(b)	
Senior Management	
2022 Number of Senior Management that received severance payment awards	0
2022 Total amount of severance payment awards made to Senior Management	£0
Other MRTs	
2022 Number of Other MRTs that received severance payment awards	0 (please note that no “Other MRTs” were identified by the Firm)
2022 Total amount of severance payment awards made to Other MRTs	£0 (please note that no “Other MRTs” were identified by the Firm)

Disclosures required under MIFIDPRRU 8.6.8R(4) – Other Staff	
2022 Total remuneration awarded to All Staff	£21,429,990
2022 Fixed remuneration awarded to All Staff	£15,071,925

2022 Variable remuneration awarded to All Staff	£6,358,065
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Disclosures required under MIFIDPRRU 8.6.8R(5)(c)	
2022 Highest severance payment awarded to an individual classified as Senior Management	£0
2022 Highest severance payment awarded to an individual classified as an Other MRT	£0 (please note that no “Other MRTs” were identified by the Firm)

6.10 In relation to the above Quantitative disclosures, the Firm has relied on the exemption in MIFIDPRU 8.6.8R (7) such that it has aggregated information in relation to or it has not provided information in relation to:

- MIFIDPRU 8.6.8R (4)
- MIFIDPRU 8.6.8R(5)(a)
- MIFIDPRU 8.6.8R(5)(b)

6.11 The Firm has relied on the exemption in MIFIDPRU 8.6.8R (7) in order to prevent the individual identification of any individual MRTs at the Firm or the disclosure of information that could be associated with an individual MRT at the Firm.