

# AnaCap Financial Partners Limited Remuneration Policy and Practices Disclosures FY 2023

In accordance with MIFIDPRU 8.6 - Remuneration policy and practices - AnaCap Financial Partners Limited ("AnaCap" or the "Company") hereby makes the following disclosure statements regarding its remuneration policies and practices with respect to Financial Year 2023. AnaCap is a non-SNI Firm, which is accordingly subject to the basic and standard remuneration requirements.

## 1. APPROACH TO REMUNERATION

AnaCap's approach to staff remuneration is designed to attract, develop, retain and reward employees for contributing to AnaCap's success, whilst maintaining financial stability including a sound liquidity position for the underlying entity and robust and effective risk management. The approach to all staff remuneration is based on the following general principles:

- **Transparency:** The Company's Remuneration Policy is defined and shared with key stakeholders including all members of staff.
- **Fairness:** The individual employee benefits are based on the effective contribution to the results of the Company as determined by the Remuneration and Nomination Committee (the "R&N Committee"), supported where possible by standard individual Key Performance Indicators (KPI).
- **Long-term Alignment of Interests:** A key aim is to create a win-win environment where the long-term financial interest of funds, employees and shareholders are aligned.
- **ESG and Sustainability:** In line with the EU Sustainable Finance Disclosure Regulation<sup>1</sup>, the application of the principles of the Company's Remuneration Policy are, where relevant, consistent with the integration of any environmental, social or governance ("ESG") event that, if it occurs, could or will have a material negative impact on the value of the funds' investments, ensuring that AnaCap only rewards appropriate risk-taking and does not encourage risk-taking which is inconsistent with the risk profiles or investment restrictions of the relevant fund. In applying AnaCap's remuneration guidelines in respect of the relevant entities, consideration is given to AnaCap's ESG Policy, available on request.
- **Financial Stability:** The incentive remuneration shall under no circumstances expose the Company to undue increased financial or operational risks.

The Company must be able to attract, develop and retain high-performing and motivated employees in a competitive, international market and employees must feel encouraged to create sustainable results that are aligned with shareholder, employee and clients' interests.

The Company's approach to remuneration promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Company and the regulatory framework to which the Company is subject. AnaCap is committed to ensuring its remuneration policies and practices are in line with the business strategy, objectives and long-term interests of the Company This is achieved by:

- establishing a sound governance structure for setting goals and communicating these goals;
- including non-financial goals in performance and result assessments; and
- taking into account the financial situation of the Company in the assessment of remuneration outcomes.

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<sup>1</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR")

## 2. REMUNERATION COMPONENTS

The Company's remuneration principles have been established in a way, as to ensure a balance between fixed and variable remuneration, allowing for a fully flexible remuneration policy on the variable components, including the possibility of not granting any variable pay. The underlying remuneration principles have been established in such way as not to limit AnaCap's ability to maintain and/or reinforce its sound financial position.

The fixed remuneration components are: (i) salary and (ii) other benefits, which include medical and dental insurance, life assurance, income protection insurance and pension contributions.

The variable remuneration components are: (i) annual incentive ("bonus") and (ii) any amount paid by the funds advised by AnaCap, including carried interest.

### ***Fixed remuneration***

The fixed remuneration components are: (i) salary and (ii) other benefits.

#### *Base salary*

The base salary remuneration is determined on the basis of the role of the individual employee, including his/her responsibility and job complexity, performance and local market conditions (i.e. utilising market benchmarking analysis).

#### *Other benefits*

The fixed remuneration of employees may also include other benefits, such as medical and dental insurance, life assurance, income protection insurance, pension contributions or additional arrangements that can be included in the employment agreements, such as relocation allowances.

### ***Variable remuneration***

Any variable remuneration award will be based on an assessment of (i) the Company' business performance, including (current profits and visibility to future profits), the fundraising outlook, performance of the AnaCap funds' portfolio companies and (ii) the individual's performance for the prior year, including their activities undertaken during the year and the contribution made to the financial and non-financial success of the Company and the AnaCap funds' portfolio companies.

Individuals are assessed annually against a competency matrix appropriate for their role and level of seniority and includes metrics such as: technical skills, business acumen, internal and external interpersonal skills, entrepreneurial and strategic leadership skills, project management and execution, fiduciary responsibility, compliance and ethics, ESG and training (delivery and participation).

#### *Annual incentive program*

In addition to an employee's fixed remuneration, all employees are eligible to participate in AnaCap's annual incentive program, which is a bonus scheme intended to incentivise employee performance. An employee must be actively employed by AnaCap on the date that bonuses are paid in order to be eligible to receive the remuneration. The payment and amount of any annual incentive bonus is at the complete discretion of AnaCap and AnaCap is under no obligation to pay an employee any variable remuneration.

#### *Carried interest*

The funds which AnaCap advises may pay carried interest to a designated vehicle, the participants of which include a pool of appropriate AnaCap employees. The carried interest is payable at the term of the funds and is thus linked to the final performance of the fund. If an individual entitled to a portion of the carried

interest leaves the Company before the fund pays the carried interest to the carried interest vehicle, that individual is not entitled to claim their portion.

#### *Exceptional payments (guaranteed variable remuneration and severance)*

In exceptional circumstances it may be necessary to guarantee variable remuneration (in their first year of service) to compensate for:

- the loss of an opportunity to receive variable remuneration (e.g. a bonus for the year of leaving) at their previous employer; and/or
- deferred variable remuneration forfeited because they terminated the contract with their previous employer ("buy-out award").

Awards of guaranteed variable pay are made only if they align with the long-term interests of the Company. Awards do not exceed the level of the award being replaced and, in the case of buy-out awards, mirror the terms of the forfeited award as closely as possible (i.e. the terms will be no shorter than any corresponding periods that applied to unvested variable remuneration under the previous contract of employment, and which remained outstanding). All guaranteed variable pay awards are subject to the approval of the R&N Committee.

Severance payments for employees are payable in accordance with relevant employment laws and, furthermore, reflect the performance achieved over time and are designed in a way that does not reward failure. The criteria for severance payments include but are not limited to:

- (i) the relevant employee not having been terminated for cause or;
- (ii) the relevant employee not having committed a material breach of law, regulation or AnaCap policy.

The maximum amount for severance payments will not, in each case, exceed twelve (12) months of the relevant employee's annual base salary and bonus.

### 3. DECISION MAKING & GOVERNANCE

AnaCap is not of a size as to be required by the applicable regulation to have a remuneration and nomination committee but as a matter of good corporate governance has voluntarily chosen to institute one. The R&N Committee is responsible for the following tasks:

- implementing and maintaining the Remuneration Policy according to the Company's strategy;
- assessing the employees' performance;
- defining the HR strategies in accordance with the risk assessment of the Company's activities;
- approving the employment/mandate agreements;
- controlling the way the Remuneration Policy is applied; and,
- keeping a log of its own activity to evidence the decisions taken by the R&N Committee.

The R&N Committee is comprised of at least three members, all of whom are appointed by the Board. The R&N Committee is responsible for the implementation of the Remuneration Policy and monitors compliance with it. The Remuneration Policy is reviewed annually by the R&N Committee. The annual review is designed to ensure that the remuneration system operates as intended and that the Remuneration Policy is compliant with applicable regulations, principles and standards.

The R&N Committee decides on any necessary changes, including in relation to better alignment with the business strategy, objectives, values and interests of the Company and of the Funds' investments, as well as measures to avoid conflicts of interest.

## 4. MATERIAL RISK TAKERS

AnaCap identifies MRTs based on the criteria set out in SYSC19G.5. The list is reviewed at least annually by Operations and the control functions and approved by the R&N Committee. AnaCap's list of MRTs is comprised of all heads of divisions and teams as well as any other individuals materially involved in the setting of firm strategy. The total number of MRTs was 6 individuals as at 31 December 2023.

## 5. RISK ADJUSTMENT

At the point that variable pay is determined, the R&N Committee considers individual and overall AnaCap performance against risk appetite (including both financial and non-financial risks) and any material breaches or risk events. The R&N Committee then makes a recommendation as to whether adjustments should be made to the bonus pool or individual allocations. Any adjustments are based on the same criteria outlined in section 2 and are discretionary and subject to R&N Committee approval.

AnaCap is subject to risks to its long-term strategic objectives. Such objectives can be affected by such areas as: capital availability, sovereign and political risks, legal and regulatory changes, reputation and changes in the physical environment. AnaCap is also subject to financial risks which may concern the effective management and control of AnaCap's finances and the effects of external factors such as availability of credit, foreign exchange rates, interest rate movement and other market exposures. AnaCap is also subject to legal risks relating to such issues as health & safety, environmental issues, data protection, and employment practices. Finally, AnaCap is also exposed to risks relating to its investments.

All forms of variable remuneration are subject to malus and clawback for those employees considered to be MRTs. Malus enables the Company to reduce or cancel an individual's bonus or carried interest allocation before it has been paid out. There is no deferral and therefore malus applies only to carried interest. Clawback enables the Company to initiate the repayment of past bonus or carried interest payments and applies for at least three (3) years from the grant date.

### ***Malus & Clawback***

Malus may be applied for the duration of the vesting period in instances where:

- the individual participated in or was responsible for conduct which resulted in significant losses to the firm;
- the individual failed to meet standards of fitness and propriety;
- there is reasonable evidence of the individual's misbehaviour or material error;
- the firm or relevant business unit suffers a material downturn in its financial performance; or
- the firm or the relevant business unit suffers a material failure of risk management.

Clawback may be applied where:

- the individual participated in or was responsible for fraud or other conduct with intent or severe negligence which led to significant losses; or
- the Company or relevant business unit suffers a material failure of risk management.

## 6. TOTAL REMUNERATION AWARDED

		Fixed remuneration	Variable remuneration	Total remuneration
Senior management	Total	£ 3,715,137	£ 268	£ 3,715,405
	Private Equity Business <sup>2</sup>	£ 3,715,137	£ 268	£ 3,715,405
Other MRTs	Total	£ 0	£ 0	£ 0
	Private Equity Business	£ 0	£ 0	£ 0
Other employees	Total	£ 2,600,785	£ 1,614,122	£ 4,214,906
	Private Equity Business	£ 2,395,936	£ 1,614,122	£ 4,010,057
All staff	Total	£ 6,315,922	£ 1,614,389	£ 7,930,311
	Private Equity Business	£ 6,111,073	£ 1,614,389	£ 7,725,462

There were no guaranteed variable remuneration awards made during FY 2023.

There were severance payments worth £50,000 awarded during FY 2023. There were no severance payments awarded to senior management or other MRTs during FY 2023.

<sup>2</sup> Note that on 30th September 2022, the Company completed the carve out and sale of its credit investment advisory business. This involved the sale and transfer of over half of the Company's business model and a significant portion of the Company's employees. As used in this table, "Private Equity Business" excludes two members of staff who departed during 2022 as a result of this carve out, but who received remuneration from the Company during 2023 as part of their contractual notice payments.