

**MIFIDPRU 8 / Public Disclosures for Asset Managers who are not subject to the extended remuneration requirements for MRTs**

**Technology Crossover Ventures UK, LLP**

**Reporting Period:** 1 January – 31 December 2023

Based upon Audited Financial Statements as of 31 December 2023

## 1. Introduction

- 1.1 Technology Crossover Ventures UK, LLP (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 (“**non-SNI**”) firm for the purposes of the rules in the Prudential sourcebook for MiFID Investment Firms (“**MIFIDPRU**”). The Firm is part of a MIFIDPRU Consolidated Group for prudential regulation purposes. However, this MIFIDPRU Disclosure for the Firm is prepared on a solo entity basis.
- 1.1 The Firm’s governing body is its Management Committee (“**ManCo**”). There were no significant changes to the ManCo during 2023.
- 1.2 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.

## 2. Significant changes since last disclosure period

- 2.1 There have been no significant changes to the disclosure that would be required to be set out in the Table below.

| Relevant Disclosure | Summary of Change |
|---------------------|-------------------|
| N/A                 | N/A               |
|                     |                   |
|                     |                   |

## 3. Risk Management Framework

The management of risk within the Firm is formalised and set out in its business wide Risk Management Framework and includes the following components:

- Risk governance including policies and procedure.
- Risk culture and strategy.
- ManCo defined overall risk appetite, risk statements and risk tolerances.
- Risk and control self-assessment.
- Capital and liquidity adequacy assessments.
- Stress testing.
- Monitoring, reporting and management information.
- ICARA process review document.

As part of its governance arrangements, the Firm ascribes to the tenet of ‘joint responsibility’ – risk management and compliance are the responsibility of everyone.

All areas of its business and all staff members must understand their roles and responsibilities when it comes to the management of risks and meeting their compliance obligations. The ManCo has additional responsibility for maintaining the system of internal controls and reviewing their effectiveness. These responsibilities are clearly apportioned and documented in job descriptions, role profiles and performance objectives.

The organization of the Firm's business supports individuals' performance of these roles and reinforces responsibilities through the development of a pervasive risk management and compliance culture and a reward and incentive scheme which encourages desired behaviours which are communicated and demonstrated through the 'tone at the top'. The Firm assigns clear roles and responsibilities for managing its identified risks by using the three lines of defence model.

The first line of defence is the front-line business operation where risk controls are established as part of the day-to-day Firm operations. Each staff member has primary responsibility for managing risk, identifying control deficiencies and escalating any such control deficiencies to the ManCo or Compliance who will determine and implement appropriate remedial action plans designed to prevent the occurrence of control failures and the materialisation of risks.

The second line of defence is the compliance oversight function, assisted by the compliance team of the Firm's ultimate parent undertaking, TCMI, Inc. ("**TCMI**"), which sets and operates the boundaries for the whole Firm and implements policies. Compliance also identifies risks by challenging and supporting the first line to ensure that controls are operating effectively and to identify control deficiencies not identified by the first line to develop appropriate action plans.

The third line of defence is undertaken by the ManCo in its supervisory function. The Firm's Senior Managers monitor and seek to ensure that adequate systems and controls exist in the first and second lines and are operating effectively through, among other ways, various meeting with senior members of the Firm's various operating groups of TCMI. Further, the ManCo, assisted by the compliance team of TCMI, identifies risks, control deficiencies and action plans where these have not been identified by the first and second lines.

### 3.1 Risk Management Framework and Assessment

The Firm has identified the risks it faces as set out in its Internal Capital Adequacy and Risk Assessment ("**ICARA**") which summarises all identified potential risks and the controls in place to mitigate their impacts. The risk assessment is performed on a consistent and holistic basis, considering all material risks of harm to customers, the market and the Firm's activities. These risks are explained below.

The Firm has governance and internal control arrangements in place to manage risks across the business and its risk management framework is central to its ICARA process. Potential risks are considered and analysed as part of regular and quarterly Compliance meetings and risk mitigation controls currently in place are assessed as part of each review. Any possible future risk, such as new regulation to be passed, is discussed and mitigating controls are decided.

### 3.2 Risk Appetite Statement

The risk appetite statement is an expression of the amount of risk the Firm is willing to take. Some risks must be taken, but these should be managed to prevent unnecessary risk taking; other risks must be avoided such as harm to customers or non-compliance with regulation.

The Firm's ManCo has the ultimate responsibility for the development of appropriate strategies, systems and controls for the management of risks within the business. The risk appetite statement is reviewed at least annually, or more often as deemed appropriate, as part of the ICARA review process and approved by the ManCo.

The ManCo is committed to managing all of the Firm's material risks and has decided that the Firm's overall appetite for risk in business operations to be low. It encourages all staff to identify, escalate and minimise risks to the extent possible.

The Firm believes it has a conservative approach to tax and regulatory compliance risk and employs reputable external advisors specializing in those areas and is assisted by a dedicated tax professional and regulatory compliance professionals at the Firm's ultimate parent undertaking, TCMI. It defines "risk appetite" as the level of risk that the ManCo considers acceptable for a given risk or group of risks and the specific amount of losses that the Firm would be prepared to accept arising from any risk of harm. The assessment of risk accounts for the actual effectiveness of existing mitigating controls. The Firm has considered whether there is any misalignment between its business strategy and its risk appetite and is comfortable that, in light of the comparatively stable and predictable levels of its fee income and expenditure, the business strategy is aligned with its risk appetite.

The Firm has also considered whether there are any material risks of misalignment between its business model and operating model on the one hand and the interests of its clients and the wider financial markets on the other and has concluded that there is no material risk of such misalignment.

### 3.3 Specific Risks

The Firm has identified the following material risks and discusses below examples of its risk appetite for each.

#### Credit Risk

Credit risk is the risk of default on a debt that may arise from a borrower's failing to make required payments. Credit risk is considered low for the Firm, as it does not have any significant exposure to counterparties aside from its ultimate parent undertaking, TCMI. TCMI could fail to meet its obligations in accordance with agreed terms. It is the ManCo's opinion that this scenario is unlikely.

#### Concentration Risk

Concentration risk is that associated with the Firm's exposure to sectoral, geographic, client and entity or debtor concentrations. The Firm has concentration to the technology sector, is exposed to concentration risk in relation to the financial institutions that hold its core liquid assets and the concentration with only one client. Concentration risk is monitored on an ongoing basis and reported on at least a quarterly basis in the financial returns submitted to the FCA. In addition, the Firm has sought to mitigate the financial institution concentration risk by seeking to open additional accounts with other independent UK authorised financial institutions.

### Business and Strategic Risk

This is the risk associated with the fluctuating business cycles and economic conditions over time and, if these business or economic conditions were to deteriorate over a prolonged timeframe, the Firm's ability to carry out its business plan and strategy or raise new capital in unfavourable conditions. The ManCo continues to monitor the severity, duration and outcome of the geopolitical conflicts and interest rates across the globe and the impact of each on the business. There is no indication that these identified risks will materially impact the Firm's obligations. The Firm holds own funds and liquid assets in excess of its ongoing requirements in order to ensure that it can meet any additional short-term liabilities should they arise.

### Reputational Risk

Reputational risk is a second-order risk that may accompany any of the identified risks and could lead to a reduction in investors' interest and, potentially, financial loss if investors were to reduce their commitments in future fund raises. Given that TCMI's products are closed-ended funds, any financial loss should be a medium-term occurrence. The Firm has not faced any significant risk to its reputation to date and has controls in place, including the use of the IR and Marketing team at its ultimate parent undertaking which has plans to mitigate the impact if such an event were to occur. The Firm also forms part of its ultimate parent undertaking's Global Compliance Program, which requires regular attestations, training and performs ongoing regulatory compliance monitoring and testing.

### Conduct Risk

Conduct risk describes the activities of an individual or the Firm that produces harm to its clients, undermines the integrity of financial markets or results in a loss of trust in the professional standards expected by the customers and across the industry. The Firm has robust procedures in place to ensure the Firm and staff members act with integrity. Regular training and compliance attestations are required to promote adherence to Firm policies.

### Advisory Risk

The Firm's Chief Executive Officer, in conjunction with the Chief Compliance Officer of the Firm's ultimate parent (the "CCO"), are responsible for risk management and investment advisory oversight. The Firm's Chief Executive Officer and the CCO meet on a regular basis and communicate frequently on investment advisory risk issues. The Firm operates a series of measures to assist the Chief Executive Officer and CCO and monitor and manage portfolio risk. These operations form part of the ICARA and include early warning indicators or guideline thresholds, which, if crossed, lead to enhanced monitoring of the relevant positions. If an action crosses an early warning indicator, it would be expected to be brought back to a level below the indicator within a relatively short timeframe. If an action crosses a limit, it would, absent exceptional circumstances, be required to be brought below the relevant limit promptly.

## 3.4 Own Funds Adequacy and Monitoring

The Firm's approach to seeking to ensure that it has appropriate own funds is its alignment with its strategy and risk appetite. All identified key material risks are individually assessed and a framework for own funds thresholds and triggers is in place.

The framework details the levels related to own funds at which specific notifications, escalations and mitigating actions may be taken. The Firm monitors its own funds exposure on an ongoing basis, including the assessment of the Firm's proximity to its own funds thresholds and triggers. Any breach of the set thresholds is escalated in line with the procedures.

### 3.5 Liquid Assets Adequacy and Monitoring

The Firm has established liquidity thresholds and triggers based on its approved liquidity risk appetite to ensure that its regulatory Basic Liquid Asset Requirement ("**BLAR**") is consistently met and the liquid assets threshold requirement (the sum of BLAR and an additional liquid asset requirement determined during the ICARA process) is determined to ensure adequate liquidity in stressed conditions and during an orderly wind-down as part of its Overall Financial Adequacy Rule ("**OFAR**") liquidity compliance.

The Firm's liquidity risks are identified through ongoing liquidity management and monitoring by the finance team at the Firm's ultimate parent undertaking, TCMI. These ongoing processes contribute to the development of the Firm's liquidity risk framework, thresholds and triggers and formulation of stress testing scenario design and key assumptions. The Firm monitors and reports its liquidity position against established key liquidity metrics. Any triggers or breaches would be escalated in line with the procedures.

### 3.6 Wind-Down Planning

The Firm has established a wind-down plan that provides an overarching governance framework for the process of ceasing its operations while ensuring minimal adverse impact to clients, markets, the Firm and/or its counterparties. It provides practical steps to assist the ManCo and senior management in making timely and effective decisions to wind down the Firm in the event of a severe financial stress.

The Plan includes key actions and a timeline from when non-viability of the business has been determined. This determination initiates the wind-down event. The thresholds, triggers and escalations set out in the Firm's own funds and liquidity monitoring are aligned and consistent with the set wind-down triggers included in the Plan. The Plan is reviewed and updated annually.

## 4. Governance arrangements

### Oversight of Governance Arrangements by the Management Committee

- 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 ManCo 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 has a formalized governance structure designed to provide oversight of the risk management of its business operations in line with the systems and controls that the Firm has in place to operate appropriately and in accordance with the necessary regulatory requirements and expectations.

The Firm's governance framework comprises the ManCo, which together with a number of subcommittees at the ultimate parent undertaking, TCMI, collectively manage and oversee the business. The Firm believes that effective governance arrangements help the Firm achieve its strategic objectives while also ensuring the risks to the Firm, its stakeholders and the wider markets are identified, managed and mitigated. The ManCo has the overall responsibility for the Firm and approves and oversees the implementation of the Firm's strategic objectives, risk strategy and appetite and internal governance arrangements. In order to fulfil its responsibilities, the ManCo meets on a regular basis and receives relevant guidance and advice from business functions including Finance, Legal, Compliance, external legal counsel and external consultants.

- 4.4 The ManCo is comprised of John Doran, Muzammal Ashraf and Michael Kalfayan. Messrs. Doran, Ashraf and Kalfayan are general partners. Each possess a wide range of skill sets with an appropriate emphasis on compliance, risk and technology in addition to the Firm's general investment advisory objectives. The ManCo members are all Senior Managers as defined under the FCA's Senior Managers and Certification Regime ("**SMCR**") and conduct their roles in line with their Senior Management Functions ("**SMF**") and their assigned responsibilities. They are supported by members of the Operations, Legal, Compliance and Finance teams of TCMI.

All relevant staff report to the ManCo, either directly or to individuals who, in turn, report to the ManCo. The ManCo retains ultimate oversight of the governance and operation of the Firm and is ultimately responsible for instilling an appropriate risk culture within the Firm, aligning risk with the business strategy, defining the Firm's risk appetite and approving risk policies and infrastructure. The governance and oversight frameworks in place are designed so that the ManCo defines, oversees and is accountable for the implementation of arrangements to ensure effective and prudent management of the Firm, including appropriate segregation of duties of the SMFs in accordance with the SMCR and the management of conflicts of interest.

The Firm's ManCo, with the assistance of the Compliance Department of the Firm's ultimate parent undertaking, TCMI, has adopted and implements Conflicts of Interest arrangements which are supported by related policies and procedures implemented across the business. The ManCo is required to prevent and manage any conflicts should they arise in the course of their individual appointments and responsibilities as members of the Firm's governing body. The ManCo has adequate access to the information and documents needed to oversee and monitor the Firm's decision making. This work is assisted by the Compliance Department of the Firm's ultimate parent undertaking, TCMI.

Under MIFIDPRU, the Firm is not required to establish a Risk Committee, a Nomination Committee or a Remuneration Committee as part of its governance arrangements and, as such, has not established such committees. However, the Firm has established an internal Investment subcommittee to determine, implement and review the investment advisory services it provides to TCMI (as defined in its Limited Liability Partnership Agreement). The Firm's Compliance Oversight Officer has also regular compliance meetings with TCMI's CCO to review internal compliance and control systems throughout the Firm. These subcommittees meet on a periodic basis to assist the ManCo in overseeing the alignment of the Firm's policies, programs and procedures to promote compliance with relevant laws, the FCA Code of Conduct Rules and other relevant standards along with adherence to the TCMI Compliance Program.

All members of the Management Committee 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 the Firm's decision making.

#### Directorships

- 4.5 The table below sets out the appointments of the members of the Management Committee held in both executive and non-executive functions, including directorships or equivalent positions held at TCV Group portfolio companies as of 31 December 2023. The table excludes directorships or equivalent positions held in organizations which do not pursue predominancy commercial objectives (e.g., charitable organizations) and directorships or equivalent positions of entities within the TCV Group.

| Controlled Function | Senior Management Function | Name of Senior Manager | Directorships  |
|---------------------|----------------------------|------------------------|--|
| Governing           | SMF27 (Partner)            | John Doran             | Believe, Brillen, Zepz, Grupa Pracuj, SportRadar, FlixMobility, Relex, Mambu |
| Governing           | SMF27 (Partner)            | Muzammal Ashraf        | Mollie, Relex, Employment Hero   |
| Governing           | SMF27 (Partner)            | Michael Kalfayan       | Brillen  |

#### Diversity Policy

- 4.6 The Firm recognizes the importance of diversity in the management body of its business. As such, it is the Firm's practice that all appointments are made on the basis of merit in the context of the skills, knowledge and experience the business requires. The process of selection takes into account the wider elements of diversity to promote a balance in the composition of the ManCo and other operational committees. The Firm's Partners value the innovation and creativity that diversity brings to its business and understands that diversity, equity and inclusion play a critical role in establishing strong governance and maintaining a healthy culture as part of delivering high standards of conduct and success in the business. To that end, all Firm partners and employees receive periodic Diversity, Equity & Inclusion training and TCMI has adopted a global Diversity, Equity and Inclusion Policy.

### **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. The Firm holds only Common Equity Tier 1 (“**CET 1**”) capital resources as its own funds. CET 1 own funds consisted of eligible LLP members’ capital and audited reserves (with deductions where required). The Firm has complied with all externally imposed capital requirements in MIFIDPRU on 31 December 2023 and from its introduction on 1 January 2022. The Table OF1 below provides the composition of the Firm’s regulatory own funds as of 31 December 2023.
- B. The Table OF2 below provides a reconciliation with owns funds as a breakdown by asset and liability classes, reflecting the balance sheet in the Firm’s audited financial statements as of 31 December 2023.
- C. The Table OF3 provides information on the CET 1 Instruments issued by the Firm.

**Table OF1 – Own Funds: Composition of Regulatory Own Funds**

|    | Item  | Amount<br>(GBP)<br>(000s) | Source based on<br>reference numbers/<br>letters of the balance<br>sheet in the audited<br>financial statements |
|----|---|---------------------------|---|
| 1  | <b>OWN FUNDS</b>  | <b>4776</b>               | <i>Members total interest</i>   |
| 2  | <b>TIER 1 CAPITAL</b>   | <b>4776</b>               | <i>Members total interest</i>   |
| 3  | <b>COMMON EQUITY TIER 1 CAPITAL</b>                                   | <b>4776</b>               | <i>Members total interest</i>   |
| 4  | Fully paid up capital instruments                                     | 75                        | <i>Members’ capital classified<br/>as equity</i>  |
| 5  | Share premium   | 0                         | <i>N/A</i>  |
| 6  | Retained earnings   | 4701                      | <i>Members’ other interests –<br/>reserves classified as equity</i>   |
| 7  | Accumulated other comprehensive income                                | 0                         | <i>N/A</i>  |
| 8  | Other reserves  | 0                         | <i>N/A</i>  |
| 9  | Adjustments to CET1 due to prudential filters                         | 0                         | <i>N/A</i>  |
| 10 | Other funds   | 0                         | <i>N/A</i>  |
| 11 | (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1                        | 0                         | <i>N/A</i>  |
| 19 | CET1: Other capital elements, deductions and adjustments              | 0                         | <i>N/A</i>  |
| 20 | <b>ADDITIONAL TIER 1 CAPITAL</b>                                      | <b>0</b>                  | <i>N/A</i>  |
| 21 | Fully paid up, directly issued capital instruments                    | 0                         | <i>N/A</i>  |
| 22 | Share premium   | 0                         | <i>N/A</i>  |
| 23 | (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1                           | 0                         | <i>N/A</i>  |
| 24 | Additional Tier 1: Other capital elements, deductions and adjustments | 0                         | <i>N/A</i>  |
| 25 | <b>TIER 2 CAPITAL</b>   | <b>0</b>                  | <i>N/A</i>  |
| 26 | Fully paid up, directly issued capital instruments                    | 0                         | <i>N/A</i>  |
| 27 | Share premium   | 0                         | <i>N/A</i>  |
| 28 | (-) TOTAL DEDUCTIONS FROM TIER 2                                      | 0                         | <i>N/A</i>  |
| 29 | Tier 2: Other capital elements, deductions and adjustments            | 0                         | <i>N/A</i>  |

**Table OF2 – Own Funds: Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements**

| Amount (GBP) (£000s)                                   | a<br>Balance sheet as<br>in published/<br>audited financial<br>statements<br>As at period end<br>31 December<br>2023 | b<br>Under regulatory<br>scope of<br>consolidation<br>As at period end<br>31 December<br>2023 | c<br>Cross-<br>reference to<br>Table OF1 |
|--|--|---|--|
| <b>Assets</b>  |  |   |  |
| 1 Tangible Assets                                      | 170  |   |  |
| 2 Debtors  | 6022   |   |  |
| 3 Cash at Bank & In Hand                               | 872  |   |  |
| <b>Total Assets</b>                                    | <b>7064</b>  |   |  |
| <b>Liabilities</b>                                     |  |   |  |
| 1 Creditors: Amounts Falling Due<br>Within One Year    | 2255   |   |  |
| 2 Creditors: Amounts Falling Due<br>More Than One Year | 33   |   |  |
| <b>Total Liabilities</b>                               | <b>2288</b>  |   |  |
| <b>Shareholders' Equity</b>                            |  |   |  |
| 1 Members' Capital Classified<br>as Equity             | 75   |   | Line 4                                   |
| 2 Members' Other Interests                             | 4701   |   | Line 6                                   |
| <b>Total Shareholders' Equity</b>                      | <b>4776</b>  |   | Line 1,2& 3                              |

**Table OF3 – Main Features of Own Fund Instruments Issued by the Firm**

|   |  |
|---|--|
| Issuer  | Technology Crossover Ventures UK, LLP    |
| Public or private placement   | Private                                  |
| Instrument type   | Ordinary Share                           |
| Amount recognised in regulatory capital (GBP) (£000s)<br>(as of most recent reporting date) | 75                                       |
| Issue price (GBP whole number)  | 1  |
| Redemption price  | N/A                                      |
| Accounting classification   | Members' Capital Classified<br>as Equity |
| Original date of issuance   | 11 May 2012                              |
| Perpetual or dated  | Perpetual                                |
| 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   | 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                                      |

## Own Funds Requirements

- 5.2 As a non-SNI MIFIDPRU investment firm, the Firm's own funds requirement ("OFR") is the higher of the Permanent Minimum Capital Requirement ("PMR"), the Fixed Overhead Requirement ("FOR") and the K-Factor Requirement ("KFR").

### 5.3 Permanent Minimum Capital Requirement (“PMR”)

The PMR is the minimum level of own funds that the Firm, as a MIFID investment firm, must always hold based on the regulated MiFID activities it has the permission to undertake. In accordance with MIFIDPRU, the Firm’s PMR is £75,000, as the only investment services and activities that the Firm has permission to carry on are the reception and transmission of orders in relation to one or more financial instruments and the provision of investment advice. The Firm is not permitted to hold client money or client assets in the course of MiFID business and the Firm is not appointed to act as a depositary.

### 5.4 Fixed Overhead Requirement (“FOR”)

In accordance with MIFIDPRU, the Firm’s FOR is an amount equal to one quarter of its relevant expenditure in the Firm’s audited annual financial statements from the preceding year. The Firm calculates its relevant expenditure by using its total expenditure before distribution of profits and then deducting from its total expenditure any items that are fully discretionary (e.g., staff bonuses and other variable remuneration).

### 5.5 K-Factor Requirement (“KFR”)

The KFR seeks to capture the risks that arise from the Firm’s activities where these could pose a threat to its solvency due to its trading activity and market participation (i.e., the Risk to Firm), pose a threat to clients through its actions or responsibilities and the provision of its services (i.e., Risk to Clients), or pose a threat to the markets in which the Firm operates and the counterparties with whom it trades (i.e., the Risk to Markets). This involves the calculation of various ‘K-factors’, a set of observable and quantifiable proxies for the various risks and potential harms that could be caused. Each K-factor is based on a metric relevant to the investment firm’s business as reflected in its MiFID permissions and which is then multiplied by its respective coefficient and aggregated to calculate the K-factor requirement.

As the Firm does not have permission to deal as principal (i.e., trade in its own name or on its own account), the Risk to Firm and Risk to Market ‘K-factors’ do not apply (i.e., the concentration risks in the trading book (K-CON); daily trading flow risks (K-DTF); derivative contract risks in the trading book (K-TCD); proprietary trading risks that form part of a portfolio (K-CMG); net position risks in the trading book that are not part of a portfolio (K-NPR)), leaving only those representing the Risk to Client. However, the Firm does not have permission to safeguard and administer assets, hold client money or execute client orders. Consequently, the Firm is not required to calculate the risks associated with these activities, K-ASA, K-CMH and K-COH, respectively.

In accordance with MIFIDPRU, the Firm’s only KFR is the calculation representing client assets subject to the provision of ongoing advice (i.e., its K-AUM requirement). The K-AUM represents client assets under management and/or from the provision of ongoing advice and captures the risk of harm to clients where a firm provides discretionary portfolio management and/or ongoing (non-discretionary) investment advice.

The below table provides information regarding the Firm's compliance with its OFR.

| Item  | Amount<br>(GBP)<br>(£000s)                     |
|---|--|
| <b>As of 31 December 2023</b>               |  |
| Permanent Minimum Capital Requirement (PMR) | 75   |
| Fixed Overhead Requirement (FOR)            | 1516   |
|   | <i>Sum of K-AUM, K-CMH, and K-ASA</i>          |
|   | 758  |
|   | <i>Sum of K-COH &amp; K-DTF</i>                |
| K-Factor Requirement (KFR)                  | 0  |
|   | <i>Sum of K-NPR, K-CMG, K- TCD &amp; K-CON</i> |
|   | 0  |
|   | <i>Total KFR</i>                               |
|   | 758  |

## 5.6 Approach to Assessing the Adequacy of Own Funds

In accordance with MIFIDPRU, the Firm is required to disclose its approach to assessing the adequacy of its own funds in accordance with the OFAR.

The OFAR requires the Firm at all times to hold own funds and liquid assets that are adequate, both as to their amounts and their qualities, to ensure that it is able to remain financially viable throughout economic cycles and maintain the ability to address any material potential harm that may result from its ongoing activities. Furthermore, the OFAR ensures that the Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The OFAR establishes the minimum own funds and liquidity requirement levels to determine whether the Firm, as a MIFIDPRU investment firm, has adequate financial resources.

The Firm holds both own funds and liquid assets which are adequate, in both amount and quality, to confirm that it meets the OFAR.

## 5.7 ICARA Process

The Internal Capital Adequacy and Risk Assessment ("**ICARA**") process serves as the means of assessing the internal systems and controls that the Firm operates to identify and manage risks that may result in material harms from the operation of its business (both regulated and unregulated activities) and to seek to ensure that its operations can be wound down in an orderly manner. The ICARA forms part of the Firm's overall risk management framework. Depending on the nature of the potential risks and harms identified, the only realistic option to manage them and to comply with the OFAR may be for the Firm to hold additional own funds or additional liquid assets above its minimum requirements for own funds or for liquidity. In other cases, there may be more appropriate or effective ways to manage the potential harms (e.g., implementing additional internal systems and controls, strengthening governance and oversight processes or changing the manner in which the Firm conducts certain activities). The ICARA is a continual process through which the Firm will assesses the adequacy of its own funds and liquid requirements. The following are the key elements that are assessed as part of the ICARA process:

- ICARA fitness assessment, remedial actions and key changes.
- Risk management framework and governance overview.
- Business model, strategy and growth plans
- Material risk and harms assessment and mitigating actions.
- Financial projections and capital and liquidity planning process.
- Internal assessment of own funds adequacy.
- Internal assessment of liquidity adequacy.

- Stress testing.
- Recovery planning.
- Wind-down planning.

The adequacy of the ICARA process will be reviewed at least annually or more frequently, should there be any material changes to the Firm's risk profile, business strategy or if requested by the Firm's ManCo.

## 6. Remuneration Policy and Practices

### Qualitative disclosures

6.1. The Firm's approach to remuneration 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 ethics, honesty, transparency, teamwork, exemplary judgment and respect. As such, the Firm's remuneration policies and practices have been designed to contribute to the achievement of the Firm's investment services to its ultimate parent undertaking, TCMI, in a way that does not encourage excessive risk-taking or the violation of applicable laws, guidelines, and regulations and which accounts for long-term results.
- **Linkage between remuneration and performance:** Remuneration comprises fixed and variable remuneration. Fixed remuneration aims to attract and retain skilled staff and is set sufficiently high so as to allow for the possibility of paying no variable remuneration. Variable remuneration is based on performance. The total amount of an individual's variable remuneration will always be based on a combination of the assessment of the performance of:
  - the individual;
  - the overall results of the Firm; and
  - the long-term results of the TCV Group .

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 are as follows:

Financial performance objectives include, among others, sourcing of high-quality opportunities and executing on such opportunities; capital deployed; and core financial and business due diligence .

- **Categories of staff eligible to receive variable remuneration:** All Firm employees and members are eligible to receive variable remuneration (covering discretionary bonuses and discretionary drawings). However, such variable remuneration is paid only after the Firm ensures that FCA capital and liquidity requirements are satisfied.

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 accounts for long-term economic performance.

The Firm is subject to the MIFIDPRU Remuneration Code (the “**Code**”) as set out in Section 19G of the SYSC sourcebook of the FCA Handbook. The remuneration arrangements apply to all Firm staff including employees, partners, members and Material Risk Takers (“**MRTs**”). The Firm’s policies and practices and gender-neutral, comply with the Equality Act of 2010 and prohibit discrimination on the basis of an individual’s protected characteristics both before and after employment is offered. As outlined above, the Firm’s remuneration policy and practices are designed to be consistent with and promote sound and effective risk management.

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 pursuant to the Code.

- The ManCo has adopted remuneration practices in line with the rules and guidance laid down by the FCA in the MIFIDRU Remuneration Code and is responsible for the implementation of such policies and practices. The ManCo periodically reviews the Firm’s policies in accordance with the guidance and rules in SYSC 19G.3.
- The Firm reviews at least annually whether the implementation of its remuneration policies and practices complies with the remuneration policy and practices adopted by the ManCo.
- Due to the application of MIFIDPRU 7.1.4 R, the Firm is not required, and so has not established, a remuneration committee.

#### Material Risk Takers (“**MRTs**”)

6.4 MRTs are Firm staff members whose professional activities have a material impact on the risk profile of the Firm or of the assets on which the Firm advises. At least annually the Firm assesses which of its staff members are MRTs. The Firm has undertaken a review and assessment to identify those persons it considers to be MRTs for the purposes of the Code. In doing so, it considered all employees, partners and members who have a material impact on the Firm’s risk profile, including any employees, partners and members who perform for the Firm a significant influence function, or a Senior Manager Function under the SMCR, senior managers, and other risk takers. In seeking to identify MRTs it also considered those employees that might exercise significant influence in relation to any material risks identified in the Firm’s ICARA including voting members of key investment committees. The total number of MRTs identified for the reference period 31 December 2023 was two.

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

| Different components of remuneration (fixed and variable) awarded by the Firm |  |          |
|---|--|----------|
| <b>Component of remuneration</b>  | Component A “Base salary”/”Fixed monthly drawings”               | Fixed    |
|   | Component B “Annual Bonus”/”Discretionary allocation of Profits” | Variable |
|   | Component C “Carry”  | Variable |
|   | Component D “Fixed employer-funded pension contributions”        | Fixed    |
|   | Component E “Discretionary Pension Contributions”                | Variable |

The Firm has established its remuneration policies and practices on the basis of proportionality to the nature, scale and complexity of the risks inherent in its business model and activities and its remuneration arrangements reflect a number of factors, including but not limited to, the number of staff it employs, the different types of roles, the private equity advisory activities it discharges, and that the Firm is part of the TCV Group.

These arrangements support the Firm in achieving its strategic objectives including managing risks and conflicts of interest and supporting the attraction, motivation, retention and reward of members and employees who make strong contributions to Firm culture and values (e.g., conduct and integrity), risk management and long-term strategic and business objectives. The remuneration policy’s promotion of sound and effective risk management (including the consideration of its risk appetite) is integral to the creation of sustainable value for the Firm’s clients and other stakeholders.

The execution of these arrangements promotes a strong link between remuneration and performance, which is maintained over time. Partners and employees are incentivised to deliver long-term, sustainable objectives within appropriate and prudent risk parameters that are aligned with the Firm’s risk appetite. The Firm’s arrangements also disincentivize staff from adopting inappropriate risk practices and engaging in poor conduct.

The alignment of the Firm’s remuneration arrangements to risk policies and behavioural framework standards sets clear expectations on risk appetite adherence and the conduct standards expected from staff members. This alignment seeks to ensure that remuneration is linked to the overall success of the business and not only based on individual performance. Any awards granted factor in both crystallised and emerging risk events, as well as any inappropriate individual conduct or behavioural issues. As such, both the overall amount available for remuneration, as well as individual award outcomes, are adjusted in accordance with the ongoing risk assessment process. The ManCo, in its supervisory function, directly oversees the implementation of these risk adjustments.

The Firm’s remuneration arrangements also enable it to measure and deliver its regulatory and governance obligations by defining the structures and practices that are appropriately and proportionately aligned to the Code.

The remuneration arrangements seek to ensure all job applicants and employees are treated fairly and on merit, regardless of their race, gender, marital status, age, disability, religious belief, gender identity or sexual orientation.

The Firm's arrangements make a clear distinction between the components of remuneration that are fixed and those that are variable. The ManCo has overseen the setting of a maximum ratio between fixed and variable remuneration appropriate to the size of the Firm and the nature of its risks and activities. The setting of this ratio aims to support positive conduct and behaviours by ensuring that employees and members are not inappropriately incentivised to achieve variable pay outcomes that may not be in the best long-term interests of the Firm and the TCV Group.

The Firm considers that fixed remuneration must primarily reflect a staff member's professional experience and organisational responsibility as set out in the staff member's job description and terms of employment and should be permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance. The Firm also considers that variable remuneration must be based on performance and reflect the long-term performance of the staff member as well as performance in excess of the staff member's job description and terms of employment. Variable remuneration also includes carried interest.

The Firm ensures that the total amount of variable remuneration is based on a combination of the assessment of the performance of the individual, the business unit and the overall results of the Firm. Such assessments of performance form part of a multi-year framework that is designed so that the assessment of performance is based on longer-term performance and the payment of all performance-based remuneration is spread over a period that takes into account the Firm's business cycle and risks.

When assessing individual performance to determine the amount of variable remuneration to be paid to an individual, the Firm takes into account financial as well as non-financial criteria. Non-financial criteria form a significant part of the performance assessment process and include conduct and behaviour metrics and the individual's adherence to effective risk management practices and compliance with relevant regulatory requirements and Firm compliance arrangements.

As a Limited Liability Partnership ("LLP"), a Partner may receive an amount fixed at the beginning of the year and subject only to the Firm's earning a profit. These are known as 'fixed profit shares'. A Partner may take drawings on such shares throughout the year, often monthly. If profits at year-end are insufficient, drawings may be paid back. The Firm considers drawings on fixed profit shares as part of its fixed remuneration arrangements. Further, a Partner may receive a discretionary share of the profit at the end of the year. These discretionary shares may be distributed to all Partners and are dependent on the performance of the individual, his or her business unit and the Firm. Such awards are at the discretion of the ManCo and treated as variable remuneration.

All variable remuneration is made on a discretionary basis, with no employee or member having a guarantee to receive variable pay. Eligibility for variable remuneration is determined by role, with long-term incentives being offered to more senior profile staff members with a greater influence over the future performance of the business.

#### ***Link between fixed and variable remuneration***

In the financial year to 31 December 2023, remuneration for staff comprised base salary, performance-based incentives, pension and non-monetary, insured benefits.



Base salaries are set with reference to both external market data and with consideration to providing an appropriate balance of fixed and variable pay that supports behavioural risk mitigation and management objectives with the remuneration policy.

Variable incentive awards for staff are determined on the basis of performance appraisals. Central to the assessment of performance is the use of a balance of qualitative and quantitative factors with the key influences over pay being the individual's performance, contribution and behaviours – particularly with regard to their alignment with the Firm's values and conduct and risk management practices.

#### Carried Interest

As is common in the private equity industry, certain team members hold investments in the underlying Funds sub-advised on by the Firm and those investments entitle them to receive a share of the profits of those Funds (“**carried interest**”) when gains are generated by the underlying Funds for the investors in those Funds. Certain staff received carried interest returns in 2023 and those receipts have been included in the table below.

For the avoidance of doubt, if and when paid, carried interest is paid as a return on an interest held by the relevant staff member in the particular Fund and such payment does not flow through, or from, the Firm itself and is, therefore, not reflected in the Firm's 2023 financial statements.

#### MRTs and Clawbacks

The Firm includes in its remuneration arrangements the possibility of applying in-year adjustments and clawback to the variable remuneration of its MRTs. Where performance adjustment is required, the appropriate tool or tools (in-year adjustments or clawback) are then applied. The Firm has set specific criteria for the application of clawback, which covers situations where the MRT 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 propriety. This includes cases of fraud and other conduct or behaviour with intent or severe negligence that leads to significant losses. The minimum clawback period is 3 years, which allows sufficient time for any potential risks to crystallise.

In setting this clawback period the Firm has considered all relevant factors, including the nature of the MRT's activities, the MRT's impact on the risk profile of the business or of the assets it advises on and the length of the business cycle that is relevant for the MRTs role. The Firm may award guaranteed variable remuneration only rarely and not as common practice. The Firm does not award, pay or provide guaranteed variable remuneration to an MRT unless it occurs in the context of hiring a new MRT, it is limited to the first year of service and the Firm has a strong capital base.

In certain circumstances, severance payments may be made. In such circumstances, severance pay is determined on a case-by-case basis and involves input from the legal, human resources and compliance departments. Additionally, the advice of external counsel may be sought to ensure any severance payment is sound.

#### Remuneration by Fixed and Variable Component

An analysis of the fixed and variable elements of remuneration paid to all staff as of the reference period date 31 December 2023 is shown in the table below.

| <b>Composition and breakdown of remuneration</b> |                                   |
|--|-----------------------------------|
| <b>Business Area</b>                             | <b>Total Remuneration (£000s)</b> |
| All Staff  | 8211                              |
| Fixed Remuneration                               | 3805                              |
| Variable Remuneration                            | 4406                              |

As of the reference period date 31 December 2023, there were no severance payments awarded to an individual MRT.

Pursuant to MIFIDPRU 8.6.8R(7), the Firm has disappplied the requirements to disclose the information required under MIFIDPRU 8.6.8R(4), (5)(a) and (5)(b) for reasons of confidentiality/privacy, including to prevent individual identification of an MRT.