

**CINVEN LIMITED**  
**PUBLIC DISCLOSURE STATEMENT**  
**YEAR ENDING 31 DECEMBER 2022**  
**30TH SEPTEMBER 2023**

**1. INTRODUCTION**

**1.1 Purpose**

Cinven Limited (FRN: 938064) (the "Firm") is authorised and regulated by the Financial Conduct Authority (the "FCA"). The Firm is part of the Cinven group (the "Group"), which is an alternative asset management group specialising in private equity investments.

This document (the "Disclosure Statement") sets out the information the Firm is required to disclose annually under chapter 8 of the MIFIDPRU Sourcebook in the FCA Handbook of Rules and Guidance. All information is as at the date on page 1 unless otherwise indicated.

**1.2 Scope**

The information in this Disclosure Statement relates to the Firm on an individual basis, i.e. it does not concern any other entities in the Group.

Unless otherwise noted, the information contained in this Disclosure Statement has not been audited by the Firm's external auditors and does not constitute any form of financial statement and should not be relied upon in making any judgment on the Firm.

**2. GOVERNANCE ARRANGEMENTS**

**2.1 Role of the board of directors**

The Firm is governed by its board of directors (the "Board"). The Firm is required to ensure that the Board 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 Firm and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

The Firm seeks to achieve this through several means, including through:

- adopting an appropriate process for appointments to the Board;
- the implementation of processes for the functioning of the Board, including reporting of management information on risks the Firm is or might be exposed to, or the Firm poses or might pose to others;

- the obligations under the FCA Senior Managers and Certification Regime, as part of which certain senior members of staff ("Senior Management Function-holders") are required to be approved by the FCA and a number of other members of staff are required to be certified by the Firm as fit and proper to perform their roles;
- the legal obligations applicable to members of the Board under the Companies Act 2006 and fiduciary and agency law;
- policies and procedures, including in particular the Firm's compliance manual, conflicts of interest policy, remuneration policy, and its policies on personal account dealing and market conduct;
- its policy on the suitability of the management body, which seeks to ensure that:
  - individually, the members of the Board are of sufficiently good repute, possess sufficient knowledge and experience to perform their duties, commit sufficient time to the role and demonstrate honesty, integrity and independence of mind; and
  - the Board as a whole possesses adequate collective knowledge, skills and experience to understand the Firm's activities, including the main risks and reflect an adequately broad range of experiences; and
- the appointment of legal and accounting advisers and compliance consultants and other advisers as required from time to time.

## 2.2 Composition of the Board

The members of the Firm's Board are set out in the following table, together with the number of additional directorships held by each member, excluding directorships: (i) held in organisations which do not pursue predominantly commercial objectives; or (ii) in entities within the Group or in entities in which the Firm holds a qualifying holding.

Name	Number of additional directorships (executive and non-executive)
Stuart McAlpine	0
Jorge Quemada	0
Alexandra Hess	0
Supraj Rajagopalan	0
Matthew Sabben-Clare	1
Bruno Schick	2

## 2.3 Diversity of the Board

The Firm is committed to promoting diversity and equal opportunities for staff throughout the Firm, including on its Board. The Firm believes that diverse and inclusive teams make better decisions, and

this informs the Firm's recruitment and retention strategies, both across the organisation as a whole and at the level of its Board.

All appointments are made on merit against objective criteria, and with regard to the individual's knowledge, skills and experience and the combined knowledge, skills, experience and diversity of the Board as a whole.

## **2.4 Risk governance**

The Firm has well-established risk management policies in relation to the operational risks facing the business as well as those associated with the Firm's activities. The Board is ultimately responsible for the Firm's overall risk management and for maintaining an appropriate internal control framework.

The Firm is not required to maintain a Risk Committee.

## **3. RISK MANAGEMENT OBJECTIVES AND POLICIES**

### **3.1 Potential for harm associated with the Firm's business strategy**

The Firm considers that the potential for harm associated with its business strategy is low. Notably, the Firm does not engage in proprietary trading, underwriting, placing, clearing or settlement activities, hold significant on balance sheet exposures, have tied agents or provide custody services or services to retail clients.

The Firm's business strategy reflects its low-risk appetite towards conduct risk; prudential risk; reputational risk; legal, compliance and regulatory risk; financial crime risk; data and cyber security risk; and sustainability risk.

During the year ending 31 December 2022, the Firm's revenues were mainly comprised of advisory fees charged to the managers of the Group's funds. These fees were calculated by reference to investor commitments during the fund's investment period and invested capital following the end of the fund's investment period and are therefore a stable and predictable source of income. Furthermore, the investment strategies pursued by the Firm on behalf of clients do not employ the use of leverage on a substantial basis.

The level of detail of information in this Disclosure Statement is proportionate to the Firm's assessment of the low risk of potential harm.

### **3.2 Strategies and processes used to manage risks addressed by own funds and liquid assets requirements**

#### *Basic Own Funds Requirement and Basic Liquid Assets Requirement*

The Firm is subject to a Basic Own Funds Requirement and a Basic Liquid Assets Requirement.

The Firm's Basic Own Funds Requirement is the higher of (i) a permanent minimum own funds requirement, (ii) one quarter of its preceding year's fixed overheads (its fixed overheads requirement, or "FOR") and (iii) a 'K-factor' requirement ("KFR") (a percentage scalar applied to particular activities the Firm carries on, e.g. its assets under ongoing advice).

The Firm's Basic Liquid Assets Requirement is the sum of one third of its FOR and 1.6% of the total amount of any guarantees provided to clients.

Details of the Firm's own funds, i.e., broadly, its long-term subordinated capital, are set out at Schedule 1.

Details of the Firm's Basic Own Funds Requirement are set out at Schedule 2.

### *Overall Financial Adequacy Rule*

The Firm must at all times comply with the overall financial adequacy rule (the "OFAR"). This requirement, which supplements the Firm's Basic Own Funds Requirement and Basic Liquid Assets Requirement, requires the Firm to hold sufficient own funds and liquid assets to:

- ensure it can remain viable throughout the economic cycle, with the ability to address any potential harm the Firm's ongoing activities might cause to its clients and counterparties, the markets in which it operates and the Firm itself; and
- allow its business to wind-down in an orderly way, minimising harm to clients and counterparties and to other market participants.

### *The Internal Capital Adequacy and Risk Assessment*

The Firm uses an internal capital adequacy and risk assessment ("ICARA") process to identify whether it is complying with its OFAR and, if it is not, to identify what steps it should take to remedy this.

The focus of the ICARA process is on identifying and managing risks that may result in material harms to clients and counterparties, the markets in which the Firm operates and the Firm itself, measuring the effectiveness of the Firm's strategies to monitor and mitigate those harms, and determining whether additional own funds and/or liquid assets are required to mitigate any residual risks.

The FCA recognises that the risk of some material harms can be reduced through proportionate measures other than holding additional financial resources, for example implementing additional internal systems and controls, strengthening governance and oversight processes or changing the manner in which the Firm conducts certain business.

However, for other harms identified, it may be that the only realistic option to manage them and to comply with the OFAR is for the Firm to hold additional own funds and/or additional liquid assets above its Basic Own Funds Requirement and Basic Liquid Assets Requirement.

The Firm has made a judgment about what is appropriate and proportionate in its particular circumstances, informed by its risk appetite, which is set by the Board.

The Firm's ICARA document is updated annually (or more frequently, as required) by the Firm's Finance, Legal and Compliance teams, with input from external advisers as required. The document and the key assumptions underlying it are then reviewed and approved by the Board.

### *Responsibilities of Senior Management Function-holders*

The Firm has a Senior Management Function-holder responsible for own funds and liquid assets compliance.

All Senior Management Function-holders recognise that the ICARA process is a key requirement of the regulatory system for the Firm and is an essential part of the Firm's internal systems and procedures for ensuring that the Firm's business is run prudently.

### **3.3 Concentration risk**

Concentration risk refers to the risks arising from the strength or extent of the Firm's relationships with, or direct exposure to, a single client or group of connected clients. The Firm has identified the following concentration risks and has put in place the following control strategies:

#### *Earnings*

This is the risk that the Firm has a significant amount of its revenue concentrated in a small number of clients, leaving it exposed if it loses one or more of those clients.

The Firm's revenue is derived predominantly from one or more affiliated undertakings. While this technically creates a concentration risk, the Firm considers that any downside of this is more than offset by the stability of revenue that the arrangement creates. The Firm's revenue is ultimately derived from a large and diverse fund investor base, which it considers reduces its risk to any one investor or small number of investors to an acceptable level.

#### *Cash deposits*

This is the risk that the Firm's cash deposits are held with a narrow range of credit institutions, leaving it exposed if one or more of them becomes insolvent.

The Firm maintains instant-access cash accounts with a UK credit institution, which has a satisfactory credit rating according to the industry standard, which it considers reduces its cash deposit risk to an acceptable level. The Firm keeps this under review.

## **4. REMUNERATION**

### **4.1 Remuneration governance**

The Board has overall responsibility for the Firm's remuneration policies and procedures, which have been adopted by the Board and are reviewed annually.

The Board has allocated responsibility for overseeing the implementation of the Firm's remuneration policy to an FCA-approved Senior Management Function-holder. The Firm's remuneration policies and practices are operated on a day-to-day basis by the Human Resources Department with support from the Compliance Department.

### **4.2 Material Risk Takers**

The Firm's material risk takers ("MRTs") are those individuals whose professional activities have a material impact on the Firm's risk profile. The Firm's MRTs comprise:

- Members of the Board;
- Heads of the Firm's control functions, being:

- The Chief Financial Officer; and
- The General Counsel in her capacity as Compliance Officer;
- The Chief Human Resources Officer;
- The Firm's Money Laundering Reporting Officer; and
- Members of the Firm's Investment Committee (including bench members).

During the course of the year, the Firm identified 14 MRTs in total.

### 4.3 Remuneration structure

The Firm's remuneration arrangements are highly focussed on ensuring effective risk alignment between the Firm's staff, the Firm itself and the funds advised or managed by the Firm.

The Firm awards both fixed remuneration (typically an annual salary, together with fixed pension contributions and other benefits such as private medical insurance) and variable remuneration (typically an annual bonus and, where applicable, the award of carried interest points).

Fixed remuneration is determined primarily by the market rate for the role performed, having regard to the skills, expertise and experience required to perform the role effectively and the skills, expertise and experience demonstrated by the particular individual.

There are different categories of variable remuneration. For example, staff who are profit participating partners in the Firm are entitled to receive partner profit distributions. All staff receive an element of variable remuneration linked to their performance. The variable pay, as a proportion of total pay, increases with seniority.

Variable remuneration is determined based on the Firm's performance assessment criteria, having regard to the individual's performance against those criteria during the relevant performance period and over a multi-year framework. Partner profit distributions are wholly variable and are determined by reference to the financial performance of the Group. The returns from carried interest schemes are wholly variable and are determined by the underlying performance of the relevant fund.

The bonus pool available for remunerating Code Staff and MRTs (and other members of staff) is determined annually by the Board, by reference to the Firm's realised profits at year-end, taking into account the Firm's regulatory capital and liquidity requirements, future working capital needs and any reasonably foreseeable liabilities or obligations. The Board has full discretion over the amount of the bonus pool. Partner profit distributions are determined in accordance with the Cinven Member Partner Rules by reference to the net profits of the Firm and other Cinven entities.

Individual performance is assessed by reference to both financial and non-financial criteria, including whether an individual has adhered to the Firm's internal compliance policies and procedures and demonstrated behaviours consistent with the Firm's corporate values.

The Firm does not typically offer non-standard forms of variable remuneration. The Firm hires individuals into roles conferring MRT status only rarely. In exceptional circumstances, the Firm may offer guaranteed variable remuneration to MRTs joining the Firm in the form of a 'lost opportunity

bonus', provided the Firm's capital position is sufficiently sound at that time. Any such bonus is subject to malus and clawback in accordance with the Firm's remuneration policy.

The Firm has obtained legal advice in relation to the requirements in SYSC 19G (the MIFIDPRU Remuneration Code) but does not use external consultants in the development of its remuneration policies and practices.

#### **4.4 Risk adjustment**

The Firm's bonus arrangements are fully discretionary and in-year adjustments may be applied to bonuses that would otherwise have been paid to an MRT where the Board considers this to be appropriate in the circumstances. In relation to partner profit distributions, the Firm has entered into a side letter with all MRTs under which it is agreed that in-year adjustments may be applied by the Firm to bonuses that would otherwise have been paid in respect of partner profit distributions in accordance with the Cinven Member Partner Rules.

The Firm does not typically defer bonus payments. Such payments are therefore subject to in-year adjustments and clawback, but not malus. Bonuses paid to MRTs, including bonuses in respect of partner profit distributions, are subject to clawback for a period of three years from the date on which payment is made. The Firm may apply clawback if it is determined that an MRT has engaged in conduct which:

- is fraudulent or amounts to market abuse or other financial crime;
- constitutes wilful misconduct; or
- either intentionally or through severe negligence has caused the Firm to suffer significant losses.

The Firm considers that the majority of awards of carried interest will satisfy the criteria in SYSC 19G.1.27R(3) and hence malus and/or clawback do not apply to those awards. The Firm has entered into side letters with all MRTs under which any awards of carried interest that do not satisfy the criteria in SYSC 19G.1.27R(3) are subject to clawback in specified circumstances for a period of three years from the date on which the payment is made.

The Firm maintains policies and procedures governing its approach to risk adjustments and severance payments, including how the Firm takes into account current and future risks when adjusting remuneration.

## 4.5 Quantitative disclosures

Total remuneration to <u>all</u> staff	
Total fixed remuneration	(GBP million)
Senior management	1.6
Other MRTs	1.1
Other staff	17.1
<b>SUB-TOTAL</b>	<b>19.8</b>
Total variable remuneration	(GBP million)
Senior management	38.9
Other MRTs	8.3
Other staff	22.6
<b>SUB-TOTAL</b>	<b>69.8</b>
<b>GRAND TOTAL</b>	<b>89.6</b>

Severance payments made to MRTs	
Total payments made	(GBP million)
Senior management	0
Other MRTs	0
<b>TOTAL</b>	<b>0</b>
Amount of highest severance payment awarded	0
Awards of severance payments made	No. of MRTs
Senior management	0
Other MRTs	0

Guaranteed variable remuneration awarded to MRTs	
Total payments made	(GBP million)
Senior management	0
Other MRTs	0
<b>TOTAL</b>	<b>0</b>
Awards of guaranteed variable remuneration made	No. of MRTs
Senior management	0
Other MRTs	0



## SCHEDULE 1 OWN FUNDS

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	<b>OWN FUNDS</b>	76,934	Page 17 SOFP, Page 18 Standalone SOCIE
2	<b>TIER 1 CAPITAL</b>	76,934	Page 17 SOFP, Page 18 Standalone SOCIE
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	76,934	Page 17 SOFP, Page 18 Standalone SOCIE
4	Fully paid up capital instruments	230	Paid up share capital - Page 17 SOFP, Page 18 Standalone SOCIE
5	Share premium	2,914	Page 17 SOFP, Page 18 Standalone SOCIE
6	Retained earnings	62,007	Page 17 SOFP, Page 18 Standalone SOCIE
7	Accumulated other comprehensive income		
8	Other reserves	12,027	Page 17 SOFP, Page 18 Standalone SOCIE
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(244)	Page 17 SOFP, Page 18 Standalone SOCIE
19	CET1: Other capital elements, deductions and adjustments		
20	<b>ADDITIONAL TIER 1 CAPITAL</b>		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	<b>TIER 2 CAPITAL</b>		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>				
		a	b	c
		<b>Balance sheet as in published/audited financial statements</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross-reference to template OF1</b>
		<b>As at period end</b>	<b>As at period end</b>	
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1	Tangible Fixed Assets	18,606	N/A	
2	Investments	28	N/A	
3	Debtors	197,955	N/A	
4	Cash	15,903	N/A	
	<b>Total Assets</b>	<b>232,492</b>	<b>N/A</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1	Creditors: amounts falling due within one year	(155,558)	N/A	
2	Deferred Tax Asset	244	N/A	11
	<b>Total Liabilities</b>	<b>(155,314)</b>	<b>N/A</b>	
<b>Shareholders' Equity</b>				
1	Called up share capital	230	N/A	4
2	Share premium	2,914	N/A	5
3	Profit and loss account	62,007	N/A	6
4	Other reserves	12,027	N/A	8
	<b>Total Shareholders' equity</b>	<b>77,178</b>	<b>N/A</b>	



**SCHEDULE 2 BASIC OWN FUNDS REQUIREMENTS**

	<b>Category of requirement</b>	<b>Amount (GBP thousands)</b>
<b>1</b>	<b>PERMANENT MINIMUM REQUIREMENT</b>	75
<b>2</b>	<b>FIXED OVERHEADS REQUIREMENT</b>	14,793
<b>3</b>	<b>K-FACTOR REQUIREMENT (Firm subject to K-AUM calculations only)</b>	3,815
	<b>BASIC OWN FUNDS REQUIREMENT (HIGHEST OF ROWS 1-3)</b>	14,793