

MIFIDPRU 8 DISCLOSURES

PERMIRA CREDIT LIMITED

SEPTEMBER 2023

Contents

- Introduction..... 2
- Risk Management Objectives and Policies 3
- Governance Arrangements 5
- Own Funds 7
- Own Funds Requirements 11
- Remuneration Policy and Practices 12
- QUANTITATIVE REMUNERATION DISCLOSURES 14

INTRODUCTION

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Permira Credit Limited (“PCL” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

PCL is classified under MIFIDPRU as a non-small and non-interconnected MIFIDPRU investment firm (“Non-SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements; and
- Remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and data on the Firm’s own funds and own funds requirements allows potential investors to assess the Firm’s financial strength.

This document has been prepared by PCL in accordance with the requirements of MIFIDPRU 8 and is verified by the Management Body. Unless otherwise stated, all figures are as at the Firm’s financial year-end (31 December).

RISK MANAGEMENT OBJECTIVES AND POLICIES

This section describes PCL’s risk management objectives and policies for the categories of risk addressed by the requirements of the Firm in the following areas:

- Own funds.
- Concentration risk.
- Liquidity.

Business Strategy

PCL provides investment management and advisory services to the Credit Funds. PCL’s clients are the general partners and investment managers of the Credit Funds. PCL’s revenues are derived from fee income that it is contractually entitled to receive in respect of services it provides to the general partners or investment managers of the Credit Funds. The underlying investors of these funds are typically institutional investors, such as pension funds, insurance companies, and other professional investors. The strategy seeks to increase AUM and fee income through the raising of successor funds and complementary strategies. Accordingly, these are not anticipated to create significant change to the established operating model of the firm.

Costs are controlled carefully to ensure long-term profitability. The business seeks to make investments to expand its business and product lines and to continuously improve its control environment.

Given the Firm’s business model, controls, and controls assessment, it is the conclusion of the Firm that its overall potential for harm is low.

Own Funds Requirement

PCL is required to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the higher of the Firm's:

- **Permanent minimum capital requirement ("PMR"):** The level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permission to undertake this is set at £75,000;
- **Fixed overhead requirement ("FOR"):** The minimum amount of capital that PCL would need to have to absorb losses if the Firm has cause to wind down exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- **K-factor requirement ("KFR"):** The KFR is intended to calculate a minimum amount of capital that PCL would need for the ongoing operation of its business. The K-factors that apply to the Firm's business are K-AUM (calculated on the basis of the Firm's assets under management ("AUM")) and K-COH (calculated on the basis of the client orders handled by the Firm).

PCL's own funds requirement is currently set by its FOR, as this is the highest of the three metrics. The potential for harm associated with PCL's business strategy, based on the Firm's own funds requirement, is low. This is due to the relatively consistent and stable growth in the Firm's revenues and asset base.

A method adopted by the Firm to manage the risk of breach of the Firm's own funds requirement is the maintenance of a healthy own funds surplus above the own funds requirement. In the event that the Firm's own funds drop to an amount equal to 110% of the Firm's own funds threshold requirement, the Firm will immediately notify its Management Body, as well as the regulator. The Management Body will consider the necessary steps required in order to increase the own funds buffer; this may include injecting more own funds into the Firm.

Concentration Risk

The potential for harm associated with PCL's business strategy, based on the Firm's concentration risk, is low.

The Firm's clients are the GPs and investment managers of a series of credit funds, with the underlying investors in these funds typically being institutional investors, such as pension funds, insurance companies and other professional investors that invest for the long term. The Firm therefore considers that its asset base is 'sticky' and not prone to substantial fluctuations, including during stressed market conditions.

Liquidity

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate (liquid) resources in the event of a stress scenario.

The potential for harm associated with PCL's business strategy, based on the Firm's basic liquid assets requirement, is low. As with regard to its own funds requirement, this is due to the stable fee income being generated by the credit funds advised by PCL maintenance of a healthy core liquid assets surplus above the basic liquid assets requirement. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions. PCL has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds are not pledged or subject to charge. Additionally, it has historically been the case that all debtors are settled promptly, thus ensuring further liquidity resources are available to the Firm on a timely basis. The cash position of the Firm is monitored by the Finance team on a regular basis..

Risk Management Structure

PCL has established a risk management process which includes a risk committee in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by Management with guidance and support provided by the Compliance Officer and other senior members of the team as required. The Compliance Officer has responsibility for the implementation and enforcement of the Firm's risk principles.

The Management Body meets on a regular basis and discusses current projections for profitability, cash flow, regulatory capital management, business planning and risk management. The Management Body engages in PCL's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles, and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

Annually, the Firm formally reviews its risks, controls, and other risk mitigation arrangements and assesses their effectiveness; the conclusions to this review inform the overall risk appetite of the Firm.

A formal update on operational matters is provided to the Management Body on a regular basis. Management accounts demonstrating the continued adequacy of PCL's regulatory capital are reviewed on a regular basis.

Appropriate action is taken where risks are identified that fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in PCL's mitigating controls.

GOVERNANCE ARRANGEMENTS

Overview

PCL believes that effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to the Firm, its stakeholders, and the wider market are identified, managed, and mitigated.

The Management Body has overall responsibility for PCL and is therefore responsible for defining and overseeing the governance arrangements at the Firm.

In order to fulfil its responsibilities, the Management Body meets on a quarterly basis. Amongst other things, the Management Body approves and oversees the implementation of the Firm's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

A key document that is reviewed, discussed, and ratified by the Management Body at least annually is the Senior Management Systems and Controls Document ("SYSC Document"), as this demonstrates how the Firm has met its obligations with regard to its governance arrangements. The SYSC Document provides the Management Body with information on the functioning and performance of all aspects of the Firm, including the following areas:

- General organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies.
- Employees, including steps taken by the Firm to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure that they are fit and proper persons.

- Policies, procedures, and controls for meeting its compliance and financial crime requirements.
- Internal capital adequacy and risk assessment process.
- Outsourcing of critical or material operating functions or activities.
- Record-keeping controls and arrangements.
- Conflicts of interest management.
- Remuneration policies and practices; and
- Whistleblowing controls.

The Management Body

PCL's management body is the Management Body. The below table provides the number of directorships held by each member of the management body:

Management Body Member	Position at PCL	Number of Directorships Held	
		Executive	Non-Executive
James Greenwood	Chief Executive Officer	2	
Salvatore Ruocco	Chief Operating Officer	2	
David Hirschmann	Head of Private Credit	3	

Management Biographies

James Greenwood | Chief Executive Officer

James joined Permira Credit in June 2007 and has led the business as Chief Executive Officer since January 2009. He is a member of all Permira Credit investment committees. James has over 30 years of European credit experience. In his early career he spent time at Continental Bank, Bankers Trust, Donaldson, Lufkin & Jenrette, and Merrill Lynch, where he was a Managing Director in Leverage Finance. He then joined Lehman Brothers in 2003 as co-head of European Leverage Finance, before moving across to the Financial Sponsor Coverage group in 2005. James holds a degree in Economics from the University of Bristol.

David Hirschmann | Head of Private Credit

David joined Permira Credit in June 2015 and is Head of Private Credit. He is a member of the direct lending investment committee. David has over 20 years of European credit experience. Prior to joining Permira Credit, he was Managing Director at Babson Capital Europe, where he was responsible for sourcing and transacting opportunities and was a member of the private debt investment committee. Before that, David worked at UBS in Leveraged Finance and Financial Sponsors coverage. David holds a master's degree in Economics & Finance from HEC Business School.

Salvatore Ruocco | Chief Operating Officer

Salvatore joined Permira Credit in September 2015 and is Chief Operating Officer for the business. Prior to joining Permira Credit, Salvatore was Chief Financial Officer for StormHarbour Securities. Salvatore started his career at PwC in the Alternative Asset Management Tax practice in London and the Middle East. Salvatore holds a degree in Geography & Planning from the University of Birmingham and is a Chartered Accountant.

Diversity of the Firm

The firm has diversity policies in place to ensure fair recruitment practices and promotes on the basis of merit, it does not at present have targets around the representation either at a management level or within its staff. Given the overall size of the firm and its strategy, it would be disproportionate at this time to set specific objectives but is an item that is subject to review.

Risk Committee

Although not required by MIFIDPRU, PCL has established a risk committee. The purpose of the risk committee is to advise the Management Body on the Firm's overall current and future risk appetite and strategy and assist the Firm's Management Body in overseeing the implementation of that strategy by senior management. Members of the risk committee have the appropriate knowledge, skills, and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

OWN FUNDS

As at 31 December 2022, PCL maintained own funds of £7,329k The below regulator-prescribed tables provide a breakdown of the Firm's 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	OWN FUNDS	7,329	
2	TIER 1 CAPITAL	7,329	
3	COMMON EQUITY TIER 1 CAPITAL	8,212	
4	Fully paid up capital instruments	2,835	
5	Share premium	3,440	
6	Retained earnings	1,937	

7	Accumulated other comprehensive income		
8	Other reserves		
9	Accumulated other comprehensive income		
10	Accumulated other comprehensive income		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-883	
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
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	TIER 2 CAPITAL		
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		

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 Above Template
		As at <<Date>>	As at <<Date>>	
Assets - Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	Intangible Assets	883		
2	Tangible Fixed Assets	2,527		
3	Debtors: Amounts Falling Due Within One Year	17,888		
4	Cash and Cash Equivalents	19,695		
xxx	Total Assets	40,993		
Liabilities - Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements (in £'000)				
1	Creditors: Amounts Falling Due Within One Year	-21,566		
xxx	Total Liabilities	-21,566		
Shareholders' Equity (in £'000)				
1	Share Capital	2,835		
2	Share Premium Account	3,440		
3	Retained Earnings	13,152		
xxx	Total Shareholders' Equity	19,427		

Own Funds: Main Features of Own Instruments Issued by the Firm

PCL's own funds consist of common equity tier 1 capital



OWN FUNDS REQUIREMENTS

PCL is required to at all times maintain own funds that are at least equal to the Firm’s own funds requirement. The own funds requirement is the minimum requirement of capital the Firm is required to hold, taken as the higher of the PMR and FOR.

The below illustrates the core components of PCL’s own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	75
(B) Fixed Overhead Requirement ("FOR")	5,773
(C) K-Factor Requirements ("KFR")	421
- K-AUM – Risk arising from managing and advising on investments	421
- K-COH – Risk arising from order execution and reception and transmission of orders	0 ¹
(D) Own Funds Requirement (Max. [A, B, C])	5,773

PCL is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on PCL to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- The Firm’s business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Where PCL determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm must maintain ‘additional own funds required for winding down’, above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of ‘own funds required for ongoing operations’, above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm’s own funds threshold requirement is the higher of:

- The Firm’s PMR;
- The sum of the Firm’s FOR and its additional own funds required for winding down; and
- The sum of the Firm’s KFR and its additional own funds required for ongoing operations.

This is the amount of own funds that PCL is required to maintain at any given time to comply with the OFAR.

¹ Amounts relating to k-COH are including within the firm’s K-AUM calculations.

To determine the Firm's own funds threshold requirement, PCL identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds required to cover the residual risk.

This process is documented and presented to, and ratified by, the Management Body on at least an annual basis.

REMUNERATION POLICY AND PRACTICES

Overview The below disclosures are made in accordance with the requirements of MIFIDPRU 8.6. These disclosures provide information on Permira Credit Limited's (the "**Company**") remuneration policies and governance, as well as quantitative information on the remuneration of those categories of staff whose professional activities are considered by the Company to have a material impact on its risk profile or on the assets that it manages ("**MRTs**") in respect of the 12 month period ending 31 December 2022. For the purposes of the FCA's remuneration rules under the Investment Firms' Prudential Regime (SYSC 19G) (the "**Remuneration Code**"), the Company is categorised as a non-largest small and non-interconnected ("**SNI**") investment firm.

Remuneration Policy

The Company's remuneration policy (the "Remuneration Policy") sets out the remuneration policies and practices for all of the Company's employees, as well as the temporary employees, contractors and secondees who provide services to the Company (together, the "Employees"). The Remuneration Policy is designed to ensure that the Company's remuneration arrangements:

- (i) align risk and reward appropriately;
- (ii) do not create conflicts of interest;
- (iii) comply with regulatory requirements and reflect good governance practice;
- (iv) are in line with the Company's business strategy, objectives, values and long-term interests; and
- (v) are gender neutral and respect the principle of equal pay for male and female Employees for equal work or work of equal value.

The Company's approach to governance

The Board of Directors of the Company (the "Board"), in conjunction with the Board of Directors of the ultimate parent company of the Permira group, Permira Holdings Limited ("PHL"), is responsible for defining and approving the remuneration policy and supervising remuneration practices for the Employees. The Company does not have a remuneration committee and, as non-largest non-SNI, is not required to establish one under the Remuneration Code.

However, the Board has delegated primary responsibility to the remuneration committee of the board of PHL (the "RemCo"). The chair of the RemCo is an independent non-executive director of PHL and is one of at least three members of the RemCo. The RemCo has responsibility for determining compensation and reviewing the effectiveness of the remuneration policy, which it will perform as required and at least annually. The RemCo oversees the remuneration of MRTs and senior employees in control functions.

The Company retains Clifford Chance LLP as an external independent consultant to advise on the Company's remuneration policies and practices.

Material Risk Takers

The Company has developed an internal framework of qualitative criteria for identifying its MRTs. The framework is in accordance with the criteria set out in SYSC 19G.5 of the Remuneration Code.

For the performance year 2022, 8 Employees were identified as MRTs of the Company.

General Structure of Remuneration

The Company seeks to ensure that its remuneration remains competitive within the market, and rewards performance and best practice, taking proper account of good governance practice and applicable regulatory requirements, to enable the Company to attract and retain skilled and talented Employees.

1. Fixed Remuneration

The fixed remuneration of Employees typically takes the form of basic salary, paid monthly or semi-monthly in cash and standard benefits.

Fixed remuneration is set at market competitive rates for all Employees within the construct of a carefully designed performance incentive package aligned to the Company's strategy and long-term interests. The Company ensures that the fixed and variable components of an MRT's pay are 'appropriately balanced' to enable the variable remuneration policy to be fully flexible.

2. Variable Pay and Performance

Variable remuneration is awarded in the form of an annual discretionary bonus, paid in cash following the end of each performance year and, subject to certain eligibility criteria, annual discretionary carried interest awards. All Employees are eligible for discretionary variable remuneration awards in cash.

Both performance and pay are subject to due consideration of the Company's capital requirements and compliance with its regulatory requirements.

Performance is assessed based on an annual 360-degree review process, which informs the exercise of discretion and judgment by the PCL executive committee and the Remuneration Committee, as relevant. The Company does not operate any formula driven incentive schemes.

In determining individual remuneration awards for Employees, the following performance factors are taken into account:

- (i) the financial position and performance of the relevant business;
- (ii) the financial performance of the Company funds and associated investments; and
- (iii) the individual Employee's performance and contributions, in respect of both financial and non-financial factors (e.g., adherence to risk tolerances and investment best practices, the extent to which the Employee upholds the Company's reputation, adherence to compliance, Environment, Social and Governance policies, teamwork, potential for continued advancement).

Due to the nature of the Company business, the relevant business cycle for consideration of remuneration awards is generally the current financial year. However, given the typical time horizon applicable to the Company's investments and associated distribution of carried interest to relevant Employees, awarding a significant portion of certain Employees' total remuneration in the form of carried interest, ensures that risk and reward are appropriately aligned for Employees and the Company's clients.

The Company ensures a close temporal alignment between setting the discretionary variable compensation and auditing the accounts in order to avoid any remote residual risk.

3. Risk Adjustment, Malus and Clawback

The Company takes into account all types of current and future financial (e.g., economic profit and economic capital) and non-financial (e.g., reputation, conduct, customer outcomes, value and strategy) risks when measuring performance and when allocating variable

remuneration to Employees. When making adjustments in relation to risk, the Company determines the level at which adjustments will be applied (i.e., firm, team or individual level), which risks are relevant and which adjustment technique is the most appropriate. As well as considering making appropriate adjustments on the basis of risks, the Company also ensures that any variable remuneration is paid only if it is sustainable according to the financial situation of the Company as a whole and justified on the basis of the performance of the Company, team and individual.

In addition, in circumstances where the Company determines that an Employee:

- (i) has participated in or was responsible for conduct which resulted in, or in the cases of fraud or other conduct with intent or severe negligence which led to, significant losses to the Company; and/or

- (ii) has failed to meet appropriate standards of fitness and propriety,

the Company may reduce any variable remuneration awarded to that Employee for a period in respect of which they were an MRT and/or may claw back up to 100% of any such variable remuneration already paid to the MRT and/or to be awarded for the current performance period.

In addition to the above, reductions may also be made to any variable remuneration awarded to that Employee for a period in respect of which they were an MRT where:

- (i) there is reasonable evidence of an MRT's misbehaviour or material error;

- (ii) the Company or a relevant business unit suffers a material downturn in its financial performance; and/or

- (iii) the Company or a relevant business unit suffers a material failure of risk management.

The Company has the right to apply malus and/or clawback for a period of up to 3 years from the date on which any variable pay is awarded to an MRT.

4. Guaranteed Variable Remuneration

Guaranteed variable remuneration is not typically awarded by the Company and for MRTs would only be offered in the context of hiring a new MRT, in their first year of service and on the condition that the Company has a strong capital base.

5. Severance Pay

The Company does not typically award early termination payments to Employees that exceed their statutory and contractual entitlements save where there are overriding business reasons for doing so. In such cases, the Company would ensure that any such payment:

- (i) does not reward failure or misconduct;

- (ii) does not materially impact the Company's ability to meet its capital requirements; and

- (iii) in respect of an MRT, reflects their performance over time and is determined on a case-by-case assessment of legal risk and any applicable reputational risk posed by the termination.

QUANTITATIVE REMUNERATION DISCLOSURES

The tables below provide details of the quantitative remuneration information that the Company is required to disclose for the year ended 31 December 2022.

Number of MRTs

Total

Number of MRTs identified for 2022 in accordance with SYSC 8

19G.5

Remuneration for financial year 2022			
	Fixed Remuneration (£m) ²	Variable remuneration (£m)	Total remuneration (£m)
Senior management and other MRTs ³	2.7	5.6	8.3
Other staff	9.7	10.0	19.7
Total remuneration overall (£m)			

Guarantees¹

Severance payments		
	Number of MRTs awarded severance payments during the financial year	Total severance payments awarded during financial year (£m)
Senior management and other MRTs	Not applicable	Not applicable

Highest severance payment	
	Total
Highest severance payment awarded to an MRT during the financial year	Not applicable

² In accordance with MIFIDPRU 8.6.8(7), so as to prevent individual identification of an MRT, the Company is not required to comply with the obligation to disclose the total amount of guaranteed variable remuneration awards made during the financial year and the number of MRTs receiving those awards as, even after aggregation of senior management and other MRTs, it would still lead to the disclosure of information about one or two people.

³ In accordance with MIFIDPRU 8.6.8(7), so as to prevent individual identification of an MRT, the Company has aggregated the information to be disclosed for senior management and other MRTs as splitting the information between those two categories would lead to the disclosure of information about one or two people.