



# MIFIDPRU8

Public Disclosures

17 CAPITAL LLP

**31 December 2023**

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# 1 Overview and summary

17 Capital LLP ("17Capital" or "the Firm") is authorised and regulated in the UK by the Financial Conduct Authority ("FCA") as an Alternative Investments Fund Manager with MiFID "top-up" permissions ("CPMI") and therefore subject to the rules and requirements of the FCA's Prudential Sourcebook for MIFIDPRU Investments Firms ("MIFIDPRU"). 17 Capital LLP is a wholly owned subsidiary of 17Capital Newco Limited ("Newco").

Under the Investment Firm Prudential Regime ("IFPR") firm categorisation, 17Capital has been categorised as a non-small and non-interconnected ("non-SNI") MIFIDPRU Firm.

This document sets out the IFPR disclosures for the Firm in accordance with the FCA Prudential Sourcebook for Investment Firms chapter 8 ("MIFIDPRU 8") as applicable to non-SNI firms.

This Public Disclosure Document has been prepared based on the audited financials covering the year to 31 December 2023.

## 2 Governance arrangements

The Firm's ultimate oversight body is the board of Newco (the "Board"), comprising of the three 17Capital Managing Partners, three Oaktree members and an independent member. The Board meets periodically and has selected powers reserved to it. Substantial executive authority is delegated to the Executive Committee, and to other committees organised on a functional basis.

The Executive Committee is responsible for setting the Firm's business objectives, strategy and annual budgets, subject to powers and operations reserved to the Board. The Executive Committee and other committees organised on a functional basis are governed by their respective terms of reference, which include all responsibilities and requirements as per SYSC 4.3A.1 and the Firm has accordingly implemented segregation of duties between its business functions and control functions.

The Firm has a conflicts of interest policy and procedures in place. Potential conflicts of interests are continually monitored and assessed by the Compliance team as an independent control function, as well as being reported to the Executive Committee on a regular basis.

In addition, the Executive Committee receives regular reporting and management information on the Firm's operations, specifically reporting and escalation of any compliance, financial, legal and risk matters. The Executive Committee receives independent reporting for internal control functions as well as external independently appointed auditors and consultants on the effectiveness of the Firm's operations, systems, and control arrangements.

### 2.1 External Directorships

In line with MIFIDPRU 8.3.1 (2), the Firm has detailed below the number of external directorships, both executive and non-executive, of the Board members:

Name / role	Number of external executive roles	Number of external non-executive roles
17Capital Board	1	1

## 2.2 Promoting diversity and inclusion

17Capital has both a DEI policy and strategy in place. The strategy covers leadership, talent acquisition, retention (development, promotion and pay) and culture. The policy and strategic aims are led by our Chief People Officer ("CPO") and Head of ESG, with continual support and input from both the Executive and Senior Leadership team.

Our DEI policy focuses on various aspects and initiatives:

**Talent Acquisition:** A centralised HR approach to ensure inclusive recruitment and selection processes, tracking of diversity ratios throughout our hiring processes, developing partnerships with organisations, help 17Capital gain access to diverse talent and support efforts to educate underrepresented groups.

**Retention:** 17Capital proactively monitors the retention and advancement of talent by creating development opportunities through learning, mentoring and coaching programmes.

**Promotions:** Diversity is measured throughout the promotions process at both mid-year and end of year compensation and promotions review. This is reviewed and agreed at the Remuneration Committee.

**Reward:** 17Capital is committed to providing equal pay under the Equality Act 2010 and ensures equal pay is provided to both men and women performing equal work. This is done both at time of hire as well as during the mid-year and end of year compensation review process and agreed at the Remuneration Committee.

**Flexible work practices:** 17Capital has established a flexible and agile working policy for employees with the goal of allowing people to influence how they carry out their role and promoting various levels of flexibility in the workplace. This enables the Firm to improve retention, diversity, employee engagement and to promote health and wellbeing for all employees.

**Employee turnover:** The number and rate of employee turnover is proactively tracked and reported to the Executive Committee as a base for decision making on potential improvement needs.

17Capital has family friendly policies, equal opportunities and anti-bullying and harassment policies in place.

17Capital is taking active steps in its DEI journey by:

- Partnering with a globally recognised DEI consultancy to provide advice and support on our DEI strategy and approach. The consultancy will also provide educational DEI workshops for all employees.
- Providing DEI training and education to employees.
- In 2023, forming a DEI Leadership Council, consisting of members who sit in leadership positions with decision making ability across the Firm. The Council's role is to support, promote and be accountable for DEI at 17Capital, with key outcomes or messages conveyed to the Executive Committee.
- Promoting a more inclusive culture by recognising and celebrating various awareness days throughout the year, for example International Women's Day and UK Black History month.

17Capital has also been involved in the following diversity-related initiatives:

- 17Capital is a founding sponsor of Access Alternatives, a programme in the UK that aims to attract and recruit female and diverse candidates into the private equity industry. The programme provides young female students with a state school education, and who have recently started university, with a 1st and 2nd year internship from the sponsor organisation.
- 17Capital is a Member of the Institutional Limited Partners Association (ILPA) Diversity In Action initiative.
- 17Capital also support Think Forward (a school / business mentoring programme) and Sports dans la Ville which is a French based charity working with underrepresented young people and supporting them to attain business skills.

### **3 Risk management objectives and policies**

The Firm has implemented and embedded a risk management framework, with policies and procedures across all relevant risk areas of the Firm. The Executive Committee sets the business strategy and risk appetite of the Firm, which flows through to the risk management framework of the Firm.

In line with the Firm's business strategy, risk appetite and risk management framework the Firm identifies and further assesses key risks within the Firm's Internal Capital and Risk Assessment ("ICARA") process.

The Firm maintains a risk register, which includes risk assessment and rating methodologies in accordance with its risk appetite. Key risks are reported to the Compliance Committee and escalated as appropriate, including to the Executive Committee or higher.

#### **3.1 Own funds requirements – MIFIDPRU 4**

The Firm's investment risks are captured within its K-AUM calculation and operational risks are predominantly captured within its Fixed Overhead Requirement ("FOR") calculation. The Firm has further assessed any operational risks within its ICARA and quantified additional own funds and liquidity, where required.

#### **3.2 Concentration risk – MIFIDPRU 5**

The Firm does not conduct any trading on own account and does not have regulatory permissions for dealing as principal. The Firm therefore does not have any concentration risks on or off-balance sheet and does not operate a trading book.

#### **3.3 Liquidity – MIFIDPRU 6**

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement (BLAR), being at least 1/3 of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the ICARA, the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

## 4 Own funds

### 4.1 Own funds resources

In line with MIFIDPRU 8.4 the Firm has prepared the reconciliation of own funds in line with MIFIDPRU 8 Annex 1 as follows:

Composition of regulatory own funds			
#	Item	Amount (GBP thousands)	Source
1	<b>OWN FUNDS</b>		
2	<b>TIER 1 CAPITAL</b>		
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>		
4	Fully paid-up capital instruments	2,057	Shareholders' Equity 1
6	Retained earnings	5,653	Shareholders' Equity 2
	<b>TOTAL TIER 1 CAPITAL</b>	<b>7,710</b>	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statement GBP (thousands)				
		a	b	c
	Item	Balance sheet as in audited financial statement	Under regulatory scope of consolidation	Cross reference to own funds table
<b>Assets</b> – Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Fixed asset investments	222		
2	Debtors: amounts falling due within one year	1,322		
3	Current asset investments	13,950		
4	Cash at bank in hand	5,289		
	<b>Total Assets</b>	<b>20,783</b>		
<b>Liabilities</b> – Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	(5,746)		
2	Loans and other debts due to members within one year	(6,227)		
	<b>Total Liabilities</b>	<b>(11,793)</b>		
<b>Members' Equity</b>				
1	Members' capital classified as equity brought forward	2,057	2,057	Own funds 4 (Fully paid-up)

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statement GBP (thousands)</b>				
		<b>a</b>	<b>b</b>	<b>c</b>
	<b>Item</b>	<b>Balance sheet as in audited financial statement</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross reference to own funds table</b>
				capital instruments)
2	Other reserves classified as equity brought forward	5,653	5,653	Own funds 6 (Retained earnings)
3	Profit for the year available for discretionary division among Members	1,100	-	
	<b>Total Members' equity</b>	<b>8,810</b>	<b>7,710</b>	

<b>Own funds: main features of own instruments issued by the Firm</b>	
<b>Members' equity</b>	Members' capital represents capital paid in by the Members classified as equity where there is no obligation to repay this to Members. This is classified as common equity tier 1 capital.
<b>Other reserves</b>	Other reserves represent cumulative profit and losses, net of distributions paid and other adjustments. This is classified as common equity tier 1 capital once current period profits are audited, losses are immediately deducted from common tier 1 capital.

## 4.2 Own funds requirements

The Firm calculates its own funds requirements as a non-SNI Firm in line with the rules and requirements in MIFIDPRU 4.3 for non-SNI Firms.

<b>As at 31 December 2023</b>	<b>Amount (GBP thousands)</b>	<b>Amount (GBP thousands)</b>
<b>Permanent minimum requirement (PMR)</b>		75
<b>Fixed overhead requirement (FOR)</b>		6,391
<b>Sum of K-factor requirement</b>		-
K-AUM, K-CMH and K-ASA	-	
K-COH and K-DTF	-	
K-NPR, K-CMG, K-TCD and K-CON	-	
<b>Own Funds Requirement (maximum of PMR, FOR and K-Factor requirement)</b>		6,391

In addition, the Firm has completed its ICARA and analysis to determine its net wind-down requirements and any additional own fund requirements to fund its on-going operations.

The Firm's risk appetite statement and assessment of risks through its risk management framework and risk register form the basis of its ICARA and assessment of the overall financial adequacy rule in line with MIFIDPRU 7.4.7.

The Compliance Committee reviews, challenges and approves the ICARA and conclusions of own funds requirements.

## **5 Remuneration arrangements**

### **5.1 The Remuneration Policy**

17Capital is subject to the AIFM Remuneration Code in SYSC 19B, as well as the MIFIDPRU Remuneration Code in SYSC 19G. 17Capital's Remuneration Policy is designed to ensure sound and effective risk management that does not encourage excessive risk taking inconsistent with the risk profile of the Firm and its clients. 17Capital's Remuneration Policy is concerned with the risks created by the way remuneration arrangements are structured and not with the amount of remuneration awarded to individuals.

Members of staff at 17Capital are awarded competitive fixed remuneration based on the role requirements, individual experience, and industry benchmarking. This allows the Firm to attract and retain the right calibre of people.

### **5.2 Governance Considerations**

The Executive Committee is responsible for establishing and embedding effective remuneration policies and procedures, under the ultimate supervision of the Board.

17Capital's Remuneration Committee, under delegation from the Executive Committee, has responsibility for determining the Firm's Remuneration Policy and overseeing its implementation. The Remuneration Committee meets bi-annually, and its participants are 17Capital's Managing Partners and CPO. The Remuneration Committee ensures that there is an appropriate balance between the payment of fixed and variable remuneration and reviews and approves all performance-related awards.

17Capital's Compliance Committee will undertake an annual review of the Remuneration Policy to ensure it remains fit for purpose and consistent with the Remuneration Codes. The Compliance Committee consists of representatives from Compliance, Legal, Finance and Risk.

An annual independent review of the Remuneration Policy and its implementation is also incorporated within the 17Capital Compliance monitoring programme utilising external consultants as required. The Firm may also engage an external experienced recruitment professional to conduct an external review of investment staff remuneration packages.

### **5.3 Material Risk Takers**

Members of staff at 17Capital whose professional activities have a material impact on the risk profile of the Firm or the assets that the Firm manages are known as material risk takers ("MRTs").

For the 31 December 2023 financial year end, 17Capital has identified its FCA Senior Managing Functions, members of the Investment Committee and the Chief Financial Officer as the Firm's MRTs.

17Capital conducts an annual assessment on all members of staff to identify its MRTs and determine the appropriate elements of the remuneration to apply. Additionally, the Firm assesses new staff members, at the point of joining, to determine whether they will be classified as an MRT.



## 5.4 Remuneration Components

The Remuneration Policy covers fixed and variable remuneration provided to an individual employed or contracted by 17Capital in exchange for professional services rendered by them. The remuneration components are described below:

Fixed remuneration	Base salary	<ul style="list-style-type: none"> <li>Reviewed annually by the Remuneration Committee</li> </ul>
	Pension	<ul style="list-style-type: none"> <li>Up to 10% of base salary dependent on employee contributions, paid as a defined contribution</li> </ul>
	Benefits	<ul style="list-style-type: none"> <li>Benefits Package</li> </ul>
Variable remuneration	Short term incentive	<ul style="list-style-type: none"> <li>Discretionary annual bonus</li> </ul>
	Long-term incentive plan ("LTIP") <sup>1</sup>	<ul style="list-style-type: none"> <li>Carried interest</li> <li>Residual profit share allocation</li> <li>Equity awards and interests</li> </ul>
	Extraordinary payments	<ul style="list-style-type: none"> <li>Sign-on bonus</li> <li>Retention bonus</li> <li>Buy-out awards</li> </ul>

All remuneration is reviewed and approved by the Remuneration Committee and the Executive Committee to ensure that it is appropriate, prudent and promotes equality within the Firm. All remuneration is reviewed taking into consideration both financial and non-financial performance criteria across the Firm.

The remuneration decisions for individuals are made based on a combination of:

- Individual performance against the specifications of the role;
- The level of responsibility and seniority within the role;
- Performance of the relevant business function or unit;
- Adherence to the Firm's purpose, values, and culture;
- Adherence to the Firm's risk management and compliance framework; and
- Compliance with the internal conduct policies and procedures

The remuneration decisions across the Firm are made based on a combination of:

- The long-term sustainability and viability of the Firm including looking through the business and economic cycles;
- The impact on the Firm's Overall Financial Adequacy Rule ("OFAR") and Threshold Conditions; and
- The business performance and results of the Firm against the strategic objectives

<sup>1</sup> Available on selective basis

#### 5.4.1 Guaranteed variable remuneration

17Capital will only award guaranteed remuneration in exceptional circumstances, which will be determined as appropriate such as 'sign-on' bonuses or 'lost-opportunity' bonuses. For MRTs, this will only occur in the context of hiring a new MRT, limited to their first year of service and provided the Firm continues to have a strong capital base.

#### 5.4.2 Severance payments

Severance pay is awarded at the discretion of 17Capital and will only be awarded to reflect the performance achieved over time and is not designed to reward failure or misconduct.

#### 5.4.3 Ex-post risk adjustments

Where there has been gross misconduct by an MRT, the Remuneration Committee will consider these risk adjustments.

17Capital determines malus (reducing/cancelling unvested awards), clawback (recouping already vested awards) and ex-post risk adjustments such as reducing the current year awards, as effective provisions and arrangements to prevent excessive risk-taking, better align risk and reward incentives and encourage more effective and sound risk management.

All variable remuneration awarded to MRTs is subject to malus, clawback, and ex-post risk adjustment and where 17Capital deems it appropriate, it will enact these arrangements to protect the viability and sustainability of the business, to ensure individuals do not profit from a relevant crystallised risk.

### 5.5 The Firm's Deferral and Vesting Policy

17Capital falls within the scope of the thresholds in SYSC19G.1.1R and therefore disappplies the principles of deferral.

### 5.6 Quantitative Disclosures

#### 5.6.1 Total Amount of Remuneration paid for the year to 31 December 2023

Total Fixed Remuneration (£m)	Total Variable Remuneration (£m)
£14.2m	£10.8m

#### 5.6.2 Total Amount of Remuneration per Category for the year to 31 December 2023

Total Number of Material Risk Takers identified for financial year end 31 December 2023	9
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	Senior Management (Including MRTs)	MRTs Only
Total Fixed Remuneration (£m)	£4.4m	£3.5m
Total Variable Remuneration (£m)	£5.1m	£4.5m
Total Remuneration Awarded (£m)	£9.5m	£8.0m

	Senior Management (Including MRTs)	Other MRTs	Number of MRTs receiving remuneration
<b>Total Amount of Guaranteed Variable Remuneration</b>	-	-	-
<b>Total Amount of Severance Payments</b>	-	-	-
<b>Total Remuneration Awarded</b>	-	-	-

There were no severance payments awarded to any MRT for financial year end December 2023.

The disclosure requirements under MIFIDPRU 8.6.8R(6) do not apply to the Firm as it meets the threshold conditions in SYSC19G.1.1R (2).

## 6 Investment Policy

The Firm meets the conditions in MIFIDPRU 7.1.4R and therefore does not have to disclose information on voting rights.